

**Kentucky Retirement Systems Board of Trustees
Quarterly Board Meeting
December 3, 2025, 10:00 a.m. ET
Live Video Conference/Facebook Live
AGENDA**

1. Call to Order	Lynn Hampton
2. Legal Public Statement	Office of Legal Services
3. Roll Call/Public Comment	Sherry Rankin
4. Approval of June 30, 2025 Actuarial Valuations for KERS Hazardous, KERS Non-Hazardous, and SPRS*	Danny White, GRS Janie Shaw, GRS
5. Approval of FY27-28 Contribution Rates*	John Chilton
6. External Audit*	
a. KRS Draft FY Ended June 30, 2025 External Audit*, Includes: Financial section of the Annual Report; report on internal control; Auditor Communications with those Charged with Governance	Eide Bailly
b. GASB 67 & 74 Reports*	Mike Lamb
c. KRS Draft ACFR in its entirety to be approved and sent to KPPA for Publication*	Mike Lamb
7. GFOA ACFR Letter	Connie Davis
8. Quarterly Investment Office Report & Recommendation*	Prewitt Lane Steve Willer/Wilshire
9. Quarterly Financial Statements	Mike Lamb
10. Hazardous Duty Requests*	D’Juan Surratt
11. KRS Trustee Education Policy*	Michael Board John Chilton
12. KRS CEO Update	John Chilton
13. KPPA Executive Director Report	Ryan Barrow
14. New Business**	Lynn Hampton
15. Closed Session **	Lynn Hampton
16. Adjourn*	Lynn Hampton

**Board Action Required*

***Board Action May Be Required*



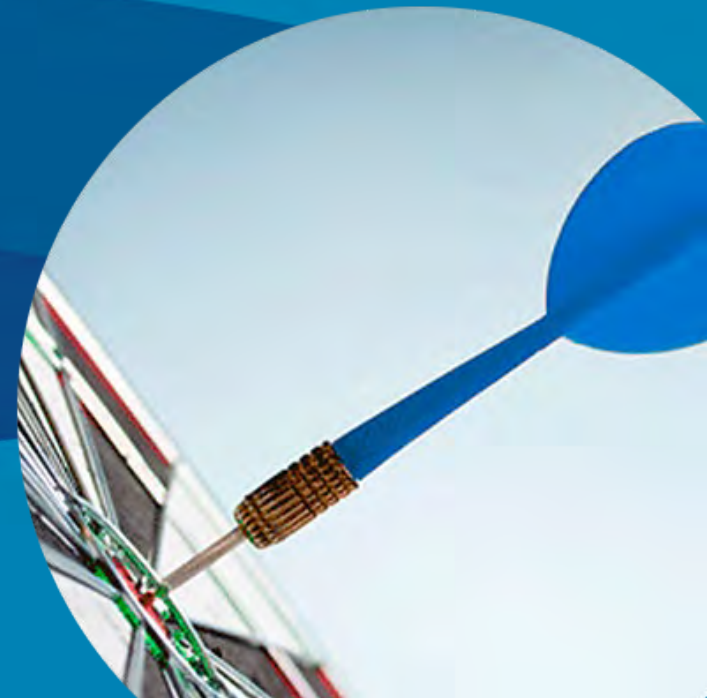
Kentucky Retirement Systems

2025 Actuarial Valuation Results

November 13, 2025

Janie Shaw, ASA, EA, MAAA

Danny White, FSA, EA, MAAA



June 30, 2025 Actuarial Valuation

- Based on membership data and assets as of June 30, 2025
- No changes in plan provisions or assumptions since prior valuation
- Sets contribution requirements for two years effective July 1, 2026
 - i.e. FYE 2027 and FYE 2028



Comments on Valuation Results

- Change in active membership and payroll
 - Membership payroll increased across all funds
 - Only the Normal Cost Rate is tied to payroll for the KERS non-hazardous fund
 - Amortization cost has a fixed allocation to employers

	Active Headcount		Membership Payroll		Average Payroll	
	2025 Val	Change	2025 Val	Change	2025 Val	Change
(1)	(2)	(3)	(4)	(5)	(6)	(7)
KERS Non-Hazardous	33,356	2.8% ↑	\$2,023,843	8.7% ↑	\$60,674	5.8% ↑
KERS Hazardous	4,228	1.8% ↑	\$266,387	2.6% ↑	\$63,006	0.8% ↑
SPRS	863	1.0% ↓	\$74,405	1.5% ↑	\$86,217	2.6% ↑



Comments on Valuation Results

- Overview of relevant legislation
 - **HB 1:** provides \$50 million and \$25 million in additional appropriations to the KERS non-hazardous retirement fund and the SPRS retirement fund, respectively, each year for two years (FY 2025 and FY 2026)
 - **HB 6:** provides \$250 million in additional appropriations to the KERS non-hazardous retirement fund each year for two years (FY 2025 and FY 2026)



Comments on Valuation Results

- FYE 2025 Investment Experience
 - 10.9% to 11.8% return on market value (varies by fund)
 - Assumed rate of return: 5.25% for KERS non-hazardous and SPRS retirement funds
 - Assumed rate of return: 6.25% for KERS hazardous retirement fund
 - Assumed rate of return: 6.50% for insurance funds
 - Fund assets \$482M more than expected for KERS and SPRS (\$348M pension and \$134M insurance)
 - \$242M in asset gains recognized this year (\$160M pension and \$82M insurance)



Comments on Valuation Results

- Retirement Fund Liability Experience
 - \$209M loss for all KERS/SPRS retirement funds combined
 - Liability within 1% of expected
- Insurance Fund Liability Experience
 - \$371M loss for all KERS/SPRS insurance funds combined
 - 2026 health insurance premiums significantly higher than expected



Actuarially Determined Employer Contributions

	KERS Non-Hazardous		KERS Hazardous		SPRS	
	2024 Val	2025 Val	2024 Val	2025 Val	2024 Val	2025 Val
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Pension Fund	6.85%	6.65%	20.68%	18.83%	57.91%	51.84%
Insurance Fund	<u>1.14%</u>	<u>1.11%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>1.46%</u>	<u>2.49%</u>
Actuarially Determined Contribution, payable as a percentage of payroll	7.99%	7.76%	20.68%	18.83%	59.37%	54.33%
Difference		-0.23%		-1.85%		-5.04%
Amortization Cost – Pension	\$ 854M	\$ 831M				
Amortization Cost – Insurance	<u>12M</u>	<u>37M</u>				
Amortization Cost - Total	\$ 866M	\$ 868M	N/A	N/A	N/A	N/A
Difference		\$2				

Note: The 2025 valuation will be used to set the contribution requirement for FYE2027 and FYE2028.
The 2024 valuation was provided for informational purposes only.



Actuarially Determined Employer Contributions (\$millions)

	KERS Non-Hazardous		KERS Hazardous		SPRS	
	2024 Val	2025 Val	2024 Val	2025 Val	2024 Val	2025 Val
(1)	(2)	(3)	(4)	(5)	(4)	(5)
Pension Fund	\$981	\$965	\$54	\$50	\$42	\$39
Insurance Fund	<u>34</u>	<u>60</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>2</u>
Total Actuarially Determined Employer Contribution	\$1,015	\$1,025	\$54	\$50	\$43	\$41
Change in Actuarially Determined Employer Contribution		\$10		\$(4)		\$(2)

Note: The 2025 valuation will be used to set the contribution requirement for FYE2027 and FYE2028. The 2024 valuation was provided for informational purposes only.



Change in Required Employer Contributions

KERS Non-Hazardous – Amortization Cost

	KERS Non-Hazardous (\$millions)		
	Pension	Insurance	Total
Amortization Cost – 2023 Val (FY 2025/FY 2026)	\$ 855	\$ 2	\$ 857
Amortization Cost – 2024 Val	\$ 854	\$ 12	\$ 866
\$300M in Appropriations	(25)	0	(25)
Investment Experience	(10)	(6)	(16)
Demographic Experience	<u>12</u>	<u>31</u>	<u>43</u>
Total Change	\$(23)	\$25	\$2
Amortization Cost – 2025 Val (FY 2027/FY 2028)	\$ 831	\$ 37	\$ 868

Informational purposes only

Salary increases for active members higher than expected & 2026 health insurance premiums



Unfunded Actuarial Accrued Liability – Actuarial Value of Asset Basis (\$ in Billions)

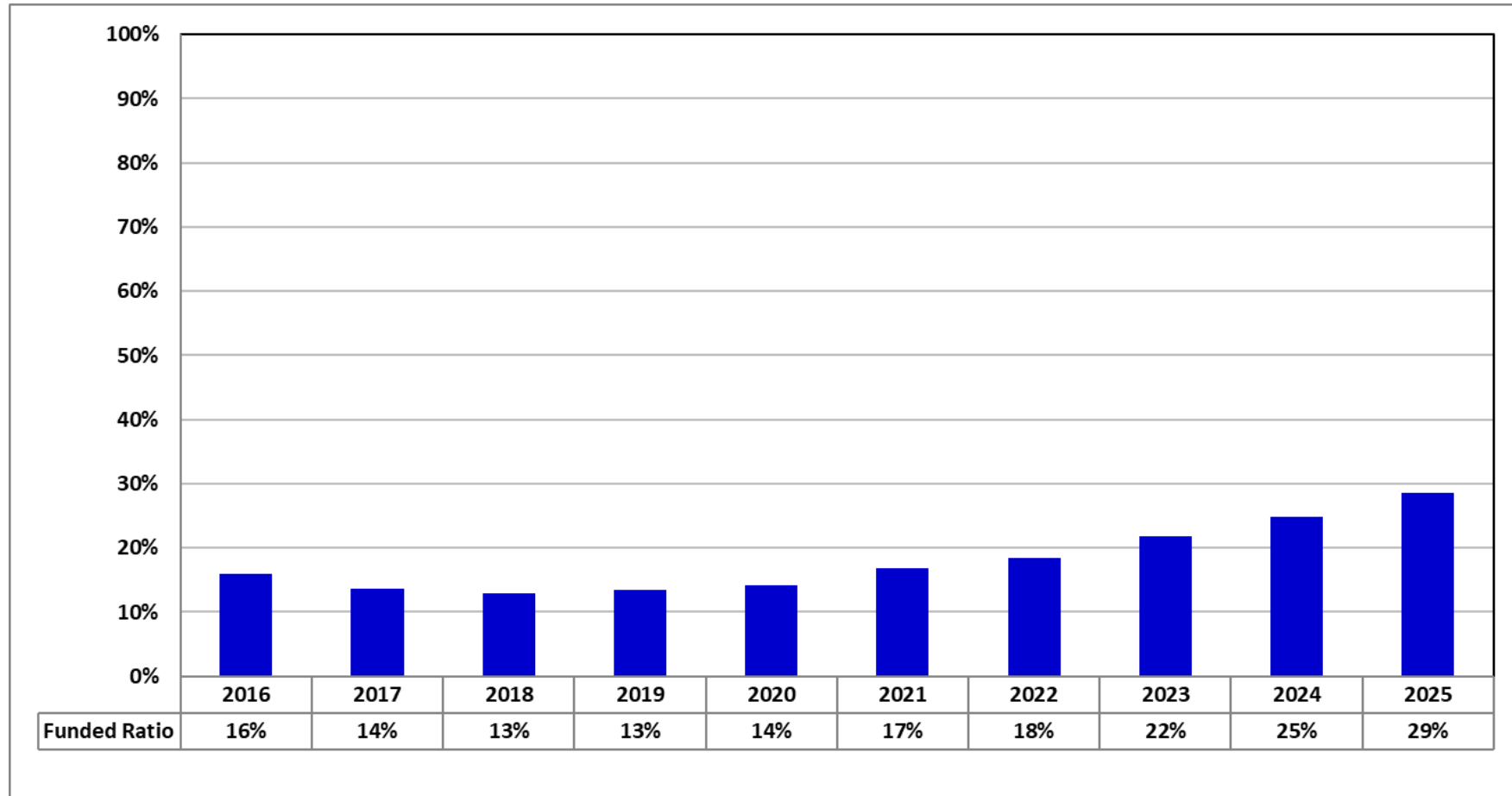
	KERS Non-Hazardous		KERS Hazardous		SPRS	
	2024 Val	2025 Val	2024 Val	2025 Val	2024 Val	2025 Val
(1)	(2)	(3)	(4)	(5)	(4)	(5)
Pension Fund	\$12.53	\$12.03	\$0.46	\$0.41	\$0.48	\$0.43
Insurance Fund	<u>0.38</u>	<u>0.66</u>	<u>(0.27)</u>	<u>(0.28)</u>	<u>(0.01)</u>	<u>(0.00)</u>
Total Unfunded Actuarial Accrued Liability	\$12.91	\$12.69	\$0.18	\$0.13	\$0.47	\$0.43
Change in Unfunded Actuarial Accrued Liability		\$(0.22)		\$(0.05)		\$(0.04)

Note: Amounts may not add due to rounding



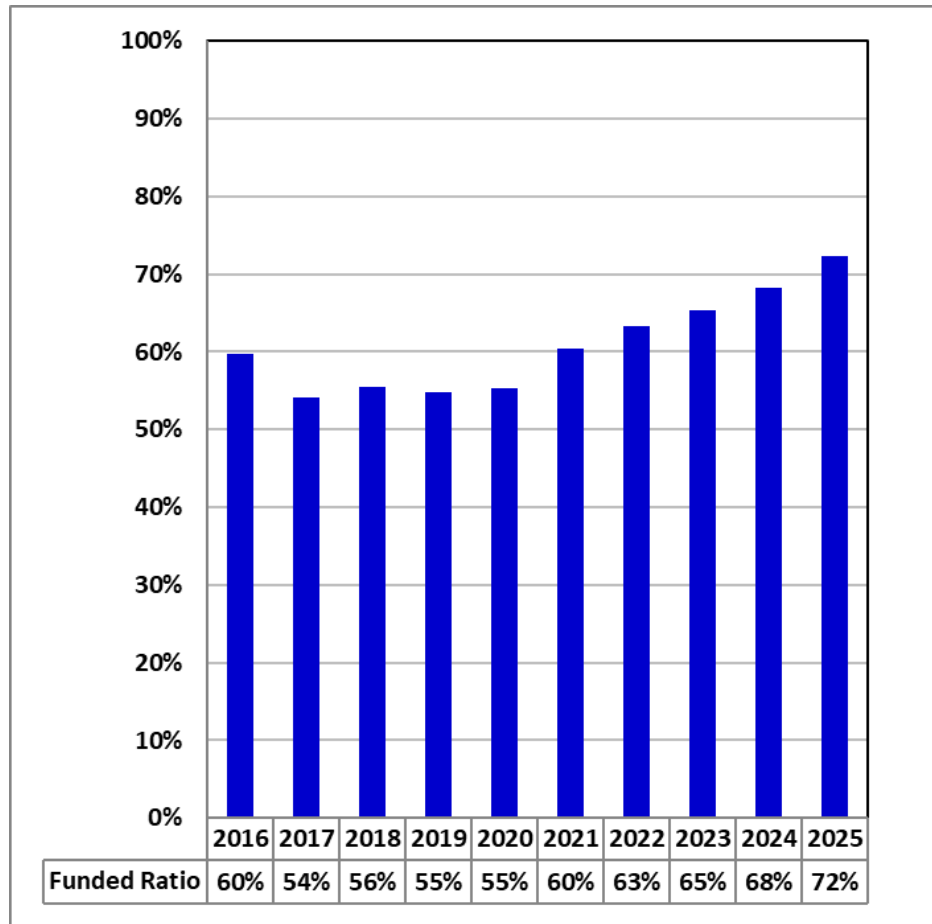
Historic Funded Ratio (Actuarial Value of Assets / Accrued Liability)

KERS Non-Hazardous Pension Fund

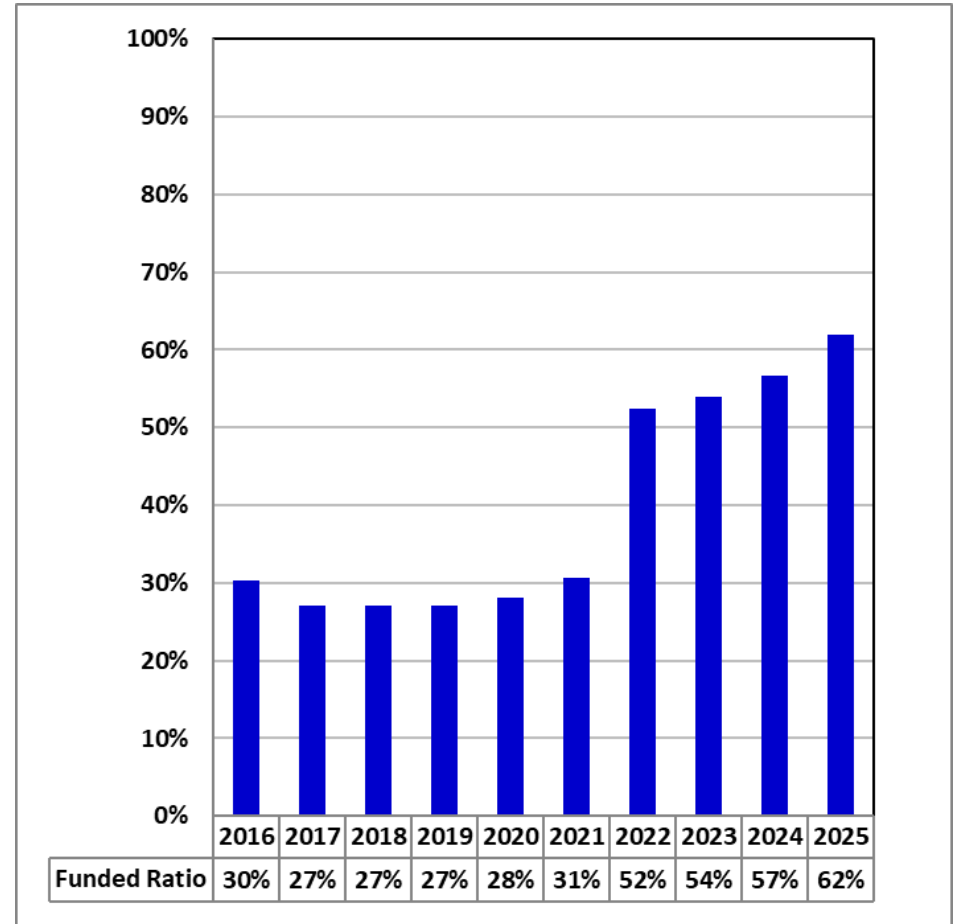


Historic Funded Ratio (Actuarial Value of Assets / Accrued Liability)

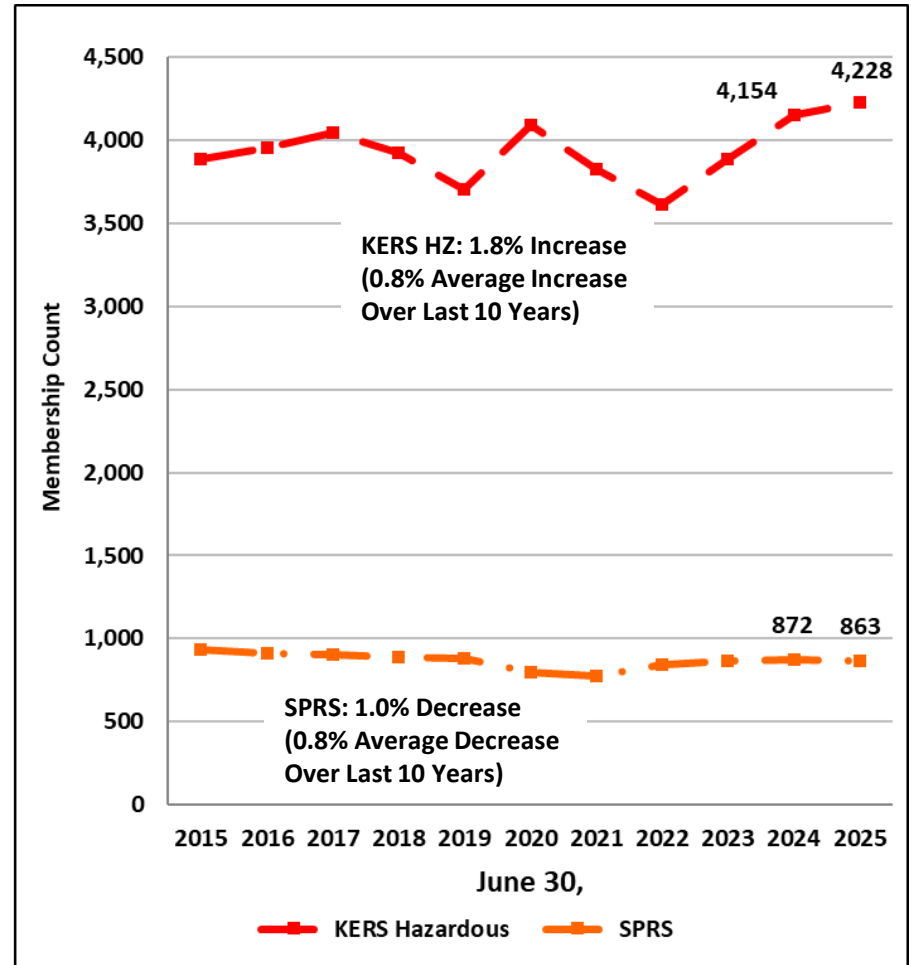
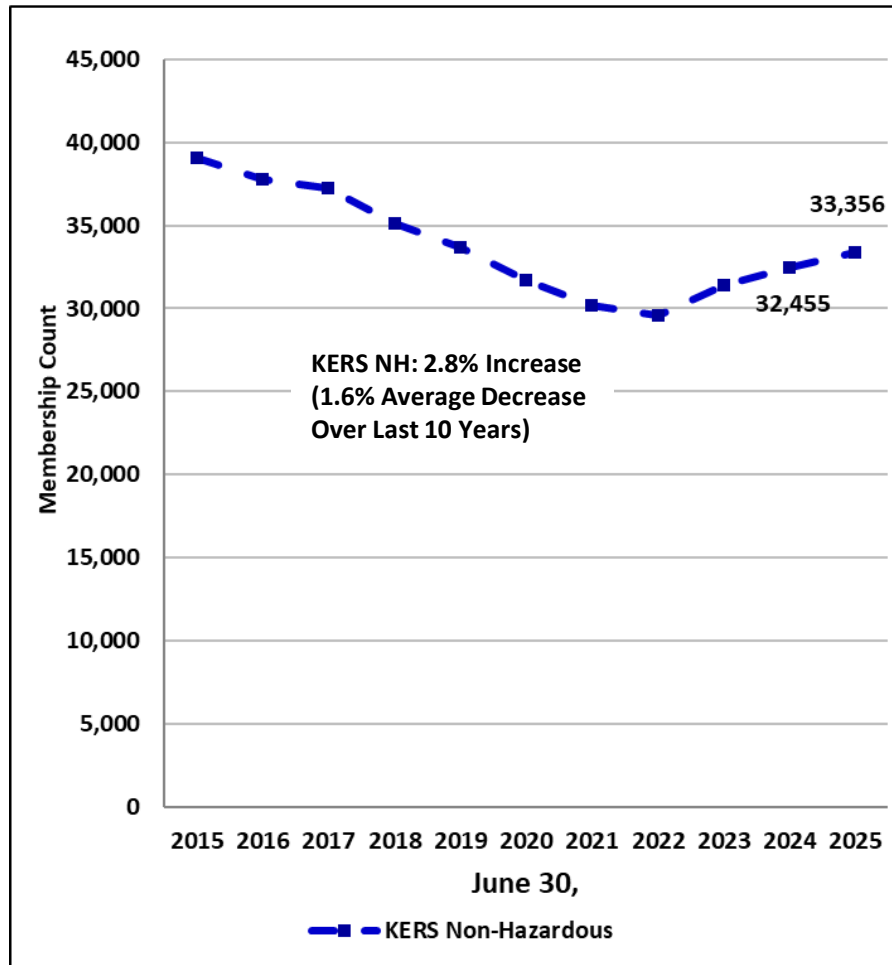
KERS Hazardous Pension Fund



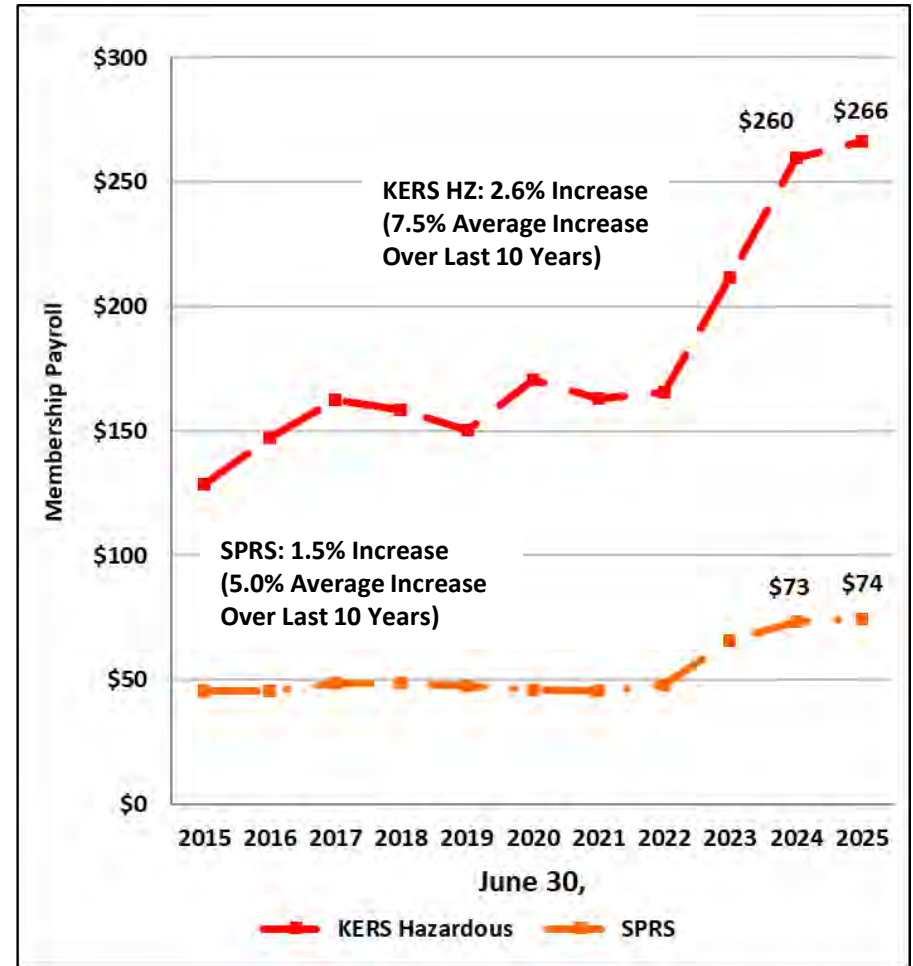
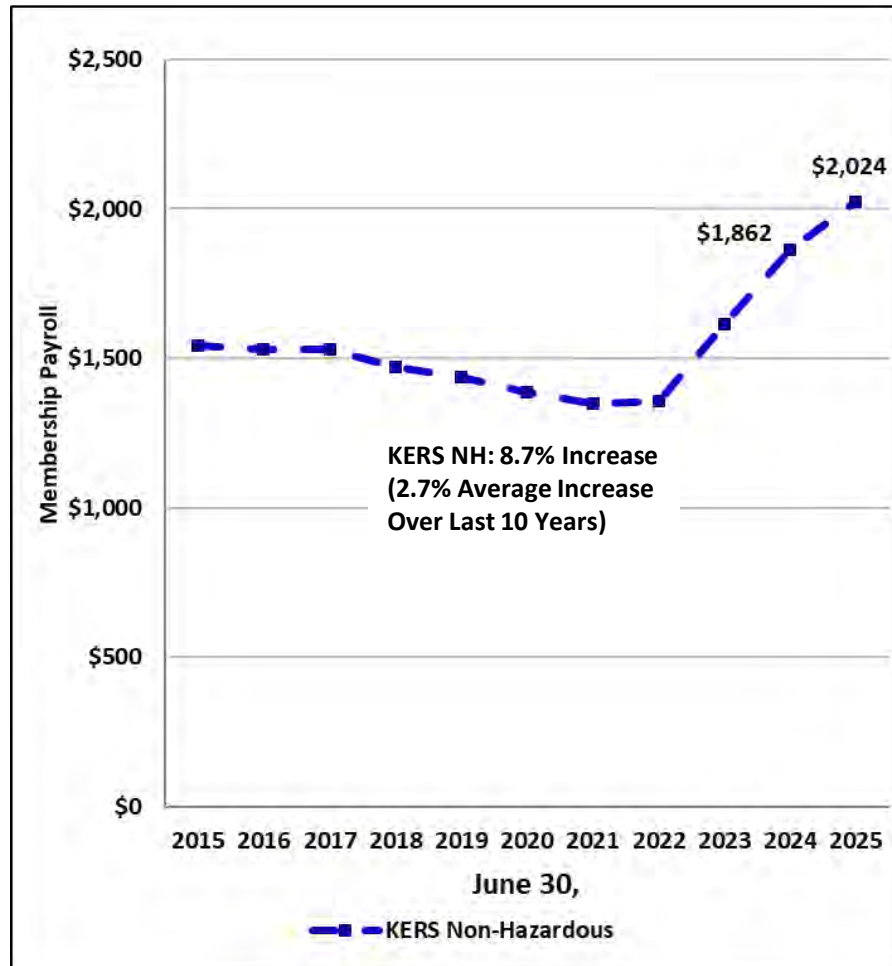
State Police Pension Fund



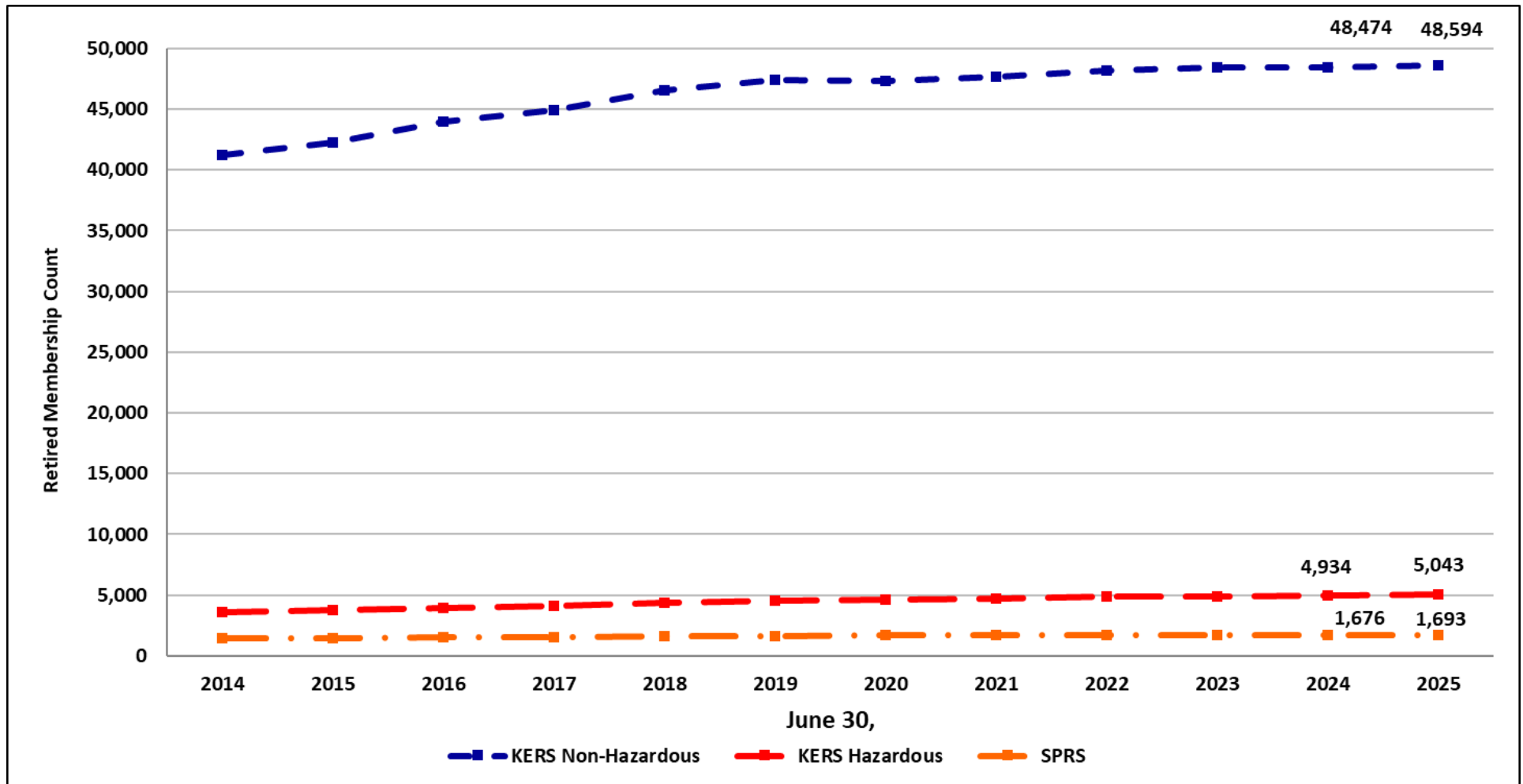
Active Membership Count



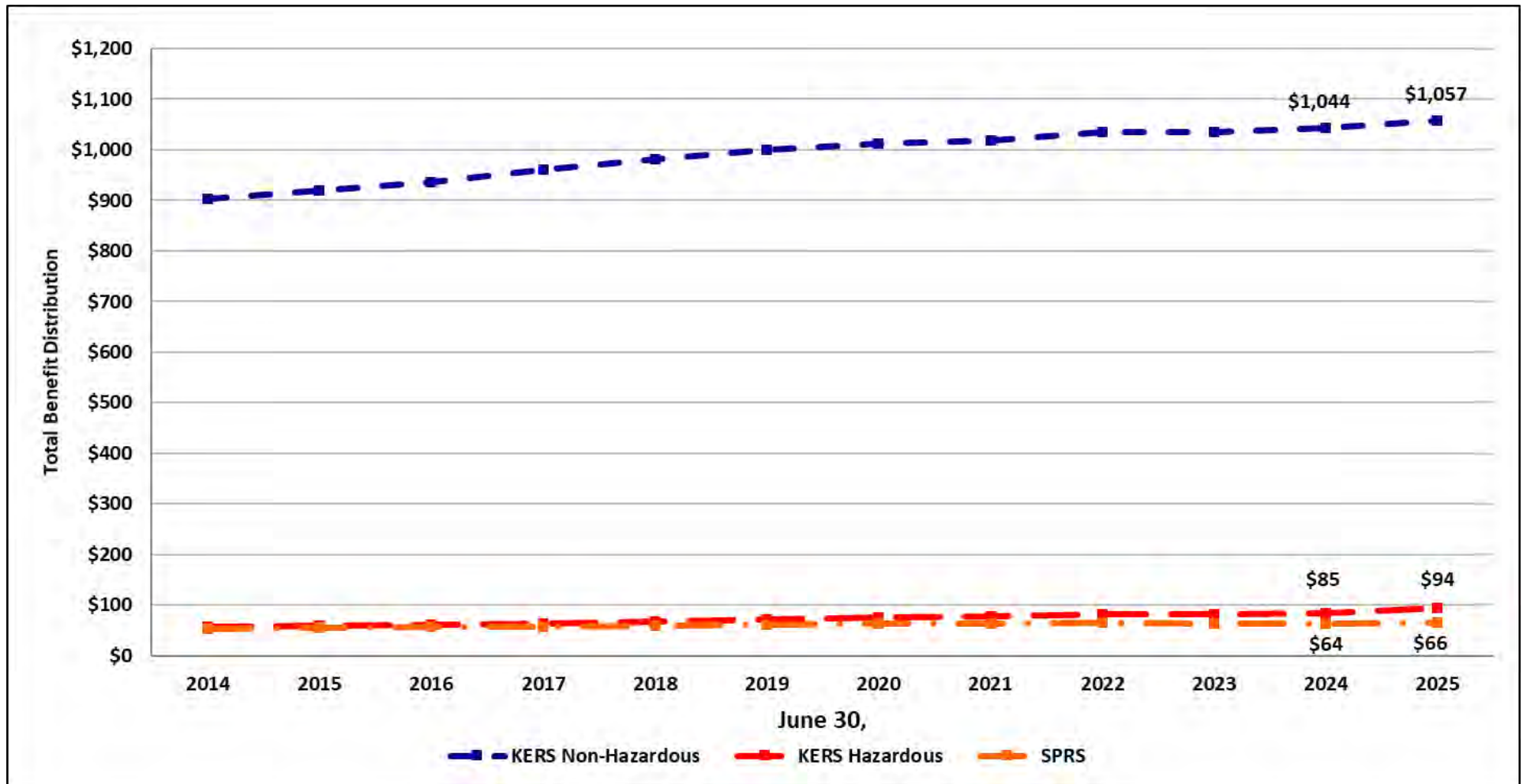
Membership Payroll (\$ in Millions)



Retired Membership Count



Pension Benefit Distributions (\$ in Millions)



Comments on KERS Non-Haz Retirement Fund

- Imperative to maintain contribution effort for the non-hazardous retirement fund
 - June 30, 2025 plan assets were \$5,061 million
 - Fund distributed \$1,071 million in benefit payments and administrative expenses in FYE 2025
 - Fund received \$1,424 million in employer and member contributions in FYE 2025



Funding Results – KERS (\$ in millions)

Item	Non-Hazardous System				Hazardous System			
	Pension		Insurance		Pension		Insurance	
	2024	2025	2024	2025	2024	2025	2024	2025
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Total Normal Cost Rate	11.09%	10.95%	1.68%	1.69%	14.96%	14.87%	2.29%	2.32%
Member Rate	<u>(5.00)%</u>	<u>(5.00)%</u>	<u>(0.58)%</u>	<u>(0.61)%</u>	<u>(8.00)%</u>	<u>(8.00)%</u>	<u>(0.79)%</u>	<u>(0.81)%</u>
Employer Normal Cost Rate	6.09%	5.95%	1.10%	1.08%	6.96%	6.87%	1.50%	1.51%
Administrative Expenses	0.76%	0.70%	0.04%	0.03%	0.61%	0.61%	0.05%	0.04%
Amortization Cost	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>13.11%</u>	<u>11.35%</u>	<u>(10.07)%</u>	<u>(10.32)%</u>
Total Actuarially Determined Rate	6.85%	6.65%	1.14%	1.11%	20.68%	18.83%	0.00%	0.00%
Amortization Cost to be Allocated	\$ 854M	\$ 831M	12M	37M	N/A	N/A	N/A	N/A
Actuarial Accrued Liability (AAL)	\$16,648	\$16,839	\$2,095	\$2,475	\$1,443	\$1,488	\$380	\$420
Actuarial Value of Assets	<u>\$4,122</u>	<u>\$4,810</u>	<u>\$1,712</u>	<u>\$1,818</u>	<u>\$985</u>	<u>\$1,076</u>	<u>\$652</u>	<u>\$700</u>
Unfunded AAL	\$12,526	\$12,029	\$383	\$657	\$458	\$412	\$(273)	\$(279)
Funded Ratio	24.8%	28.6%	81.7%	73.4%	68.3%	72.3%	171.9%	166.4%



Funding Results – SPRS (\$ in millions)

Item	Pension		Insurance	
	2024	2025	2024	2025
(1)	(2)	(3)	(4)	(5)
Total Normal Cost Rate	27.33%	27.19%	4.96%	5.03%
Member Rate	<u>(8.00)%</u>	<u>(8.00)%</u>	<u>(0.60)%</u>	<u>(0.64)%</u>
Employer Normal Cost Rate	19.33%	19.19%	4.36%	4.39%
Administrative Expenses	0.43%	0.41%	0.10%	0.10%
Amortization Cost	<u>38.15%</u>	<u>32.24%</u>	<u>(3.00)%</u>	<u>(2.00)%</u>
Total Actuarially Determined Rate	57.91%	51.84%	1.46%	2.49%
Actuarial Accrued Liability (AAL)	\$1,112	\$1,130	\$251	\$273
Actuarial Value of Assets	<u>\$631</u>	<u>\$700</u>	<u>\$263</u>	<u>\$277</u>
Unfunded AAL	\$481	\$431	\$(12)	\$(3)
Funded Ratio	56.7%	61.9%	104.9%	101.2%



PROJECTION INFORMATION PENSION AND INSURANCE



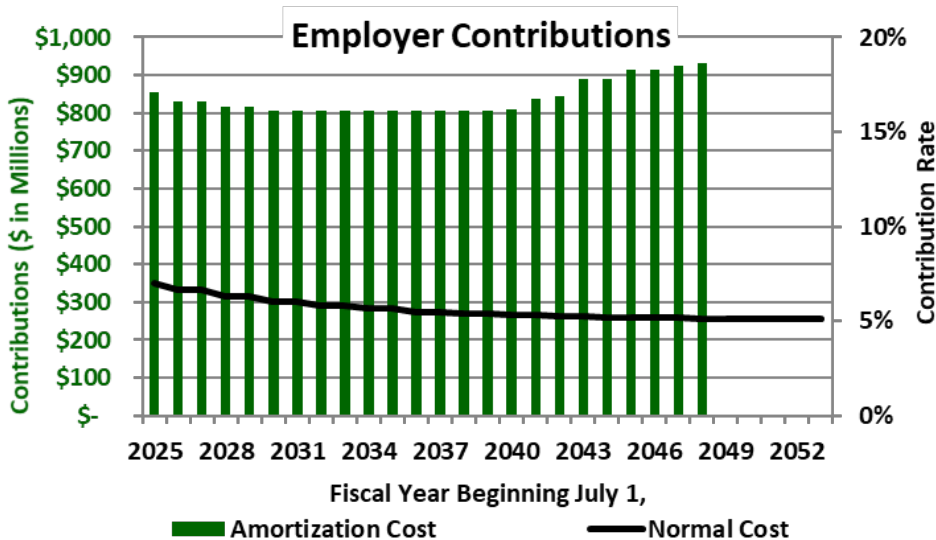
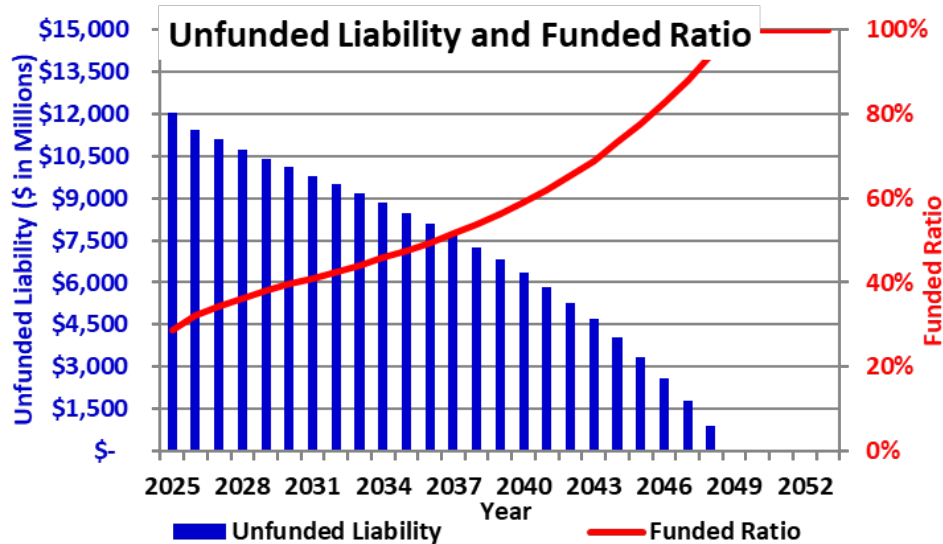
Projection Assumptions

- Assumes that all actuarial assumptions are realized, including the assumed annual asset return of 5.25%/6.25%/6.50%
- Full actuarially determined contribution paid each biennium
- Membership payroll assumed to remain level
 - Total active population assumed to decrease 2% each year

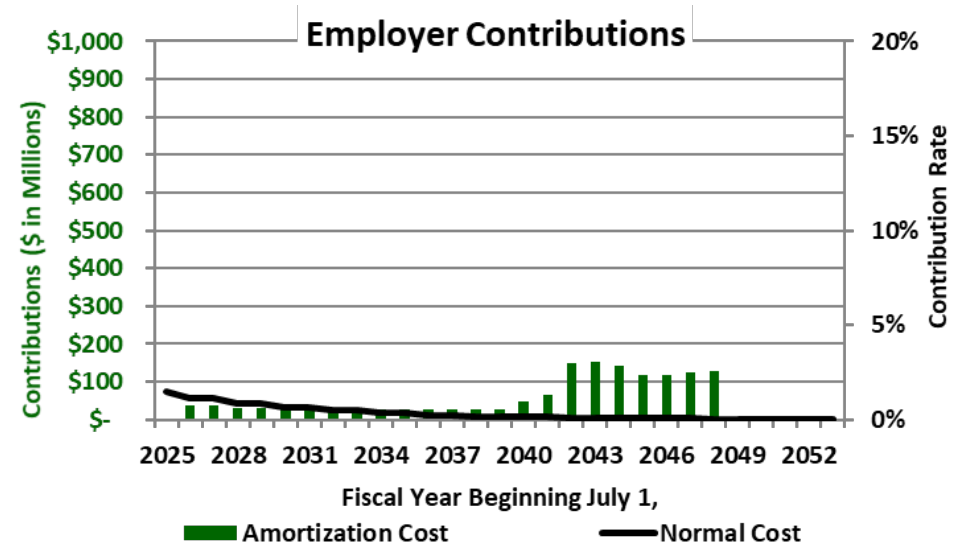
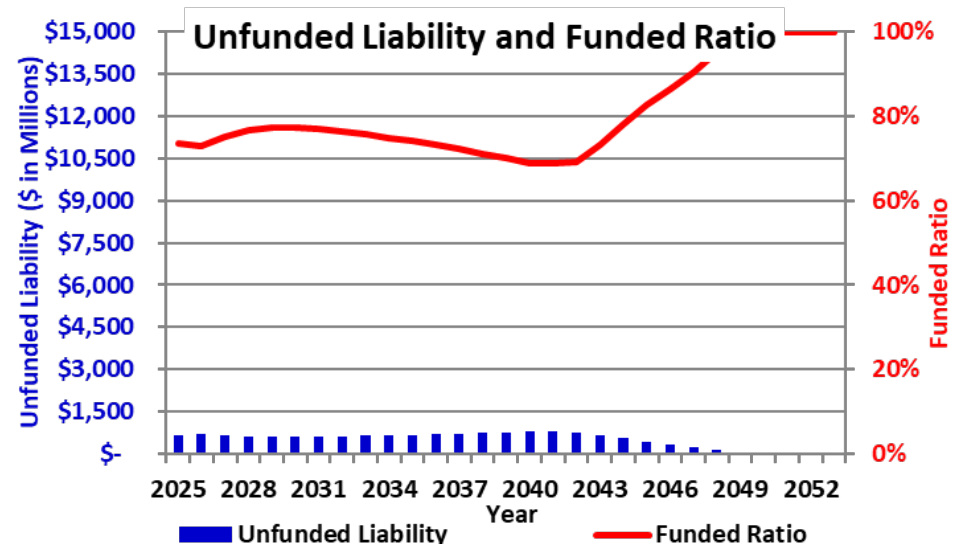


KERS Non-Hazardous Projection

Pension

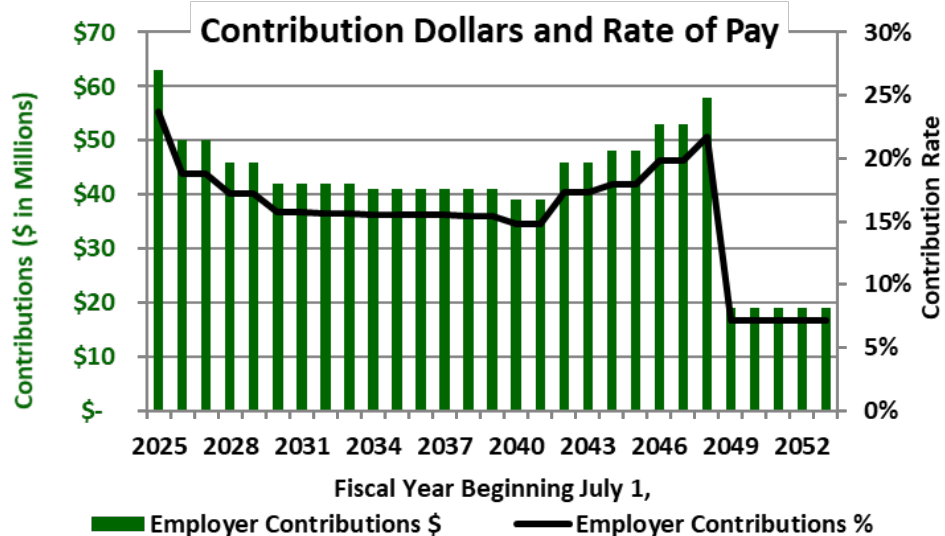
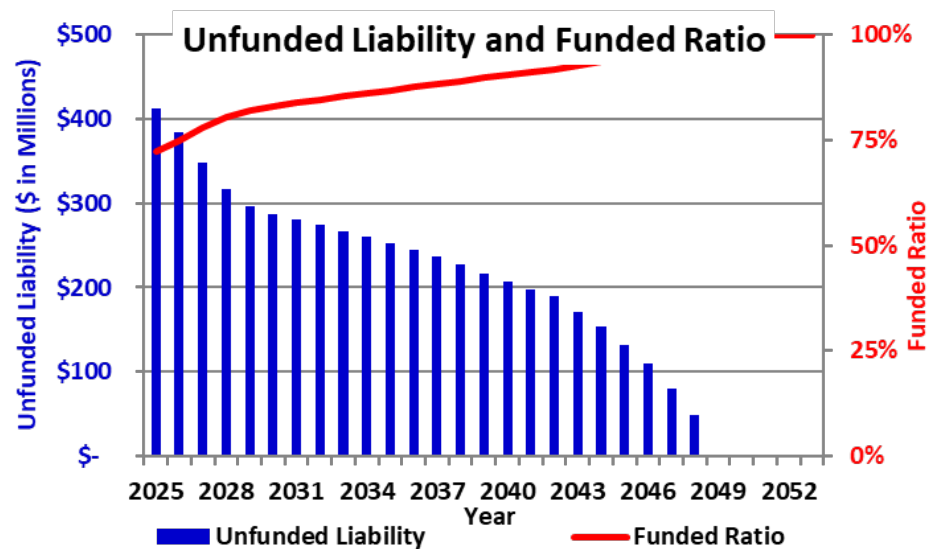


Insurance

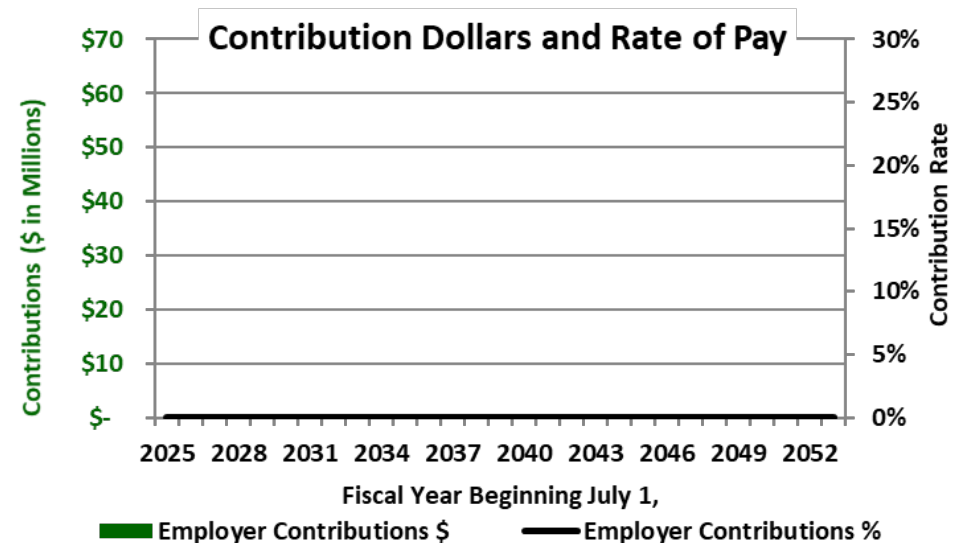
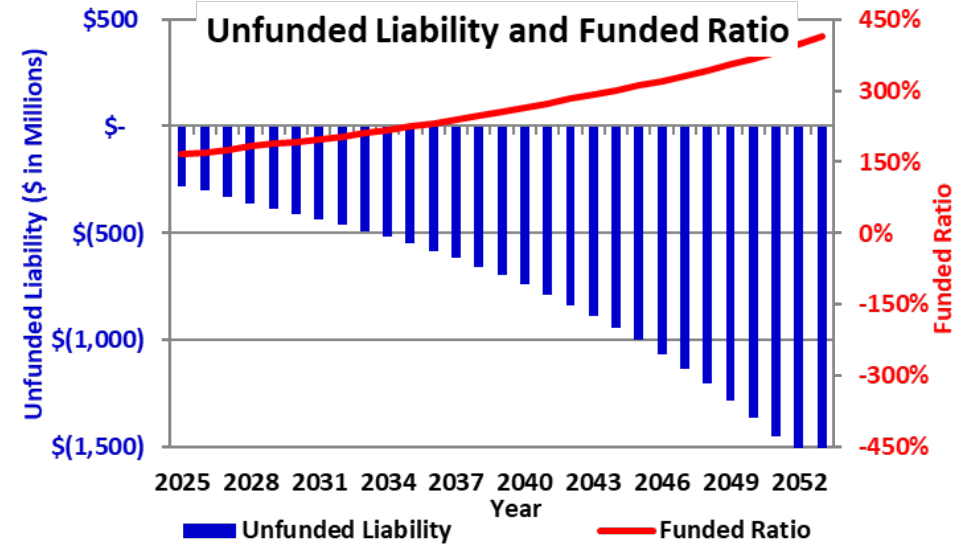


KERS Hazardous Projection

Pension

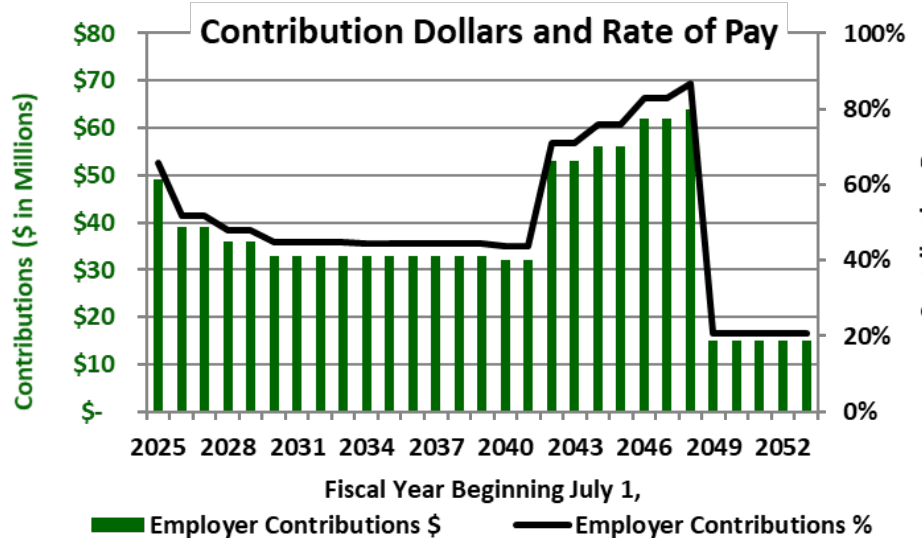
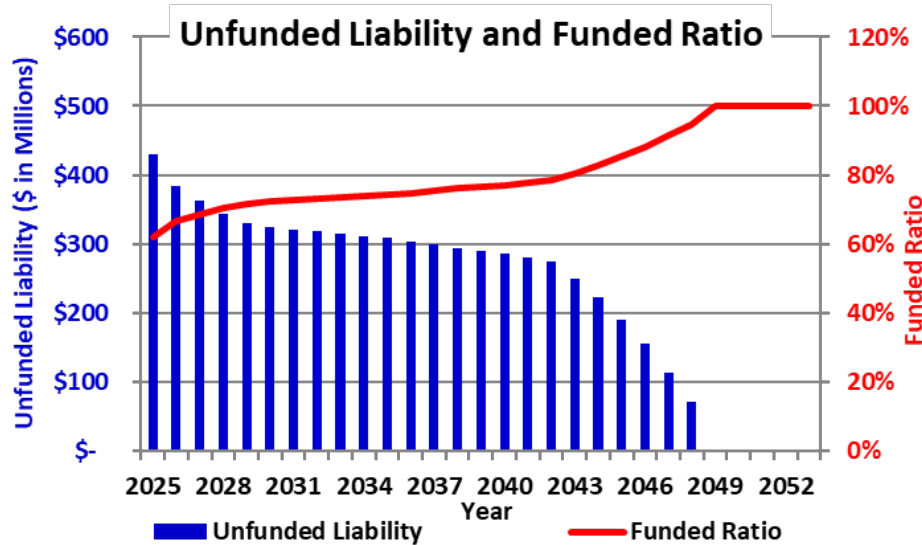


Insurance

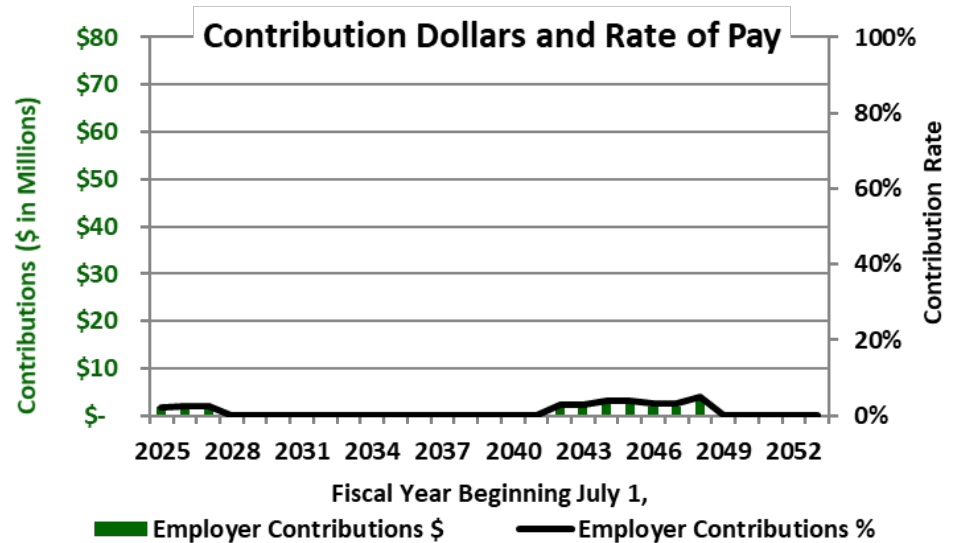
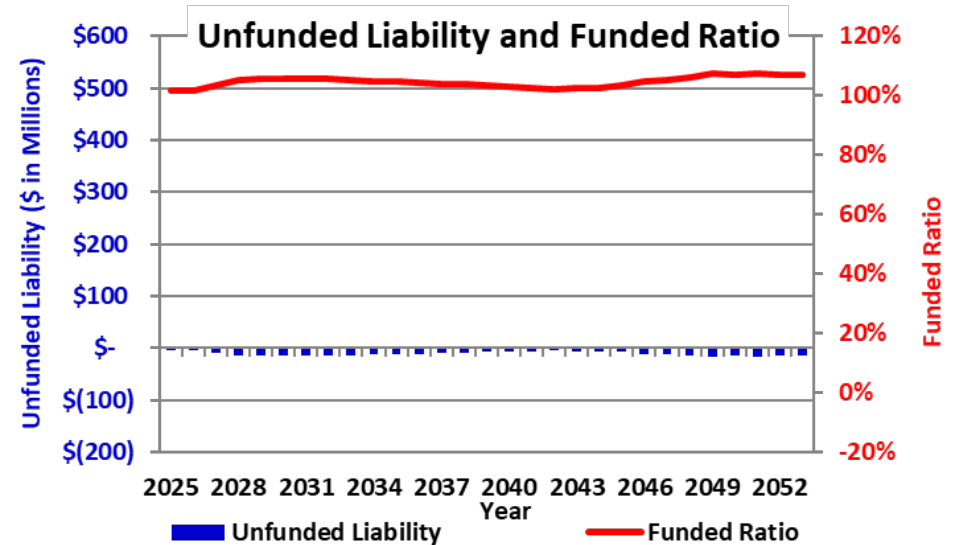


SPRS Projection

Pension



Insurance



Closing Comments on 2025 Valuation Results

- Favorable investment experience and membership payroll increases decreased contribution rates for KERS hazardous and SPRS funds
 - Partially offset by increases in insurance contribution rates due to 2026 health insurance premiums
 - \$25 million appropriation further decreased contribution rate for SPRS
- Salary increases and health insurance premiums increased KERS non-hazardous required contributions
 - Offset by \$300 million appropriation and favorable investment experience



Closing Comments on 2025 Valuation Results

- Unfunded liability continues to decrease and funded ratios continue to increase across all pension funds
 - Attributed to commitment to full funding of the actuarially required contributions
- Increase in unfunded liability for insurance funds due to 2026 health insurance premiums
- It is imperative the State and participating employers continue contributing the actuarially determined contributions in each future year to continue improving the System's financial security



Disclaimers

- This presentation is intended to be used in conjunction with the actuarial valuation as of June 30, 2025. This presentation should not be relied on for any purpose other than the purpose described in the valuation report.
- This presentation shall not be construed to provide tax advice, legal advice or investment advice.
- Readers are cautioned to examine original source materials and to consult with subject matter experts before making decisions related to the subject matter of this presentation.



Kentucky Public Pensions Authority
KERS Non-Hazardous Retirement Fund
(\$ in Millions)

Fiscal Year Beginning July 1,	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability	Funded Ratio (3) / (2)	Employer Contribution (excluding Appropriations)	Member Contribution	Covered Payroll	Employer Contribution as % of Covered Payroll (Normal Cost)	Employer Contribution (Amortization Cost)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
2025	\$ 16,839	\$ 4,810	\$ 12,029	29%	\$ 996	\$ 101	\$ 2,024	6.99%	\$ 855
2026	16,871	5,435	11,436	32%	965	101	2,024	6.65%	831
2027	16,870	5,790	11,080	34%	965	101	2,024	6.65%	831
2028	16,842	6,120	10,722	36%	946	101	2,024	6.32%	818
2029	16,788	6,397	10,391	38%	946	101	2,024	6.32%	818
2030	16,713	6,615	10,098	40%	927	101	2,024	6.05%	805
2031	16,620	6,817	9,803	41%	927	101	2,024	6.05%	805
2032	16,511	7,020	9,491	43%	923	101	2,024	5.83%	805
2033	16,390	7,227	9,163	44%	923	101	2,024	5.83%	805
2034	16,258	7,439	8,819	46%	919	101	2,024	5.65%	805
2035	16,116	7,660	8,456	48%	919	101	2,024	5.65%	805
2036	15,976	7,903	8,073	50%	916	101	2,024	5.49%	805
2037	15,835	8,164	7,671	52%	916	101	2,024	5.49%	805
2038	15,697	8,449	7,248	54%	914	101	2,024	5.38%	805
2039	15,565	8,762	6,803	56%	914	101	2,024	5.38%	805
2040	15,440	9,106	6,334	59%	915	101	2,024	5.31%	808
2041	15,325	9,486	5,839	62%	945	101	2,024	5.31%	837
2042	15,219	9,933	5,286	65%	949	101	2,024	5.25%	843
2043	15,124	10,425	4,699	69%	995	101	2,024	5.25%	889
2044	15,039	11,005	4,034	73%	995	101	2,024	5.20%	890
2045	14,965	11,632	3,333	78%	1,018	101	2,024	5.20%	913
2046	14,902	12,331	2,571	83%	1,021	101	2,024	5.17%	916
2047	14,849	13,083	1,766	88%	1,030	101	2,024	5.17%	925
2048	14,808	13,898	910	94%	1,037	101	2,024	5.14%	933
2049	14,778	14,778	-	100%	104	101	2,024	5.13%	-
2050	14,761	14,761	-	100%	104	101	2,024	5.12%	-
2051	14,758	14,758	-	100%	104	101	2,024	5.12%	-
2052	14,768	14,768	-	100%	103	101	2,024	5.11%	-
2053	14,793	14,793	-	100%	103	101	2,024	5.11%	-
2054	14,830	14,830	-	100%	103	101	2,024	5.11%	-

Notes and assumptions:

The projection is based on the results of the June 30, 2025 actuarial valuation and assumes that all actuarial assumptions are realized, including the assumed annual asset return of 5.25%.

New active members are assumed to be hired as current active members are assumed to terminate employment or retire.

The total active population is assumed to decrease 2% each year for each of the next 30 years.

Covered payroll is assumed to remain level throughout the entire projection.

The contribution rate established in the Commonwealth's biennium budget is assumed to be equal to the normal cost portion of the actuarially determined contribution.

The full actuarially determined amortization cost is assumed to be allocated amongst employers each biennium.

The second year of a biannual budget is assumed to take into account any expiring amortization bases.

Per HB1 and HB6 (passed in the 2024 legislative session), \$300 million in additional appropriations assumed to be received in FYE 2026.



Kentucky Public Pensions Authority
KERS Hazardous Retirement Fund
(\$ in Millions)

Fiscal Year Beginning July 1,	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability	Funded Ratio (3) / (2)	Employer Contribution	Member Contribution	Covered Payroll	Employer Contribution as % of Covered Payroll	Employer Actuarially Determined Contribution
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
2025	\$ 1,488	\$ 1,076	\$ 412	72%	\$ 63	\$ 21	\$ 266	23.74%	20.68%
2026	1,532	1,148	384	75%	50	21	266	18.83%	18.83%
2027	1,573	1,225	348	78%	50	21	266	18.83%	18.38%
2028	1,613	1,297	316	80%	46	21	266	17.18%	17.18%
2029	1,652	1,356	296	82%	46	21	266	17.18%	16.29%
2030	1,691	1,404	287	83%	42	21	266	15.72%	15.72%
2031	1,730	1,450	280	84%	42	21	266	15.72%	15.66%
2032	1,772	1,498	274	85%	42	21	266	15.62%	15.62%
2033	1,815	1,548	267	85%	42	21	266	15.62%	15.59%
2034	1,860	1,600	260	86%	41	21	266	15.57%	15.57%
2035	1,908	1,655	253	87%	41	21	266	15.57%	15.55%
2036	1,959	1,715	244	88%	41	21	266	15.52%	15.52%
2037	2,013	1,777	236	88%	41	21	266	15.52%	15.49%
2038	2,067	1,840	227	89%	41	21	266	15.47%	15.47%
2039	2,123	1,906	217	90%	41	21	266	15.47%	15.45%
2040	2,181	1,974	207	91%	39	21	266	14.78%	14.78%
2041	2,240	2,042	198	91%	39	21	266	14.78%	16.45%
2042	2,302	2,113	189	92%	46	21	266	17.30%	17.30%
2043	2,365	2,194	171	93%	46	21	266	17.30%	17.93%
2044	2,431	2,278	153	94%	48	21	266	17.95%	17.95%
2045	2,498	2,367	131	95%	48	21	266	17.95%	19.36%
2046	2,567	2,458	109	96%	53	21	266	19.79%	19.79%
2047	2,637	2,557	80	97%	53	21	266	19.79%	20.87%
2048	2,708	2,659	49	98%	58	21	266	21.75%	21.75%
2049	2,779	2,779	-	100%	19	21	266	7.13%	7.13%
2050	2,850	2,850	-	100%	19	21	266	7.13%	7.13%
2051	2,921	2,921	-	100%	19	21	266	7.14%	7.14%
2052	2,991	2,991	-	100%	19	21	266	7.15%	7.15%
2053	3,060	3,060	-	100%	19	21	266	7.15%	7.15%
2054	3,126	3,126	-	100%	19	21	266	7.16%	7.16%

Notes and assumptions:

The projection is based on the results of the June 30, 2025 actuarial valuation and assumes that all actuarial assumptions are realized, including the assumed annual asset return of 6.25%.

New active members are assumed to be hired as current active members are assumed to terminate employment or retire.

The total active population is assumed to decrease 2% each year for each of the next 30 years.

Covered payroll is assumed to remain level throughout the entire projection.

The contribution rate established in the Commonwealth's biennium budget is assumed to be equal to the full actuarially determined contribution rate.



Kentucky Public Pensions Authority
SPRS Retirement Fund
(\$ in Millions)

Fiscal Year Beginning July 1,	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability	Funded Ratio (3) / (2)	Employer Contribution	Member Contribution	Covered Payroll	Employer Contribution as % of Covered Payroll	Employer Actuarially Determined Contribution
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
2025	\$ 1,130	\$ 700	\$ 430	62%	\$ 49	\$ 6	\$ 74	65.79%	57.91%
2026	1,143	760	383	67%	39	6	74	51.84%	51.84%
2027	1,152	790	362	69%	39	6	74	51.84%	50.34%
2028	1,159	816	343	70%	36	6	74	47.97%	47.97%
2029	1,164	834	330	72%	36	6	74	47.97%	46.14%
2030	1,169	844	325	72%	33	6	74	44.88%	44.88%
2031	1,174	853	321	73%	33	6	74	44.88%	44.75%
2032	1,179	861	318	73%	33	6	74	44.62%	44.62%
2033	1,185	870	315	73%	33	6	74	44.62%	44.53%
2034	1,191	880	311	74%	33	6	74	44.46%	44.46%
2035	1,199	891	308	74%	33	6	74	44.46%	44.41%
2036	1,207	903	304	75%	33	6	74	44.36%	44.36%
2037	1,215	916	299	75%	33	6	74	44.36%	44.32%
2038	1,224	930	294	76%	33	6	74	44.27%	44.27%
2039	1,234	944	290	77%	33	6	74	44.27%	44.23%
2040	1,244	959	285	77%	32	6	74	43.63%	43.63%
2041	1,254	974	280	78%	32	6	74	43.63%	70.51%
2042	1,265	990	275	78%	53	6	74	71.00%	71.00%
2043	1,277	1,027	250	80%	53	6	74	71.00%	72.31%
2044	1,288	1,066	222	83%	56	6	74	75.92%	75.92%
2045	1,299	1,110	189	86%	56	6	74	75.92%	81.26%
2046	1,309	1,154	155	88%	62	6	74	82.79%	82.79%
2047	1,319	1,205	114	91%	62	6	74	82.79%	84.89%
2048	1,328	1,258	70	95%	64	6	74	86.67%	86.67%
2049	1,336	1,336	-	100%	15	6	74	20.75%	20.75%
2050	1,343	1,343	-	100%	15	6	74	20.77%	20.77%
2051	1,349	1,349	-	100%	15	6	74	20.79%	20.79%
2052	1,353	1,353	-	100%	15	6	74	20.80%	20.80%
2053	1,355	1,355	-	100%	15	6	74	20.82%	20.82%
2054	1,356	1,356	-	100%	15	6	74	20.82%	20.82%

Notes and assumptions:

The projection is based on the results of the June 30, 2025 actuarial valuation and assumes that all actuarial assumptions are realized, including the assumed annual asset return of 5.25%.

New active members are assumed to be hired as current active members are assumed to terminate employment or retire.

The total active population is assumed to decrease 2% each year for each of the next 30 years.

Covered payroll is assumed to remain level throughout the entire projection.

The contribution rate established in the Commonwealth's biennium budget is assumed to be equal to the full actuarially determined contribution rate.

Per HB1 (passed in the 2024 legislative session), \$25 million in additional appropriations assumed to be received in FYE 2026.



Kentucky Public Pensions Authority
KERS Non-Hazardous Insurance Fund
(\$ in Millions)

Fiscal Year Beginning July 1,	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability	Funded Ratio (3) / (2)	Employer Contribution	Member Contribution	Covered Payroll	Employer Contribution as % of Covered Payroll (Normal Cost)	Employer Contribution (Amortization Cost)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
2025	\$ 2,475	\$ 1,818	\$ 657	74%	\$ 31	\$ 12	\$ 2,014	1.45%	\$ 2
2026	2,544	1,858	686	73%	60	13	2,014	1.11%	37
2027	2,594	1,950	644	75%	60	14	2,014	1.11%	37
2028	2,631	2,020	611	77%	49	15	2,014	0.85%	32
2029	2,657	2,057	600	77%	49	15	2,014	0.85%	32
2030	2,671	2,065	606	77%	39	16	2,014	0.65%	26
2031	2,674	2,055	619	77%	39	17	2,014	0.65%	26
2032	2,668	2,036	632	76%	36	17	2,014	0.48%	26
2033	2,655	2,009	646	76%	36	18	2,014	0.48%	26
2034	2,636	1,975	661	75%	33	18	2,014	0.34%	26
2035	2,612	1,935	677	74%	33	18	2,014	0.34%	26
2036	2,587	1,892	695	73%	31	19	2,014	0.25%	26
2037	2,562	1,849	713	72%	31	19	2,014	0.25%	26
2038	2,537	1,805	732	71%	30	19	2,014	0.18%	26
2039	2,515	1,762	753	70%	30	19	2,014	0.18%	26
2040	2,495	1,720	775	69%	51	20	2,014	0.13%	49
2041	2,479	1,704	775	69%	67	20	2,014	0.13%	64
2042	2,468	1,708	760	69%	151	20	2,014	0.10%	149
2043	2,461	1,805	656	73%	155	20	2,014	0.10%	153
2044	2,458	1,917	541	78%	144	20	2,014	0.07%	143
2045	2,458	2,030	428	83%	119	20	2,014	0.07%	117
2046	2,461	2,126	335	86%	120	20	2,014	0.06%	119
2047	2,464	2,230	234	91%	124	20	2,014	0.06%	123
2048	2,467	2,345	122	95%	127	20	2,014	0.04%	127
2049	2,470	2,470	-	100%	1	20	2,014	0.03%	-
2050	2,470	2,470	-	100%	-	20	2,014	0.02%	-
2051	2,469	2,469	-	100%	-	20	2,014	0.01%	-
2052	2,467	2,467	-	100%	-	20	2,014	0.01%	-
2053	2,464	2,464	-	100%	-	20	2,014	0.00%	-
2054	2,460	2,460	-	100%	-	20	2,014	0.00%	-

Notes and assumptions:

The projection is based on the results of the June 30, 2025 actuarial valuation and assumes that all actuarial assumptions are realized, including the assumed annual asset return of 6.50%.

New active members are assumed to be hired as current active members are assumed to terminate employment or retire.

The total active population is assumed to decrease 2% each year for each of the next 30 years.

Covered payroll is assumed to remain level throughout the entire projection.

The contribution rate established in the Commonwealth's biennium budget is assumed to be equal to the normal cost portion of the actuarially determined contribution.

The full actuarially determined amortization cost is assumed to be allocated amongst employers each biennium.

The second year of a biannual budget is assumed to take into account any expiring amortization bases.



Kentucky Public Pensions Authority
KERS Hazardous Insurance Fund
(\$ in Millions)

Fiscal Year Beginning July 1,	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability	Funded Ratio (3) / (2)	Employer Contribution	Member Contribution	Covered Payroll	Employer Contribution as % of Covered Payroll	Employer Actuarially Determined Contribution
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
2025	\$ 420	\$ 700	\$ (280)	167%	\$ -	\$ 2	\$ 266	0.00%	0.00%
2026	430	727	(297)	169%	-	2	266	0.00%	0.00%
2027	435	766	(331)	176%	-	2	266	0.00%	0.00%
2028	439	801	(362)	183%	-	2	266	0.00%	0.00%
2029	442	831	(389)	188%	-	2	266	0.00%	0.00%
2030	443	855	(412)	193%	-	3	266	0.00%	0.00%
2031	444	879	(435)	198%	-	3	266	0.00%	0.00%
2032	444	905	(461)	204%	-	3	266	0.00%	0.00%
2033	444	933	(489)	210%	-	3	266	0.00%	0.00%
2034	444	961	(517)	216%	-	3	266	0.00%	0.00%
2035	443	992	(549)	224%	-	3	266	0.00%	0.00%
2036	443	1,026	(583)	232%	-	3	266	0.00%	0.00%
2037	443	1,061	(618)	240%	-	3	266	0.00%	0.00%
2038	444	1,100	(656)	248%	-	3	266	0.00%	0.00%
2039	446	1,143	(697)	256%	-	3	266	0.00%	0.00%
2040	449	1,189	(740)	265%	-	3	266	0.00%	0.00%
2041	453	1,238	(785)	273%	-	3	266	0.00%	0.00%
2042	457	1,292	(835)	283%	-	3	266	0.00%	0.00%
2043	463	1,349	(886)	291%	-	3	266	0.00%	0.00%
2044	469	1,411	(942)	301%	-	3	266	0.00%	0.00%
2045	476	1,477	(1,001)	310%	-	3	266	0.00%	0.00%
2046	483	1,547	(1,064)	320%	-	3	266	0.00%	0.00%
2047	490	1,622	(1,132)	331%	-	3	266	0.00%	0.00%
2048	496	1,700	(1,204)	343%	-	3	266	0.00%	0.00%
2049	503	1,783	(1,280)	355%	-	3	266	0.00%	0.00%
2050	509	1,870	(1,361)	367%	-	3	266	0.00%	0.00%
2051	514	1,962	(1,448)	382%	-	3	266	0.00%	0.00%
2052	519	2,059	(1,540)	397%	-	3	266	0.00%	0.00%
2053	523	2,162	(1,639)	413%	-	3	266	0.00%	0.00%
2054	526	2,270	(1,744)	432%	-	3	266	0.00%	0.00%

Notes and assumptions:

The projection is based on the results of the June 30, 2025 actuarial valuation and assumes that all actuarial assumptions are realized, including the assumed annual asset return of 6.50%.

New active members are assumed to be hired as current active members are assumed to terminate employment or retire.

The total active population is assumed to decrease 2% each year for each of the next 30 years.

Covered payroll is assumed to remain level throughout the entire projection.

The contribution rate established in the Commonwealth's biennium budget is assumed to be equal to the full actuarially determined contribution rate.



Kentucky Public Pensions Authority
SPRS Insurance Fund
(\$ in Millions)

Fiscal Year Beginning July 1,	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability	Funded Ratio (3) / (2)	Employer Contribution	Member Contribution	Covered Payroll	Employer Contribution as % of Covered Payroll	Employer Actuarially Determined Contribution
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
2025	\$ 273	\$ 277	(4)	102%	\$ 2	\$ -	\$ 74	2.31%	1.46%
2026	278	282	(4)	101%	2	1	74	2.49%	2.49%
2027	280	290	(10)	104%	2	1	74	2.49%	1.37%
2028	281	296	(15)	105%	-	1	74	0.00%	0.00%
2029	280	296	(16)	106%	-	1	74	0.00%	0.00%
2030	278	294	(16)	106%	-	1	74	0.00%	0.00%
2031	275	290	(15)	106%	-	1	74	0.00%	0.00%
2032	271	286	(15)	106%	-	1	74	0.00%	0.00%
2033	267	281	(14)	105%	-	1	74	0.00%	0.00%
2034	263	275	(12)	105%	-	1	74	0.00%	0.00%
2035	258	270	(12)	105%	-	1	74	0.00%	0.00%
2036	253	264	(11)	104%	-	1	74	0.00%	0.00%
2037	249	259	(10)	104%	-	1	74	0.00%	0.00%
2038	245	254	(9)	104%	-	1	74	0.00%	0.00%
2039	241	249	(8)	103%	-	1	74	0.00%	0.00%
2040	238	245	(7)	103%	-	1	74	0.00%	0.00%
2041	235	241	(6)	103%	-	1	74	0.00%	0.00%
2042	233	238	(5)	102%	2	1	74	2.78%	2.78%
2043	232	238	(6)	103%	2	1	74	2.78%	3.18%
2044	232	238	(6)	103%	3	1	74	3.84%	3.84%
2045	232	240	(8)	103%	3	1	74	3.84%	2.87%
2046	232	243	(11)	105%	2	1	74	3.08%	3.08%
2047	233	245	(12)	105%	2	1	74	3.08%	4.11%
2048	234	248	(14)	106%	4	1	74	4.90%	4.90%
2049	235	252	(17)	107%	-	1	74	0.00%	0.00%
2050	236	252	(16)	107%	-	1	74	0.00%	0.00%
2051	236	253	(17)	107%	-	1	74	0.00%	0.00%
2052	236	252	(16)	107%	-	1	74	0.00%	0.00%
2053	236	252	(16)	107%	-	1	74	0.00%	0.00%
2054	235	251	(16)	107%	-	1	74	0.00%	0.00%

Notes and assumptions:

The projection is based on the results of the June 30, 2025 actuarial valuation and assumes that all actuarial assumptions are realized, including the assumed annual asset return of 6.50%.

New active members are assumed to be hired as current active members are assumed to terminate employment or retire.

The total active population is assumed to decrease 2% each year for each of the next 30 years.

Covered payroll is assumed to remain level throughout the entire projection.

The contribution rate established in the Commonwealth's biennium budget is assumed to be equal to the full actuarially determined contribution rate.





October 31, 2025

Board of Trustees
Kentucky Public Pensions Authority
Perimeter Park West
1260 Louisville Road
Frankfort, KY 40601

Subject: Certification of the June 30, 2025 Actuarial Valuation Results

Dear Members of the Board:

The purpose of this letter is to summarize the June 30, 2025 actuarial valuation reports for the County Employees Retirement System (CERS), the Kentucky Employees Retirement System (KERS), and the State Police Retirement System (SPRS). These reports provide the current actuarial and financial condition of the funds and analyze fluctuations in the employer contribution requirements since the prior actuarial valuation.

Under Kentucky Statute, the Board of Trustees of the Kentucky Retirement System (KRS) must recommend the employer contributions for KERS and SPRS for the fiscal years beginning July 1, 2026 and ending June 30, 2028. The Board of Trustees of the County Employees Retirement System (CERS) must certify the employer contribution rates for CERS for the fiscal year beginning July 1, 2026 and ending June 30, 2027. The contributions determined by the June 30, 2025 actuarial valuations are intended to become effective twelve months after the valuation date and, as such, are intended to be used by the Board for recommending these required contributions effective July 1, 2026.

FINANCING OBJECTIVES AND FUNDING POLICY

The Kentucky Public Pensions Authority (KPPA) administers pension and health insurance funds to provide for monthly retirement income and retiree health insurance benefits. The total employer contribution requirement is comprised of a contribution to each respective fund and is determined in accordance with Sections 61.565 and 78.635 of Kentucky Statute. As specified by the Statute, the employer contribution is comprised of a normal cost contribution and an actuarial accrued liability contribution. The actuarial accrued liability contribution is calculated by amortizing the unfunded accrued liability as of June 30, 2019 over a closed 30-year amortization period (24 years remaining

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as of June 30, 2025). Gains and losses incurring in years after June 30, 2019 are amortized as separate closed 20-year amortization bases.

If the contributions made are equal to the Actuarially Determined Contribution (ADC), and if all actuarial assumptions are met, there will not be an unfunded accrued liability at the end of the 24-year period remaining from the original closed 30-year amortization base. Accordingly, the ADC under the funding policy can be considered a “Reasonable Actuarially Determined Contribution” as required by the Actuarial Standards of Practice.

House Bill 8 passed during the 2021 legislative session and specified the method for allocating and collecting contributions from the participating employers in the KERS non-hazardous fund. Each employer will pay a normal cost contribution on the payroll of their covered employees and contribute to the fund an allocated share of the cost required to amortize the unfunded liability.

HB 1 and HB 6 were enacted in the 2024 legislative session and provided an additional \$300 million in appropriations to finance the unfunded actuarial accrued liability of the KERS non-hazardous retirement fund in FY 2025 and FY 2026 and an additional \$25 million to finance the unfunded actuarial accrued liability of the SPRS retirement fund in FY 2025 and FY 2026. The appropriations for FY 2025 were reflected in the contribution requirement calculated in the prior year’s valuation. The appropriations for FY 2026 have been reflected in the contribution requirement calculated in this year’s valuation.

House Bill 362 passed during the 2018 legislative session and limited the increases to the CERS employer contribution rates to 12% over the prior fiscal year through June 30, 2028. This legislation does not impact the contribution rates calculated in this actuarial valuation. The recommended certified contribution rates are equal to the actuarially determined rates.

PROGRESS TOWARDS REALIZATION OF FUNDING OBJECTIVES

One way to measure the progress towards achieving the intended funding objective is to measure the relationship between the actuarial value of assets and the actuarial accrued liabilities for each fund. This relationship is referred to as the funded ratio and should increase over time (absent of benefit improvements) with the goal of attaining 100%.

Table 1 provides a comparison of the change in funded ratio from June 30, 2024 to June 30, 2025 for the retirement funds. As the table shows, the funded ratios for all funds have increased since the prior year. The improvement in the financial health of these retirement funds is dependent on the CERS and KRS Boards, as well as the Commonwealth, maintaining a sound funding policy and the participating employers paying the full actuarially determined contributions.



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**Table 1. Change in the Funded Ratio (AVA / AAL)
from June 30, 2024 to June 30, 2025 for the Retirement Funds**

System	Funded Ratio – Retirement Funds	
	June 30, 2024	June 30, 2025
CERS Non-Hazardous	58.4%	61.4%
CERS Hazardous	54.0%	57.0%
KERS Non-Hazardous	24.8%	28.6%
KERS Hazardous	68.3%	72.3%
SPRS	56.7%	61.9%

Table 2 provides a similar comparison of the change in funded ratio for the insurance funds. As the table shows, the funded ratio decreased for all funds since the prior year due to increases in the 2026 health insurance premiums.

**Table 2. Change in the Funded Ratio (AVA / AAL)
from June 30, 2024 to June 30, 2025 for the Insurance Funds**

System	Funded Ratio – Insurance Funds	
	June 30, 2024	June 30, 2025
CERS Non-Hazardous	122.3%	106.5%
CERS Hazardous	100.5%	90.9%
KERS Non-Hazardous	81.7%	73.4%
KERS Hazardous	171.9%	166.4%
SPRS	104.9%	101.2%

On average, pre-Medicare premiums were approximately 8% higher than expected and Medicare premiums were approximately 28% higher than expected. Additionally, in conjunction with the review of the healthcare per capita claims cost, the assumed increase in future healthcare costs, or trend assumption, is reviewed on an annual basis. As a result of our review, the trend assumption was updated. In general, the updated assumption is assuming higher future increases in pre-Medicare and Medicare health costs. The ultimate annual trend assumption for pre-Medicare and Medicare Plans remained at 4.25%.



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SUMMARY OF CHANGE IN CONTRIBUTION RATES SINCE THE PRIOR VALUATION

Table 3 provide a comparison of the actuarially determined employer contributions determined by the June 30, 2025 actuarial valuation and the June 30, 2024 actuarial valuation, both as a percentage of payroll and as a dollar amount.

Table 3. Comparison of the Actuarially Determined Contribution (Retirement and Insurance)

System	Percentage of Payroll		Annual Dollar Amount	
	2024 Valuation	2025 Valuation	FYE2026	FYE2027
CERS Non-Hazardous	18.62%	17.43%	\$596M	\$593M
CERS Hazardous	35.73%	34.72%	\$271M	\$285M
KERS Non-Hazardous	7.99%	7.76%	\$1,015M	\$1,025M
KERS Hazardous	20.68%	18.83%	\$54M	\$50M
SPRS	59.37%	54.33%	\$43M	\$41M

¹ Amortization cost for KERS non-hazardous fund increased from \$866 million calculated in the June 30, 2024 valuation to \$868 million calculated in the June 30, 2025 valuation

The contribution requirement as a percent of pay decreased across all funds. The membership payroll for each fund increased more than assumed. The payroll increases resulted in liability losses for most funds, which increased the unfunded actuarially accrued liability for the pension funds, which ultimately increased the total required contribution as a dollar amount. This increase was offset by favorable investment returns, which resulted in a net decrease in the total required contribution (as a dollar amount) for most funds.

The KERS non-hazardous and CERS hazardous funds experienced the highest average salary increases amongst their active populations, which caused the total required contribution (as a dollar amount) to increase for those funds. Additionally, there was a reduction in the contribution requirement for the KERS non-hazardous and SPRS pension funds due to the additional appropriations expected in FY2026.

Table 4 provides the increase in membership payroll since the prior valuation.

**Table 4. Increase in Membership Payroll
from June 30, 2024 to June 30, 2025**

System	Increase in Membership Payroll	
	Actual	Assumed
CERS Non-Hazardous	6.3%	2.0%
CERS Hazardous	8.5%	2.0%
KERS Hazardous	2.6%	0.0%
SPRS	1.5%	0.0%

Note: KERS non-hazardous fund amortization cost portion of the required contribution is no longer tied to membership payroll



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ASSUMPTIONS AND METHODS

The Boards of Trustees, in consultation with the actuary, set the actuarial assumptions and methods used in the actuarial valuation. In general, the assumptions used in the June 30, 2025 actuarial valuations were adopted for first use in the June 30, 2023 actuarial valuations and are based on the experience study conducted through June 30, 2022.

The results of the actuarial valuation are dependent on the actuarial assumptions used. Actual results can, and almost certainly will, differ as actual experience deviates from the assumptions. Even seemingly minor changes in the assumptions can materially change the liabilities, calculated contribution rates, and funding periods. The actuarial calculations are intended to provide information for rational decision making.

BENEFIT PROVISIONS

The benefit provisions reflected in the June 30, 2025 valuations are those which were in effect on June 30, 2025. The CERS actuarial valuation reflects the benefits enacted by Senate Bill 10, which provided increased retiree medical benefits for CERS members hired after July 1, 2003 that meet certain eligibility requirements at retirement. This legislation also increased the insurance member contribution rate for CERS hazardous members and extended the required contribution to CERS members hired on or after July 1, 2003 but prior to September 1, 2008 for both non-hazardous and hazardous members.

DATA

Member data for retired, active and inactive members was supplied as of June 30, 2025, by KPPA staff. The staff also supplied asset information as of June 30, 2025. We did not audit this data, but we did apply a number of tests to the data, and we concluded that it was reasonable and consistent with the prior year's data. GRS is not responsible for the accuracy or completeness of the information provided to us by KPPA.

CERTIFICATION

The information provided in this letter compliments the information provided in the June 30, 2025 actuarial valuation reports. Please refer to the June 30, 2025 actuarial valuation reports for additional discussion of the actuarial valuation, including the nature of actuarial calculations and more information related to participant data, economic and demographic assumptions, and benefit provisions.

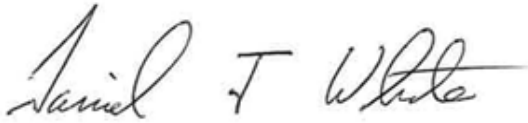


Board of Trustees
October 31, 2025
Page 6

To the best of our knowledge, this report is complete and accurate and is in accordance with generally recognized actuarial practices and methods. All of the undersigned are Enrolled Actuaries and members of the American Academy of Actuaries and meet all of the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. In addition, all three are independent of KPPA and are experienced in performing valuations for large public retirement systems. This communication shall not be construed to provide tax advice, legal advice or investment advice.

Sincerely,

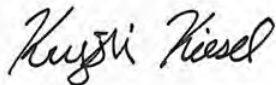
Gabriel, Roeder, Smith & Company



Daniel J. White, FSA, EA, MAAA
Senior Consultant



Janie Shaw, ASA, EA, MAAA
Consultant



Krysti Kiesel, ASA, EA, MAAA
Consultant



Summary of June 30, 2025 Actuarial Valuation Results

	CERS Non-Hazardous	CERS Hazardous	KERS Non-Hazardous	KERS Hazardous	SPRS
Actuarially Determined Contribution:					
Pension Fund Contribution	17.14%	31.52%	6.65%	18.83%	51.84%
Insurance Fund Contribution	0.29%	3.20%	1.11%	0.00%	2.49%
Employer Contribution, payable as a percentage of payroll	17.43%	34.72%	7.76% ²	18.83%	54.33%
Amortization Cost to be Allocated, if applicable	N/A	N/A	868,158,252 ²	N/A	N/A
Certified Contribution Rate for Fiscal Year Ending 2027¹	17.43%	34.72%	7.76% ²	18.83%	54.33%
Assets:					
Retirement					
• Actuarial value (AVAR)	\$9,933,705,336	\$3,592,716,988	\$4,810,420,381	\$1,076,412,201	\$699,538,955
• Market value (MVAR)	\$10,490,132,265	\$3,796,462,074	\$5,061,424,520	\$1,137,479,989	\$741,281,980
• Ratio of actuarial to market value of assets	94.7%	94.6%	95.0%	94.6%	94.4%
Insurance					
• Actuarial value (AVAI)	\$3,793,782,246	\$1,763,479,375	\$1,817,922,524	\$699,650,236	\$276,806,058
• Market value (MVAI)	\$4,011,291,021	\$1,862,028,671	\$1,915,731,580	\$735,292,505	\$291,043,388
• Ratio of actuarial to market value of assets	94.6%	94.7%	94.9%	95.2%	95.1%
Funded Status:					
Retirement					
• Actuarial accrued liability	\$16,174,005,715	\$6,301,845,834	\$16,839,319,157	\$1,488,008,170	\$1,130,392,428
• Unfunded accrued liability on AVAR	\$6,240,300,379	\$2,709,128,846	\$12,028,898,776	\$411,595,969	\$430,853,473
• Funded ratio on AVAR	61.4%	57.0%	28.6%	72.3%	61.9%
• Unfunded accrued liability on MVAR	\$5,683,873,450	\$2,505,383,760	\$11,777,894,637	\$350,528,181	\$389,110,448
• Funded ratio on MVAR	64.9%	60.2%	30.1%	76.4%	65.6%
Insurance					
• Actuarial accrued liability	\$3,562,876,208	\$1,939,809,337	\$2,475,126,492	\$420,391,986	\$273,393,126
• Unfunded accrued liability on AVAI	(\$230,906,038)	\$176,329,962	\$657,203,968	(\$279,258,250)	(\$3,412,932)
• Funded ratio on AVAI	106.5%	90.9%	73.4%	166.4%	101.2%
• Unfunded accrued liability on MVAI	(\$448,414,813)	\$77,780,666	\$559,394,912	(\$314,900,519)	(\$17,650,262)
• Funded ratio on MVAI	112.6%	96.0%	77.4%	174.9%	106.5%
Membership:					
• Number of					
- Active Members	81,863	9,927	33,356	4,228	863
- Retirees and Beneficiaries	73,570	12,074	48,594	5,043	1,693
- Inactive Members	120,312	4,591	57,597	9,312	775
- Total	275,745	26,592	139,547	18,583	3,331
• Projected payroll of active members	\$3,336,806,507	\$806,462,406	\$2,023,843,270	\$266,387,327	\$74,404,942
• Average salary of active members	\$40,761	\$81,239	\$60,674	\$63,006	\$86,217

¹ Contributions for KERS and SPRS calculated with the June 30, 2025 valuation are effective for two years (fiscal years ending June 30, 2027 and June 30, 2028).

Contributions for CERS calculated with the June 30, 2025 valuation are effective for one year (fiscal year ending June 30, 2027).

² For the KERS non-hazardous fund, contribution rate includes the normal cost portion of the contribution requirement only. Amortization cost will be allocated to employers as a dollar amount.

Kentucky Employees Retirement System (KERS)

Actuarial Valuation Report
as of June 30, 2025

DRAFT





October 31, 2025

Board of Trustees
Kentucky Retirement Systems
Perimeter Park West
1260 Louisville Road
Frankfort, KY 40601

Subject: Actuarial Valuation as of June 30, 2025

Dear Trustees of the Board:

This report describes the current actuarial condition of the Kentucky Employees Retirement System (KERS) and provides the actuarially determined employer contribution for fiscal years ending June 30, 2027 and June 30, 2028. In addition, the report analyzes changes in KERS's financial condition and provides various summaries of the data.

EXECUTIVE SUMMARY OF VALUATION RESULTS

The first page of the executive summary provides a table with a comparison of the valuation results from 2024 to 2025. Fund investments earned between 11.0% and 11.8% in fiscal year 2025, with returns varying by fund, which resulted in \$433 million (\$311 million pension and \$122 million insurance) more in assets than expected at the beginning of the year.

Retirement fund liabilities were \$202 million larger than expected for both funds combined, primarily attributable to salary increases for individual member being greater than expected. There was also a net \$354 million liability loss for the insurance funds primarily due to higher than expected health insurance premiums for 2026.

The normal cost rate for the non-hazardous funds decreased by 0.23% to 7.76% of pay and the amortization cost increased by \$2 million to \$868 million. This reflects a \$23 million decrease in the amortization cost for the pension fund primarily due to the additional \$300 million in appropriations expected to be received by the pension fund in fiscal year 2026, and a \$25 million increase in the amortization cost for the insurance fund primarily due to the higher than expected health insurance premiums.

The contribution rate for the hazardous funds decreased by 1.85% of pay to 18.83% of pay. This reflects a 1.85% decrease in the pension fund contribution rate, primarily due to favorable investment returns. The required contribution rate for the insurance fund remained at 0% of pay.

Board of Trustees
October 31, 2025
Page 2

The following table provides the projected contributions for the non-hazardous and hazardous fund for the next 30 years (retirement + insurance), as well as the unfunded actuarial accrued liability and funded ratio for each retirement fund (excluding insurance). These projections assume that all actuarial assumptions are realized and the full actuarially determined contributions are made each future year.

**Projected Contributions, Unfunded Liability, and Funded Ratio
(\$ in Millions)**

	Fiscal Year Beginning July 1,				
	2025	2029	2034	2044	2054
	Year 1	Year 5	Year 10	Year 20	Year 30
KERS Non-Hazardous					
Employer Contribution ¹	\$1,027	\$995	\$952	\$1,139	\$103
Unfunded Liability – Pension Only	\$12,029	\$10,391	\$8,819	\$4,034	\$0
Funded Ratio – Pension Only	29%	38%	46%	73%	100%
KERS Hazardous					
Employer Contribution Rate ¹	23.74%	17.18%	15.57%	17.95%	7.16%
Unfunded Liability – Pension Only	\$412	\$296	\$260	\$153	\$0
Funded Ratio – Pension Only	72%	82%	86%	94%	100%

¹ Employer Contribution shown includes required contributions for both the retirement and insurance funds, and include both the normal cost and amortization cost components of the contribution requirement.

FINANCING OBJECTIVES AND FUNDING POLICY

The employer contribution is determined in accordance with Section 61.565 of Kentucky Statute. As specified by the Statute, the employer contribution is comprised of a normal cost contribution and an actuarial accrued liability contribution. The actuarial accrued liability contribution is calculated by amortizing the unfunded accrued liability as of June 30, 2019 over a closed 30-year amortization period (24 years remaining as of June 30, 2025). Gains and losses incurring in years after June 30, 2019 are amortized as separate closed 20-year amortization bases.

If the contributions made are equal to the Actuarially Determined Contribution (ADC), and if all actuarial assumptions are met, there will not be an unfunded accrued liability at the end of the 24-year period remaining from the original closed 30-year amortization base (i.e. as of June 30, 2049). Accordingly, the ADC under the funding policy can be considered a “Reasonable Actuarially Determined Contribution” as required by the Actuarial Standards of Practice.



Board of Trustees
October 31, 2025
Page 3

House Bill 8 passed during the 2021 legislative session and specified the method for allocating and collecting contributions from the participating employers in the non-hazardous fund. Each employer will pay a normal cost contribution on the payroll of their covered employees and contribute to the fund an allocated share of the cost required to amortize the unfunded liability.

Additionally, HB 1 and HB 6 were enacted in the 2024 legislative session and provided an additional \$300 million in appropriations to finance the unfunded actuarial accrued liability of the KERS non-hazardous retirement fund in FY 2025 and FY 2026. The appropriations for FY 2025 were reflected in the contribution requirement calculated in the prior year's valuation. The appropriations for FY 2026 have been reflected in the contribution requirement in this year's valuation.

ASSUMPTIONS AND METHODS

The Board of Trustees, in consultation with the actuary, sets the actuarial assumptions and methods used in the actuarial valuation. Except where noted in this report, the assumptions used in this actuarial valuation are based on an experience study conducted with experience through June 30, 2022, adopted by the Board of Trustees on June 5, 2023.

The results of the actuarial valuation are dependent on the actuarial assumptions used. Actual results can, and almost certainly will, differ as actual experience deviates from the assumptions. Even seemingly minor changes in the assumptions can materially change the liabilities, calculated contributions, and funding periods. The actuarial calculations are intended to provide information for rational decision making.

BENEFIT PROVISIONS AND DATA

The benefit provisions reflected in these valuations are those which were in effect on June 30, 2025. There were no material benefit provision changes since the prior valuation.

Member data for retired, active and inactive members was supplied as of June 30, 2025, by the Kentucky Public Pensions Authority (KPPA) staff. The staff also supplied asset information as of June 30, 2025. We did not audit this data, but we did apply a number of tests to the data, and we concluded that it was reasonable and consistent with the prior year's data. GRS is not responsible for the accuracy or completeness of the information provided to us by KPPA.



Board of Trustees
October 31, 2025
Page 4

CERTIFICATION

We certify that the information presented herein is accurate and fairly portrays the actuarial position of KERS as of June 30, 2025.

Separate reports are issued with regard to valuation results determined in accordance with Governmental Accounting Standards Board (GASB) Statements 67, 68, 74 and 75. Results of this report should not be used for any other purpose without consultation with the undersigned. Valuations are prepared annually as of June 30, the first day of the plan year for KERS. This report was prepared at the request of the Board of Trustees of the Kentucky Retirement Systems (Board) and is intended for use by KPPA staff and those designated or approved by the Board.

All of our work conforms with generally accepted actuarial principles and practices, and is in conformity with the Actuarial Standards of Practice issued by the Actuarial Standards Board. In our opinion, our calculations also comply with the requirements of Kentucky Code of Laws and, where applicable, the Internal Revenue Code, ERISA, and the Statements of the Governmental Accounting Standards Board.

To the best of our knowledge, this report is complete and accurate and is in accordance with generally recognized actuarial practices and methods. All of the undersigned are Enrolled Actuaries and members of the American Academy of Actuaries and meet all of the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. In addition, all three are independent of KPPA and are experienced in performing valuations for large public retirement systems. This communication shall not be construed to provide tax advice, legal advice or investment advice.

Sincerely,

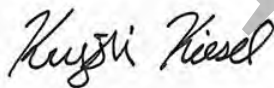
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SECTION 1

EXECUTIVE SUMMARY

Summary of Principal Results
(Dollar amounts expressed in thousands)

	Non-Hazardous		Hazardous		Total	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Contribution Rate, payable on covered payroll¹:						
Retirement	6.65%	6.85%	18.83%	20.68%		
Insurance	<u>1.11%</u>	<u>1.14%</u>	<u>0.00%</u>	<u>0.00%</u>		
Total	7.76%	7.99%	18.83%	20.68%	N/A	N/A
Amortization Cost to be allocated amongst employers	\$868,158	\$865,810	N/A	N/A	N/A	N/A
Assets:						
Retirement						
• Actuarial value (AVAR)	\$4,810,420	\$4,122,269	\$1,076,412	\$985,075	\$5,886,832	\$5,107,344
• Market value (MVAR)	\$5,061,425	\$4,223,936	\$1,137,480	\$1,019,890	\$6,198,905	\$5,243,826
• Ratio of actuarial to market value of assets	95.0%	97.6%	94.6%	96.6%	95.0%	97.4%
Insurance						
• Actuarial value (AVAI)	\$1,817,923	\$1,712,043	\$699,650	\$652,349	\$2,517,573	\$2,364,392
• Market value (MVAI)	\$1,915,732	\$1,765,729	\$735,293	\$677,948	\$2,651,025	\$2,443,677
• Ratio of actuarial to market value of assets	94.9%	97.0%	95.2%	96.2%	95.0%	96.8%
Funded Status:						
Retirement						
• Actuarial accrued liability	\$16,839,319	\$16,647,892	\$1,488,007	\$1,442,619	\$18,327,326	\$18,090,511
• Unfunded accrued liability on AVAR	\$12,028,899	\$12,525,623	\$411,595	\$457,544	\$12,440,494	\$12,983,167
• Funded ratio on AVAR	28.6%	24.8%	72.3%	68.3%	32.1%	28.2%
• Unfunded accrued liability on MVAR	\$11,777,894	\$12,423,956	\$350,527	\$422,729	\$12,128,421	\$12,846,685
• Funded ratio on MVAR	30.1%	25.4%	76.4%	70.7%	33.8%	29.0%
Insurance						
• Actuarial accrued liability	\$2,475,127	\$2,094,744	\$420,392	\$379,568	\$2,895,519	\$2,474,312
• Unfunded accrued liability on AVAI	\$657,204	\$382,701	(\$279,258)	(\$272,781)	\$377,946	\$109,920
• Funded ratio on AVAI	73.4%	81.7%	166.4%	171.9%	86.9%	95.6%
• Unfunded accrued liability on MVAI	\$559,395	\$329,015	(\$314,901)	(\$298,380)	\$244,494	\$30,635
• Funded ratio on MVAI	77.4%	84.3%	174.9%	178.6%	91.6%	98.8%
Membership:						
• Number of						
- Active Members	33,356	32,455	4,228	4,154	37,584	36,609
- Retirees and Beneficiaries	48,594	48,474	5,043	4,934	53,637	53,408
- Inactive Members	57,597	56,754	9,312	8,980	66,909	65,734
- Total	139,547	137,683	18,583	18,068	158,130	155,751
• Projected payroll of active members	\$2,023,843	\$1,861,522	\$266,387	\$259,606	\$2,290,230	\$2,121,128
• Average salary of active members	\$60,674	\$57,357	\$63,006	\$62,496	\$60,936	\$57,940

¹ Reflects contribution rate payable as a percentage of covered payroll. For the non-hazardous fund, this includes the normal cost portion of the contribution requirement only.

For the hazardous fund, this includes both the normal cost and unfunded liability portion of the contribution requirement.

¹ Contribution rates calculated with the June 30, 2025 valuation are effective for fiscal years ending June 30, 2027 and June 30 2028.



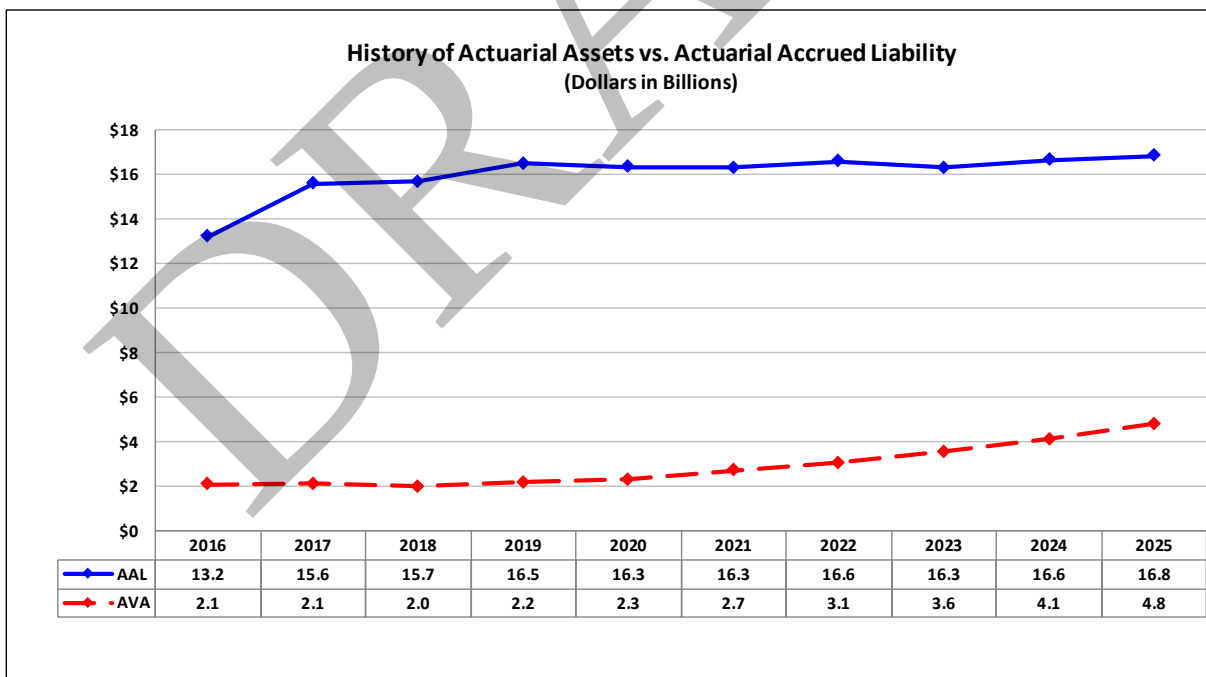
Executive Summary (Continued)

Non-Hazardous Retirement Fund

The unfunded actuarial accrued liability of the non-hazardous retirement fund decreased by \$497 million since the prior year's valuation to \$12.029 billion. This decrease was approximately \$80 million less than expected, primarily due to liability losses as a result of salary increases for individual members being greater than assumed. These liability losses were partially offset by favorable investment experience.

For FYE 2025, the non-hazardous retirement fund distributed \$1,071 million in benefit payments and administrative expenses, and received \$1,424 million in employer and employee contributions. As of June 30, 2025, plan assets for this system were \$5,061 million (excluding assets in the 401(h) account). To stabilize the financial condition of this system, it is imperative that contributions to the system continue to exceed the benefit payments.

Below is a chart with the historical actuarial value of assets and actuarial accrued liability. The divergence in the assets and liability from 2016 through 2020 was generally due to: (1) actual contributions being insufficient to finance the unfunded actuarial accrued liability, and (2) assumption changes. Since 2020, the unfunded actuarial accrued liability has been decreasing steadily due to the increased funding effort to the retirement system.

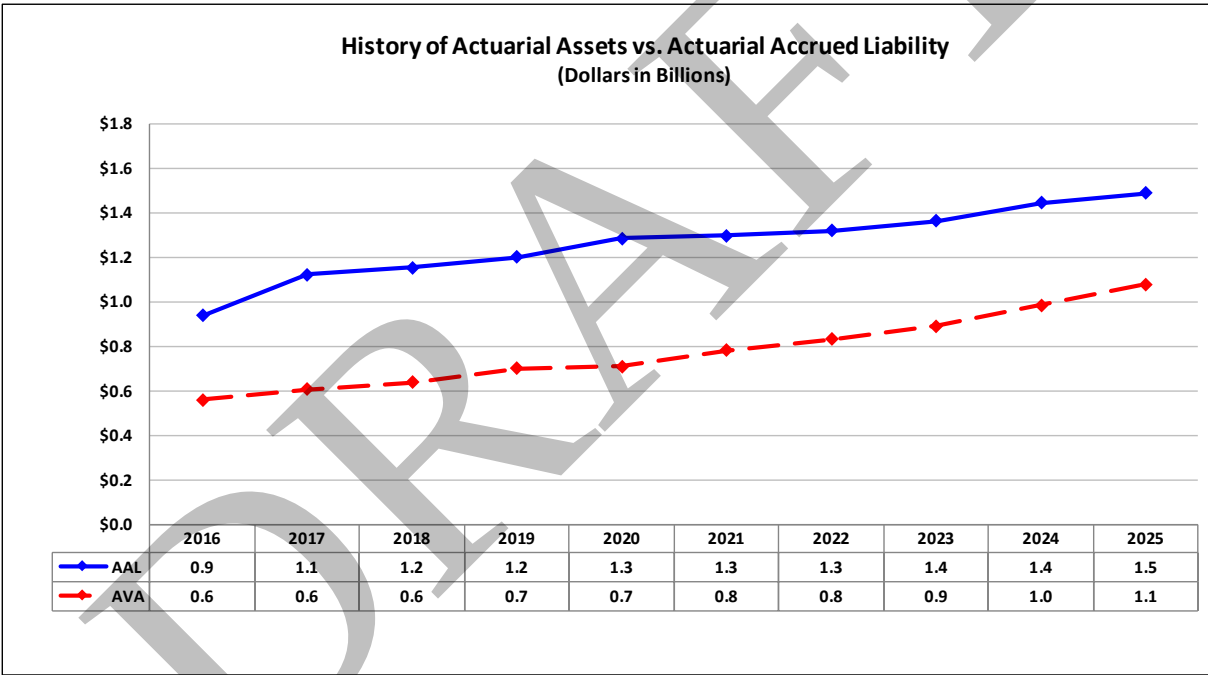


Executive Summary (Continued)

Hazardous Retirement Fund

The unfunded actuarial accrued liability of the hazardous retirement fund decreased by \$46 million since the prior year’s valuation to \$412 million. This decrease was approximately \$20 million more than expected, primarily due to favorable investment experience.

Below is a chart with the historical actuarial value of assets and actuarial accrued liability. The divergence in the assets and liability from 2016 through 2020 was generally due to: (1) actual contributions being insufficient to finance the unfunded actuarial accrued liability, and (2) assumption changes. Since 2020, the unfunded actuarial accrued liability has been decreasing steadily due to the increased funding effort to the retirement system.



Executive Summary (Continued)

Summary of Change in Financial Condition of the Insurance Funds

The unfunded actuarial accrued liability of the non-hazardous insurance fund increased by \$275 million since the prior year's valuation to \$657 million. The funding surplus (assets in excess of the actuarial accrued liability) of the hazardous insurance fund increased by \$6 million since the prior year's valuation to \$279 million. The funding surplus was expected to increase by \$16 million; therefore, the funding surplus was \$10 million lower than expected.

The actuarial losses on the insurance funds are primarily due to the 2026 health insurance premiums being higher than expected. These liability losses were offset by favorable investment earnings.

On average, pre-Medicare premiums were approximately 8% higher than expected and Medicare premiums were approximately 28% higher than expected. In conjunction with the review of the healthcare per capita claims cost, the assumed increase in future healthcare costs, or trend assumption, is also reviewed on an annual basis. As a result of our review, the trend assumption was updated. In general, the updated assumption is using higher future increases in pre-Medicare and Medicare health costs. The ultimate annual trend assumption for pre-Medicare and Medicare Plans remained at 4.25%. The updates to the trend assumption increased the liability for the non-hazardous and hazardous insurance funds by approximately \$84 million and \$11 million, respectively.



SECTION 2

DISCUSSION

Discussion

The Kentucky Employees Retirement System (KERS) is a defined benefit pension plan that provides coverage for employees of state government, non-teaching staff at regional state supported universities, local health departments, regional mental health/mental retardation agencies, and other quasi-state agencies. KERS includes both non-hazardous and hazardous duty benefits. This report presents the results of the June 30, 2025 actuarial funding valuation for both the retirement funds and insurance funds.

The primary purposes of the valuation report are to describe the current actuarial condition of KERS and provide the actuarially determined employer contributions for fiscal years ending June 30, 2027 and June 30, 2028. In addition, the report analyzes changes in KERS's financial condition, and provides various summaries of the data.

The actuarially determined contribution consist of two components: a normal cost rate and an amortization cost to finance the unfunded actuarial accrued liability. The normal cost rate is the theoretical amount which would be required to pay the members' benefits, based on the current plan provisions, if this amount had been contributed from each member's entry date and if the fund's experience exactly followed the actuarial assumptions. This is the amount that it should cost to provide the benefits for an average member. Since members contribute to the fund, only the excess of the normal cost rate over the member contribution rate is included in the employer contribution. The amortization cost is the amount necessary to amortize the unfunded actuarial accrued liability. The payroll growth rate and discount rate assumptions are selected by the Board. The funding period is specified in Section 61.565 of Kentucky Statute.

All of the actuarial and financial tables referenced by the other sections of this report appear in Section 3. Section 4 provides additional details related to the calculation of the amortization of the unfunded actuarial accrued liability. Section 5 provides member data and statistical information. Section 6 provides a discussion of various risk measures, which are intended to aid stakeholders in understanding the effects of future experience differing from the assumptions used in performing an actuarial valuation. Appendices A and B provide summaries of the principle actuarial assumptions and methods and plan provisions. Appendix C provides a glossary of technical terms that are used throughout this report. Finally, Appendix D provides the allocation of the amortization cost amongst KERS Non-Hazardous employers in accordance with Statutes enacted with the passing of House Bill 8 during the 2021 legislation session.

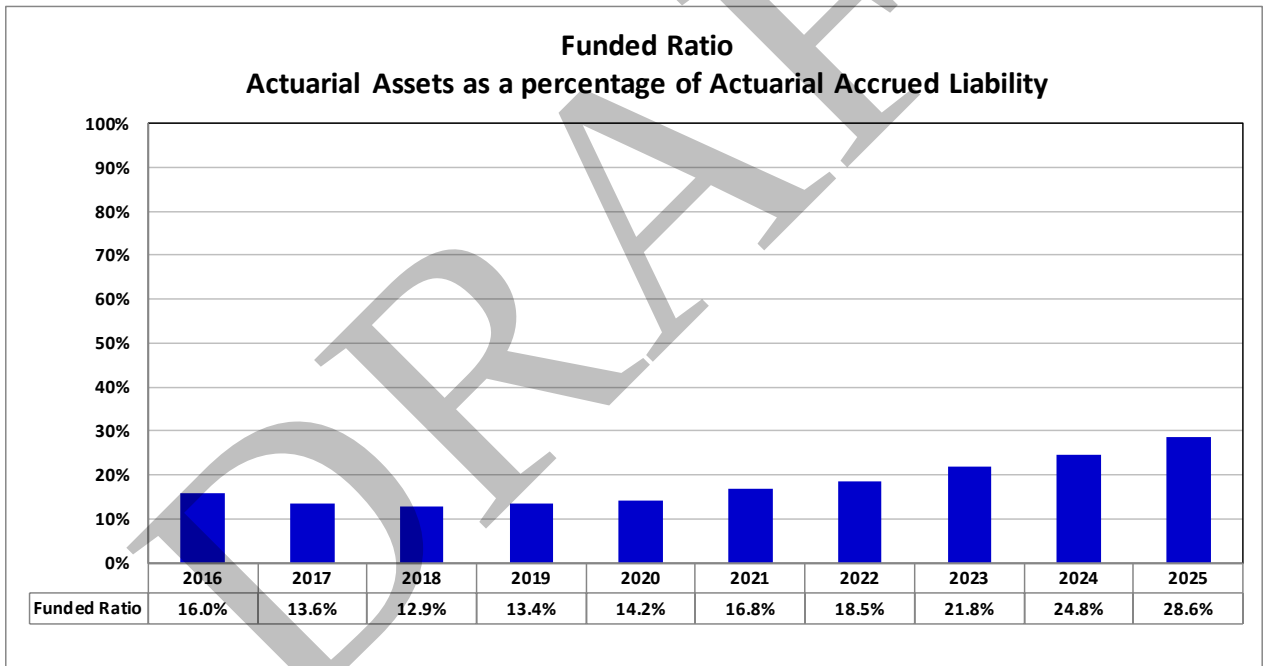


Funding Progress

The following charts provide a ten-year history of the retirement funds’ funded ratio (i.e. the Actuarial Value of Assets divided by the Actuarial Accrued Liability). The decline in the funded ratio in the first half of this ten-year period was generally due to: (1) actual contributions being insufficient to finance the unfunded actuarial accrued liability, and (2) decreases in the assumed rate of return.

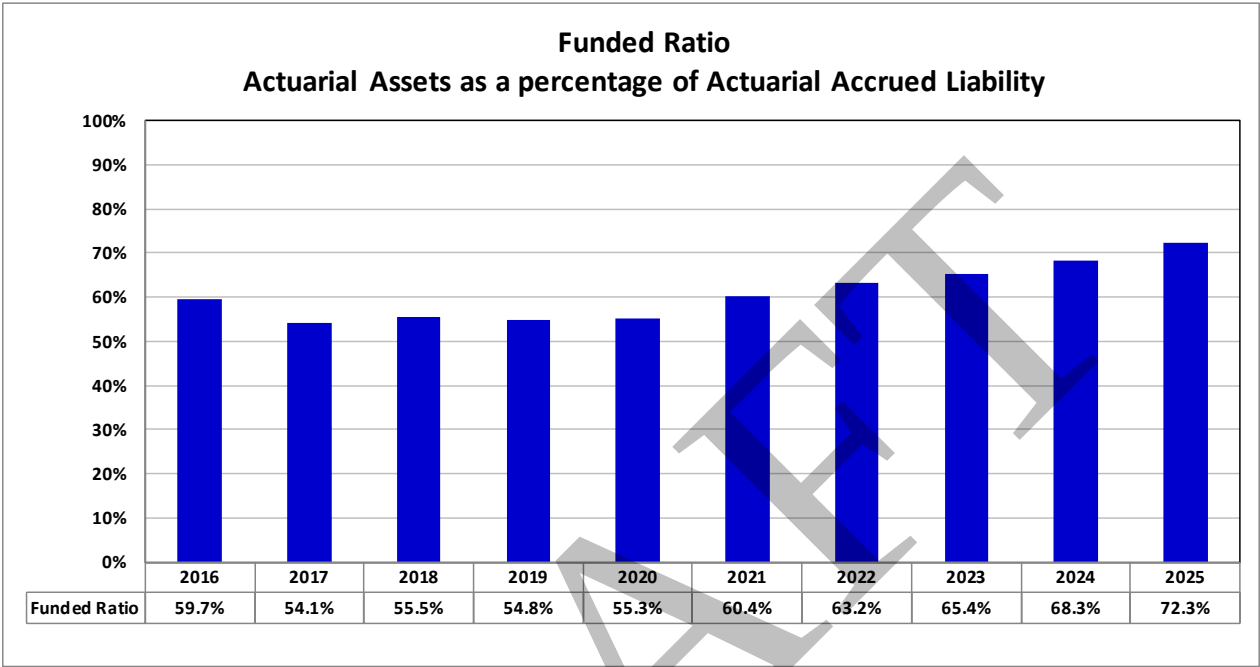
The funded ratio has been gradually increasing for the past several years for both the non-hazardous and hazardous funds. Assuming the full actuarially determined contributions are paid in future years and absent material future unfavorable experience, the funded ratio is expected to continue improving. Also, the dollar amount of the unfunded actuarial accrued liability, or the difference between the actuarial accrued liability and the actuarial value of assets, is expected to continue a decreasing trend. Table 9, Schedule of Funding Progress, in the following section of the report provides additional detail regarding the funding progress of the retirement funds.

Non-Hazardous Retirement Fund



Funding Progress (Continued)

Hazardous Retirement Fund



Asset Gains/ (Losses)

The actuarial value of assets (“AVA”) is based on a smoothed market value of assets, using a systematic approach to phase-in the difference between the actual and expected investment return on the market value of assets (adjusted for receipts and disbursements during the year). This is appropriate because it dampens the short-term volatility inherent in investment markets. The return is computed net of investment expenses.

Non-Hazardous Retirement Fund

The actuarial value of assets for the non-hazardous retirement fund increased from \$4.122 billion to \$4.810 billion since the prior valuation. The rate of return on the market value of assets on a dollar-weighted basis for the prior fiscal year was 11.0% which is greater than the 5.25% expected annual return. The return on an actuarial (smoothed) asset value was 7.8%, which resulted in a \$110 million gain for the fiscal year. The market value of assets is \$251 million more than the actuarial value of assets, which signifies that the retirement fund is in a position of net deferred investment gains to be realized in future years.

Hazardous Retirement Fund

Likewise, the actuarial value of assets for the hazardous retirement fund increased from \$985 million to \$1,076 million since the prior valuation. The rate of return on the market value of assets on a dollar-weighted basis for the prior fiscal year was 11.8% which is greater than the 6.25% expected annual return. The return on an actuarial (smoothed) asset value was 9.5%, which resulted in a \$32 million gain for the fiscal year. The market value of assets is \$61 million more than the actuarial value of assets, which signifies that the retirement fund is in a position of net deferred investment gains to be realized in future years.

Table 6 in the following section of this report provides asset information that was included in the annual financial statements of the funds, as well as the estimated yield on a market value basis. Tables 7 and 8 provide the development of the actuarial value of assets and the estimated yield on an actuarial value basis.

Actuarial Gains/ (Losses)

The annual actuarial valuation is a snapshot analysis of the benefit liabilities, assets and funded position of the funds as of the first day of the plan year. In any one fiscal year, the experience can be better or worse from that which is assumed or expected. The actuarial assumptions do not necessarily attempt to model what the experience will be for any one given fiscal year, but instead try to model the overall experience over many years. Therefore, as long as the actual experience of a retirement system is reasonably close to the current assumptions, the long-term funding requirements of the system will remain relatively consistent.

Below are tables that separately show a reconciliation of the unfunded liability since the prior actuarial valuation for the retirement and health insurance funds, which includes the effect of asset and liability gains and losses, changes in assumptions, and changes in plan provisions. See the discussion in the Executive Summary for additional information related to the liability experience and additional information in this section of the report related to the asset experience, plan changes, and assumption changes.

Retirement Experience Gain or (Loss) (Dollar amounts expressed in thousands)

	Non-Hazardous	Hazardous
A. Calculation of total actuarial gain or loss		
1. Unfunded actuarial accrued liability (UAAL), previous year	\$ 12,525,623	\$ 457,544
2. Normal cost and administrative expenses	220,590	40,421
3. Less: contributions for the year	(1,423,798)	(92,896)
4. Interest accrual	626,011	26,957
5. Expected UAAL (Sum of Items 1 - 4)	\$ 11,948,426	\$ 432,026
6. Actual UAAL as of June 30, 2025	\$ 12,028,899	\$ 411,595
7. Total gain (loss) for the year (Item 5 - Item 6)	\$ (80,473)	\$ 20,431
B. Source of gains and losses		
8. Asset gain (loss) for the year	\$ 110,017	\$ 32,413
9. Liability experience gain (loss) for the year	(190,490)	(11,982)
10. Plan Change	—	—
11. Assumption change	—	—
12. Total	\$ (80,473)	\$ 20,431



Actuarial Gains/ (Losses) (Continued)

Insurance Experience Gain or (Loss) (Dollar amounts expressed in thousands)

	Non-Hazardous	Hazardous
A. Calculation of total actuarial gain or loss		
1. Unfunded actuarial accrued liability (UAAL), previous year	\$ 382,701	\$ (272,781)
2. Normal cost and administrative expenses	31,824	6,054
3. Less: contributions for the year	(52,947)	(4,356)
4. Interest accrual	24,189	(17,676)
5. Expected UAAL (Sum of Items 1 - 4)	385,767	(288,759)
6. Actual UAAL as of June 30, 2025	\$ 657,204	(279,258)
7. Total gain (loss) for the year (Item 5 - Item 6)	\$ (271,437)	\$ (9,501)
B. Source of gains and losses		
8. Asset gain (loss) for the year	\$ 49,659	\$ 22,924
9. Liability experience gain (loss) for the year	(321,096)	(32,425)
10. Plan Change	—	—
11. Assumption change	—	—
12. Total	\$ (271,437)	\$ (9,501)

Note, the liability experience gain (loss) shown above includes the impact of any trend assumption changes made in conjunction with the review of the healthcare per capita claims cost, as described in the Executive Summary.



Actuarial Assumptions and Methods

In determining costs and liabilities, actuaries use assumptions about the future, such as rates of salary increase, probabilities of retirement, termination, death and disability, and an annual investment return assumption. The Board of Trustees, in consultation with the actuary, sets the actuarial assumptions and methods used in the actuarial valuation.

In conjunction with the review of the healthcare per capita claims cost, the assumed increase in future healthcare costs, or trend assumption, is reviewed on an annual basis. The trend assumption was increased as a result of our review. All other assumptions were adopted by the Board and are based on an experience study conducted based on experience through June 30, 2022. It is our opinion that the assumptions are internally consistent, reasonable, and reflect anticipated future experience of the System. Appendix A includes a summary of the actuarial assumptions and methods used in this valuation.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. This report does not include a more robust assessment of the risks of future experience not meeting the actuarial assumptions. Additional assessment of risks was outside the scope of this assignment.

This report was prepared using our proprietary valuation model and related software which in our professional judgment has the capability to provide results that are consistent with the purposes of the valuation. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.



Benefit Provisions

Appendix B of this report includes a summary of the major benefit provisions for System. There have been no material plan provision changes since the prior valuation.

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SECTION 3

ACTUARIAL TABLES

Actuarial Tables

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RETIREMENT BENEFITS

ACTUARIAL TABLES

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Development of Unfunded Actuarial Accrued Liability Retirement Benefits

(Dollar amounts expressed in thousands)

		June 30, 2025	
		Non-Hazardous (1)	Hazardous (2)
1.	Projected payroll of active members	\$ 2,023,843	\$ 266,387
2.	Present value of future pay	\$ 15,442,597	\$ 1,849,872
3.	Normal cost rate		
a.	Total normal cost rate	10.95%	14.87%
b.	Less: member contribution rate	-5.00%	-8.00%
c.	Employer normal cost rate	5.95%	6.87%
4.	Actuarial accrued liability for active members		
a.	Present value of future benefits	\$ 6,681,551	\$ 788,034
b.	Less: present value of future normal costs	(1,621,410)	(270,018)
c.	Actuarial accrued liability	\$ 5,060,141	\$ 518,016
5.	Total actuarial accrued liability		
a.	Retirees and beneficiaries	\$ 11,061,507	\$ 902,622
b.	Inactive members	717,671	67,369
c.	Active members (Item 4c)	5,060,141	518,016
d.	Total	\$ 16,839,319	\$ 1,488,007
6.	Actuarial value of assets	\$ 4,810,420	\$ 1,076,412
7.	Unfunded actuarial accrued liability (UAAL) (Item 5d - Item 6)	\$ 12,028,899	\$ 411,595
8.	Funded Ratio	28.6%	72.3%



Actuarial Present Value of Future Benefits
Retirement Benefits
(Dollar amounts expressed in thousands)

		June 30, 2025	
		Non-Hazardous (1)	Hazardous (2)
1.	Active members		
a.	Service retirement	\$ 5,843,123	\$ 673,259
b.	Deferred termination benefits and refunds	568,355	83,284
c.	Survivor benefits	85,662	6,977
d.	Disability benefits	184,411	24,514
e.	Total	\$ 6,681,551	\$ 788,034
2.	Retired members		
a.	Service retirement	\$ 10,021,956	\$ 825,444
b.	Disability retirement	214,383	16,880
c.	Beneficiaries	825,168	60,298
d.	Total	\$ 11,061,507	\$ 902,622
3.	Inactive members		
a.	Vested terminations	\$ 654,270	\$ 50,643
b.	Nonvested terminations	63,401	16,726
c.	Total	\$ 717,671	\$ 67,369
4.	Total actuarial present value of future benefits	\$ 18,460,729	\$ 1,758,025



Development of Actuarially Determined Contribution Rate Retirement Benefits

	June 30, 2025	
	Non-Hazardous (1)	Hazardous (2)
1. Total normal cost rate		
a. Service retirement	6.85%	9.15%
b. Deferred termination benefits and refunds	3.30%	4.83%
c. Survivor benefits	0.30%	0.27%
d. Disability benefits	<u>0.50%</u>	<u>0.62%</u>
e. Total	10.95%	14.87%
2. Less: member contribution rate	<u>-5.00%</u>	<u>-8.00%</u>
3. Total employer normal cost rate	5.95%	6.87%
4. Administrative expenses	<u>0.70%</u>	<u>0.61%</u>
5. Net employer normal cost rate	6.65%	7.48%
6. UAAL amortization contribution rate	<u>N/A</u>	<u>11.35%</u>
7. Total calculated employer contribution payable as a percentage of covered payroll	6.65%	18.83%
8. Total amortization cost to be allocated amongst employers	\$ 830,710	N/A

Note: Per House Bill 8 (passed during the 2021 legislative session), amortization cost for the KERS Non-Hazardous fund is allocated amongst employers based on their 2019 Actuarial Accrued Liability. See appendix D for more information. Amortization cost for the hazardous fund is included in the contribution rate, payable as a percentage of payroll.



Actuarial Balance Sheet
Non-Hazardous Members Retirement
(Dollar amounts expressed in thousands)

	June 30, 2025 (1)	June 30, 2024 (2)
1. Assets - Present and Expected Future Resources		
a. Current assets (actuarial value)	\$ 4,810,420	\$ 4,122,269
b. Present value of future member contributions	\$ 772,130	\$ 704,520
c. Present value of future employer contributions		
i. Normal cost contributions	\$ 849,280	\$ 795,166
ii. Unfunded accrued liability contributions	12,028,899	12,525,623
iii. Total future employer contributions	\$ 12,878,179	\$ 13,320,789
d. Total assets	\$ 18,460,729	\$ 18,147,578
2. Liabilities - Present Value of Expected Future Benefit Payments		
a. Active members		
i. Present value of future normal costs	\$ 1,621,410	\$ 1,499,686
ii. Accrued liability	5,060,141	4,771,672
iii. Total present value of future benefits	\$ 6,681,551	\$ 6,271,358
b. Present value of benefits payable on account of current retired members and beneficiaries	\$ 11,061,507	\$ 11,169,005
c. Present value of benefits payable on account of current inactive members	\$ 717,671	\$ 707,215
d. Total liabilities	\$ 18,460,729	\$ 18,147,578



Actuarial Balance Sheet
Hazardous Members Retirement
(Dollar amounts expressed in thousands)

	June 30, 2025 (1)	June 30, 2024 (2)
1. Assets - Present and Expected Future Resources		
a. Current assets (actuarial value)	\$ 1,076,412	\$ 985,075
b. Present value of future member contributions	\$ 147,990	\$ 143,533
c. Present value of future employer contributions		
i. Normal cost contributions	\$ 122,028	\$ 119,660
ii. Unfunded accrued liability contributions	411,595	457,544
iii. Total future employer contributions	\$ 533,623	\$ 577,204
d. Total assets	\$ 1,758,025	\$ 1,705,812
2. Liabilities - Present Value of Expected Future Benefit Payments		
a. Active members		
i. Present value of future normal costs	\$ 270,018	\$ 263,193
ii. Accrued liability	518,016	499,517
iii. Total present value of future benefits	\$ 788,034	\$ 762,710
b. Present value of benefits payable on account of current retired members and beneficiaries	\$ 902,622	\$ 878,374
c. Present value of benefits payable on account of current inactive members	\$ 67,369	\$ 64,728
d. Total liabilities	\$ 1,758,025	\$ 1,705,812



Reconciliation of Retirement Net Assets**(Dollar amounts expressed in thousands)¹**

	Year Ending	
	June 30, 2025	June 30, 2025
	(1)	(2)
	Non-Hazardous	Hazardous
1. Value of assets at beginning of year	\$ 4,223,936	\$ 1,019,890
2. Revenue for the year		
a. Contributions		
i. Member contributions	\$ 104,867	\$ 22,127
ii. Employer contributions	1,018,916	70,768
iii. Other contributions (less 401h)	300,015	0
iv. Total	\$ 1,423,798	\$ 92,896
b. Income		
i. Interest, dividends, and other income	\$ 162,182	\$ 37,556
ii. Investment expenses	(32,844)	(8,773)
iii. Net	\$ 129,338	\$ 28,783
c. Net realized and unrealized gains (losses)	355,688	91,370
d. Total revenue	\$ 1,908,823	\$ 213,049
3. Expenditures for the year		
a. Disbursements		
i. Refunds	\$ 11,153	\$ 6,212
ii. Regular annuity benefits	1,046,018	87,620
iii. Other benefit payments	0	0
iv. Transfers to other systems	0	0
v. Total	\$ 1,057,171	\$ 93,832
b. Administrative expenses and depreciation	14,163	1,627
c. Total expenditures	\$ 1,071,335	\$ 95,459
4. Increase in net assets (Item 2. - Item 3.)	\$ 837,489	\$ 117,590
5. Value of assets at end of year (Item 1. + Item 4.)	\$ 5,061,425	\$ 1,137,480
6. Net external cash flow		
a. Dollar amount	\$ 352,463	\$ (2,563)
b. Percentage of market value	7.6%	-0.2%
7. Estimated annual return on net assets	11.0%	11.8%

¹ Amounts may not add due to rounding¹ Excludes 401h assets

Development of Actuarial Value of Assets**Non-Hazardous Members Retirement
(Dollar amounts expressed in thousands)***

Year Ending	June 30, 2025
1. Actuarial value of assets at beginning of year	\$ 4,122,269
2. Market value of assets at beginning of year	\$ 4,223,936
3. Net new investments	
a. Contributions	\$ 1,423,798
b. Benefit payments	(1,057,171)
c. Administrative expenses	(14,163)
d. Subtotal	\$ 352,463
4. Market value of assets at end of year	\$ 5,061,425
5. Net earnings (Item 4. - Item 2. - Item 3.d.)	\$ 485,025
6. Assumed investment return rate for fiscal year	5.25%
7. Expected return for immediate recognition	\$ 231,009
8. Excess return for phased recognition	\$ 254,017
9. Phased-in recognition, 20% of excess return on assets for prior years:	
Fiscal Year Ending June 30,	Excess Return
a. 2025	\$ 254,017
b. 2024	155,004
c. 2023	49,510
d. 2022	(325,078)
e. 2021	389,946
f. Total	\$ 104,680
10. Actuarial value of assets as of June 30, 2025 (Item 1. + Item 3.d. + Item 7.+ Item 9.f.)	\$ 4,810,420
11. Ratio of actuarial value to market value	95.0%
12. Estimated annual return on actuarial value of assets	7.8%

* Amounts may not add due to rounding



Schedule of Funding Progress
Retirement Benefits
(Dollar amounts expressed in thousands)

June 30, (1)	Actuarial Value of Assets (AVA) (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded Actuarial Accrued Liability (UAAL) (3) - (2) (4)	Funded Ratio (2)/(3) (5)	Annual Covered Payroll (6)	UAAL as % of Payroll (4)/(6) (7)
Non-Hazardous Members						
2016	\$ 2,112,286	\$ 13,224,698	\$ 11,112,412	16.0%	\$ 1,529,249	726.7%
2017	2,123,623	15,591,641	13,468,018	13.6%	1,531,535	879.4%
2018	2,019,278	15,675,232	13,655,954	12.9%	1,471,477	928.0%
2019	2,206,280	16,466,428	14,260,148	13.4%	1,437,647	991.9%
2020	2,323,298	16,348,961	14,025,663	14.2%	1,387,761	1010.7%
2021	2,735,876	16,321,372	13,585,496	16.8%	1,349,330	1006.8%
2022	3,065,263	16,576,631	13,511,368	18.5%	1,355,267	997.0%
2023	3,552,471	16,304,278	12,751,807	21.8%	1,615,868	789.2%
2024	4,122,269	16,647,892	12,525,623	24.8%	1,861,522	672.9%
2025	4,810,420	16,839,319	12,028,899	28.6%	2,023,843	594.4%
Hazardous Members						
2016	\$ 559,487	\$ 936,706	\$ 377,219	59.7%	\$ 147,563	255.6%
2017	607,159	1,121,420	514,261	54.1%	162,418	316.6%
2018	639,262	1,151,923	512,661	55.5%	158,213	324.0%
2019	671,647	1,226,195	554,548	54.8%	150,446	368.6%
2020	709,587	1,283,769	574,182	55.3%	170,826	336.1%
2021	782,496	1,295,243	512,747	60.4%	162,836	314.9%
2022	832,436	1,316,825	484,389	63.2%	165,637	292.4%
2023	891,460	1,363,036	471,576	65.4%	211,602	222.9%
2024	985,075	1,442,619	457,544	68.3%	259,606	176.2%
2025	1,076,412	1,488,007	411,595	72.3%	266,387	154.5%
Total KERS Members						
2016	\$ 2,671,773	\$ 14,161,404	\$ 11,489,631	18.9%	\$ 1,676,812	685.2%
2017	2,730,782	16,713,061	13,982,279	16.3%	1,693,953	825.4%
2018	2,658,540	16,827,155	14,168,615	15.8%	1,629,690	869.4%
2019	2,877,927	17,692,623	14,814,696	16.3%	1,588,093	932.9%
2020	3,032,885	17,632,730	14,599,845	17.2%	1,558,587	936.7%
2021	3,518,372	17,616,615	14,098,243	20.0%	1,512,166	932.3%
2022	3,897,699	17,893,456	13,995,757	21.8%	1,520,904	920.2%
2023	4,443,931	17,667,314	13,223,383	25.2%	1,827,470	723.6%
2024	5,107,344	18,090,511	12,983,167	28.2%	2,121,128	612.1%
2025	5,886,832	18,327,326	12,440,494	32.1%	2,290,230	543.2%



Summary of Principal Assumptions and Methods

Below is a summary of the principal economic assumptions, cost method, and the method for financing the unfunded actuarial accrued liability:

	Non-Hazardous June 30, 2025	Hazardous June 30, 2025
Valuation date:	June 30, 2025	June 30, 2025
Actuarial cost method:	Entry Age Normal	Entry Age Normal
Amortization method:	Level percentage of payroll (0% payroll growth assumed)	Level percentage of payroll (0% payroll growth assumed)
Amortization period for contribution rate:	30-year closed period at June 30, 2019 Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases	30-year closed period at June 30, 2019 Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases
Asset valuation method:	5-Year Smoothed Market	5-Year Smoothed Market
Actuarial assumptions:		
Investment rate of return	5.25%	6.25%
Projected salary increases	3.30% to 15.30% (varies by service)	3.55% to 20.05% (varies by service)
Inflation	2.50%	2.50%
Post-retirement benefit adjustments	0.00%	0.00%
Retiree Mortality	System-specific mortality table based on mortality experience from 2013 to 2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023.	System-specific mortality table based on mortality experience from 2013 to 2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023.



Solvency Test
Retirement Benefits
(Dollar amounts expressed in thousands)

June 30, (1)	Actuarial Accrued Liability				Valuation Assets (5)	Portion of Aggregate Accrued Liabilities Covered by Assets		
	Active Member Contributions (2)	Retired Members & Beneficiaries (3)	Active Members (Employer Financed) (4)	Active (6)		Retired (7)	ER Financed (8)	
Non-Hazardous Members								
2016	\$ 920,120	\$ 10,010,168	\$ 2,294,410	\$ 2,112,286	100.0%	11.9%	0.0%	
2017	934,559	11,608,346	3,048,736	2,123,623	100.0%	10.2%	0.0%	
2018	892,033	11,929,019	2,854,180	2,019,278	100.0%	9.4%	0.0%	
2019	881,020	12,513,231	3,072,177	2,206,280	100.0%	10.6%	0.0%	
2020	869,196	12,467,522	3,012,243	2,323,298	100.0%	11.7%	0.0%	
2021	877,142	12,425,951	3,018,279	2,735,876	100.0%	15.0%	0.0%	
2022	859,591	12,700,595	3,016,445	3,065,263	100.0%	17.4%	0.0%	
2023	889,146	12,013,685	3,401,447	3,552,471	100.0%	22.2%	0.0%	
2024	935,186	11,876,220	3,836,486	4,122,269	100.0%	26.8%	0.0%	
2025	988,817	11,779,178	4,071,324	4,810,420	100.0%	32.4%	0.0%	
Hazardous Members								
2016	\$ 86,705	\$ 648,482	\$ 201,519	\$ 559,487	100.0%	72.9%	0.0%	
2017	93,350	746,350	281,720	607,159	100.0%	68.8%	0.0%	
2018	89,106	810,311	252,506	639,262	100.0%	67.9%	0.0%	
2019	86,663	879,818	259,714	671,647	100.0%	66.5%	0.0%	
2020	95,528	898,128	290,113	709,587	100.0%	68.4%	0.0%	
2021	97,559	916,431	281,253	782,496	100.0%	74.7%	0.0%	
2022	94,538	946,328	275,959	832,436	100.0%	78.0%	0.0%	
2023	103,310	929,320	330,406	891,460	100.0%	84.8%	0.0%	
2024	116,828	943,102	382,689	985,075	100.0%	92.1%	0.0%	
2025	128,210	969,991	389,806	1,076,412	100.0%	97.8%	0.0%	



INSURANCE BENEFITS

ACTUARIAL TABLES

Development of Unfunded Actuarial Accrued Liability Insurance Benefits

(Dollar amounts expressed in thousands)

		June 30, 2025	
		Non-Hazardous (1)	Hazardous (2)
1.	Projected payroll of active members	\$ 2,023,843	\$ 266,387
2.	Present value of future pay	\$ 14,130,275	\$ 1,816,698
3.	Normal cost rate		
a.	Total normal cost rate	1.69%	2.32%
b.	Less: member contribution rate	-0.61%	-0.81%
c.	Employer normal cost rate	1.08%	1.51%
4.	Actuarial accrued liability for active members		
a.	Present value of future benefits	\$ 1,227,443	\$ 159,121
b.	Less: present value of future normal costs	(205,952)	(38,209)
c.	Actuarial accrued liability	\$ 1,021,491	\$ 120,912
5.	Total actuarial accrued liability		
a.	Retirees and beneficiaries	\$ 1,307,319	\$ 287,742
b.	Inactive members	146,317	11,738
c.	Active members (Item 4c)	1,021,491	120,912
d.	Total	\$ 2,475,127	\$ 420,392
6.	Actuarial value of assets	\$ 1,817,923	\$ 699,650
7.	Unfunded actuarial accrued liability (UAAL) (Item 5d - Item 6)	\$ 657,204	\$ (279,258)
8.	Funded Ratio	73.4%	166.4%



Development of Actuarially Determined Contribution Rate Insurance Benefits

	June 30, 2025	
	Non-Hazardous (1)	Hazardous (2)
1. Total normal cost rate	1.69%	2.32%
2. Less: member contribution rate	<u>-0.61%</u>	<u>-0.81%</u>
3. Total employer normal cost rate	1.08%	1.51%
4. Administrative expenses	<u>0.03%</u>	<u>0.04%</u>
5. Net employer normal cost rate	1.11%	1.55%
6. UAAL amortization contribution rate	<u>N/A</u>	<u>-10.32%</u>
7. Total calculated employer contribution payable as a percentage of covered payroll Max (0%, item 5. + item 6.)	1.11%	0.00%
8. Total amortization cost to be allocated amongst employers	\$ 37,448	N/A

Note: Per House Bill 8 (passed during the 2021 legislative session), a amortization cost for the KERS Non-Hazardous fund is allocated amongst employers based on their 2019 Actuarial Accrued Liability. See appendix D for more information. Amortization cost for the hazardous fund is included in the contribution rate, payable as a percentage of payroll.



Actuarial Balance Sheet
Non-Hazardous Members Insurance
(Dollar amounts expressed in thousands)

	June 30, 2025 (1)	June 30, 2024 (2)
1. Assets - Present and Expected Future Resources		
a. Current assets (actuarial value)	\$ 1,817,923	\$ 1,712,043
b. Present value of future member contributions	\$ 103,039	\$ 88,900
c. Present value of future employer contributions		
i. Normal cost contributions	\$ 102,913	\$ 104,308
ii. Unfunded accrued liability contributions	657,204	382,701
iii. Total future employer contributions	\$ 760,117	\$ 487,009
d. Total assets	\$ 2,681,079	\$ 2,287,952
2. Liabilities - Present Value of Expected Future Benefit Payments		
a. Active members		
i. Present value of future normal costs	\$ 205,952	\$ 193,208
ii. Accrued liability	1,021,491	905,513
iii. Total present value of future benefits	\$ 1,227,443	\$ 1,098,721
b. Present value of benefits payable on account of current retired members and beneficiaries	\$ 1,307,319	\$ 1,056,470
c. Present value of benefits payable on account of current inactive members	\$ 146,317	\$ 132,761
d. Total liabilities	\$ 2,681,079	\$ 2,287,952



Actuarial Balance Sheet
Hazardous Members Insurance
(Dollar amounts expressed in thousands)

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
	(1)	(2)
1. Assets - Present and Expected Future Resources		
a. Current assets (actuarial value)	\$ 699,650	\$ 652,349
b. Present value of future member contributions	\$ 16,483	\$ 15,678
c. Present value of future employer contributions		
i. Normal cost contributions	\$ 21,726	\$ 21,058
ii. Unfunded accrued liability contributions	(279,258)	(272,781)
iii. Total future employer contributions	\$ (257,532)	\$ (251,723)
d. Total assets	\$ 458,601	\$ 416,304
2. Liabilities - Present Value of Expected Future Benefit Payments		
a. Active members		
i. Present value of future normal costs	\$ 38,209	\$ 36,736
ii. Accrued liability	120,912	115,831
iii. Total present value of future benefits	\$ 159,121	\$ 152,567
b. Present value of benefits payable on account of current retired members and beneficiaries	\$ 287,742	\$ 252,726
c. Present value of benefits payable on account of current inactive members	\$ 11,738	\$ 11,011
d. Total liabilities	\$ 458,601	\$ 416,304



Reconciliation of Insurance Net Assets**(Dollar amounts expressed in thousands)¹**

	Year Ending	
	June 30, 2025	June 30, 2025
	(1)	(2)
	Non-Hazardous	Hazardous
1. Value of assets at beginning of year	\$ 1,765,729	\$ 677,948
2. Revenue for the year		
a. Contributions		
i. Member contributions	\$ 12,225	\$ 2,197
ii. Employer contributions	32,132	3
iii. Other contributions (less 401h)	8,590	2,156
iv. Total	\$ 52,947	\$ 4,356
b. Income		
i. Interest, dividends, and other income	\$ 61,614	\$ 23,359
ii. Investment expenses	(13,855)	(6,491)
iii. Net	\$ 47,760	\$ 16,868
c. Net realized and unrealized gains (losses)	155,572	57,934
d. Total revenue	\$ 256,279	\$ 79,158
3. Expenditures for the year		
a. Disbursements		
i. Refunds	\$ 0	\$ 0
ii. Healthcare premium subsidies	103,784	21,575
iii. Other benefit payments ²	1,809	124
iv. Transfers to other systems	0	0
v. Total	\$ 105,593	\$ 21,698
b. Administrative expenses and depreciation	683	116
c. Total expenditures	\$ 106,277	\$ 21,814
4. Increase in net assets (Item 2. - Item 3.)	\$ 150,002	\$ 57,344
5. Value of assets at end of year (Item 1. + Item 4.)	\$ 1,915,732	\$ 735,293
6. Net external cash flow		
a. Dollar amount	\$ (53,329)	\$ (17,458)
b. Percentage of market value	-2.9%	-2.5%
7. Estimated annual return on net assets	11.7%	11.2%

¹ Amounts may not add due to rounding and include 401h assets² Benefit payments have been offset by Medicare Drug Reimbursements, Insurance Premiums, and Humana Gain Share Payments

Development of Actuarial Value of Assets**Non-Hazardous Members Insurance
(Dollar amounts expressed in thousands)***

Year Ending	June 30, 2025
1. Actuarial value of assets at beginning of year	\$ 1,712,043
2. Market value of assets at beginning of year	\$ 1,765,729
3. Net new investments	
a. Contributions	\$ 52,947
b. Benefit payments	(105,593)
c. Administrative expenses	(683)
d. Subtotal	\$ (53,329)
4. Market value of assets at end of year	\$ 1,915,732
5. Net earnings (Item 4. - Item 2. - Item 3.d.)	\$ 203,332
6. Assumed investment return rate for fiscal year	6.50%
7. Expected return for immediate recognition	\$ 113,039
8. Excess return for phased recognition	\$ 90,293
9. Phased-in recognition, 20% of excess return on assets for prior years:	
Fiscal Year Ending June 30,	Excess Return
a. 2025	\$ 90,293
b. 2024	71,529
c. 2023	46,032
d. 2022	(178,776)
e. 2021	201,770
f. Total	\$ 46,170
10. Actuarial value of assets as of June 30, 2025 (Item 1. + Item 3.d. + Item 7.+ Item 9.f.)	\$ 1,817,923
11. Ratio of actuarial value to market value	94.9%
12. Estimated annual return on actuarial value of assets	9.4%

* Amounts may not add due to rounding



Development of Actuarial Value of Assets**Hazardous Members Insurance**
(Dollar amounts expressed in thousands)*

Year Ending	June 30, 2025
1. Actuarial value of assets at beginning of year	\$ 652,349
2. Market value of assets at beginning of year	\$ 677,948
3. Net new investments	
a. Contributions	\$ 4,356
b. Benefit payments	(21,698)
c. Administrative expenses	(116)
d. Subtotal	\$ (17,458)
4. Market value of assets at end of year	\$ 735,293
5. Net earnings (Item 4. - Item 2. - Item 3.d.)	\$ 74,802
6. Assumed investment return rate for fiscal year	6.50%
7. Expected return for immediate recognition	\$ 43,499
8. Excess return for phased recognition	\$ 31,303
9. Phased-in recognition, 20% of excess return on assets for prior years:	
Fiscal Year Ending June 30,	Excess Return
a. 2025	\$ 31,303
b. 2024	28,308
c. 2023	17,530
d. 2022	(66,985)
e. 2021	96,144
f. Total	\$ 21,260
10. Actuarial value of assets as of June 30, 2025 (Item 1. + Item 3.d. + Item 7.+ Item 9.f.)	\$ 699,650
11. Ratio of actuarial value to market value	95.2%
12. Estimated annual return on actuarial value of assets	10.1%

* Amounts may not add due to rounding



Schedule of Funding Progress
Insurance Benefits
(Dollar amounts expressed in thousands)

June 30, (1)	Actuarial Value of Assets (AVA) (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded Actuarial Accrued Liability (UAAL) (3) - (2) (4)	Funded Ratio (2)/(3) (5)	Annual Covered Payroll (6)	UAAL as % of Payroll (4)/(6) (7)
Non-Hazardous Members						
2016	\$ 743,270	\$ 2,456,678	\$ 1,713,408	30.3%	\$ 1,529,249	112.0%
2017	823,918	2,683,496	1,859,578	30.7%	1,531,535	121.4%
2018	887,121	2,435,505	1,548,384	36.4%	1,471,477	105.2%
2019	991,427	2,733,065	1,741,638	36.3%	1,437,647	121.1%
2020	1,095,959	2,564,788	1,468,829	42.7%	1,387,761	105.8%
2021	1,291,472	2,574,112	1,282,640	50.2%	1,349,330	95.1%
2022	1,409,553	1,782,386	372,833	79.1%	1,355,267	27.5%
2023	1,532,895	1,877,109	344,214	81.7%	1,615,868	21.3%
2024	1,712,043	2,094,744	382,701	81.7%	1,861,522	20.6%
2025	1,817,923	2,475,127	657,204	73.4%	2,023,843	32.5%
Hazardous Members						
2016	\$ 473,160	\$ 377,745	\$ (95,415)	125.3%	\$ 147,563	-64.7%
2017	493,458	419,439	(74,019)	117.6%	162,418	-45.6%
2018	511,441	393,481	(117,960)	130.0%	158,213	-74.6%
2019	525,315	426,704	(98,611)	123.1%	150,446	-65.5%
2020	539,251	427,977	(111,274)	126.0%	170,826	-65.1%
2021	575,025	424,455	(150,570)	135.5%	162,836	-92.5%
2022	597,701	347,044	(250,657)	172.2%	165,637	-151.3%
2023	619,519	363,512	(256,007)	170.4%	211,602	-121.0%
2024	652,349	379,568	(272,781)	171.9%	259,606	-105.1%
2025	699,650	420,392	(279,258)	166.4%	266,387	-104.8%
Total KERS Members						
2016	\$ 1,216,430	\$ 2,834,423	\$ 1,617,993	42.9%	\$ 1,676,812	96.5%
2017	1,317,376	3,102,935	1,785,559	42.5%	1,693,953	105.4%
2018	1,398,562	2,828,986	1,430,424	49.4%	1,629,690	87.8%
2019	1,516,742	3,159,769	1,643,027	48.0%	1,588,093	103.5%
2020	1,635,210	2,992,765	1,357,555	54.6%	1,558,587	87.1%
2021	1,866,497	2,998,567	1,132,070	62.2%	1,512,166	74.9%
2022	2,007,254	2,129,430	122,176	94.3%	1,520,904	8.0%
2023	2,152,414	2,240,621	88,207	96.1%	1,827,470	4.8%
2024	2,364,392	2,474,312	109,920	95.6%	2,121,128	5.2%
2025	2,517,573	2,895,519	377,946	86.9%	2,290,230	16.5%



Solvency Test
Insurance Benefits
(Dollar amounts expressed in thousands)

June 30, (1)	Actuarial Accrued Liability				Valuation Assets (5)	Portion of Aggregate Accrued Liabilities Covered by Assets		
	Active Member Contributions (2)	Retired Members & Beneficiaries (3)	Active Members (Employer Financed) (4)	Active (6)		Retired (7)	ER Financed (8)	
Non-Hazardous Members								
2016	\$ -	\$ 1,483,636	\$ 973,042	\$ 743,270	100.0%	50.1%	0.0%	
2017	-	1,575,294	1,108,202	823,918	100.0%	52.3%	0.0%	
2018	-	1,475,953	959,552	887,121	100.0%	60.1%	0.0%	
2019	-	1,686,604	1,046,461	991,427	100.0%	58.8%	0.0%	
2020	-	1,589,743	975,045	1,095,959	100.0%	68.9%	0.0%	
2021	-	1,609,775	964,337	1,291,472	100.0%	80.2%	0.0%	
2022	-	967,051	815,335	1,409,553	100.0%	100.0%	54.3%	
2023	-	1,040,344	836,765	1,532,895	100.0%	100.0%	58.9%	
2024	-	1,189,231	905,513	1,712,043	100.0%	100.0%	57.7%	
2025	-	1,453,636	1,021,491	1,817,923	100.0%	100.0%	35.7%	
Hazardous Members								
2016	\$ -	\$ 228,361	\$ 149,384	\$ 473,160	100.0%	100.0%	100.0%	
2017	-	243,816	175,623	493,458	100.0%	100.0%	100.0%	
2018	-	248,775	144,706	511,441	100.0%	100.0%	100.0%	
2019	-	282,069	144,635	525,315	100.0%	100.0%	100.0%	
2020	-	281,924	146,053	539,251	100.0%	100.0%	100.0%	
2021	-	288,014	136,441	575,025	100.0%	100.0%	100.0%	
2022	-	232,585	114,459	597,701	100.0%	100.0%	100.0%	
2023	-	250,189	113,323	619,519	100.0%	100.0%	100.0%	
2024	-	263,737	115,831	652,349	100.0%	100.0%	100.0%	
2025	-	299,480	120,912	699,650	100.0%	100.0%	100.0%	



SECTION 4

AMORTIZATION BASES

Amortization of Unfunded Liability**Non-Hazardous Members Retirement**

<u>Valuation Year Base Established</u>	<u>Original Amortization Base</u>	<u>Remaining at June 30, 2025</u>	<u>Payments for FYE 2027</u>	<u>Funding Period at June 30, 2025</u>
June 30, 2019	\$ 14,260,148	\$ 12,966,558	\$ 938,364	24
June 30, 2020	(153,145)	(28,350)	(2,708)	15
June 30, 2021	(342,123)	(323,738)	(29,636)	16
June 30, 2022	172,536	(60,389)	(5,319)	17
June 30, 2023	(293,189)	(542,365)	(46,113)	18
June 30, 2024	280,066	(13,004)	(1,071)	19
June 30, 2025	30,187	30,187	(22,807)	20
Total		\$ 12,028,899	\$ 830,710	

Projected Payroll for FYE 2027

N/A

Amortization Payments as a Percentage of Payroll

N/A

Hazardous Members Retirement

<u>Valuation Year Base Established</u>	<u>Original Amortization Base</u>	<u>Remaining at June 30, 2025</u>	<u>Payments for FYE 2027</u>	<u>Funding Period at June 30, 2025</u>
June 30, 2019	\$ 554,548	\$ 509,588	\$ 40,306	24
June 30, 2020	24,023	16,807	1,706	15
June 30, 2021	(49,498)	(45,992)	(4,491)	16
June 30, 2022	(19,031)	(19,926)	(1,878)	17
June 30, 2023	(3,443)	(18,942)	(1,729)	18
June 30, 2024	9,080	1,335	118	19
June 30, 2025	(31,275)	(31,275)	(3,794)	20
Total		\$ 411,595	\$ 30,238	

Projected Payroll for FYE 2027

\$ 266,387

Amortization Payments as a Percentage of Payroll

11.35%

Note:

Budgeted contribution rates for FYE 2026 were known at the time of the June 30, 2025 Valuation.

Amortization bases established at this valuation date were adjusted accordingly.

Per House Bill 8 (passed during the 2021 legislative session), amortization cost for the KERS

Non-Hazardous fund is allocated amongst employers based on their 2019 Actuarial Accrued Liability.

See appendix D for more information. Amortization cost for the hazardous fund is included in the contribution rate, payable as a percentage of payroll.



Amortization of Unfunded Liability**Non-Hazardous Members Insurance**

<u>Valuation Year Base Established</u>	<u>Original Amortization Base</u>	<u>Remaining at June 30, 2025</u>	<u>Payments for FYE 2027</u>	<u>Funding Period at June 30, 2025</u>
June 30, 2019	\$ 1,741,638	\$ 1,594,078	\$ 128,822	24
June 30, 2020	(246,890)	(220,414)	(22,715)	15
June 30, 2021	(159,148)	(154,010)	(15,279)	16
June 30, 2022	(883,398)	(885,554)	(84,872)	17
June 30, 2023	39,201	(42,880)	(3,983)	18
June 30, 2024	107,343	114,319	10,320	19
June 30, 2025	251,665	251,665	25,155	20
Total		\$ 657,204	\$ 37,448	
Projected Payroll for FYE 2027			N/A	
Amortization Payments as a Percentage of Payroll			N/A	

Hazardous Members Insurance

<u>Valuation Year Base Established</u>	<u>Original Amortization Base</u>	<u>Remaining at June 30, 2025</u>	<u>Payments for FYE 2027</u>	<u>Funding Period at June 30, 2025</u>
June 30, 2019	\$ (98,611)	\$ (94,551)	\$ (7,641)	24
June 30, 2020	(9,508)	(9,348)	(963)	15
June 30, 2021	(39,458)	(40,180)	(3,986)	16
June 30, 2022	(97,145)	(103,827)	(9,951)	17
June 30, 2023	4,456	(13,130)	(1,220)	18
June 30, 2024	(4,653)	(25,337)	(2,287)	19
June 30, 2025	7,115	7,115	(1,359)	20
Total		\$ (279,258)	\$ (27,407)	
Projected Payroll for FYE 2027			\$ 265,569	
Amortization Payments as a Percentage of Payroll			-10.32%	

Note:

Budgeted contribution rates for FYE 2026 were known at the time of the June 30, 2025 Valuation.

Amortization bases established at this valuation date were adjusted accordingly.

Per House Bill 8 (passed during the 2021 legislative session), amortization cost for the KERS

Non-Hazardous fund is allocated amongst employers based on their 2019 Actuarial Accrued Liability.

See appendix D for more information. Amortization cost for the hazardous fund is included in the contribution rate, payable as a percentage of payroll.



SECTION 5

MEMBERSHIP INFORMATION

Membership Tables

<u>TABLE NUMBER</u>	<u>PAGE</u>	<u>CONTENT OF TABLE</u>
23	44	SUMMARY OF MEMBERSHIP DATA
24	45	SUMMARY OF HISTORICAL ACTIVE MEMBERSHIP
25	46	DISTRIBUTION OF ACTIVE MEMBERS BY AGE AND SERVICE – NON-HAZARDOUS MEMBERS
26	47	DISTRIBUTION OF ACTIVE MEMBERS BY AGE AND SERVICE – HAZARDOUS MEMBERS
27	48	SCHEDULE OF ANNUITANTS BY AGE – NON-HAZARDOUS MEMBERS
28	49	SCHEDULE OF ANNUITANTS BY AGE – HAZARDOUS MEMBERS
29	50	SCHEDULE OF ANNUITANTS BY BENEFIT TYPE – NON-HAZARDOUS RETIREES
30	51	SCHEDULE OF ANNUITANTS BY BENEFIT TYPE – HAZARDOUS RETIREES
31	52	SCHEDULE OF ANNUITANTS BY BENEFIT TYPE – NON-HAZARDOUS BENEFICIARIES
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33	54	SCHEDULE OF ANNUITANTS ADDED TO AND REMOVED FROM ROLLS



Summary of Membership Data
(Total dollar amounts expressed in thousands)

	Non-Hazardous June 30, 2025 (1)	Hazardous June 30, 2025 (2)	Total June 30, 2025 (3)	Total June 30, 2024 (4)
1. Active members				
a. Males	12,311	3,035	15,346	14,965
b. Females	21,045	1,193	22,238	21,644
c. Total members	33,356	4,228	37,584	36,609
d. Total annualized prior year salaries	\$ 2,023,843	\$ 266,387	\$ 2,290,230	\$ 2,121,128
e. Average salary ³	\$ 60,674	\$ 63,006	\$ 60,936	\$ 57,940
f. Average age	45.4	40.4	44.9	44.9
g. Average service	10.6	7.2	10.2	10.3
h. Member contributions with interest	\$ 988,817	\$ 128,210	\$ 1,117,027	\$ 1,052,014
i. Average contributions with interest ³	\$ 29,644	\$ 30,324	\$ 29,721	\$ 28,736
2. Vested inactive members ²				
a. Number	30,222	2,347	32,569	32,984
b. Total annual deferred benefits	\$ 87,298	\$ 5,959	\$ 93,257	\$ 94,474
c. Average annual deferred benefit ³	\$ 2,889	\$ 2,539	\$ 2,863	\$ 2,864
d. Average age at the valuation date	55.0	49.6	54.6	54.0
3. Nonvested inactive members ²				
a. Number	27,375	6,965	34,340	32,750
b. Total member contributions with interest	\$ 61,586	\$ 16,626	\$ 78,212	\$ 70,942
c. Average contributions with interest ³	\$ 2,250	\$ 2,387	\$ 2,278	\$ 2,166
4. Service retirees ¹				
a. Number	41,534	4,287	45,821	45,680
b. Total annual benefits	\$ 877,058	\$ 70,756	\$ 947,814	\$ 944,863
c. Average annual benefit ³	\$ 21,117	\$ 16,505	\$ 20,685	\$ 20,684
d. Average age at the valuation date	71.6	66.7	71.2	70.7
5. Disabled retirees ¹				
a. Number	1,547	162	1,709	1,751
b. Total annual benefits	\$ 20,346	\$ 1,530	\$ 21,876	\$ 22,479
c. Average annual benefit ³	\$ 13,152	\$ 9,444	\$ 12,800	\$ 12,838
d. Average age at the valuation date	68.1	61.6	67.5	67.2
6. Beneficiaries ¹				
a. Number	5,513	594	6,107	5,977
b. Total annual benefits	\$ 89,738	\$ 6,389	\$ 96,127	\$ 93,152
c. Average annual benefit ³	\$ 16,278	\$ 10,756	\$ 15,740	\$ 15,585
d. Average age at the valuation date	71.0	68.3	70.7	70.5

¹ 2,448 members receiving benefits in both the non-hazardous and hazardous fund. Members' headcounts and hazardous benefits included in the hazardous summary above. Members' additional \$25,384,000 in non-hazardous annual benefits not included in summary above.

² Vested inactive member section includes Tier 1 members eligible for a benefit equal to the actuarially equivalent of two times the member's contribution balance.

³ Average dollar amounts shown are expressed to the dollar.



Summary of Historical Active Membership

June 30, (1)	Active Members		Covered Payroll ¹		Average Annual Pay	
	Number (2)	Percent Increase /(Decrease) (3)	Amount in Thousands (4)	Percent Increase /(Decrease) (5)	Amount (6)	Percent Increase /(Decrease) (7)
Non-Hazardous Members						
2016	37,779		\$ 1,529,249		\$ 40,479	
2017	37,234	-1.4%	1,531,535	0.1%	41,133	1.6%
2018	35,139	-5.6%	1,471,477	-3.9%	41,876	1.8%
2019	33,696	-4.1%	1,437,647	-2.3%	42,665	1.9%
2020	31,703	-5.9%	1,387,761	-3.5%	43,774	2.6%
2021	30,186	-4.8%	1,349,330	-2.8%	44,701	2.1%
2022	29,551	-2.1%	1,355,267	0.4%	45,862	2.6%
2023	31,383	6.2%	1,615,868	19.2%	51,489	12.3%
2024	32,455	3.4%	1,861,522	15.2%	57,357	11.4%
2025	33,356	2.8%	2,023,843	8.7%	60,674	5.8%
Hazardous Members						
2016	3,959		\$ 147,563		\$ 37,273	
2017	4,047	2.2%	162,418	10.1%	40,133	7.7%
2018	3,929	-2.9%	158,213	-2.6%	40,268	0.3%
2019	3,705	-5.7%	150,446	-4.9%	40,606	0.8%
2020	4,094	10.5%	170,826	13.5%	41,726	2.8%
2021	3,827	-6.5%	162,836	-4.7%	42,549	2.0%
2022	3,617	-5.5%	165,637	1.7%	45,794	7.6%
2023	3,886	7.4%	211,602	27.8%	54,452	18.9%
2024	4,154	6.9%	259,606	22.7%	62,496	14.8%
2025	4,228	1.8%	266,387	2.6%	63,006	0.8%

¹ Covered payroll is the annualized, projected compensation for the following year and does not include payroll attributable to working retirees.



Distribution of Active Members by Age and by Years of Service**Non-Hazardous Members**

Attained Age	Years of Credited Service												Total Count & Avg. Comp.
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35 & Over	
	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	
Under 20	30 \$30,610	1 \$32,976	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	31 \$30,686
20-24	560 \$34,499	365 \$45,107	182 \$46,836	51 \$48,560	18 \$48,649	1 \$44,694	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	1,177 \$40,531
25-29	667 \$39,014	645 \$48,590	675 \$50,900	428 \$53,281	230 \$57,622	281 \$58,761	4 \$73,961	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	2,930 \$49,347
30-34	443 \$39,142	467 \$50,171	448 \$52,232	405 \$53,165	204 \$58,361	974 \$62,633	238 \$64,018	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	3,179 \$54,686
35-39	374 \$39,292	363 \$51,844	455 \$54,644	297 \$52,642	166 \$60,201	883 \$63,893	821 \$68,317	231 \$68,287	4 \$63,055	0 \$0	0 \$0	0 \$0	3,594 \$59,137
40-44	343 \$39,104	331 \$52,438	413 \$53,912	282 \$54,957	142 \$59,564	814 \$64,157	810 \$69,147	919 \$71,584	294 \$71,049	26 \$66,440	0 \$0	0 \$0	4,374 \$62,557
45-49	305 \$41,037	310 \$51,015	349 \$53,281	261 \$53,686	139 \$56,654	683 \$65,806	659 \$68,373	889 \$72,655	1,006 \$73,440	376 \$75,832	14 \$88,045	0 \$0	4,991 \$65,524
50-54	267 \$42,589	246 \$53,312	281 \$56,535	232 \$54,590	111 \$58,104	606 \$59,912	564 \$65,109	701 \$69,202	839 \$72,972	680 \$76,554	119 \$82,416	12 \$102,285	4,658 \$65,552
55-59	182 \$39,036	186 \$53,263	231 \$51,786	199 \$54,123	79 \$60,027	522 \$62,965	515 \$62,544	577 \$65,865	630 \$70,390	506 \$72,138	203 \$79,970	45 \$74,715	3,875 \$64,003
60-64	101 \$42,235	120 \$50,608	149 \$51,267	135 \$52,275	62 \$57,599	381 \$59,280	429 \$62,426	490 \$62,761	479 \$66,142	325 \$73,645	117 \$77,645	61 \$84,389	2,849 \$62,680
65 & Over	33 \$46,831	54 \$56,628	63 \$61,129	77 \$57,225	30 \$58,029	253 \$65,289	261 \$64,961	362 \$63,326	246 \$68,199	182 \$69,596	59 \$73,617	78 \$87,759	1,698 \$65,743
Total	3,305 \$38,884	3,088 \$50,327	3,246 \$52,786	2,367 \$53,594	1,181 \$58,310	5,398 \$62,880	4,301 \$66,346	4,169 \$68,683	3,498 \$71,198	2,095 \$74,177	512 \$79,496	196 \$84,605	33,356 \$60,674



Distribution of Active Members by Age and by Years of Service**Hazardous Members**

Attained Age	Years of Credited Service												Total Count & Avg. Comp.
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35 & Over	
	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	
Under 20	1 \$39,125	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	1 \$39,125
20-24	129 \$43,335	81 \$64,692	49 \$61,112	23 \$61,766	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	282 \$54,062
25-29	146 \$46,129	126 \$65,132	99 \$60,057	110 \$64,787	62 \$62,874	69 \$65,468	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	612 \$59,525
30-34	95 \$45,421	108 \$62,206	82 \$63,183	71 \$62,830	52 \$64,562	221 \$66,275	40 \$76,088	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	669 \$62,366
35-39	71 \$44,316	54 \$64,230	69 \$60,164	34 \$60,858	32 \$60,699	142 \$66,041	154 \$70,230	26 \$70,500	0 \$0	0 \$0	0 \$0	0 \$0	582 \$63,237
40-44	64 \$47,181	48 \$64,772	58 \$62,299	32 \$61,377	19 \$69,433	85 \$64,925	117 \$69,823	148 \$70,091	26 \$73,854	0 \$0	0 \$0	0 \$0	597 \$65,338
45-49	47 \$44,960	51 \$67,937	45 \$62,546	24 \$59,629	9 \$64,970	67 \$65,032	64 \$70,086	92 \$70,888	43 \$73,904	9 \$73,357	0 \$0	0 \$0	451 \$65,656
50-54	37 \$45,315	31 \$67,194	30 \$62,310	24 \$59,484	12 \$65,908	78 \$68,502	58 \$62,824	78 \$71,479	52 \$74,327	19 \$82,219	1 \$52,581	0 \$0	420 \$66,404
55-59	24 \$47,361	38 \$61,356	24 \$63,508	24 \$55,524	10 \$62,380	53 \$66,965	51 \$68,328	63 \$70,043	39 \$72,672	8 \$73,041	1 \$55,304	0 \$0	335 \$65,281
60-64	9 \$48,628	8 \$57,032	13 \$53,682	7 \$68,178	5 \$59,745	41 \$61,205	45 \$61,087	41 \$65,421	20 \$76,028	6 \$63,892	1 \$71,930	2 \$81,873	198 \$62,868
65 & Over	1 \$33,873	3 \$56,227	3 \$60,699	3 \$41,126	5 \$49,898	16 \$66,401	15 \$66,611	20 \$68,142	11 \$80,388	3 \$61,806	1 \$71,259	0 \$0	81 \$65,715
Total	624 \$45,261	548 \$64,319	472 \$61,385	352 \$62,026	206 \$63,420	772 \$65,909	544 \$68,732	468 \$70,003	191 \$74,357	45 \$75,010	4 \$62,769	2 \$81,873	4,228 \$63,006



Distribution of Annuitant Monthly Benefit by Status and Age
Non-Hazardous Retirees and Beneficiaries
(Dollar amounts expressed in thousands)

Current Age (1)	Retirement		Disability		Survivors & Beneficiaries		Total	
	Number of Annuitants (2)	Total Annual Benefit Amount (3)	Number of Annuitants (4)	Total Annual Benefit Amount (5)	Number of Annuitants (6)	Total Annual Benefit Amount (7)	Number of Annuitants (8)	Total Annual Benefit Amount (9)
Under 50	281	\$ 6,651	50	\$ 554	533	\$ 6,400	864	\$ 13,605
50 - 54	1,095	26,579	84	1,215	218	2,865	1,397	30,659
55 - 59	2,769	66,092	184	2,728	290	4,071	3,243	72,891
60 - 64	4,843	108,630	230	3,018	453	6,616	5,526	118,264
65 - 69	8,456	174,885	339	4,693	666	10,759	9,461	190,338
70 - 74	9,607	199,464	291	3,772	893	15,774	10,791	219,010
75 - 79	7,943	170,133	207	2,549	915	16,672	9,065	189,353
80 - 84	3,892	78,935	94	1,050	768	13,730	4,754	93,715
85 - 89	1,819	33,038	53	600	486	8,742	2,358	42,381
90 And Over	829	12,651	15	167	291	4,108	1,135	16,926
Total	41,534	\$ 877,058	1,547	\$ 20,346	5,513	\$ 89,738	48,594	\$ 987,142

*Amounts may not add due to rounding



Distribution of Annuitant Monthly Benefit by Status and Age
Hazardous Retirees and Beneficiaries
(Dollar amounts expressed in thousands)

Current Age (1)	Retirement		Disability		Survivors & Beneficiaries		Total	
	Number of Annuitants (2)	Total Annual Benefit Amount (3)	Number of Annuitants (4)	Total Annual Benefit Amount (5)	Number of Annuitants (6)	Total Annual Benefit Amount (7)	Number of Annuitants (8)	Total Annual Benefit Amount (9)
Under 50	218	\$ 4,971	23	\$ 278	66	\$ 595	307	\$ 5,844
50 - 54	409	8,042	22	243	34	397	465	8,682
55 - 59	549	10,388	23	228	30	396	602	11,013
60 - 64	633	10,910	36	319	60	744	729	11,973
65 - 69	755	12,533	27	243	88	1,024	870	13,799
70 - 74	748	10,944	19	133	102	1,322	869	12,400
75 - 79	635	9,130	5	43	93	940	733	10,114
80 - 84	238	2,847	4	26	66	540	308	3,413
85 - 89	82	812	2	13	33	264	117	1,088
90 And Over	20	179	1	3	22	166	43	348
Total	4,287	\$ 70,756	162	\$ 1,530	594	\$ 6,389	5,043	\$ 78,675

*Amounts may not add due to rounding



Non-Hazardous Retired Lives Summary

Form of Payment (1)	Male Lives		Female Lives		Total	
	Number (2)	Monthly Benefit Amount (3)	Number (4)	Monthly Benefit Amount (5)	Number (6)	Monthly Benefit Amount (7)
Basic	4,538	\$ 7,927,866	13,701	\$ 19,540,986	18,239	\$ 27,468,851
Joint & Survivor:						
100% to Beneficiary	3,025	5,397,855	1,834	2,340,383	4,859	7,738,239
66 2/3% to Beneficiary	758	2,055,249	666	1,227,762	1,424	3,283,011
50% to Beneficiary	1,055	2,648,029	1,593	3,076,106	2,648	5,724,135
Pop-up Option	3,885	9,396,435	3,906	7,579,641	7,791	16,976,076
Social Security Option:						
Age 62 Basic	339	687,285	831	1,414,559	1,170	2,101,845
Age 62 Survivorship	651	1,325,453	562	915,463	1,213	2,240,916
Partial Deferred (Old Plan)	0	0	0	0	0	0
Widows Age 60	0	0	0	0	0	0
5 Years Certain	0	0	0	0	0	0
10 Years Certain	0	0	0	0	0	0
10 Years Certain & Life	986	1,751,059	2,390	3,646,250	3,376	5,397,310
15 Years Certain & Life	444	716,240	762	1,060,275	1,206	1,776,515
20 Years Certain & Life	445	966,300	710	1,110,441	1,155	2,076,742
Total:	16,126	\$ 32,871,772	26,955	\$ 41,911,867	43,081	\$ 74,783,638



Hazardous Retired Lives Summary

Form of Payment (1)	Male Lives		Female Lives		Total	
	Number (2)	Monthly Benefit Amount (3)	Number (4)	Monthly Benefit Amount (5)	Number (6)	Monthly Benefit Amount (7)
Basic	768	\$ 871,587	630	\$ 718,334	1,398	\$ 1,589,921
Joint & Survivor:						
100% to Beneficiary	564	729,608	92	115,081	656	844,690
66 2/3% to Beneficiary	144	217,295	38	49,265	182	266,559
50% to Beneficiary	190	308,144	81	125,712	271	433,856
Pop-up Option	983	1,591,638	231	333,497	1,214	1,925,135
Social Security Option:						
Age 62 Basic	63	99,598	30	23,931	93	123,528
Age 62 Survivorship	137	182,268	22	27,386	159	209,654
Partial Deferred (Old Plan)	0	0	0	0	0	0
Widows Age 60	0	0	0	0	0	0
5 Years Certain	0	0	0	0	0	0
10 Years Certain	43	98,604	15	21,670	58	120,274
10 Years Certain & Life	117	153,876	86	85,101	203	238,977
15 Years Certain & Life	57	67,644	36	33,149	93	100,793
20 Years Certain & Life	80	107,409	42	62,998	122	170,407
Total:	3,146	\$ 4,427,670	1,303	\$ 1,596,124	4,449	\$ 6,023,794



Non-Hazardous Beneficiary Lives Summary

Form of Payment (1)	Male Lives		Female Lives		Total	
	Number (2)	Monthly Benefit Amount (3)	Number (4)	Monthly Benefit Amount (5)	Number (6)	Monthly Benefit Amount (7)
Basic	32	\$ 24,417	58	\$ 78,024	90	\$ 102,441
Joint & Survivor:						
100% to Beneficiary	418	397,339	1,596	2,013,720	2,014	2,411,059
66 2/3% to Beneficiary	83	86,992	312	472,361	395	559,353
50% to Beneficiary	209	193,129	499	471,036	708	664,165
Pop-up Option	318	522,131	1,024	1,924,941	1,342	2,447,072
Social Security Option:						
Age 62 Basic	1	815	12	11,412	13	12,227
Age 62 Survivorship	87	121,486	352	619,363	439	740,849
Partial Deferred (Old Plan)	0	0	0	0	0	0
Widows Age 60	0	0	1	92	1	92
5 Years Certain	49	63,294	65	76,859	114	140,153
10 Years Certain	81	96,185	98	79,744	179	175,929
10 Years Certain & Life	32	28,656	45	38,815	77	67,471
15 Years Certain & Life	22	21,515	50	43,579	72	65,094
20 Years Certain & Life	28	41,184	41	51,099	69	92,283
Total:	1,360	\$ 1,597,144	4,153	\$ 5,881,044	5,513	\$ 7,478,188



Hazardous Beneficiary Lives Summary

Form of Payment (1)	Male Lives		Female Lives		Total	
	Number (2)	Monthly Benefit Amount (3)	Number (4)	Monthly Benefit Amount (5)	Number (6)	Monthly Benefit Amount (7)
Basic	2	\$ 1,361	13	\$ 9,509	15	\$ 10,869
Joint & Survivor:						
100% to Beneficiary	22	15,010	189	149,119	211	164,129
66 2/3% to Beneficiary	3	2,220	27	13,947	30	16,167
50% to Beneficiary	7	3,943	46	21,259	53	25,202
Pop-up Option	14	17,351	179	204,899	193	222,250
Social Security Option:						
Age 62 Basic	0	0	2	47	2	47
Age 62 Survivorship	2	801	51	47,632	53	48,433
Partial Deferred (Old Plan)	0	0	0	0	0	0
Widows Age 60	0	0	0	0	0	0
5 Years Certain	2	4,022	5	7,958	7	11,981
10 Years Certain	5	5,473	6	8,347	11	13,821
10 Years Certain & Life	1	1,100	1	351	2	1,451
15 Years Certain & Life	2	607	3	2,116	5	2,723
20 Years Certain & Life	1	2,658	11	12,692	12	15,350
Total:	61	\$ 54,545	533	\$ 477,878	594	\$ 532,423



Schedule of Retirees Added to And Removed from Rolls**(Dollar amounts except average allowance expressed in thousands)**

Year Ended	Added to Rolls	Removed from Rolls	Rolls End of the Year		% Increase in Annual Benefit	Average Annual Benefit
	Number	Number	Number	Annual Benefits		
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Non-Hazardous						
2016	2,441	706	44,004	\$ 934,930		\$ 21,246
2017	2,181	1,269	44,916	921,302	-1.5%	20,512
2018	2,853	1,243	46,526	952,951	3.4%	20,482
2019	2,226	1,342	47,410	968,706	1.7%	20,433
2020	1,806	1,883	47,333	967,963	-0.1%	20,450
2021	2,026	1,659	47,700	972,434	0.5%	20,386
2022	2,471	1,976	48,195	981,369	0.9%	20,362
2023	2,115	1,901	48,409	984,280	0.3%	20,333
2024	2,031	1,966	48,474	984,257	0.0%	20,305
2025	1,997	1,877	48,594	987,142	0.3%	20,314
Hazardous						
2016	237	29	3,966	\$ 59,001		\$ 14,877
2017	206	79	4,093	59,162	0.3%	14,455
2018	321	44	4,370	64,050	8.3%	14,657
2019	227	60	4,537	67,523	5.4%	14,883
2020	214	123	4,628	69,081	2.3%	14,927
2021	263	165	4,726	70,803	2.5%	14,982
2022	300	176	4,850	73,689	4.1%	15,194
2023	210	173	4,887	74,867	1.6%	15,320
2024	207	160	4,934	76,237	1.8%	15,451
2025	276	167	5,043	78,675	3.2%	15,601



SECTION 6

ASSESSMENT AND DISCLOSURE OF RISK

DRAFT

Risks Associated with Measuring the Accrued Liability And Actuarially Determined Contribution (As Required by ASOP No. 51)

The determination of KERS's accrued liability and actuarially determined contribution requires the use of assumptions regarding future economic and demographic experience. The risk measures illustrated in this section are intended to aid stakeholders in understanding the effects of future experience differing from the assumptions used in performing an actuarial valuation. These risk measures may also help with illustrating the potential volatility in the funded status and actuarially determined contributions that result from differences between actual experience and the expected experience based on the actuarial assumptions.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience (economic and demographic) differing from the assumptions, changes in assumptions due to changing conditions, changes in contribution requirements due to modifications to the funding policy, and changes in the liability and cost due to changes in plan provisions or applicable law. The scope of this actuarial valuation does not include any analysis of the potential range of such future measurements.

Examples of risk that may reasonably be anticipated to significantly affect the System's future financial condition include:

- Investment risk – actual investment returns may differ from expected returns;
- Longevity risk – members may live longer or shorter than expected and receive pensions for a time period different than assumed;
- Other demographic risks – members may terminate, retire or become disabled at times or with benefits other than assumed resulting in actual future contributions differing from expected;
- Salary and payroll risk – actual salaries and total payroll may differ from expected, resulting in actual future accrued liabilities or contributions differing from expected;
- Asset/Liability mismatch – changes in assets may be inconsistent with changes in liabilities, thereby altering the relative difference between the assets and liabilities which may alter the funded status and contribution requirements;
- Contribution risk – actual contributions may differ from expected future contributions (for example, actual contributions not being paid in accordance with the System's funding policy, withdrawal liability assessments or other anticipated payments to the plan are not being paid, or material changes occurring in the anticipated number of covered employees, covered payroll, or another relevant contribution base).

Effects of certain experience can generally be anticipated. For example, if investment returns since the most recent actuarial valuation are less (or more) than the assumed rate of return, then the funded status of the plan can be expected to decrease (or increase) more than anticipated.

The required contributions in this report were established in accordance with applicable Statutes and assumptions adopted by the Board. However, stakeholders should be aware that the scheduled contributions specified in State Code do not necessarily guarantee that the contribution requirements will not increase in a future year.



Employer Risk with Contribution Rates

Currently contributions for the hazardous fund are collected from participating employers based on the employer's total payroll of employees who are earning benefits in KERS (i.e. covered payroll). The actuarially determined contribution rate is comprised of two components - the normal cost rate (to pay for the benefits accruing in the next year) and the unfunded amortization (to pay for the benefits accrued by members in previous years). The unfunded amortization is calculated by first determining the dollar amount necessary to pay for the unfunded liability based on KERS's funding policy, and then by dividing that dollar amount by expected covered payroll to convert that contribution requirement to a percentage of payroll (i.e. a contribution rate).

As the contribution requirement, as a percentage of payroll, increases then there is increased incentive for participating employers to make deliberate business action to reduce their payroll reported to the System in order to reduce their pension cost. House Bill 8 passed during the 2021 legislative session and changed how the amortization cost would be collected and allocated amongst employers in the non-hazardous fund. This portion of the contribution requirement is no longer collected as a percentage of payroll for the non-hazardous fund.

Plan Specific Risk Measures

Risks faced by a pension plan evolve over time. A relatively new plan with virtually no assets and paying few benefits will experience lower investment risk than a mature plan with a significant amount of assets and large number of members receiving benefits. There are a few measures that can assist stakeholders in understanding and comparing the maturity of a plan to other systems, which include:

- **Ratio of market value of assets to payroll:** The relationship between assets and payroll is a useful indicator of the potential volatility of contributions. If assets are approximately the same as covered payroll, an investment return that is 5% different than assumed would equal 5% of payroll. In another example, if the assets are approximately twice as large as covered payroll, an investment return that is 5% different than assumed would equal 10% of payroll. A ratio that increases over time generally indicates the potential of an increasing volatility in employer contribution rates as a percentage of payroll.
- **Ratio of actuarial accrued liability to payroll:** The ratio of actuarial accrued liability to payroll can be used as a measure to indicate the potential volatility of contributions due to volatility in the liability experience. For instance, if the actuarial accrued liability is 5 times the size of the covered payroll, then a change in the liability that is 2% different than expected would be a change in magnitude that is 10% of payroll. A ratio that increases over time generally indicates the potential of an increasing volatility in employer contribution rates as a percentage of payroll.
- **Percentage of Expected Contributions Actually Received:** This measure identifies the percentage difference between the contributions the fund expects to receive during the fiscal year to and actual contributions received by the fund during the fiscal year. A percentage that is less than 100% means that actual contributions the fund received were less than the expected contributions determined by a prior actuarial valuation. On the other hand, a percentage that is greater than 100% means that actual contributions the fund received were more than the expected contributions.



- **Ratio of active to retired members:** A relatively mature open plan is likely to have close to the same number of actives to retirees resulting in a ratio that is around 1.0. On the other hand, a super-mature plan, or a plan that is closed to new entrants will have more retirees than active members resulting in a ratio below 1.0. As this ratio declines, a larger portion of the total actuarial accrued liability in the System is attributable to retirees. This metric also typically moves in tandem with the liability to payroll metric, which provides an indication of potential contribution volatility.

The following tables provide a summary of these measures for KERS Non-Hazardous and Hazardous Funds for the current year and the prior four years so stakeholders can identify how these measures are trending. While ASOP No. 51 requires this disclosure with respect to only the retirement funds, we have included this information for the insurance funds for completeness.

KERS Non-Hazardous										
	Retirement Fund					Insurance Fund				
	June 30,					June 30,				
	2025	2024	2023	2022	2021	2025	2024	2023	2022	2021
Ratio of the market value of assets to total payroll	2.50	2.27	2.19	2.22	2.24	0.95	0.95	0.95	1.01	1.05
Ratio of actuarial accrued liability to payroll	8.32	8.94	10.09	12.23	12.10	1.22	1.13	1.16	1.32	1.91
Ratio of net cash flow to market value of assets	7.6%	8.6%	9.5%	5.2%	7.3%	-2.9%	3.6%	2.5%	2.4%	7.1%
Percentage of Expected Contribution Actually Received	100% ¹	100%	100%	100%	94%	100% ¹	100% ¹	100%	100%	99%
Ratio of actives to retirees and beneficiaries	0.69	0.67	0.65	0.61	0.63					

¹ Expected contribution for FYE2025 based on the actuarially determined contribution from the June 30, 2023 valuation.

KERS Hazardous										
	Retirement Fund					Insurance Fund				
	June 30,					June 30,				
	2025	2024	2023	2022	2021	2025	2024	2023	2022	2021
Ratio of the market value of assets to total payroll	4.27	3.93	4.22	4.90	5.32	2.76	2.61	2.96	3.55	3.89
Ratio of actuarial accrued liability to payroll	5.59	5.56	6.44	7.95	7.95	1.58	1.46	1.72	2.10	2.61
Ratio of net cash flow to market value of assets	-0.2%	2.6%	0.7%	-0.5%	0.3%	-2.5%	-2.4%	-2.7%	-2.9%	-2.8%
Percentage of Expected Contribution Actually Received	115% ¹	134%	138%	108%	101%	N/A ¹	N/A ¹	N/A ¹	N/A ¹	N/A ¹
Ratio of actives to retirees and beneficiaries	0.84	0.84	0.80	0.75	0.81					

¹ Expected contribution for FYE2025 based on the actuarially determined contribution rate of 23.74% from the June 30, 2023 valuation, and expected compensation based on census data from the June 30, 2024 valuation. As of the 2018 valuation (FYE2020), the required employer contribution was 0% of pay for the insurance fund.



Low-Default-Risk Obligation Measure

Introduction

In December 2021, the Actuarial Standards Board (ASB) adopted a revision to Actuarial Standard of Practice (ASOP) No. 4, Measuring Pension Obligations and Determining Pension Plan Costs or Contributions. The revised ASOP No. 4 requires the calculation and disclosure of a liability referred to by the ASOP as the “Low-Default-Risk Obligation Measure” (LDROM). The rationale that the ASB cited for the calculation and disclosure of the LDROM was included in the Transmittal Memorandum of ASOP No. 4 and is presented below (emphasis added):

“The ASB believes that the calculation and disclosure of this measure provides **appropriate, useful information for the intended user regarding the funded status of a pension plan**. The calculation and disclosure of this additional measure is **not intended to suggest that this is the “right” liability measure** for a pension plan. However, the ASB does believe that **this additional disclosure provides a more complete assessment of a plan’s funded status and provides additional information regarding the security of benefits that members have earned as of the measurement date.**”

Comparing the Accrued Liabilities and the LDROM

One of the fundamental financial objectives of the Kentucky Employees’ Retirement System (KERS) is to finance each member’s retirement benefits over the period from the member’s date of hire until the member’s projected date of retirement (entry age actuarial cost method) as a level percentage of payroll. To fulfill this objective, the discount rate that is used to value the accrued liabilities is set equal to the **expected return** on each fund’s diversified portfolio of assets (referred to sometimes as the investment return assumption). For the non-hazardous retirement fund, the investment return assumption is 5.25%. For the hazardous retirement fund, the investment return assumption is 6.25%.

The LDROM is meant to approximately represent the lump sum cost to a plan to purchase low-default-risk fixed income securities whose resulting cash flows essentially replicate in timing and amount the benefits earned (or the costs accrued) as of the measurement date. The LDROM is very dependent upon market interest rates at the time of the LDROM measurement and can vary greatly from year to year. The lower the market interest rates, the higher the LDROM, and vice versa. The LDROM results presented in this report are based on the entry age actuarial cost method and discount rates based upon the intermediate rate from the FTSE Pension Discount Curve and Liability Index published by the Society of Actuaries. This rate is 5.46% as of June 30, 2025. *Note, since the investment return assumption for the non-hazardous fund is currently less than the 5.46% rate, the LDROM measurement is shown as equal to the valuation liabilities.* This measure may not be appropriate for assessing the need for or amount of future contributions. This measure may not be appropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan’s benefit obligation.

In normal economic conditions, the difference between the two measures (Valuation and LDROM) is one illustration of the savings the sponsor anticipates by taking on risk in a diversified portfolio. However, the LDROM is not a particularly useful measure for the non-hazardous fund as of June 30, 2025 because of the market rate used as a reference on this date to comply with this disclosure requirement.

Non-Hazardous Retirement Fund		Hazardous Retirement Fund	
Valuation Accrued Liabilities	LDROM	Valuation Accrued Liabilities	LDROM
\$16,839,319,157	\$16,839,319,157	\$1,488,008,170	\$1,632,159,919



APPENDIX A

ACTUARIAL ASSUMPTIONS AND METHODS

Summary of Actuarial Methods and Assumptions

The following presents a summary of the actuarial assumptions and methods used in the valuation of the Kentucky Employees Retirement System.

In general, the assumptions and methods used in the valuation are based on the actuarial experience study as of June 30, 2022 and adopted by the Board in June 2023.

Investment return rate:

Assumed annual rate of 5.25% net of investment expenses for the non-hazardous retirement fund

Assumed annual rate of 6.25% net of investment expenses for the hazardous retirement fund

Assumed annual rate of 6.50% net of investment expenses for the insurance funds

Price Inflation:

Assumed annual rate of 2.50%

Payroll Growth Assumption (used for amortization of unfunded accrued liabilities):

Assumed annual rate of 0.00%

Rates of Annual Salary Increase:

Assumed rates of annual salary increases are shown below.

Service Years	Annual Rates of Salary					
	Merit & Seniority		Price Inflation & Productivity		Total Increase	
	Non-Hazardous	Hazardous	Non-Hazardous	Hazardous	Non-Hazardous	Hazardous
0	12.00%	16.50%	3.30%	3.55%	15.30%	20.05%
1	3.50%	4.00%	3.30%	3.55%	6.80%	7.55%
2	2.75%	3.00%	3.30%	3.55%	6.05%	6.55%
3	2.50%	3.00%	3.30%	3.55%	5.80%	6.55%
4	2.00%	2.00%	3.30%	3.55%	5.30%	5.55%
5	1.50%	1.50%	3.30%	3.55%	4.80%	5.05%
6	1.25%	1.00%	3.30%	3.55%	4.55%	4.55%
7	1.00%	0.50%	3.30%	3.55%	4.30%	4.05%
8	0.75%	0.50%	3.30%	3.55%	4.05%	4.05%
9	0.50%	0.00%	3.30%	3.55%	3.80%	3.55%
10	0.50%	0.00%	3.30%	3.55%	3.80%	3.55%
11 & Over	0.00%	0.00%	3.30%	3.55%	3.30%	3.55%



Retirement rates:

Assumed annual rates of retirement are shown below. Rates are only applicable for members who are eligible for a service retirement.

Age	Non-Hazardous				Service	Hazardous			
	Normal Retirement		Early Retirement ¹			Members participating before 9/1/2008 ²		Members participating between 9/1/2008 and 1/1/2014 ³	Members participating after 1/1/2014 ³
	Male	Female	Male	Female		Age 55-61	Age 62+		
Under 45	20.0%	33.0%			5	10.0%	35.0%		
45	21.0%	33.0%			6	10.0%	35.0%		
46	22.0%	33.0%			7	10.0%	35.0%		
47	23.0%	33.0%			8	10.0%	35.0%		
48	24.0%	33.0%			9	10.0%	35.0%		
49	25.0%	33.0%			10	10.0%	35.0%		
50	26.0%	33.0%			11	10.0%	35.0%		
51	27.0%	33.0%			12	10.0%	35.0%		
52	28.0%	33.0%			13	10.0%	35.0%		
53	29.0%	33.0%			14	10.0%	35.0%		
54	30.0%	33.0%			15	10.0%	35.0%		
55	30.0%	33.0%	5.0%	5.0%	16	10.0%	35.0%		
56	30.0%	33.0%	5.0%	5.0%	17	10.0%	35.0%		
57	30.0%	33.0%	5.0%	5.0%	18	10.0%	35.0%		
58	30.0%	33.0%	5.0%	5.0%	19	10.0%	35.0%		
59	30.0%	33.0%	5.0%	5.0%	20	50.0%	50.0%		
60	30.0%	33.0%	5.0%	8.0%	21	32.0%	32.0%		
61	30.0%	33.0%	8.0%	9.0%	22	32.0%	32.0%		
62	35.0%	35.0%	15.0%	20.0%	23	32.0%	32.0%		
63	30.0%	33.0%	15.0%	18.0%	24	32.0%	32.0%		
64	30.0%	33.0%	15.0%	16.0%	25	32.0%	32.0%	25.6%	16.0%
65	30.0%	33.0%			26	32.0%	32.0%	25.6%	16.0%
66	30.0%	33.0%			27	32.0%	32.0%	25.6%	16.0%
67	30.0%	33.0%			28	32.0%	32.0%	25.6%	16.0%
68	30.0%	33.0%			29	32.0%	32.0%	25.6%	16.0%
69	30.0%	33.0%			30+	32.0%	32.0%	25.6%	100.0%
70	30.0%	33.0%							
71	30.0%	33.0%							
72	30.0%	33.0%							
73	30.0%	33.0%							
74	30.0%	33.0%							
75	100.0%	100.0%							

¹ The annual rate of retirement is 12% for male members and 14% for female members with 25-26 years of service.

² The annual rate of retirement is 100% at age 65.

³ The annual rate of retirement is 100% at age 60.

Non-Hazardous: There is a 1% increase in the first two years a member becomes eligible under the age of 65. For members hired after 7/1/2003, the rates shown above are multiplied by 80% if the member is under age 65 to reflect the different retiree health insurance benefit.

Hazardous: For members hired after 7/1/2003 and prior to 9/1/2008, the rates shown above are multiplied by 80% if the member is under age 65 to reflect the different retiree health insurance benefit.



Disability rates:

An abbreviated table with assumed rates of disability is shown below.

Age	Non-Hazardous		Hazardous	
	Male	Female	Male	Female
20	0.03%	0.03%	0.05%	0.05%
30	0.05%	0.05%	0.08%	0.08%
40	0.11%	0.11%	0.18%	0.18%
50	0.31%	0.31%	0.50%	0.50%
60	0.80%	0.80%	1.32%	1.32%

Withdrawal rates (for causes other than disability and retirement):

Assumed annual rates of withdrawal are shown below and include pre-retirement mortality rates as described on the next page.

Service Years	Annual Rates of Withdrawal	
	Non-Hazardous	Hazardous
1	22.00%	32.50%
2	18.10%	25.58%
3	14.73%	19.66%
4	12.77%	16.19%
5	11.37%	13.73%
6	10.29%	11.82%
7	9.41%	10.26%
8	8.66%	8.93%
9	8.01%	7.79%
10	7.44%	6.79%
11	6.93%	5.89%
12	6.47%	5.07%
13	6.04%	4.33%
14	5.65%	3.64%
15	5.29%	3.00%
16	4.96%	2.42%
17	4.64%	1.86%
18	4.36%	1.34%
19	4.07%	0.86%
20	3.82%	0.39%
21	3.56%	0.00%
22	3.32%	0.00%
23	3.10%	0.00%
24	2.88%	0.00%
25	2.67%	0.00%
26 & Over	0.00%	0.00%



Mortality Assumption:

Pre-retirement mortality: PUB-2010 General Mortality table, for the non-hazardous funds, and the PUB-2010 Public Safety Mortality table for the hazardous funds, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010.

Post-retirement mortality (non-disabled): System-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023.

The following table provides the life expectancy for a non-disabled retiree in future years based on the assumption with full generational projection:

Life Expectancy for an Age 65 Retiree in Years					
Gender	Year of Retirement				
	2025	2030	2035	2040	2045
Male	19.8	20.2	20.6	21.0	21.3
Female	22.4	22.7	23.1	23.4	23.7

Post-retirement mortality (disabled): PUB-2010 Disabled Mortality table, with rates multiplied by 150% for both male and female rates, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010.

Marital status:

100% of employees are assumed to be married, with the female spouse 3 years younger than the male spouse.

Line of Duty/Duty-Related Disability

Non-Hazardous: 2% of disabilities are assumed to be duty-related (100% of which are assumed to be "total and permanent")

Hazardous: 10% of disabilities are assumed to occur in the line of duty (10% of which are assumed to be "total and permanent")

Line of Duty Death

25% of deaths are assumed to occur in the line of duty

Dependent Children:

For members in the Hazardous Plan who receive a duty-related death or disability benefit, the member is assumed to be survived by two dependent children, each age 6 with payments for 15 years.



Form of Payment:

Members are assumed to elect a life-only annuity at retirement.

Actuarial Cost Method:

Entry Age Normal, Level Percentage of Pay. The Entry Age Normal actuarial cost method allocates the System's actuarial present value of future benefits to various periods based upon service. The portion of the present value of future benefits allocated to years of service prior to the valuation date is the actuarial accrued liability, and the portion allocated to years following the valuation date is the present value of future normal costs. The normal cost is determined for each active member as the level percent of pay necessary to fully fund the expected benefits to be earned over the career of each individual active member. The normal cost is partially funded with active member contributions with the remainder funded by employer contributions.

Health Care Age Related Morbidity/Claims Utilization:

To model the impact of aging on the underlying health care costs for Medicare retirees, the valuation relied on the Society of Actuaries' 2013 Study "Health Care Costs – From Birth to Death". Table 4 (Development of Plan Specific Medicare Age Curve) was used to model the impact of aging for ages 65 and over.



Health Care Cost Trend Rates:

Year	Non-Medicare Plans ¹	Medicare Plans ¹	Dollar Contribution ²
2027	7.35%	12.00%	1.50%
2028	7.20%	8.00%	1.50%
2029	7.05%	8.00%	1.50%
2030	6.90%	7.50%	1.50%
2031	6.75%	7.00%	1.50%
2032	6.50%	6.50%	1.50%
2033	6.25%	6.00%	1.50%
2034	6.00%	5.50%	1.50%
2035	5.75%	5.00%	1.50%
2036	5.50%	4.50%	1.50%
2037	5.25%	4.25%	1.50%
2038	5.00%	4.25%	1.50%
2039	4.75%	4.25%	1.50%
2040	4.50%	4.25%	1.50%
2041 & Beyond	4.25%	4.25%	1.50%

¹All increases are assumed to occur on January 1. The 2026 premiums were known at the time of the valuation and were incorporated into the liability measurement.

²Applies to members participating on or after July 1, 2003. All increases are assumed to occur on July 1.

The healthcare trend assumption is based on the framework developed in the Society of Actuaries' Getzen Model. The ultimate trend assumption of 4.25% is based on a 2.50% inflation assumption plus 1.75% long-term real GDP growth.



Health Care Participation Assumptions:

- Active members are assumed to elect health coverage at retirement at the following participation rates.

Service at Retirement	Members participating before 7/1/2003*	Members participating after 7/1/2003
Under 10	50%	100%
10-14	75%	100%
15-19	90%	100%
Over 20	100%	100%

* 100% of members with a duty disability or a duty death (in service) benefit are assumed to elect coverage at retirement.

- Future retirees are assumed to have a similar distribution by plan type as the current retirees.

Medicare Plan	Participation Percentage	Non-Medicare Plan	Participation Percentage
Medical Only ¹	5%	LivingWell Basic	4%
Essential Plan	7%	LivingWell CDHP	35%
Premium Plan	88%	LivingWell PPO	61%

¹ Includes Mirror Plans

- 50% of deferred vested members participating before July 1, 2003 are assumed to elect health coverage at retirement. 100% of deferred vested members participating after July 1, 2003 are assumed to elect health coverage at retirement.
- Deferred vested members receiving insurance benefits from the non-hazardous fund are assumed to begin health coverage at age 55 for members participating before September 1, 2008, at age 60 for members participating on or after September 1, 2008 but before January 1, 2014, and at age 65 for members participating on or after January 1, 2014.
- Deferred vested members receiving insurance benefits from the hazardous fund are assumed to begin health coverage at age 50 for members participating before January 1, 2014 and at age 60 for members participating on or after January 1, 2014.
- 50% of future retirees, with hazardous service, are assumed to elect spouse health care coverage. No dependent coverage is assumed for members who only have non-hazardous service. 100% of spouses with health care coverage are assumed to continue coverage after the member's death.



Other Assumptions

1. Valuation payroll (used for determining the amortization contribution rate): Current fiscal year payroll.
2. Individual salaries used to project benefits: For salary amounts prior to the valuation date, the salary from the last fiscal year is projected backward with the valuation salary scale assumption. For future salaries, the salary from the last fiscal year is projected forward with one year's salary scale.
3. Pay increase timing: Beginning of (fiscal) year. This is equivalent to assuming that reported salaries represent amounts paid to members during the year ending on the valuation date.
4. Current active members that terminated employment (for reasons other than retirement, disability, or death) are assumed to commence their retirement benefits at first unreduced retirement eligibility. Members are assumed to elect a refund of member contributions if the value of their account balance exceeds the present value of the deferred benefit. Members participating in the Cash Balance plan are assumed to elect to receive a lump sum of their cash balance account if their account balance exceeds the present value of the deferred benefit and the member is not eligible for insurance benefits at termination.
5. The beneficiaries of current active members that die while active are assumed to commence their survivor benefits at the member's first unreduced retirement eligibility. Beneficiaries are assumed to elect a refund of member contributions if the value of the member's account balance exceeds the present value of the survivor benefit. Beneficiaries of active members that die while in the line of duty are assumed to commence their survivor benefits immediately at the death of the member.
6. There will be no recoveries once disabled.
7. Cash Balance Provisions: The cash balance interest crediting rate while a member is an active employee is assumed to equal 5.90% for the non-hazardous fund and 6.75% for the hazardous fund. The interest crediting rate after a member terminates employment is 4% for all plans.
8. Decrement timing: Decrements of all types are assumed to occur mid-year. Decrement rates are used as described in this report, without adjustment for multiple decrement table effects.
9. Service: All members are assumed to accrue 1 year of benefit and eligibility service each year.
10. Eligibility testing: Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.
11. Incidence of Contributions: Contributions are assumed to be received continuously throughout the year based upon the computed percent of payroll shown in this report, and the actual payroll payable at the time contributions are made.



12. Current Inactive Population (Retirement Funds): All non-vested members are assumed to take an immediate refund of member contributions. Vested members are assumed to elect an immediate refund of member contributions at the valuation date if the value of their account balance exceeds the present value of their deferred benefit. Non-hazardous members are assumed to retire at age 65. Hazardous members hired prior to September 1, 2008 are assumed to retire at age 55 and hazardous members hired on or after September 1, 2008 are assumed to retire at age 60.
13. The additional \$5 per year of service insurance dollar subsidy effective January 1, 2023 is assumed to be paid in all applicable years.
14. For members who earned service within multiple Kentucky retirement systems, the cost of their health insurance benefits is allocated between the funds the member earned service. For members currently in receipt of post-retirement health insurance benefits, this split is provided within the participant data and the liability for each member is allocated accordingly. For active members, we have allocated the entirety of the member's insurance liability to the fund in which the member is currently contributing and earning service.

Participant Data

Participant data was supplied in electronic text files. There were separate files for (i) active and inactive members, and (ii) members and beneficiaries receiving benefits.

The data for active and terminated members included date of birth, gender, date of participation, benefit tier indicator, service with the current system, total vesting service, salary, employee contribution account balances, and employer pay credits for members participating in the cash balance plan. For retired members and beneficiaries, the data included date of birth, gender, spouse's date of birth (where applicable), amount of monthly benefit, date of retirement, and form of payment code.

Assumptions were made to correct for missing, bad, or inconsistent data. These had no material impact on the results presented.

Changes in assumptions since the prior valuation:

In conjunction with the review of healthcare per capita claims cost, the assumed increase in future healthcare costs, or trend assumption, is reviewed on an annual basis. The trend assumption was increased as a result of our review.



Development of Baseline Claims Cost

For non-Medicare retirees, the initial per capita costs were based on the plan premiums effective January 1, 2026, and are used for both current and future retirees. An inherent assumption in this methodology is that the projected future retirees will have a similar distribution by plan type as the current retirees. The spouse/dependent premium of \$1,272.35 for non-Medicare retirees is based on a blending of Family and Couple premiums for the current retirees that have over 4 years of hazardous service. The fully-insured premiums paid to the Kentucky Employees' Health Plan (KEHP) are blended rates based on the combined experience of active and retired members. Because the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing health care benefits to active employees, there is an implicit rate subsidy for the non-Medicare eligible retirees. Actuarial Standard of Practice No. 6 (ASOP No. 6) requires aging subsidies (or implicit rate subsidies) to be recognized. However, the health insurance trusts are only used to reimburse KEHP for the employer's portion of the blended premiums. Said another way, the trusts are not used to fund the difference between the underlying retiree claims and the blended KEHP premiums. As a result, the retiree health care liabilities developed in this report for the non-Medicare retirees are based solely on the premiums charged by KEHP, without any age-adjustment. GASB Statements No. 74 and No. 75 prohibit such a deviation from ASOP No. 6. The liabilities developed in this report are solely for the purpose of funding the benefits paid by the health insurance funds and are not appropriate for financial statement disclosures required by GASB. GRS provides separate GASB reports which include the liabilities associated with the implicit rate subsidy.

2026 MONTHLY COSTS FOR THOSE NOT ELIGIBLE FOR MEDICARE		
AGE	MEMBER	SPOUSE/DEPENDENTS
<65	\$1,083.05	\$1,272.35

For Medicare retirees, the initial per capita costs were estimated based on the plan premiums effective January 1, 2026, and are used for both current and future retirees. An inherent assumption in this methodology is that the projected future retirees will have a similar distribution by plan type as the current retirees. Age graded and sex distinct premiums are utilized for retirees over the age of 65. These costs are appropriate for the unique age and sex distribution currently existing. Over the future years covered by this valuation, the age and sex distribution will most likely change. Therefore, our process "distributes" the average premium over all age/sex combinations and assigns a unique premium for each combination. The age/sex specific costs more accurately reflect the health care utilization and cost at that age.

2026 MONTHLY COSTS FOR THOSE ELIGIBLE FOR MEDICARE		
AGE	MALE	FEMALE
65	\$ 167.73	\$ 158.20
75	196.24	191.49
85	207.51	209.96

Appendix B of the report provides a full schedule of premiums.



Blake Orth is a Member of the American Academy of Actuaries (MAAA) and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.



Blake Orth, FSA, EA, MAAA

DRAFT

APPENDIX B

BENEFIT PROVISIONS

**Summary of Benefit Provisions for
Kentucky Employees Retirement System
(KERS)**

KERS Non-Hazardous Employees

Retirement: Tier 1, Participation before 9/1/2008

Normal Retirement Eligibility	Age 65 with at least 1 month of service credit; or Any age with at least 27 years of service
Benefit Amount	If a member has at least 48 months of service, the monthly benefit is 2.00% times final average compensation times years of service. For members who did not have 13 months of service credit for 1/1/1998-1/1/1999, the monthly benefit is 1.97% times final average compensation times years of service. If a member has less than 48 months of service, the monthly benefit is the actuarial equivalent of two times the member’s contributions with interest. Final average compensation is based on the member’s highest 5 years of compensation.
Early Retirement Eligibility	Any age (prior to age 65) with at least 25 years of service; or Age 55 with at least 5 years of service
Early Retirement Reduction	Normal Retirement benefit reduced 6.5% per year for the first five years and 4.5% per year for the next five years for each year the member’s retirement eligibility precedes the member’s normal retirement date.



KERS Non-Hazardous Employees (continued)

Retirement: Tier 2, Participation on or after 9/1/2008 but before 1/1/2014

Normal Retirement Eligibility	Age 65 with at least 5 years of service; or Rule of 87 (Age 57 or older if age plus service equals 87)
Benefit Amount	The monthly benefit is equal to the applicable benefit multiplier times final average compensation times years of service.

Years of Service	Benefit Multiplier
10 or less	1.10%
10-20	1.30%
20-26	1.50%
26-30	1.75%
Greater than 30*	2.00%

* The 2.00% benefit multiplier only applies to service credit in excess of 30 years. If a member has greater than 30 years of service at retirement, service prior to 30 years will be multiplied by the 1.75% benefit multiplier.

Final compensation is based on the member's last 5 years of compensation.

Early Retirement Eligibility	Age 60 with at least 10 years of service
Early Retirement Reduction	Normal Retirement benefit reduced 6.5% per year for the first five years and 4.5% per year for the next five years for each year the member's retirement date precedes the member's normal retirement eligibility.

Retirement: Tier 3, Participation on or after 1/1/2014

Normal Retirement Eligibility	Age 65 with at least 5 years of service; or Rule of 87 (Age 57 or older if age plus service equals 87)
Benefit Amount	Each year that the member is active, a 4.00% employer pay credit and the employee's 5.00% contribution will be credited to each member's hypothetical cash balance account. The hypothetical account will earn interest at a minimum rate of 4%, annually. If the System's geometric average net investment return for the previous five years exceeds 4%, then the hypothetical account will be credited with an additional amount of interest in that year equal to 75% of the amount of the return which exceeds 4%. All interest credits will be applied to the hypothetical account balance on June 30 based on the account balance as of June 30 of the previous year. At retirement, the member's hypothetical account balance may be converted into an annuity based on an actuarial factor.
Early Retirement Eligibility	N/A



KERS Non-Hazardous Employees (continued)

Deferred Vested Benefit: Tier 1, Participation before 9/1/2008

Eligibility	At least 1 month of service credit
Benefit Amount	Normal retirement benefit deferred to normal retirement age, or a reduced retirement benefit at an early retirement age

Deferred Vested Benefit: Tier 2, Participation on or after 9/1/2008 but before 1/1/2014

Eligibility	5 years of service
Benefit Amount	Normal retirement benefit deferred to normal retirement age, or a reduced retirement benefit at an early retirement age

Deferred Vested Benefit Tier 3, Participation on or after 1/1/2014

Eligibility	5 years of service
Benefit Amount	At termination of employment, members may choose to leave their account balance with the System and retire once they are eligible. The hypothetical account balance will earn 4% annual interest after termination. Members may also choose to withdrawal their entire accumulated balance. If a member does not have 5 years of service at termination, the member is eligible to receive a partial refund of their account balance. This refund includes the member's contributions with interest.

Disability Retirement: Participation before 8/1/2004

Eligibility	60 months of service (requirement is waived if line of duty disability)
Disability Benefit	Disability benefits are calculated in the same manner as the normal retirement benefit with years of service and final compensation being determined as of the date of disability, except that service credit shall be added to the person's total service beginning with the last date of paid employment and continuing to the member's 65 th birthday, with total service not exceeding 25 years. Total service credit added shall not be greater than the member's actual service at disability. For members with at least 25 years of service on the last day of paid employment but less than 27 years of service, total service shall be 27 years. For members with 27 or more years of service credit, actual service will be used.



KERS Non-Hazardous Employees (continued)

Disability Retirement: Participation on or after 8/1/2004 but before 1/1/2014

Eligibility	60 months of service (requirement is waived if line of duty disability)
Disability Benefit	The higher of 20% of the member's final monthly rate of pay or the member's normal retirement benefit (without reduction for early retirement) with years and final compensation being determined as of the date of disability.

Disability Retirement: Participation on or after 1/1/2014

Eligibility	60 months of service (requirement is waived if line of duty disability)
Disability Benefit	The higher of 20% of the member's final monthly rate of pay or the member's retirement benefit calculated at the member's normal retirement date.

Duty-Related Disability Benefit

Disability Benefit	If the disability is a direct result of an act in the line of duty, the benefit shall not be less than 25% of the member's final monthly final rate of pay. If the disability is deemed to be Total and Permanent (and the member is working in a non-hazardous position that could be certified as a hazardous position), then this benefit shall not be less than 75% of the member's monthly average pay.
Child Benefit	Additionally, each eligible dependent child will receive 10% of the member's monthly average pay up to a maximum of 40%. Member and dependent payment shall not exceed 100% of member's monthly average pay.

Pre-Retirement Death Benefit

Eligibility	Eligible for early or normal retirement; or Under age 65 with at least 60 months of service and actively working at the time of death; or At least 144 months of service, if no longer actively working
Spouse Benefit	The member's retirement benefit calculated in the same manner as if the member had retired on the day of the member's death and elected a 100% joint and survivor benefit. The benefit is actuarially reduced if the member dies prior to their normal retirement age.



KERS Non-Hazardous Employees (continued)

Pre-Retirement Death Benefit (Death in the Line of Duty)

Eligibility	One month of service credit
Spouse Benefit	A \$10,000 lump sum payment plus a monthly payment of 75% of the deceased member's final monthly average pay. Each dependent child will receive 10% of the final monthly average pay (not to exceed a total child benefit of 25% while the spouse is alive). A spouse may also elect the non-line of duty death benefit.
Child Benefit	In the event there is no surviving spouse, the benefit is 50% of final monthly average pay for one child, 65% of final monthly average pay for two children, or 75% of final monthly average pay for three or more eligible children.

Post-Retirement Death Benefit

Eligibility	48 months of service, and in receipt of retirement benefits
Death Benefit	A \$5,000 lump sum payment

Member Contributions

Tier 1, Participation before 9/1/2008	5% of creditable compensation. Members who do not receive a retirement benefit are entitled to a full refund of contributions with interest. The annual interest rate is set by the Board, not less than 2.0%.
Tier 2, Participation on or after 9/1/2008 but before 1/1/2014	5% of creditable compensation plus 1% of creditable compensation, which is deposited into the 401(h) account and is not refundable. Members who do not receive a retirement benefit are entitled to a refund of non-401(h) contributions with interest. The annual interest rate is 2.5%.
Tier 3, Participation after 1/1/2014	5% of creditable compensation plus 1% of creditable compensation, which is deposited into the 401(h) account and is not refundable. Members who do not receive a retirement benefit are entitled to a refund of non-401(h) contributions with interest.

Changes in Non-Hazardous Retirement Benefits since the Prior Valuation

There have been no changes in benefits since the prior valuation.



KERS Hazardous Employees

Retirement: Tier 1, Participation before 9/1/2008

Normal Retirement Eligibility	Age 55 with at least 1 month of service credit; or Any age with at least 20 years of service
Benefit Amount	If a member has at least 60 months of service, the monthly benefit is 2.49% times final average compensation times years of service. If a member has less than 60 months of service, the monthly benefit is the actuarial equivalent of two times the member’s contributions with interest. Final average compensation is based on the member’s highest 3 years of compensation.
Early Retirement Eligibility	Age 50 with at least 15 years of service
Early Retirement Reduction	Normal Retirement benefit reduced 6.5% per year for the first five years and 4.5% per year for the next five years for each year the member’s retirement date precedes the member’s normal retirement eligibility.



KERS Hazardous Employees (continued)

Retirement: Tier 2, Participation on or after 9/1/2008 but before 1/1/2014

Normal Retirement Eligibility	Age 60 with at least 5 years of service; or Any age with at least 25 years of service
Benefit Amount	The monthly benefit is equal to the applicable benefit multiplier times final average compensation times years of service.

Years of Service	Benefit Multiplier
10 or less	1.30%
10-20	1.50%
20-25	2.25%
Greater than 25	2.50%

Final average compensation is based on the member's highest 3 years of compensation.

Early Retirement Eligibility	Age 50 with at least 15 years of service
Early Retirement Reduction	Normal Retirement benefit reduced 6.5% per year for the first five years and 4.5% per year for the next five years for each year the member's retirement date precedes the member's normal retirement eligibility.

Retirement: Tier 3, Participation on or after 1/1/2014

Normal Retirement Eligibility	Age 60 with at least 5 years of service; or Any age with at least 25 years of service
Benefit Amount	Each year that the member is active, a 7.50% employer pay credit and the employee's 8.00% contribution will be credited to each member's hypothetical cash balance account. The hypothetical account will earn interest at a minimum rate of 4%, annually. If the System's geometric average net investment return for the previous five years exceeds 4%, then the hypothetical account will be credited with an additional amount of interest in that year equal to 75% of the amount of the return which exceeds 4%. All interest credits will be applied to the hypothetical account balance on June 30 based on the account balance as of June 30 of the previous year. At retirement, the member's hypothetical account balance may be converted into an annuity based on an actuarial factor.
Early Retirement Eligibility	N/A



KERS Hazardous Employees (continued)

Deferred Vested Benefit: Tier 1, Participation before 9/1/2008

Eligibility	At least 1 month of service credit
Benefit Amount	Normal retirement benefit deferred to normal retirement age, or a reduced retirement benefit at an early retirement age

Deferred Vested Benefit: Tier 2, Participation on or after 9/1/2008 but before 1/1/2014

Eligibility	5 years of service
Benefit Amount	Normal retirement benefit deferred to normal retirement age, or a reduced retirement benefit at an early retirement age

Deferred Vested Benefit Tier 3, Participation on or after 1/1/2014

Eligibility	5 years of service
Benefit Amount	At termination of employment, members may choose to leave their account balance with the System and retire once they are eligible. The hypothetical account balance will earn 4% annual interest after termination. Members may also choose to withdrawal their entire accumulated balance. If a member does not have 5 years of service at termination, the member is eligible to receive a partial refund of their account balance. This refund includes the member's contributions with interest.

Disability Retirement: Participation before 8/1/2004

Eligibility	60 months of service (requirement is waived if line of duty disability)
Disability Benefit	Disability benefits are calculated in the same manner as the normal retirement benefit with years of service and final compensation being determined as of the date of disability, except that if the member has less than 20 years of service at disability, service credit shall be added to the person's total service beginning with the last date of paid employment and continuing to the member's 55 th birthday, with total service not exceeding 20 years. Total service credit added shall not be greater than the member's actual service at disability.



KERS Hazardous Employees (continued)

Disability Retirement: Participation on or after 8/1/2004 but before 1/1/2014

Eligibility	60 months of service (requirement is waived if line of duty disability)
Disability Benefit	The higher of 25% of the member's final monthly rate of pay or the member's normal retirement benefit (without reduction for early retirement) with years and final compensation being determined as of the date of disability.

Disability Retirement: Participation on or after 1/1/2014

Eligibility	60 months of service (requirement is waived if line of duty disability)
Disability Benefit	The higher of 25% of the member's final monthly rate of pay or the member's retirement benefit calculated at the member's normal retirement date.

Line of Duty Disability Benefit

Disability Benefit	If the disability is a direct result of an act in the line of duty, the benefit shall not be less than 25% of the member's final monthly final rate of pay. If the disability is deemed to be Total and Permanent, then this benefit shall not be less than 75% of the member's monthly average pay.
Child Benefit	Additionally, each eligible dependent child will receive 10% of the member's monthly average pay up to a maximum of 40%. Member and dependent payment shall not exceed 100% of member's monthly average pay.

Pre-Retirement Death Benefit

Eligibility	Eligible for early or normal retirement; or Under age 55 with at least 60 months of service and actively working at the time of death; or At least 144 months of service, if no longer actively working
Spouse Benefit	The member's retirement benefit calculated in the same manner as if the member had retired on the day of the member's death and elected a 100% joint and survivor benefit. The benefit is actuarially reduced if the member dies prior to their normal retirement age.



KERS Hazardous Employees (continued)

Pre-Retirement Death Benefit (Death in the Line of Duty)

Eligibility	One month of service credit
Spouse Benefit	A \$10,000 lump sum payment plus a monthly payment of 75% of the deceased member's final monthly average pay. Each dependent child will receive 10% of the final monthly average pay (not to exceed a total child benefit of 25% while the spouse is alive). A spouse may also elect the non-line of duty death benefit.
Non-Spouse Benefit	If the beneficiary is only one person who is a dependent receiving at least 50% of his or her support from the member, the beneficiary may elect a lump-sum payment of \$10,000.
Child Benefit	In the event there is no surviving spouse, the benefit is 50% of final monthly average pay for one child, 65% of final average pay for two children, or 75% of final average pay for three or more eligible children.

Post-Retirement Death Benefit

Eligibility	48 months of service, and in receipt of retirement benefits
Death Benefit	A \$5,000 lump sum payment

Member Contributions

Tier 1, Participation before 9/1/2008	8% of creditable compensation. Members who do not receive a retirement benefit are entitled to a full refund of contributions with interest. The annual interest rate is set by the Board, not less than 2.0%.
Tier 2, Participation on or after 9/1/2008 but before 1/1/2014	8% of creditable compensation plus 1% of creditable compensation, which is deposited into the 401(h) account and is not refundable. Members who do not receive a retirement benefit are entitled to a refund of non-401(h) contributions with interest. The annual interest rate is 2.5%.
Tier 3, Participation after 1/1/2014	8% of creditable compensation plus 1% of creditable compensation, which is deposited into the 401(h) account and is not refundable. Members who do not receive a retirement benefit are entitled to a refund of non-401(h) contributions with interest.

Changes in Hazardous Retirement Benefits since the Prior Valuation

There have been no changes in benefits since the prior valuation.



Summary of Main Retiree Insurance Benefit Provisions

Insurance: Participation began before 7/1/2003

Benefit Eligibility Recipient of a retirement allowance

Benefit Amount

Non-Hazardous Service	Percentage of Member Premium Paid by Retirement System	Hazardous Service	Percentage of Member & Dependent Premium Paid by Retirement System
Less than 4 years	0%	Less than 4 years	0%
4 – 9 years	25%	4 – 9 years	25%
10 – 14 years	50%	10 – 14 years	50%
15 – 19 years	75%	15 – 19 years	75%
20 or more years	100%	20 or more years	100%

The percentage paid by the retirement system is applied to the 'contribution' plan selected by the Board.

Duty Disability Retirement If disability was a result of injuries sustained while in the line of duty, the member receives 100% of the maximum contribution for the member and dependents. This benefit is provided to members in the Non-hazardous and Hazardous plans alike.

Duty Death in Service If an active employee's death was a result of injuries sustained while in the line of duty, the member's spouse and children receive a fully subsidized health insurance benefit. This benefit is provided to members in the Non-hazardous and Hazardous plans alike.

Non-Duty Death in Service If the surviving spouses is in receipt of a pension allowance, he or she is eligible for continued health coverage. The percentage of the premium paid for by the retirement system is based on the member's years of hazardous service at the time of death.

Surviving Spouse of a Retiree A surviving spouse of a retiree, who is in receipt of a pension allowance, will receive a premium subsidy based on the member's years of hazardous service.

Hazardous employees who retired prior to August 1, 1998 System's contribution for spouse and dependents is based on total service.



Insurance: Participation began on or after 7/1/2003

Benefit Eligibility

Recipient of a retirement allowance with at least 120 months of service at retirement (180 months if participation began on or after 9/1/2008)

Non-Hazardous Subsidy

Monthly contribution of \$10 for each year of earned non-hazardous service. The monthly contribution is increased by 1.5% each July 1. As of July 1, 2025, the Non-Hazardous monthly contribution was \$14.85/year of service. Upon the retiree's death, the surviving spouse may continue coverage (if in receipt of a retirement allowance) but will be 100% responsible for the premiums.

Effective January 1, 2023, members will receive an additional dollar contribution of \$5 for every year of non-hazardous service a member attains over 27 years. This additional dollar contribution does not increase by 1.5% annually and is only payable for non-Medicare retirees. Also, it is only payable when the applicable insurance fund is at least 90% funded on an actuarial value of asset basis as of the last actuarial valuation.

Hazardous Subsidy

Monthly contribution of \$15 for each year of earned hazardous service. The monthly contribution is increased by 1.5% each July 1. As of July 1, 2025, the Hazardous monthly contribution was \$22.27/year of service. Upon the retiree's death, the surviving spouse of a hazardous duty member will receive a monthly contribution of \$10 (\$14.85 as of July 1, 2025) for each year of hazardous service.

Effective January 1, 2023, members will receive an additional dollar contribution of \$5 for every year of hazardous service a Tier 1 member attains over 20 years and a Tier 2 member attains 25 years. This additional dollar contribution does not increase by 1.5% annually and is only payable for non-Medicare retirees. Also, it is only payable when the applicable insurance fund is at least 90% funded on an actuarial value of asset basis as of the last actuarial valuation.

Duty Disability Retirement

If disability was a result of injuries sustained while in the line of duty or was duty-related, the member receives a benefit based on at least 20 years of service. This benefit is provided to members in the Non-Hazardous and Hazardous plans alike.

If the disability is deemed to be Total and Permanent, the insurance premium for the member, the member's spouse, and the member's dependent children shall also be paid in full by the System. For non-hazardous members to be eligible for this benefit, they must be working in a position that could be certified as a hazardous position.



Duty Death in Service

If an active employee's death was a result of injuries sustained while in the line of duty, the member's spouse and children receive a fully subsidized health insurance benefit. This benefit is provided to members in the Non-Hazardous and Hazardous plans alike.

Non-Duty Death in Service

If the surviving spouse is in receipt of a pension allowance, he or she is eligible for continued health coverage. The percentage of the premium paid for by the retirement system is based on the member's years of hazardous service at the time of death.

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Monthly Health Plan Premiums – Effective January 1, 2026

Plan Option	Non-Medicare Plan Options				
	Single	Parent Plus	Couple	Family	Family X-Ref
LivingWell PPO	\$1,105.54	\$1,514.46	\$2,238.22	\$2,453.16	\$1,300.24
LivingWell CDHP	1,090.42	1,475.34	2,144.14	2,383.68	1,247.34
LivingWell Basic	1,059.88	1,447.24	2,150.90	2,385.14	1,244.12
LivingWell HDHP	983.66	1,343.02	1,996.16	2,213.58	1,153.50

Medicare Plan Options	
Medical Only Plan	\$194.23
Essential Mirror Plan	264.56
Premium Mirror Plan	404.67
Essential Medical Advantage Plan	55.10
Premium Medical Advantage Plan	199.94

Contribution plan selected by the Board was the LivingWell PPO plan option for non-Medicare retirees.
Contribution plan selected by the Board was the Premium Medical Advantage Plan for the Medicare retirees.

Dollar Contribution Amount for Participation on or after 7/1/2003

Monthly contribution amounts per year of service as of July 1, 2025.

Non-Hazardous Service	Hazardous Service
\$14.85	\$22.27

Changes in Health Insurance Benefits since the Prior Valuation

None.



APPENDIX C

GLOSSARY

Glossary

Actuarial Accrued Liability (AAL): That portion, as determined by a particular Actuarial Cost Method, of the Actuarial Present Value of Future Plan Benefits which is not provided for by future Normal Costs. It is equal to the Actuarial Present Value of Future Plan Benefits minus the actuarial present value of future Normal Costs.

Actuarial Assumptions: Assumptions as to future experience under the Fund. These include assumptions about the occurrence of future events affecting costs or liabilities, such as:

- mortality, withdrawal, disablement, and retirement;
- future increases in salary;
- future rates of investment earnings and future investment and administrative expenses;
- characteristics of members not specified in the data, such as marital status;
- characteristics of future members;
- future elections made by members; and
- other relevant items.

Actuarial Cost Method or Funding Method: A procedure for allocating the Actuarial Present Value of Future Benefits to various time periods; a method used to determine the Normal Cost and the Actuarial Accrued Liability. These items are used to determine the ADC.

Actuarial Gain or Actuarial Loss: A measure of the difference between actual experience and that expected based upon a set of Actuarial Assumptions, during the period between two Actuarial Valuation dates. Through the actuarial assumptions, rates of decrements, rates of salary increases, and rates of fund earnings have been forecasted. To the extent that actual experience differs from that assumed, Actuarial Accrued Liabilities emerge which may be the same as forecasted, or may be larger or smaller than projected. Actuarial gains are due to favorable experience, e.g., the fund's assets earn more than projected, salaries do not increase as fast as assumed, members retire later than assumed, etc. Favorable experience means actual results produce actuarial liabilities not as large as projected by the actuarial assumptions. On the other hand, actuarial losses are the result of unfavorable experience, i.e., actual results that produce actuarial liabilities which are larger than projected. Actuarial gains will shorten the time required for funding of the actuarial balance sheet deficiency while actuarial losses will lengthen the funding period.

Actuarially Equivalent: Of equal actuarial present value, determined as of a given date and based on a given set of Actuarial Assumptions.



Actuarial Present Value (APV): The value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of Actuarial Assumptions. For purposes of this standard, each such amount or series of amounts is:

- a. adjusted for the probable financial effect of certain intervening events (such as changes in compensation levels, marital status, etc.)
- b. multiplied by the probability of the occurrence of an event (such as survival, death, disability, termination of employment, etc.) on which the payment is conditioned, and
- c. discounted according to an assumed rate (or rates) of return to reflect the time value of money.

Actuarial Present Value of Future Plan Benefits: The Actuarial Present Value of those benefit amounts which are expected to be paid at various future times under a particular set of Actuarial Assumptions, taking into account such items as the effect of advancement in age and past and anticipated future compensation and service credits. The Actuarial Present Value of Future Plan Benefits includes the liabilities for active members, retired members, beneficiaries receiving benefits, and inactive, non-retired members either entitled to a refund or a future retirement benefit. Expressed another way, it is the value that would have to be invested on the valuation date so that the amount invested plus investment earnings would provide sufficient assets to pay all projected benefits and expenses when due.

Actuarial Valuation: The determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets, and related Actuarial Present Values for a plan. An Actuarial valuation for a governmental retirement system typically also includes calculations that provide the financial information of the plan, such as the funded ratio, unfunded actuarial accrued liability and the ADC.

Actuarial Value of Assets or Valuation Assets: The value of the Fund's assets as of a given date, used by the actuary for valuation purposes. This may be the market or fair value of plan assets, but commonly actuaries use a smoothed value in order to reduce the year-to-year volatility of calculated results, such as the funded ratio and the ADC.

Actuarially Determined: Values which have been determined utilizing the principles of actuarial science. An actuarially determined value is derived by application of the appropriate actuarial assumptions to specified values determined by provisions of the law.

Actuarially Determined Contribution (ADC): The employer's periodic required contributions, expressed as a dollar amount or a percentage of covered plan compensation. The ADC consists of the Employer Normal Cost and the Amortization Payment.

Amortization Method: A method for determining the Amortization Payment. The most common methods used are level dollar and level percentage of payroll. Under the Level Dollar method, the Amortization Payment is one of a stream of payments, all equal, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the Amortization payment is one of a stream of increasing payments, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the stream of payments increases at the assumed rate at which total covered payroll of all active members will increase.



Amortization Payment: The portion of the pension plan contribution or ADC which is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability.

Closed Amortization Period: A specific number of years that is counted down by one each year, and therefore declines to zero with the passage of time. For example if the amortization period is initially set at 30 years, it is 29 years at the end of one year, 28 years at the end of two years, etc. See Funding Period and Open Amortization Period.

Decrements: Those causes/events due to which a member's status (active-inactive-retiree-beneficiary) changes, that is: death, retirement, disability, or termination.

Defined Benefit Plan: A retirement plan that is not a Defined Contribution Plan. Typically a defined benefit plan is one in which benefits are defined by a formula applied to the member's compensation and/or years of service.

Defined Contribution Plan: A retirement plan, such as a 401(k) plan, a 403(b) plan, or a 457 plan, in which the contributions to the plan are assigned to an account for each member, and the plan's earnings are allocated to each account, and each member's benefits are a direct function of the account balance.

Employer Normal Cost: The portion of the Normal Cost to be paid by the employers. This is equal to the Normal Cost less expected member contributions.

Experience Study: A periodic review and analysis of the actual experience of the Fund which may lead to a revision of one or more actuarial assumptions. Actual rates of decrement and salary increases are compared to the actuarially assumed values and modified as deemed appropriate by the Actuary.

Funded Ratio: The ratio of the actuarial value of assets (AVA) to the actuarial accrued liability (AAL). Plans sometimes calculate a market funded ratio, using the market value of assets (MVA), rather than the AVA.

Funding Period or Amortization Period: The term "Funding Period" is used two ways. In the first sense, it is the period used in calculating the Amortization Payment as a component of the ADC. This funding period is specified in State statute. In the second sense, it is a calculated item: the number of years in the future that will theoretically be required to amortize (i.e., pay off or eliminate) the Unfunded Actuarial Accrued Liability, based on a statutory employer contribution rate, and assuming no future actuarial gains or losses.

GASB: Governmental Accounting Standards Board.

GASB 67 and GASB 68: Governmental Accounting Standards Board Statements No. 67 and No. 68. These are the governmental accounting standards that set the accounting and reporting rules for public retirement systems and the employers that sponsor, participate in, or contribute to them. Statement No. 67 sets the accounting rules for the financial reporting of the retirement systems, while Statement No. 68 sets the rules for the employers that sponsor, participate in, or contribute to public retirement systems.

Normal Cost: That portion of the Actuarial Present Value of pension plan benefits and expenses which is allocated to a valuation year by the Actuarial Cost Method. Any payment in respect of an Unfunded



Actuarial Accrued Liability is not part of Normal Cost (see Amortization Payment). For pension plan benefits which are provided in part by employee contributions, Normal Cost refers to the total of employee contributions and employer Normal Cost unless otherwise specifically stated. Under the entry age normal cost method, the Normal Cost is intended to be the level cost (when expressed as a percentage of pay) needed to fund the benefits of a member from hire until ultimate termination, death, disability or retirement.

Open Amortization Period: An open amortization period is one which is used to determine the Amortization Payment but may not decrease by exactly one year in the subsequent year's actuarial valuation. For instance, if the initial period is set as 30 years, the same 30-year period is used in determining the Amortization Period each year.

Unfunded Actuarial Accrued Liability: The excess of the Actuarial Accrued Liability over the Actuarial Value of Assets. This value may be negative in which case it may be expressed as a negative Unfunded Actuarial Accrued Liability, also called the Funding Surplus.

Valuation Date or Actuarial Valuation Date: The date as of which the value of assets is determined and as of which the Actuarial Present Value of Future Plan Benefits is determined. The expected benefits to be paid in the future are discounted to this date.



APPENDIX D

KERS NON-HAZARDOUS EMPLOYER CONTRIBUTION BY AGENCY

Appendix D
Kentucky Employees Retirement System (Non-Hazardous) - Retirement and Insurance Combined
Employer Contribution by Agency

Agency Name ¹	Agency Classification ¹	Fixed Percentage of the Total Amortization Cost				Components of Required Contribution for FYE 2027		Change in Amortization Cost from FY26 to FY27
		Accrued Liability based on June 30, 2019 Valuation ²	Fixed Allocation of Amortization Cost	Amortization Cost for prior year (FYE2026)	Amortization Cost Remains Level until Actuarial Investigation ³	Normal Cost (% of Pay)	Amortization Cost	
		(3)	(4) = (3) / \$18,813M	(5)	(6), per KRS 61.565(1)(d)1d	(7) = 7.76% ⁴ of pay for all employees	(8) = (4) x \$868M ⁴	
LEGISLATIVE BRANCH AGENCIES	LEGISLATIVE BRANCH	343,338,931	1.82505%	15,632,667	No	7.76%	15,844,320	211,653
JUDICIAL BRANCH AGENCIES	JUDICIAL BRANCH	471,819,378	2.50801%	21,482,637	No	7.76%	21,773,496	290,859
EXECUTIVE BRANCH AGENCIES	EXECUTIVE BRANCH	14,645,193,150	77.84800%	666,815,647	No	7.76%	675,843,912	9,028,265
LEX FAYETTE CO HLTH DEPT	Health Departments	87,677,599	0.46606%	4,766,461	Yes	7.76%	4,046,136	(720,325)
LAKE CUMBERLAND DISTRICT	Health Departments	73,620,021	0.39134%	4,002,276	Yes	7.76%	3,397,452	(604,824)
BARREN RVR DIST HLTH DEPT	Health Departments	68,379,065	0.36348%	3,717,357	Yes	7.76%	3,155,580	(561,777)
GREEN RVR DIST HLTH DEPT	Health Departments	81,739,718	0.43450%	4,443,692	Yes	7.76%	3,772,152	(671,540)
NORTHERN KY DIST HLTH DEP	Health Departments	54,194,473	0.28808%	2,946,205	Yes	7.76%	2,500,992	(445,213)
LINCOLN TRL DIST HLTH DEP	Health Departments	66,500,206	0.35349%	3,615,244	Yes	7.76%	3,068,856	(546,388)
KY RIVER DIST HEALTH DEPT	Health Departments	70,220,607	0.37327%	3,817,495	Yes	7.76%	3,240,576	(576,919)
MADISON CO HEALTH DEPT	Health Departments	53,457,239	0.28416%	2,906,171	Yes	7.76%	2,466,960	(439,211)
CUMBERLAND VLY DIST HEALT	Health Departments	89,949,862	0.47814%	4,889,995	Yes	7.76%	4,151,016	(738,979)
WEDCO DIST HEALTH DEPT	Health Departments	28,173,710	0.14976%	1,531,594	Yes	7.76%	1,300,152	(231,442)
FRANKLIN CO HEALTH DEPT	Health Departments	22,299,718	0.11854%	1,212,256	Yes	7.76%	1,029,120	(183,136)
WHITLEY CO HEALTH DEPT	Health Departments	28,890,387	0.15357%	1,570,588	Yes	7.76%	1,333,236	(237,352)
PIKE CO HEALTH DEPT	Health Departments	24,182,977	0.12855%	1,314,681	Yes	7.76%	1,116,012	(198,669)
THREE RIVERS DIST HLTH	Health Departments	22,852,018	0.12147%	1,242,308	Yes	7.76%	1,054,548	(187,760)
KNOX CO HEALTH DEPT	Health Departments	28,079,768	0.14926%	1,526,499	Yes	7.76%	1,295,808	(230,691)
PURCHASE DIST HLTH DEPT	Health Departments	43,960,371	0.23368%	2,389,886	Yes	7.76%	2,028,708	(361,178)
CLARK CO HEALTH DEPT	Health Departments	16,463,623	0.08751%	894,998	Yes	7.76%	759,720	(135,278)
GATEWAY DIST HEALTH DEPT	Health Departments	29,474,251	0.15667%	1,602,304	Yes	7.76%	1,360,140	(242,164)
N CENTRAL DIST HLTH DEPT	Health Departments	21,562,812	0.11462%	1,172,222	Yes	7.76%	995,088	(177,134)
BREATHITT CO HEALTH DEPT	Health Departments	18,123,824	0.09634%	985,257	Yes	7.76%	836,388	(148,869)
PENNYRILE DIST HLTH DEPT	Health Departments	15,661,674	0.08325%	851,429	Yes	7.76%	722,736	(128,693)
MARSHALL CO HEALTH DEPT	Health Departments	15,263,463	0.08113%	829,800	Yes	7.76%	704,340	(125,460)
CHRISTIAN CO HEALTH DEPT	Health Departments	13,360,854	0.07102%	726,335	Yes	7.76%	616,560	(109,775)
MONTGOMERY CO HEALTH DEPT	Health Departments	10,699,698	0.05688%	581,692	Yes	7.76%	493,812	(87,880)
HOPKINS CO HEALTH DEPT	Health Departments	17,815,060	0.09470%	968,516	Yes	7.76%	822,144	(146,372)
JOHNSON CO HEALTH DEPT	Health Departments	15,484,079	0.08231%	841,758	Yes	7.76%	714,576	(127,182)
FLOYD CO HEALTH CENTER	Health Departments	12,298,013	0.06537%	668,519	Yes	7.76%	567,516	(101,003)
ASHLAND BOYD CO HEALTH DP	Health Departments	17,566,824	0.09338%	954,998	Yes	7.76%	810,684	(144,314)
LAUREL CO HEALTH DEPT	Health Departments	14,475,341	0.07695%	786,958	Yes	7.76%	668,052	(118,906)
BULLITT CO HEALTH DEPT	Health Departments	13,823,739	0.07348%	751,499	Yes	7.76%	637,920	(113,579)
BELL CO HEALTH DEPT	Health Departments	10,731,667	0.05705%	583,459	Yes	7.76%	495,288	(88,171)
GREENUP CO HLTH DEPT	Health Departments	11,509,071	0.06118%	625,677	Yes	7.76%	531,144	(94,533)
JESSAMINE CO HEALTH DEPT	Health Departments	8,409,539	0.04470%	457,222	Yes	7.76%	388,068	(69,154)
GRAVES CO HEALTH CENTER	Health Departments	6,110,503	0.03248%	332,232	Yes	7.76%	281,976	(50,256)
HARLAN CO HEALTH DEPT	Health Departments	7,218,470	0.03837%	392,439	Yes	7.76%	333,108	(59,331)
OLDHAM CO HEALTH DEPT	Health Departments	10,480,598	0.05571%	569,733	Yes	7.76%	483,648	(86,085)
ALLEN CO HEALTH DEPT	Health Departments	7,911,333	0.04205%	430,082	Yes	7.76%	365,064	(65,018)
BUFFALO TRACE HEALTH DEPT	Health Departments	10,768,599	0.05735%	586,475	Yes	7.76%	497,892	(88,583)
MUHLBERG CO HEALTH DEPT	Health Departments	7,886,100	0.04192%	428,730	Yes	7.76%	363,936	(64,794)
MERCER CO HEALTH DEPT	Health Departments	8,877,255	0.04719%	482,594	Yes	7.76%	409,680	(72,914)
LAWRENCE CO HEALTH DEPT	Health Departments	3,868,705	0.02056%	210,362	Yes	7.76%	178,488	(31,874)
WOODFORD CO HEALTH DEPT	Health Departments	5,453,322	0.02899%	296,461	Yes	7.76%	251,676	(44,785)
CALLOWAY CO HEALTH DEPT	Health Departments	4,137,638	0.02199%	224,919	Yes	7.76%	190,908	(34,011)
MAGOFFIN CO HEALTH DEPT	Health Departments	6,467,092	0.03438%	351,573	Yes	7.76%	298,476	(53,097)
MARTIN CO HEALTH DEPT	Health Departments	5,286,010	0.02810%	287,414	Yes	7.76%	243,948	(43,466)
BOYLE CO HEALTH DEPT	Health Departments	6,346,920	0.03374%	345,022	Yes	7.76%	292,920	(52,102)
BOURBON CO HEALTH CENTER	Health Departments	7,775,901	0.04133%	422,699	Yes	7.76%	358,812	(63,887)
ANDERSON CO HEALTH DEPT	Health Departments	5,076,042	0.02698%	275,976	Yes	7.76%	234,228	(41,748)
LEWIS CO HEALTH DEPT	Health Departments	3,061,131	0.01627%	166,376	Yes	7.76%	141,252	(25,124)
ESTILL CO HEALTH DEPT	Health Departments	5,579,547	0.02966%	303,324	Yes	7.76%	257,496	(45,828)
LINCOLN CO HEALTH DEPT	Health Departments	4,897,375	0.02603%	266,201	Yes	7.76%	225,984	(40,217)
BRECKINRIDGE CO HEALTH BD	Health Departments	7,704,261	0.04095%	418,851	Yes	7.76%	355,512	(63,339)
GRAYSON COUNTY HEALTH DEPT	Health Departments	4,598,067	0.02444%	249,980	Yes	7.76%	212,172	(37,808)
GARRARD COUNTY HEALTH DPT	Health Departments	3,926,271	0.02087%	213,481	Yes	7.76%	181,188	(32,293)
TODD CO HEALTH DEPT	Health Departments	4,687,868	0.02492%	254,867	Yes	7.76%	216,348	(38,519)
FLEMING CO HEALTH DEP	Health Departments	4,386,549	0.02332%	238,437	Yes	7.76%	202,452	(35,985)
MONROE CO HEALTH DEPT	Health Departments	3,137,459	0.01668%	170,535	Yes	7.76%	144,804	(25,731)
BRACKEN CO HEALTH DEPT	Health Departments	2,410,616	0.01281%	131,021	Yes	7.76%	111,216	(19,805)
POWELL CO HEALTH DEPT	Health Departments	4,200,545	0.02233%	228,351	Yes	7.76%	193,860	(34,491)
CARTER CO HEALTH DEPT	Health Departments	5,555,239	0.02953%	301,972	Yes	7.76%	256,368	(45,604)
KY HIGHER ED STUD LN CORP	Non-P1 State Assoc/Corp.	81,896,904	0.43533%	3,728,867	No	7.76%	3,779,352	50,485
CSG HEADQUARTERS	Non-P1 State Assoc/Corp.	19,274,916	0.10246%	877,632	No	7.76%	889,512	11,880
KET FOUNDATION	Non-P1 State Assoc/Corp.	15,066,238	0.08009%	686,020	No	7.76%	695,304	9,284
ASST OF COMMONWEALTH ATTY	Non-P1 State Assoc/Corp.	5,807,856	0.03087%	264,420	No	7.76%	267,996	3,576
HIGHSCHOOL ATHLETIC ASSOC	Non-P1 State Assoc/Corp.	1,413,847	0.00752%	64,413	No	7.76%	65,280	867
O A S I S	Non-P1 State Agencies	2,304,549	0.01225%	125,302	Yes	7.76%	106,344	(18,958)
KDVA	Non-P1 State Agencies	2,431,059	0.01292%	132,165	Yes	7.76%	112,164	(20,001)
B.R.A.S.S.	Non-P1 State Agencies	2,132,362	0.01133%	115,943	Yes	7.76%	98,364	(17,579)
BLUEGRASS RAPE CRISIS CTR	Non-P1 State Agencies	2,744,493	0.01459%	149,218	Yes	7.76%	126,660	(22,558)
SAFE HARBOR	Non-P1 State Agencies	1,312,696	0.00698%	71,334	Yes	7.76%	60,600	(10,734)
SANCTUARY INC	Non-P1 State Agencies	2,510,255	0.01334%	136,428	Yes	7.76%	115,812	(20,616)
LOTUS	Non-P1 State Agencies	1,074,054	0.00571%	58,440	Yes	7.76%	49,572	(8,868)
BETHANY HOUSE ABUSE SHEL	Non-P1 State Agencies	1,675,224	0.00890%	91,091	Yes	7.76%	77,268	(13,823)



Appendix D
Kentucky Employees Retirement System (Non-Hazardous) - Retirement and Insurance Combined
Employer Contribution by Agency

Agency Name ¹	Agency Classification ¹	Fixed Percentage of the Total Amortization Cost				Components of Required Contribution for FYE 2027		Change in Amortization Cost from FY26 to FY27
		Accrued Liability based on June 30, 2019 Valuation ²	Fixed Allocation of Amortization Cost	Amortization Cost for prior year (FYE2026)	Amortization Cost Remains Level until Actuarial Investigation ³	Normal Cost (% of Pay)	Amortization Cost	
		(3)	(4) = (3) / \$18,813M	(5)	(6), per KRS 61.565(1)(d)1d	(7) = 7.76% ⁴ of pay for all employees	(8) = (4) x \$868M ⁴	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
SPRINGHAVEN INC	Non-P1 State Agencies	1,527,812	0.00812%	83,084	Yes	7.76%	70,500	(12,584)
KASAP	Non-P1 State Agencies	943,862	0.00502%	51,265	Yes	7.76%	43,584	(7,681)
SILVERLEAF	Non-P1 State Agencies	2,017,711	0.01073%	109,704	Yes	7.76%	93,156	(16,548)
WOMEN AWARE	Non-P1 State Agencies	975,811	0.00519%	53,032	Yes	7.76%	45,060	(7,972)
D.O.V.E.S.	Non-P1 State Agencies	1,319,147	0.00701%	71,750	Yes	7.76%	60,852	(10,898)
NURSING HOME OMBUDSMAN	Non-P1 State Agencies	879,808	0.00468%	40,087	No	7.76%	40,632	545
HOPE HARBOR INC	Non-P1 State Agencies	824,202	0.00438%	44,818	Yes	7.76%	38,028	(6,790)
CHILD WATCH ADVOCACY CTR	Non-P1 State Agencies	718,149	0.00382%	38,994	Yes	7.76%	33,168	(5,826)
FRANKLIN CO COUNCIL AGING	Non-P1 State Agencies	2,147,140	0.01141%	97,734	No	7.76%	99,060	1,326
JUDI'S PLACE FOR KIDS, INC.	Non-P1 State Agencies	777,468	0.00413%	42,218	Yes	7.76%	35,856	(6,362)
KENTUCKY HORSE RACING & GAMING CORPORA	Non-P1 State Agencies	15,995,619	0.08503%	728,328	No	7.76%	738,192	9,864
CUMBERLAND V C A CENTER	Non-P1 State Agencies	821,917	0.00437%	44,714	Yes	7.76%	37,944	(6,770)
KY ASSOC OF REGIONAL PROG	Non-P1 State Agencies	1,817,343	0.00966%	98,786	Yes	7.76%	83,868	(14,918)
BARREN RIVER CHILD ADVOCA	Non-P1 State Agencies	406,450	0.00216%	22,045	Yes	7.76%	18,756	(3,289)
CHILD ADV CTR OF GRN RVR	Non-P1 State Agencies	572,517	0.00304%	31,091	Yes	7.76%	26,388	(4,703)
MUN ELEC POW ASSOC OF KY	Non-P1 State Agencies	1,745,743	0.00928%	79,489	No	7.76%	80,568	1,079
KY RIVER CHILD ADVOCACY	Non-P1 State Agencies	290,885	0.00155%	15,806	Yes	7.76%	13,452	(2,354)
PENNYRILE CHILD ADV CTR	Non-P1 State Agencies	460,162	0.00245%	25,060	Yes	7.76%	21,264	(3,796)
LAKE CUMB CHILD ADV CTR	Non-P1 State Agencies	545,959	0.00290%	29,636	Yes	7.76%	25,176	(4,460)
BUFFALO TR CHILD ADV INC	Non-P1 State Agencies	252,189	0.00134%	13,726	Yes	7.76%	11,628	(2,098)
NEW VISTA OF THE BLUEGRASS, INC.	Reg Mental Hlth Units	183,780,745	0.97691%	9,991,080	Yes	7.76%	8,481,120	(1,509,960)
CUMBERLAND RIVER MHMR	Reg Mental Hlth Units	98,252,502	0.52227%	5,341,394	Yes	7.76%	4,534,128	(807,266)
LIFESKILLS INC	Reg Mental Hlth Units	129,215,562	0.68686%	7,024,702	Yes	7.76%	5,963,028	(1,061,674)
COMMUNICARE INC	Reg Mental Hlth Units	66,572,026	0.35387%	3,619,091	Yes	7.76%	3,072,156	(546,935)
ADANTA/BEHAVIORAL HLTH SR	Reg Mental Hlth Units	89,012,578	0.47316%	4,839,042	Yes	7.76%	4,107,780	(731,262)
MOUNTAIN COMP CARE CENTER	Reg Mental Hlth Units	45,808,460	0.24350%	2,490,335	Yes	7.76%	2,113,968	(376,367)
GREEN RVR REG MHMR BD	Reg Mental Hlth Units	29,849,717	0.15867%	1,622,789	Yes	7.76%	1,377,504	(245,285)
NORTHERN KY REG MHMR BD	Reg Mental Hlth Units	57,271,755	0.30443%	3,113,517	Yes	7.76%	2,642,940	(470,577)
WESTERN KY REG MHMR ADV	Reg Mental Hlth Units	35,526,557	0.18885%	1,931,416	Yes	7.76%	1,639,512	(291,904)
COMPREHEND INC REG MHMR B	Reg Mental Hlth Units	29,064,447	0.15450%	1,580,051	Yes	7.76%	1,341,300	(238,751)
SEVEN CO SERVICES INC	Reg Mental Hlth Units	154,213,520	0.81974%	8,383,681	Yes	7.76%	7,116,636	(1,267,045)
KY RIVER COMM CARE INC	Reg Mental Hlth Units	26,687,511	0.14186%	1,450,798	Yes	7.76%	1,231,572	(219,226)
EASTERN KY UNIV	Universities	239,031,382	1.27060%	10,883,465	No	7.76%	11,030,820	147,355
KCTCS	Universities	156,197,124	0.83028%	7,111,855	No	7.76%	7,208,148	96,293
WESTERN KENTUCKY UNIV	Universities	180,798,950	0.96106%	8,232,066	No	7.76%	8,343,516	111,450
MURRAY STATE UNIV	Universities	132,693,175	0.70534%	6,041,668	No	7.76%	6,123,468	81,800
MOREHEAD STATE UNIVERSITY	Universities	120,999,617	0.64319%	5,509,315	No	7.76%	5,583,912	74,597
KENTUCKY STATE UNIVERSITY	Universities	44,391,511	0.23597%	2,021,227	No	7.76%	2,048,592	27,365
ALLEN COUNTY ATTORNEY	County Attorneys	1,658,981	0.00882%	75,549	No	7.76%	76,572	1,023
ANDERSON COUNTY ATTORNEY	County Attorneys	1,971,500	0.01048%	89,768	No	7.76%	90,984	1,216
BARREN COUNTY ATTORNEY	County Attorneys	2,875,029	0.01528%	130,883	No	7.76%	132,660	1,777
BATH COUNTY ATTORNEY	County Attorneys	2,729	0.00001%	86	No	7.76%	84	(2)
BELL COUNTY ATTORNEY	County Attorneys	1,931,690	0.01027%	87,969	No	7.76%	89,160	1,191
BOONE COUNTY ATTORNEY	County Attorneys	5,092,956	0.02707%	231,871	No	7.76%	235,008	3,137
BOYLE COUNTY ATTORNEY	County Attorneys	155,378	0.00083%	7,109	No	7.76%	7,200	91
BRECKINRIDGE CO ATTORNEY	County Attorneys	1,029,674	0.00547%	46,854	No	7.76%	47,484	630
BULLITT COUNTY ATTORNEY	County Attorneys	703,350	0.00374%	32,035	No	7.76%	32,472	437
CALLOWAY COUNTY ATTORNEY	County Attorneys	54,643	0.00029%	2,484	No	7.76%	2,520	36
CARROLL COUNTY ATTORNEY	County Attorneys	873,614	0.00464%	39,744	No	7.76%	40,284	540
CASEY COUNTY ATTORNEY	County Attorneys	947,428	0.00504%	43,171	No	7.76%	43,752	581
CHILD SUPPORT ENFORCEMENT	County Attorneys	255,979	0.00136%	11,649	No	7.76%	11,808	159
CHRISTIAN COUNTY ATTORNEY	County Attorneys	984,086	0.00523%	44,798	No	7.76%	45,408	610
CLARK COUNTY ATTORNEY	County Attorneys	1,322,750	0.00703%	60,216	No	7.76%	61,032	816
CRITTENDEN CO ATTORNEY	County Attorneys	365,437	0.00194%	16,617	No	7.76%	16,848	231
DAVIESS COUNTY ATTORNEY	County Attorneys	1,578,350	0.00839%	71,865	No	7.76%	72,840	975
EDMONSON COUNTY ATTORNEY	County Attorneys	474,886	0.00252%	21,585	No	7.76%	21,876	291
FAYETTE CO ATTORNEY OFF	County Attorneys	3,136,743	0.01667%	142,789	No	7.76%	144,720	1,931
FLOYD COUNTY ATTORNEY	County Attorneys	1,121,075	0.00596%	51,051	No	7.76%	51,744	693
FRANKLIN COUNTY ATTORNEY	County Attorneys	4,833,960	0.02570%	220,136	No	7.76%	223,116	2,980
GARRARD COUNTY ATTORNEY	County Attorneys	988,761	0.00526%	45,055	No	7.76%	45,660	605
GRANT COUNTY CHILD SUPPOR	County Attorneys	363,477	0.00193%	16,532	No	7.76%	16,752	220
GRAVES COUNTY ATTORNEY	County Attorneys	3,272,663	0.01740%	149,042	No	7.76%	151,056	2,014
HANCOCK COUNTY ATTORNEY	County Attorneys	386,098	0.00205%	17,560	No	7.76%	17,796	236
HARRISON COUNTY ATTORNEY	County Attorneys	114,873	0.00061%	5,225	No	7.76%	5,292	67
HICKMAN COUNTY ATTORNEY	County Attorneys	1,028,593	0.00547%	46,854	No	7.76%	47,484	630
HOPKINS COUNTY ATTORNEY	County Attorneys	1,751,470	0.00931%	79,746	No	7.76%	80,820	1,074
JACKSON COUNTY ATTORNEY	County Attorneys	700,551	0.00372%	31,864	No	7.76%	32,292	428
JEFFERSON CO ATTORNEY	County Attorneys	17,081,131	0.09080%	777,757	No	7.76%	788,292	10,535
JOHNSON COUNTY ATTORNEY	County Attorneys	230,506	0.00123%	10,536	No	7.76%	10,680	144
KENTON COUNTY ATTORNEY	County Attorneys	1,021,997	0.00543%	46,511	No	7.76%	47,136	625
KNOTT COUNTY ATTORNEY	County Attorneys	900,207	0.00479%	41,029	No	7.76%	41,580	551
KNOX COUNTY ATTORNEY	County Attorneys	5,454	0.00003%	257	No	7.76%	264	7
LARUE COUNTY ATTORNEY	County Attorneys	1,041,769	0.00554%	47,453	No	7.76%	48,096	643
LAUREL COUNTY ATTORNEY	County Attorneys	353,526	0.00188%	16,103	No	7.76%	16,320	217
LAWRENCE COUNTY ATTORNEY	County Attorneys	144	0.00000%	-	No	7.76%	-	-
LEE COUNTY ATTORNEY	County Attorneys	888,298	0.00472%	40,430	No	7.76%	40,980	550
LOGAN COUNTY ATTORNEY	County Attorneys	1,781,059	0.00947%	81,116	No	7.76%	82,212	1,096



Appendix D
Kentucky Employees Retirement System (Non-Hazardous) - Retirement and Insurance Combined
Employer Contribution by Agency

Agency Name ¹	Agency Classification ¹	Fixed Percentage of the Total Amortization Cost				Components of Required Contribution for FYE 2027		Change in Amortization Cost from FY26 to FY27
		Accrued Liability based on June 30, 2019 Valuation ²	Fixed Allocation of Amortization Cost	Amortization Cost for prior year (FYE2026)	Amortization Cost Remains Level until Actuarial Investigation ³	Normal Cost (% of Pay)	Amortization Cost	
		(3)	(4) = (3) / \$18,813M	(5)	(6), per KRS 61.565(1)(d)1d	(7) = 7.76% ⁴ of pay for all employers	(8) = (4) x \$868M ⁴	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
MADISON COUNTY ATTORNEY	County Attorneys	6,471,517	0.03440%	294,657	No	7.76%	298,644	3,987
MAGOFFIN CO ATTORNEY	County Attorneys	195,563	0.00104%	8,908	No	7.76%	9,024	116
MCCRACKEN COUNTY ATTORNEY	County Attorneys	1,092,697	0.00581%	49,766	No	7.76%	50,436	670
MCCRARY COUNTY ATTORNEY	County Attorneys	1,920,823	0.01021%	87,455	No	7.76%	88,644	1,189
MEADE COUNTY ATTORNEY	County Attorneys	1,485,282	0.00790%	67,668	No	7.76%	68,580	912
MENEFEE COUNTY ATTORNEY	County Attorneys	568,840	0.00302%	25,868	No	7.76%	26,220	352
MERCER COUNTY ATTORNEY	County Attorneys	507,084	0.00270%	23,127	No	7.76%	23,436	309
MONROE CO ATTORNEY	County Attorneys	617,699	0.00328%	28,095	No	7.76%	28,476	381
MONTGOMERY CO ATTORNEY	County Attorneys	1,684,951	0.00896%	76,748	No	7.76%	77,784	1,036
MORGAN COUNTY ATTORNEY	County Attorneys	1,815,404	0.00965%	82,658	No	7.76%	83,772	1,114
OLDHAM COUNTY ATTORNEY	County Attorneys	1,690,959	0.00899%	77,005	No	7.76%	78,048	1,043
OWEN COUNTY ATTORNEY	County Attorneys	490,212	0.00261%	22,356	No	7.76%	22,656	300
PENDLETON COUNTY ATTORNEY	County Attorneys	155,600	0.00083%	7,109	No	7.76%	7,200	91
POWELL COUNTY ATTORNEY	County Attorneys	26,895	0.00014%	1,199	No	7.76%	1,212	13
PULASKI COUNTY ATTORNEY	County Attorneys	1,602,159	0.00852%	72,979	No	7.76%	73,968	989
ROCKCASTLE CO ATTORNEY	County Attorneys	774,276	0.00412%	35,290	No	7.76%	35,772	482
ROWAN COUNTY ATTORNEY	County Attorneys	820,120	0.00436%	37,346	No	7.76%	37,848	502
SHELBY COUNTY ATTORNEY	County Attorneys	400,120	0.00213%	18,245	No	7.76%	18,492	247
SIMPSON COUNTY ATTORNEY	County Attorneys	521,989	0.00277%	23,727	No	7.76%	24,048	321
SPENCER COUNTY ATTORNEY	County Attorneys	1,200,709	0.00638%	54,649	No	7.76%	55,392	743
TRIGG COUNTY ATTORNEY	County Attorneys	933,350	0.00496%	42,485	No	7.76%	43,056	571
TRIMBLE COUNTY ATTORNEY	County Attorneys	749,934	0.00399%	34,177	No	7.76%	34,644	467
UNION COUNTY ATTORNEY	County Attorneys	293,278	0.00156%	13,362	No	7.76%	13,548	186
WAYNE COUNTY ATTORNEY	County Attorneys	668,657	0.00355%	30,408	No	7.76%	30,816	408
WEBSTER COUNTY ATTORNEY	County Attorneys	1,413,256	0.00751%	64,328	No	7.76%	65,196	868
WHITLEY COUNTY ATTORNEY	County Attorneys	2,013,956	0.01071%	91,738	No	7.76%	92,976	1,238
OHIO COUNTY ATTORNEY	County Attorneys	-	0.00000%	-	No	7.76%	-	-
GALLATIN COUNTY ATTORNEY	County Attorneys	-	0.00000%	-	No	7.76%	-	-
SCOTT COUNTY ATTORNEY	County Attorneys	-	0.00000%	-	No	7.76%	-	-
LETCHER COUNTY ATTORNEY	County Attorneys	-	0.00000%	-	No	7.76%	-	-
Total		18,812,529,777	100.00000%	876,349,193		7.76%	868,158,252	(8,190,941)
Agencies that have ceased participation in the System:								
KENTUCKY BAR ASSOCIATION	Non-P1 State Agencies	9,726,855	N/A	N/A	N/A	N/A	N/A	N/A
KENTUCKY ASSOCIATION OF CHILDREN'S ADVOC.	Non-P1 State Agencies	14,508	N/A	N/A	N/A	N/A	N/A	N/A
COMMONWEALTH CREDIT UNION	Non-P1 State Agencies	46,950,704	N/A	N/A	N/A	N/A	N/A	N/A
KENTUCKY EMPLOYERS MUTUAL INSURANCE	Non-P1 State Agencies	15,220,243	N/A	N/A	N/A	N/A	N/A	N/A
GATEWAY CHILD ADVOCACY	Non-P1 State Agencies	53,228	N/A	N/A	N/A	N/A	N/A	N/A
NORTHERN KY UNIVERSITY	Universities	216,716,312	N/A	N/A	N/A	N/A	N/A	N/A
KENTUCKY HOUSING CORP	Non-P1 State Assoc/Corp.	98,280,874	N/A	N/A	N/A	N/A	N/A	N/A
Total		19,199,492,501	100.00000%	876,349,193		7.76%	868,158,252	(8,190,941)

Notes and Assumptions¹ Agency names and classification information have been provided to GRS by KPPA. We have reviewed this data for consistency but did not audit the data.² The accrued liability as of June 30, 2019 has been adjusted based on the approved employer appeals. The liability associated with these appeals was compiled by KPPA based on the liability amounts provided by GRS.³ The amortization cost for certain employers (as defined in KRS 61.565(1)(d)1d) will not be adjusted in terms of dollars paid by the individual employer, except for after the completion of an actuarial investigation as provided by KRS 61.670, so long as at least four years have passed since the last adjustment. The amortization cost for applicable employers has been first adjusted in FYE 2027.⁴ The normal cost and amortization cost is based on the June 30, 2025 actuarial valuation, which set the contribution requirement for FYE 2027 and FYE 2028.



October 31, 2025

Board of Trustees
Kentucky Retirement Systems
Perimeter Park West
1260 Louisville Road
Frankfort, KY 40601

Re: Sensitivity Analysis Based on Results of the June 30, 2025 Actuarial Valuation – KERS

Dear Members of the Board:

Per Kentucky State Statute 61.670, we are providing this supplemental information regarding the sensitivity of the valuation results to changes in some of the economic assumptions. Specifically, the enclosed tables show the impact for the **Kentucky Employees Retirement System (KERS)** due to changes in the investment return assumption, the inflation rate assumption, and the payroll growth rate assumption.

Background

Investment Assumption

The investment return assumption is used to discount future expected benefit payments to the valuation date in order to determine the liabilities of the plans. The lower the investment return assumption, the less the benefit payments are discounted and the higher the valuation liability. The current investment return assumption is 5.25% for the non-hazardous retirement fund, 6.25% for the hazardous retirement fund, and 6.50% for both insurance funds. The sensitivity analysis shows the financial impact of a 1.00% increase and a 1.00% decrease in the investment return assumption. For purposes of this sensitivity analysis, the inflation assumption and payroll growth assumption remain unchanged from the valuation assumption.

Inflation Assumption

The inflation assumption underlies most of the other economic assumptions, including the investment return, salary increases, and payroll growth rate. This is a macroeconomic assumption and as such the same assumption is used in the valuation of each of the retirement systems. The current assumption is 2.50% for all funds. The sensitivity analysis shows the financial impact of a 0.25% increase and a 0.25% decrease in the inflation assumption. Note, the change in the inflation assumption results in a corresponding change in the investment return assumption, the individual salary increase assumption for projecting members' benefit amounts, the payroll growth rate assumption, and the healthcare trend assumption that is used in the valuation of the health insurance funds.

Board of Trustees
October 31, 2025
Page 2

Payroll Growth Assumption

Participating employers of the hazardous fund make contributions to the system as a percentage of covered payroll. Therefore, as payroll changes over time these amortization payments will also change. If actual covered payroll increases at a rate that is less than assumed, then the retirement system receives fewer contribution dollars than expected to finance the unfunded liability, which means the contribution rate in future years will be required to increase in order to finance the unfunded liability over the same time period. The current payroll growth assumption is 0.00% for both the retirement and insurance funds. The analysis shows the impact of a 1.00% increase and a 1.00% decrease in the payroll growth assumption.

For completeness, we have included this sensitivity for the non-hazardous fund. House Bill 8 passed during the 2021 legislative session and changed how contributions are collected and allocated amongst employers. The portion of the required contribution that amortizes (or pays for) the unfunded liability for the non-hazardous fund is no longer collected as a percentage of payroll. This sensitivity for the non-hazardous fund shows the impact of assuming that the amortization cost contributions paid by employers either decrease by 1% or increase by 1% annually (versus the valuation assumption that they remain level through the end of the funding period).

Please note that the payroll growth assumption does not impact the valuation liabilities, unfunded liability, or funded status of the system. Rather, this assumption only impacts the amortization rate for financing the existing unfunded actuarial accrued liability and the actuarially determined employer contribution. For purposes of this analysis, the investment return assumption and the inflation assumption are held at their current valuation assumptions.

Certification

The information provided in this letter compliments the information provided in the June 30, 2025 actuarial valuation report. Please refer to the June 30, 2025 actuarial valuation report for additional discussion of the actuarial valuation, including the nature of actuarial calculations and more information related to participant data, economic and demographic assumptions, and benefit provisions.

Actual results can, and almost certainly will, differ as actual experience deviates from the assumptions. Even seemingly minor changes in the assumptions can materially change the liabilities, calculated contribution rate, and funding periods. The actuarial calculations are intended to provide information for rational decision making. The purpose of this information is to provide stakeholders the financial sensitivity of the unfunded liability and contribution rates to changes in the inflation, assumed rate of return, and payroll growth assumption.

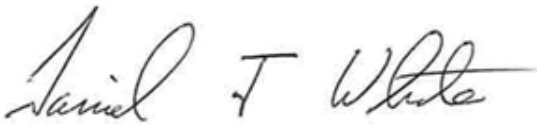


Board of Trustees
October 31, 2025
Page 3

To the best of our knowledge, this report is complete and accurate and is in accordance with generally recognized actuarial practices and methods. All of the undersigned are Enrolled Actuaries and members of the American Academy of Actuaries and meet all of the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. In addition, all three are independent of KPPA and are experienced in performing valuations for large public retirement systems. This communication shall not be construed to provide tax advice, legal advice or investment advice.

Sincerely,

Gabriel, Roeder, Smith & Company



Daniel J. White, FSA, EA, MAAA
Senior Consultant



Janie Shaw, ASA, EA, MAAA
Consultant



Krysti Kiesel, ASA, EA, MAAA
Consultant



Sensitivity Analysis - Discount Rate**Non-Hazardous Members**

(Dollar amounts expressed in thousands)

	Decrease Discount Rate	Valuation Results	Increase Discount Rate
(1)	(2)	(3)	(4)
Payroll Growth Rate	0.00%	0.00%	0.00%
Inflation Rate	2.50%	2.50%	2.50%
Discount Rate - Retirement	4.25%	5.25%	6.25%
Discount Rate - Insurance	5.50%	6.50%	7.50%
Retirement			
Actuarial Accrued Liability	\$ 18,838,204	\$ 16,839,319	\$ 15,178,331
Actuarial Value of Assets	4,810,420	4,810,420	4,810,420
Unfunded Actuarial Accrued Liability	14,027,784	12,028,899	10,367,911
Funded Ratio	25.5%	28.6%	31.7%
Normal Cost Rate	9.75%	6.65%	4.55%
Amortization Cost	\$ 907,762	\$ 830,710	\$ 760,265
Insurance			
Actuarial Accrued Liability	\$ 2,770,600	\$ 2,475,127	\$ 2,228,734
Actuarial Value of Assets	1,817,923	1,817,923	1,817,923
Unfunded Actuarial Accrued Liability	952,677	657,204	410,811
Funded Ratio	65.6%	73.4%	81.6%
Normal Cost Rate	1.62%	1.11%	0.72%
Amortization Cost	\$ 58,001	\$ 37,448	\$ 17,705
Combined			
Actuarial Accrued Liability	\$ 21,608,804	\$ 19,314,446	\$ 17,407,065
Actuarial Value of Assets	6,628,343	6,628,343	6,628,343
Unfunded Actuarial Accrued Liability	14,980,461	12,686,103	10,778,722
Funded Ratio	30.7%	34.3%	38.1%
Normal Cost Rate	11.37%	7.76%	5.27%
Amortization Cost	\$ 965,763	\$ 868,158	\$ 777,970



Sensitivity Analysis - Inflation Rate
Non-Hazardous Members
(Dollar amounts expressed in thousands)

	Decrease Inflation Rate	Valuation Results	Increase Inflation Rate
(1)	(2)	(3)	(4)
Payroll Growth Rate	-0.25%	0.00%	0.25%
Inflation Rate	2.25%	2.50%	2.75%
Discount Rate - Retirement	5.00%	5.25%	5.50%
Discount Rate - Insurance	6.25%	6.50%	6.75%
Retirement			
Actuarial Accrued Liability	\$ 17,272,387	\$ 16,839,319	\$ 16,425,640
Actuarial Value of Assets	4,810,420	4,810,420	4,810,420
Unfunded Actuarial Accrued Liability	12,461,967	12,028,899	11,615,220
Funded Ratio	27.9%	28.6%	29.3%
Normal Cost Rate	7.10%	6.65%	6.23%
Amortization Cost	\$ 866,003	\$ 830,710	\$ 796,906
Insurance			
Actuarial Accrued Liability	\$ 2,500,774	\$ 2,475,127	\$ 2,450,885
Actuarial Value of Assets	1,817,923	1,817,923	1,817,923
Unfunded Actuarial Accrued Liability	682,851	657,204	632,962
Funded Ratio	72.7%	73.4%	74.2%
Normal Cost Rate	1.17%	1.11%	1.05%
Amortization Cost	\$ 39,864	\$ 37,448	\$ 35,156
Combined			
Actuarial Accrued Liability	\$ 19,773,161	\$ 19,314,446	\$ 18,876,525
Actuarial Value of Assets	6,628,343	6,628,343	6,628,343
Unfunded Actuarial Accrued Liability	13,144,818	12,686,103	12,248,182
Funded Ratio	33.5%	34.3%	35.1%
Normal Cost Rate	8.27%	7.76%	7.28%
Amortization Cost	\$ 905,867	\$ 868,158	\$ 832,062

Sensitivity Analysis - Payroll Growth
Non-Hazardous Members
(Dollar amounts expressed in thousands)

	Decrease Payroll Growth	Valuation Results	Increase Payroll Growth
(1)	(2)	(3)	(4)
Payroll Growth Rate	-1.00%	0.00%	1.00%
Inflation Rate	2.50%	2.50%	2.50%
Discount Rate - Retirement	5.25%	5.25%	5.25%
Discount Rate - Insurance	6.50%	6.50%	6.50%
Retirement			
Actuarial Accrued Liability	\$ 16,839,319	\$ 16,839,319	\$ 16,839,319
Actuarial Value of Assets	4,810,420	4,810,420	4,810,420
Unfunded Actuarial Accrued Liability	12,028,899	12,028,899	12,028,899
Funded Ratio	28.6%	28.6%	28.6%
Normal Cost Rate	6.65%	6.65%	6.65%
Amortization Cost	\$ 908,006	\$ 830,710	\$ 757,332
Insurance			
Actuarial Accrued Liability	\$ 2,475,127	\$ 2,475,127	\$ 2,475,127
Actuarial Value of Assets	1,817,923	1,817,923	1,817,923
Unfunded Actuarial Accrued Liability	657,204	657,204	657,204
Funded Ratio	73.4%	73.4%	73.4%
Normal Cost Rate	1.11%	1.11%	1.11%
Amortization Cost	\$ 43,171	\$ 37,448	\$ 32,023
Combined			
Actuarial Accrued Liability	\$ 19,314,446	\$ 19,314,446	\$ 19,314,446
Actuarial Value of Assets	6,628,343	6,628,343	6,628,343
Unfunded Actuarial Accrued Liability	12,686,103	12,686,103	12,686,103
Funded Ratio	34.3%	34.3%	34.3%
Normal Cost Rate	7.76%	7.76%	7.76%
Amortization Cost	\$ 951,177	\$ 868,158	\$ 789,355



Sensitivity Analysis - Discount Rate**Hazardous Members**

(Dollar amounts expressed in thousands)

	Decrease Discount Rate	Valuation Results	Increase Discount Rate
(1)	(2)	(3)	(4)
Payroll Growth Rate	0.00%	0.00%	0.00%
Inflation Rate	2.50%	2.50%	2.50%
Discount Rate - Retirement	5.25%	6.25%	7.25%
Discount Rate - Insurance	5.50%	6.50%	7.50%
Retirement			
Actuarial Accrued Liability	\$ 1,674,603	\$ 1,488,007	\$ 1,340,607
Actuarial Value of Assets	1,076,412	1,076,412	1,076,412
Unfunded Actuarial Accrued Liability	598,191	411,595	264,195
Funded Ratio	64.3%	72.3%	80.3%
Actuarially Determined Contribution Rate	27.18%	18.83%	12.14%
Insurance			
Actuarial Accrued Liability	\$ 471,777	\$ 420,392	\$ 378,111
Actuarial Value of Assets	699,650	699,650	699,650
Unfunded Actuarial Accrued Liability	(227,873)	(279,258)	(321,539)
Funded Ratio	148.3%	166.4%	185.0%
Actuarially Determined Contribution Rate	0.00%	0.00%	0.00%
Combined			
Actuarial Accrued Liability	\$ 2,146,380	\$ 1,908,399	\$ 1,718,718
Actuarial Value of Assets	1,776,062	1,776,062	1,776,062
Unfunded Actuarial Accrued Liability	370,318	132,337	(57,344)
Funded Ratio	82.7%	93.1%	103.3%
Actuarially Determined Contribution Rate	27.18%	18.83%	12.14%



Sensitivity Analysis - Inflation Rate**Hazardous Members**

(Dollar amounts expressed in thousands)

	Decrease Inflation Rate	Valuation Results	Increase Inflation Rate
(1)	(2)	(3)	(4)
Payroll Growth Rate	-0.25%	0.00%	0.25%
Inflation Rate	2.25%	2.50%	2.75%
Discount Rate - Retirement	6.00%	6.25%	6.50%
Discount Rate - Insurance	6.25%	6.50%	6.75%
Retirement			
Actuarial Accrued Liability	\$ 1,527,989	\$ 1,488,007	\$ 1,450,516
Actuarial Value of Assets	1,076,412	1,076,412	1,076,412
Unfunded Actuarial Accrued Liability	451,577	411,595	374,104
Funded Ratio	70.4%	72.3%	74.2%
Actuarially Determined Contribution Rate	20.84%	18.83%	16.98%
Insurance			
Actuarial Accrued Liability	\$ 425,722	\$ 420,392	\$ 415,372
Actuarial Value of Assets	699,650	699,650	699,650
Unfunded Actuarial Accrued Liability	(273,928)	(279,258)	(284,278)
Funded Ratio	164.3%	166.4%	168.4%
Actuarially Determined Contribution Rate	0.00%	0.00%	0.00%
Combined			
Actuarial Accrued Liability	\$ 1,953,711	\$ 1,908,399	\$ 1,865,888
Actuarial Value of Assets	1,776,062	1,776,062	1,776,062
Unfunded Actuarial Accrued Liability	177,649	132,337	89,826
Funded Ratio	90.9%	93.1%	95.2%
Actuarially Determined Contribution Rate	20.84%	18.83%	16.98%



Sensitivity Analysis - Payroll Growth**Hazardous Members**

(Dollar amounts expressed in thousands)

	Decrease Payroll Growth	Valuation Results	Increase Payroll Growth
(1)	(2)	(3)	(4)
Payroll Growth Rate	-1.00%	0.00%	1.00%
Inflation Rate	2.50%	2.50%	2.50%
Discount Rate - Retirement	6.25%	6.25%	6.25%
Discount Rate - Insurance	6.50%	6.50%	6.50%
Retirement			
Actuarial Accrued Liability	\$ 1,488,007	\$ 1,488,007	\$ 1,488,007
Actuarial Value of Assets	1,076,412	1,076,412	1,076,412
Unfunded Actuarial Accrued Liability	411,595	411,595	411,595
Funded Ratio	72.3%	72.3%	72.3%
Actuarially Determined Contribution Rate	20.00%	18.83%	17.73%
Insurance			
Actuarial Accrued Liability	\$ 420,392	\$ 420,392	\$ 420,392
Actuarial Value of Assets	699,650	699,650	699,650
Unfunded Actuarial Accrued Liability	(279,258)	(279,258)	(279,258)
Funded Ratio	166.4%	166.4%	166.4%
Actuarially Determined Contribution Rate	0.00%	0.00%	0.00%
Combined			
Actuarial Accrued Liability	\$ 1,908,399	\$ 1,908,399	\$ 1,908,399
Actuarial Value of Assets	1,776,062	1,776,062	1,776,062
Unfunded Actuarial Accrued Liability	132,337	132,337	132,337
Funded Ratio	93.1%	93.1%	93.1%
Actuarially Determined Contribution Rate	20.00%	18.83%	17.73%



State Police Retirement System (SPRS)

Actuarial Valuation Report
as of June 30, 2025

DRAFT





October 31, 2025

Board of Trustees
Kentucky Retirement Systems
Perimeter Park West
1260 Louisville Road
Frankfort, KY 40601

Subject: Actuarial Valuation as of June 30, 2025

Dear Trustees of the Board:

This report describes the current actuarial condition of the State Police Retirement System (SPRS) and provides the actuarially determined employer contribution rate for fiscal years ending June 30, 2027 and June 30, 2028. In addition, the report analyzes changes in SPRS's financial condition, and provides various summaries of the data.

EXECUTIVE SUMMARY OF VALUATION RESULTS

The first page of the executive summary provides a table with a comparison of the valuation results from 2024 to 2025. Fund investments earned between 10.9% and 11.2% in fiscal year 2025, with returns varying by fund, which resulted in \$50 million (\$37 million pension and \$13 million insurance) more in assets than expected at the beginning of the year.

The retirement fund liability was \$7 million larger than expected (within 0.6% of expected). There was also a \$17 million liability loss for the insurance fund, primarily due to higher than expected health insurance premiums for 2026.

The contribution rate decreased by 5.04% of pay to 54.33% of pay. This reflects a 6.07% decrease in the pension fund contribution rate, primarily due to the additional \$25 million in appropriations expected to be received by the pension fund in fiscal year 2026, as well as favorable investment experience. This further reflects a 1.03% increase in the insurance contribution rate, primarily due to higher than expected health insurance premiums.

Board of Trustees
October 31, 2025
Page 2

The following table provides the projected contributions for the next 30 years (retirement and insurance), as well as the unfunded actuarial accrued liability and funded ratio for the retirement fund (excluding insurance). These projections assume that all actuarial assumptions are realized and the full actuarially determined contributions are made each future year.

Projected Contributions, Unfunded Liability, and Funded Ratio
(\$ in Millions)

	Fiscal Year Beginning July 1,				
	2025 Year 1	2029 Year 5	2034 Year 10	2044 Year 20	2054 Year 30
SPRS					
Employer Contribution Rate ¹	68.10%	47.97%	44.46%	79.76%	20.82%
Unfunded Liability – Pension Only	\$430	\$330	\$311	\$222	\$0
Funded Ratio – Pension Only	62%	72%	74%	83%	100%

¹ Employer Contribution shown includes required contributions for both the retirement and insurance funds.

FINANCING OBJECTIVES AND FUNDING POLICY

The employer contribution is determined in accordance with Section 61.565 of Kentucky Statute. As specified by the Statute, the employer contribution is comprised of a normal cost contribution and an actuarial accrued liability contribution. The actuarial accrued liability contribution is calculated by amortizing the unfunded accrued liability as of June 30, 2019 over a closed 30-year amortization period (24 years remaining as of June 30, 2025). Gains and losses incurring in years after June 30, 2019 are amortized as separate closed 20-year amortization bases.

If the contributions made are equal to the Actuarially Determined Contribution (ADC), and if all actuarial assumptions are met, there will not be an unfunded accrued liability at the end of the 24-year period remaining from the original closed 30-year amortization base (i.e. as of June 30, 2049). Accordingly, the ADC under the funding policy can be considered a “Reasonable Actuarially Determined Contribution” as required by the Actuarial Standards of Practice.

HB 1 was enacted in the 2024 legislative session and provided an additional \$25 million to finance the unfunded actuarial accrued liability of the SPRS retirement fund in FY 2025 and FY 2026. The appropriation for FY 2025 was reflected in the contribution requirement calculated in the prior year’s valuation. The appropriation for FY 2026 has been reflected in the contribution requirement in this year’s valuation.



Board of Trustees
October 31, 2025
Page 3

ASSUMPTIONS AND METHODS

The Board of Trustees, in consultation with the actuary, sets the actuarial assumptions and methods used in the actuarial valuation. Except where noted in this report, the assumptions used in this actuarial valuation are based on an experience study conducted with experience through June 30, 2022, adopted by the Board of Trustees on June 5, 2023.

The results of the actuarial valuation are dependent on the actuarial assumptions used. Actual results can, and almost certainly will, differ as actual experience deviates from the assumptions. Even seemingly minor changes in the assumptions can materially change the liabilities, calculated contribution rate, and funding periods. The actuarial calculations are intended to provide information for rational decision making.

BENEFIT PROVISIONS AND DATA

The benefit provisions reflected in these valuations are those which were in effect on June 30, 2025. There were no material benefit provision changes since the prior valuation.

Member data for retired, active and inactive members was supplied as of June 30, 2025, by the Kentucky Public Pensions Authority (KPPA) staff. The staff also supplied asset information as of June 30, 2025. We did not audit this data, but we did apply a number of tests to the data, and we concluded that it was reasonable and consistent with the prior year's data. GRS is not responsible for the accuracy or completeness of the information provided to us by KPPA.

CERTIFICATION

We certify that the information presented herein is accurate and fairly portrays the actuarial position of SPRS as of June 30, 2025.

Separate reports are issued with regard to valuation results determined in accordance with Governmental Accounting Standards Board (GASB) Statements 67, 68, 74 and 75. Results of this report should not be used for any other purpose without consultation with the undersigned. Valuations are prepared annually as of June 30, the first day of the plan year for SPRS. This report was prepared at the request of the Board of Trustees of the Kentucky Retirement Systems (Board) and is intended for use by KPPA staff and those designated or approved by the Board.



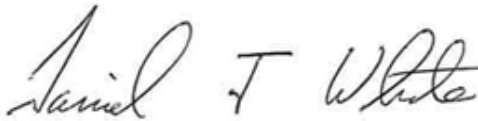
Board of Trustees
October 31, 2025
Page 4

All of our work conforms with generally accepted actuarial principles and practices, and is in conformity with the Actuarial Standards of Practice issued by the Actuarial Standards Board. In our opinion, our calculations also comply with the requirements of Kentucky Code of Laws and, where applicable, the Internal Revenue Code, ERISA, and the Statements of the Governmental Accounting Standards Board.

To the best of our knowledge, this report is complete and accurate and is in accordance with generally recognized actuarial practices and methods. All of the undersigned are Enrolled Actuaries and members of the American Academy of Actuaries and meet all of the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. In addition, all three are independent of KPPA and are experienced in performing valuations for large public retirement systems. This communication shall not be construed to provide tax advice, legal advice or investment advice.

Sincerely,

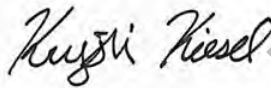
Gabriel, Roeder, Smith & Company



Daniel J. White, FSA, EA, MAAA
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Consultant



Krysti Kiesel, ASA, EA, MAAA
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SECTION 1

EXECUTIVE SUMMARY

Summary of Principal Results
(Dollar amounts expressed in thousands)

	SPRS	
	June 30, 2025	June 30, 2024
Actuarially Determined Contribution:		
Retirement	51.84%	57.91%
Insurance	<u>2.49%</u>	<u>1.46%</u>
Total	54.33%	59.37%
Contribution Rate for Next Fiscal Year¹	54.33%	68.10%
Assets:		
Retirement		
• Actuarial value (AVAR)	\$699,539	\$631,186
• Market value (MVAR)	\$741,282	\$651,790
• Ratio of actuarial to market value of assets	94.4%	96.8%
Insurance		
• Actuarial value (AVAI)	\$276,806	\$263,369
• Market value (MVAI)	\$291,043	\$273,517
• Ratio of actuarial to market value of assets	95.1%	96.3%
Funded Status:		
Retirement		
• Actuarial accrued liability	\$1,130,393	\$1,112,310
• Unfunded accrued liability on AVAR	\$430,854	\$481,124
• Funded ratio on AVAR	61.9%	56.7%
• Unfunded accrued liability on MVAR	\$389,111	\$460,520
• Funded ratio on MVAR	65.6%	58.6%
Insurance		
• Actuarial accrued liability	\$273,394	\$251,178
• Unfunded accrued liability on AVAI	(\$3,412)	(\$12,191)
• Funded ratio on AVAI	101.2%	104.9%
• Unfunded accrued liability on MVAI	(\$17,649)	(\$22,339)
• Funded ratio on MVAI	106.5%	108.9%
Membership:		
• Number of		
- Active Members	863	872
- Retirees and Beneficiaries	1,693	1,676
- Inactive Members	<u>775</u>	<u>747</u>
- Total	3,331	3,295
• Projected payroll of active members	\$74,405	\$73,295
• Average salary of active members	\$86,217	\$84,054

¹ Contribution rates calculated with the June 30, 2025 valuation are effective for fiscal years ending June 30, 2027 and June 30 2028. Contribution rate for fiscal year ending June 30, 2025 was calculated with the June 30, 2023 valuation.

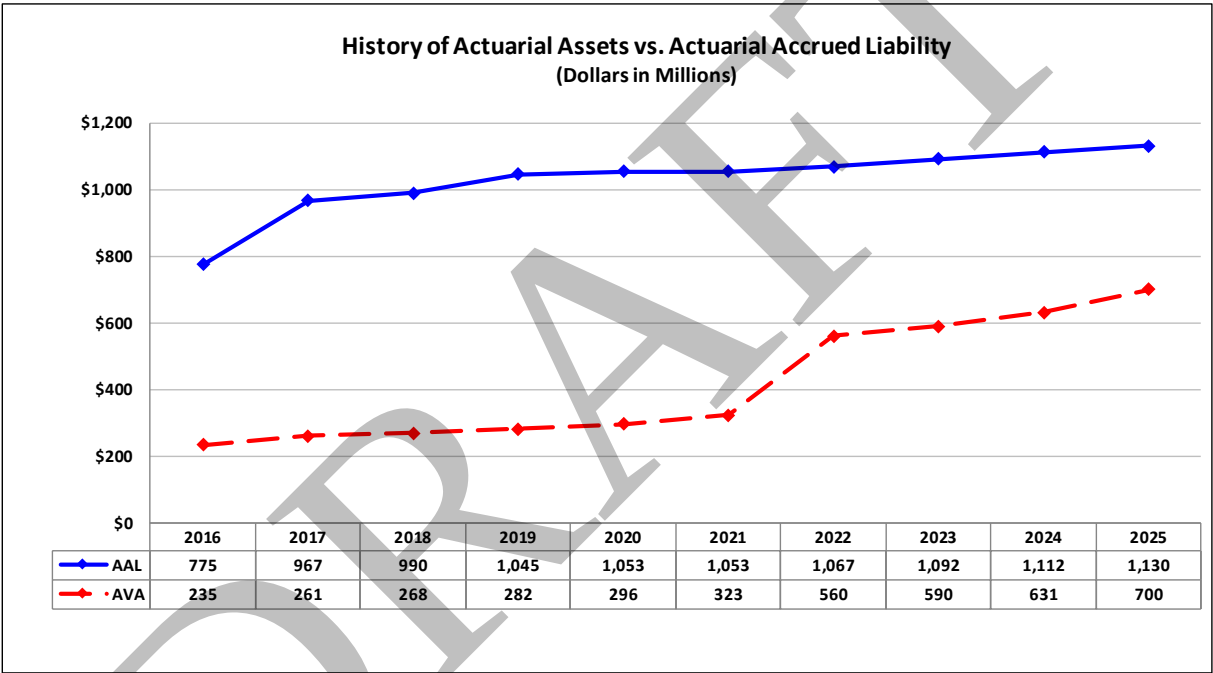


Executive Summary (Continued)

Retirement Fund

The unfunded actuarial accrued liability of the retirement fund decreased by \$50 million since the prior year’s valuation to \$431 million. This decrease was approximately \$10 million more than expected, primarily due to favorable investment experience.

Below is a chart with the historical actuarial value of assets and actuarial accrued liability. The increase in the actuarial value of assets in FY 2022 was due to a one-time \$215 million appropriation made by the Commonwealth.



Insurance Fund

The funding surplus (assets in excess of the actuarial accrued liability) of the insurance fund decreased by \$9 million since the prior year's valuation to \$3 million. This was primarily due to the 2026 health insurance premiums being higher than expected. These liability losses were offset by favorable investment earnings.

On average, pre-Medicare premiums were approximately 8% higher than expected and Medicare premiums were approximately 28% higher than expected. In conjunction with the review of the healthcare per capita claims cost, the assumed increase in future healthcare costs, or trend assumption, is also reviewed on an annual basis. As a result of our review, the trend assumption was updated. In general, the updated assumption is using higher future increases in pre-Medicare and Medicare health costs. The ultimate annual trend assumption for pre-Medicare and Medicare Plans remained at 4.25%. The updates to the trend assumption increased the liability for the insurance fund by approximately \$8 million.

SECTION 2

DISCUSSION

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Discussion

The State Police Retirement System (SPRS) is a defined benefit pension plan that provides coverage for uniformed state police officers. SPRS includes hazardous duty benefits only. This report presents the results of the June 30, 2025 actuarial funding valuation for both the Retirement Fund and Insurance Fund.

The primary purposes of the valuation report are to describe the current actuarial condition of SPRS and provide the actuarially determined employer contribution rates for fiscal years ending June 30, 2027 and June 30, 2028. In addition, the report analyzes changes in SPRS's financial condition, and provides various summaries of the data.

The actuarially determined contribution consist of two components: a normal cost rate and an amortization cost to finance the unfunded actuarial accrued liability. The normal cost rate is the theoretical amount which would be required to pay the members' benefits, based on the current plan provisions, if this amount had been contributed from each member's entry date and if the fund's experience exactly followed the actuarial assumptions. This is the amount that it should cost to provide the benefits for an average member. Since members contribute to the fund, only the excess of the normal cost rate over the member contribution rate is included in the employer contribution. The amortization cost is the amount necessary to amortize the unfunded actuarial accrued liability. The payroll growth rate and discount rate assumptions are selected by the Board. The funding period is specified in Section 61.565 of Kentucky Statute.

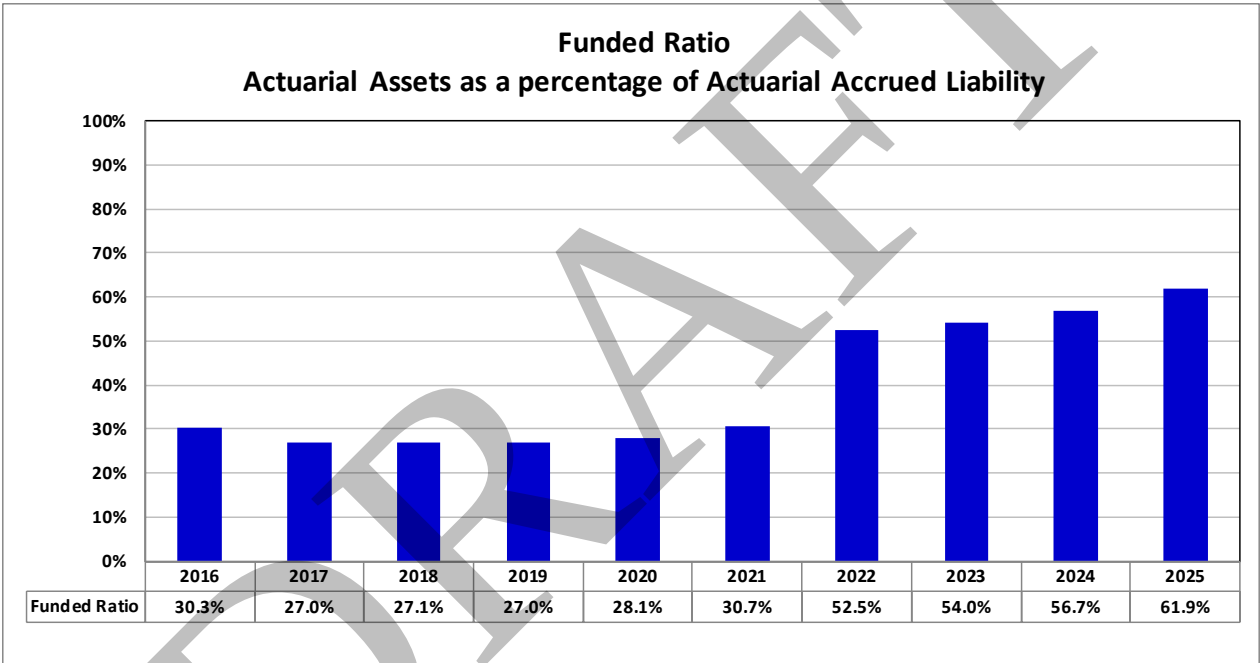
All of the actuarial and financial tables referenced by the other sections of this report appear in Section 3. Section 4 provides additional details related to the calculation of the amortization of the unfunded actuarial accrued liability. Section 5 provides member data and statistical information. Section 6 provides a discussion of various risk measures, which are intended to aid stakeholders in understanding the effects of future experience differing from the assumptions used in performing an actuarial valuation. Appendices A and B provide summaries of the principle actuarial assumptions and methods and plan provisions. Finally, Appendix C provides a glossary of technical terms that are used throughout this report.



Funding Progress

The following chart provides a ten-year history of the retirement fund’s funded ratio (i.e. the Actuarial Value of Assets divided by the Actuarial Accrued Liability). The significant increase in the funded ratio from 2021 to 2022 was due to a \$215 million appropriation made by the Commonwealth in fiscal year 2022.

Assuming the full actuarially determined contributions are paid in future years and absent material future unfavorable experience, the funded ratio is expected to continue improving. Also, the dollar amount of the unfunded actuarial accrued liability, or the difference between the actuarial accrued liability and the actuarial value of assets, is expected to continue a decreasing trend. Table 9, Schedule of Funding Progress, in the following section of the report provides additional detail regarding the funding progress of the retirement fund.



Asset Gains/ (Losses)

The actuarial value of assets (“AVA”) is based on a smoothed market value of assets, using a systematic approach to phase-in the difference between the actual and expected investment return on the market value of assets (adjusted for receipts and disbursements during the year). This is appropriate because it dampens the short-term volatility inherent in investment markets. The return is computed net of investment expenses.

Retirement Fund

The actuarial value of assets for the retirement fund increased from \$631 million to \$700 million since the prior valuation. The rate of return on the market value of assets on a dollar-weighted basis for the prior fiscal year was 10.9% which is more than the 5.25% expected annual return. The return on an actuarial (smoothed) asset value was 7.9%, which resulted in a \$17 million gain for the fiscal year. The market value of assets is \$42 million more than the actuarial value of assets, which signifies that the retirement fund is in a position of net deferred investment gains to be realized in future years.

Table 6 in the following section of this report provides asset information that was included in the annual financial statements of the funds, as well as the estimated yield on a market value basis. Table 7 provides the development of the actuarial value of assets and the estimated yield on an actuarial value basis.

Actuarial Gains/ (Losses)

The annual actuarial valuation is a snapshot analysis of the benefit liabilities, assets and funded position of the funds as of the first day of the plan year. In any one fiscal year, the experience can be better or worse from that which is assumed or expected. The actuarial assumptions do not necessarily attempt to model what the experience will be for any one given fiscal year, but instead try to model the overall experience over many years. Therefore, as long as the actual experience of a retirement system is reasonably close to the current assumptions, the long-term funding requirements of the system will remain relatively consistent.

Below is a table that separately shows a reconciliation of the unfunded liability since the prior actuarial valuation for the retirement and health insurance funds, which includes the effect of asset and liability gains and losses, changes in assumptions, and changes in plan provisions. See the discussion in the Executive Summary for additional information related to the liability experience and additional information in this section of the report related to the asset experience, plan changes, and assumption changes.

		Experience Gain or (Loss) (Dollar amounts expressed in thousands)	
		Retirement	Insurance
A. Calculation of total actuarial gain or loss			
1. Unfunded actuarial accrued liability (UAAL), previous year	\$	481,124	\$ (12,191)
2. Normal cost and administrative expenses		20,347	3,709
3. Less: contributions for the year		(83,992)	(2,326)
4. Interest accrual		23,588	(747)
5. Expected UAAL (Sum of Items 1 - 4)	\$	441,067	\$ (11,555)
6. Actual UAAL as of June 30, 2025	\$	430,854	\$ (3,412)
7. Total gain (loss) for the year (Item 5 - Item 6)	\$	10,213	\$ (8,143)
B. Source of gains and losses			
8. Asset gain (loss) for the year	\$	17,111	\$ 9,131
9. Liability experience gain (loss) for the year		(6,898)	(17,274)
10. Plan Change		—	—
11. Assumption change		—	—
12. Total	\$	10,213	\$ (8,143)

Note, the liability experience gain (loss) shown above includes the impact of any trend assumption changes made in conjunction with the review of the healthcare per capita claims cost, as described in the Executive Summary.



Actuarial Assumptions and Methods

In determining costs and liabilities, actuaries use assumptions about the future, such as rates of salary increase, probabilities of retirement, termination, death and disability, and an annual investment return assumption. The Board of Trustees, in consultation with the actuary, sets the actuarial assumptions and methods used in the actuarial valuation.

In conjunction with the review of the healthcare per capita claims cost, the assumed increase in future healthcare costs, or trend assumption, is reviewed on an annual basis. The trend assumption was increased as a result of our review. All other assumptions were adopted by the Board and are based on an experience study conducted based on experience through June 30, 2022. It is our opinion that the assumptions are internally consistent, reasonable, and reflect anticipated future experience of the System. Appendix A includes a summary of the actuarial assumptions and methods used in this valuation.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. This report does not include a more robust assessment of the risks of future experience not meeting the actuarial assumptions. Additional assessment of risks was outside the scope of this assignment.

This report was prepared using our proprietary valuation model and related software which in our professional judgment has the capability to provide results that are consistent with the purposes of the valuation. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.



Benefit Provisions

Appendix B of this report includes a summary of the major benefit provisions for System. There have been no material plan provision changes since the prior valuation.

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Annual Cost of Tier 3 Pay Credit for Unused Sick Leave (HB 259 Enacted in the 2022 Legislative Session)

Effective July 1, 2023, members earning benefits in the Tier 3 cash balance plan with five or more years of service credit will receive an additional employer pay credit each fiscal year equal to an amount calculated by multiplying the member's unused sick leave in excess of 480 hours (i.e. 60 days) by the member's hourly base pay. Further, Tier 3 members who retire from the State Police Retirement System will receive an additional employer pay credit equal to an amount calculated by multiplying the member's hours of unused sick leave upon termination of employment by the member's hourly base pay.

Section KRS 7A.255 was also amended to require the Department of State Police and the Kentucky Public Pensions Authority to jointly report to the Public Pension Oversight Board on the costs and effectiveness of this benefit provided to the Tier 3 members.

The employer contribution rate documented in this report is intended to fund the expected cost of HB 259. The employer contribution rate, excluding the cost of HB 259, is documented below.

Development of Employer Contribution Rate without HB 259 Benefits

Applicable for fiscal years ending		June 30, 2027 and June 30, 2028
Based on the results of the actuarial valuation as of		June 30, 2025
1.	Projected payroll of active members	\$ 74,405,000
2.	Projected payroll of active members - Tier 3 Only	\$ 29,751,000
3.	Increase in Tier 3 normal cost rate due to HB 259	7.12%
4.	Increase in employer contribution due to HB 259 (Item 2 x Item 3)	\$ 2,118,000
5.	Increase in employer contribution due to HB 259 as a percentage of payroll (Item 4 / Item 1)	2.85%
6.	Employer contribution rate - with HB 259	54.33%
7.	Employer contribution rate - without HB 259 (Item 6 - Item 5)	51.48%

Note, the incremental difference in the Tier 3 normal cost rate of 7.12% of pay is expected to remain relatively unchanged in future years, however the amount of the dollar cost of this benefit enhancement as well as the impact on the employer contribution rate will increase over time as the number of members (and covered payroll) increase as new members enter the System and earn Tier 3 benefits.



SECTION 3

ACTUARIAL TABLES

Actuarial Tables

<u>TABLE NUMBER</u>	<u>PAGE</u>	<u>CONTENT OF TABLE</u>
1	15	DEVELOPMENT OF UNFUNDED ACTUARIAL ACCRUED LIABILITY
2	16	ACTUARIAL PRESENT VALUE OF FUTURE BENEFITS
3	17	DEVELOPMENT OF REQUIRED CONTRIBUTION RATE
4	18	ACTUARIAL BALANCE SHEET – RETIREMENT
5	19	ACTUARIAL BALANCE SHEET – INSURANCE
6	20	RECONCILIATION OF SYSTEM NET ASSETS
7	21	DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS – RETIREMENT
8	22	DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS – INSURANCE
9	23	SCHEDULE OF FUNDING PROGRESS
10	24	SUMMARY OF PRINCIPAL ASSUMPTIONS AND METHODS
11	25	SOLVENCY TEST

Development of Unfunded Actuarial Accrued Liability**(Dollar amounts expressed in thousands)**

	June 30, 2025	
	Retirement (1)	Insurance (2)
1. Projected payroll of active members	\$ 74,405	\$ 74,405
2. Present value of future pay	\$ 761,417	\$ 690,196
3. Normal cost rate		
a. Total normal cost rate	27.19%	5.03%
b. Less: member contribution rate	-8.00%	-0.64%
c. Employer normal cost rate	19.19%	4.39%
4. Actuarial accrued liability for active members		
a. Present value of future benefits	\$ 512,944	\$ 99,327
b. Less: present value of future normal costs	(198,506)	(24,184)
c. Actuarial accrued liability	\$ 314,438	\$ 75,143
5. Total actuarial accrued liability		
a. Retirees and beneficiaries	\$ 803,488	\$ 195,043
b. Inactive members	12,467	3,208
c. Active members (Item 4c)	314,438	75,143
d. Total	\$ 1,130,393	\$ 273,394
6. Actuarial value of assets	\$ 699,539	\$ 276,806
7. Unfunded actuarial accrued liability (UAAL) (Item 5d - Item 6)	\$ 430,854	\$ (3,412)
8. Funded Ratio	61.9%	101.2%



Actuarial Present Value of Future Benefits
(Dollar amounts expressed in thousands)

		June 30, 2025	
		Retirement	Insurance
		(1)	(2)
1.	Active members		
a.	Service retirement	\$ 486,651	
b.	Deferred termination benefits and refunds	7,801	
c.	Survivor benefits	3,407	
d.	Disability benefits	15,085	
e.	Total	\$ 512,944	\$ 99,327
2.	Retired members		
a.	Service retirement	\$ 722,259	
b.	Disability retirement	10,415	
c.	Beneficiaries	70,814	
d.	Total	\$ 803,488	\$ 195,043
3.	Inactive members		
a.	Vested terminations	\$ 11,804	\$ 3,208
b.	Nonvested terminations	663	N/A
c.	Total	\$ 12,467	\$ 3,208
4.	Total actuarial present value of future benefits	\$ 1,328,899	\$ 297,578

Development of Actuarially Determined Contribution Rate

	June 30, 2025	
	Retirement (1)	Insurance (2)
1. Total normal cost rate		
a. Service retirement	24.37%	
b. Deferred termination benefits and refunds	1.25%	
c. Survivor benefits	0.32%	
d. Disability benefits	<u>1.25%</u>	
e. Total	27.19%	5.03%
2. Less: member contribution rate	<u>-8.00%</u>	<u>-0.64%</u>
3. Total employer normal cost rate	19.19%	4.39%
4. Administrative expenses	<u>0.41%</u>	<u>0.10%</u>
5. Net employer normal cost rate	19.60%	4.49%
6. UAAL amortization contribution rate	<u>32.24%</u>	<u>-2.00%</u>
7. Total calculated employer contribution	51.84%	2.49%

Actuarial Balance Sheet
Retirement Benefits
(Dollar amounts expressed in thousands)

	June 30, 2025 (1)	June 30, 2024 (2)
1. Assets - Present and Expected Future Resources		
a. Current assets (actuarial value)	\$ 699,539	\$ 631,186
b. Present value of future member contributions	\$ 60,913	\$ 59,690
c. Present value of future employer contributions		
i. Normal cost contributions	\$ 137,593	\$ 135,572
ii. Unfunded accrued liability contributions	430,854	481,124
iii. Total future employer contributions	\$ 568,447	\$ 616,696
d. Total assets	\$ 1,328,899	\$ 1,307,572
2. Liabilities - Present Value of Expected Future Benefit Payments		
a. Active members		
i. Present value of future normal costs	\$ 198,506	\$ 195,262
ii. Accrued liability	314,438	303,375
iii. Total present value of future benefits	\$ 512,944	\$ 498,637
b. Present value of benefits payable on account of current retired members and beneficiaries	\$ 803,488	\$ 797,326
c. Present value of benefits payable on account of current inactive members	\$ 12,467	\$ 11,609
d. Total liabilities	\$ 1,328,899	\$ 1,307,572



Actuarial Balance Sheet
Insurance Benefits
(Dollar amounts expressed in thousands)

	June 30, 2025 (1)	June 30, 2024 (2)
1. Assets - Present and Expected Future Resources		
a. Current assets (actuarial value)	\$ 276,806	\$ 263,369
b. Present value of future member contributions	\$ 6,059	\$ 5,776
c. Present value of future employer contributions		
i. Normal cost contributions	\$ 18,125	\$ 18,004
ii. Unfunded accrued liability contributions	(3,412)	(12,191)
iii. Total future employer contributions	\$ 14,713	\$ 5,813
d. Total assets	\$ 297,578	\$ 274,958
2. Liabilities - Present Value of Expected Future Benefit Payments		
a. Active members		
i. Present value of future normal costs	\$ 24,184	\$ 23,780
ii. Accrued liability	75,143	71,280
iii. Total present value of future benefits	\$ 99,327	\$ 95,060
b. Present value of benefits payable on account of current retired members and beneficiaries	\$ 195,043	\$ 176,612
c. Present value of benefits payable on account of current inactive members	\$ 3,208	\$ 3,286
d. Total liabilities	\$ 297,578	\$ 274,958



Reconciliation of Net Assets
(Dollar amounts expressed in thousands)¹

	Year Ending	
	June 30, 2025	June 30, 2025
	(1)	(2)
	Retirement	Insurance
1. Value of assets at beginning of year	\$ 651,790	\$ 273,517
2. Revenue for the year		
a. Contributions		
i. Member contributions	\$ 6,017	\$ 438
ii. Employer contributions	52,975	1,858
iii. Other contributions (less 401h)	25,000	30
iv. Total	\$ 83,992	\$ 2,326
b. Income		
i. Interest, dividends, and other income	\$ 24,370	\$ 9,469
ii. Investment expenses	(4,417)	(2,573)
iii. Net	\$ 19,953	\$ 6,896
c. Net realized and unrealized gains (losses)	51,897	23,040
d. Total revenue	\$ 155,842	\$ 32,262
3. Expenditures for the year		
a. Disbursements		
i. Refunds	\$ 346	\$ 0
ii. Regular annuity benefits / Healthcare premiums	65,696	14,612
iii. Other benefit payments ²	0	52
iv. Transfers to other systems	0	0
v. Total	\$ 66,042	\$ 14,664
b. Administrative expenses and depreciation	308	71
c. Total expenditures	\$ 66,349	\$ 14,735
4. Increase in net assets (Item 2. - Item 3.)	\$ 89,492	\$ 17,527
5. Value of assets at end of year (Item 1. + Item 4.)	\$ 741,282	\$ 291,043
6. Net external cash flow		
a. Dollar amount	\$ 17,642	\$ (12,410)
b. Percentage of market value	2.5%	-4.4%
7. Estimated annual return on net assets	10.9%	11.2%

¹ Amounts may not add due to rounding. Retirement assets exclude 401h assets. Insurance assets include 401h assets

² Insurance benefit payments have been offset by Medicare Drug Reimbursements, Insurance Premiums, and Humana Gain Share Payments



Development of Actuarial Value of Assets**Retirement Benefits**
(Dollar amounts expressed in thousands)*

Year Ending	June 30, 2025	
1. Actuarial value of assets at beginning of year	\$	631,186
2. Market value of assets at beginning of year	\$	651,790
3. Net new investments		
a. Contributions	\$	83,992
b. Benefit payments		(66,042)
c. Administrative expenses		(308)
d. Subtotal	\$	17,642
4. Market value of assets at end of year	\$	741,282
5. Net earnings (Item 4. - Item 2. - Item 3.d.)	\$	71,850
6. Assumed investment return rate for fiscal year		5.25%
7. Expected return for immediate recognition	\$	34,682
8. Excess return for phased recognition	\$	37,168
9. Phased-in recognition, 20% of excess return on assets for prior years:		
	<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Excess</u> <u>Return</u>
a.	2025	\$ 37,168
b.	2024	25,789
c.	2023	11,768
d.	2022	(40,859)
e.	2021	46,279
f.	Total	
		\$ 16,029
10. Actuarial value of assets as of June 30, 2025 (Item 1. + Item 3.d. + Item 7.+ Item 9.f.)	\$	699,539
11. Ratio of actuarial value to market value		94.4%
12. Estimated annual return on actuarial value of assets		7.9%

* Amounts may not add due to rounding



Development of Actuarial Value of Assets**Insurance Benefits****(Dollar amounts expressed in thousands)***

Year Ending	June 30, 2025
1. Actuarial value of assets at beginning of year	\$ 263,369
2. Market value of assets at beginning of year	\$ 273,517
3. Net new investments	
a. Contributions	\$ 2,326
b. Benefit payments	(14,664)
c. Administrative expenses	(71)
d. Subtotal	\$ (12,410)
4. Market value of assets at end of year	\$ 291,043
5. Net earnings (Item 4. - Item 2. - Item 3.d.)	\$ 29,936
6. Assumed investment return rate for fiscal year	6.50%
7. Expected return for immediate recognition	\$ 17,375
8. Excess return for phased recognition	\$ 12,561
9. Phased-in recognition, 20% of excess return on assets for prior years:	
Fiscal Year Ending June 30,	Excess Return
a. 2025	\$ 12,561
b. 2024	10,886
c. 2023	7,212
d. 2022	(26,141)
e. 2021	37,840
f. Total	\$ 8,472
10. Actuarial value of assets as of June 30, 2025 (Item 1. + Item 3.d. + Item 7.+ Item 9.f.)	\$ 276,806
11. Ratio of actuarial value to market value	95.1%
12. Estimated annual return on actuarial value of assets	10.1%

* Amounts may not add due to rounding



Schedule of Funding Progress
(Dollar amounts expressed in thousands)

June 30, (1)	Actuarial Value of Assets (AVA) (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded Actuarial Accrued Liability (UAAL) (3) - (2) (4)	Funded Ratio (2)/(3) (5)	Annual Covered Payroll (6)	UAAL as % of Payroll (4)/(6) (7)
Retirement						
2016	\$ 234,568	\$ 775,160	\$ 540,592	30.3%	\$ 45,551	1186.8%
2017	261,320	967,145	705,825	27.0%	48,598	1452.4%
2018	268,259	989,528	721,269	27.1%	48,808	1477.8%
2019	282,162	1,045,318	763,156	27.0%	47,752	1598.2%
2020	296,126	1,053,158	757,032	28.1%	46,145	1640.6%
2021	323,250	1,053,259	730,009	30.7%	45,338	1610.1%
2022	559,973	1,067,447	507,474	52.5%	47,885	1059.8%
2023	589,848	1,091,795	501,947	54.0%	65,913	761.5%
2024	631,186	1,112,310	481,124	56.7%	73,295	656.4%
2025	699,539	1,130,393	430,854	61.9%	74,405	579.1%
Insurance						
2016	\$ 172,704	\$ 257,197	\$ 84,493	67.1%	\$ 45,551	185.5%
2017	180,464	276,641	96,177	65.2%	48,598	197.9%
2018	187,535	262,088	74,553	71.6%	48,808	152.7%
2019	197,395	276,809	79,414	71.3%	47,752	166.3%
2020	207,018	276,144	69,126	75.0%	46,145	149.8%
2021	223,251	272,406	49,155	82.0%	45,338	108.4%
2022	234,239	232,798	(1,441)	100.6%	47,885	-3.0%
2023	245,172	244,059	(1,113)	100.5%	65,913	-1.7%
2024	263,369	251,178	(12,191)	104.9%	73,295	-16.6%
2025	276,806	273,394	(3,412)	101.2%	74,405	-4.6%



Summary of Principal Assumptions and Methods

Below is a summary of the principal economic assumptions, cost method, and the method for financing the unfunded actuarial accrued liability:

Valuation date:	June 30, 2025
Actuarial cost method:	Entry Age Normal
Amortization method:	Level percentage of payroll (0% payroll growth assumed)
Amortization period for contribution rate:	30-year closed period at June 30, 2019 Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases
Asset valuation method:	5-Year Smoothed Market
Actuarial assumptions:	
Investment rate of return, retirement	5.25%
Investment rate of return, insurance	6.50%
Projected salary increases	3.55% to 16.05% (varies by service)
Inflation	2.50%
Post-retirement pension benefit adjustments	0.00%
Retiree Mortality	System-specific mortality table based on mortality experience from 2013 to 2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023.



Solvency Test
(Dollar amounts expressed in thousands)

June 30, (1)	Actuarial Accrued Liability				Valuation Assets (5)	Portion of Aggregate Accrued Liabilities Covered by Assets		
	Active Member Contributions (2)	Retired Members & Beneficiaries (3)	Active Members (Employer Financed) (4)	Active (6)		Retired (7)	ER Financed (8)	
Retirement								
2016	\$ 41,871	\$ 636,499	\$ 96,791	\$ 234,568	100.0%	30.3%	0.0%	
2017	44,798	773,982	148,365	261,320	100.0%	28.0%	0.0%	
2018	43,835	800,788	144,905	268,259	100.0%	28.0%	0.0%	
2019	41,948	848,397	154,973	282,162	100.0%	28.3%	0.0%	
2020	40,831	863,580	148,747	296,126	100.0%	29.6%	0.0%	
2021	42,035	860,801	150,423	323,250	100.0%	32.7%	0.0%	
2022	42,027	870,200	155,220	559,973	100.0%	59.5%	0.0%	
2023	47,394	825,683	218,718	589,848	100.0%	65.7%	0.0%	
2024	52,957	808,935	250,418	631,186	100.0%	71.5%	0.0%	
2025	56,226	815,955	258,212	699,539	100.0%	78.8%	0.0%	
Insurance								
2016	\$ -	\$ 177,094	\$ 80,103	\$ 172,704	100.0%	97.5%	0.0%	
2017	-	186,390	90,251	180,464	100.0%	96.8%	0.0%	
2018	-	183,151	78,937	187,535	100.0%	100.0%	5.6%	
2019	-	199,959	76,850	197,395	100.0%	98.7%	0.0%	
2020	-	207,638	68,506	207,018	100.0%	99.7%	0.0%	
2021	-	206,707	65,699	223,251	100.0%	100.0%	25.2%	
2022	-	172,664	60,134	234,239	100.0%	100.0%	100.0%	
2023	-	176,588	67,471	245,172	100.0%	100.0%	100.0%	
2024	-	179,898	71,280	263,369	100.0%	100.0%	100.0%	
2025	-	198,251	75,143	276,806	100.0%	100.0%	100.0%	



SECTION 4

AMORTIZATION BASES

Amortization of Unfunded Liability**Retirement**

<u>Valuation Year Base Established</u>	<u>Original Amortization Base</u>	<u>Remaining at June 30, 2025</u>	<u>Payments for FYE 2027</u>	<u>Funding Period at June 30, 2025</u>
June 30, 2019	\$ 763,156	\$ 688,880	\$ 49,853	24
June 30, 2020	3,748	4,400	420	15
June 30, 2021	(231,783)	(218,702)	(20,021)	16
June 30, 2022	16,308	14,820	1,305	17
June 30, 2023	170	(11,632)	(989)	18
June 30, 2024	(2,606)	(31,641)	(2,604)	19
June 30, 2025	(15,271)	(15,271)	(3,975)	20
Total		\$ 430,854	\$ 23,989	
Projected Payroll for FYE 2027			\$ 74,405	
Amortization Payments as a Percentage of Payroll			32.24%	

Insurance

<u>Valuation Year Base Established</u>	<u>Original Amortization Base</u>	<u>Remaining at June 30, 2025</u>	<u>Payments for FYE 2027</u>	<u>Funding Period at June 30, 2025</u>
June 30, 2019	\$ 79,414	\$ 69,703	\$ 5,633	24
June 30, 2020	(5,896)	(5,646)	(582)	15
June 30, 2021	(18,445)	(17,900)	(1,776)	16
June 30, 2022	(48,536)	(49,024)	(4,698)	17
June 30, 2023	4,090	(3,265)	(303)	18
June 30, 2024	(4,762)	(5,225)	(472)	19
June 30, 2025	7,945	7,945	710	20
Total		\$ (3,412)	\$ (1,488)	
Projected Payroll for FYE 2027			\$ 74,405	
Amortization Payments as a Percentage of Payroll			-2.00%	

Note:

Budgeted contribution rates for FYE 2026 were known at the time of the June 30, 2025 Valuation.

Amortization bases established at this valuation date were adjusted accordingly.



SECTION 5

MEMBERSHIP INFORMATION

Membership Tables

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Summary of Membership Data
(Total dollar amounts expressed in thousands)

	June 30, 2025 (1)	June 30, 2024 (2)
1. Active members		
a. Males	837	844
b. Females	26	28
c. Total members	863	872
d. Total annualized prior year salaries	\$ 74,405	\$ 73,295
e. Average salary ²	\$ 86,217	\$ 84,054
f. Average age	37.7	37.4
g. Average service	11.4	11.1
h. Member contributions with interest	\$ 56,226	\$ 52,957
i. Average contributions with interest ²	\$ 65,152	\$ 60,731
2. Vested inactive members ¹		
a. Number	339	345
b. Total annual deferred benefits	\$ 1,296	\$ 1,226
c. Average annual deferred benefit ²	\$ 3,823	\$ 3,554
d. Average age at the valuation date	45.6	45.0
3. Nonvested inactive members ¹		
a. Number	436	402
b. Total member contributions with interest	\$ 661	\$ 599
c. Average contributions with interest ²	\$ 1,516	\$ 1,490
4. Service retirees		
a. Number	1,374	1,368
b. Total annual benefits	\$ 54,790	\$ 54,168
c. Average annual benefit ²	\$ 39,876	\$ 39,596
d. Average age at the valuation date	65.3	65.0
5. Disabled retirees		
a. Number	50	51
b. Total annual benefits	\$ 821	\$ 834
c. Average annual benefit ²	\$ 16,420	\$ 16,353
d. Average age at the valuation date	59.2	58.5
6. Beneficiaries		
a. Number	269	257
b. Total annual benefits	\$ 7,917	\$ 7,620
c. Average annual benefit ²	\$ 29,431	\$ 29,650
d. Average age at the valuation date	69.6	69.2

¹ Vested inactive member section includes Tier 1 members eligible for a benefit equal to the actuarially equivalent of two times the member's contribution balance.

² Average dollar amounts shown are expressed to the dollar.



Summary of Historical Active Membership

June 30, (1)	Active Members		Covered Payroll ¹		Average Annual Pay	
	Number (2)	Percent Increase /(Decrease) (3)	Amount in Thousands (4)	Percent Increase /(Decrease) (5)	Amount (6)	Percent Increase /(Decrease) (7)
2016	908		\$ 45,551		\$ 50,167	
2017	903	-0.6%	48,598	6.7%	53,819	7.3%
2018	886	-1.9%	48,808	0.4%	55,088	2.4%
2019	883	-0.3%	47,752	-2.2%	54,079	-1.8%
2020	798	-9.6%	46,145	-3.4%	57,826	6.9%
2021	775	-2.9%	45,338	-1.7%	58,501	1.2%
2022	844	8.9%	47,885	5.6%	56,736	-3.0%
2023	868	2.8%	65,913	37.6%	75,937	33.8%
2024	872	0.5%	73,295	11.2%	84,054	10.7%
2025	863	-1.0%	74,405	1.5%	86,217	2.6%

¹ Covered payroll is the annualized, projected compensation for the following year and does not include payroll attributable to working retirees.



Distribution of Active Members by Age and by Years of Service**SPRS Members**

Attained Age	Years of Credited Service												Total Count & Avg. Comp.
	0 Count & Avg. Comp.	1 Count & Avg. Comp.	2 Count & Avg. Comp.	3 Count & Avg. Comp.	4 Count & Avg. Comp.	5-9 Count & Avg. Comp.	10-14 Count & Avg. Comp.	15-19 Count & Avg. Comp.	20-24 Count & Avg. Comp.	25-29 Count & Avg. Comp.	30-34 Count & Avg. Comp.	35 & Over Count & Avg. Comp.	
Under 20	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0
20-24	19 \$47,331	13 \$67,432	14 \$67,681	7 \$68,388	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	53 \$60,418
25-29	4 \$46,802	13 \$66,596	23 \$68,210	68 \$69,971	27 \$75,195	28 \$81,508	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	163 \$71,732
30-34	5 \$52,059	6 \$67,070	7 \$68,526	16 \$73,792	8 \$75,161	62 \$82,199	27 \$85,917	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	131 \$78,935
35-39	3 \$53,424	2 \$58,342	1 \$70,287	7 \$69,237	1 \$70,787	46 \$79,726	76 \$86,320	18 \$88,594	0 \$0	0 \$0	0 \$0	0 \$0	154 \$82,630
40-44	2 \$59,810	1 \$65,583	1 \$67,349	1 \$73,464	1 \$73,517	11 \$83,204	43 \$84,797	43 \$93,393	29 \$109,420	0 \$0	0 \$0	0 \$0	132 \$92,047
45-49	1 \$46,752	0 \$0	0 \$0	1 \$80,330	0 \$0	2 \$73,549	25 \$85,783	25 \$98,199	63 \$109,707	9 \$123,631	0 \$0	0 \$0	126 \$102,365
50-54	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	2 \$79,472	9 \$93,075	13 \$97,046	22 \$112,264	16 \$122,717	2 \$145,185	1 \$182,206	65 \$110,217
55-59	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	1 \$77,042	0 \$0	6 \$89,961	11 \$108,199	11 \$114,560	2 \$145,340	1 \$151,228	32 \$109,658
60-64	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	2 \$86,168	3 \$103,693	0 \$0	1 \$152,841	0 \$0	6 \$106,043
65 & Over	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	1 \$87,441	0 \$0	0 \$0	0 \$0	0 \$0	1 \$87,441
Total	34 \$49,218	35 \$66,487	46 \$68,124	100 \$70,558	37 \$75,023	152 \$81,213	180 \$86,159	108 \$93,766	128 \$109,811	36 \$120,453	5 \$146,778	2 \$166,717	863 \$86,217



Distribution of Annuitant Monthly Benefit by Status and Age
Retirees and Beneficiaries

(Dollar amounts expressed in thousands)

Current Age (1)	Retirement		Disability		Survivors & Beneficiaries		Total	
	Number of Annuitants (2)	Total Annual Benefit Amount (3)	Number of Annuitants (4)	Total Annual Benefit Amount (5)	Number of Annuitants (6)	Total Annual Benefit Amount (7)	Number of Annuitants (8)	Total Annual Benefit Amount (9)
Under 50	102	\$ 3,869	11	\$ 186	27	\$ 400	140	\$ 4,455
50 - 54	190	7,754	10	159	11	260	211	8,172
55 - 59	218	8,290	7	160	17	343	242	8,792
60 - 64	187	7,687	5	67	20	430	212	8,185
65 - 69	142	5,832	5	95	28	978	175	6,905
70 - 74	215	8,873	8	89	43	1,234	266	10,196
75 - 79	207	8,533	2	41	61	2,156	270	10,730
80 - 84	75	2,650	1	1	28	925	104	3,576
85 - 89	29	945	1	24	22	742	52	1,711
90 And Over	9	357	0	0	12	448	21	805
Total	1,374	\$ 54,790	50	\$ 821	269	\$ 7,917	1,693	\$ 63,528

*Amounts may not add due to rounding



Retired Lives Summary

Form of Payment (1)	Male Lives		Female Lives		Total	
	Number (2)	Monthly Benefit Amount (3)	Number (4)	Monthly Benefit Amount (5)	Number (6)	Monthly Benefit Amount (7)
Basic	163	\$ 501,684	17	\$ 42,925	180	\$ 544,609
Joint & Survivor:						
100% to Beneficiary	190	552,316	2	9,093	192	561,409
66 2/3% to Beneficiary	89	330,764	2	7,542	91	338,306
50% to Beneficiary	76	269,251	2	7,515	78	276,765
Pop-up Option	662	2,341,113	6	11,230	668	2,352,343
Social Security Option:						
Age 62 Basic	22	51,688	0	0	22	51,688
Age 62 Survivorship	85	160,111	1	4,416	86	164,527
Partial Deferred (Old Plan)	0	0	0	0	0	0
Widows Age 60	0	0	0	0	0	0
5 Years Certain	0	0	0	0	0	0
10 Years Certain	8	26,286	0	0	8	26,286
10 Years Certain & Life	34	113,581	3	6,330	37	119,911
15 Years Certain & Life	17	46,210	2	9,579	19	55,789
20 Years Certain & Life	41	138,643	2	3,979	43	142,622
Total:	1,387	\$ 4,531,645	37	\$ 102,609	1,424	\$ 4,634,255



Beneficiary Lives Summary

Form of Payment (1)	Male Lives		Female Lives		Total	
	Number (2)	Monthly Benefit Amount (3)	Number (4)	Monthly Benefit Amount (5)	Number (6)	Monthly Benefit Amount (7)
Basic	2	\$ 820	7	\$ 9,859	9	\$ 10,679
Joint & Survivor:						
100% to Beneficiary	6	10,268	61	167,077	67	177,345
66 2/3% to Beneficiary	2	1,272	24	58,172	26	59,444
50% to Beneficiary	2	2,249	22	35,717	24	37,966
Pop-up Option	1	365	79	242,694	80	243,059
Social Security Option:						
Age 62 Basic	0	0	3	3,103	3	3,103
Age 62 Survivorship	2	934	47	88,673	49	89,607
Partial Deferred (Old Plan)	0	0	0	0	0	0
Widows Age 60	0	0	0	0	0	0
5 Years Certain	0	0	1	8,951	1	8,951
10 Years Certain	1	2,038	2	14,018	3	16,056
10 Years Certain & Life	0	0	0	0	0	0
15 Years Certain & Life	0	0	1	721	1	721
20 Years Certain & Life	1	6,686	5	6,092	6	12,777
Total:	17	\$ 24,633	252	\$ 635,077	269	\$ 659,709



Schedule of Retirees Added to And Removed from Rolls**(Dollar amounts except average allowance expressed in thousands)**

Year Ended	Added to Rolls	Removed from Rolls	Rolls End of the Year		% Increase in Annual Benefit	Average Annual Benefit
	Number	Number	Number	Annual Benefits		
(1)	(2)	(3)	(4)	(5)	(6)	(7)
2016	65	10	1,515	\$ 56,650		\$ 37,393
2017	30	9	1,536	57,253	1.1%	37,274
2018	81	17	1,600	59,626	4.1%	37,266
2019	74	27	1,647	61,404	3.0%	37,282
2020	61	39	1,669	62,432	1.7%	37,407
2021	55	51	1,673	62,700	0.4%	37,477
2022	76	47	1,702	63,780	1.7%	37,473
2023	43	48	1,697	63,294	-0.8%	37,298
2024	41	62	1,676	62,623	-1.1%	37,364
2025	71	54	1,693	63,528	1.4%	37,524



SECTION 6

ASSESSMENT AND DISCLOSURE OF RISK

Risks Associated with Measuring the Accrued Liability And Actuarially Determined Contribution

(As Required by ASOP No. 51)

The determination of SPRS's accrued liability and actuarially determined contribution requires the use of assumptions regarding future economic and demographic experience. The risk measures illustrated in this section are intended to aid stakeholders in understanding the effects of future experience differing from the assumptions used in performing an actuarial valuation. These risk measures may also help with illustrating the potential volatility in the funded status and actuarially determined contributions that result from differences between actual experience and the expected experience based on the actuarial assumptions.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience (economic and demographic) differing from the assumptions, changes in assumptions due to changing conditions, changes in contribution requirements due to modifications to the funding policy, and changes in the liability and cost due to changes in plan provisions or applicable law. The scope of this actuarial valuation does not include any analysis of the potential range of such future measurements.

Examples of risk that may reasonably be anticipated to significantly affect the System's future financial condition include:

- Investment risk – actual investment returns may differ from expected returns;
- Longevity risk – members may live longer or shorter than expected and receive pensions for a time period different than assumed;
- Other demographic risks – members may terminate, retire or become disabled at times or with benefits other than assumed resulting in actual future contributions differing from expected;
- Salary and payroll risk – actual salaries and total payroll may differ from expected, resulting in actual future accrued liabilities or contributions differing from expected;
- Asset/Liability mismatch – changes in assets may be inconsistent with changes in liabilities, thereby altering the relative difference between the assets and liabilities which may alter the funded status and contribution requirements;
- Contribution risk – actual contributions may differ from expected future contributions (for example, actual contributions not being paid in accordance with the System's funding policy, withdrawal liability assessments or other anticipated payments to the plan are not being paid, or material changes occurring in the anticipated number of covered employees, covered payroll, or another relevant contribution base).

Effects of certain experience can generally be anticipated. For example, if investment returns since the most recent actuarial valuation are less (or more) than the assumed rate of return, then the funded status of the plan can be expected to decrease (or increase) more than anticipated.

The required contributions in this report were established in accordance with applicable Statutes and assumptions adopted by the Board. However, stakeholders should be aware that the scheduled contributions specified in State Code do not necessarily guarantee that the contribution requirements will not increase in a future year.



Employer Risk with Contribution Rates

Currently contributions are collected from the Commonwealth based on the total payroll of employees who are earning benefits in SPRS (i.e. covered payroll). The actuarially determined contribution rate is comprised of two components - the normal cost rate (to pay for the benefits accruing in the next year) and the unfunded amortization (to pay for the benefits accrued by members in previous years). The unfunded amortization is calculated by first determining the dollar amount necessary to pay for the unfunded liability based on SPRS's funding policy, and then by dividing that dollar amount by expected covered payroll to convert that contribution requirement to a percentage of payroll (i.e. a contribution rate).

As the contribution requirement, as a percentage of payroll, increases then there is increased incentive for participating employers to make deliberate business action to reduce their payroll reported to the System in order to reduce their pension cost.

Plan Specific Risk Measures

Risks faced by a pension plan evolve over time. A relatively new plan with virtually no assets and paying few benefits will experience lower investment risk than a mature plan with a significant amount of assets and large number of members receiving benefits. There are a few measures that can assist stakeholders in understanding and comparing the maturity of a plan to other systems, which include:

- **Ratio of market value of assets to payroll:** The relationship between assets and payroll is a useful indicator of the potential volatility of contributions. If assets are approximately the same as covered payroll, an investment return that is 5% different than assumed would equal 5% of payroll. In another example, if the assets are approximately twice as large as covered payroll, an investment return that is 5% different than assumed would equal 10% of payroll. A ratio that increases over time generally indicates the potential of an increasing volatility in employer contribution rates as a percentage of payroll.
- **Ratio of actuarial accrued liability to payroll:** The ratio of actuarial accrued liability to payroll can be used as a measure to indicate the potential volatility of contributions due to volatility in the liability experience. For instance, if the actuarial accrued liability is 5 times the size of the covered payroll, then a change in the liability that is 2% different than expected would be a change in magnitude that is 10% of payroll. A ratio that increases over time generally indicates the potential of an increasing volatility in employer contribution rates as a percentage of payroll.
- **Percentage of Expected Contributions Actually Received:** This measure identifies the percentage difference between the contributions the fund expects to receive during the fiscal year to and actual contributions received by the fund during the fiscal year. A percentage that is less than 100% means that actual contributions the fund received were less than the expected contributions determined by a prior actuarial valuation. On the other hand, a percentage that is greater than 100% means that actual contributions the fund received were more than the expected contributions.



- Ratio of active to retired members: A relatively mature open plan is likely to have close to the same number of actives to retirees resulting in a ratio that is around 1.0. On the other hand, a super-mature plan, or a plan that is closed to new entrants will have more retirees than active members resulting in a ratio below 1.0. As this ratio declines, a larger portion of the total actuarial accrued liability in the System is attributable to retirees. This metric also typically moves in tandem with the liability to payroll metric, which provides an indication of potential contribution volatility.

The following tables provide a summary of these measures for SPRS for the current year and the prior four years so stakeholders can identify how these measures are trending. While ASOP No. 51 requires this disclosure with respect to only the retirement fund, we have included this information for the insurance fund for completeness.

	SPRS									
	Retirement Fund					Insurance Fund				
	June 30,					June 30,				
	2025	2024	2023	2022	2021	2025	2024	2023	2022	2021
Ratio of the market value of assets to total payroll	9.96	8.89	8.97	11.52	7.86	3.91	3.73	3.76	4.83	5.45
Ratio of actuarial accrued liability to payroll	15.19	15.18	16.56	22.29	23.23	3.67	3.43	3.70	4.86	6.01
Ratio of net cash flow to market value of assets	2.5%	0.5%	-0.2%	47.9%	0.2%	-4.4%	-0.6%	-1.9%	-2.2%	-1.9%
Percentage of Expected Contribution Actually Received	110% ¹	110%	142%	107%	104%	110% ¹	109%	137%	107%	102%
Ratio of actives to retirees and beneficiaries	0.51	0.52	0.51	0.50	0.46					

¹ Expected contribution for FYE2025 based on the actuarially determined contribution rate of 68.10% from the June 30, 2023 valuation and expected compensation based on census data from the June 30, 2024 valuation.

Low-Default-Risk Obligation Measure

Introduction

In December 2021, the Actuarial Standards Board (ASB) adopted a revision to Actuarial Standard of Practice (ASOP) No. 4, Measuring Pension Obligations and Determining Pension Plan Costs or Contributions. The revised ASOP No. 4 requires the calculation and disclosure of a liability referred to by the ASOP as the “Low-Default-Risk Obligation Measure” (LDROM). The rationale that the ASB cited for the calculation and disclosure of the LDROM was included in the Transmittal Memorandum of ASOP No. 4 and is presented below (emphasis added):

“The ASB believes that the calculation and disclosure of this measure provides **appropriate, useful information for the intended user regarding the funded status of a pension plan**. The calculation and disclosure of this additional measure is **not intended to suggest that this is the “right” liability measure** for a pension plan. However, the ASB does believe that **this additional disclosure provides a more complete assessment of a plan’s funded status and provides additional information regarding the security of benefits that members have earned as of the measurement date.**”

Comparing the Accrued Liabilities and the LDROM

One of the fundamental financial objectives of the State Police Retirement System (SPRS) is to finance each member’s retirement benefits over the period from the member’s date of hire until the member’s projected date of retirement (entry age actuarial cost method) as a level percentage of payroll. To fulfill this objective, the discount rate that is used to value the accrued liabilities of SPRS is set equal to the **expected return** on each fund’s diversified portfolio of assets (referred to sometimes as the investment return assumption). For the retirement fund, the investment return assumption is 5.25%.

The LDROM is meant to approximately represent the lump sum cost to a plan to purchase low-default-risk fixed income securities whose resulting cash flows essentially replicate in timing and amount the benefits earned (or the costs accrued) as of the measurement date. The LDROM is very dependent upon market interest rates at the time of the LDROM measurement and can vary greatly from year to year. The lower the market interest rates, the higher the LDROM, and vice versa. The LDROM results presented in this report are based on the entry age actuarial cost method and discount rates based upon the intermediate rate from the FTSE Pension Discount Curve and Liability Index published by the Society of Actuaries. This rate is 5.46% as of June 30, 2025. *Note, since the investment return assumption for the retirement fund is currently less than the 5.46% rate, the LDROM measurement is shown as equal to the valuation liabilities.* This measure may not be appropriate for assessing the need for or amount of future contributions. This measure may not be appropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan’s benefit obligation.

In normal economic conditions, the difference between the two measures (Valuation and LDROM) is one illustration of the savings the sponsor anticipates by taking on risk in a diversified portfolio. However, the LDROM is not a particularly useful measure for SPRS as of June 30, 2025 because of the market rate used as a reference on this date to comply with this disclosure requirement.

Retirement Fund

Valuation Accrued Liabilities	LDROM
\$1,130,392,428	\$1,130,392,428



APPENDIX A

ACTUARIAL ASSUMPTIONS AND METHODS

Summary of Actuarial Methods and Assumptions

The following presents a summary of the actuarial assumptions and methods used in the valuation of the State Police Retirement System.

In general, the assumptions and methods used in the valuation are based on the actuarial experience study as of June 30, 2022 and adopted by the Board in June 2023.

Investment return rate:

Assumed annual rate of 5.25% net of investment expenses for the retirement fund

Assumed annual rate of 6.50% net of investment expenses for the insurance fund

Price Inflation:

Assumed annual rate of 2.50%

Payroll Growth Assumption (used for amortization of unfunded accrued liabilities):

Assumed annual rate of 0.00%

Rates of Annual Salary Increase:

Assumed rates of annual salary increases are shown below.

Service Years	Annual Rates of Salary Increases		
	Merit & Seniority	Price Inflation & Productivity	Total Increase
0	12.50%	3.55%	16.05%
1	5.00%	3.55%	8.55%
2	4.00%	3.55%	7.55%
3	2.00%	3.55%	5.55%
4	2.00%	3.55%	5.55%
5	2.00%	3.55%	5.55%
6	2.00%	3.55%	5.55%
7	1.00%	3.55%	4.55%
8	1.00%	3.55%	4.55%
9	0.00%	3.55%	3.55%
10 & Over	0.00%	3.55%	3.55%

Retirement rates:

Assumed annual rates of retirement are shown below. Rates are only applicable for members who are eligible for a service retirement.

Service	Members participating Before 9/1/2008 ¹	Members participating on or after 9/1/2008 ²	Members participating after 1/1/2014 ²
20	22.0%		
21	22.0%		
22	22.0%		
23	28.0%		
24	28.0%		
25	28.0%	17.6%	16.0%
26	28.0%	17.6%	16.0%
27	28.0%	17.6%	16.0%
28	44.0%	22.4%	16.0%
29	44.0%	22.4%	16.0%
30	44.0%	22.4%	100.0%
31	58.0%	22.4%	
32	58.0%	22.4%	
33	58.0%	35.2%	
34	58.0%	35.2%	
35	58.0%	35.2%	
36	58.0%	46.4%	
37	58.0%	46.4%	
38	58.0%	46.4%	
39	58.0%	46.4%	
40+	58.0%	46.4%	

¹ The annual rate of service retirement is 100% at age 55.

² The annual rate of service retirement is 100% at age 60.

For members hired after 7/1/2003 and prior to 9/1/2008, the rates shown above are multiplied by 80% if the member is under the age of 55 to reflect the different retiree health insurance benefit.

Disability rates:

An abbreviated table with assumed rates of disability is shown below.

Age	Annual Rates of Disability	
	Male	Female
20	0.05%	0.05%
30	0.09%	0.09%
40	0.20%	0.20%
50	0.56%	0.56%
60	1.46%	1.46%

Withdrawal rates (for causes other than disability and retirement):

Assumed annual rates of withdrawal are shown below and include pre-retirement mortality rates as described on the next page.

Service	Annual Rates of Withdrawal
1	15.00%
2	5.30%
3	4.14%
4	3.47%
5	2.98%
6	2.61%
7	2.30%
8	2.05%
9	1.83%
10	1.63%
11	1.45%
12	1.29%
13	1.14%
14	1.01%
15	0.88%
16	0.77%
17	0.66%
18	0.56%
19	0.46%
20	0.37%
21 & Over	0.00%

Mortality Assumption:

Pre-retirement mortality: PUB-2010 Public Safety Mortality, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010.

Post-retirement mortality (non-disabled): System-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2023.

The following table provides the life expectancy for a non-disabled retiree in future years based on the assumption with full generational projection:

Life Expectancy for an Age 65 Retiree in Years					
Gender	Year of Retirement				
	2025	2030	2035	2040	2045
Male	19.8	20.2	20.6	21.0	21.3
Female	22.4	22.7	23.1	23.4	23.7

Post-retirement mortality (disabled): PUB-2010 Disabled Mortality table, with rates multiplied by 150% for both male and female rates, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010.

Marital status:

100% of employees are assumed to be married, with the female spouse 3 years younger than the male spouse.

Line of Duty Disability

70% of disabilities are assumed to occur in the line of duty (10% of which are assumed to be "total and permanent")

Line of Duty Death

25% of deaths are assumed to occur in the line of duty

Dependent Children:

For members who receive a duty-related death or disability benefit, the member is assumed to be survived by two dependent children, each age 6 with payments for 15 years.

Form of Payment:

Members are assumed to elect a life-only annuity at retirement.

Actuarial Cost Method:

Entry Age Normal, Level Percentage of Pay. The Entry Age Normal actuarial cost method allocates the System's actuarial present value of future benefits to various periods based upon service. The portion of the present value of future benefits allocated to years of service prior to the valuation date is the actuarial accrued liability, and the portion allocated to years following the valuation date is the present value of future normal costs. The normal cost is determined for each active member as the level percent of pay necessary to fully fund the expected benefits to be earned over the career of each individual active member. The normal cost is partially funded with active member contributions with the remainder funded by employer contributions.

Health Care Age Related Morbidity/Claims Utilization:

To model the impact of aging on the underlying health care costs for Medicare retirees, the valuation relied on the Society of Actuaries' 2013 Study "Health Care Costs – From Birth to Death". Table 4 (Development of Plan Specific Medicare Age Curve) was used to model the impact of aging for ages 65 and over.

Health Care Cost Trend Rates:

Year	Non-Medicare Plans ¹	Medicare Plans ¹	Dollar Contribution ²
2027	7.35%	12.00%	1.50%
2028	7.20%	8.00%	1.50%
2029	7.05%	8.00%	1.50%
2030	6.90%	7.50%	1.50%
2031	6.75%	7.00%	1.50%
2032	6.50%	6.50%	1.50%
2033	6.25%	6.00%	1.50%
2034	6.00%	5.50%	1.50%
2035	5.75%	5.00%	1.50%
2036	5.50%	4.50%	1.50%
2037	5.25%	4.25%	1.50%
2038	5.00%	4.25%	1.50%
2039	4.75%	4.25%	1.50%
2040	4.50%	4.25%	1.50%
2041 & Beyond	4.25%	4.25%	1.50%

¹All increases are assumed to occur on January 1. The 2026 premiums were known at the time of the valuation and were incorporated into the liability measurement.

²Applies to members participating on or after July 1, 2003. All increases are assumed to occur on July 1.

The healthcare trend assumption is based on the framework developed in the Society of Actuaries' Getzen Model. The ultimate trend assumption of 4.25% is based on a 2.50% inflation assumption plus 1.75% long-term real GDP growth.

Health Care Participation Assumptions:

- Active members are assumed to elect health coverage at retirement at the following participation rates.

Service at Retirement	Members participating before 7/1/2003*	Members participating after 7/1/2003
Under 10	100%	100%
10-14	100%	100%
15-19	100%	100%
Over 20	100%	100%

* 100% of members with a duty disability or a duty death (in service) benefit are assumed to elect coverage at retirement.

- Future retirees are assumed to have a similar distribution by plan type as the current retirees.

Medicare Plan	Participation Percentage	Non-Medicare Plan	Participation Percentage
Medical Only ¹	5%	LivingWell Basic	4%
Essential Plan	7%	LivingWell CDHP	35%
Premium Plan	88%	LivingWell PPO	61%

¹ Includes Mirror Plans

- 100% of deferred vested members participating are assumed to elect health coverage at retirement.
- Deferred vested members are assumed to begin health coverage at age 50 for members participating before January 1, 2014 and at age 60 for members participating on or after January 1, 2014.
- 85% of future retirees, with hazardous service, are assumed to elect spouse health care coverage. 100% of spouses with health care coverage are assumed to continue coverage after the member's death.

Other Assumptions

1. Valuation payroll (used for determining the amortization contribution rate): Current fiscal year payroll.
2. Individual salaries used to project benefits: For salary amounts prior to the valuation date, the salary from the last fiscal year is projected backward with the valuation salary scale assumption. For future salaries, the salary from the last fiscal year is projected forward with one year's salary scale.
3. Pay increase timing: Beginning of (fiscal) year. This is equivalent to assuming that reported salaries represent amounts paid to members during the year ending on the valuation date.
4. Current active members that terminated employment (for reasons other than retirement, disability, or death) are assumed to commence their retirement benefits at first unreduced retirement eligibility. Members are assumed to elect a refund of member contributions if the value of their account balance exceeds the present value of the deferred benefit. Members participating in the Cash Balance plan are assumed to elect to receive a lump sum of their cash balance account if their account balance exceeds the present value of the deferred benefit and the member is not eligible for insurance benefits at termination.
5. The beneficiaries of current active members that die while active are assumed to commence their survivor benefits at the member's first unreduced retirement eligibility. Beneficiaries are assumed to elect a refund of member contributions if the value of the member's account balance exceeds the present value of the survivor benefit. Beneficiaries of active members that die while in the line of duty are assumed to commence their survivor benefits immediately at the death of the member.
6. There will be no recoveries once disabled.
7. Cash Balance Provisions: The cash balance interest crediting rate while a member is an active employee is assumed to equal 5.90%. The interest crediting rate after a member terminates employment is 4%.
8. Cash Balance Credit for Unused Sick Leave (annual and at retirement): It is assumed Tier 3 members will receive an additional 7.5% of pay employer pay credit each year due to the conversion of unused sick leave after the member attains five years of service. It is also assumed the Tier 3 members will have fund 480 hours of unused sick leave to convert to pay credit at the time of their retirement. It is assumed that the General Assembly will fund this benefit in all future years.
9. Decrement timing: Decrements of all types are assumed to occur mid-year. Decrement rates are used as described in this report, without adjustment for multiple decrement table effects.
10. Service: All members are assumed to accrue 1 year of benefit and eligibility service each year.
11. Eligibility testing: Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.



12. Incidence of Contributions: Contributions are assumed to be received continuously throughout the year based upon the computed percent of payroll shown in this report, and the actual payroll payable at the time contributions are made.
13. Current Inactive Population (Retirement Fund): All non-vested members are assumed to take an immediate refund of member contributions. Vested members are assumed to elect an immediate refund of member contributions at the valuation date if the value of their account balance exceeds the present value of their deferred benefit. Members hired prior to September 1, 2008 are assumed to retire at age 55 and members hired on or after September 1, 2008 are assumed to retire at age 60.
14. The additional \$5 per year of service insurance dollar subsidy effective January 1, 2023 is assumed to be paid in all applicable years.
15. For members who earned service within multiple Kentucky retirement systems, the cost of their health insurance benefits is allocated between the funds the member earned service. For members currently in receipt of post-retirement health insurance benefits, this split is provided within the participant data and the liability for each member is allocated accordingly. For active members, we have allocated the entirety of the member's insurance liability to the fund in which the member is currently contributing and earning service.

Participant Data

Participant data was supplied in electronic text files. There were separate files for (i) active and inactive members, and (ii) members and beneficiaries receiving benefits.

The data for active and terminated members included date of birth, gender, date of participation, benefit tier indicator, service with the current system, total vesting service, salary, employee contribution account balances, and employer pay credits for members participating in the cash balance plan. For retired members and beneficiaries, the data included date of birth, gender, spouse's date of birth (where applicable), amount of monthly benefit, date of retirement, and form of payment code.

Assumptions were made to correct for missing, bad, or inconsistent data. These had no material impact on the results presented.

Changes in assumptions since the prior valuation:

In conjunction with the review of healthcare per capita claims cost, the assumed increase in future healthcare costs, or trend assumption, is reviewed on an annual basis. The trend assumption was increased as a result of our review.



Development of Baseline Claims Cost

For non-Medicare retirees, the initial per capita costs were based on the plan premiums effective January 1, 2026, and are used for both current and future retirees. An inherent assumption in this methodology is that the projected future retirees will have a similar distribution by plan type as the current retirees. The spouse/dependent premium of \$1,272.35 for non-Medicare retirees is based on a blending of Family and Couple premiums for the current retirees that have over 4 years of hazardous service. The fully-insured premiums paid to the Kentucky Employees' Health Plan (KEHP) are blended rates based on the combined experience of active and retired members. Because the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing health care benefits to active employees, there is an implicit rate subsidy for the non-Medicare eligible retirees. Actuarial Standard of Practice No. 6 (ASOP No. 6) requires aging subsidies (or implicit rate subsidies) to be recognized. However, the health insurance trusts are only used to reimburse KEHP for the employer's portion of the blended premiums. Said another way, the trusts are not used to fund the difference between the underlying retiree claims and the blended KEHP premiums. As a result, the retiree health care liabilities developed in this report for the non-Medicare retirees are based solely on the premiums charged by KEHP, without any age-adjustment. GASB Statements No. 74 and No. 75 prohibit such a deviation from ASOP No. 6. The liabilities developed in this report are solely for the purpose of funding the benefits paid by the health insurance funds and are not appropriate for financial statement disclosures required by GASB. GRS provides separate GASB reports which include the liabilities associated with the implicit rate subsidy.

2026 MONTHLY COSTS FOR THOSE NOT ELIGIBLE FOR MEDICARE		
AGE	MEMBER	SPOUSE/DEPENDENTS
<65	\$1,083.05	\$1,272.35

For Medicare retirees, the initial per capita costs were estimated based on the plan premiums effective January 1, 2026, and are used for both current and future retirees. An inherent assumption in this methodology is that the projected future retirees will have a similar distribution by plan type as the current retirees. Age graded and sex distinct premiums are utilized for retirees over the age of 65. These costs are appropriate for the unique age and sex distribution currently existing. Over the future years covered by this valuation, the age and sex distribution will most likely change. Therefore, our process "distributes" the average premium over all age/sex combinations and assigns a unique premium for each combination. The age/sex specific costs more accurately reflect the health care utilization and cost at that age.

2026 MONTHLY COSTS FOR THOSE ELIGIBLE FOR MEDICARE		
AGE	MALE	FEMALE
65	\$ 167.73	\$ 158.20
75	196.24	191.49
85	207.51	209.96

Appendix B of the report provides a full schedule of premiums.



Blake Orth is a Member of the American Academy of Actuaries (MAAA) and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.



Blake Orth, FSA, EA, MAAA

DRAFT

APPENDIX B

BENEFIT PROVISIONS

Summary of Benefit Provisions for
State Police Retirement System
(SPRS)

SPRS Employees

Retirement: Tier 1, Participation before 9/1/2008

Normal Retirement Eligibility	Age 55 with at least 1 month of service credit; or Any age with at least 20 years of service
Benefit Amount	If a member has at least 60 months of service, the monthly benefit is 2.50% times final average compensation times years of service. If a member has less than 60 months of service, the monthly benefit is the actuarial equivalent of two times the member’s contributions with interest. Final average compensation is based on the member’s highest 3 years of compensation.
Early Retirement Eligibility	Age 50 with at least 15 years of service
Early Retirement Reduction	Normal Retirement benefit reduced 6.5% per year for the first five years and 4.5% per year for the next five years for each year the member’s retirement date precedes the member’s normal retirement eligibility.

SPRS Employees (continued)

Retirement: Tier 2, Participation on or after 9/1/2008 but before 1/1/2014

Normal Retirement Eligibility	Age 60 with at least 5 years of service; or Any age with at least 25 years of service
Benefit Amount	The monthly benefit is equal to the applicable benefit multiplier times final average compensation times years of service.

Years of Service	Benefit Multiplier
10 or less	1.30%
10-20	1.50%
20-25	2.25%
Greater than 25	2.50%

Final average compensation is based on the member's highest 3 years of compensation.

Early Retirement Eligibility	Age 50 with at least 15 years of service
Early Retirement Reduction	Normal Retirement benefit reduced 6.5% per year for the first five years and 4.5% per year for the next five years for each year the member's retirement date precedes the member's normal retirement eligibility.

Retirement: Tier 3, Participation on or after 1/1/2014

Normal Retirement Eligibility	Age 60 with at least 5 years of service; or Any age with at least 25 years of service
Benefit Amount	Each year that the member is active, a 7.50% employer pay credit and the employee's 8.00% contribution will be credited to each member's hypothetical cash balance account. The hypothetical account will earn interest at a minimum rate of 4%, annually. If the System's geometric average net investment return for the previous five years exceeds 4%, then the hypothetical account will be credited with an additional amount of interest in that year equal to 75% of the amount of the return which exceeds 4%. All interest credits will be applied to the hypothetical account balance on June 30 based on the account balance as of June 30 of the previous year. Each June 30 (beginning June 30, 2023), members with at least five years of service credit will receive an employer pay credit based on their unused sick leave in excess of 480 hours. Members will also receive an employer pay credit based on their balance of unused sick leave upon termination of employment. At retirement, the member's hypothetical account balance may be converted into an annuity based on an actuarial factor.
Early Retirement Eligibility	N/A



SPRS Employees (continued)

Deferred Vested Benefit: Tier 1, Participation before 9/1/2008

Eligibility	At least 1 month of service credit
Benefit Amount	Normal retirement benefit deferred to normal retirement age, or a reduced retirement benefit at an early retirement age

Deferred Vested Benefit: Tier 2, Participation on or after 9/1/2008 but before 1/1/2014

Eligibility	5 years of service
Benefit Amount	Normal retirement benefit deferred to normal retirement age, or a reduced retirement benefit at an early retirement age

Deferred Vested Benefit Tier 3, Participation on or after 1/1/2014

Eligibility	5 years of service
Benefit Amount	At termination of employment, members may choose to leave their account balance with the System and retire once they are eligible. The hypothetical account balance will earn 4% annual interest after termination. Members may also choose to withdraw their entire accumulated balance. If a member does not have 5 years of service at termination, the member is eligible to receive a partial refund of their account balance. This refund includes the member's contributions with interest.

Disability Retirement: Participation before 8/1/2004

Eligibility	60 months of service (requirement is waived if line of duty disability)
Disability Benefit	Disability benefits are calculated in the same manner as the normal retirement benefit with years of service and final compensation being determined as of the date of disability, except that if the member has less than 20 years of service at disability, service credit shall be added to the person's total service beginning with the last date of paid employment and continuing to the member's 55 th birthday, with total service not exceeding 20 years. Total service credit added shall not be greater than the member's actual service at disability.



SPRS Employees (continued)

Disability Retirement: Participation on or after 8/1/2004 but before 1/1/2014

Eligibility	60 months of service (requirement is waived if line of duty disability)
Disability Benefit	The higher of 25% of the member's final monthly rate of pay or the member's normal retirement benefit (without reduction for early retirement) with years and final compensation being determined as of the date of disability.

Disability Retirement: Participation on or after 1/1/2014

Eligibility	60 months of service (requirement is waived if line of duty disability)
Disability Benefit	The higher of 25% of the member's final monthly rate of pay or the member's retirement benefit calculated at the member's normal retirement date.

Line of Duty Disability Benefit

Disability Benefit	If the disability is a direct result of an act in the line of duty, the benefit shall not be less than 25% of the member's final monthly final rate of pay. If the disability is deemed to be Total and Permanent, then this benefit shall not be less than 75% of the member's monthly average pay.
Child Benefit	Additionally, each eligible dependent child will receive 10% of the member's monthly average pay up to a maximum of 40%. Member and dependent payment shall not exceed 100% of member's monthly average pay.

Pre-Retirement Death Benefit

Eligibility	Eligible for early or normal retirement; or Under age 55 with at least 60 months of service and actively working at the time of death; or At least 144 months of service, if no longer actively working
Spouse Benefit	The member's retirement benefit calculated in the same manner as if the member had retired on the day of the member's death and elected a 100% joint and survivor benefit. The benefit is actuarially reduced if the member dies prior to their normal retirement age.



SPRS Employees (continued)

Pre-Retirement Death Benefit (Death in the Line of Duty)

Eligibility	One month of service credit
Spouse Benefit	A \$10,000 lump sum payment plus a monthly payment of 75% of the deceased member's final monthly average pay. Each dependent child will receive 10% of the final monthly average pay (not to exceed a total child benefit of 25% while the spouse is alive). A spouse may also elect the non-line of duty death benefit.
Non-Spouse Benefit	If the beneficiary is only one person who is a dependent receiving at least 50% of his or her support from the member, the beneficiary may elect a lump-sum payment of \$10,000.
Child Benefit	In the event there is no surviving spouse, the benefit is 50% of final monthly average pay for one child, 65% of final average pay for two children, or 75% of final average pay for three or more eligible children.

Post-Retirement Death Benefit

Eligibility	48 months of service, and in receipt of retirement benefits
Death Benefit	A \$5,000 lump sum payment

Member Contributions

Tier 1, Participation before 9/1/2008	8% of creditable compensation. Members who do not receive a retirement benefit are entitled to a full refund of contributions with interest. The annual interest rate is set by the Board, not less than 2.0%.
Tier 2, Participation on or after 9/1/2008 but before 1/1/2014	8% of creditable compensation plus 1% of creditable compensation, which is deposited into the 401(h) account and is not refundable. Members who do not receive a retirement benefit are entitled to a refund of non-401(h) contributions with interest. The annual interest rate is 2.5%.
Tier 3, Participation after 1/1/2014	8% of creditable compensation plus 1% of creditable compensation, which is deposited into the 401(h) account and is not refundable. Members who do not receive a retirement benefit are entitled to a refund of non-401(h) contributions with interest.

Changes in Retirement Benefits since the Prior Valuation

There have been no changes in benefits since the prior valuation.



Summary of Main Retiree Insurance Benefit Provisions

Insurance: Participation began before 7/1/2003

Benefit Eligibility Recipient of a retirement allowance

Benefit Amount

Non-Hazardous Service	Percentage of Member Premium Paid by Retirement System	Hazardous Service	Percentage of Member & Dependent Premium Paid by Retirement System
Less than 4 years	0%	Less than 4 years	0%
4 – 9 years	25%	4 – 9 years	25%
10 – 14 years	50%	10 – 14 years	50%
15 – 19 years	75%	15 – 19 years	75%
20 or more years	100%	20 or more years	100%

The percentage paid by the retirement system is applied to the 'contribution' plan selected by the Board.

Duty Disability Retirement If disability was a result of injuries sustained while in the line of duty, the member receives 100% of the maximum contribution for the member and dependents.

Duty Death in Service If an active employee's death was a result of injuries sustained while in the line of duty, the member's spouse and children receive a fully subsidized health insurance benefit.

Non-Duty Death in Service If the surviving spouses is in receipt of a pension allowance, he or she is eligible for continued health coverage. The percentage of the premium paid for by the retirement system is based on the member's years of hazardous service at the time of death.

Surviving Spouse of a Retiree A surviving spouse of a retiree, who is in receipt of a pension allowance, will receive a premium subsidy based on the member's years of hazardous service.

Hazardous employees who retired prior to August 1, 1998 System's contribution for spouse and dependents is based on total service.



Insurance: Participation began on or after 7/1/2003

Benefit Eligibility

Recipient of a retirement allowance with at least 120 months of service at retirement (180 months if participation began on or after 9/1/2008)

Hazardous Subsidy

Monthly contribution of \$15 for each year of earned hazardous service. The monthly contribution is increased by 1.5% each July 1. As of July 1, 2025, the Hazardous monthly contribution was \$22.27/year of service. Upon the retiree's death, the surviving spouse of a hazardous duty member will receive a monthly contribution of \$10 (\$14.85 as of July 1, 2025) for each year of hazardous service.

Effective January 1, 2023, members will receive an additional dollar contribution of \$5 for every year of hazardous service a Tier 1 member attains over 20 years and a Tier 2 member attains over 25 years. This additional dollar contribution does not increase by 1.5% annually and is only payable for non-Medicare retirees. Also, it is only payable when the applicable insurance fund is at least 90% funded on an actuarial value of asset basis as of the last actuarial valuation.

Duty Disability Retirement

If disability was a result of injuries sustained while in the line of duty or was duty-related, the member receives a benefit based on at least 20 years of service. This benefit is provided to members in the Non-Hazardous and Hazardous plans alike.

If the disability is deemed to be Total and Permanent, the insurance premium for the member, the member's spouse, and the member's dependent children shall also be paid in full by the System. For non-hazardous members to be eligible for this benefit, they must be working in a position that could be certified as a hazardous position.

Duty Death in Service

If an active employee's death was a result of injuries sustained while in the line of duty, the member's spouse and children receive a fully subsidized health insurance benefit.

Non-Duty Death in Service

If the surviving spouse is in receipt of a pension allowance, he or she is eligible for continued health coverage. The percentage of the premium paid for by the retirement system is based on the member's years of hazardous service at the time of death.



Monthly Health Plan Premiums – Effective January 1, 2026

Plan Option	Non-Medicare Plan Options				
	Single	Parent Plus	Couple	Family	Family X-Ref
LivingWell PPO	\$1,105.54	\$1,514.46	\$2,238.22	\$2,453.16	\$1,300.24
LivingWell CDHP	1,090.42	1,475.34	2,144.14	2,383.68	1,247.34
LivingWell Basic	1,059.88	1,447.24	2,150.90	2,385.14	1,244.12
LivingWell HDHP	983.66	1,343.02	1,996.16	2,213.58	1,153.50

Medicare Plan Options	
Medical Only Plan	\$194.23
Essential Mirror Plan	264.56
Premium Mirror Plan	404.67
Essential Medical Advantage Plan	55.10
Premium Medical Advantage Plan	199.94

Contribution plan selected by the Board was the LivingWell PPO plan option for non-Medicare retirees.
Contribution plan selected by the Board was the Premium Medical Advantage Plan for the Medicare retirees.

Dollar Contribution Amount for Participation on or after 7/1/2003

Monthly contribution amounts per year of service as of July 1, 2025.

**Hazardous
Service**

\$22.27

Changes in Health Insurance Benefits since the Prior Valuation

None.



APPENDIX C

GLOSSARY

Glossary

Actuarial Accrued Liability (AAL): That portion, as determined by a particular Actuarial Cost Method, of the Actuarial Present Value of Future Plan Benefits which is not provided for by future Normal Costs. It is equal to the Actuarial Present Value of Future Plan Benefits minus the actuarial present value of future Normal Costs.

Actuarial Assumptions: Assumptions as to future experience under the Fund. These include assumptions about the occurrence of future events affecting costs or liabilities, such as:

- mortality, withdrawal, disablement, and retirement;
- future increases in salary;
- future rates of investment earnings and future investment and administrative expenses;
- characteristics of members not specified in the data, such as marital status;
- characteristics of future members;
- future elections made by members; and
- other relevant items.

Actuarial Cost Method or Funding Method: A procedure for allocating the Actuarial Present Value of Future Benefits to various time periods; a method used to determine the Normal Cost and the Actuarial Accrued Liability. These items are used to determine the ADC.

Actuarial Gain or Actuarial Loss: A measure of the difference between actual experience and that expected based upon a set of Actuarial Assumptions, during the period between two Actuarial Valuation dates. Through the actuarial assumptions, rates of decrements, rates of salary increases, and rates of fund earnings have been forecasted. To the extent that actual experience differs from that assumed, Actuarial Accrued Liabilities emerge which may be the same as forecasted, or may be larger or smaller than projected. Actuarial gains are due to favorable experience, e.g., the fund's assets earn more than projected, salaries do not increase as fast as assumed, members retire later than assumed, etc. Favorable experience means actual results produce actuarial liabilities not as large as projected by the actuarial assumptions. On the other hand, actuarial losses are the result of unfavorable experience, i.e., actual results that produce actuarial liabilities which are larger than projected. Actuarial gains will shorten the time required for funding of the actuarial balance sheet deficiency while actuarial losses will lengthen the funding period.

Actuarially Equivalent: Of equal actuarial present value, determined as of a given date and based on a given set of Actuarial Assumptions.

Actuarial Present Value (APV): The value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of Actuarial Assumptions. For purposes of this standard, each such amount or series of amounts is:

- a. adjusted for the probable financial effect of certain intervening events (such as changes in compensation levels, marital status, etc.)
- b. multiplied by the probability of the occurrence of an event (such as survival, death, disability, termination of employment, etc.) on which the payment is conditioned, and
- c. discounted according to an assumed rate (or rates) of return to reflect the time value of money.

Actuarial Present Value of Future Plan Benefits: The Actuarial Present Value of those benefit amounts which are expected to be paid at various future times under a particular set of Actuarial Assumptions, taking into account such items as the effect of advancement in age and past and anticipated future compensation and service credits. The Actuarial Present Value of Future Plan Benefits includes the liabilities for active members, retired members, beneficiaries receiving benefits, and inactive, non-retired members either entitled to a refund or a future retirement benefit. Expressed another way, it is the value that would have to be invested on the valuation date so that the amount invested plus investment earnings would provide sufficient assets to pay all projected benefits and expenses when due.

Actuarial Valuation: The determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets, and related Actuarial Present Values for a plan. An Actuarial valuation for a governmental retirement system typically also includes calculations that provide the financial information of the plan, such as the funded ratio, unfunded actuarial accrued liability and the ADC.

Actuarial Value of Assets or Valuation Assets: The value of the Fund's assets as of a given date, used by the actuary for valuation purposes. This may be the market or fair value of plan assets, but commonly actuaries use a smoothed value in order to reduce the year-to-year volatility of calculated results, such as the funded ratio and the ADC.

Actuarially Determined: Values which have been determined utilizing the principles of actuarial science. An actuarially determined value is derived by application of the appropriate actuarial assumptions to specified values determined by provisions of the law.

Actuarially Determined Contribution (ADC): The employer's periodic required contributions, expressed as a dollar amount or a percentage of covered plan compensation. The ADC consists of the Employer Normal Cost and the Amortization Payment.

Amortization Method: A method for determining the Amortization Payment. The most common methods used are level dollar and level percentage of payroll. Under the Level Dollar method, the Amortization Payment is one of a stream of payments, all equal, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the Amortization payment is one of a stream of increasing payments, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the stream of payments increases at the assumed rate at which total covered payroll of all active members will increase.



Amortization Payment: The portion of the pension plan contribution or ADC which is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability.

Closed Amortization Period: A specific number of years that is counted down by one each year, and therefore declines to zero with the passage of time. For example if the amortization period is initially set at 30 years, it is 29 years at the end of one year, 28 years at the end of two years, etc. See Funding Period and Open Amortization Period.

Decrements: Those causes/events due to which a member's status (active-inactive-retiree-beneficiary) changes, that is: death, retirement, disability, or termination.

Defined Benefit Plan: A retirement plan that is not a Defined Contribution Plan. Typically a defined benefit plan is one in which benefits are defined by a formula applied to the member's compensation and/or years of service.

Defined Contribution Plan: A retirement plan, such as a 401(k) plan, a 403(b) plan, or a 457 plan, in which the contributions to the plan are assigned to an account for each member, and the plan's earnings are allocated to each account, and each member's benefits are a direct function of the account balance.

Employer Normal Cost: The portion of the Normal Cost to be paid by the employers. This is equal to the Normal Cost less expected member contributions.

Experience Study: A periodic review and analysis of the actual experience of the Fund which may lead to a revision of one or more actuarial assumptions. Actual rates of decrement and salary increases are compared to the actuarially assumed values and modified as deemed appropriate by the Actuary.

Funded Ratio: The ratio of the actuarial value of assets (AVA) to the actuarial accrued liability (AAL). Plans sometimes calculate a market funded ratio, using the market value of assets (MVA), rather than the AVA.

Funding Period or Amortization Period: The term "Funding Period" is used two ways. In the first sense, it is the period used in calculating the Amortization Payment as a component of the ADC. This funding period is specified in State statute. In the second sense, it is a calculated item: the number of years in the future that will theoretically be required to amortize (i.e., pay off or eliminate) the Unfunded Actuarial Accrued Liability, based on a statutory employer contribution rate, and assuming no future actuarial gains or losses.

GASB: Governmental Accounting Standards Board.

GASB 67 and GASB 68: Governmental Accounting Standards Board Statements No. 67 and No. 68. These are the governmental accounting standards that set the accounting and reporting rules for public retirement systems and the employers that sponsor, participate in, or contribute to them. Statement No. 67 sets the accounting rules for the financial reporting of the retirement systems, while Statement No. 68 sets the rules for the employers that sponsor, participate in, or contribute to public retirement systems.



Normal Cost: That portion of the Actuarial Present Value of pension plan benefits and expenses which is allocated to a valuation year by the Actuarial Cost Method. Any payment in respect of an Unfunded Actuarial Accrued Liability is not part of Normal Cost (see Amortization Payment). For pension plan benefits which are provided in part by employee contributions, Normal Cost refers to the total of employee contributions and employer Normal Cost unless otherwise specifically stated. Under the entry age normal cost method, the Normal Cost is intended to be the level cost (when expressed as a percentage of pay) needed to fund the benefits of a member from hire until ultimate termination, death, disability or retirement.

Open Amortization Period: An open amortization period is one which is used to determine the Amortization Payment but may not decrease by exactly one year in the subsequent year's actuarial valuation. For instance, if the initial period is set as 30 years, the same 30-year period is used in determining the Amortization Period each year.

Unfunded Actuarial Accrued Liability: The excess of the Actuarial Accrued Liability over the Actuarial Value of Assets. This value may be negative in which case it may be expressed as a negative Unfunded Actuarial Accrued Liability, also called the Funding Surplus.

Valuation Date or Actuarial Valuation Date: The date as of which the value of assets is determined and as of which the Actuarial Present Value of Future Plan Benefits is determined. The expected benefits to be paid in the future are discounted to this date.



October 31, 2025

Board of Trustees
Kentucky Retirement Systems
Perimeter Park West
1260 Louisville Road
Frankfort, KY 40601

Re: Sensitivity Analysis Based on Results of the June 30, 2025 Actuarial Valuation – SPRS

Dear Members of the Board:

Per Kentucky State Statute 61.670, we are providing this supplemental information regarding the sensitivity of the valuation results to changes in some of the economic assumptions. Specifically, the enclosed tables show the impact for the **State Police Retirement System (SPRS)** due to changes in the investment return assumption, the inflation rate assumption, and the payroll growth rate assumption.

Background

Investment Assumption

The investment return assumption is used to discount future expected benefit payments to the valuation date in order to determine the liabilities of the plans. The lower the investment return assumption, the less the benefit payments are discounted and the higher the valuation liability. The current investment return assumption is 5.25% for the retirement fund and 6.50% for the insurance fund. The sensitivity analysis shows the financial impact of a 1.00% increase and a 1.00% decrease in the investment return assumption. For purposes of this sensitivity analysis, the inflation assumption and payroll growth assumption remain unchanged from the valuation assumption.

Inflation Assumption

The inflation assumption underlies most of the other economic assumptions, including the investment return, salary increases, and payroll growth rate. This is a macroeconomic assumption and as such the same assumption is used in the valuation of each of the retirement systems. The current assumption is 2.50% for all funds. The sensitivity analysis shows the financial impact of a 0.25% increase and a 0.25% decrease in the inflation assumption. Note, the change in the inflation assumption results in a corresponding change in the investment return assumption, the individual salary increase assumption for projecting members' benefit amounts, the payroll growth rate assumption, and the healthcare trend assumption that is used in the valuation of the health insurance funds.

Board of Trustees
October 31, 2025
Page 2

Payroll Growth Assumption

Participating employers of SPRS make contributions to the system as a percentage of covered payroll. Therefore, as payroll changes over time these amortization payments will also change. If actual covered payroll increases at a rate that is less than assumed, then the retirement system receives fewer contribution dollars than expected to finance the unfunded liability, which means the contribution rates in future years will be required to increase in order to finance the unfunded liability over the same time period. The current payroll growth assumption is 0.00% for both the retirement and insurance funds. The analysis shows the impact of a 1.00% increase and a 1.00% decrease in the payroll growth assumption.

Please note that the payroll growth assumption does not impact the valuation liabilities, unfunded liability, or funded status of the system. Rather, this assumption only impacts the amortization rate for financing the existing unfunded actuarial accrued liability and the actuarially determined employer contribution. For purposes of this analysis, the investment return assumption and the inflation assumption are held at their current valuation assumptions.

Certification

The information provided in this letter compliments the information provided in the June 30, 2025 actuarial valuation report. Please refer to the June 30, 2025 actuarial valuation report for additional discussion of the actuarial valuation, including the nature of actuarial calculations and more information related to participant data, economic and demographic assumptions, and benefit provisions.

Actual results can, and almost certainly will, differ as actual experience deviates from the assumptions. Even seemingly minor changes in the assumptions can materially change the liabilities, calculated contribution rate, and funding periods. The actuarial calculations are intended to provide information for rational decision making. The purpose of this information is to provide stakeholders the financial sensitivity of the unfunded liability and contribution rates to changes in the inflation, assumed rate of return, and payroll growth assumption.

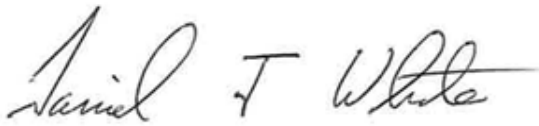


Board of Trustees
October 31, 2025
Page 3

To the best of our knowledge, this report is complete and accurate and is in accordance with generally recognized actuarial practices and methods. All of the undersigned are Enrolled Actuaries and members of the American Academy of Actuaries and meet all of the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. In addition, all three are independent of KPPA and are experienced in performing valuations for large public retirement systems. This communication shall not be construed to provide tax advice, legal advice or investment advice.

Sincerely,

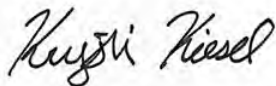
Gabriel, Roeder, Smith & Company



Daniel J. White, FSA, EA, MAAA
Senior Consultant



Janie Shaw, ASA, EA, MAAA
Consultant



Krysti Kiesel, ASA, EA, MAAA
Consultant



Sensitivity Analysis - Discount Rate
(Dollar amounts expressed in thousands)

	Decrease Discount Rate	Valuation Results	Increase Discount Rate
(1)	(2)	(3)	(4)
Payroll Growth Rate	0.00%	0.00%	0.00%
Inflation Rate	2.50%	2.50%	2.50%
Discount Rate - Retirement	4.25%	5.25%	6.25%
Discount Rate - Insurance	5.50%	6.50%	7.50%
Retirement			
Actuarial Accrued Liability	\$ 1,273,281	\$ 1,130,393	\$ 1,012,641
Actuarial Value of Assets	699,539	699,539	699,539
Unfunded Actuarial Accrued Liability	573,742	430,854	313,102
Funded Ratio	54.9%	61.9%	69.1%
Actuarially Determined Contribution Rate	71.64%	51.84%	34.70%
Insurance			
Actuarial Accrued Liability	\$ 303,951	\$ 273,394	\$ 247,952
Actuarial Value of Assets	276,806	276,806	276,806
Unfunded Actuarial Accrued Liability	27,145	(3,412)	(28,854)
Funded Ratio	91.1%	101.2%	111.6%
Actuarially Determined Contribution Rate	7.63%	2.49%	0.00%
Combined			
Actuarial Accrued Liability	\$ 1,577,232	\$ 1,403,787	\$ 1,260,593
Actuarial Value of Assets	976,345	976,345	976,345
Unfunded Actuarial Accrued Liability	600,887	427,442	284,248
Funded Ratio	61.9%	69.6%	77.5%
Actuarially Determined Contribution Rate	79.27%	54.33%	34.70%



Sensitivity Analysis - Inflation Rate

(Dollar amounts expressed in thousands)

	Decrease Inflation Rate	Valuation Results	Increase Inflation Rate
(1)	(2)	(3)	(4)
Payroll Growth Rate	-0.25%	0.00%	0.25%
Inflation Rate	2.25%	2.50%	2.75%
Discount Rate - Retirement	5.00%	5.25%	5.50%
Discount Rate - Insurance	6.25%	6.50%	6.75%

Retirement

Actuarial Accrued Liability	\$ 1,162,337	\$ 1,130,393	\$ 1,099,973
Actuarial Value of Assets	699,539	699,539	699,539
Unfunded Actuarial Accrued Liability	462,798	430,854	400,434
Funded Ratio	60.2%	61.9%	63.6%
Actuarially Determined Contribution Rate	56.90%	51.84%	47.05%

Insurance

Actuarial Accrued Liability	\$ 275,494	\$ 273,394	\$ 271,401
Actuarial Value of Assets	276,806	276,806	276,806
Unfunded Actuarial Accrued Liability	(1,312)	(3,412)	(5,405)
Funded Ratio	100.5%	101.2%	102.0%
Actuarially Determined Contribution Rate	2.95%	2.49%	2.04%

Combined

Actuarial Accrued Liability	\$ 1,437,831	\$ 1,403,787	\$ 1,371,374
Actuarial Value of Assets	976,345	976,345	976,345
Unfunded Actuarial Accrued Liability	461,486	427,442	395,029
Funded Ratio	67.9%	69.6%	71.2%
Actuarially Determined Contribution Rate	59.85%	54.33%	49.09%



Sensitivity Analysis - Payroll Growth

(Dollar amounts expressed in thousands)

	Decrease Payroll Growth	Valuation Results	Increase Payroll Growth
(1)	(2)	(3)	(4)
Payroll Growth Rate	-1.00%	0.00%	1.00%
Inflation Rate	2.50%	2.50%	2.50%
Discount Rate - Retirement	5.25%	5.25%	5.25%
Discount Rate - Insurance	6.50%	6.50%	6.50%
Retirement			
Actuarial Accrued Liability	\$ 1,130,393	\$ 1,130,393	\$ 1,130,393
Actuarial Value of Assets	699,539	699,539	699,539
Unfunded Actuarial Accrued Liability	430,854	430,854	430,854
Funded Ratio	61.9%	61.9%	61.9%
Actuarially Determined Contribution Rate	55.98%	51.84%	47.99%
Insurance			
Actuarial Accrued Liability	\$ 273,394	\$ 273,394	\$ 273,394
Actuarial Value of Assets	276,806	276,806	276,806
Unfunded Actuarial Accrued Liability	(3,412)	(3,412)	(3,412)
Funded Ratio	101.2%	101.2%	101.2%
Actuarially Determined Contribution Rate	2.53%	2.49%	2.46%
Combined			
Actuarial Accrued Liability	\$ 1,403,787	\$ 1,403,787	\$ 1,403,787
Actuarial Value of Assets	976,345	976,345	976,345
Unfunded Actuarial Accrued Liability	427,442	427,442	427,442
Funded Ratio	69.6%	69.6%	69.6%
Actuarially Determined Contribution Rate	58.51%	54.33%	50.45%





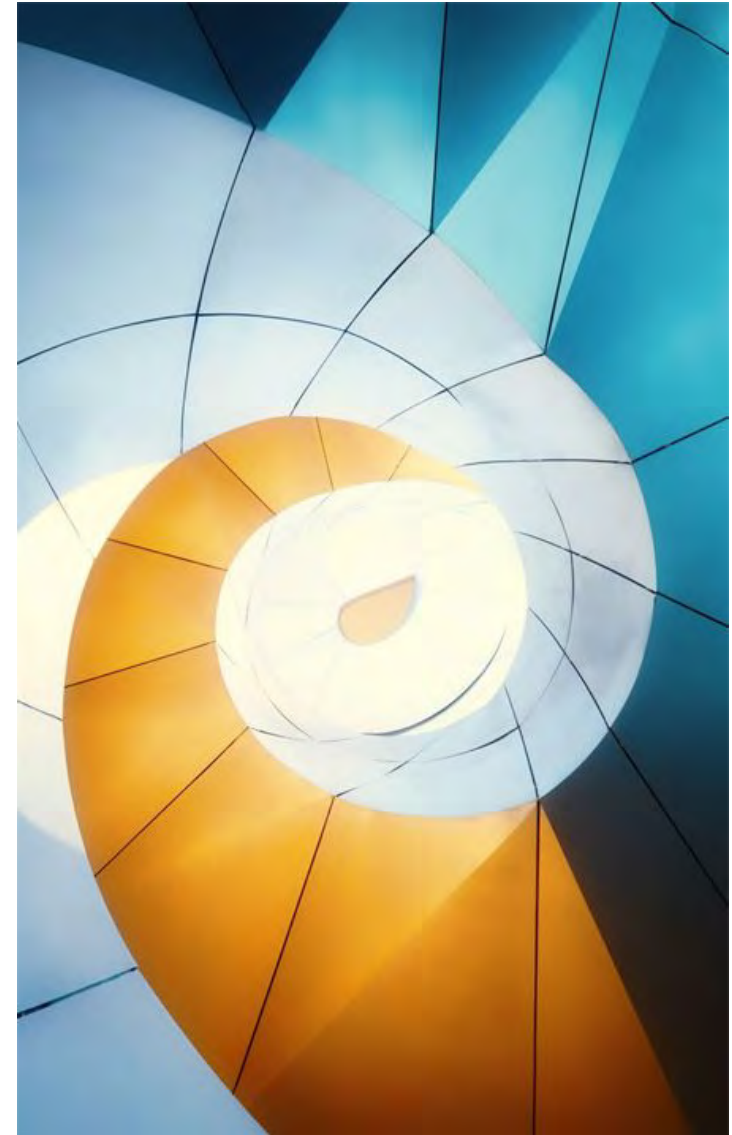
Kentucky Public Pension Authority

Audit Exit Presentation



Engagement Team

- **Lealan Miller**, Partner
- **Roger Alfaro**, Partner
- **David Preciado**, Senior Manager
- **Steven Mahan**, Actuary
- **Hersh Gupta**, Senior Associate
- **Eric Anderson**, Senior Associate



Audit Recap

- Reports to be issued for the year ended June 30, 2025
 - Audit opinion on the financial statements – Unmodified (clean opinion)
 - *Government Auditing Standards* Report on Internal Controls over Financial Reporting and on Compliance and Other Matters
 - No material weaknesses, significant deficiencies, or control deficiencies
- Issuance Date

We plan to issue reports no later than December 5, 2025

Required Communications

- Audit performed in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*
 - Management is responsible for the financial statements
 - Audit provides reasonable, but not absolute, assurance that the financial statements are not materially misstated
 - Audit does not provide any assurances regarding regulatory compliance
 - Audit is not designed to provide assurances regarding internal control over financial reporting
- Financial statements prepared in accordance with accounting principles generally accepted in the United States of America
- Significant accounting policies – Note A
- Eide Bailly specialists utilized during the audit
 - Eide Bailly Risk Advisory for Information Technology Environment
 - Internal Actuary for review of actuarial assumptions

Required Communications

- Other written communications
 - Engagement letter
 - Management representation letter
 - Letter to those in charge of governance
- Interaction with management throughout the audit process but report to Committee/Board

Required Communications

- There were no:
 - Disagreements with management
 - Consultations with other accountants relating to audit issues
 - Major issues discussed with management prior to retention
 - Difficulties with management
 - Material corrected misstatements or audit adjustments
- Passed Adjustment
 - Investments estimates – passed adjustment to increase investments and increase investment income due to timing differences and subsequent information received from investment managers

Significant Risks Identified

Management Override of Internal Controls

Contribution Revenue and Receivables

Calculation of Initial Benefit Payments

Valuation of Alternative Investments

Pension / OPEB Liability and Actuarial Information

Independence Matters

- We confirm that, in our professional judgment, for the year ended June 30, 2025, and as of the date of this communication, we are independent with respect to the Systems, within the meaning of the standards promulgated by the American Institute of Certified Public Accountants' Code of Professional Conduct, and its interpretations and rulings.

Questions?

This presentation is presented with the understanding that the information contained does not constitute legal, accounting or other professional advice. It is not intended to be responsive to any individual situation or concerns, as the contents of this presentation are intended for general information purposes only. Viewers are urged not to act upon the information contained in this presentation without first consulting competent legal, accounting or other professional advice regarding implications of a particular factual situation. Questions and additional information can be submitted to your Eide Bailly representative, or to the presenter of this session.



Thank you

Lealan Miller, CPA

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Roger Alfaro, CPA

909.755.2829 | ralfaro@eidebailly.com

eidebailly.com

Draft Copy 11/25/25

December XX, 2025

To the Board of Trustees
Kentucky Retirement Systems
Frankfort, Kentucky

We have audited the financial statements of the Kentucky Retirement Systems (KRS) as of and for the year ended June 30, 2025, and have issued our report thereon dated December XX, 2025. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and Government Auditing Standards

As communicated in our letter dated July 21, 2025, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of the system of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of KRS solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding internal controls during our audit in our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated December XX, 2025.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Draft Copy 11/25/25

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices*Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by KRS is included in Note A to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the year. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Accounting Estimates and Related Disclosures

Accounting estimates and related disclosures are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements are:

- Management's estimate of the various investment valuations with non-readily available market prices are based on a cash flow analysis and the most current information provided by the fund managers. We evaluated the key factors and assumptions used to develop the investment valuations and determined that it is reasonable in relation to the basic financial statements taken as a whole.
- Management's estimate of the actuarial calculation determining the total pension and OPEB liability. We evaluated the key factors and assumptions used to develop the total pension and OPEB liability estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the KRS' financial statements relate to:

- The disclosure of investments in Note B to the financial statements requires disclosures to address Government Accounting Standards Board Statement No. 40 "*Deposit and Investment Risk Disclosure – an amendment of Government Accounting Standards Board Statement No. 3*" which addresses common deposit and investment risks related to credit risk, custodial credit risk, concentration of credit risk, and interest rate risk. Also included in Note B is the required disclosure to address GASB Statement No. 72, *Fair Value Measurement and application*, which addresses the classifications of investment using a hierarchy structure based upon valuation inputs.

Draft Copy 11/25/25

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

The following summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Understatement of Alternative Investments	\$ 24,300,000
Overstatement of Non-Alternative Investments	6,200,000
Understatement of Investment Income	18,100,000

The effect of these uncorrected misstatements, including the effect of the reversal of prior year uncorrected misstatements as of and for the year ended June 30, 2025, is an understatement of the net increase in fiduciary net position of approximately \$18,100,000, and understatement of ending fiduciary net position of the same amount.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. We did not identify any circumstances that affect the form and content of the auditor's report.

Representations Requested from Management

We have requested certain written representations from management that are included in the management representation letter dated December XX, 2025.

Draft Copy 11/25/25

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with KRS, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, business conditions affecting the entity, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as KRS's auditors.

Other Information Included in Annual Reports

Pursuant to professional standards, our responsibility as auditors for other information whether financial or nonfinancial, included in KRS's annual reports, does not extend beyond the information identified in the audit report, and we are not required to perform any procedures to obtain assurance about such other information. However, in accordance with such standards, we have:

Read the other information (which comprises the introductory, investment, actuarial, and statistical sections) and considered whether a material inconsistency exists between the other information and the basic financial statements, or if the other information otherwise appears to be materially misstated. We did not note any such inconsistencies.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

The financial statements include the investment in Perimeter Park West (PPW), component unit of KRS. For the purposes of our audit, we do not consider PPW to be a significant component of the financial statements. Consistent with the audit of the financial statements as a whole, our audit included obtaining an understanding of PPW and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements of KRS and completion of further audit procedures.

This report is intended solely for the information and use of the Board of Trustees and management of the Kentucky Retirement Systems and is not intended to be and should not be used by anyone other than these specified parties.

Boise, Idaho



September 23, 2025

Board of Trustees
Kentucky Retirement Systems
Perimeter Park West
1260 Louisville Road
Frankfort, KY 40601

**Re: GASB 67 Reporting – Actuarial Information – Kentucky Employees Retirement System and
State Police Retirement System**

Dear Members of the Board:

The reports provided herein contains certain information for the **Kentucky Employees Retirement System (KERS)** and the **State Police Retirement System (SPRS)** in connection with the Governmental Accounting Standards Board (GASB) Statement No. 67, “Financial Reporting for Pension Plans” for the fiscal year ending June 30, 2025. A separate report will be provided at a later date with additional accounting information determined in accordance with GASB Statement No. 68, “Accounting and Financial Reporting for Pensions”.

The liability calculations presented in these reports were performed for the purpose of satisfying the requirements of GASB No. 67 and are not applicable for other purposes, such as determining the plan’s funding requirements. The plan’s liability for other purposes may produce significantly different results. These reports may be provided to parties other than the Board of Trustees of the Kentucky Retirement Systems only in its entirety and only with the permission of the Board.

The total pension liability, net pension liability, and sensitivity information shown in these reports are based on an actuarial valuation date of June 30, 2024. The total pension liability was rolled-forward from the valuation date to the plan’s fiscal year ending June 30, 2025 using generally accepted actuarial principles. GASB 67 requires the disclosure of a 10-year history of certain information in the Required Supplementary Information within the annual financial report. Information disclosed for years prior to June 30, 2017 were prepared by the prior actuary.

Actuarial Assumptions and Plan Provisions

There have been no assumption, method or plan provision changes that would materially impact the total pension liability since June 30, 2024. It is our opinion that these procedures for determining the information contained in these reports are reasonable, appropriate, and comply with applicable requirements under GASB No. 67.

Board of Trustees
September 23, 2025
Page 2

Single Discount Rate

Single discount rates of 5.25% for the KERS non-hazardous plan, 6.25% for the KERS hazardous plan, and 5.25% for SPRS were used to measure the total pension liability for the fiscal year ending June 30, 2025. These single discount rates were based on the expected rate of return on pension plan investments for each plan. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the pension plans' fiduciary net position and future contributions were projected to be sufficient to finance all the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability for each plan.

The projection of cash flows used to determine the single discount rate must include an assumption regarding actual employer contributions made each future year. Future contributions are projected assuming that the entire actuarially determined employer contribution is received by each plan each future year, calculated in accordance with the current funding policy.

401(h) Subaccount

Based on guidance issued by GASB in connection with GASB Statement No. 74, the 1% of pay member contributions for Tier 2 and Tier 3 members to a 401(h) subaccount is considered an OPEB asset. As a result, the reported fiduciary net positions as of June 30, 2017 and later are net of the 401(h) asset balance.

Additional Disclosures

These reports based upon information, furnished to us by the Kentucky Public Pensions Authority (KPPA), which includes benefit provisions, membership information, and financial data. We did not audit this data and information, but we did apply a number of tests and concluded that it was reasonable and consistent. GRS is not responsible for the accuracy or completeness of the information provided by KPPA. Please see the "Actuarial Valuation Report as of June 30, 2024" for additional discussion of the nature of the actuarial calculations and more information related to participant data, economic and demographic assumptions, and benefit provisions. These reports should be considered together as a complete report for the fiscal year ending June 30, 2025.

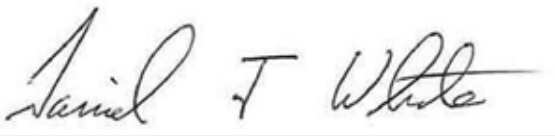


Board of Trustees
September 23, 2025
Page 3

To the best of our knowledge, these reports are complete and accurate and are in accordance with generally recognized actuarial practices and methods. All three undersigned are Enrolled Actuaries, members of the American Academy of Actuaries and meet all of the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. In addition, all three are independent of KPPA and are experienced in performing valuations for large public retirement systems. This communication shall not be construed to provide tax advice, legal advice or investment advice.

Sincerely,

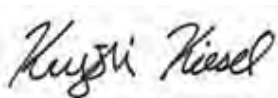
Gabriel Roeder Smith & Co.



Daniel J. White, FSA, EA, MAAA
Senior Consultant and Actuary



Janie Shaw, ASA, EA, MAAA
Consultant and Actuary



Krysti Kiesel, ASA, EA, MAAA
Consultant and Actuary





September 29, 2025

Board of Trustees
Kentucky Retirement Systems
Perimeter Park West
1260 Louisville Road
Frankfort, KY 40601

**Re: GASB No. 74 Reporting – Actuarial Information – Kentucky Employees Retirement System
and State Police Retirement System**

Dear Members of the Board:

The reports provided herein contains certain information for the **Kentucky Employees Retirement System (KERS)** and the **State Police Retirement System (SPRS)** in connection with the Governmental Accounting Standards Board (GASB) Statement No. 74, “Financial Reporting for Postemployment Benefit Plans Other than Pension Plans” for the fiscal year ending June 30, 2025. A separate report will be provided at a later date with additional accounting information determined in accordance with GASB Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions”.

The liability calculations presented in these reports were performed for the purpose of satisfying the requirements of GASB No. 74 and are not applicable for other purposes, such as determining the plan’s funding requirements. The plan’s liability for other purposes may produce significantly different results. These reports may be provided to parties other than the Board of Trustees of the Kentucky Retirement Systems only in its entirety and only with the permission of the Board. GRS is not responsible for unauthorized use of these reports.

The total OPEB liability, net OPEB liability, and sensitivity information shown in these reports are based on an actuarial valuation date of June 30, 2024. The total OPEB liability was rolled-forward from the valuation date to the plan’s fiscal year ending June 30, 2025, using generally accepted actuarial principles. GASB No. 74 requires the disclosure of a 10-year history of certain information in the Required Supplementary Information within the annual financial report. The exhibits provided in these reports include the applicable information for historical years that were calculated in accordance with this accounting standard. Information disclosed for years prior to June 30, 2017 were prepared by the prior actuary.

Actuarial Assumptions

The discount rate used to calculate the total OPEB liability increased from 6.00% to 6.25% for the KERS non-hazardous plan, from 5.99% to 6.20% for the KERS hazardous plan, and from 6.08% to 6.24% for SPRS (see further discussion on the calculation of the single discount rate later in this letter). The assumed increase in future health care costs, or trend assumption, was reviewed during the June 30, 2024 valuation process and was updated to better reflect the plan’s anticipated long-term healthcare cost increases. In general, the updated assumption is assuming higher future increases in pre-Medicare and Medicare healthcare costs.

Board of Trustees
 September 29, 2025
 Page 2

The Total OPEB Liability as of June 30, 2025 is determined using these updated assumptions. It is our opinion that these procedures for determining the information contained in these reports are reasonable, appropriate, and comply with applicable requirements under GASB No. 74.

Plan Provisions

There have been no plan provision changes that would materially impact the total OPEB liability since June 30, 2024.

Implicit Employer Subsidy for Non-Medicare Retirees

The fully-insured premiums paid for the Kentucky Employees' Health Plan are blended rates based on the combined experience of active and retired members. Because the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing health care benefits to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees. GASB No. 74 requires that the liability associated with this implicit subsidy be included in the calculation of the Total OPEB Liability.

Single Discount Rate

Single discount rates of 6.25% for the KERS non-hazardous plan, 6.20% for the KERS hazardous plan, and 6.24% for SPRS were used to measure the total OPEB liability for the fiscal year ending June 30, 2025. They are based on the expected rate of return on OPEB plan investments of 6.50% and a municipal bond rate of 5.20%, as reported in Bond Buyer's "20-Bond GO Index" as of June 30, 2025.

Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the plan's fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the retirement system. However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the plan's actuarial determined contributions, and it is our understanding that any cost associated with the implicit subsidy will not be paid out of the plan's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

The projection of cash flows used to determine the single discount rate must include an assumption regarding actual employer contributions made each future year. Future contributions are projected assuming that the entire actuarially determined employer contribution is received by each plan each future year, calculated in accordance with the current funding policy.

401(h) Subaccount

Based on guidance issued by GASB in connection with GASB Statement No. 74, the member contributions to a 401(h) subaccount are considered OPEB assets. As a result, the reported fiduciary net position includes these 401(h) assets. Additionally, these member contributions and associated investment income and administrative expenses are included in the reconciliation of the fiduciary net position.



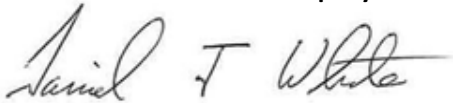
Board of Trustees
September 29, 2025
Page 3

Additional Disclosures

These reports are based upon information, furnished to us by the Kentucky Public Pensions Authority (KPPA), which includes benefit provisions, membership information, and financial data. We did not audit this data and information, but we did apply a number of tests and concluded that it was reasonable and consistent. GRS is not responsible for the accuracy or completeness of the information provided by KPPA. Please see the "Actuarial Valuation Report as of June 30, 2024" for additional discussion of the nature of the actuarial calculations and more information related to participant data, economic and demographic assumptions, and benefit provisions. These reports should be considered together as a complete report for the fiscal year ending June 30, 2025.

To the best of our knowledge, these reports are complete and accurate and is in accordance with generally recognized actuarial practices and methods. All of the undersigned are Enrolled Actuaries, members of the American Academy of Actuaries and meet all of the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. In addition, all three are independent of KPPA and are experienced in performing valuations for large public retirement systems. This communication shall not be construed to provide tax advice, legal advice or investment advice.

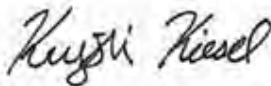
Sincerely,

Gabriel Roeder Smith & Company

Daniel J. White, FSA, EA, MAAA
Senior Consultant and Actuary



Jamie Shaw, ASA, EA, MAAA
Consultant and Actuary



Krysti Kiesel, ASA, EA, MAAA
Consultant and Actuary



DRAFT 11-25-2025

Kentucky Retirement Systems (KRS)
A component unit and pension trust fund of the Commonwealth of Kentucky



KRS

Kentucky Retirement Systems

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the fiscal year ended June 30, 2025

Available at kyret.ky.gov

Prepared by Kentucky Public Pensions
Authority's Division of Accounting



DRAFT 11-25-2025

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KENTUCKY PUBLIC PENSIONS AUTHORITY

Ryan Barrow, Executive Director

1260 Louisville Road - Frankfort, Kentucky 40601
kyret.ky.gov - Phone: 502-696-8800 - Fax: 502-696-8822



To our Members, Benefit Recipients, Employers and the Board of Trustees

December 4, 2025

On behalf of the Kentucky Public Pensions Authority (KPPA) we are honored to present the Annual Comprehensive Financial Report (ACFR) of the Kentucky Retirement Systems, a component unit of the Commonwealth of Kentucky, for the Fiscal Year Ended (FYE) June 30, 2025.

Responsibility for the accuracy, completeness, and fairness of the information presented rests ultimately with KPPA management which, along with the Executive Director and staff, assist the KPPA Board in its responsibilities. Because the cost of internal control should not exceed anticipated benefits, KPPA relies on a comprehensive framework of internal controls to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Eide Bailly, LLP has issued an unmodified ("clean") opinion on the KRS financial statements for the FYE June 30, 2025. The Independent Auditors' report is located in the Financial Section of this report.

The Management's Discussion and Analysis (MD&A) is also located in the Financial Section of this report. The MD&A provides an analytical overview of the financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

KPPA is the special-purpose government 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 FYE 2024, KPPA produces separate ACFRs for CERS and KRS. Supported by research and recommendations from KPPA management, this aligns with guidance from the Government Accounting Standards Board (GASB) and authority under state statute.

KPPA also produces a single Summary Annual Financial Report (SAFR) that provides an overview of information in the CERS and KRS ACFRs, as well as insights into the combined systems.

This approach aims to enhance transparency and reporting by providing information relevant to each system's members, the public, and stakeholders.

KPPA Executive Director's Message Ryan Barrow

Asset Growth

Double-digit investment returns, employer contributions, and General Fund appropriations authorized by the Legislature in Fiscal Year (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.

DRAFT 11-25-2025

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 93% 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, KPPA in FY 2025 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).

KRS Chief Executive Officer's Message John Chilton

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.

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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 CEO. The contents have been reviewed by the Internal Audit Division. KPPA is responsible for all the information in the report and confidently presents it as a basis for understanding the stewardship of the system.

Respectfully submitted,



A handwritten signature in black ink, appearing to read 'Ryan Barrow'.

Ryan Barrow
KPPA Executive Director



A handwritten signature in black ink, appearing to read 'M. Lamb'.

Michael B. Lamb, CPA
KPPA Chief Financial Officer

DRAFT 11-25-2025**GOVERNANCE**

As of December 4, 2025

The Kentucky Retirement Systems (KRS) is governed by a nine member board of trustees, consisting of three elected members and six gubernatorial appointees serving four-year terms. Two of the elected members represent the Kentucky Employees Retirement System (KERS) and one elected member represents the State Police Retirement System (SPRS). KRS has four representatives on the KPPA Board in addition to employing a Chief Executive Officer who serves as a legislative and executive advisor and a General Counsel who provides legal services.

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

LEADERSHIP:

Every April, the trustees elect a Chair and Vice Chair and affirm who will serve on the KPPA Board in compliance with state law.



KPPA Board Member

Lynn Hampton
Chair
Term ends June 17, 2026



KPPA Board Member

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



John E. Chilton
Chief Executive
Officer

CHIEF EXECUTIVE OFFICER (CEO):

The CEO works with the trustees and KPPA staff to carry out the statutory provisions of the systems.

ELECTED BY MEMBERSHIP:

Every four years, two eligible KERS members and one eligible SPRS member are elected to serve on the Board of Trustees.



KPPA Chair

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

KPPA BOARD:

By law, the KRS Board Chair and Investment Committee Chair serve on this Board. The KRS Chair also appoints one elected trustee and one appointed trustee to the KPPA Board.

APPOINTED BY GOVERNOR:

The Governor appoints six individuals to serve on the Board of Trustees.



Pamela F. Thompson
Term ends June 17, 2027



Ramsey Bova
Term ends June 17, 2026



Mary G. Eaves
Term ends June 21, 2027



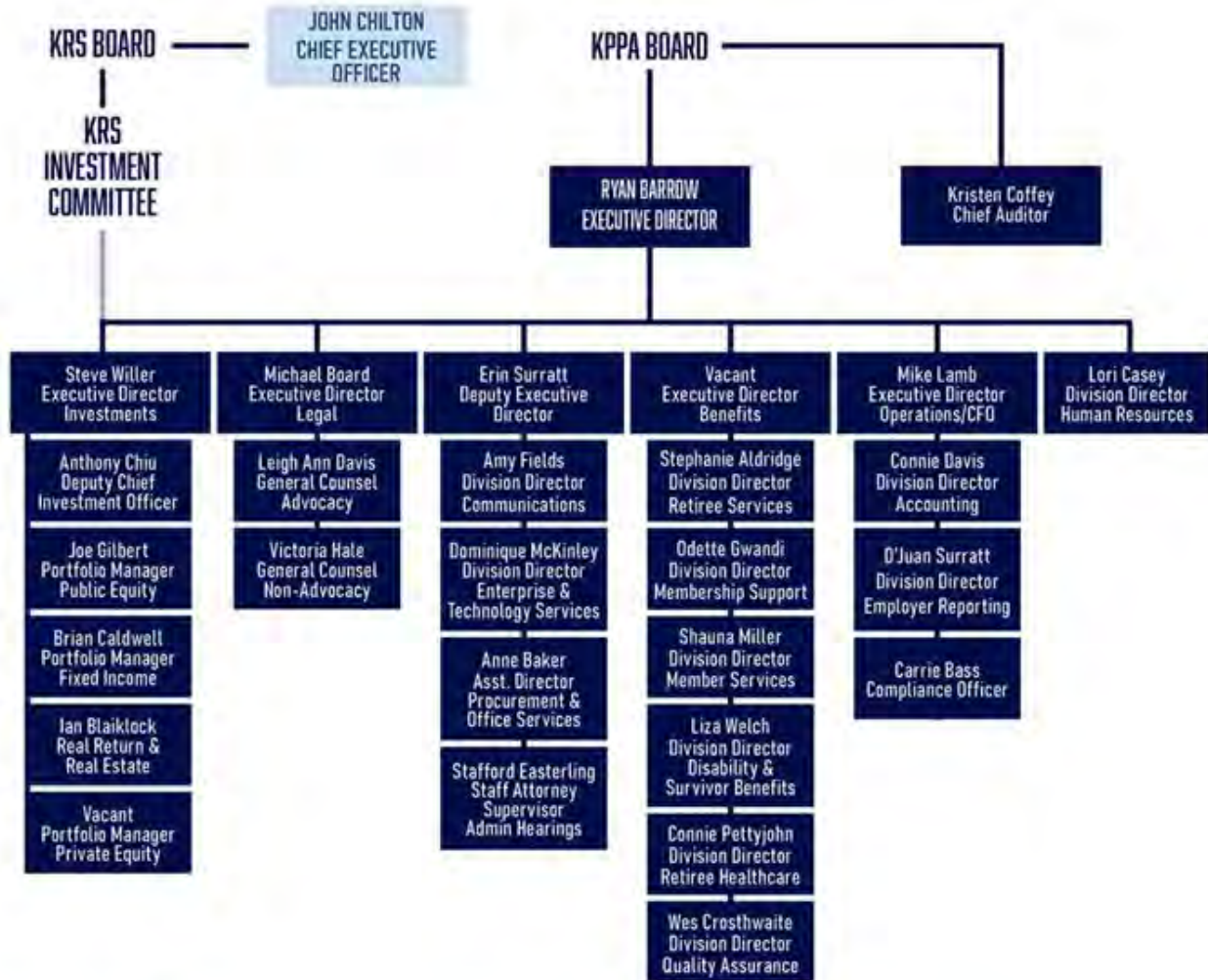
KPPA Board Member

William Summers V
Term ends June 17, 2026

DRAFT 11-25-2025**AGENCY STRUCTURE**

As of December 4, 2025

The Kentucky Public Pensions Authority (KPPA) oversees the operations of the Kentucky Employees Retirement System (KERS) and State Police Retirement System (SPRS) by providing administrative support, investment management, and conducting daily activities on behalf of the Kentucky Retirement Systems (KRS) Board of Trustees and KPPA Board. KPPA is led by an Executive Director who is appointed by the KPPA Board to work with the KRS Chief Executive Officer to carry out the statutory provisions of the systems.

**CONSULTANTS****Legal Services**

Stoll Keenon Ogden, PLLC
Reinhart Boerner Van Deuren, SC
Frost Brown Todd, LLC
Faegre Drinker Biddle & Reath, LLP
Kellerman Law
McClain Law Group
Ice Miller, LLP
Umberg Zipser, LLP

Actuarial Services

Gabriel, Roeder, Smith & Co.

Auditing Services

Eide Bailly, LLP

Fiduciary Review Counsel

Ice Miller, LLP

Investment Consultants

Wilshire
Albourne
Mercer

Master Custodian

BNY Mellon

Refer to the Investments Section for additional information regarding Investment Advisors (pages 82-83) and Schedules of Fees and Expenses (pages 84-86).

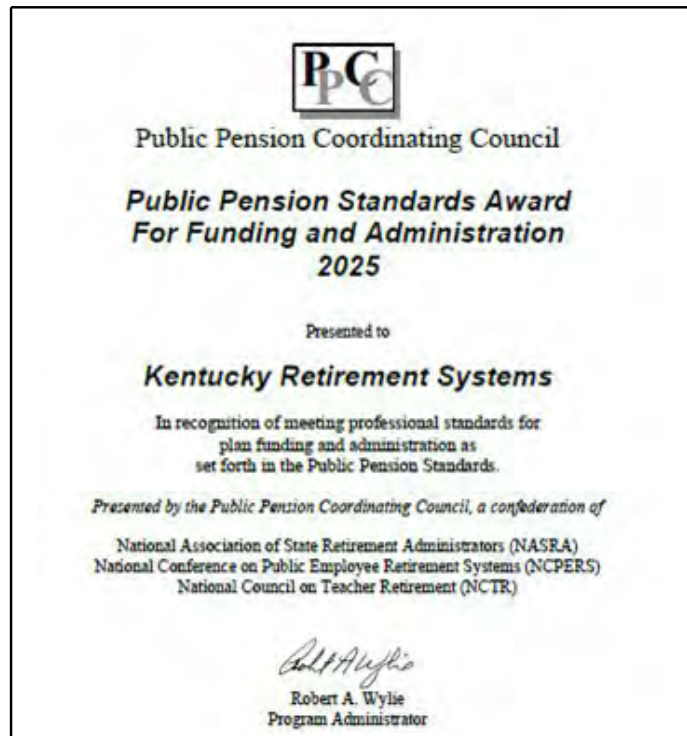
DRAFT 11-25-2025**Professional Awards****CERTIFICATE OF ACHIEVEMENT FOR
EXCELLENCE IN FINANCIAL REPORTING**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Kentucky Retirement Systems for its Annual Comprehensive Financial Report for the Fiscal Year ended June 30, 2024. The Certificate of Achievement is a prestigious national award recognizing excellence in the preparation of state and local government financial reports and is valid for a period of one year. This is the 26th award earned by KRS. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized document. The report must satisfy both generally accepted accounting principles and applicable legal requirements. We believe our 2025 report will continue to meet the Certificate of Achievement Program's requirements, and we will be submitting it to the GFOA for their consideration.

**PUBLIC PENSIONS STANDARDS AWARD FOR
FUNDING AND ADMINISTRATION**

The Public Pension Coordinating Council awarded the Public Pensions Standards Award for Funding and Administration to the Kentucky Retirement Systems (KRS) for 2025. This is the second award earned by KRS.

The Public Pension Coordinating Council established the Public Pension Standards to reflect expectations for public retirement system management, administration, and funding. The Standards serve as a benchmark to measure public defined benefit plans. The Award for Funding and Administration is a distinguished national award recognizing pension programs meeting professional standards for plan design and administration as set forth in the Public Pension Standards. This award is valid for a period of one year. We believe KRS will continue to meet these standards, and we will be applying for the award next year.



DRAFT 11-25-2025

Draft Copy 11/24/25

Independent Auditor's Report

To the Members
 Kentucky Retirement Systems
 Frankfort, Kentucky

Report on the Audit of the Financial Statements***Opinion***

We have audited the financial statements of the Kentucky Retirement Systems (KRS), a component unit of the Commonwealth of Kentucky as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise KRS's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of KRS, as of June 30, 2025, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of KRS and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the KRS's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

DRAFT 11-25-2025*Draft Copy 11/24/25****Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of KRS's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about KRS's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

DRAFT 11-25-2025Draft Copy 11/24/25
Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise KRS's basic financial statements. The accompanying schedules of administrative expense, direct investment expense, and professional consultant fees are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedules of administrative expenses, direct investment expenses, and professional consultant fees are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory, investment, actuarial and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Summarized Comparative Information

The KRS's basic financial statements for the year ended June 30, 2024 (not presented herein), were audited by other auditors whose report thereon dated December 5, 2024, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

The report of the other auditors dated December 5, 2024, stated that the schedules of administrative expense, direct investment expense, and professional consultant fees for the year ended June 30, 2024 was subjected to the auditing procedures applied in the audit of the June 30, 2024 basic financial statements and certain additional auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those basic financial statements or the those basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and, in their opinion, was fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2024.

DRAFT 11-25-2025

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December XX, 2025, on our consideration of KRS's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of KRS's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering KRS's internal control over financial reporting and compliance.

Boise, Idaho

December XX, 2025

DRAFT 11-25-2025

Management's Discussion & Analysis (Unaudited, \$ In Millions)

INTRODUCTION

Management's Discussion and Analysis (MD&A) provides insight into the financial performance of KRS for the fiscal year ended June 30, 2025. It is meant to be read in the context of the accompanying Letter of Transmittal in the Introduction, the Basic Financial Statements and the Notes to those statements, the Required Supplementary Information (RSI), and additional material following this section. Together, this information provides a comprehensive picture of KRS' financial position.

KRS comprises the Kentucky Employee Retirement System (KERS) and the State Police Retirement System (SPRS). KERS includes hazardous and nonhazardous defined benefit pension and OPEB plans for Kentucky state employees. SPRS is a single employer system providing benefits to Kentucky State Police troopers. Governance of both KERS and SPRS is vested with the nine-member KRS Board of Trustees (the KRS Board). Daily system activities, including investment management, benefits counseling, legal services, accounting, and payroll functions, are performed by a staff of professional employees of the Kentucky Public Pensions Authority (KPPA), which is the special-purpose government responsible for the administration of KRS.

FINANCIAL HIGHLIGHTS AND ANALYSIS

The following are the Condensed Comparative Statements of Fiduciary Net Position and Condensed Comparative Statements of Changes in Fiduciary Net Position of KRS for the fiscal years ended June 30, 2025, 2024, and 2023.

Condensed Summary of Fiduciary Net Position As of June 30			
	FY 2025	FY 2024	FY 2023
ASSETS			
Cash, Short-term Investments, and Receivables	\$695	\$615	\$1,256
Investments, at fair value	9,653	8,322	6,413
TOTAL ASSETS	10,348	8,937	7,669
TOTAL LIABILITIES	466	324	238
FIDUCIARY NET POSITION	\$9,882	\$8,613	\$7,431

Condensed Summary of Changes in Fiduciary Net Position As of June 30			
	FY 2025	FY 2024	FY 2023
ADDITIONS			
Member Contributions	\$148	\$137	\$117
Employer Contributions	321	369	320
Actuarially Accrued Liability Contributions (AALC)	866	987	986
General Fund Appropriations	325	240	240
Total Contributions	1,660	1,733	1,663
Net Investment Income	985	776	541
Other Additions	—	10	5
TOTAL ADDITIONS	2,645	2,519	2,209
DEDUCTIONS			
Benefits and Refunds	1,217	1,192	1,182
Other Deductions	159	145	156
TOTAL DEDUCTIONS	1,376	1,337	1,338
NET INCREASE	1,269	1,182	871
FIDUCIARY NET POSITION			
BEGINNING OF THE PERIOD	8,613	7,431	6,560
END OF PERIOD	\$9,882	\$8,613	\$7,431

Management's Discussion & Analysis

(Unaudited, \$ In Millions)

Fiduciary Net Position

The Fiduciary Net Position of KRS was \$8,613 at the beginning of the fiscal year and increased by 14.73% to \$9,882 as of June 30, 2025. The \$1,269 increase is primarily attributable to the appreciation of the fair value of investments, continued AALC payments, and additional funding from the Kentucky General Assembly.

Contributions

Total contributions reported for fiscal year 2025 were \$1,660 compared to \$1,733 in fiscal year 2024, a decrease of 4.21% or \$73. This decrease was driven by a decrease in the employer contribution rates from the prior year to the current year.

Investments

The KRS pension and insurance portfolios investment returns averaged 11.4% for the fiscal year ended June 30, 2025, compared to 10.6% for the fiscal year ended June 30, 2024. The continued positive performance is due to the notable returns from the Public Equity portfolio and the outpacing of the Real Return portfolios over their benchmarks. See investment results beginning on page 74 of the investment section.

The fair value of investments, as of June 30, 2025, were \$9,653, an increase of \$1,331 from the prior year, and net investment income was \$985 for the current fiscal year, compared to \$776 for the prior fiscal year.

Investment returns are reported net of fees and investment expenses, including carried interest. Investment fees and expenses totaled \$81 for fiscal year 2025 compared to \$65 in the prior fiscal year.

	1-Year Return			Fair Value of Investments			Investment Fees & Expenses			Net Investment Income		
	2025	2024	2023	2025	2024	2023	2025	2024	2023	2025	2024	2023
Pension												
KERS Nonhazardous	11.2%	9.5%	7.0%	\$5,001	\$4,100	\$2,964	\$39	\$29	\$20	\$493	\$356	\$220
KERS Hazardous	11.9%	11.1%	9.5%	1,120	1,008	830	10	9	7	121	102	77
SPRS	11.0%	9.6%	7.6%	725	635	469	6	4	3	72	57	41
Insurance												
KERS Nonhazardous	11.8%	11.1%	9.9%	\$1,806	\$1,649	\$1,311	\$16	\$13	\$11	\$195	\$167	\$128
KERS Hazardous	11.2%	11.2%	9.3%	713	662	599	7	7	5	74	67	53
SPRS	11.3%	11.0%	9.5%	288	268	240	3	3	2	30	27	21
Average/Total	11.4%	10.6%	8.8%	\$9,653	\$8,322	\$6,413	\$81	\$65	\$48	\$985	\$776	\$540

Asset allocation is the primary driver of long-term investment performance and is designed to achieve an optimal long-term asset mix. The investment policy statement (IPS) of the KRS board has established the following asset allocation guidelines as of June 30, 2025. See also the investment overview beginning on page 71 of the investment section.

Asset Class	KERS Nonhazardous Pension & SPRS Pension Plans			KERS Hazardous Pension & all KRS Insurance Plans		
	Target	Minimum	Maximum	Target	Minimum	Maximum
Public Equity	30%	20%	40%	40%	25%	50%
Private Equity	6%	3%	9%	8%	4%	12%
Core Fixed Income	27%	22%	35%	10%	8%	15%
Specialty Credit	20%	15%	25%	25%	20%	30%
Cash	2%	—%	5%	2%	—%	5%
Real Estate	5%	3%	7%	7%	4%	10%
Real Return	10%	7%	13%	8%	5%	11%
	100%			100%		

Management's Discussion & Analysis (Unaudited, \$ In Millions)

Deductions

Benefits and refunds paid for fiscal year 2025 totaled \$1,217 compared to \$1,192 in fiscal year 2024, a 2.10% increase, due to the slight increase in retired membership of the systems.

ACTUARIAL HIGHLIGHTS

The actuarial accrued liability (AAL) is the measure of the cost of benefits that have been earned to date, but not yet paid, and is calculated using the entry age normal cost method (EANC) as required by state statute. The difference in value between the AAL and the actuarial value of assets is defined as the unfunded actuarial accrued liability (UAAL).

Schedule of Unfunded Actuarial Accrued Liability (UAAL) As of June 30												
	KERS Nonhazardous						KERS Hazardous					
	Pension			Insurance			Pension			Insurance		
	2025	2024	2023	2025	2024	2023	2025	2024	2023	2025	2024	2023
Actuarial Accrued Liability (AAL)	\$16,839	\$16,648	\$16,304	\$2,475	\$2,095	\$1,877	\$1,488	\$1,443	\$1,363	\$420	\$420	\$380
Actuarial Value of Assets	4,810	4,122	3,552	1,818	1,712	1,533	1,076	985	891	700	700	652
Unfunded Actuarial Accrued Liability (UAAL)	\$12,029	\$12,526	\$12,752	\$657	\$383	\$344	\$412	\$458	\$472	(\$279)	(\$279)	(\$273)
Funded Ratio	28.57%	24.76%	21.79%	73.45%	81.73%	81.66%	72.34%	68.28%	65.40%	166.43%	166.43%	171.87%

Schedule of Unfunded Actuarial Accrued Liability (UAAL) As of June 30						
	SPRS					
	Pension			Insurance		
	2025	2024	2023	2025	2024	2023
Actuarial Accrued Liability (AAL)	\$1,130	\$1,092	\$1,067	\$251	\$244	\$233
Actuarial Value of Assets	700	590	560	263	245	234
Unfunded Actuarial Accrued Liability (UAAL)	\$431	\$502	\$507	(\$12)	(\$1)	(\$1)
Funded Ratio	61.88%	54.03%	52.46%	104.85%	100.46%	100.62%

Please refer to Note I and the RSI of the Financial Section, as well as the Actuarial Section for more analysis of the funding status, asset values, actuarial assumptions, and actuarially determined employer contributions.

INFORMATION REQUESTS

This financial report is designed to provide a general overview of KRS' financial position. Questions concerning any of the information provided in this report or requests for additional information should be directed to:

ATTN: Director of Accounting
Kentucky Public Pensions Authority
1260 Louisville Road
Frankfort, KY 40601

DRAFT 11-25-2025**Basic Financial Statements**

KRS Combining Statement of Fiduciary Net Position								
As of June 30, 2025, with Comparative Totals as of June 30, 2024 (\$ in Thousands)								
ASSETS	Pension			Insurance			KRS Total 2025	KRS Total 2024
	KERS Nonhazardous	KERS Hazardous	SPRS	KERS Nonhazardous	KERS Hazardous	SPRS		
CASH AND SHORT-TERM INVESTMENTS								
Cash Deposits	\$263	\$28	\$26	\$101	\$16	\$12	\$446	\$465
Short-term Investments	221,007	59,712	38,383	71,358	28,082	8,904	427,446	441,430
Total Cash and Short-term Investments	221,270	59,740	38,409	71,459	28,098	8,916	427,892	441,895
RECEIVABLES								
Accounts Receivable	89,217	4,019	2,995	5,631	444	220	102,526	116,626
Accounts Receivable - Investments	100,502	15,366	15,179	22,680	8,027	2,972	164,726	56,377
Total Receivables	189,719	19,385	18,174	28,311	8,471	3,192	267,252	173,003
INVESTMENTS, AT FAIR VALUE								
Core Fixed Income	1,321,111	108,938	192,126	185,737	71,714	26,046	1,905,672	1,672,118
Public Equities	1,634,223	488,519	239,772	778,997	308,751	124,098	3,574,360	3,092,032
Private Equities	204,983	64,641	28,351	110,299	44,588	19,915	472,777	474,267
Specialty Credit	1,007,415	279,612	141,502	450,538	173,745	72,263	2,125,075	1,726,445
Derivatives	17	(2)	1	—	11	(2)	25	(63)
Real Return	468,629	85,420	69,012	139,103	53,375	21,664	837,203	684,912
Real Estate	234,554	63,267	35,441	102,488	45,389	17,333	498,472	466,474
Securities Lending Collateral	129,611	29,538	19,073	39,153	15,518	6,208	239,101	205,574
Total Investments, at Fair Value	5,000,543	1,119,933	725,278	1,806,315	713,091	287,525	9,652,685	8,321,759
Total Assets	5,411,532	1,199,058	781,861	1,906,085	749,660	299,633	10,347,829	8,936,657
LIABILITIES								
Accounts Payable	4,662	1,276	236	3	—	—	6,177	5,691
Accounts Payable - Investments	133,975	19,574	19,699	33,057	10,039	3,953	220,297	112,582
Securities Lending Collateral	129,611	29,538	19,073	39,153	15,518	6,208	239,101	205,574
Total Liabilities	268,248	50,388	39,008	72,213	25,557	10,161	465,575	323,847
Total Fiduciary Net Position								
Restricted for Benefits	\$5,143,284	\$1,148,670	\$742,853	\$1,833,872	\$724,103	\$289,472	\$9,882,254	\$8,612,810
See accompanying notes which are an integral part of these combining financial statements.								

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KRS Combining Statement of Changes In Fiduciary Net Position								
For the fiscal year ended June 30, 2025 , with Comparative Totals as of June 30, 2024 (\$ in Thousands)								
	Pension			Insurance			KRS	KRS
	KERS Nonhazardous	KERS Hazardous	SPRS	KERS Nonhazardous	KERS Hazardous	SPRS	Total 2025	Total 2024
ADDITIONS								
Member Contributions	\$104,830	\$22,096	\$6,006	\$12,295	\$2,176	\$418	\$147,821	\$136,995
Employer Contributions	154,409	70,768	52,975	38,863	2,159	1,888	321,062	368,848
Actuarially Accrued Liability Contributions	864,522	—	—	1,860	—	—	866,382	987,445
General Fund Appropriations	300,000	—	25,000	—	—	—	325,000	240,000
Other Additions	—	—	—	4	—	—	4	9,485
Total Contributions & Other Additions	1,423,761	92,864	83,981	53,022	4,335	2,306	1,660,269	1,742,773
INVESTMENT INCOME								
Net Appreciation in FV of Investments	363,949	92,561	52,053	147,310	56,743	22,884	735,500	553,411
Interest/Dividends	161,500	37,396	24,259	61,373	23,284	9,436	317,248	278,989
Securities Lending Income	6,775	1,655	1,119	2,535	766	345	13,195	8,524
Less: Investment Expense	23,822	6,541	3,341	10,280	4,681	1,878	50,543	43,491
Less: Performance Fees	9,022	2,232	1,076	3,575	1,810	695	18,410	13,592
Less: Securities Lending Fees, Expenses, and Rebates	6,093	1,495	1,008	2,293	690	312	11,891	7,641
Net Investment Income	493,287	121,344	72,006	195,070	73,612	29,780	985,099	776,200
Total Additions	1,917,048	214,208	155,987	248,092	77,947	32,086	2,645,368	2,518,973
DEDUCTIONS								
Benefit Payments	1,046,018	87,620	65,696	—	—	—	1,199,334	1,176,475
Refunds	11,154	6,212	346	—	—	—	17,712	16,046
Administrative Expenses	14,163	1,627	308	687	116	71	16,972	16,947
Healthcare Expenses	—	—	—	105,627	21,645	14,634	141,906	127,902
Total Deductions	1,071,335	95,459	66,350	106,314	21,761	14,705	1,375,924	1,337,370
Net Increase in Fiduciary Net Position Restricted for Pension Benefit	845,713	118,749	89,637	141,778	56,186	17,381	1,269,444	1,181,603
Total Fiduciary Net Position Restricted for Benefits								
Beginning of Period	4,297,571	1,029,921	653,216	1,692,094	667,917	272,091	8,612,810	7,431,207
End of Period	\$5,143,284	\$1,148,670	\$742,853	\$1,833,872	\$724,103	\$289,472	\$9,882,254	\$8,612,810
See accompanying notes, which are an integral part of these combining financial statements.								

NOTE A. Summary of Significant Accounting Policies

Basis Of Accounting

KRS' combining financial statements are prepared using the accrual basis of accounting. Member contributions are recognized in the period in which contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Premium payments are recognized when due and payable in accordance with the insurance terms of the plan. Administrative and investment expenses are recognized when incurred. The net position represents the assets of the system available to pay pension benefits for retirees, active and inactive members, and health care premiums for current and future retirees.

Method Used To Value Investments

Investments are reported at fair value. Fair value is the price that would be received upon selling an asset or the amount paid to transfer a liability in an orderly transaction between market participants at the measurement date. Short-term investments are reported at cost, which approximates fair value. See Investments Note D for further discussion of fair value measurements. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the dividend date. Gain (loss) on investments includes gains and losses

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on investments bought and sold as well as held during the fiscal year. Investment returns are recorded in all plans net of investment fees.

Investment Unitization

Within the plan accounting structure there are two primary types of accounts: Plan Accounts and Pool Accounts. Plan Accounts are the owners of the investment pool. An account is established for each plan and these accounts hold Units of Participation that represent the plan's invested value of the investment pool. Pool Accounts are accounts that hold the assets of the investment pool where all investment related activity and earnings occur. The pooled accounts are the investment strategies of the pool. Units of Participation are bought and sold as each plan contributes or withdraws cash or assets from the investment pool. The investment pool earnings are then allocated to plans utilizing a cost distribution method that allows for fluctuating prices experienced in capital markets. This involves earnings allocated to the plan accounts with an increase or decrease in cost on the Unit of Participation Holdings of the plan accounts. Correspondingly, the price of the Unit of Participation Holdings is updated to reflect change in fair value in the investment pool. Earnings are allocated based on the daily weighted average of Master Trust Units held by each plan account during each monthly earnings period. This method is commonly used when plans make multiple contributions or withdrawals from the investment pool throughout the month as it eliminates allocation distortion due to large end of month cash flows.

Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Capital/intangible Assets

Equipment and computer software costing more than \$3,000 are valued at historical cost, capitalized when put into service, and depreciated or amortized using the straight-line method over the estimated useful life of the assets, ranging from three to ten years. Improvements, which increase the useful life of the asset, are capitalized. Maintenance and repairs are charged as an expense when incurred. As of June 30, 2023, all capital/intangible assets were fully depreciated and or amortized. No additional capital/intangible assets have been capitalized since that date.

Accounts Receivable

Accounts Receivable consist of amounts due from employers. Management considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is considered necessary. If amounts become uncollectible, they will be charged to operations when that determination is made. If amounts previously written off are collected, they will be credited to income when received.

The Investment Accounts Receivable and Investment Accounts Payable consist of investment management earnings and fee accruals, as well as all buys and sells of securities which have not closed as of the reporting date.

Benefits

Benefits are recognized when due and payable in accordance with the terms of the plan.

Expense Allocation

Administrative expenses are allocated to the system based on a hybrid allocation developed by management in conjunction with the KRS Board. The hybrid allocation is based on a combination of plan membership and direct plan expenses. All investment related expenses are allocated in proportion to the percentage of investment assets held by each plan.

Component Unit

KRS is a component unit of the Commonwealth of Kentucky (the Commonwealth) for financial reporting purposes.

KERS was created by the Kentucky General Assembly on July 1, 1956, pursuant to Kentucky Revised Statutes 61.515. SPRS was created by the Kentucky General Assembly on July 1, 1958, pursuant to Kentucky Revised Statutes 16.510. Six of the nine trustees are appointed by the Governor. The administrative budget of KPPA, which incorporates KRS administrative cost is subject to approval by the Kentucky General Assembly. KRS employer contribution rates are set by

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statute and subject to legislative approval. The methods used to determine the employer rates for KRS (KERS and SPRS) are specified in Kentucky Revised Statutes 61.565.

Perimeter Park West, Incorporated (PPW) is a legally separate entity functioning as a real estate holding company for the offices used by KPPA. PPW is governed by a three-member board selected by its sole shareholder, KRS.

Recent Accounting Pronouncements

GASB Statement Number 101, Compensated Absences. The requirements of the Statement will take effect for financial statements starting with the fiscal year that ends December 31, 2024. Management implemented the standard and determined this was immaterial to the financial statements.

GASB Statement Number 102, Certain Risk Disclosures. The requirements of the Statement will take effect for financial statements for fiscal years beginning after June 15, 2024. Management implemented the standard and determined that there are no concentrations or constraints that meet the requirements of this disclosure.

GASB Statement Number 103, Financial Reporting Model Improvements. The requirements of the Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Management is evaluating the impact of the Statement to the financial report.

GASB Statement Number 104, Disclosure of Certain Capital Assets. The requirements of the Statement are effective for fiscal year that ends June 30, 2026, and all reporting periods thereafter. Management is evaluating the impact of the Statement to the financial report.

NOTE B. Description & Contribution Information

KRS - Kentucky Retirement System

KRS comprises the Kentucky Employees Retirement System (KERS) and the State Police Retirement System (SPRS), and for financial reporting purposes, is composed of six Plans - three defined benefit pension Plans, and three OPEB plans, as discussed below. Each of the Pension and OPEB Plans are legally separated with benefits only eligible to be paid for each of the respective membership groups.

KERS was established by Kentucky Revised Statutes 61.515, to provide retirement, disability, and death benefits to system members. KERS, for financial reporting purposes, is composed of two pension Plans - KERS Nonhazardous Plan and KERS Hazardous Plan, and two corresponding OPEB Plans. Each of the Pension and OPEB plans are legally separated with benefits only eligible to be paid for each of the respective membership groups and are cost-sharing multiple-employer plans. The KERS Nonhazardous Plan was established to provide retirement benefits to all regular full-time members employed in positions of any state department, board, or agency directed by Executive Order to participate in KERS. The membership of the KERS Hazardous Plan includes employees whose position is considered hazardous with principal job duties including, but are not limited to, active law enforcement, probation and parole officer, detective, pilots, paramedics, and emergency medical technicians, with duties that require frequent exposure to a high degree of danger and also require a high degree of physical condition.

SPRS is a single employer defined benefit pension Plan that was established by Kentucky Revised Statutes 16.510 to provide retirement benefits to all full-time state troopers employed in positions by the Kentucky State Police, and all positions are considered Hazardous. SPRS, for financial reporting purposes, is composed of the retirement Plan, and a corresponding OPEB Plan.

The OPEB Plans are part of the Kentucky Retirement Systems Insurance Trust Fund (Insurance Fund), established by Kentucky Revised Statutes 61.701 for eligible members receiving benefits from KERS Nonhazardous, KERS Hazardous, and SPRS. The Insurance Fund was created for the purpose of providing a trust separate from the retirement trusts, and for the purpose of providing hospital and medical insurance benefits.

The responsibility of the Plans within KRS is vested in the KRS Board. The KRS Board consists of nine members. Six trustees are appointed by the governor and three are elected. Of the elected trustees, two are elected by KERS members and one is elected by SPRS members. Active, inactive and retired members of the appropriate system are invited to participate in the election of trustees. Of the six appointed trustees, three must have investment experience and three must have retirement experience as defined by statute. All appointments by the governor are subject to Senate confirmation. The two trustees elected by the KERS membership must be members of or retired from KERS. The one trustee elected by the SPRS membership must be a member of or retired from SPRS.

DRAFT 11-25-2025**Employer Contributions**

For the fiscal year ended June 30, 2025, there were 330 participating employers in KERS, and SPRS is a single employer plan. The Commonwealth is required to contribute actuarially determined rates for KERS and SPRS pensions and insurance. The KRS Board recommends the rates each year following the annual actuarial valuation, but the rates are set by the legislature within the budget bill for each biennium. The contribution rates from July 1, 2023, through June 30, 2025, were set within HB 1, passed in the 2022 Regular Legislative Session, for KERS Nonhazardous, KERS Hazardous and SPRS employers.

The KERS Nonhazardous employer contribution rate shall include, (1) the normal cost contribution and (2) the prorated amount of the actuarially accrued liability assigned to each individual nonhazardous employer in accordance with Kentucky Revised Statutes 61.565(1)(d). Each employer pays the normal cost as a percentage of reported payroll plus a flat amount to cover the employer-specific actuarially accrued liability contribution for the fiscal year as determined by the annual valuation.

Per Kentucky Revised Statutes 61.565 and 16.645(18), normal contribution and past service contribution rates shall be determined by the KRS Board on the basis of the last annual valuation preceding July 1 of a new biennium. The KRS Board may amend contribution rates as of the first day of July of the second year of a biennium, if it is determined on the basis of a subsequent actuarial valuation that amended contribution rates are necessary to satisfy requirements determined in accordance with actuarial bases adopted by the KRS Board. However, formal commitment to provide the contributions by the employer is made through the biennial budget for KERS and SPRS.

For the fiscal year ended June 30, 2025, participating employers of KERS Nonhazardous, KERS Hazardous and SPRS contributed a percentage of each employee's creditable compensation. The actuarially determined rates set by the KRS Board for the fiscal year is a percentage of each employee's creditable compensation. Administrative costs are financed through employer contributions and investment earnings.

Contribution Rate Breakdown by Plan						
As of June 30, 2025						
	Pension		Insurance		Combined Total	
Plan	Employer Contribution Rates	Actuarially Recommended Rates	Employer Contribution Rates	Actuarially Recommended Rates	Employer Contribution Rates	Actuarially Recommended Rates
KERS Nonhazardous *	6.99%	6.99%	1.45%	1.45%	8.44%	8.44%
KERS Hazardous	23.74%	23.74%	—%	—%	23.74%	23.74%
SPRS	65.79%	65.79%	2.31%	2.31%	68.10%	68.10%

** House Bill 8 passed during the 2021 legislative session required, beginning July 1, 2021, the KERS Nonhazardous employers pay the normal cost for all employees plus a flat amount which is equal to their assigned percentage of the annual dollar amount that is sufficient to amortize the total unfunded actuarial accrued liability of the system over a closed period. The percentage is based on the liability that was attributable to the agency as of June 30, 2019.*

Benefit Tiers:

As of June 30, 2025, the date of the most recent actuarial valuation, membership consisted of:

Membership as of June 30, 2025 (in Whole \$)				
Item	KERS Nonhazardous	KERS Hazardous	SPRS	KRS Total
Members	146,022	20,001	3,397	169,420
Active Membership	34,093	4,954	863	39,910
Tier 1	11,179	973	275	12,427
Tier 2	4,644	694	183	5,521
Tier 3	18,270	3,287	405	21,962
Average Annual Salary	\$60,674	\$63,006	\$86,217	
Average Age	45.4	40.4	37.7	
Retired Membership	52,763	5,212	1,753	59,728
Tier 1	51,933	5,103	1,749	58,785
Tier 2	704	90	1	795
Tier 3	126	19	3	148
Average Annual Benefit	\$21,117	\$16,505	\$39,876	
Average Age	71.6	66.7	65.3	

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Membership as of June 30, 2025 (in Whole \$)				
Item	KERS Nonhazardous	KERS Hazardous	SPRS	KRS Total
Members	146,022	20,001	3,397	169,420
Inactive Members	59,166	9,835	781	69,782
Tier 1	31,626	2,201	261	34,088
Tier 2	9,720	1,619	129	11,468
Tier 3	17,820	6,015	391	24,226

TIER 1:

Members who began participating prior to September 1, 2008, are required to contribute 5% (Nonhazardous) or 8% (Hazardous) of their annual creditable compensation. These members are classified in the Tier 1 structure of benefits. Interest is paid each June 30 on members' accounts at a rate of 2.5%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of member contributions and interest.

TIER 2:

Members who began participating on or after September 1, 2008, and before January 1, 2014, are required to contribute 5% (Nonhazardous) or 8% (Hazardous) of their annual creditable compensation. Further, members also contribute an additional 1% which is deposited to an account created for payment of health insurance benefits under 26 USC Section 401(h) in the Insurance Fund (see Kentucky Administrative Regulation (KAR) 105 KAR 1:420). These members are classified in the Tier 2 structure of benefits. Interest is paid each June 30 on members' accounts as of the June 30 of the previous year at a rate of 2.5%. If a member terminates employment and applies to take a refund, the member is entitled to a full refund of member contributions and interest; however, the 1% Health Insurance Contribution (HIC) to the 401(h) account is non-refundable and is forfeited.

TIER 3:

Members who began participating on or after January 1, 2014, are required to contribute to the Cash Balance Plan. The Cash Balance Plan is known as a hybrid plan because it has characteristics of both a defined benefit plan and a defined contribution plan. Members contribute 5% (Nonhazardous) or 8% (Hazardous) of their monthly creditable compensation which is deposited into their account, and an additional 1% which is deposited to an account created for payment of health insurance benefits under 26 USC Section 401(h) in the Insurance Fund (see 105 KAR1:420), which is not refundable. Tier 3 member accounts are also credited with an employer pay credit in the amount of 4% (Nonhazardous) or 7.5% (Hazardous) of the member's monthly creditable compensation. The employer pay credit amount is deducted from the total employer contribution rate paid on the member's monthly creditable compensation. If a vested (60 months of service) member terminates employment and applies to take a refund, the member is entitled to the members contributions (less HIC) plus employer pay credit plus interest (for both employee contributions and employer pay). If a non-vested (less than 60 months) member terminates employment and applies to take a refund, the member is entitled to receive employee contributions (less HIC) plus interest (on employee contributions only).

Interest is also paid into the Tier 3 member's account. The account currently earns 4% interest credit on the member's accumulated account balance as of June 30 of the previous year. The member's account may be credited with additional interest if the five-year Geometric Average Net Investment Return (GANIR) exceeded 4%. If the member was actively employed and participating in the fiscal year, and if the GANIR for the previous five years exceeds 4%, then the member's account will be credited with 75% of the amount of the returns over 4% on the account balance as of June 30 of the previous year (Upside Sharing Interest). It is possible that one plan in KRS may get an Upside Sharing Interest, while another may not.

Upside Sharing Interest

Upside Sharing Interest is credited to both the member contribution balance and employer pay credit balance. Upside Sharing Interest is an additional interest credit. Member accounts automatically earn 4% interest annually. The GANIR is calculated on an individual plan basis.

The chart that follows shows the interest calculated on the members' balances as of June 30, 2024, and credited to each member's account on June 30, 2025.

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(A-B) = C x 75% = D then B + D = Interest (\$ in Thousands)						
	A	B	C	D		
Plan	5-Year Geometric Average Return	Less Guarantee Rate of 4%	Upside Sharing Interest	Upside Sharing Interest X 75% = Upside Gain	Interest Rate Earned (4% + Upside)	Total Interest Credited to Member Accounts
KERS Nonhazardous	8.21%	4.00%	4.21%	3.16%	7.16%	\$20,790
KERS Hazardous	9.71%	4.00%	5.71%	4.28%	8.28%	\$7,492
SPRS	8.65%	4.00%	4.65%	3.49%	7.49%	\$1,428

Insurance Fund Description

Eligible non-Medicare retirees are covered by the Department of Employee Insurance (DEI) plans, eligible Medicare retirees are covered through contracts with Humana through a Medicare Advantage Plan. The Insurance Fund pays a prescribed contribution for whole or partial payment of required premiums to purchase hospital and medical insurance. For the fiscal year ended June 30, 2025, insurance premiums withheld from benefit payments for KRS' members were \$12.9 million and \$1.2 million for KERS Nonhazardous and Hazardous, respectively; and, \$0.4 million for SPRS.

Retiree Medical Insurance Coverage (by Plan Count)					
As of June 30, 2025					
	Single	Couple/Family	Parent	Medicare Without Prescription	Medicare With Prescription
KERS Nonhazardous	5,977	418	371	848	20,740
KERS Hazardous	549	458	102	59	1,658
SPRS	196	422	77	14	849
Total	6,722	1,298	550	921	23,247

Note: Medical Insurance coverage is provided based on the member's initial participation date and length of service. Members receive either a percentage or dollar amount for insurance coverage. The counts are the number of medical plans contracted with the Department of Employee Insurance or Medicare vendor and are not representative of the number of persons.

The amount of benefit paid by the Insurance Fund is based on years of service. For members who began participating prior to July 1, 2003, a percentage of the contribution rate is paid based on years of service with 100% of the contribution rate being paid with 20 years of service.

For members participating prior to July 1, 2003, years of service and respective percentages of the maximum benefit are as follows:

Portion Paid by Insurance Fund	
As of June 30, 2025	
Years of Service	Paid by Insurance Fund (%)
20+ years	100.00%
15-19 years	75.00%
10-14 years	50.00%
4-9 years	25.00%
Less than 4 years	0.00%

Since the passage of House Bill 290 (2004 Kentucky General Assembly), medical insurance benefits have been calculated differently for members who began participating on or after July 1, 2003. Once members reach a minimum vesting period of 10 years, Nonhazardous employees whose participation began on or after July 1, 2003, earn \$10 per month for insurance benefits at retirement for every year of earned service. Hazardous employees whose participation began on or after July 1, 2003, earn \$15 per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount. Upon death of a Hazardous employee, the employee's spouse receives \$10 per month for insurance benefits for each year of the deceased employee's earned Hazardous service. This dollar amount is subject to adjustment annually, which is currently 1.5%, based upon Kentucky Revised Statutes.

House Bill 1 (2008 Kentucky General Assembly) changed the minimum vesting requirement for participation in the health insurance plan to 15 years for members whose participation began on or after September 1, 2008. This benefit is not protected under the inviolable contract provisions of Kentucky Revised Statutes 16.652, and 61.692. The Kentucky

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General Assembly reserves the right to suspend or reduce this benefit if, in its judgment, the welfare of the Commonwealth so demands.

The amount of benefit paid by the Insurance Fund is based on years of service. For members participating on or after July 1, 2003, the dollar amounts of the benefit per year of service are as follows:

Dollar Contribution for Fiscal Year 2025 For Member participation date on or after July 1, 2003	
	(in Whole \$)
KERS Nonhazardous	\$14.63
KERS Hazardous	\$21.94
SPRS	\$21.94

The Insurance Plan pays 100% of the contribution rate for hospital and medical insurance premiums for the spouse and dependents of members who die as a direct result of an act in the line of duty or from a duty-related injury.

Cost of Living Adjustment (COLA)

Prior to July 1, 2009, COLAs were provided to retirees annually equal to the percentage increase in the annual average of the consumer price index (CPI) for all urban consumers for the most recent calendar year, not to exceed 5% in any plan year. After July 1, 2009, the COLAs were to be limited to 1.50%.

In 2013, the General Assembly created a new law to govern how COLAs will be granted. Language included in Senate Bill 2 during the 2013 Regular Session states COLAs will only be granted in the future if the KRS Board determines that assets of the Systems are greater than 100% of the actuarial liabilities and legislation authorizes the use of surplus funds for the COLA; or the General Assembly fully prefunds the COLA or directs the payment of funds in the year the COLA is provided. The granting of COLAs for the KERS and SPRS membership is covered under Kentucky Revised Statutes 61.691. No COLA has been granted since July 1, 2011.

Note C. Cash, Short-Term Investments & Securities Lending Collateral

The provisions of *GASB Statement No. 28 Accounting and Financial Reporting for Securities Lending Transactions* require that cash received as collateral on securities lending transactions and investments made with that cash must be reported as assets on the financial statements. The non-cash collateral is not reported because the securities received as collateral are unable to be pledged or sold unless the borrower defaults. KRS classifies certain other investments, not related to the securities lending program, as short-term. Cash and short-term investments consist of the following:

Cash, Short-Term Investments, & Securities Lending Collateral		
As of June 30, 2025 (\$ in Thousands)		
KERS Nonhazardous	Pension	Insurance
Cash	\$263	\$101
Short-Term Investments	221,007	71,358
Securities Lending Collateral Invested	129,611	39,153
Total	\$350,881	\$110,612
KERS Hazardous	Pension	Insurance
Cash	\$28	\$16
Short-Term Investments	59,712	28,082
Securities Lending Collateral Invested	29,538	15,518
Total	\$89,278	\$43,616
SPRS	Pension	Insurance
Cash	\$26	\$12
Short-Term Investments	38,383	8,904
Securities Lending Collateral Invested	19,073	6,208
Total	\$57,482	\$15,124

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Note D. Investments

Kentucky Revised Statutes 61.650 specifically state that the KRS Board shall have the full and exclusive power to invest and reinvest the funds of the Plan(s) they govern. In addition, Kentucky Revised Statutes 61.645 require three (3) members of the KRS Board to have at least ten (10) years of investment experience as defined by the statutes. The KRS Board is required to establish an Investment Committee who is specifically charged with implementing the investment policies adopted by the KRS Board and to act on behalf of the KRS Board of Trustees on all investment-related matters. The KRS Board and the Investment Committee members are required to discharge their duty to invest the funds of the Plans in accordance with the "Prudent Person Standard" as set forth in Kentucky Revised Statutes 61.650 and to manage those funds consistent with the long-term nature of the trusts and solely in the interest of the members and beneficiaries. All internal Investment Staff, and investment consultants must adhere to the Code of Ethics and Standards of Professional Conduct of the CFA Institute and all Board Trustees must adhere to the Code of Conduct for Members of a Pension Scheme Governing Body of the CFA Institute. The KRS Board is authorized to adopt policies. The KRS Board has adopted an Investment Policy Statement (IPS) which defines the framework for investing the assets of the Plans. The IPS is intended to provide general principles for establishing the investment goals of the Plans, the allocation of assets, employment of outside asset management, and monitoring the results of the respective Plans. A copy of the KRS Board's IPS can be found at kyret.ky.gov. By statutes, the KRS Board, through adopted written policies, shall maintain ownership and control over its assets held in its unitized managed custodial account. Additionally, the Investment Committee establishes specific investment guidelines that are summarized below and are included in the Investment Management Agreement (IMA) for each investment management firm.

Equity

Public Equity

Investments may be made in common stock; securities convertible into common stock; preferred stock of publicly traded companies on stock markets; asset class relevant Exchange Traded Funds (ETFs); or any other type of security contained in a manager's benchmark. Each individual equity account has a comprehensive set of investment guidelines, which contains a listing of permissible investments, portfolio restrictions, and standards of performance.

Private Equity

Subject to the specific approval of the Investment Committee, Private Equity investments may be made for the purpose of creating a diversified portfolio of alternative investments under the Equity umbrella. Private Equity investments are expected to achieve attractive risk-adjusted returns and, by definition, possess a higher degree of risk with a higher return potential than traditional equity investments. Accordingly, total net rates of return from Private Equity investments are expected to be greater than those that might be obtained from conventional public equity or debt investments. Certain investments in this category are public market securities (ETFs) with the most similar risk/ return characteristics as a short-term proxy for private asset classes.

Fixed Income

Core Fixed Income

The Core Fixed Income accounts may include, but are not limited to, the following securities: U.S. government and agency bonds; investment grade U.S. corporate credit; investment grade non-U.S. corporate credit; mortgages, including residential mortgage-backed securities; commercial mortgage-backed securities and whole loans; asset backed securities; and, asset class relevant ETFs. Each individual Core Fixed Income account has a comprehensive set of investment guidelines, which contains a listing of permissible investments, portfolio restrictions, and standards of performance.

Specialty Credit

Specialty Credit includes both publicly traded debt, and private credit. The Specialty Credit accounts may include, but are not limited to, the following types of securities and investments: non-investment grade U.S. corporate credit including both bonds and bank loans; non-investment grade non-U.S. corporate credit including bonds and bank loans; private debt; municipal bonds; non-U.S. sovereign debt; mortgages, including residential mortgage-backed securities; commercial mortgage backed securities and whole loans, asset backed securities and emerging market debt (EMD), including both sovereign EMD and corporate EMD; and asset class relevant ETFs. Each individual Specialty Credit account shall have a comprehensive set of investment guidelines for the account.

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Short-Term Investments

The following short-term investment vehicles are considered acceptable: Publicly traded investment grade corporate bonds; variable rate demand notes; government and agency bonds; mortgages, municipal bonds, and collective short-term investment funds (STIFs), money market funds or instruments (including, but not limited to certificates of deposit, bank notes, deposit notes, bankers' acceptance and commercial paper) and repurchase agreements relating to the above instruments. Instruments may be selected from among those having an investment grade rating at the time of purchase by at least one recognized bond rating service. In cases where the instrument has a split rating, the lower of the two ratings shall prevail. All instruments shall have a maturity at the time of purchase that does not exceed 397 days.

Fixed income managers, who utilize cash equivalent securities as an integral part of their investment strategy, are exempt from the permissible investments contained in the preceding paragraph. Permissible short-term investments for Fixed Income managers shall be included in the investment manager's investment guidelines.

Inflation Protected

Real Estate and Real Return

Investments may be made in real estate equity and debt for the purposes of achieving the highest total rate of return possible consistent with a prudent level of risk and provide returns that have a positive correlation to inflation. Allowable real estate investments include open-end and closed-end commingled real estate funds, joint venture investments, public and private real estate investment trusts (REITs), public real estate operating companies, and real estate related debt. Real Return investments are intended to provide both favorable stand alone risk-adjusted returns as well as the benefit of hedging inflation for the broader plans. Real Return investments may include real assets, such as infrastructure, real estate, commodities, and natural resources, as well as financial assets that have a positive correlation to inflation.

Investment Expenses

In accordance with *GASB Statement No. 67 and No. 74, Financial Reporting for Pension Plans and Other Postemployment Benefit Plans other than Pension Plans*, management has exercised professional judgment to report investment expenses. It is not cost-beneficial to separate certain investment expenses from either the related investment income or the general administrative expenses. In fiscal year 2015, management changed Private Equity investment fees from a gross basis to a net basis. The KRS Board made the decision to enhance transparency reporting. Prior to 2015, the majority of the Plans' Private Equity investment fees were netted against investment activity which is the standard used within the Private Equity sector. The Plans' reported net investment income has always included these fees regardless of the reporting method used. During the 2017 Regular Session of the Kentucky General Assembly, legislators passed SB 2 which requires the reporting of all investment fees and expenses. Management continues to work with managers to enhance fee and expense reporting.

Derivatives

Derivative instruments are financial contracts that have various effective dates and maturity dates and whose values depend on the values of one or more underlying assets, reference rates, or financial indices. External managers and Investment Staff are permitted to invest in derivative securities, or strategies which make use of derivative investments, for exposure, cost efficiency and risk management purposes, if such investments do not cause the portfolio to be leveraged beyond a 100% invested position. Any derivative security shall be sufficiently liquid that it can be expected to be sold at, or near, its most recently quoted market price. Examples of such derivatives include, but are not limited to the following securities: foreign currency forward contracts; futures; options; and swaps.

For accounting and financial reporting purposes, all derivative instruments are considered investment derivative instruments. The derivatives have been segregated on the Combining Statement of Fiduciary Net Position for all the Pension and Insurance Plans.

In accordance with *GASB Statement No. 53, Accounting and Financial Reporting for Derivative Instruments*, KRS provides additional disclosure regarding its derivatives. The charts included represent the derivatives by types as of June 30, 2025. The chart shows the change in fair value of derivative types as well as the current fair value and notional value. The notional value is the reference amount of the underlying asset times its current spot price. The Plans hold investments in options, commitments, futures, and forward foreign exchange contracts.

DRAFT 11-25-2025**KERS Pension and Insurance Derivative Instruments**

As of June 30, 2025 (\$ in Thousands)

Derivatives (by Type)	Net Appreciation (Depreciation) in Fair Value	Classification	Fair Value	Notional
KERS Nonhazardous - Pension				
FX Spots and Forwards	(\$13)	Investment	(\$13)	\$—
Futures	35	Investment	35	22,304
Commits and Options	(1)	Investment	(5)	—
Swaps	—	Investment	—	—
KERS Nonhazardous - Insurance				
FX Spots and Forwards	(\$9)	Investment	(\$9)	\$—
Futures	17	Investment	12	3,709
Commits and Options	(2)	Investment	(3)	—
Swaps	—	Investment	—	—
KERS Hazardous - Pension				
FX Spots and Forwards	(\$7)	Investment	(\$7)	\$—
Futures	7	Investment	7	1,813
Commits and Options	(1)	Investment	(2)	—
Swaps	—	Investment	—	—
KERS Hazardous - Insurance				
FX Spots and Forwards	\$—	Investment	\$—	\$—
Futures	11	Investment	11	1,739
Commits and Options	—	Investment	—	—
Swaps	—	Investment	—	—

SPRS Pension and Insurance Derivative Instruments

As of June 30, 2025 (\$ in Thousands)

Derivatives (by Type)	Net Appreciation (Depreciation) in Fair Value	Classification	Fair Value	Notional
SPRS Pension				
FX Spots and Forwards	(\$3)	Investment	(\$3)	\$—
Futures	5	Investment	5	3,211
Commits and Options	—	Investment	(1)	—
Swaps	—	Investment	—	—
SPRS Insurance				
FX Spots and Forwards	(\$2)	Investment	(\$2)	\$—
Futures	2	Investment	1	475
Commits and Options	—	Investment	(1)	—
Swaps	—	Investment	—	—

DRAFT 11-25-2025**Derivative Instruments Subject to Counterparty Credit Risk**

As of June 30, 2025

Counterparty	S & P Ratings	KERS Percentage of Net Exposure	KERS INS Percentage of Net Exposure	KERS Haz Percentage of Net Exposure	KERS Haz INS Percentage of Net Exposure	SPRS Percentage of Net Exposure	SPRS INS Percentage of Net Exposure
Bank of America	A-	0.08%	0.18%	0.03%	0.07%	0.01%	0.03%
Bank of New York Mellon	A	0.78%	1.27%	0.24%	0.47%	0.13%	0.20%
Barclays	BBB+	2.26%	4.37%	1.18%	0.06%	0.51%	1.02%
Brown Brothers Harriman	NR	0.07%	0.12%	0.02%	0.05%	0.01%	0.02%
Citigroup	BBB+	0.51%	0.99%	0.27%	—%	0.11%	0.23%
Goldman Sachs	BBB+	1.24%	2.32%	0.57%	0.24%	0.26%	0.50%
HSBC	A-	1.65%	3.22%	0.88%	0.01%	0.37%	0.76%
JPMorgan Chase	A	1.23%	2.42%	0.66%	0.01%	0.28%	0.57%
Morgan Stanley	A-	0.69%	1.34%	0.37%	—%	0.16%	0.32%
Royal Bank of Canada	AA-	1.16%	2.25%	0.61%	0.01%	0.26%	0.53%
Standard Chartered	BBB+	0.60%	1.17%	0.32%	—%	0.14%	0.28%
State Street	A	0.32%	0.63%	0.17%	—%	0.07%	0.15%
UBS	A-	1.11%	2.09%	0.54%	0.15%	0.24%	0.46%
Total		11.70%	22.37%	5.86%	1.07%	2.55%	5.07%

Custodial Credit Risk For Deposits

Custodial credit risk for deposits is the risk that may occur as a result of a financial institution's failure, whereby KRS deposits may not be returned. All non-investment related bank balances are held by JP Morgan Chase and each individual account is insured by the Federal Deposit Insurance Corporation (FDIC). None of these balances were exposed to custodial credit risk as they were either insured or collateralized at required levels.

Custodial Credit Risk for Deposits

As of June 30, 2025 (\$ in Thousands)

KERS Nonhazardous Pension	\$1,428
KERS Nonhazardous Insurance	104
KERS Hazardous Pension	28
KERS Hazardous Insurance	15
SPRS Pension	51
SPRS Insurance	19
Clearing	24
Excess Benefit	\$0

Note: All the above balances are held at JPM Chase.

Custodial Credit Risk For Investments

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, KRS will not be able to recover the value of an investment or collateral securities that are in the possession of an outside party. As of June 30, 2025, the currencies in the chart below were uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in KERS's or SPRS's name. Below are total cash and securities held by Global Managers and consist of various currencies.

DRAFT 11-25-2025**Custodial Credit Risk for Investments**

As of June 30, 2025 (\$ in Thousands)

KERS

KERS Nonhazardous Pension Foreign Currency	\$433,707
KERS Nonhazardous Insurance Foreign Currency	231,953
KERS Hazardous Pension Foreign Currency	136,654
KERS Hazardous Insurance Foreign Currency	90,525

SPRS

SPRS Pension Foreign Currency	69,774
SPRS Insurance Foreign Currency	\$38,675

Investment Summary - GASB 40 As Of June 30, 2025 (\$ In Thousands)

Investment Summary As of June 30, 2025 (\$ in Thousands)	Pension			Insurance		
	KERS Nonhazardous	KERS Hazardous	SPRS	KERS Nonhazardous	KERS Hazardous	SPRS
Type	Fair Value			Fair Value		
Core Fixed Income	\$1,321,111	\$108,938	\$192,126	\$185,737	\$71,714	\$26,046
Public Equities	1,634,223	488,519	239,772	778,997	308,751	124,098
Private Equities	204,983	64,641	28,351	110,299	44,588	19,915
Specialty Credit	1,007,415	279,612	141,502	450,538	173,745	72,263
Derivatives	17	(2)	1	—	11	(2)
Real Return	468,629	85,420	69,012	139,103	53,375	21,664
Real Estate	234,554	63,267	35,441	102,488	45,389	17,333
Short-Term Investments	221,007	59,712	38,383	71,358	28,082	8,904
Accounts Receivable (Payable), Net	(33,473)	(4,208)	(4,520)	(10,377)	(2,012)	(981)
Total	\$5,058,466	\$1,145,899	\$740,068	\$1,828,143	\$723,643	\$289,240

Credit Risk Debt Securities

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The debt security portfolios are managed by the Investment Staff and by external investment management firms. Each portfolio is required to be in compliance with a comprehensive set of investment guidelines that are assigned to them based upon the portfolio's specific mandate. In total, the Plans' debt securities portfolios are managed using the following guidelines adopted by the KRS Board:

- Bonds, notes, or other obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities are permissible investments and may be held without restrictions.
- The duration of the core fixed income portfolios combined shall not vary from that of KRS' Fixed Income Index by more than +/- 25% duration as measured by effective duration, modified duration or dollar duration except when the system's Investment Committee has determined a target duration to be used for an interim basis.
- The amount invested in the debt of a single corporation shall not exceed 5% of the total market value of fixed income assets, with certain limited exceptions.
- 50% of the core fixed income assets must have stated liquidity that is trade date plus three days or better.

Debt Securities - GASB 40

As of June 30, 2025 (\$ in Thousands)

Type	Pension			Insurance		
	KERS Nonhazardous	KERS Hazardous	SPRS	KERS Nonhazardous	KERS Hazardous	SPRS
AAA	\$58,706	\$5,285	\$8,618	\$9,272	\$3,329	\$1,364
AA+	5,210	675	802	1,122	297	192
AA	5,788	680	878	1,050	279	179
AA-	8,762	758	1,281	1,350	500	194
A+	19,736	1,743	2,891	3,003	1,096	437
A	30,834	2,627	4,499	4,843	1,818	692
A-	53,944	4,530	7,855	7,966	3,033	1,123
BBB+	51,908	4,648	7,615	8,154	2,951	1,192

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Debt Securities - GASB 40						
As of June 30, 2025 (\$ in Thousands)						
Type	Pension			Insurance		
	KERS Nonhazardous	KERS Hazardous	SPRS	KERS Nonhazardous	KERS Hazardous	SPRS
BBB	45,494	5,243	6,842	8,944	2,627	1,404
BBB-	43,969	9,204	7,093	13,464	2,485	2,238
BB+	40,680	11,049	6,874	18,012	3,958	2,251
BB	53,185	14,787	8,740	24,838	5,799	2,747
BB-	67,301	18,842	11,119	31,901	7,421	3,554
B+	47,812	13,719	7,630	23,242	5,351	2,491
B	76,360	21,757	11,928	38,085	8,988	3,883
B-	61,050	17,506	9,385	31,230	7,380	3,115
CCC+	21,533	5,797	3,496	10,100	2,489	1,045
CCC	9,087	2,405	1,486	4,265	1,068	440
CCC-	800	207	133	369	94	39
CC	252	76	37	139	32	13
D	1,942	516	316	874	218	90
NR	1,002,298	192,595	133,197	299,453	149,212	55,984
Total Credit Risk Debt Securities	\$1,706,651	\$334,649	\$242,715	\$541,676	\$210,425	\$84,667
Government Agencies	22,793	1,981	3,333	3,598	1,321	522
Government Mortgage-Backed Securities	238,101	20,048	34,702	35,505	13,478	5,037
Government Issued Commercial Mortgage Backed	8,452	697	1,229	1,262	487	177
Government Collateralized Mortgage Obligations	4,265	676	679	1,015	211	188
Government Bonds	348,264	30,499	50,970	53,219	19,537	7,718
Total Credit Risk Debt Securities	\$2,328,526	\$388,550	\$333,628	\$636,275	\$245,459	\$98,309
<i>Note: These ratings are based on Standard & Poor's (S&P) Global Ratings. Where S&P ratings are unavailable, equivalent Moody's Ratings are used as proxies.</i>						
<i>Differences due to rounding.</i>						
<i>Government Agencies, Government Mortgage-Backed Securities, Government Issued Commercial Mortgage Backed and Government Bonds are highly rated securities since they are backed by the US Government.</i>						
<i>The NR reported indicates a rating has not been assigned.</i>						

Concentration Of Credit Risk Debt Securities

Concentration of credit risk is the risk of loss attributed to the magnitude of an entity's exposure in a single issuer. The total debt securities portfolio is managed using the following general guidelines adopted by the KRS Board: bonds, notes, or other obligations issued or guaranteed by the U.S. Government, its agencies, or instrumentalities are permissible investments and may be held without restrictions. The amount invested in the debt of a single issuer shall not exceed 5% of the total market value of the Plans' fixed income assets.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Duration measures the sensitivity of the market prices of fixed income securities to changes in the yield curve and can be measured using two methodologies: effective or modified duration. Effective duration uses the present value of cash flows, weighted for those cash flows as a percentage of the investment's full price, and makes adjustments for any bond features that would retire the bonds prior to maturity. The modified duration, similar to effective duration, measures the sensitivity of the market prices to changes in the yield curve, but does not assume the securities will be called prior to maturity.

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Interest Rate Risk - Modified Duration

As of June 30, 2025 (\$ in Thousands)

Type	Pension				Insurance			
	Fair Value	Weighted Avg Modified Duration	Fair Value	Weighted Avg Modified Duration	Fair Value	Weighted Avg Modified Duration	Fair Value	Weighted Avg Modified Duration
KERS	Nonhazardous		Hazardous		Nonhazardous		Hazardous	
Asset Backed Securities	\$56,446	2.54	\$6,262	2.00	\$10,525	2.04	\$3,488	2.26
Financial Institutions	165,728	3.53	31,568	2.63	54,297	2.60	13,832	2.92
Collateralized Mortgage Obligations	12,473	2.82	1,757	1.95	2,615	2.11	597	3.02
Commercial Mortgage Backed Securities	15,716	5.09	1,794	4.54	2,950	4.62	857	5.12
Corporate Bonds - Industrial	410,509	3.61	95,373	3.07	162,890	3.02	39,768	3.20
Corporate Bonds - Utilities	61,774	5.44	8,411	4.87	14,245	4.84	4,147	5.07
Agencies	22,793	6.36	1,981	6.26	3,599	6.22	1,322	6.32
Government Bonds - Sovereign Debt	5,241	9.57	536	8.89	895	9.43	278	9.97
Mortgage Back Securities Pass-through - Not CMO's	238,910	5.59	20,165	5.57	35,665	5.58	13,512	5.60
Local Authorities - Municipal Bonds	12,359	7.91	1,586	7.83	2,558	7.84	666	7.94
Supranational - Multi-National Bonds	191	2.53	101	2.53	111	2.64	—	2.64
Treasuries	348,264	7.01	30,498	6.88	53,219	6.96	19,537	7.07
Unclassified	978,122	0.01	188,518	0.03	292,706	0.06	147,455	0.02
Total	\$2,328,526	2.90	\$388,550	2.06	\$636,275	2.17	\$245,459	1.78

Interest Rate Risk - Modified Duration

As of June 30, 2025 (\$ in Thousands)

Type	Pension		Insurance	
	Fair Value	Weighted Avg Modified Duration	Fair Value	Weighted Avg Modified Duration
SPRS				
Asset Backed Securities	\$8,234	2.55	\$1,364	2.27
Financial Institutions	25,226	3.54	6,452	2.91
Collateralized Mortgage Obligations	1,946	2.68	471	1.81
Commercial Mortgage Backed Securities	2,376	5.02	485	4.39
Corporate Bonds - Industrial	65,056	3.63	18,551	3.20
Corporate Bonds - Utilities	9,418	5.39	1,943	4.99
Agencies	3,333	6.35	522	6.16
Government Bonds - Sovereign Debt	781	9.48	142	9.16
Mortgage Back Securities Pass-through - Not CMO's	34,828	5.59	5,066	5.57
Local Authorities - Municipal Bonds	1,900	7.90	440	7.80
Supranational - Multi-National Bonds	43	2.53	26	2.64
Treasuries	50,970	7.00	7,718	6.89
Unclassified	129,517	0.01	55,129	0.04
Total	\$333,628	3.03	\$98,309	1.89

Foreign Currency Risk

Foreign currency risk is the risk that occurs if exchange rates adversely affect the value of a non-U.S. dollar based investment or deposit within the portfolios. Currency risk exposure, or exchange rate risk, primarily resides with the portfolios Non-U.S. equity holdings, but also affects other asset classes. KRS doesn't have a formal policy to limit foreign currency risk; however, some individual managers are given the latitude to hedge some currency exposures. All foreign currency transactions are classified as Short-Term Investments. All gains and losses associated with these transactions are recorded in the Net Appreciation (Depreciation) in Fair Value of Investments on the combining financial statements.

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Foreign Currency Risk						
As of June 30, 2025 (\$ in Thousands)						
Type	Pension			Insurance		
	KERS Nonhazardous	KERS Hazardous	SPRS	KERS Nonhazardous	KERS Hazardous	SPRS
Australian Dollar	\$10,776	\$3,494	\$1,788	\$6,032	\$2,026	\$974
Brazilian Real	8,535	2,769	1,417	4,918	1,664	791
Canadian Dollar	19,637	6,117	3,185	11,012	4,001	1,709
Czech Koruna	6	2	1	6	2	1
Danish Krone	9,798	3,020	1,580	5,270	1,942	812
Egyptian Pound	173	53	28	76	28	12
Euro	140,629	45,533	22,291	69,699	31,582	13,489
Hong Kong Dollar	29,697	9,154	4,788	16,668	6,143	2,568
Hungarian Forint	2,820	869	455	1,547	570	238
Indian Rupee	14,505	4,551	2,362	7,916	2,830	1,239
Indonesian Rupiah	5,800	2,003	998	3,321	987	565
Israeli Shekel	5,870	1,810	946	3,264	1,203	503
Japanese Yen	51,951	16,058	8,389	28,357	10,405	4,378
Malaysian Ringgit	1,330	410	214	740	273	114
Mexican Peso	531	80	61	238	178	16
New Taiwan Dollar	19,236	5,930	3,102	10,458	3,854	1,611
New Zealand Dollar	713	379	161	473	2	112
Norwegian Krone	506	233	104	319	34	68
Philippine Peso	847	392	175	565	59	121
Polish Zloty	1,538	474	248	859	317	132
Pound Sterling	43,573	13,515	7,050	24,324	8,867	3,769
Romanian Leu	159	49	26	85	31	13
Singapore Dollar	1,572	185	166	731	600	38
South African Rand	1,182	364	191	613	226	94
South Korean Won	17,258	5,320	2,783	9,962	3,671	1,534
Swedish Krona	6,792	2,093	1,095	3,684	1,358	568
Swiss Franc	32,377	9,980	5,220	17,528	6,460	2,700
Thai Baht	3,789	1,168	611	2,096	773	323
Turkish Lira	1,610	496	259	904	333	139
UAE Dirham	497	153	80	288	106	44
Total Foreign Investment Securities	433,707	136,654	69,774	231,953	90,525	38,675
U.S. Dollar	4,624,759	1,009,245	670,294	1,596,190	633,118	250,565
Total Investment Securities	\$5,058,466	\$1,145,899	\$740,068	\$1,828,143	\$723,643	\$289,240

Fair Value Measurement And Applications (GASB 72)

In accordance with *GASB Statement No. 72, Fair Value Measurement and Application*, KRS provides this additional disclosure regarding the fair value of its Pension and Insurance investments. KRS categorizes its fair value measurements within the fair value hierarchy established by GAAP.

KRS Defined The Fair Value Hierarchy And Levels As Follows:

Level 1

Quoted prices (unadjusted) in an active market for identical assets or liabilities that KRS has the ability to access at the measurement date (e.g., prices derived from NYSE, NASDAQ, Chicago Board of Trade, and Pink Sheets). Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using quoted prices (unadjusted) in an active market for identical assets or liabilities that KRS has the ability to access at the measurement date.

Level 2

Inputs (other than quoted prices included within Level 1) that are observable for an asset or liability, either directly or indirectly. These inputs can include matrix pricing, market corroborated pricing and inputs such as yield curves and indices.

DRAFT 11-25-2025**Level 3**

Unobservable inputs for an asset or liability, which generally results in using the best information available for the valuation of the assets or liabilities being reported.

Net Asset Value (NAV)

The remaining investments not categorized under the fair value hierarchy are shown at net asset value (NAV). These are investments in non-governmental entities for which a readily determinable fair value is not available, such as member units or an ownership interest in partners' capital to which a proportionate share of net assets is attributed.

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Fair Value Measurements and Application - Pension

As of June 30, 2025 (\$ in Thousands)

Asset Type	KERS Nonhazardous Level			Total Fair Value	KERS Hazardous Level			Total Fair Value	SPRS Level			Total Fair Value
	1	2	3		1	2	3		1	2	3	
Public Equity												
Emerging Markets	\$72,265	\$—	\$—	\$72,265	\$22,276	\$—	\$—	\$22,276	\$11,652	\$—	\$—	\$11,652
US Equity	1,016,613	—	—	1,016,613	303,904	—	—	303,904	149,311	—	—	149,311
Non-US Equity	399,926	—	—	399,926	123,280	—	—	123,280	64,485	—	—	64,485
Total Public Equity	1,488,804	—	—	1,488,804	449,460	—	—	449,460	225,448	—	—	225,448
Fixed Income												
Agencies	—	6,620	—	6,620	—	546	—	546	—	963	—	963
Asset-Backed	—	45,662	—	45,662	—	5,458	—	5,458	—	6,677	—	6,677
Bank & Finance	—	78,512	141,891	220,403	—	9,486	44,308	53,794	—	11,911	21,112	33,023
Cash & Cash Equivalent	—	(198)	—	(198)	—	(13)	—	(13)	—	(28)	—	(28)
Corporate	404,601	448,693	1,585	854,879	37,591	86,927	486	125,004	58,862	71,481	232	130,575
Healthcare	—	17,340	—	17,340	—	2,370	—	2,370	—	2,646	—	2,646
Insurance	—	4,675	—	4,675	—	435	—	435	—	689	—	689
Municipals	—	10,137	—	10,137	—	836	—	836	—	1,474	—	1,474
Sovereign Debt	—	14,721	—	14,721	—	3,653	—	3,653	—	2,582	—	2,582
US Government	348,549	251,843	—	600,392	28,893	21,183	—	50,076	50,716	36,700	—	87,416
Total Fixed Income	753,150	878,005	143,476	1,774,631	66,484	130,881	44,794	242,159	109,578	135,095	21,344	266,017
Derivatives												
Futures	(20)	—	—	(20)	(12)	—	—	(12)	(5)	—	—	(5)
Foreign Exchange	—	(5)	—	(5)	—	(2)	—	(2)	—	(1)	—	(1)
Total Derivatives	(20)	(5)	—	(25)	(12)	(2)	—	(14)	(5)	(1)	—	(6)
Private Equity ETFs	43,074	—	—	43,074	8,864	—	—	8,864	11,725	—	—	11,725
Real Estate ETFs	32,098	—	—	32,098	12,911	—	—	12,911	2,505	—	—	2,505
Real Return	280,520	—	—	280,520	49,067	—	—	49,067	36,705	—	—	36,705
Total Investments at Fair Value	2,597,626	878,000	143,476	3,619,102	586,774	130,879	44,794	762,447	385,956	135,094	21,344	542,394
Investments Measured at NAV												
Specialty Credit	—	—	—	588,160	—	—	—	154,955	—	—	—	72,848
Private Equity	—	—	—	170,243	—	—	—	56,968	—	—	—	18,814
Real Estate	—	—	—	203,598	—	—	—	51,338	—	—	—	33,103
Real Return	—	—	—	198,869	—	—	—	38,284	—	—	—	33,775
Fixed Income	—	—	—	46,111	—	—	—	3,802	—	—	—	6,706
Non US Equity	—	—	—	154,056	—	—	—	41,722	—	—	—	15,712
Emerging Markets	—	—	—	1,097	—	—	—	338	—	—	—	177
US Equity	—	—	—	10,474	—	—	—	3,368	—	—	—	1,724
Total Investments Measured at NAV	—	—	—	1,372,608	—	—	—	350,775	—	—	—	182,859
Cash and Accruals	—	—	—	66,756	—	—	—	32,677	—	—	—	14,815

DRAFT 11-25-2025**Fair Value Measurements and Application - Pension**

As of June 30, 2025 (\$ in Thousands)

Asset Type	KERS Nonhazardous Level			Total Fair Value	KERS Hazardous Level			Total Fair Value	SPRS Level			Total Fair Value
	1	2	3		1	2	3		1	2	3	
Total Investments	\$2,597,626	\$878,000	\$143,476	\$5,058,466	\$586,774	\$130,879	\$44,794	\$1,145,899	\$385,956	\$135,094	\$21,344	\$740,068

Note: The fair value hierarchies do not reflect cash and accruals thus totals differ from the Investment Summaries.

Note: Cash Equivalents include publicly traded investment grade corporate bonds; variable rate demand notes; government and agency bonds; mortgages; municipal bonds; Short Term Investment Funds (STIF); money market funds or instruments (including, but not limited to, certificates of deposit, bank notes, deposit notes, bankers' acceptances and commercial paper); and repurchase agreements.

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The investments measured at net asset value (NAV) are presented in the chart below:

Fair Value Measurements and Application - Pension												
As of June 30, 2025 (\$ in Thousands)												
Asset Type	KERS Nonhazardous				KERS Hazardous				SPRS			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Specialty Credit ⁽¹⁾	\$588,160	\$112,782	Daily - Quarterly	90 Days	\$154,955	\$26,080	Daily - Quarterly	90 Days	\$72,848	\$14,061	Daily - Quarterly	90 Days
Real Estate ⁽²⁾	203,598	26,676			51,338	7,607			33,103	3,190		
Real Return ⁽³⁾	198,869	81,432	Daily	30 - 60 Days	38,284	13,520	Daily	30 - 60 Days	33,775	12,647	Daily	30 - 60 Days
Private Equity ⁽⁴⁾	170,243	27,061			56,968	9,809			18,814	3,068		
Fixed Income ⁽⁵⁾	46,111		Daily		3,802		Daily		6,706		Daily	
Non US Equity ⁽⁵⁾	154,056		Daily		41,722		Daily		15,712		Daily	
Emerging Markets ⁽⁵⁾	1,097		Daily		338		Daily		177		Daily	
US Equity ⁽⁵⁾	10,474		Daily		3,368		Daily		1,724		Daily	
Total Investments Measured at NA	\$1,372,608	\$247,951			\$350,775	\$57,016			\$182,859	\$32,966		
⁽¹⁾ This type includes 12 specialty credit managers with multiple strategies. These managers may invest in U.S. or non-U.S. investment grade corporate credit, U.S. or non U.S. noninvestment grade corporate credit, including both bonds and bank loans, municipal bonds, non-U.S. sovereign debt, mortgages including residential mortgage backed securities, commercial mortgage backed securities and whole loans, asset-backed securities and emerging market debt. ⁽²⁾ This type includes 12 real estate funds that invest primarily in U.S. commercial real estate; however, there is one manager who invests solely in non-U.S. commercial real estate. The fair value of the investments have been determined using the NAV per share of the Plan's ownership interest and in the partners' capital. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that the funds will be liquidated over the next 7 to 10 years. Because it is not probable that any individual investment will be sold, the fair value of each individual investment has been determined using the NAV per share of the Plan's ownership interest in the partners' capital. Due to restrictions in the contract, redemptions are not likely until the assets of the fund are liquidated. ⁽³⁾ This type includes 17 real return managers that invest in multiple strategies such as infrastructure, agriculture, royalties, commodities, and natural resources. These investments are intended to provide both favorable risk-adjusted returns and correlation with inflation to help with the hedging of inflation for the broader plan. This group of managers also includes any hedge fund managers remaining in the portfolio which have all been terminated and are only awaiting payouts. ⁽⁴⁾ This type includes 30 managers with multiple strategies. These investments cannot be redeemed. Instead, the investments are distributed throughout the life of the investment. Distributions are received through the liquidation of the underlying assets of the fund. It is expected that each fund will remain invested for a period of 5 to 10 years. It is probable that all of the investments in this type will be sold at an amount different from the NAV per share of the Plan's ownership interest in partners' capital. Therefore, the fair values of the investment in this asset class have been determined using recent observable transaction information ⁽⁵⁾ This type includes short-term commingled investment instruments issued by the US Government, Federal agencies, sponsored agencies or sponsored corporations.												

DRAFT 11-25-2025**Fair Value Measurements and Application - Insurance**

As of June 30, 2025 (\$ in Thousands)

Asset Type	KERS Nonhazardous Level			Total	KERS Hazardous Level			Total	SPRS Level			Total
	1	2	3	Fair Value	1	2	3	Fair Value	1	2	3	Fair Value
Public Equity												
Emerging Markets	\$39,531	\$—	\$—	\$39,531	\$14,569	\$—	\$—	\$14,569	\$6,089	\$—	\$—	\$6,089
US Equity	476,910	—	—	476,910	189,925	—	—	189,925	75,807	—	—	75,807
Non-US Equity	221,037	—	—	221,037	81,465	—	—	81,465	34,046	—	—	34,046
Total Public Equity	737,478	—	—	737,478	285,959	—	—	285,959	115,942	—	—	115,942
Fixed Income												
Agencies		1,047		1,047		404		404		147		147
Asset-Backed		9,117		9,117		2,899		2,899		1,173		1,173
Bank & Finance		15,500	78,136	93,636		4,457	16,996	21,453		2,422	8,071	10,493
Cash & Cash Equivalent		15		15		(8)		(8)		6		6
Corporate	59,056	146,421	935	206,412	20,939	38,265	210	59,414	7,808	17,737	92	25,637
Healthcare		3,926		3,926		1,139		1,139		534		534
Insurance		775		775		271		271		116		116
Municipals		1,550		1,550		599		599		217		217
Sovereign Debt		4,982		4,982		529		529		1,050		1,050
US Government	51,376	37,561		88,937	19,755	14,271		34,026	7,225	5,326		12,551
Total Fixed Income	110,432	220,894	79,071	410,397	40,694	62,826	17,206	120,726	15,033	28,728	8,163	51,924
Derivatives												
Futures	(16)			(16)	—				(4)			
Foreign Exchange		(3)		(3)		—	—			(1)		
Total Derivatives	(16)	(3)	—	(19)	—	—	—	—	(4)	(1)	—	(5)
Private Equity												
ETFs	33,632			33,632				—				—
Real Estate ETFs	21,440			21,440				—				—
Real Return	57,618			57,618	24,811			24,811	9,869			9,869
Total Investments at Fair Value	960,584	220,891	79,071	1,260,546	351,464	62,826	17,206	431,496	140,840	28,727	8,163	177,730
Investments Measured at NAV												
Specialty Credit	—	—	—	252,164	—	—	—	129,051	—	—	—	48,522
Private Equity	—	—	—	83,161	—	—	—	44,225	—	—	—	19,691
Real Estate	—	—	—	81,808	—	—	—	45,752	—	—	—	17,557
Real Return	—	—	—	73,661	—	—	—	29,165	—	—	—	11,713
Fixed Income	—	—	—	6,056	—	—	—	2,338	—	—	—	849
Non US Equity	—	—	—	45,629	—	—	—	24,317	—	—	—	8,792
Emerging Markets	—	—	—	627	—	—	—	231	—	—	—	97
US Equity	—	—	—	4,992	—	—	—	1,998	—	—	—	806
Total Investments Measured at NAV	—	—	—	548,098	—	—	—	277,077	—	—	—	108,027
Cash and Accruals	—	—	—	19,499	—	—	—	15,070	—	—	—	3,483
Total Investments	\$960,584	\$220,891	\$79,071	\$1,828,143	\$351,464	\$62,826	\$17,206	\$723,643	\$140,840	\$28,727	\$8,163	\$289,240

Note: The fair value hierarchies do not reflect cash and accruals thus totals differ from the Investment Summaries.

Note: Cash Equivalents include publicly traded investment grade corporate bonds; variable rate demand notes; government and agency bonds; mortgages; municipal bonds; Short Term Investment Funds (STIF); money market funds or instruments (including, but not limited to, certificates of deposit, bank notes, deposit notes, bankers' acceptances and commercial paper); and repurchase agreements.

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The investments measured at net asset value (NAV) are presented in the chart below:

Fair Value Measurements and Application - Insurance													
As of June 30, 2025 (\$ in Thousands)													
Asset Type	KERS Nonhazardous				KERS Hazardous				SPRS				
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	
Specialty Credit ⁽¹⁾	\$252,164	\$50,043	Daily - Quarterly	90 Days	\$129,051	\$12,855	Daily - Quarterly	90 Days	\$48,522	\$6,423	Daily - Quarterly	90 Days	
Real Estate ⁽²⁾	81,808	8,861			45,752	6,624			17,557	2,531			
Real Return ⁽³⁾	73,661	27,963	Daily	30 - 60 Days	29,165	11,599	Daily	30 - 60 Days	11,713	4,545	Daily	30 - 60 Days	
Private Equity ⁽⁴⁾	83,161	9,877			44,225	7,650			19,691	3,690			
Fixed Income ⁽⁵⁾	6,056		Daily		2,338		Daily		849		Daily		
Non US Equity ⁽⁵⁾	45,629		Daily		24,317		Daily		8,792		Daily		
Emerging Markets ⁽⁵⁾	627		Daily		231		Daily		97		Daily		
US Equity ⁽⁵⁾	4,992		Daily		1,998		Daily		806		Daily		
Total Investments Measured at NA	\$548,098	\$96,744			\$277,077	\$38,728			\$108,027	\$17,189			
⁽¹⁾ This type includes 12 specialty credit managers with multiple strategies. These managers may invest in U.S. or non-U.S. investment grade corporate credit, U.S. or non U.S. noninvestment grade corporate credit, including both bonds and bank loans, municipal bonds, non-U.S. sovereign debt, mortgages including residential mortgage backed securities, commercial mortgage backed securities and whole loans, asset-backed securities and emerging market debt. ⁽²⁾ This type includes 12 real estate funds that invest primarily in U.S. commercial real estate; however, there is one manager who invests solely in non-U.S. commercial real estate. The fair value of the investments have been determined using the NAV per share of the Plan's ownership interest and in the partners' capital. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that the funds will be liquidated over the next 7 to 10 years. Because it is not probable that any individual investment will be sold, the fair value of each individual investment has been determined using the NAV per share of the Plan's ownership interest in the partners' capital. Due to restrictions in the contract, redemptions are not likely until the assets of the fund are liquidated. ⁽³⁾ This type includes 17 real return managers that invest in multiple strategies such as infrastructure, agriculture, royalties, commodities, and natural resources. These investments are intended to provide both favorable risk-adjusted returns and correlation with inflation to help with the hedging of inflation for the broader plan. This group of managers also includes any hedge fund managers remaining in the portfolio which have all been terminated and are only awaiting payouts. ⁽⁴⁾ This type includes 30 managers with multiple strategies. These investments cannot be redeemed. Instead, the investments are distributed throughout the life of the investment. Distributions are received through the liquidation of the underlying assets of the fund. It is expected that each fund will remain invested for a period of 5 to 10 years. It is probable that all of the investments in this type will be sold at an amount different from the NAV per share of the Plan's ownership interest in partners' capital. Therefore, the fair values of the investment in this asset class have been determined using recent observable transaction information ⁽⁵⁾ This type includes short-term commingled investment instruments issued by the US Government, Federal agencies, sponsored agencies or sponsored corporations.													

DRAFT 11-25-2025**Money-weighted Rates Of Return**

In accordance with *GASB Statement No. 67, Financial Reporting for Pension Plans*, and *GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, KRS provides this additional disclosure regarding its money-weighted rate of return for the period of June 30, 2025. The money-weighted rate of return is a method of calculating period-by-period returns on the Pension and Insurance Plans' investments that adjusts for the changing amounts actually invested. For the purposes of this statement, money-weighted rate of return is calculated as the internal rate of return on investments, net of investment expenses, then adjusted for the changing amounts actually invested. Please note this rate is different than the time-weighted returns reported in other sections.

Money-Weighted Rates of Return As of June 30, 2025						
	Pension			Insurance		
	KERS Nonhazardous	KERS Hazardous	SPRS	KERS Nonhazardous	KERS Hazardous	SPRS
2025	11.24%	11.88%	10.97%	11.74%	11.17%	11.23%

Note E. Securities Lending Transactions

Kentucky Revised Statutes 61.650 and 386.020(2) permit the Systems to lend their securities to broker-dealers and other entities. KRS utilizes a securities lending program to temporarily lend securities to qualified agents in exchange for either cash collateral or other securities with an initial fair value of 102% or 105% of the value of the borrowed securities. The borrowers of the securities simultaneously agree to return the borrowed securities in exchange for the collateral. The types of securities lent include U.S. Treasuries, U.S. Agencies, U.S. Corporate Bonds, U.S. Equities, Global Fixed Income Securities, and Global Equities Securities. Securities Lending transactions are accounted for in accordance with *GASB Statement No. 28*. The net earnings for KERS (Pension and Insurance combined) and SPRS (Pension and Insurance combined) was \$1.2 million and \$0.1 million, respectively.

The IPS does not address any restrictions on the amount of loans that can be made. As of June 30, 2025, KRS had no credit risk exposure to borrowers because the collateral amounts received exceeded the amounts out on loan. The contracts with the custodial bank require them to indemnify KRS if the borrowers fail to return the securities and one or both of the custodial banks have failed to live up to their contractual responsibilities relating to the lending of securities.

All securities loans can be terminated on demand by either party to the transaction. BNY Mellon invests cash collateral as permitted by state statute and KRS Board policy. The agent, BNY Mellon, of the Funds cannot pledge or sell collateral securities received unless the borrower defaults. KRS maintains a conservative approach to investing the cash collateral with BNY Mellon, emphasizing capital preservation, liquidity, and credit quality.

Cash collateral is invested in guaranteed, short-term obligations of the U.S. government, select government agencies and repurchase agreements with qualified agents. KRS cannot pledge or sell collateral securities received unless the borrower defaults. BNY Mellon as the lending agent also indemnifies KRS from any financial loss associated with a borrower's default and collateral inadequacy.

As of June 30, 2025, the average days to maturity for loans was one day, and the weighted average investment maturity of cash collateral investments was one day. The trusts had no credit risk exposure to borrowers because the amounts owed to borrowers exceeded the amounts the borrowers owed the trust, and no losses resulted during the period.

Security lending programs can entail interest rate risk and credit risk. KRS minimizes interest rate risk by limiting the term of cash collateral investments to several days. The credit risk is controlled by investing cash collateral in securities with qualities similar to the credit worthiness of lent securities.

As of June 30, 2025, the cash collateral received for the securities on loan totaled \$239.1 million and \$360.6 in non-cash collateral. See the below chart for individual plan totals.

DRAFT 11-25-2025**Securities Lending Collateral**

As of June 30, 2025 (\$ in Thousands)

	KERS Nonhazardous Pension	KERS Nonhazardous Insurance	KERS Hazardous Pension	KERS Hazardous Insurance	SPRS Pension	SPRS Insurance	KRS Total
Cash Collateral	\$129,611	\$39,153	\$29,538	\$15,518	\$19,073	\$6,208	\$239,101
Non-Cash Collateral	\$195,366	\$59,156	\$44,523	\$23,447	\$28,749	\$9,379	\$360,620

Note F. Risk of Loss

KRS and KPPA are exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Under the provisions of the Kentucky Revised Statutes, the Office of Claims and Appeals is vested with full power and authority to investigate, hear proof, and compensate persons for damages sustained to either person or property as a result of negligence of the agency or any of its employees. Awards are limited to \$250,000 for a single claim and \$400,000 in aggregate per occurrence. Awards and a pro rata share of the operating cost of the Office of Claims and Appeals are paid from the fund of the agency having a claim or claims before the Office of Claims and Appeals.

Claims against the KRS Board and the KPPA Board, or any of its staff as a result of an actual or alleged breach of fiduciary duty, are self-insured effective May 26, 2019.

Claims for job-related illnesses or injuries to employees are insured by the state's self-insured workers' compensation program. Payments approved by the program are not subject to maximum limitations. All medical expenses related to a work injury or illness are paid based upon appropriate statutory and regulatory reductions, and up to 66.67% of wages for temporary disability. Each agency pays premiums based on fund reserves and payroll. Settlements did not exceed insurance coverage in any of the past three fiscal years. Thus, no secondary insurance had to be utilized. There were no claims which were appealed to the Kentucky Workers' Compensation Board.

Note G. Contingencies

In the normal course of business, KRS is involved in litigation concerning the right of participants, or their beneficiaries, to receive benefits. KRS does not anticipate any material losses for the Systems as a result of the contingent liabilities. KRS is involved in other litigation; therefore, please see Note K. Litigation, for further information.

Note H. Income Tax Status

The Internal Revenue Service (IRS) has ruled that KERS and SPRS qualify under Section 401(a) of the Internal Revenue Code as tax exempt. KERS and SPRS are subject to income tax on any unrelated business income (UBI).

Note I. Financial Reporting for (GASB 67) Pension Plans and (GASB 74) Postemployment Benefit Plans

The following details actuarial information and assumptions utilized in determining the unfunded (overfunded) actuarial accrued liabilities for KRS. Please note that calculations for Total Pension Liability (TPL), net fiduciary position, Net Pension Liability (NPL), total OPEB liability, net OPEB fiduciary position, and Net OPEB Liability (NOL) are reported in the Plans' Required Supplementary Information (RSI) beginning on page 52 are based on June 30, 2024, actuarial valuations, rolled forward to June 30, 2025. The prior year valuations are used as the basis for the roll forward method and are applied to complete the current year pension and OPEB valuations as of the measurement date, June 30, 2025, in accordance with *GASB Statement No. 67*, paragraph 37, and *GASB Statement No. 74*, paragraph 41.

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Financial Reporting For Pension Plan (GASB 67)

Basis of Calculations

The Systems' actuary Gabriel, Roeder, Smith & Co.(GRS) completed reports by plan in compliance with *GASB Statement No. 67 Financial Reporting for Pension Plans*. The TPL, NPL, and sensitivity information are based on an actuarial valuation date of June 30, 2024. The TPL was rolled forward from the valuation date to the Plans' fiscal year ended June 30, 2025, using generally accepted actuarial principles. Information disclosed for years prior to June 30, 2017, were prepared by the prior actuary. GRS will provide separate reports at a later date with additional accounting information determined in accordance with *GASB Statement No. 68, Accounting and Financial Reporting for Pensions*.

Assumptions

Below is a summary of the principal assumptions used for the June 30, 2024, actuarial valuation:

- Investment Return - 6.25% for KERS Hazardous, 5.25% for KERS Nonhazardous and SPRS.
- Inflation - 2.50% for all plans.
- Salary Increases - 3.30% to 15.30% for KERS Nonhazardous, 3.55% to 20.05% for KERS Hazardous, and 3.55% to 16.05% for SPRS, varies by service.
- Payroll Growth - 0% for all plans.
- Mortality - System-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023.

Plan Provisions

There have been no assumption, method or plan provision changes that would materially impact the total pension liability since June 30, 2024.

Discount Rate

Single discount rates of 5.25% for the nonhazardous and SPRS plans and 6.25% for the hazardous plan were used to measure the total pension liability for the fiscal year ending June 30, 2025. This single discount rate was based on the expected rate of return on pension plan investments for each plan. Based on the stated assumptions and the projection of cash flows as of each fiscal year ending, the pension plan's fiduciary net position and future contributions were projected to be sufficient to finance all the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability for each plan.

The projection of cash flows used to determine the single discount rate must include an assumption regarding actual employer contributions made each future year. Future contributions are projected assuming that the entire actuarially determined employer contribution is received by each plan each future year, calculated in accordance with the current funding policy.

Additional Health Care Contributions (IRC 401(h) Subaccount)

Based on guidance issued by GASB in connection with *GASB Statement No. 74*, the 1% of pay member contributions for Tier 2 and Tier 3 members to a 401(h) subaccount is considered an OPEB asset. As a result, the reported fiduciary net positions as of June 30, 2017, and later are net of the 401(h) asset balance.

Additional Disclosures

This disclosure is based upon information, furnished to GRS by the Kentucky Public Pensions Authority (KPPA), which includes benefit provisions, membership information, and financial data. GRS did not audit this data and information, but they did apply a number of tests and concluded that it was reasonable and consistent. GRS is not responsible for the accuracy or completeness of the information provided by KPPA. Please see the "Actuarial Valuation Report as of June 30, 2024" for additional discussion of the nature of the actuarial calculations and more information related to participant data, economic and demographic assumptions, and benefit provisions. These reports should be considered together as a complete report for the fiscal year ending June 30, 2025.

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Financial Reporting For Postemployment Benefit Plans (GASB 74)

GRS completed reports by plan in compliance with *GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other than Pension Plans* for the fiscal year ended June 30, 2025. GRS will provide separate reports at a later date with additional accounting information determined in accordance with *GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Basis of Calculations

The total OPEB liability, net OPEB liability (NOL), and sensitivity information are based on an actuarial valuation date of June 30, 2024. The total OPEB liability was rolled forward from the valuation date to the plan's fiscal year ended June 30, 2025, using generally accepted actuarial principles.

Assumptions

The discount rates used to calculate the total OPEB liability increased for each plan since the prior year (see further discussion on the calculation of the single discount rates later in this section). The assumed increase in future health care cost, or trend assumption, was reviewed during the June 30, 2024, valuation process and was updated to better reflect the plan's anticipated long-term healthcare cost increases. In general, the updated assumption is assuming higher future increases in pre-Medicare and Medicare healthcare costs.

The Total OPEB Liability as of June 30, 2025, is determined using these updated assumptions.

Below is a summary of the principal assumptions used for the June 30, 2024, actuarial valuation:

- Investment Return - 6.50% for all plans.
- Inflation - 2.50% for all plans.
- Salary Increases - 3.30% to 15.30% for KERS Nonhazardous, 3.55% to 20.05% for KERS Hazardous, 3.55% to 16.05% for SPRS, varies by service.
- Payroll Growth - 0.00% for all plans.
- Mortality - System-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023.
- Health Care Trend Rates:
 - Pre-65 - Initial trend starting at 6.80% on January 1, 2025, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2024 premiums were known at the time of the valuation and were incorporated into the liability measurement.
 - Post-65 - Initial trend starting at 8.50% on January 1, 2025, and gradually decreasing to an ultimate trend rate of 4.05% over a period of 11 years. The 2024 premiums were known at the time of the valuation and were incorporated into the liability measurement.

Plan Provisions

There have been no plan provision changes that would materially impact the total OPEB liability since June 30, 2024.

Implicit Employer Subsidy for Non-Medicare Retirees

The fully-insured premiums paid for the Kentucky Employees' Health Plan are blended rates based on the combined experience of active and retired members. Because the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing health care benefits to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees. *GASB Statement No. 74* requires that the liability associated with this implicit subsidy be included in the calculation of the Total OPEB Liability.

Discount Rates

The following single discount rates were used to measure the total OPEB liability for the fiscal year ended June 30, 2025.

Plan	Fiscal Year 2025	Fiscal Year 2024	Change in Rate
KERS Nonhazardous	6.25%	6.00%	0.25%
KERS Hazardous	6.20%	5.99%	0.21%
SPRS	6.24%	6.08%	0.16%

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Single discount rates of 6.25% for the KERS Nonhazardous plan, 6.20% for the KERS Hazardous plan, and 6.24% for SPRS were used to measure the total OPEB liability for the fiscal year ending June 30, 2025. They are based on the expected rate of return on OPEB plan investments of 6.50% and municipal bond rate of 5.20% as reported in Bond Buyer's "20-Bond Go index" as of June 30, 2025.

Based on the stated assumptions and the projection of cash flows as of each fiscal year ended, the plan's fiduciary net position and future contributions were projected to be sufficient to finance the future benefit payments of the current plan members. Therefore, the long-term expected rate of return on insurance plan investments was applied to all periods of the projected benefit payments paid from the retirement system. However, the cost associated with the implicit employer subsidy is not currently being included in the calculation of the plan's actuarial determined contributions, and it is our understanding that any cost associated with the implicit subsidy will not be paid out of the plan's trust. Therefore, the municipal bond rate was applied to future expected benefit payments associated with the implicit subsidy.

The projection of cash flows used to determine the single discount rate must include an assumption regarding actual employer contributions made each future year. Future contributions are projected assuming that the entire actuarially determined employer contribution is received by each plan each future year, calculated in accordance with the current funding policy.

Additional Health Care Contributions (IRC 401(h) Subaccount)

Based on guidance issued by GASB in connection with *GASB Statement No. 74*, the 1% of pay Tier 2 and Tier 3 members contribute to a 401(h) subaccount in is considered an OPEB asset. As a result, the reported fiduciary net positions as of June 30, 2017, and later are net of the 401(h) asset balance in the respective pension plans and are included in the OPEB fiduciary net position amounts in the below tables. Additionally, these member contributions and associated investment income and administrative expenses are included in the reconciliation of the fiduciary net position.

Additional Disclosures¹

This disclosure is based upon information furnished to GRS by the Kentucky Public Pensions Authority (KPPA), which includes benefit provisions, membership information, and financial data. GRS did not audit this data and information, but they did apply a number of tests and concluded that it was reasonable and consistent. GRS is not responsible for the accuracy or completeness of the information provided by KPPA. Please see the "Actuarial Valuation Report as of June 30, 2024," for additional discussion of the nature of the actuarial calculations and more information related to participant data, economic and demographic assumptions, and benefit provisions. These reports should be considered together as a complete report for the fiscal year ended June 30, 2025.

Target Asset Allocation

The long-term (10-year) expected rates of return were determined by using a building block method in which best estimated ranges of expected future real rates of return were developed for each asset class. The ranges were combined by weighting the expected future real rate of return by the target asset allocation percentage. The target allocation and best estimates of arithmetic real rate of return for each major asset class are summarized in the tables on the following page.

¹ Note: Data and information regarding GASB 67 and GASB 74 reporting was provided by GRS Retirement Consulting.

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Target Asset Allocation

As of June 30, 2025

Asset Class	KERS Nonhazardous and SPRS Pension Plans Target Allocation	Long-Term Expected Real Rate of Return	KERS Hazardous and all KRS Insurance Plans Target Allocation	Long-Term Expected Real Rate of Return
Equity				
Public Equity	30.00%	4.15%	40.00%	4.15%
Private Equity	6.00%	7.90%	8.00%	7.90%
Fixed Income				
Core Fixed Income	27.00%	2.70%	10.00%	2.70%
Specialty Credit	20.00%	3.83%	25.00%	3.83%
Cash	2.00%	1.25%	2.00%	1.25%
Inflation Protected				
Real Estate	5.00%	4.75%	7.00%	4.75%
Real Return	10.00%	5.20%	8.00%	5.20%
Total	100.00%	4.00%	100.00%	4.29%

Note: Minor deviations are expected between the actuarial assumed rate of return and the expected rate of return reported in the above charts. The actuarial assumed rates of return are based on a review of economic assumptions completed periodically as warranted but not longer than every 2 years; whereas, the expected rate of return is calculated annually for GASB purposes by taking the current asset allocation and applying the most relevant long term market expectations (March 2025) for each asset class.

Sensitivity of the NPL to Changes in the Discount Rate Fiscal Year 2025

As of June 30, 2025 (\$ in Thousands)

	KERS Nonhazardous	KERS Hazardous	SPRS
	Current 5.25%	Current 6.25%	Current 5.25%
1% Decrease	\$13,551,721	\$524,105	\$524,049
Current Discount Rate	11,587,422	338,589	382,207
1% Increase	\$9,959,279	\$192,169	\$265,456

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate and Healthcare Trend Rate

As of June 30, 2025 (\$ in Thousands)

	KERS Nonhazardous	KERS Hazardous	SPRS
	Single 6.25%	Single 6.20%	Single 6.24%
Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate			
1% Decrease	\$1,166,773	(\$193,458)	\$41,599
Single Discount Rate	855,601	(253,231)	7,804
1% Increase	\$593,261	(\$302,658)	(\$20,470)
Sensitivity of the Net OPEB Liability (Asset) to Changes in the Current Healthcare Cost Trend Rate			
1% Decrease	\$618,941	(\$294,209)	(\$19,405)
Current Healthcare Cost Trend Rate	855,601	(253,231)	7,804
1% Increase	\$1,131,596	(\$204,647)	\$39,901

Development of Single Discount Rate for OPEB

As of June 30, 2025

	KERS Nonhazardous	KERS Hazardous	SPRS
Single Discount Rate	6.25%	6.20%	6.24%
Long-Term Expected Rate of Return	6.50%	6.50%	6.50%
Long-Term Municipal Bond Rate ⁽¹⁾	5.20%	5.20%	5.20%

Note: 1. Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Bond Buyer's "20-Bond GO Index" as of June 30, 2025.

DRAFT 11-25-2025**Schedule of Employers' NPL - KERS Nonhazardous**

As of June 30, 2025 (\$ in Thousands)

Total Pension Liability (TPL)	\$16,648,847
Plan Fiduciary Net Position	\$5,061,425
Net Pension Liability	\$11,587,422
Ratio of Plan Fiduciary Net Position to TPL	30.40%
Covered Payroll ⁽¹⁾	\$2,081,792
Net Pension Liability as a Percentage of Covered Payroll	556.61%

⁽¹⁾ Based on derived compensation using the provided employer contribution information for fiscal years 2017 and later.**Schedule of Employers' NPL - KERS Hazardous**

As of June 30, 2025 (\$ in Thousands)

Total Pension Liability (TPL)	\$1,476,069
Plan Fiduciary Net Position	\$1,137,480
Net Pension Liability	\$338,589
Ratio of Plan Fiduciary Net Position to TPL	77.06%
Covered Payroll ⁽¹⁾	\$288,682
Net Pension Liability as a Percentage of Covered Payroll	117.29%

⁽¹⁾ Based on derived compensation using the provided employer contribution information for fiscal years 2017 and later.**Schedule of Employers' NPL - SPRS**

As of June 30, 2025 (\$ in Thousands)

Total Pension Liability (TPL)	\$1,123,489
Plan Fiduciary Net Position	\$741,282
Net Pension Liability	\$382,207
Ratio of Plan Fiduciary Net Position to TPL	65.98%
Covered Payroll ⁽¹⁾	\$75,855
Net Pension Liability as a Percentage of Covered Payroll	503.87%

⁽¹⁾ Based on derived compensation using the provided employer contribution information for fiscal years 2017 and later.**Schedule of the Employers' Net OPEB Liability**

As of June 30, 2025 (\$ in Thousands)

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	Covered Payroll	Net OPEB Liability as a Percentage of Covered Payroll
KERS Nonhazardous ⁽¹⁾	\$2,771,333	\$1,915,732	\$855,601	69.13%	\$2,087,763	40.98%
KERS Hazardous ⁽²⁾	\$482,062	\$735,293	(\$253,231)	152.53%	\$288,682	(87.72%)
SPRS ⁽¹⁾	\$298,847	\$291,043	\$7,804	97.39%	\$80,447	9.70%

⁽¹⁾ Covered Payroll is based on derived compensation using the provided employer contribution information.⁽²⁾ Covered Payroll is based on derived compensation using the provided employer contribution information. For 2021-2025, derived compensation based on pension contribution information, as there were no required employer contributions for the Insurance Plans for FYE 2021-2025.

Note J. Legislation

2025 Regular Session

The 2025 Regular Session of the Kentucky General Assembly adjourned on Friday, March 28, 2025. Highlights from the Session include the following:

BILLS OF DIRECT INTEREST TO KRS MEMBERS AND RETIREES

House Bill 30: Public Employee Benefits/Pension Spiking

House Bill 30 amends the definition of bona fide promotion or career advancement to include increases in the rate of pay given to all employees of a specified class, commonly referred to as across-the-board raises, which will be exempt from pension spiking per Kentucky Revised Statute 61.598(4)(a). This applies to Tier 1 and Tier 2 members with retirement

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dates on or after July 1, 2024, per 105 Kentucky Administrative Regulation 1:142. Current law dictates how KPPA administers pension spiking, which is defined as salary increases above a set threshold, for salary that is used to calculate a member's retirement benefit.

Senate Bill 176: Statutory Committee Membership Appointments

Senate Bill 176 modifies the process for appointments to statutory committees, such as the Public Pension Oversight Board (PPOB). Senate Bill 176 provides that legislator appointments will be made in January of each odd-numbered year for a two-year term, vacancies will be filled within 30 days, and requires the Senate President and Speaker of the House to appoint co-chairs. These changes were effective June 27, 2025. 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 KPPA.

Senate Bill 183: Fiduciary Duties and Proxy Advisors

House Bill 183 requires state-administered retirement systems to take certain steps when utilizing proxy advisors related to shareholder-sponsored proposals and economic analysis. Most requirements in this legislation are currently in existing proxy voting policies. These will be reviewed to ensure compliance with Senate Bill 183. These changes were effective June 27, 2025.

Note K. Litigation

Seven Counties

Seven Counties Services, Inc. (Seven Counties) filed for Chapter 11 bankruptcy in the United States Bankruptcy Court for the Western District of Kentucky (the Bankruptcy Court) in April 2013. Seven Counties provides mental health services for the Cabinet for Health and Family Services for the greater Louisville, Kentucky area and surrounding counties. Seven Counties participated in KERS for approximately twenty-five years. Seven Counties identified KERS as a creditor with a primary objective of discharging its continuing obligation to remit retirement contributions for approximately 1,300 employees and to terminate its participation in KERS. If Seven Counties is successful in discharging its obligations to KERS, the estimated member pension and insurance actuarial accrued liability is in the range of \$145 to \$150 million. KERS opposed Seven Counties' attempt to discharge its obligations and terminate its participation. KERS asserted that Seven Counties is a Governmental Unit properly participating in KERS by Executive Order issued in 1978 and thus ineligible for Chapter 11 relief. Consequently, Seven Counties would remain statutorily obligated to continue participation and remit contributions. On May 30, 2014, the Bankruptcy Court held that Seven Counties was not a Governmental Unit and could move forward with its Chapter 11 bankruptcy case. The Bankruptcy Court further held that Seven Counties' statutory obligation to participate in and remit contributions to KERS was a "contract" eligible for rejection. KRS appealed this decision.

On August 24, 2018, the U.S. Court of Appeals for the Sixth Circuit (the Sixth Circuit) issued a two to one Opinion affirming the decision that Seven Counties is eligible to file for bankruptcy under Chapter 11. However, the Sixth Circuit went on to state, "lacking state court precedent characterizing the nature of the relationship between Seven Counties and KERS, we certify that question to the Kentucky Supreme Court." KERS filed a petition to have the Opinion Reheard En Banc by the entire Sixth Circuit. On October 5, 2018, the Sixth Circuit issued an order holding the petition in abeyance pending a response from the Kentucky Supreme Court on the certified question of law. On November 1, 2018, the Supreme Court of Kentucky issued an Order granting certification of the question. The certified question of law was briefed by the parties and oral arguments were held before the Supreme Court of Kentucky on March 6, 2019. On August 29, 2019, the Supreme Court of Kentucky ruled that Seven Counties' participation in and its contributions to KERS are based on a statutory obligation. The Supreme Court of Kentucky's ruling was forwarded to the Sixth Circuit for further consideration.

On July 20, 2020, the Sixth Circuit Court of Appeals issued an Opinion stating that they affirmed their previous determination that Seven Counties was eligible to file a Chapter 11 bankruptcy case. The Sixth Circuit also reversed the conclusion that Seven Counties can reject its obligation to participate as an executory contract and that Seven Counties need not maintain its statutory contribution obligation during the pendency of the bankruptcy. The Sixth Circuit dismissed Seven Counties' cross appeal and remanded the case for further proceedings consistent with the opinion. KERS again filed a petition to have the Opinion regarding Seven Counties' ability to file a Chapter 11 bankruptcy Reheard En Banc by the entire Sixth Circuit. This petition was denied in an Order dated September 11, 2020. The case was remanded back to the Bankruptcy Court.

The parties were able to stipulate to the principal amount of Seven Counties unpaid employer contributions for the post-petition time-frame of April 6, 2014 through February 5, 2015. A limited hearing occurred in February 2022 regarding whether interest is applicable to the stipulated amount. The Bankruptcy Court entered an order that set the amount of the contributions, but did not order Seven Counties to pay that amount. The order was silent regarding the application of

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interest. Both Seven Counties and KERS appealed the Bankruptcy Court's order to the United States District Court where it will be joined with the pending appeal of the confirmation of Seven Counties' reorganization plan.

The United States District Court refused to hear the appeals stating that the Bankruptcy Court's order was not final and appealable. That left KERS in a position where no relief was possible; the Bankruptcy Court would not enter an order requiring payment, and the District Court would not hear an appeal. This forced KERS to once again appeal the United States Court of Appeals for the Sixth Circuit. The matter is now fully briefed before that court and parties are awaiting oral arguments.

The Sixth Circuit Court of Appeals agreed with the District Court, ruling that the Bankruptcy Court order was not final and appealable. The Sixth Circuit did however instruct the Bankruptcy Court that it had construed the 2020 ruling too narrowly and returned the case to the Bankruptcy Court for "expeditious resolution of the remaining issues." KRS has moved the Bankruptcy Court to resolve the issue of ordering Seven Counties to pay the stipulated amount and to allow KRS to pursue collecting contributions from February 2015 forward outside of the Bankruptcy Court. These motions are pending.

Mayberry

In December 2017, certain members and beneficiaries of the Kentucky Retirement Systems filed litigation (Mayberry et al v. KKR et al) against certain Hedge Fund Sellers, Investment, Actuarial and Fiduciary Advisors, Annual Report Certifiers, and certain (past and present) Kentucky Retirement Systems' Trustees and Officers in Franklin Circuit Court. The litigation alleges (in summary) that actuarial assumptions, fees, statements and disclosures harmed the financial status of the Retirement Systems. While Kentucky Retirement Systems is designated a "Defendant," that designation is a technical formality in so much as Kentucky Retirement Systems is a "nominal defendant."

On April 20, 2018, the Kentucky Retirement Systems and the plaintiffs filed a joint notice with the Court advising that Kentucky Retirement Systems does not intend to challenge its status as a "nominal defendant." Since then, the Franklin Circuit Court ruled on various Defendants' Motions to Dismiss, denying nearly all of them.

On January 10, 2019, KKR, Henry Kravis and George Roberts (collectively, "KKR Parties") amended their Answer to assert cross claims against Kentucky Retirement Systems. Certain Officer and Trustee Defendants appealed the denial of their Motion to Dismiss on immunity grounds to the Court of Appeals, and that appeal was transferred to the Kentucky Supreme Court. The hedge fund defendants filed a Petition for Writ of Prohibition in the Court of Appeals, arguing the Plaintiffs lacked standing to bring the action. That Petition was granted on April 23, 2019. Plaintiffs promptly appealed the Court of Appeals' decision to the Supreme Court of Kentucky.

On July 9, 2020, the Supreme Court of Kentucky issued an Opinion stating that the plaintiffs, as beneficiaries of a defined-benefit plan who have received all of their vested benefits so far and are legally entitled to receive their benefits for the rest of their lives, do not have a concrete stake in this case and therefore lack standing to bring this claim. The case was remanded to the circuit court with directions to dismiss the complaint. Thereafter, plaintiffs filed a motion seeking to amend their complaint to add parties (Tier 3 members of the Retirement Systems) and claims that would purportedly correct the standing defect identified by the Supreme Court of Kentucky. Furthermore, the Attorney General of the Commonwealth of Kentucky sought leave to intervene in this action through a motion filed July 20, 2020, and an Intervening Complaint on July 22, 2020. The Defendants filed motions seeking to have the case dismissed.

On December 28, 2020, Franklin Circuit Court issued an Order dismissing the Complaint filed by the Plaintiffs, denied Plaintiffs' Motion to file a Second Amended Complaint, and granted the Office of the Attorney General's Motion to Intervene. A variety of additional motions and pleadings were filed, including an original action by the Tier 3 Group. This original action is still in the initial stages and is pending with Franklin Circuit Court. (Tia Taylor, et al. v KKR & Co. L.P., et al.)

On January 12, 2021, Franklin Circuit Court issued a scheduling Order granting the Attorney General until February 1, 2021 to file an Amended Intervening Complaint, granting the Tier 3 Group until February 11, 2021 to file a Motion to Intervene in this action. Additional extension orders were granted for the Attorney General intervention. The Attorney General filed an Amended Complaint on May 24, 2021. On June 14, 2021, the Tier 3 Group's Motion to Intervene in the Attorney General action was denied. In the spring of 2022, Franklin Circuit Judge Phillip Shepherd recused and this matter was assigned to Judge Thomas Wingate.

Following the Attorney General's intervention, the Defendant's challenged the intervention as beyond the scope of the remand from the Supreme Court in July of 2020. Franklin Circuit Court denied that motion and the matter was on appeal when this case was assigned to Judge Thomas Wingate. Judge Wingate placed the matter in abeyance pending a decision on whether the Attorney General's intervention was proper. The Court of Appeals held that the Attorney General

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should not have been allowed to intervene and the Attorney General is currently seeking Discretionary Review by the Supreme Court.

Simultaneously with his intervention, the Attorney General filed a separate, stand-alone case with an identical complaint to protect against the possibility that his intervention would be deemed improper. The Defendants filed motions to dismiss the Attorney General's stand-alone case based on various legal theories. Franklin Circuit Court denied the majority of these motions but granted the motions to dismiss on behalf of R.V. Kuhns and Cavanaugh Macdonald, KRS' actuary and investment consultant during the relevant timeframe. This case is still proceeding.

A number of related cases have also developed based on issues raised in the above referenced Mayberry action. There has been an action filed by a number of the Trustees and Officers named in Mayberry seeking reimbursement by Kentucky Retirement Systems of legal fees. Kentucky Retirement Systems has also filed an action against Hallmark Specialty Insurance seeking a declaratory judgment that Hallmark has a duty to defend and indemnify Kentucky Retirement Systems in the Mayberry action. Two of the hedge fund Defendants in the Mayberry action have also filed an action in the United States District Court for the Eastern District of Kentucky naming individual members of the former KRS Board of Trustees as Defendants. This action is seeking a judgment declaring that the Trustees violated Plaintiffs' right to due process as well as an award of costs and attorneys' fees.

Three actions have also been filed in Delaware regarding the Mayberry action. One filed by Prisma Capital Partners and one filed by Blackstone Alternative Asset Management allege breaches of warranties, representations and more relating to the Subscription Agreements signed by the Kentucky Retirement Systems. The third was filed by Prisma Capital Partners against the Daniel Boone Fund, LLC. Additionally, an action has been filed by PAAMCO against Kentucky Retirement Systems in California also alleging breaches of warranties, representations and more relating to the Subscription Agreements signed by the Kentucky Retirement Systems.

Finally, on August 2, 2021, Blackstone Alternative Asset Management, L.P. (BAAM) filed an action against the Kentucky Public Pensions Authority, the Board of Trustees of the Kentucky Retirement Systems, the Board of Trustees of the County Employees Retirement System, the Kentucky Retirement Systems Insurance Fund, and the Kentucky Retirement Systems Pension Fund (collectively "Defendants") for breach of contract. The Defendants filed a Motion to Dismiss on September 8, 2021. The last of these additional actions, the suit filed by BAAM, was dismissed by Franklin Circuit Court. The Court of Appeals upheld the dismissal, and BAAM is seeking Discretionary Review by the Supreme Court. The rest of these cases remain active in various stages of litigation.

On January 8, 2025, the Attorney General and the Hedge Funds, with the approval of the Kentucky Public Pensions Authority, Kentucky Retirement Systems, and County Employee Retirement System, filed a motion to approve a settlement agreement with the Franklin Circuit Court that, if approved, would result in the dismissal of nearly all claims arising from these events. The Franklin Circuit Court heard arguments regarding the settlement agreement on February 26, 2025.

The Franklin Circuit Court ultimately refused to approve the settlement agreement. Though appellate matters are moving forward, the parties remain committed to continue pursuing a negotiated settlement.

Mountain Comprehensive Care Center & Adanta

In 2022, Mountain Comprehensive Care Center and Adanta filed separate suits challenging the actuarially accrued liability assigned these two entities via the process outlined in KRS 61.565, known as House Bill 8 from the 2021 Regular Session of the Kentucky General Assembly. The suits challenge not only the liability assigned to them, but they challenge the constitutionality of the statutory scheme.

Both parties filed cross motions for summary judgment and oral arguments occurred on August 6, 2025. The court indicated it may take several months for a ruling to be issued due to the length of the pleadings.

James Redwine, David Campbell, & Michael Steward

Three complaints were filed against the Kentucky Retirement Systems (KRS) on behalf of specific named plaintiffs and others similarly situated based on the same facts that gave rise to the former River City Fraternal Order of Police (FOP) complaint. KPPA was aware that the River City FOP case impacted more individuals than the named plaintiffs and had been working on legislative and regulatory solutions. Legislation passed by the 2022 General Assembly allows individuals negatively impacted by the Medicare Secondary Payer Act to receive their health insurance through the Kentucky Employees Health Plan, and KPPA has promulgated a regulation to reimburse those individuals who had to pay for health insurance consistent with the Sixth Circuit Opinion. In addition to the MSPA issue, these three complaints allege that requiring Medicare eligible members to pay for Medicare Part B violates their right to "free" health insurance under their inviolable contract.

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These suits are identical to two suits filed against the County Employees Retirement System (CERS). The cases against KRS are being held in abeyance pending the outcome of the class certification issue in the CERS cases.

Note L. Reciprocity Agreement

In accordance with Kentucky Revised Statutes 61.702, KRS has reciprocity agreements with County Employees Retirement System (CERS), Teachers' Retirement System of Kentucky (TRS) and Judicial Form Retirement System (JFRS) for the payment of insurance benefits for those members who have creditable service in KERS, SPRS and CERS, TRS and/or JFRS systems.

Note M. Reimbursement of Retired Reemployed Health Insurance, Active Member Health Insurance Contributions, and Retired Reemployed Employer Contributions

Reimbursement Of Retired Reemployed Health Insurance

If a retiree is reemployed in a regular full-time position and has chosen health insurance coverage through KRS, the employer is required to reimburse KRS for the health insurance premium paid on the retiree's behalf, not to exceed the cost of the single premium rate. Exceptions for retired members who reemploy as a police officer, sheriff or school resource officer exist which may exempt employers from paying employer contributions and health insurance reimbursements if certain requirements are met. For the fiscal year ended June 30, 2025, the reimbursement totaled \$10.8 million.

Retired Reemployed Healthcare Contributions As of June 30, 2025 (\$ in Thousands)	KERS Nonhazardous	KERS Hazardous	SPRS	KRS Total
Amount	\$8,590	\$2,156	\$30	\$10,776

Active Member Health Insurance Contributions

For new plan participants after August 31, 2008, an active member contribution of 1% in addition to the member pension contribution is required. This 1% is applicable to all Nonhazardous and Hazardous Plans, and reported in the Insurance Plans. For the fiscal year ended June 30, 2025, members paid into the Insurance Plans \$14.9 million.

Member Health Insurance Contributions As of June 30, 2025 (\$ in Thousands)	KERS Nonhazardous	KERS Hazardous	SPRS	KRS Total
Amount	\$12,262	\$2,229	\$449	\$14,940

Retired Reemployed Employer Contributions

Employers are required to report employer contributions on retired members who are employed in a regular full-time position. These members are referred to as retired reemployed members. These are reported within the employer contributions on the financial statements. Exceptions for retired members who reemploy as a police officer, sheriff or school resource officer exist which may exempt employers from paying employer contributions and health insurance reimbursements if certain requirements are met.

Note N. General Fund Appropriations

During the 2024 Regular Session of the Kentucky General Assembly, HB6 allocated an additional \$250 million in general fund dollars to the KERS Nonhazardous Plan for fiscal years 2024-2025 and 2025-2026. Also, HB1 allocated an additional \$50 million in general fund dollars to the KERS Nonhazardous Plan, and \$25 million to the SPRS Plan for fiscal years 2024-2025 and 2025-2026.

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General Fund Appropriations (\$ in Thousands)			
Fiscal Year	KERS Nonhazardous	SPRS	KRS Total
2024-2025	\$300,000	\$25,000	\$325,000

Note O. Prisma Daniel Boone Fund

The funds invested with Prisma Daniel Boone Fund continue to be held in a contingency reserve to cover potential obligations arising from the Mayberry Action (see Note K for details of Mayberry Case). The total reported in reserve as of June 30, 2025, is \$26.9 million for the Pension Plans and \$13.5 million for the Insurance Plan. This is based on the May 31, 2025, report because Absolute Return managers are reported on a one month lag.

Note P. Subsequent Events

Management has evaluated the period June 30, 2025, to December 4, 2025, (the date the combining financial statements were available to be issued) for items requiring recognition or disclosure in the combining financial statements.

Note Q. Related Party

KPPA is the special-purpose government responsible for the day-to-day administration of KRS and the County Employees Retirement System (CERS).

Kentucky Revised Statute 61.505 (11)(a) requires all expenses incurred by or on behalf of KPPA to be prorated, assigned, or allocated to the Systems that KPPA administers. KPPA works closely with the KRS and CERS Boards of Trustees to develop an allocation method that takes into consideration membership, assets under management, system specific costs, and statutory requirements.

The expenses incurred by KPPA on behalf of the Systems are administrative costs which include salaries and benefits of professional employees providing investment management, benefits counseling, legal services, information technology services, accounting, and payroll functions. In addition, administrative costs include operational payments for hardware, software, utilities, rent, as well as contract and consulting costs with legal, audit and actuarial service providers. The administrative budget of KPPA is funded with restricted funds of KRS and CERS and is subject to approval by the Kentucky General Assembly through the biennial budget process.

Total Administrative costs incurred by KPPA for the fiscal year ended June 30, 2025, were \$46.5 million, of which \$17.0 million was allocated to KRS based on the hybrid allocation developed by the KPPA Board, the KRS Board, and the CERS Board.

REQUIRED SUPPLEMENTARY INFORMATION

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INCLUDING GASB 67 AND 74

Schedule of Employers' NPL - KERS Nonhazardous Pension

As of June 30 (\$ in Thousands)

Year	Total Pension Liability (TPL)	Plan Fiduciary Net Position	Net Position Liability	Ratio of Plan Fiduciary Net Position to TPL	Covered Payroll ⁽¹⁾	Net Pension Liability as a Percentage of Covered Payroll
2025	\$16,648,847	\$5,061,425	\$11,587,422	30.40%	\$2,081,792	556.61%
2024	16,273,602	4,223,936	12,049,666	25.96%	1,912,421	630.07%
2023	15,858,669	3,539,943	12,318,726	22.32%	1,648,318	747.35%
2022	16,281,188	3,013,845	13,267,343	18.51%	1,432,960	925.87%
2021	16,335,657	3,018,660	13,316,997	18.48%	1,441,337	923.93%
2020	16,472,733	2,308,080	14,164,653	14.01%	1,476,156	959.56%
2019	16,356,674	2,233,672	14,123,002	13.66%	1,485,854	950.50%
2018	15,608,221	2,004,446	13,603,775	12.84%	1,509,955	900.94%
2017	15,445,206	2,056,870	13,388,336	13.32%	1,602,396	835.52%
2016	\$13,379,781	\$1,980,292	\$11,399,489	14.80%	\$1,631,025	698.92%

⁽¹⁾ Based on derived compensation using the provided employer contribution information for fiscal years 2017 and later.

Schedule of Employers' NPL - KERS Hazardous Pension

As of June 30 (\$ in Thousands)

Year	Total Pension Liability (TPL)	Plan Fiduciary Net Position	Net Position Liability	Ratio of Plan Fiduciary Net Position to TPL	Covered Payroll ⁽¹⁾	Net Pension Liability as a Percentage of Covered Payroll
2025	\$1,476,069	\$1,137,480	\$338,589	77.06%	\$288,682	117.29%
2024	1,393,651	1,019,890	373,761	73.18%	279,218	133.86%
2023	1,316,521	893,533	422,988	67.87%	223,922	188.90%
2022	1,318,494	810,978	507,516	61.51%	188,648	269.03%
2021	1,311,767	866,140	445,627	66.03%	172,725	258.00%
2020	1,251,027	690,350	560,677	55.18%	171,840	326.28%
2019	1,227,226	680,932	546,294	55.49%	160,600	340.16%
2018	1,150,610	645,485	505,125	56.10%	152,936	330.29%
2017	1,098,630	601,529	497,101	54.75%	178,511	278.47%
2016	\$919,517	\$527,879	\$391,638	57.41%	\$158,828	246.58%

⁽¹⁾ Based on derived compensation using the provided employer contribution information for fiscal years 2017 and later.

Schedule of Employer's NPL - SPRS Pension

As of June 30 (\$ in Thousands)

Year	Total Pension Liability (TPL)	Plan Fiduciary Net Position	Net Position Liability	Ratio of Plan Fiduciary Net Position to TPL	Covered Payroll ⁽¹⁾	Net Pension Liability as a Percentage of Covered Payroll
2025	\$1,123,489	\$741,282	\$382,207	65.98%	\$75,855	503.87%
2024	1,101,632	651,790	449,842	59.17%	71,964	625.09%
2023	1,039,813	591,514	448,299	56.89%	65,693	682.42%
2022	1,057,752	551,699	506,053	52.16%	48,061	1,052.94%
2021	1,055,824	356,346	699,478	33.75%	47,873	1,461.11%
2020	1,049,237	293,949	755,288	28.02%	49,019	1,540.81%
2019	1,035,000	286,165	748,835	27.65%	49,515	1,512.34%
2018	969,622	267,572	702,050	27.60%	50,346	1,394.45%
2017	943,271	255,737	687,534	27.11%	54,065	1,271.68%
2016	\$795,421	\$218,012	\$577,409	27.41%	\$46,685	1,236.82%

⁽¹⁾ Based on derived compensation using the provided employer contribution information for fiscal years 2017 and later.

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Schedule of Changes in Employers' TPL - KERS Nonhazardous										
As of June 30 (\$ in Thousands)										
Year	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Service Cost	\$211,862	\$184,567	\$163,563	\$165,616	\$171,472	\$179,702	\$184,988	\$195,681	\$143,858	\$139,631
Interest	826,613	805,180	827,579	830,440	838,084	832,178	793,163	785,123	870,725	891,897
Benefit Changes	—	—	2,024	—	2,091	—	—	9,624	—	—
Difference between Expected and Actual Experience	393,941	469,003	310,954	(15,034)	(130,268)	115,515	70,529	153,565	(134,379)	—
Changes of Assumptions	—	—	691,008	—	—	—	700,464	—	2,145,530	923,999
Benefits Payments	(1,057,171)	(1,043,817)	(1,035,551)	(1,035,491)	(1,018,455)	(1,011,336)	(1,000,691)	(980,978)	960,309	(935,419)
Net Change in TPL	375,245	414,933	422,519	(54,469)	(137,076)	116,059	748,453	163,015	2,065,425	1,020,108
TPL – Beginning	16,273,602	15,858,669	16,281,188	16,335,657	16,472,733	16,356,674	15,608,221	15,455,206	13,379,781	12,359,673
TPL – Ending (a)	\$16,648,847	\$16,273,602	\$15,858,669	\$16,281,188	\$16,335,657	\$16,472,733	\$16,356,674	\$15,608,221	\$15,445,206	\$13,379,781
Plan Fiduciary Net Position ⁽¹⁾										
Contributions – Employer										
Other	\$1,318,931	\$1,295,695	\$1,275,007	\$1,116,869	\$1,134,232	\$948,592	\$1,035,462	\$689,143	\$757,121	\$513,084
Contributions – Member ⁽²⁾	104,867	96,615	84,579	89,607	90,202	96,594	93,759	104,972	100,543	106,494
Refunds of Contributions	(11,153)	(11,693)	(11,847)	(12,116)	(8,953)	(11,523)	(12,342)	(13,603)	(11,819)	(12,130)
Retirement Benefit	(1,046,018)	(1,032,124)	(1,023,704)	(1,023,375)	(1,009,502)	999,813	(988,349)	(967,375)	(948,490)	(923,288)
Net Investment Income ⁽²⁾	485,025	349,628	215,880	(162,461)	516,223	52,499	112,371	144,881	220,985	(20,663)
Administrative Expense	(14,163)	(14,128)	(13,817)	13,339	(11,622)	(11,941)	(11,712)	(10,692)	(10,957)	(10,989)
Other	—	—	—	—	—	—	37 ⁽⁵⁾	301 ⁽⁵⁾	(30,805) ⁽⁴⁾	—
Net Change in Fiduciary Net Position	837,489	683,993	526,098	4,815	710,580	74,408	229,226	(52,373)	76,578	(347,491)
Plan Fiduciary Net Position – Beginning	4,223,936	3,539,943	3,013,845	3,018,660	2,308,080	2,233,672	2,004,446	2,056,870	1,980,292	2,327,783
Prior Year Adjustment	—	—	—	—	—	—	—	(51)	—	—
Plan Fiduciary Net Position – Ending (b)	5,061,425	4,223,936	3,539,943	3,013,845	3,018,660	2,308,080	2,233,672	2,004,446	2,056,870	1,980,292
Net Pension Liability – Ending (a) – (b)	11,587,422	12,049,666	12,318,726	13,267,343	13,316,997	14,164,653	14,123,002	13,603,775	13,388,336	11,399,489
Plan Fiduciary Net Position as a Percentage	30.40%	25.96%	22.32%	18.51%	18.48%	14.01%	13.66%	12.84%	13.32%	14.80%
Covered Payroll ⁽³⁾	\$2,081,792	\$1,912,421	\$1,648,318	\$1,432,960	\$1,441,337	\$1,476,156	\$1,485,854	\$1,509,955	\$1,602,396	\$1,631,025
Net Pension Liability as a Percentage of Covered Payroll	556.61%	630.07%	747.35%	925.87%	923.93%	959.56%	950.50%	900.94%	835.52%	698.92%

⁽¹⁾ Does not include 401(h) assets for fiscal years 2017 and later. 401(h) assets totaled \$81,860,000 as of June 30, 2025.

⁽²⁾ Does not include 401(h) contributions or associated investment income for fiscal year 2017 and later. For fiscal year 2025 401(h) contributions equaled \$(37,000); and associated investment return equaled \$8,262,000.

⁽³⁾ Based on derived compensation using the provided employer contribution information for fiscal years 2017 and later.

⁽⁴⁾ Adjustment due to 401(h) plan asset balance being considered an OPEB asset under GASB 74 for fiscal years 2017 and later.

⁽⁵⁾ Northern Trust Settlement.

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Schedule of Changes in Employers' TPL - KERS Hazardous										
As of June 30 (\$ in Thousands)										
Year	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Service Cost	\$40,051	\$32,732	\$26,852	\$26,885	\$28,450	\$25,568	\$27,117	\$28,641	\$21,081	\$20,751
Interest	84,171	79,637	79,822	79,422	75,743	74,357	69,657	66,536	66,589	64,851
Benefit Changes	—	—	—	—	26	—	—	705	—	—
Difference between Expected and Actual Experience	52,028	49,423	(1,773)	(17,557)	34,789	(1,095)	1,395	24,215	26,902	—
Changes of Assumptions	—	—	(24,197)	—	—	—	50,658	—	127,878	—
Benefits Payments	(93,832)	(84,662)	(82,667)	(82,023)	(78,268)	(75,029)	(72,211)	(68,117)	(63,338)	(61,518)
Net Change in TPL	82,418	77,130	(1,973)	6,727	60,740	23,801	76,616	51,980	179,112	24,084
TPL – Beginning	1,393,651	1,316,521	1,318,494	1,311,767	1,251,027	1,227,226	1,150,610	1,098,630	919,517	895,433
TPL – Ending (a)	\$1,476,069	\$1,393,651	\$1,316,521	\$1,318,494	\$1,311,767	\$1,251,027	\$1,227,226	\$1,150,610	\$1,098,630	\$919,517
Plan Fiduciary Net Position ⁽¹⁾										
Contributions – Employer Other	\$70,768	\$89,899	\$72,807	\$59,055	\$62,200	\$59,115	\$55,259	\$43,661	\$52,974	\$23,759
Contributions – Member ⁽²⁾	22,127	21,568	17,459	20,588	19,961	19,769	17,118	17,891	17,524	15,739
Refunds of Contributions	(6,212)	(4,133)	(4,041)	(4,976)	(4,380)	(3,168)	(2,684)	(2,501)	(2,106)	(2,211)
Retirement Benefit	(87,620)	(80,529)	(78,636)	(77,047)	(73,888)	(71,861)	(69,527)	(65,616)	(61,231)	(59,306)
Net Investment Income ⁽²⁾	120,154	101,135	76,479	(51,317)	173,152	6,739	36,380	51,467	70,994	(1,653)
Administrative Expense	(1,627)	(1,583)	(1,513)	(1,465)	(1,255)	(1,176)	(1,103)	(975)	(919)	(916)
Other	—	—	—	—	—	—	4 ⁽⁵⁾	33 ⁽⁵⁾	(3,586) ⁽⁴⁾	—
Net Change in Fiduciary Net Position	117,590	126,357	82,555	(55,162)	175,790	9,418	35,447	43,960	73,650	(24,588)
Plan Fiduciary Net Position – Beginning	1,019,890	893,533	810,978	866,140	690,350	680,932	645,485	601,529	527,879	552,468
Prior Year Adjustment	—	—	—	—	—	—	—	(4)	—	—
Plan Fiduciary Net Position – Ending (b)	1,137,480	1,019,890	893,533	810,978	866,140	690,350	680,932	645,485	601,529	527,879
Net Pension Liability – Ending (a) – (b)	338,589	373,761	\$422,988	\$507,516	\$445,627	\$560,677	\$546,294	\$505,125	\$497,101	\$391,638
Plan Fiduciary Net Position as a Percentage	77.06%	73.18%	67.87%	61.51%	66.03%	55.18%	55.49%	56.10%	54.75%	57.41%
Covered Payroll ⁽³⁾	\$288,682	\$279,218	\$223,922	\$188,648	\$172,725	\$171,840	\$160,600	\$152,936	\$178,511	\$158,828
Net Pension Liability as a Percentage of Covered Payroll	117.29%	133.86%	188.90%	269.03%	258.00%	326.28%	340.16%	330.29%	278.47%	246.58%
⁽¹⁾ Does not include 401(h) assets for fiscal years 2017 and later. 401(h) assets totaled \$11,190,000 as of June 30, 2025.										
⁽²⁾ Does not include 401(h) contributions or associated investment income for fiscal year 2017 and later. For fiscal year 2025 401(h) contributions equaled \$(32,000); and associated investment return equaled \$1,191,000.										
⁽³⁾ Based on derived compensation using the provided employer contribution information for fiscal years 2017 and later.										
⁽⁴⁾ Adjustment due to 401(h) plan asset balance being considered an OPEB asset under GASB 74 for fiscal years 2017 and later.										
⁽⁵⁾ Northern Trust Settlement.										

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Schedule of Changes in Employer's TPL - SPRS
 As of June 30 (\$ in Thousands)

Year	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Service Cost	\$20,557	\$18,243	\$13,229	\$12,158	\$12,530	\$13,192	\$11,726	\$11,890	\$8,297	\$8,402
Interest	56,102	52,909	53,853	53,740	53,417	52,697	49,301	47,978	51,769	52,951
Benefit Changes	—	—	—	3,130	35	—	—	184	—	—
Difference between Expected and Actual Experience	11,240	54,711	10,204	(2,700)	4,127	10,859	20,952	25,126	8,143	—
Changes of Assumptions	—	—	(31,255)	—	—	—	44,510	—	136,602	56,191
Benefits Payments	(66,042)	(64,044)	(63,970)	(64,400)	(63,522)	(62,511)	(61,111)	(58,827)	(56,960)	(56,279)
Net Change in TPL	21,857	61,819	(17,939)	1,928	6,587	14,237	65,378	26,351	147,850	61,265
TPL – Beginning	1,101,632	1,039,813	1,057,752	1,055,824	1,049,237	1,035,000	969,622	943,271	795,421	734,156
TPL – Ending (a)	\$1,123,489	\$1,101,632	\$1,039,813	\$1,057,752	\$1,055,824	\$1,049,237	\$1,035,000	\$969,622	\$943,271	\$795,421
Plan Fiduciary Net Position ⁽¹⁾										
Contributions – Employer										
Other	\$77,975	\$61,998	\$58,120	\$277,341	\$59,650	\$59,453	\$60,048	\$46,877	\$63,239	\$25,822
Contributions – Member ⁽²⁾	6,017	5,703	5,250	4,773	4,752	4,767	5,062	5,522	5,348	5,263
Refunds of Contributions	(346)	(221)	(166)	(280)	(273)	(88)	(162)	(22)	(26)	(11)
Retirement Benefit	(65,696)	(63,823)	(63,804)	(64,120)	(63,249)	(62,423)	(60,949)	(58,805)	(56,934)	(56,268)
Net Investment Income ⁽²⁾	71,850	56,933	40,708	(22,088)	61,729	6,341	14,816	18,437	26,795	(3,843)
Administrative Expense	(308)	(314)	(293)	(273)	(212)	(266)	(225)	(194)	(181)	(178)
Other	—	—	—	—	—	—	3 ⁽⁵⁾	21 ⁽⁵⁾	(517) ⁽⁴⁾	—
Net Change in Fiduciary Net Position	89,492	60,276	39,815	195,353	62,397	7,784	18,593	11,836	37,724	(29,215)
Plan Fiduciary Net Position – Beginning	651,790	591,514	551,699	356,346	293,949	286,165	267,572	255,737	218,012	247,228
Prior Year Adjustment	—	—	—	—	—	—	—	(1)	—	—
Plan Fiduciary Net Position – Ending (b)	741,282	651,790	591,514	551,699	356,346	293,949	286,165	267,572	255,737	218,012
Net Pension Liability – Ending (a) – (b)	382,207	449,842	\$448,299	\$506,053	\$699,478	\$755,288	\$748,835	\$702,050	\$687,534	\$577,409
Plan Fiduciary Net Position as a Percentage	65.98%	59.17%	56.89%	52.16%	33.75%	28.02%	27.65%	27.60%	27.11%	27.41%
Covered Payroll ⁽³⁾	\$75,855	\$71,964	\$65,693	\$48,061	\$47,873	\$49,019	\$49,515	\$50,346	\$54,065	\$46,685
Net Pension Liability as a Percentage of Covered Payroll	503.87%	625.09%	682.42%	1052.94%	1461.11%	1540.81%	1512.34%	1394.45%	1271.68%	1236.82%

⁽¹⁾ Does not include 401(h) assets for fiscal years 2017 and later. 401(h) assets totaled \$1,571,000 as of June 30, 2025.

⁽²⁾ Does not include 401(h) contributions or associated investment income for fiscal year 2017 and later. For fiscal year 2025 401(h) contributions equaled \$(11,000); and associated investment return equaled \$156,000.

⁽³⁾ Based on derived compensation using the provided employer contribution information for fiscal years 2017 and later.

⁽⁴⁾ Adjustment due to 401(h) plan asset balance being considered an OPEB asset under GASB 74 for fiscal years 2017 and later.

⁽⁵⁾ Northern Trust Settlement.

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Notes to Schedule of Employers' Contributions

The actuarially determined contributions effective for fiscal year ended June 30, 2025 that are documented in the schedules on the following pages, were calculated as of June 30, 2023. Based on the June 30, 2023, actuarial valuation report, the actuarial methods and assumptions used to calculate these contribution rates are below:

Notes to Schedule of Employers' Contributions			
Item	KERS Nonhazardous	KERS Hazardous	SPRS
Determined by the Actuarial Valuation as of:	June 30, 2023	June 30, 2023	June 30, 2023
Actuarial Cost Method:	Entry Age Normal	Entry Age Normal	Entry Age Normal
Asset Valuation Method:	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization Method:	Level Percent of Pay	Level Percent of Pay	Level Percent of Pay
Amortization Period:	30-year closed period at June 30, 2019, Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases	30-year closed period at June 30, 2019, Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases	30-year closed period at June 30, 2019, Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases
Payroll Growth	0.00%	0.00%	0.00%
Investment Return:	5.25%	6.25%	5.25%
Inflation:	2.50%	2.50%	2.50%
Salary Increase:	3.30% to 15.30%, varies by service	3.55% to 20.05%, varies by service	3.55% to 16.05%, varies by service
Mortality:	System-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023	System-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023	System-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023

Schedule of Employers' Contributions Pension

Schedule of Employers' Contributions Pension - KERS Nonhazardous					
As of June 30 (\$ in Thousands)					
Fiscal Year Ending	Actuarially Determined Contribution ⁽¹⁾	Total Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll ⁽²⁾	Actual Contributions as a Percentage of Covered Payroll
2025	\$1,000,105	\$1,318,931	(\$318,826)	\$2,081,792	63.36%
2024	1,055,571	1,295,695	(240,124)	1,912,421	67.75%
2023	1,034,918	1,275,007	(240,089)	1,648,318	77.35%
2022	1,048,861	1,116,869	(68,008)	1,432,960	77.94%
2021	1,056,211	1,134,232	(78,021)	1,441,337	78.69%
2020	1,048,513	948,592	99,921	1,476,156	64.26%
2019	1,055,402	1,035,462	19,940	1,485,854	69.69%
2018	633,879	689,143	(55,264)	1,509,955	45.64%
2017	623,813	757,121	(133,308)	1,602,396	47.25%
2016	\$512,670	\$513,084	(\$414)	\$1,631,025	31.46%

⁽¹⁾ Actuarially determined contribution for fiscal year ending 2025 is based on the contribution rate calculated with the June 30, 2023, actuarial valuation.

⁽²⁾ Based on derived compensation using the provided employer contribution information for fiscal year ended 2017, and later.

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Schedule of Employers' Contributions Pension - KERS Hazardous

As of June 30 (\$ in Thousands)

Fiscal Year Ending	Actuarially Determined Contribution ⁽¹⁾	Total Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll ⁽²⁾	Actual Contributions as a Percentage of Covered Payroll
2025	\$70,768	\$70,768	\$—	\$288,682	24.51%
2024	89,897	89,899	(2)	279,218	32.20%
2023	72,778	72,807	(29)	223,922	32.51%
2022	59,052	59,055	(3)	188,648	31.30%
2021	62,181	62,200	(19)	172,725	36.01%
2020	59,096	59,115	(19)	171,840	34.40%
2019	55,230	55,259	(29)	160,600	34.41%
2018	31,321	43,661	(12,340)	152,936	28.55%
2017	37,630	52,974	(15,344)	178,511	29.68%
2016	\$23,690	\$23,759	(\$69)	\$158,828	14.96%

⁽¹⁾ Actuarially determined contribution for fiscal year ending 2025 is based on the contribution rate calculated with the June 30, 2023, actuarial valuation.

⁽²⁾ Based on derived compensation using the provided employer contribution information for fiscal year ended 2017, and later.

Schedule of Employer's Contributions Pension - SPRS

As of June 30 (\$ in Thousands)

Fiscal Year Ending	Actuarially Determined Contribution ⁽¹⁾	Total Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll ⁽²⁾	Actual Contributions as a Percentage of Covered Payroll
2025	\$52,975	\$77,975	(\$25,000)	\$75,855	102.79%
2024	61,998	61,998	—	71,964	86.15%
2023	58,120	58,120	—	65,693	88.47%
2022	62,341	277,341	(215,000)	48,061	577.06%
2021	59,263	59,650	(387)	47,873	124.60%
2020	58,358	59,453	(1,095)	49,019	121.29%
2019	58,948	60,048	(1,100)	49,515	121.27%
2018	36,033	46,877	(10,844)	50,346	93.11%
2017	35,937	63,240	(27,303)	54,065	116.97%
2016	\$25,723	\$25,822	(\$99)	\$46,685	55.31%

⁽¹⁾ Actuarially determined contribution for fiscal year ending 2025 is based on the contribution rate calculated with the June 30, 2023, actuarial valuation.

⁽²⁾ Based on derived compensation using the provided employer contribution information for fiscal year ended 2017, and later.

DRAFT 11-25-2025**Schedule of Employers' Net OPEB Liability****Schedule of the Employers' Net OPEB Liability - KERS Nonhazardous**

As of June 30 (\$ in Thousands)

Year	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	Covered Payroll ⁽¹⁾	Net OPEB Liability as a Percentage of Covered Payroll
2025	\$2,771,333	\$1,915,732	\$855,601	69.13%	\$2,087,763	40.98%
2024	2,488,778	1,765,729	723,049	70.95%	1,923,825	37.58%
2023	2,317,344	1,532,752	784,592	66.14%	1,653,492	47.45%
2022	3,576,530	1,364,419	2,212,111	38.15%	1,437,132	153.93%
2021	3,698,804	1,419,477	2,279,327	38.38%	1,452,345	156.94%
2020	3,599,557	1,060,649	2,538,908	29.47%	1,482,431	171.27%
2019	3,217,985	995,089	2,222,896	30.92%	1,515,953	146.63%
2018	3,262,117	891,205	2,370,912	27.32%	1,573,898	150.64%
2017	\$3,353,332	\$817,370	2,535,962	24.37%	\$1,593,097	159.18%

⁽¹⁾ Based on derived compensation using the provided employer contribution information. This table is intended to show information for ten years; additional year's information will be displayed as it becomes available.

Schedule of the Employers' Net OPEB Liability - KERS Hazardous

As of June 30 (\$ in Thousands)

Year	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	Covered Payroll ⁽¹⁾	Net OPEB Liability as a Percentage of Covered Payroll
2025	\$482,062	\$735,293	(\$253,231)	152.53%	\$288,682	(87.72)%
2024	442,817	677,948	(235,131)	153.10%	279,218	(84.21)%
2023	417,361	625,356	(207,995)	149.84%	223,922	(92.89)%
2022	595,789	588,162	7,627	98.72%	188,648	4.04%
2021	622,152	633,677	(11,525)	101.85%	172,725	(6.67)%
2020	564,524	521,755	42,769	92.42%	182,209	23.47%
2019	507,204	534,053	(26,849)	105.29%	151,448	(17.73)%
2018	485,904	519,072	(\$33,168)	106.83%	190,317	(17.43)%
2017	\$494,869	\$488,838	\$6,031	98.78%	\$171,087	3.53%

⁽¹⁾ Based on derived compensation using the provided employer contribution information. For 2021-2025 derived compensation based on pension contribution information, as there were no required employer contributions for the Insurance Plan for FYE 2021-FYE 2025. This table is intended to show information for ten years; additional year's information will be displayed as it becomes available.

Schedule of Employer's Net OPEB Liability - SPRS

As of June 30 (\$ in Thousands)

Year	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	Covered Payroll ⁽¹⁾	Net OPEB Liability as a Percentage of Covered Payroll
2025	\$298,847	\$291,043	\$7,804	97.39%	\$80,447	9.70%
2024	277,159	273,517	3,642	98.69%	71,992	5.06%
2023	263,450	248,109	15,341	94.18%	65,830	23.30%
2022	351,453	231,242	120,211	65.80%	48,600	247.35%
2021	364,899	247,318	117,581	67.78%	47,155	249.35%
2020	339,942	201,340	138,602	59.23%	48,231	287.37%
2019	312,553	201,206	111,347	64.38%	48,780	228.26%
2018	301,012	190,847	110,165	63.40%	50,064	220.05%
2017	\$313,234	\$178,838	\$134,396	57.09%	\$48,873	274.99%

⁽¹⁾ Based on derived compensation using the provided employer contribution information. This table is intended to show information for ten years; additional year's information will be displayed as it becomes available.

DRAFT 11-25-2025**Schedule of Changes in Employers' Net OPEB Liability**

Schedule of Changes in Employers' Net OPEB Liability - KERS Nonhazardous									
As of June 30 (\$ in Thousands)									
	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability									
Service Cost	\$45,357	\$44,779	\$43,199	\$62,548	\$58,831	\$59,600	\$61,345	\$66,360	\$46,992
Interest on Total OPEB liability	145,355	134,251	200,910	190,531	191,624	179,811	186,820	191,178	192,911
Benefit Changes	—	—	3,209	21,884	1,382	—	—	1,865	—
Difference between Expected and Actual Experience	199,764	80,456	(1,440,201)	(37,249)	(231,631)	288,235	(302,189)	(191,147)	(3,921)
Assumption Changes	24,457	26,413	61,925	(206,907)	220,184	13,767	158,004	(11,235)	414,835
Benefit Payments ^{(1) (2)}	(132,378)	(114,465)	(128,228)	(153,081)	(141,143)	(159,841)	(148,112)	(148,236)	(139,601)
Net Change in Total OPEB Liability	282,555	171,434	(1,259,186)	(122,274)	99,247	381,572	(44,132)	(91,215)	511,216
Total OPEB Liability - Beginning	2,488,778	2,317,344	3,576,530	3,698,804	3,599,557	3,217,985	3,262,117	3,353,332	2,842,116
Total OPEB Liability - Ending (a)	\$2,771,333	\$2,488,778	\$2,317,344	\$3,576,530	\$3,698,804	\$3,599,557	\$3,217,985	\$3,262,117	\$3,353,332
Plan Fiduciary Net Position									
Contributions – Employer ⁽²⁾⁽⁵⁾	\$67,507	\$164,480	\$156,543	\$181,294	\$223,661	\$208,300	\$201,155	\$152,985	\$162,636
Contributions – Member	12,225	10,585	8,358	6,547	6,318	6,128	5,963	5,786	5,156
Benefit Payments ^{(1) (2)}	(132,378)	(114,465)	(128,228)	(153,081)	(141,143)	(159,841)	(148,112)	(148,236)	(139,601)
OPEB Plan Net Investment Income	203,332	173,104	132,431	(88,998)	270,811	11,820	45,749	64,028	94,239
OPEB Plan Administrative Expense	(683)	(727)	(771)	(820)	(819)	(847)	(875)	(760)	(861)
Other ⁽⁴⁾	—	—	—	—	—	—	4	32	—
Net Change in Plan Fiduciary Net Position	150,003	232,977	168,333	(55,058)	358,828	65,560	103,884	73,835	121,569
Plan Fiduciary Net Position – Beginning	1,765,729	1,532,752	1,364,419	1,419,477	1,060,649	995,089	891,205	817,370	695,801
Plan Fiduciary Net Position – Ending (b)	1,915,732	1,765,729	1,532,752	1,364,419	1,419,477	1,060,649	995,089	891,205	817,370
Net OPEB Liability – Ending (a) – (b)	855,601	723,049	784,592	2,212,111	2,279,327	2,538,908	2,222,896	2,370,912	2,535,962
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	69.13%	70.95%	66.14%	38.15%	38.38%	29.47%	30.92%	27.32%	24.37%
Covered Payroll ⁽³⁾	\$2,087,763	\$1,923,825	\$1,653,492	\$1,437,132	\$1,452,345	\$1,482,431	\$1,515,953	\$1,573,898	\$1,593,097

DRAFT 11-25-2025**Schedule of Changes in Employers' Net OPEB Liability - KERS Nonhazardous**

As of June 30 (\$ in Thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability									
Net OPEB Liability as a Percentage of Covered Payroll	40.98%	37.58%	47.45%	153.93%	156.94%	171.27%	146.63%	150.64%	159.18%
⁽¹⁾ Benefit payments are offset by insurance premiums received from retirees, Medicare Drug Reimbursements, and Humana Gain Share Payments (in applicable years). ⁽²⁾ Employer contributions and benefit payments include expected benefits due to the implicit subsidy for members under age 65, equal to \$26,784,765 for fiscal year 2025. ⁽³⁾ Based on derived compensation using the provided employer contribution information. ⁽⁴⁾ Northern Trust Settlement. ⁽⁵⁾ This table is intended to show information for ten years; additional year's information will be displayed as it becomes available.									

Schedule of Changes in Employers' Net OPEB Liability - KERS Hazardous

As of June 30 (\$ in Thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability									
Service Cost	\$8,926	\$8,128	\$9,435	\$14,474	\$13,633	\$11,548	\$12,337	\$12,893	\$8,002
Interest on Total OPEB liability	25,848	24,181	32,737	30,599	29,254	28,101	27,990	28,500	27,591
Benefit Changes	—	—	—	10,289	48	—	—	167	—
Difference between Expected and Actual Experience	19,215	7,970	(198,459)	(12,515)	(6,402)	27,668	(30,947)	(31,240)	(1,029)
Assumption Changes	7,837	5,719	(1,820)	(46,406)	42,022	11,428	31,687	(581)	89,401
Benefit Payments ^{(1) (2)}	(22,581)	(20,542)	(20,321)	(22,804)	(20,927)	(21,425)	(19,767)	(18,704)	(16,618)
Net Change in Total OPEB Liability	39,245	25,456	(178,428)	(26,363)	57,628	57,320	21,300	(8,965)	107,347
Total OPEB Liability - Beginning	442,817	417,361	595,789	622,152	564,524	507,204	485,904	494,869	387,522
Total OPEB Liability - Ending (a)	\$482,062	\$442,817	\$417,361	\$595,789	\$622,152	\$564,524	\$507,204	\$485,904	\$494,869
Plan Fiduciary Net Position									
Contributions – Employer ⁽²⁾⁽⁵⁾	\$3,041	\$2,725	\$2,282	\$4,116	\$3,556	\$7,441	\$5,556	\$5,165	\$4,579
Contributions – Member	2,197	2,086	1,584	1,227	1,167	1,105	934	909	811
Benefit Payments ^{(1) (2)}	(22,581)	(20,542)	(20,321)	(22,804)	(20,927)	(21,425)	(19,767)	(18,704)	(16,618)
OPEB Plan Net Investment Income	74,804	68,440	53,772	(27,929)	128,244	704	28,373	42,950	59,614
OPEB Plan Administrative Expense	(116)	(117)	(123)	(125)	(118)	(123)	(117)	(104)	(105)
Other ⁽⁴⁾	—	—	—	—	—	—	2	18	—

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Schedule of Changes in Employers' Net OPEB Liability - KERS Hazardous									
As of June 30 (\$ in Thousands)									
	2025	2024	2023	2022	2021	2020	2019	2018	2017
Net Change in Plan Fiduciary Net Position	57,345	52,592	37,194	(45,515)	111,922	(12,298)	14,981	30,234	48,281
Plan Fiduciary Net Position – Beginning	677,948	625,356	588,162	633,677	521,755	534,053	519,072	488,838	440,557
Plan Fiduciary Net Position – Ending (b)	735,293	677,948	625,356	588,162	633,677	521,755	534,053	519,072	488,838
Net OPEB Liability/ (Asset) –Ending (a) – (b)	(\$253,231)	(\$235,131)	(\$207,995)	\$7,627	(\$11,525)	\$42,769	(\$26,849)	(\$33,168)	\$6,031
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)	152.53%	153.10%	149.84%	98.72%	101.85%	92.42%	105.29%	106.83%	98.78%
Covered Payroll ⁽³⁾	\$288,682	\$279,218	\$223,922	\$188,648	\$172,725	\$182,209	\$151,448	\$190,317	\$171,087
Net OPEB Liability/ (Asset) as a Percentage of Covered Payroll	(87.72%)	(84.21%)	(92.89%)	4.04%	(6.67%)	23.47%	(17.73%)	(17.43%)	3.53%
⁽¹⁾ Benefit payments are offset by insurance premiums received from retirees, Medicare Drug Reimbursements, and Humana Gain Share Payments (in applicable years).									
⁽²⁾ Employer contributions and benefit payments include expected benefits due to the implicit subsidy for members under age 65, equal to \$882,449 for fiscal year 2025.									
⁽³⁾ Based on derived compensation using the provided employer contribution information. For 2021-2025, derived compensation based on pension contribution information, as there were no required employer contributions for the Insurance Plan for FYE2021-FYE2025.									
⁽⁴⁾ Northern Trust Settlement.									
⁽⁵⁾ This table is intended to show information for ten years; additional year's information will be displayed as it becomes available.									

Schedule of Changes in Employer's Net OPEB Liability - SPRS									
As of June 30 (\$ in Thousands)									
	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability									
Service Cost	\$4,479	\$4,115	\$4,092	\$5,605	\$5,218	\$5,389	\$4,816	\$6,087	\$4,147
Interest on Total OPEB liability	16,408	15,508	19,608	18,592	17,984	17,600	17,724	18,432	17,993
Benefit Changes	—	—	—	4,975	101	—	—	34	—
Difference between Expected and Actual Experience	7,013	1,360	(98,425)	(5,952)	(6,318)	13,810	(14,295)	(23,320)	(573)
Assumption Changes	8,383	4,394	404	(21,937)	21,784	4,578	16,483	(358)	57,312

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Schedule of Changes in Employer's Net OPEB Liability - SPRS
 As of June 30 (\$ in Thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Benefit Payments ^{(1) (2)}	(14,595)	(11,668)	(13,682)	(14,729)	(13,812)	(13,988)	(13,187)	(13,097)	(12,123)
Net Change in Total OPEB Liability	21,688	13,709	(88,003)	(13,446)	24,957	27,389	11,541	(12,222)	66,756
Total OPEB Liability - Beginning	277,159	263,450	351,453	364,899	339,942	312,553	301,012	313,234	246,478
Total OPEB Liability - Ending (a)	\$298,847	\$277,159	\$263,450	\$351,453	\$364,899	\$339,942	\$312,553	\$301,012	\$313,234
Plan Fiduciary Net Position									
Contributions –Employer ⁽²⁾⁽⁵⁾	\$1,819	\$9,788	\$8,755	\$9,343	\$9,381	\$12,873	\$12,623	\$8,535	\$7,862
Contributions – Member	438	396	348	230	209	196	176	155	131
Benefit Payments ^{(1) (2)}	(14,595)	(11,668)	(13,682)	(14,729)	(13,812)	(13,988)	(13,187)	(13,097)	(12,123)
OPEB Plan Net Investment Income	29,935	26,963	21,520	(10,847)	50,289	1,124	10,815	16,470	21,627
OPEB Plan Administrative Expense	(71)	(71)	(74)	(73)	(89)	(71)	(69)	(62)	(66)
Other ⁽⁴⁾	—	—	—	—	—	—	1	8	—
Net Change in Plan Fiduciary Net Position	17,526	25,408	16,867	(16,076)	45,978	134	10,359	12,009	17,431
Plan Fiduciary Net Position – Beginning	273,517	248,109	231,242	247,318	201,340	201,206	190,847	178,838	161,407
Plan Fiduciary Net Position – Ending (b)	291,043	273,517	248,109	231,242	247,318	201,340	201,206	190,847	178,838
Net OPEB Liability – Ending (a) – (b)	\$7,804	\$3,642	\$15,341	\$120,211	\$117,581	\$138,602	\$111,347	\$110,165	\$134,396
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	97.39%	98.69%	94.18%	65.80%	67.78%	59.23%	64.38%	63.40%	57.09%
Covered Payroll ⁽³⁾	\$80,447	\$71,992	\$65,830	\$48,600	\$47,155	\$48,231	\$48,780	\$50,064	\$48,873

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Schedule of Changes in Employer's Net OPEB Liability - SPRS
 As of June 30 (\$ in Thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Net OPEB Liability as a Percentage of Covered Payroll	9.70%	5.06%	23.30%	247.35%	249.35%	287.37%	228.26%	220.05%	274.99%
(1) Benefit payments are offset by insurance premiums received from retirees, Medicare Drug Reimbursements, and Humana Gain Share Payments (in applicable years). (2) Employer contributions and benefit payments include expected benefits due to the implicit subsidy for members under age 65, equal to (\$69,334) for fiscal year 2025. (3) Based on derived compensation using the provided employer contribution information. (4) Northern Trust Settlement. (5) This table is intended to show information for ten years; additional year's information will be displayed as it becomes available.									

DRAFT 11-25-2025**Notes to Schedule of Employers' OPEB Contributions**

The actuarially determined contributions effective for fiscal year ended June 30, 2025, that are documented in the following schedule were calculated as of June 30, 2023. Based on the June 30, 2023, actuarial valuation report, the actuarial methods and assumptions used to calculate the required contributions follow.

Notes to Schedule of Employers' OPEB Contributions			
Item	KERS Nonhazardous	KERS Hazardous	SPRS
Determined by the Actuarial Valuation as of:	June 30, 2023	June 30, 2023	June 30, 2023
Actuarial Cost Method:	Entry Age Normal	Entry Age Normal	Entry Age Normal
Asset Valuation Method:	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized	20% of the difference between the market value of assets and the expected actuarial value of assets is recognized
Amortization Method:	Level Percent of Pay	Level Percent of Pay	Level Percent of Pay
Amortization Period:	30-year closed period at June 30, 2019, Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases	30-year closed period at June 30, 2019, Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases	30-year closed period at June 30, 2019, Gains/losses incurring after 2019 will be amortized over separate closed 20-year amortization bases
Payroll Growth	0.00%	0.00%	0.00%
Investment Return:	6.50%	6.50%	6.50%
Inflation:	2.50%	2.50%	2.50%
Salary Increase:	3.30% to 15.30%, varies by service	3.55% to 20.05%, varies by service	3.55% to 16.05%, varies by service
Mortality:	System-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023	System-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023	System-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023
Healthcare Trend Rates:			
Pre-65	Initial trend starting at 6.80% at January 1, 2025 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2024 premiums were known at the time of the valuation and were incorporated into the liability measurement	Initial trend starting at 6.80% at January 1, 2025 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2024 premiums were known at the time of the valuation and were incorporated into the liability measurement	Initial trend starting at 6.80% at January 1, 2025 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 13 years. The 2024 premiums were known at the time of the valuation and were incorporated into the liability measurement
Post-65	Initial trend starting at 8.50% at January 1, 2025 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 11 years. The 2024 premiums were known at the time of the valuation and were incorporated into the liability measurement.	Initial trend starting at 8.50% at January 1, 2025 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 11 years. The 2024 premiums were known at the time of the valuation and were incorporated into the liability measurement.	Initial trend starting at 8.50% at January 1, 2025 and gradually decreasing to an ultimate trend rate of 4.05% over a period of 11 years. The 2024 premiums were known at the time of the valuation and were incorporated into the liability measurement.

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Schedule of Employers' OPEB Contributions

Schedule of Employers' OPEB Contributions - KERS Nonhazardous

As of June 30 (\$ in Thousands)

Fiscal Year Ending ⁽¹⁾	Actuarially Determined Contribution ⁽²⁾	Total Employer Contribution ⁽³⁾	Contribution Deficiency (Excess)	Covered Payroll ⁽⁴⁾	Actual Contributions as a Percentage of Covered Payroll
2025	\$32,246	\$40,722	(\$8,476)	\$2,087,763	1.95%
2024	129,764	136,628	(6,864)	1,923,825	7.10%
2023	123,952	129,108	(5,156)	1,653,492	7.81%
2022	135,809	140,694	(4,885)	1,437,132	9.79%
2021	161,936	186,676	(24,740)	1,452,345	12.85%
2020	183,821	175,007	8,814	1,482,431	11.81%
2019	187,978	178,964	9,014	1,515,953	11.81%
2018	132,365	136,419	(4,054)	1,573,898	8.67%
2017	133,024	152,356	(19,332)	1,593,097	9.56%
2016	\$121,899	\$135,816	(\$13,917)	\$1,529,249	8.88%

⁽¹⁾ Data for years prior to 2018 is based on contribution data provided in the 2017 ACFR, based on calculations provided by the prior actuary.

⁽²⁾ Actuarially determined contribution for fiscal year ended 2025 is based on the contribution rate calculated with the June 30, 2023, actuarial valuation.

⁽³⁾ Employer contributions do not include the expected implicit subsidy included in the Schedule of Changes in Employer's Net OPEB Liability - KERS Nonhazardous.

⁽⁴⁾ Based on derived compensation using the provided employer contribution information.

Schedule of Employers' OPEB Contributions - KERS Hazardous

As of June 30 (\$ in Thousands)

Fiscal Year Ending ⁽¹⁾	Actuarially Determined Contribution ⁽²⁾	Total Employer Contribution ⁽³⁾	Contribution Deficiency (Excess)	Covered Payroll ⁽⁴⁾	Actual Contributions as a Percentage of Covered Payroll
2025	\$—	\$2,159	(\$2,159)	\$288,682	0.75%
2024	—	1,910	(1,910)	279,218	0.68%
2023	—	1,489	(1,489)	223,922	0.66%
2022	—	1,281	(1,281)	188,648	0.68%
2021	—	1,300	(1,300)	172,725	0.75%
2020	4,482	5,776	(1,294)	182,209	3.17%
2019	3,726	4,970	(1,244)	151,448	3.28%
2018	2,550	5,288	(2,738)	190,317	2.78%
2017	4,688	5,620	(932)	171,087	3.28%
2016	\$9,186	\$16,766	(\$7,580)	\$147,563	11.36%

⁽¹⁾ Data for years prior to 2018 is based on contribution data provided in the 2017 ACFR, based on calculations provided by the prior actuary.

⁽²⁾ Actuarially determined contribution for fiscal year ended 2025 is based on the contribution rate calculated with the June 30, 2023, actuarial valuation.

⁽³⁾ Employer contributions do not include the expected implicit subsidy included in the Schedule of Changes in Employer's Net OPEB Liability - KERS Hazardous.

⁽⁴⁾ Based on derived compensation using the provided employer contribution information. For 2021-2025, derived compensation based on pension contribution information as there were no required employer contributions for the Insurance Plan for FYE2021-FYE2025.

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Schedule of Employer's OPEB Contributions - SPRS

As of June 30 (\$ in Thousands)

Fiscal Year Ending ⁽¹⁾	Actuarially Determined Contribution ⁽²⁾	Total Employer Contribution ⁽³⁾	Contribution Deficiency (Excess)	Covered Payroll ⁽⁴⁾	Actual Contributions as a Percentage of Covered Payroll
2025	\$1,858	\$1,888	(\$30)	\$80,447	2.35%
2024	10,158	10,163	(5)	71,992	14.12%
2023	9,289	9,289	—	65,830	14.11%
2022	8,782	8,782	—	48,600	18.07%
2021	9,285	9,285	—	47,155	19.69%
2020	13,133	13,133	—	48,231	27.23%
2019	13,283	13,288	(5)	48,780	27.24%
2018	9,062	9,397	(335)	50,064	18.77%
2017	9,222	9,222	—	48,873	18.87%
2016	\$8,553	\$10,237	(\$1,684)	\$45,551	22.47%

(1) Data for years prior to 2018 is based on contribution data provided in the 2017 ACFR, based on calculations provided by the prior actuary.

(2) Actuarially determined contribution for fiscal year ended 2025 is based on the contribution rate calculated with the June 30, 2023, actuarial valuation.

(3) Employer contributions do not include the expected implicit subsidy included in the Schedule of Changes in Employer's Net OPEB Liability - SPRS.

(4) Based on derived compensation using the provided employer contribution information

Money-Weighted Rates of Return

In accordance with GASB, KRS provides this additional disclosure regarding the money-weighted rate of return for the Pension and Insurance Plans. The money-weighted rate of return is a method of calculating period-by-period returns on investments that adjusts for the changing amounts actually invested. For purposes of this statement, money-weighted rate of return is calculated as the internal rate of return, net of investment expenses, adjusted for the changing amounts actually invested.

See below for the money-weighted rates of return for multiple periods including fiscal year June 30, 2025, as calculated by the custodian bank, BNY Mellon:

Money - Weighted Rates of Return As of June 30						
	KERS Nonhazardous	KERS Hazardous	SPRS	KERS Nonhazardous	KERS Hazardous	SPRS
Pension			Insurance			
2025	11.24%	11.88%	10.97%	11.74%	11.17%	11.23%
2024	9.58%	11.17%	9.64%	11.14%	11.12%	11.01%
2023	7.07%	9.46%	7.53%	9.89%	9.26%	9.44%
2022	(5.29%)	(5.94%)	(5.80%)	(6.22%)	(4.43%)	(4.43%)
2021	22.53%	25.21%	21.70%	25.16%	24.99%	25.36%
2020	2.35%	0.96%	2.21%	0.98%	0.21%	0.64%
2019	5.77%	5.68%	5.67%	5.04%	5.56%	5.73%
2018	7.63%	8.69%	7.68%	7.95%	8.93%	9.39%
2017	12.08%	13.45%	12.50%	13.77%	13.75%	13.69%
2016	(0.97%)	(0.33%)	(1.76%)	N/A	N/A	N/A

Note: This table is intended to show information for ten years; additional year's information will be displayed as it becomes available.

OTHER SUPPLEMENTARY INFORMATION

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Schedule of Administrative Expenses

KPPA provides administrative support for KRS and CERS. Kentucky Revised Statute 61.505 (11)(a) requires all expenses incurred by KPPA on behalf of the Systems be prorated, assigned, or allocated to the Systems. KPPA works closely with the KRS and CERS Boards of Trustees to develop an allocation method that takes into consideration membership, assets under management, system specific costs, and statutory requirements. Total administrative costs incurred by KPPA for the fiscal year ended June 30, 2025, were \$46.5 million, of which \$17.0 million was allocated to KRS based on the hybrid allocation developed by the KPPA Board, the KRS Board, and the CERS Board.

Schedule of Administrative Expenses		
As of June 30, 2025 (\$ in Thousands)		
	2025	2024
Salaries	\$7,356	\$6,533
Benefits	5,198	6,167
Professional Services	1,426	1,345
Information Technology	1,287	1,181
Communications	224	282
Office & Equipment Rent	385	367
Travel/Conferences	46	43
Other Operating Expenses	176	107
Insurance Plans' Administration	874	922
Total Administrative Expenses	\$16,972	\$16,947

Schedule of Direct Investment Expenses

Schedule of Direct Investment Expenses								
As of June 30, 2025 (\$ in Thousands)								
	Pension			Insurance			2025	2024
	KERS Nonhaz	Haz	SPRS	KERS Nonhaz	Haz	SPRS		
Security Lending Fees								
Securities Lending Borrower Rebates	\$5,972	\$1,467	\$988	\$2,250	\$677	\$306	\$11,660	\$7,486
Securities Lending Agent Fee	121	28	20	43	13	6	231	155
Total Security Lending	6,093	1,495	1,008	2,293	690	312	11,891	7,641
Contractual Services								
Investment Management	23,164	6,382	3,248	9,940	4,556	1,828	49,118	42,082
Security Custody	405	94	60	232	91	37	918	922
Investment Consultant	253	65	33	108	34	13	506	487
Performance Fees	9,022	2,232	1,076	3,575	1,810	695	18,410	13,592
Total Contractual Services	\$32,844	\$8,773	\$4,417	\$13,855	\$6,491	\$2,573	\$68,953	\$57,083

DRAFT 11-25-2025**Schedule of Professional Consultant Fees**

Schedule of Professional Consultant Fees		
As of June 30, 2025 (\$ in Thousands)		
	2025	2024
Actuarial Services	\$113	\$146
Medical Review Services	406	500
Audit Services	72	83
Legal Counsel	740	509
Miscellaneous	95	107
Total	\$1,426	\$1,345

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Members
Kentucky Retirement Systems
Frankfort, Kentucky

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Kentucky Employee Retirement Systems (KRS), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise KRS's basic financial statements and have issued our report thereon dated December XX, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered KRS's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of KRS's internal control. Accordingly, we do not express an opinion on the effectiveness of KRS's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of KRS's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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DRAFT COPY 11.17.25gbl**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the KRS's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of KRS's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering KRS's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Boise, Idaho

December XX, 2025

DRAFT 11-25-2025**Investment Overview**

This section of the report was compiled by Investment Staff using information provided by Wilshire Associates and the Bank of New York Mellon. Except when otherwise noted, investment returns are based on investment asset fair value and calculated using time-weighted return calculation methodologies.

Investment returns play an important role in terms of funding status of the Plans and continued funding of operations. The Investment Committee and the Board of Trustees are committed to maximizing the long-term total rate of return on investments, given the appropriate level of risk, for the exclusive benefit of the members in the Plans. The overall investment performance goal is to achieve an annualized rate of return which, when combined with employee and employer contributions, will meet or exceed the benefits and administrative funding requirements (see Investment Objectives later in this section).

Investments are managed by professional investment management firms and the Investment Staff based upon statutory investment authority and the investment policies adopted by the KRS Investment Committee and ratified by the KRS Board of Trustees. The Investment Staff is responsible for the administration of the investment assets of KRS and assists the Investment Committee in the formulation and implementation of investment policies and long-term investment strategy.

Asset Allocation And Diversification

The Trustees recognize that asset allocation is the primary driver of long-term investment performance and therefore review asset allocation on a regular basis. Asset allocation is a process designed to construct an optimal long-term asset mix that achieves a specific set of investment objectives. The Investment Policy Statement (IPS) establishes the Plans' asset allocation policies which are designed to meet those objectives.

The asset allocation policies are adopted to provide for diversification of assets in an effort to maximize the long-term returns on investments consistent with prudent levels of market and economic risks. Of all the components of investment strategy formulation, the determination of asset allocation policies is the most important decision.

Risk is further diversified through active and passive management using multiple investment management firms and Investment Staff with a variety of investment styles. The total investment performance is not dependent upon the outcome of just one particular investment style or manager.

Investment Staff develops specific contractual investment guidelines for each external manager and each internally managed account that control the risk of high concentrations in a particular sector, industry, or security.

Diversification of the assets among various asset classes, investment management styles, and individual securities mitigates risks and enhances the potential of the investment portfolios to achieve their respective long-term objectives.

The following tables show each Plans' asset allocation targets as specified in the Investment Policy Statement and the actual asset allocation of the Plans as of June 30, 2025.

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IPS Target Allocation vs. Actual Asset Allocation								
As of June 30, 2025								
Pension	Public Equity	Private Equity	Core Fixed Income	Specialty Credit	Cash	Real Estate	Real Return	Total Plan
KERS Nonhazardous Policy Target Asset Allocation	30.00%	6.00%	27.00%	20.00%	2.00%	5.00%	10.00%	100.00%
KERS Nonhazardous Actual Asset Allocation	32.77%	4.22%	26.36%	20.05%	2.23%	4.66%	9.71%	100.00%
KERS Hazardous Policy Target Asset Allocation	40.00%	8.00%	10.00%	25.00%	2.00%	7.00%	8.00%	100.00%
KERS Hazardous Actual Asset Allocation	43.28%	5.79%	9.60%	24.57%	3.41%	5.56%	7.79%	100.00%
SPRS Policy Target Asset Allocation	30.00%	6.00%	27.00%	20.00%	2.00%	5.00%	10.00%	100.00%
SPRS Actual Asset Allocation	32.92%	4.14%	26.21%	19.28%	2.87%	4.80%	9.78%	100.00%

Insurance	Public Equity	Private Equity	Core Fixed Income	Specialty Credit	Cash	Real Estate	Real Return	Total Plan
KERS Nonhazardous Policy Target Asset Allocation	40.00%	8.00%	10.00%	25.00%	2.00%	7.00%	8.00%	100.00%
KERS Nonhazardous Actual Asset Allocation	43.23%	6.39%	10.25%	24.79%	1.83%	5.65%	7.86%	100.00%
KERS Hazardous Policy Target Asset Allocation	40.00%	8.00%	10.00%	25.00%	2.00%	7.00%	8.00%	100.00%
KERS Hazardous Actual Asset Allocation	43.27%	6.16%	10.00%	24.08%	2.52%	6.27%	7.70%	100.00%
SPRS Policy Target Asset Allocation	40.00%	8.00%	10.00%	25.00%	2.00%	7.00%	8.00%	100.00%
SPRS Actual Asset Allocation	43.52%	6.89%	9.09%	25.10%	1.70%	5.99%	7.71%	100.00%

NOTE: The actual asset allocations are calculated by taking the fair value of each asset class as a percentage of total portfolio for the plans combined.

Investment Strategies

Diversification

The Pension and Insurance portfolios are diversified on several levels, including by asset class. Asset allocations are evaluated on a periodic basis and represent an efficient allocation to maximize returns and minimize risks at a level appropriate for each Plan. The individual asset classes are diversified through the use of multiple portfolios that are managed by the Investment Staff and external Investment Managers. Each Investment Manager is afforded discretion to diversify its portfolio(s) within the parameters established by their contractual guidelines and in accordance with the KRS IPS.

Rebalancing

Proper implementation of the investment policy requires that a periodic adjustment, or rebalancing, of assets be made to ensure conformance with the IPS target levels. Such rebalancing is necessary to reflect sizable cash flows and performance imbalances among asset classes and individual investment portfolios. Should the actual portfolio weight fall outside of the IPS indicated range for a particular asset class, Investment Staff will direct rebalancing transactions to reallocate assets from the over-allocated asset class to the under-allocated asset class.

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Performance Review

At least quarterly, the Investment Committee reviews the performance of the portfolios to determine compliance with the IPS. The Investment Committee also reviews a report created and presented by the Compliance Officer. The Compliance Officer performs tests daily, monthly, and quarterly to ensure compliance with the restrictions imposed by the IPS.

Investment Consulting

The Board employs qualified independent industry leading external consultants to assist in asset allocation studies, asset allocation recommendations, manager searches and other investment related consulting functions. Consultants also provide performance reports covering both the internally and externally managed assets.

Investment Objectives

The Trustees recognize that as long-term investors, the primary aim is that the portfolios meet their performance objectives in the long-term while understanding that this may not necessarily occur in the short-term. The overall investment performance goal is to achieve an annualized rate of return which, when combined with employee and employer contributions, will meet or exceed the benefits and administrative funding requirements. The following descriptions represent general standards of measurement that will be used as guidelines for the various classes of investments and managers of the Plans.

Public Asset Class Allocations

Short-term: For periods less than five years or a full market cycle, the Asset Class composite performance should exceed the returns of the appropriate Index.

Intermediate & Long-term: For periods greater than five years or a full market cycle, the Asset Class composite performance should exceed the appropriate Index, compare favorably on a risk-adjusted basis, and generate returns that rank above the median return of a relevant peer group. Volatility, as measured by the standard deviation of monthly returns, should be comparable to the Index.

Individual Public Security Portfolios

Short-term: For periods less than five years or a full market cycle, individual portfolios should exceed the returns of their market goal or benchmark.

Intermediate & Long-term: For periods greater than five years or a full market cycle, individual portfolios should exceed the return of their market goal or benchmark, compare favorably on a risk-adjusted basis, and generate returns that rank above the median return of a relevant peer group. Volatility, as measured by the standard deviation of monthly returns, should be comparable to the benchmark.

Alternative Assets

Private Equity

The Private Equity portfolio seeks long-term annualized net returns that exceed public equity investments (as represented by the Russell 3000 Index lagged 1 calendar quarter + 300 basis points).

Real Estate

The Real Estate portfolio seeks long-term annualized net returns that exceed the National Council of Real Estate Investment Fiduciaries Open End Diversified Core Equity Index lagged 1 calendar quarter.

Real Return

The Real Return portfolio seeks long term annualized net returns that exceed CPI + 300 basis points.

DRAFT 11-25-2025**Investment Results**

For this report, total return information has been reported net of fees and expenses with audited data. All rates of return are calculated using time-weighted rates of return.

Fiscal Year 2025 Results

Please see the tables below for the net returns reported for the fiscal year ended June 30, 2025.

Net Returns As of June 30, 2025 (\$ in Thousands)										
Pension	Fair Value	% of Total	1 Year		3 Years		5 Years		10 Years	
			Plan	Index	Plan	Index	Plan	Index	Plan	Index
KERS Nonhazardous	5,058,466	72.84%	11.22%	9.63%	9.21%	8.91%	8.64%	8.20%	6.96%	6.73%
KERS Hazardous	1,145,899	16.50%	11.87%	10.79%	10.81%	10.62%	9.89%	10.04%	7.71%	7.58%
SPRS	740,068	10.66%	10.96%	9.63%	9.38%	8.91%	8.72%	8.20%	6.95%	6.69%
Total	\$6,944,433	100.00%	11.30%	9.82%	9.52%	9.21%	8.90%	8.32%	7.11%	6.79%

Net Returns As of June 30, 2025 (\$ in Thousands)										
Insurance	Fair Value	% of Total	1 Year		3 Years		5 Years		10 Years	
			Plan	Index	Plan	Index	Plan	Index	Plan	Index
KERS Nonhazardous	1,828,143	64.13%	11.75%	10.79%	10.89%	10.62%	9.88%	9.88%	7.57%	7.57%
KERS Hazardous	723,643	25.51%	11.18%	10.79%	10.54%	10.62%	10.01%	9.95%	7.74%	7.54%
SPRS	289,240	10.36%	11.25%	10.79%	10.57%	10.62%	10.11%	9.95%	7.91%	7.55%
Total	\$2,841,026	100.00%	11.55%	10.79%	10.76%	10.62%	9.95%	9.88%	7.67%	7.57%

Benchmarks

KRS overall performance is measured relative to asset class benchmarks. The benchmark is calculated using a weighted average methodology that is consistent with the CFA Institute Global Investment Performance Standards (GIPS®). It is the product of the various component weights (i.e., asset classes' percentages) by their respective performance (returns). The various asset class benchmarks are shown below:

Benchmarks and Allocation Guidelines			
As of June 30, 2025			
Index	Asset Class	KERS Nonhazardous/ SPRS Pension	KERS Hazardous Pension/All Insurance
Equity			
MSCI ACWI	Public Equity	30%	40%
Russell 3000 + 300 bps (lagged one quarter)	Private Equity	6%	8%
Fixed Income			
Bloomberg US Aggregate	Core Fixed Income	27%	10%
50% Bloomberg US Corporate High Yield/50% Morningstar LSTA Leveraged Loan	Specialty Credit	20%	25%
FTSE for 3-month Treasury Bill	Cash	2%	2%
Inflation Protected			
NCREIF ODCE (one quarter lagged)	Real Estate	5%	7%
US CPI +3%	Real Return	10%	8%
<i>Note: These benchmarks are intended to be objective, measurable, investable/replicable, and representative of the investment mandates. The benchmarks are developed from publicly available information and accepted by the investment advisor and Investment Staff as the neutral position consistent with the investment mandate and status. Investment Staff and our Consultant recommend the indices and benchmarks, which are reviewed and approved by the Investment Committee and ratified by the KRS Board.</i>			

DRAFT 11-25-2025**Long-Term Results**

The chart below displays the growth of \$1,000 over the course of 10 years given the performance of the portfolios compared to the benchmark and the actuarial assumed rate of return. As of June 30, 2025, the actuarial assumed rate of return for KERS Nonhazardous and SPRS Pension Plans was 5.25% and 6.25% for all other Plans.

Since June 30, 2016, fiscal year returns have ranged from minimum returns of (5.19%), (5.95%), and (4.63%) in KERS Nonhazardous, KERS Hazardous, and SPRS, respectively in fiscal year 2022 to maximum returns of 22.56%, 25.21%, and 21.70%, respectively, in fiscal year 2021. For fiscal year 2025, the total net return of each Plan exceeded both its benchmark and actuarially assumed rate of return. Translating these returns into dollars, a beginning balance of \$1,000 would have a balance of \$1,960 for the KERS Nonhazardous Pension Plan. The KERS Nonhazardous benchmark returns would have grown to a balance of \$1,918.

Pension Plan Growth											
As of June 30 (in Whole \$)											
		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
KERS Nonhazardous Plan		(0.68%)	12.09%	7.50%	5.73%	2.36%	22.56%	(5.19%)	6.96%	9.50%	11.22%
Performance Benchmark		0.71%	11.92%	6.84%	6.13%	1.18%	20.60%	(4.79%)	7.02%	10.11%	9.63%
Actuarial Assumed ROR		7.50%	6.75%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%
Actual Performance	\$1,000	\$993	\$1,113	\$1,197	\$1,265	\$1,295	\$1,587	\$1,505	\$1,610	\$1,763	\$1,960
Performance Benchmark	1,000	1,007	1,127	1,204	1,278	1,293	1,560	1,485	1,589	1,750	1,918
Actuarial Assumed ROR	\$1,000	\$1,075	\$1,148	\$1,208	\$1,271	\$1,338	\$1,408	\$1,482	\$1,560	\$1,642	\$1,728
KERS Hazardous Plan		(0.24%)	13.44%	8.68%	5.68%	0.95%	25.21%	(5.95%)	9.46%	11.12%	11.87%
Performance Benchmark		(0.61%)	13.58%	7.04%	6.37%	0.16%	25.74%	(5.22%)	8.70%	12.40%	10.79%
Actuarial Assumed ROR		7.50%	7.50%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%
Actual Performance	\$1,000	\$998	\$1,132	\$1,230	\$1,300	\$1,312	\$1,643	\$1,545	\$1,691	\$1,879	\$2,102
Performance Benchmark	1,000	994	1,129	1,208	1,285	1,287	1,619	1,534	1,668	1,875	2,077
Actuarial Assumed ROR	\$1,000	\$1,075	\$1,156	\$1,228	\$1,305	\$1,386	\$1,473	\$1,565	\$1,663	\$1,767	\$1,877
SPRS Plan		(1.49%)	12.50%	7.65%	5.71%	2.21%	21.70%	(4.63%)	7.58%	9.62%	10.96%
Performance Benchmark		(0.31%)	12.61%	6.84%	6.13%	1.18%	20.60%	(4.79%)	7.02%	10.11%	9.63%
Actuarial Assumed ROR		7.50%	6.75%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%
Actual Performance	\$1,000	\$985	\$1,108	\$1,193	\$1,261	\$1,289	\$1,569	\$1,496	\$1,609	\$1,764	\$1,958
Performance Benchmark	1,000	997	1,123	1,199	1,273	1,288	1,553	1,479	1,583	1,743	1,910
Actuarial Assumed ROR	\$1,000	\$1,075	\$1,148	\$1,208	\$1,271	\$1,338	\$1,408	\$1,482	\$1,560	\$1,642	\$1,728

The chart below shows theoretical annual returns for the Insurance portfolio since June 30, 2016. Fiscal year returns have ranged from minimum returns of (6.15%), (4.53%), and (4.50%) in KERS Nonhazardous, KERS Hazardous, and SPRS, respectively in fiscal year 2022 to maximum returns of 25.16%, 24.97%, and 25.34%, respectively, in fiscal year 2021. The KERS Insurance portfolio earned 11.75% versus the benchmark return of 10.79%. The chart below indicates that a beginning balance of \$1,000, would have grown to a balance of \$2,075 at the end of fiscal year 2025. The actuarially assumed rate of return would have grown to a balance of \$1,883 and the benchmark returns would have grown to a balance of \$2,098 at the end of the 10-year period.

Insurance Plan Growth											
As of June 30 (in Whole \$)											
		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
KERS Nonhazardous Plan		(0.50%)	13.78%	7.96%	4.95%	0.97%	25.16%	(6.15%)	9.87%	11.07%	11.75%
Performance Benchmark		(0.56%)	13.89%	7.04%	6.10%	0.35%	24.35%	(3.44%)	8.70%	12.40%	10.79%
Actuarial Assumed ROR		7.50%	7.50%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.35%	6.50%
Actual Performance	\$1,000	\$995	\$1,132	\$1,222	\$1,283	\$1,295	\$1,621	\$1,521	\$1,671	\$1,857	\$2,075
Performance Benchmark	1,000	994	1,133	1,212	1,286	1,291	1,605	1,550	1,685	1,893	2,098
Actuarial Assumed ROR	\$1,000	\$1,075	\$1,156	\$1,228	\$1,305	\$1,386	\$1,473	\$1,565	\$1,663	\$1,768	\$1,883

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Insurance Plan Growth										
As of June 30 (in Whole \$)										
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
KERS Hazardous Plan	(0.25%)	13.76%	8.88%	5.61%	0.20%	24.97%	(4.53%)	9.29%	11.15%	11.18%
Performance Benchmark	(0.38%)	13.73%	7.04%	6.25%	(0.40%)	24.76%	(4.85%)	8.70%	12.40%	10.79%
Actuarial Assumed ROR	7.50%	7.50%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.35%	6.50%
Actual Performance	\$1,000	\$998	\$1,135	\$1,236	\$1,305	\$1,307	\$1,634	\$1,560	\$1,705	\$2,107
Performance Benchmark	1,000	996	1,133	1,213	1,289	1,283	1,601	1,523	1,656	2,062
Actuarial Assumed ROR	\$1,000	\$1,075	\$1,156	\$1,228	\$1,305	\$1,386	\$1,473	\$1,565	\$1,663	\$1,883
SPRS Plan	0.01%	13.70%	9.34%	5.74%	0.65%	25.34%	(4.50%)	9.46%	11.02%	11.25%
Performance Benchmark	(0.22%)	13.61%	7.04%	6.25%	(0.40%)	24.76%	(3.44%)	8.70%	12.40%	10.79%
Actuarial Assumed ROR	7.50%	7.50%	6.25%	6.25%	6.25%	6.25%	6.25%	6.25%	6.35%	6.50%
Actual Performance	\$1,000	\$1,000	\$1,137	\$1,243	\$1,315	\$1,323	\$1,659	\$1,584	\$1,734	\$2,141
Performance Benchmark	1,000	998	1,134	1,213	1,289	1,284	1,602	1,547	1,681	2,094
Actuarial Assumed ROR	\$1,000	\$1,075	\$1,156	\$1,228	\$1,305	\$1,386	\$1,473	\$1,565	\$1,663	\$1,883

Public Equity

For the fiscal year, the KERS Pension Nonhazardous, Hazardous, and SPRS Pension Public Equity portfolios returned 16.04%, 15.99%, and 16.19%, respectively. The KERS Nonhazardous and Hazardous, and SPRS Insurance Public Equity portfolios also outperformed the benchmark, returning 16.04%, 16.20%, and 16.02%, respectively. The portfolios outperformed their benchmark's (MSCI All Country World Index) return of 15.89%. Relative outperformance was driven in part by regional positioning. The portfolio's tilt toward non-U.S. equities, was beneficial as international markets collectively outpaced the U.S. by approximately 2.5%. Further, while stock selection amongst individual strategies was mixed, it skewed positively and was most pronounced in the non-U.S. portion of the portfolio.

Public Equity Performance									
As of June 30, 2025									
	Inception Date	1 Years		3 Years		5 Years		10 Years	
Pension	4/1/1984	Plan	Index	Plan	Index	Plan	Index	Plan	Index
KERS Nonhazardous		16.04%	15.89%	17.01%	16.80%	13.22%	13.19%	9.71%	9.53%
KERS Hazardous		15.99%	15.89%	16.95%	16.80%	13.19%	13.19%	9.62%	9.53%
SPRS		16.19%	15.89%	16.99%	16.80%	13.24%	13.19%	9.49%	9.53%
Insurance	7/1/1992								
KERS Nonhazardous		16.04%	15.89%	17.01%	16.80%	13.24%	13.17%	9.75%	9.52%
KERS Hazardous		16.20%	15.89%	17.00%	16.80%	13.21%	13.17%	9.69%	9.52%
SPRS		16.02%	15.89%	16.93%	16.80%	13.11%	13.17%	9.67%	9.52%

Note: Current Pension and Insurance benchmarks are MSCI ACWI. Plan returns are reported gross of fees.

During the 12 months ended June 30, 2025, KPPA managed U.S. Equity portfolios collectively returned 15.09% versus the Russell 3000 Index return of 15.30%. Individual strategy relative performance was mixed; however, it skewed positive in aggregate. Notable standouts include the all-cap value effort which returned 20.06% versus its benchmark return of 13.30%, and the absolute performance of the micro-cap strategy of 18.54%. However, allocation positioning offset stock selection strength, as the portfolios' value (R300V: 13.30% vs R300G 17.95%) and smaller (R500/SP500 Blend: 15.40% vs Russell Midcap: 7.53% vs Russell 2000: 7.68%) tilts provided headwinds.

For the fiscal year, KPPA managed non-U.S. Equity portfolios collectively returned 17.95% versus the MSCI ACWI Ex-US IMI return of 17.83%. Individual strategy relative performance was mixed, with stock selection driving outperformance. Right tails were significantly larger than those to the left. Notable standouts include those efforts in the deep value (24.34% versus 17.72%) and small cap (28.30% versus 18.34%) spaces.

DRAFT 11-25-2025**Top 10 Public Equity Holdings**

As of June 30, 2025

KERS Nonhazardous Pension			KERS Nonhazardous Insurance		
Holding	Shares	Fair Value	Holding	Shares	Fair Value
MSCI WORLD EX-US INDEX FUND A	4,235,847	\$147,076	MSCI WORLD EX-US INDEX FUND B	1,116,792	\$42,459
MICROSOFT CORP	89,495	44,516	MICROSOFT CORP	41,718	20,751
NVIDIA CORP	281,616	44,492	NVIDIA CORP	131,273	20,740
ISHARES CORE S&P MIDCAP ETF	614,062	38,084	ISHARES CORE S&P MIDCAP ETF	285,524	17,708
APPLE INC	177,310	36,379	APPLE INC	82,652	16,958
LAZARD EMERG MKT EQY-INST	1,168,156	25,185	LAZARD EMERG MKT EQY-INST	649,854	14,011
AMAZON.COM INC	112,952	24,781	AMAZON.COM INC	52,652	11,551
META PLATFORMS INC	26,367	19,461	META PLATFORMS INC	12,291	9,072
BROADCOM INC	55,347	15,256	BROADCOM INC	25,799	7,112
ALPHABET INC	70,734	12,465	ALPHABET INC	32,972	5,811
Total	6,831,886	\$407,695	Total	2,431,527	\$166,173

KERS Hazardous Pension			KERS Hazardous Insurance		
Holding	Shares	Fair Value	Holding	Shares	Fair Value
MSCI WORLD EX-US INDEX FUND A	1,139,861	\$39,578	MSCI WORLD EX-US INDEX FUND B	608,635	\$23,140
ISHARES CORE S&P MIDCAP ETF	209,632	13,001	MICROSOFT CORP	16,559	8,237
MICROSOFT CORP	25,408	12,638	NVIDIA CORP	52,106	8,232
NVIDIA CORP	79,950	12,631	ISHARES CORE S&P MIDCAP ETF	114,744	7,116
APPLE INC	50,338	10,328	APPLE INC	32,807	6,731
LAZARD EMERG MKT EQY-INST	360,093	7,764	LAZARD EMERG MKT EQY-INST	239,508	5,164
AMAZON.COM INC	32,067	7,035	AMAZON.COM INC	20,899	4,585
META PLATFORMS INC	7,486	5,525	META PLATFORMS INC	4,879	3,601
BROADCOM INC	15,713	4,331	BROADCOM INC	10,240	2,823
ALPHABET INC	20,081	3,539	ALPHABET INC	13,088	2,306
Total	1,940,629	\$116,370	Total	1,113,465	\$71,935

SPRS Pension			SPRS Insurance		
Holding	Shares	Fair Value	Holding	Shares	Fair Value
MSCI WORLD EX-US INDEX FUND A	420,445	\$14,599	MSCI WORLD EX-US INDEX FUND B	218,356	\$8,302
ISHARES CORE S&P MIDCAP ETF	110,623	6,861	MICROSOFT CORP	6,563	3,264
MICROSOFT CORP	12,089	6,013	NVIDIA CORP	20,652	3,263
NVIDIA CORP	38,041	6,010	ISHARES CORE S&P MIDCAP ETF	46,673	2,895
APPLE INC	23,951	4,914	APPLE INC	13,003	2,668
LAZARD EMERG MKT EQY-INST	188,356	4,061	LAZARD EMERG MKT EQY-INST	100,097	2,158
AMAZON.COM INC	15,258	3,347	AMAZON.COM INC	8,283	1,817
META PLATFORMS INC	3,562	2,629	META PLATFORMS INC	1,934	1,427
BROADCOM INC	7,476	2,061	BROADCOM INC	4,059	1,119
NVIDIA CORP	10,805	1,707	ALPHABET INC	5,187	914
Total	830,606	\$52,202	Total	424,807	\$27,827

A complete list of holdings is located at <https://kyret.ky.gov/Investments/Investments-Library/Pages/Investments-Holdings.aspx>

Core Fixed Income

For the fiscal year, the Pension Core Fixed Income KERS Nonhazardous, Hazardous and SPRS portfolios returned 6.19%, 6.06% and 6.17%, respectively, compared to the Bloomberg U.S. Aggregate benchmark returning 6.08%. For the Insurance Core Fixed Income, KERS Nonhazardous, Hazardous and SPRS portfolios returned 6.05%, 6.03% and 6.02%, respectively. Performance was driven by closing the duration gap as the Federal Reserve stopped raising rates and credit spreads continuing to tighten during the fiscal year.

DRAFT 11-25-2025**Core Fixed Income Performance**

As of June 30, 2025

	Inception Date	1 Years		3 Years		5 Years		10 Years	
		Plan	Index	Plan	Index	Plan	Index	Plan	Index
Pension	7/1/2013								
KERS Nonhazardous		6.19%	6.08%	4.18%	2.55%	2.06%	(0.73%)	2.91%	1.76%
KERS Hazardous		6.06%	6.08%	4.10%	2.55%	2.01%	(0.73%)	2.91%	1.76%
SPRS		6.17%	6.08%	4.17%	2.55%	2.09%	(0.73%)	2.91%	1.76%
Insurance	7/1/2013								
KERS Nonhazardous		6.05%	6.08%	3.99%	2.55%	1.90%	(0.73%)	2.80%	1.76%
KERS Hazardous		6.03%	6.08%	4.04%	2.55%	1.92%	(0.73%)	2.80%	1.76%
SPRS		6.02%	6.08%	4.03%	2.55%	1.92%	(0.73%)	2.80%	1.76%

Note: Current Pension and Insurance benchmark is Bloomberg US Aggregate.

Top 10 Core Fixed Income Holdings

As of June 30, 2025

KERS Nonhazardous Pension			KERS Nonhazardous Insurance		
Holding	Shares	Fair Value	Holding	Shares	Fair Value
ISHARES CORE U.S. AGGREGATE	3,889,455	\$385,834	ISHARES CORE U.S. AGGREGATE	479,581	\$47,574
U S TREASURY NOTE	11,251,665	\$11,395	U S TREASURY NOTE	1,496,397	\$1,504
U S TREASURY NOTE	10,286,572	\$10,530	U S TREASURY NOTE	1,431,645	\$1,450
U S TREASURY NOTE	10,269,131	\$10,414	U S TREASURY NOTE	1,391,410	\$1,393
U S TREASURY NOTE	9,888,908	\$9,940	U S TREASURY NOTE	1,197,716	\$1,226
U S TREASURY NOTE	9,166,445	\$9,208	U S TREASURY NOTE	1,176,195	\$1,170
U S TREASURY NOTE	7,577,336	\$7,630	U S TREASURY NOTE	1,130,345	\$1,135
U S TREASURY NOTE	7,174,245	\$7,190	U S TREASURY NOTE	1,123,795	\$1,126
U S TREASURY BOND	6,924,251	\$6,895	U S TREASURY NOTE	1,048,938	\$1,056
U S TREASURY NOTE	6,726,194	\$6,751	U S TREASURY NOTE	1,015,252	\$1,025
Total	83,154,202	\$465,787	Total	11,491,274	\$58,659

KERS Hazardous Pension			KERS Hazardous Insurance		
Holding	Shares	Fair Value	Holding	Shares	Fair Value
ISHARES CORE U.S. AGGREGATE	320,723	\$31,816	ISHARES CORE U.S. AGGREGATE	185,170	\$18,369
U S TREASURY NOTE	927,809	\$940	U S TREASURY NOTE	577,770	\$581
U S TREASURY NOTE	848,227	\$868	U S TREASURY NOTE	552,769	\$560
U S TREASURY NOTE	846,789	\$859	U S TREASURY NOTE	537,233	\$538
U S TREASURY NOTE	815,436	\$820	U S TREASURY NOTE	462,447	\$473
U S TREASURY NOTE	755,862	\$759	U S TREASURY NOTE	454,137	\$452
U S TREASURY NOTE	624,825	\$629	U S TREASURY NOTE	436,434	\$438
U S TREASURY NOTE	591,586	\$593	U S TREASURY NOTE	433,905	\$435
U S TREASURY BOND	570,971	\$569	U S TREASURY NOTE	405,002	\$408
U S TREASURY NOTE	554,640	\$557	U S TREASURY NOTE	391,996	\$396
Total	6,856,868	\$38,410	Total	4,436,863	\$22,650

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Top 10 Core Fixed Income Holdings					
As of June 30, 2025					
SPRS Pension			SPRS Insurance		
Holding	Shares	Fair Value	Holding	Shares	Fair Value
ISHARES CORE U.S. AGGREGATE	565,635	\$56,111	ISHARES CORE U.S. AGGREGATE	67,253	\$6,671
U S TREASURY NOTE	1,636,306	\$1,657	U S TREASURY NOTE	209,842	\$211
U S TREASURY NOTE	1,495,955	\$1,531	U S TREASURY NOTE	200,762	\$203
U S TREASURY NOTE	1,493,418	\$1,515	U S TREASURY NOTE	195,120	\$195
U S TREASURY NOTE	1,438,123	\$1,446	U S TREASURY NOTE	167,958	\$172
U S TREASURY NOTE	1,333,057	\$1,339	U S TREASURY NOTE	164,940	\$164
U S TREASURY NOTE	1,101,956	\$1,110	U S TREASURY NOTE	158,510	\$159
U S TREASURY NOTE	1,043,335	\$1,046	U S TREASURY NOTE	157,592	\$158
U S TREASURY BOND	1,006,979	\$1,003	U S TREASURY NOTE	147,094	\$148
U S TREASURY NOTE	978,176	\$982	U S TREASURY NOTE	142,371	\$144
Total	12,092,940	\$67,740	Total	1,611,442	\$8,225
A complete list of holdings is located at https://kyret.ky.gov/Investments/Investments-Library/Pages/Investments-Holdings.aspx					

Specialty Credit

For the fiscal year, the Pension Specialty Credit KERS Nonhazardous, Hazardous and SPRS portfolios returned 10.83%, 10.65% and 10.46%, respectively, outperforming the custom benchmark which returned 8.79%. For the Insurance Specialty Credit, KERS Nonhazardous, Hazardous and SPRS portfolios returned 10.59%, 11.31% and 11.12%, respectively, also outperforming the benchmark. Much like investment grade credit, outperformance was a result of credit spreads continuing to tighten with CCC rated companies performing the best as well as interest rates remaining stable during the year as the majority of holdings in the private sector is floating rate with the portfolios clipping higher coupons from prior rate increases.

Specialty Credit Performance									
As of June 30, 2025									
	Inception Date	1 Years		3 Years		5 Years		10 Years	
Pension	7/1/2013	Plan	Index	Plan	Index	Plan	Index	Plan	Index
KERS Nonhazardous		10.83%	8.79%	10.42%	9.84%	10.05%	6.75%	7.19%	N/A
KERS Hazardous		10.65%	8.79%	10.80%	9.84%	9.93%	6.75%	7.08%	N/A
SPRS		10.46%	8.79%	10.40%	9.84%	9.63%	6.75%	6.92%	N/A
Insurance	7/1/2013								
KERS Nonhazardous		10.59%	8.79%	10.72%	9.84%	9.97%	6.75%	6.97%	N/A
KERS Hazardous		11.31%	8.79%	11.40%	9.84%	10.95%	6.75%	7.44%	N/A
SPRS		11.12%	8.79%	11.10%	9.84%	10.51%	6.75%	7.25%	N/A
Note: Current Pension and Insurance benchmark is 50% Bloomberg US Corp High Yield and 50% Morningstar LSTA Leveraged Loan.									

Top 10 Specialty Credit Holdings			
As of June 30, 2025			
KERS Nonhazardous Pension		KERS Nonhazardous Insurance	
Holding	Fair Value	Holding	Fair Value
CLOUD SOFTWARE GROUP INC 144A	\$1,712	CLOUD SOFTWARE GROUP INC 144A	\$742
MCAFEE CORP 144A	1,483	DELIVERY HERO 3/24 TLB	674
STAR PARENT INC 144A	1,409	MCAFEE CORP 144A	658
MEDLINE BORROWER LP 144A	1,326	AIR MEDICAL 4/24 PIK TL	652
DELEK LOGISTICS PARTNERS 144A	1,326	SOLERA 6/21 (USD) COV-LITE TL	640
ATHENAHEALTH GROUP INC 144A	1,248	STAR PARENT INC 144A	625
HUB INTERNATIONAL LTD 144A	1,241	MEDLINE BORROWER LP 144A	622
NCR ATLEOS CORP 144A	1,208	PROOFPOINT 5/24 TL	598
WR GRACE HOLDINGS LLC 144A	1,198	HUB INTERNATIONAL LTD 144A	590
1261229 BC LTD 144A	1,177	SABRE 11/24 TLB1	588
Total	\$13,328	Total	\$6,389

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Top 10 Specialty Credit Holdings			
As of June 30, 2025			
KERS Hazardous Pension		KERS Hazardous Insurance	
Holding	Fair Value	Holding	Fair Value
TAIWAN SEMICONDUCTOR MANUFACTU	\$728	CLOUD SOFTWARE GROUP INC 144A	\$190
TENCENT HOLDINGS LTD	470	MCAFEE CORP 144A	168
CLOUD SOFTWARE GROUP INC 144A	440	STAR PARENT INC 144A	160
RECEIVABLE FOR INVESTMENTS SOLD	414	MEDLINE BORROWER LP 144A	159
MCAFEE CORP 144A	382	DELIVERY HERO 3/24 TLB	154
STAR PARENT INC 144A	362	HUB INTERNATIONAL LTD 144A	151
SOLERA 6/21 (USD) COV-LITE TL	351	AIR MEDICAL 4/24 PIK TL	149
MEDLINE BORROWER LP 144A	341	DELEK LOGISTICS PARTNERS 144A	148
DELEK LOGISTICS PARTNERS 144A	341	SOLERA 6/21 (USD) COV-LITE TL	147
DELIVERY HERO 3/24 TLB	332	WR GRACE HOLDINGS LLC 144A	144
Total	\$4,161	Total	\$1,570

SPRS Pension		SPRS Insurance	
Holding	Fair Value	Holding	Fair Value
CLOUD SOFTWARE GROUP INC 144A	\$286	HILEX POLY/NOVOLEX 3/25 COV-LI	\$98
MCAFEE CORP 144A	248	BRAZIL NOTAS DO TESOURO NACION	91
STAR PARENT INC 144A	235	CLOUD SOFTWARE GROUP INC 144A	78
MEDLINE BORROWER LP 144A	222	MCAFEE CORP 144A	69
DELEK LOGISTICS PARTNERS 144A	221	STAR PARENT INC 144A	66
ATHENAHEALTH GROUP INC 144A	209	MEDLINE BORROWER LP 144A	65
HUB INTERNATIONAL LTD 144A	207	DELIVERY HERO 3/24 TLB	65
NCR ATLEOS CORP 144A	202	AIR MEDICAL 4/24 PIK TL	62
WR GRACE HOLDINGS LLC 144A	200	HUB INTERNATIONAL LTD 144A	62
1261229 BC LTD 144A	197	SOLERA 6/21 (USD) COV-LITE TL	61
Total	\$2,227	Total	\$717

A complete list of holdings is located at <https://kyret.ky.gov/Investments/Investments-Library/Pages/Investments-Holdings.aspx>

Private Equity

For the fiscal year, the Pension Private Equity portfolio posted gross returns ranging from 8.30% for KERS Hazardous to 14.59% for KERS Nonhazardous, while the Insurance Private Equity portfolio gross returns ranged from 1.16% for KERS Hazardous to 6.24% for KERS Nonhazardous. The comparative benchmark for all plans was 10.22% for the fiscal year. The Investment Committee acknowledges the difficulty in assessing short-term performance for Private Equity. Performance is typically based on quarterly estimates of each underlying business's value and managers are often slow to mark valuations up or down. This can distort relative performance against a public market benchmark during periods when the index moves dramatically. A better indication of program performance would be the mid- to longer-term time periods because more underlying company holdings have likely transacted at a specific (rather than estimated) valuation. The below chart provides the gross returns for the longer term time periods.

Private Equity Performance									
As of June 30, 2025									
	Inception Date	1 Years		3 Years		5 Years		10 Years	
Pension	7/1/2002	Plan	Index	Plan	Index	Plan	Index	Plan	Index
KERS Nonhazardous		14.59%	10.22%	1.90%	11.25%	12.85%	21.24%	10.82%	14.84%
KERS Hazardous		8.30%	10.22%	4.82%	11.25%	16.86%	21.24%	12.84%	14.84%
SPRS		12.40%	10.22%	5.59%	11.25%	15.98%	21.24%	12.74%	14.84%
Insurance	7/1/2002								
KERS Nonhazardous		6.24%	10.22%	7.10%	11.25%	20.10%	21.24%	13.31%	14.84%
KERS Hazardous		1.16%	10.22%	3.50%	11.25%	16.30%	21.24%	12.53%	14.84%
SPRS		2.36%	10.22%	4.06%	11.25%	16.91%	21.24%	12.96%	14.84%

Note: Current Pension and Insurance benchmark is Russell 3000 + 3%, lagged 1 quarter. Plan returns are reported gross of fees.

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Real Estate

For the fiscal year, the Pension and Insurance Real Estate portfolios saw gross returns ranging from 5.18% in the KERS Hazardous insurance plan to 6.59% in the KERS Nonhazardous pension plan, exceeding the benchmark return of 1.17% for all plans.

Real Estate Performance									
As of June 30, 2025									
	Inception Date	1 Years		3 Years		5 Years		10 Years	
Pension	7/1/1984	Plan	Index	Plan	Index	Plan	Index	Plan	Index
KERS Nonhazardous		6.37%	1.17%	(1.21%)	(5.07%)	7.05%	2.01%	7.52%	4.71%
KERS Hazardous		6.59%	1.17%	(1.78%)	(5.07%)	6.09%	2.01%	7.63%	4.71%
SPRS		5.59%	1.17%	(1.94%)	(5.07%)	6.08%	2.01%	7.52%	4.71%
Insurance	5/1/2009								
KERS Nonhazardous		6.30%	1.17%	(1.66%)	(5.07%)	5.92%	2.01%	7.56%	4.71%
KERS Hazardous		5.18%	1.17%	(2.44%)	(5.07%)	5.37%	2.01%	7.28%	4.71%
SPRS		5.18%	1.17%	(2.43%)	(5.07%)	5.39%	2.01%	7.29%	4.71%

Note: Current Pension and Insurance benchmark is the National Council of Real Estate Investment Fiduciaries Open End Diversified Core Equity (NCREIF ODCE) Index, lagged 1 quarter. Plan returns are reported gross of fees.

Real Return

For the fiscal year, the Pension and Insurance Real Return portfolio returns ranged from 15.25% (gross) in the KERS Hazardous insurance plan to 18.56% (gross) in the KERS Nonhazardous pension plan. All plan returns exceeded the benchmark return of 5.35%.

Real Return Performance									
As of June 30, 2025									
	Inception Date	1 Years		3 Years		5 Years		10 Years	
Pension	7/1/2011	Plan	Index	Plan	Index	Plan	Index	Plan	Index
KERS Nonhazardous		18.56%	5.35%	18.21%	6.22%	16.84%	9.93%	8.46%	5.01%
KERS Hazardous		17.47%	5.35%	15.41%	6.22%	14.69%	9.93%	7.72%	5.01%
SPRS		17.64%	5.35%	15.82%	6.22%	14.95%	9.93%	7.73%	5.01%
Insurance	7/1/2011								
KERS Nonhazardous		17.38%	5.35%	15.64%	6.22%	14.69%	9.45%	7.90%	5.05%
KERS Hazardous		15.25%	5.35%	13.17%	6.22%	13.03%	9.45%	7.05%	5.05%
SPRS		15.80%	5.35%	13.44%	6.22%	13.14%	9.45%	7.09%	5.05%

Note: Current Pension and Insurance benchmark is CPI + 3%. Plan returns are reported gross of fees.

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Cash

For the fiscal year, the Pension Cash KERS Nonhazardous, Hazardous and SPRS portfolios each returned 4.81% slightly underperforming the FTSE 3-Month US Treasury Bill benchmark which returned 4.88%. For the Insurance Cash, KERS Nonhazardous, Hazardous and SPRS portfolios each returned 4.80% also underperforming the benchmark by 0.08%.

Liquidity Performance									
As of June 30, 2025									
	Inception Date	1 Years		3 Years		5 Years		10 Years	
Pension	1/1/1988	Plan	Index	Plan	Index	Plan	Index	Plan	Index
KERS Nonhazardous		4.81%	4.88%	4.50%	4.75%	2.75%	2.88%	2.12%	2.01%
KERS Hazardous		4.81%	4.88%	4.50%	4.75%	2.75%	2.88%	2.13%	2.01%
SPRS		4.81%	4.88%	4.50%	4.75%	2.75%	2.88%	2.12%	2.01%
Insurance	7/1/1992								
KERS Nonhazardous		4.80%	4.88%	4.50%	4.75%	2.74%	2.88%	1.99%	2.01%
KERS Hazardous		4.80%	4.88%	4.50%	4.75%	2.74%	2.88%	1.99%	2.01%
SPRS		4.80%	4.88%	4.50%	4.75%	2.74%	2.88%	1.99%	2.01%

Note: Current Pension and Insurance benchmark is FTSE 3-month Treasury Bill.

Additional Schedules

The following schedules contain information on the assets under management for each firm KRS employs and assets managed by Investment Staff, external investment-related expenses, commissions paid, and portfolio summaries for each of the Pension and Insurance Plans for the fiscal year ended June 30, 2025.

Investment Managers & Assets Under Management by Plan and Asset Class							
As of June 30, 2025 (\$ in Thousands)							
Advisor/Asset Class	Pension			Insurance			KRS Total
	KERS Nonhazardous	KERS Hazardous	SPRS	KERS Nonhazardous	KERS Hazardous	SPRS	
Core Fixed Income	\$1,446,576	\$149,010	\$215,206	\$220,994	\$90,614	\$31,219	\$2,153,619
Loomis, Sayles & Company Core	461,356	38,043	67,094	65,088	25,131	9,128	665,840
NISA Investment Advisors	486,509	40,117	70,752	74,785	28,875	10,487	711,525
Internally Managed by KPPA	498,711	70,850	77,360	81,121	36,608	11,604	776,254
Private Equity	\$198,798	\$62,804	\$29,317	\$111,261	\$40,598	\$18,411	\$461,189
Ares	—	989	312	—	633	394	2,328
Bay Hills	59,310	10,360	4,804	4,108	4,926	2,718	86,226
Black Diamond	—	3,298	1,040	—	2,747	1,710	8,795
Blackstone	12	745	1	2	759	361	1,880
Crestview	7,763	2,243	908	538	1,080	627	13,159
CVC	—	1,256	396	—	806	501	2,959
DAG	13,503	1,708	889	935	446	198	17,679
Harvest	—	1,655	18	4,571	2,855	1,122	10,221
H.I.G.	409	711	119	28	677	350	2,294
Horsley Bridge	28,624	3,620	1,884	1,982	944	420	37,474
Keyhaven	2,784	1,192	448	193	791	476	5,884
Leonard Green	54	2,270	4	2,982	3,509	1,510	10,329
Levine Leichtman	—	2,471	37	7,027	4,359	1,706	15,600
Middle Ground	18,694	8,934	2,151	30,647	5,931	2,336	68,693
Strategic Value Partners	15,418	6,654	1,774	13,920	5,181	1,704	44,651
Triton	—	1,544	487	—	988	615	3,634
Vista	849	2,580	56	4,205	3,966	1,663	13,319
Internally Managed by KPPA	51,378	10,574	13,989	40,123	—	—	116,064
Public Equity	\$1,657,667	\$495,919	\$243,625	\$790,338	\$313,069	\$125,880	\$3,626,498
American Century	89,893	27,710	14,495	49,421	18,214	7,612	207,345
Axiom	27,697	8,538	4,466	15,723	5,795	2,422	64,641
BlackRock	147,249	39,624	14,616	42,507	23,166	8,311	275,473

DRAFT 11-25-2025**Investment Managers & Assets Under Management by Plan and Asset Class**

As of June 30, 2025 (\$ in Thousands)

Advisor/Asset Class	Pension			Insurance			KRS Total
	KERS Nonhazardous	KERS Hazardous	SPRS	KERS Nonhazardous	KERS Hazardous	SPRS	
Franklin Templeton	75,238	23,193	12,132	40,079	14,771	6,173	171,586
JP Morgan	86,006	25,214	12,473	42,587	16,407	6,643	189,330
Lazard	106,159	32,724	17,117	59,084	21,776	9,101	245,961
LSV	112,970	34,824	18,215	62,381	22,991	9,609	260,990
Next Century	25,737	8,786	4,637	12,916	5,191	2,111	59,378
Northern Trust	58,901	20,108	10,611	29,188	11,730	4,771	135,309
Pzena	40,613	12,519	6,548	22,648	8,347	3,488	94,163
River Road	68,882	23,515	12,409	32,709	13,145	5,347	156,007
KRS TRP US Structured Eq	56,128	15,935	7,582	26,033	10,333	4,095	120,106
Westfield	80,825	27,593	14,561	37,477	15,061	6,126	181,643
Internally Managed by KPPA	681,369	195,636	93,763	317,585	126,142	50,071	1,464,566
Real Estate	\$229,143	\$61,686	\$34,764	\$101,615	\$44,214	\$16,879	\$488,301
Barings	24,764	6,774	2,863	8,068	6,034	2,306	50,809
Fundamental	8,353	2,285	966	2,721	2,035	778	17,138
Harrison Street	69,403	12,344	17,357	36,541	11,919	4,565	152,129
Lubert-Adler	1,328	1,004	385	1,100	824	312	4,953
Mesa West	8,088	3,848	1,241	6,073	5,112	1,921	26,283
Prologis	56,102	15,347	6,487	16,867	12,614	4,822	112,239
Stockbridge	25,986	5,173	2,506	8,046	5,676	2,175	49,562
Internally Managed by KPPA	35,119	14,911	2,959	22,199	—	—	75,188
Real Return	\$490,448	\$89,013	\$72,318	\$143,346	\$55,517	\$22,207	\$872,849
AMERRA	—	2,570	1,301	2,724	2,209	830	9,634
Arctos	26,906	689	6,899	15,867	689	690	51,740
BTG Pactual	—	1,070	495	1,244	843	320	3,972
Ceres Farms	37,521	8,859	5,732	16,676	6,644	2,736	78,168
IFM	12,818	3,948	1,530	5,608	3,155	1,063	28,122
ITE	33,421	5,025	4,207	8,363	3,355	1,402	55,773
Kayne Anderson	12,950	1,782	1,901	4,455	1,960	713	23,761
Maritime Partners	29,656	3,223	5,802	12,820	2,468	1,289	55,258
Prisma	19,671	5,132	2,129	7,048	4,680	1,755	40,415
Saba	54,615	9,103	9,103	10,923	6,068	1,214	91,026
Strategic Value Partners	15,072	3,872	2,277	6,474	2,430	944	31,069
Tortoise	71,982	18,030	7,200	21,279	9,730	3,798	132,019
Internally Managed by KPPA	175,836	25,710	23,742	29,865	11,286	5,453	271,892
Specialty Credit	\$1,014,249	\$281,593	\$142,693	\$453,125	\$174,273	\$72,608	\$2,138,541
Adams Street	68,947	19,101	7,985	28,368	11,800	5,019	141,220
Arrowmark	116,557	36,136	14,397	57,543	35,772	13,209	273,614
Benefit Street	18,276	6,565	1,697	10,199	6,159	2,217	45,113
Blue Torch	30,600	9,194	3,793	12,944	6,804	2,636	65,971
CapitalSpring	18,010	6,469	1,672	8,839	5,338	1,922	42,250
Cerberus	31,047	11,152	2,882	15,239	9,202	3,313	72,835
Columbia Threadneedle	238,788	61,433	39,898	104,442	26,698	10,966	482,225
Manulife	36,162	19,217	8,198	24,014	80	5,683	93,354
Marathon	152,790	25,814	13,794	40,747	24,382	8,418	265,945
Shenkman	173,395	52,534	25,122	95,297	21,820	9,131	377,299
Waterfall	104,533	24,947	20,921	41,941	18,035	7,148	217,525
White Oak	25,144	9,031	2,334	13,552	8,183	2,946	61,190
Other	21,585	5,874	2,145	7,464	5,358	2,036	44,462
Total Assets Under Management	\$5,058,466	\$1,145,899	\$740,068	\$1,828,143	\$723,643	\$289,240	\$9,785,459

DRAFT 11-25-2025**External Investment Expenses - Pension Asset Class/Type Breakdown**

For the fiscal year ended June 30, 2025 (\$ in Thousands)

KERS Nonhazardous	Public Equity	Private Equity	Fixed Income	Specialty Credit	Cash	Real Return	Real Estate	Total
Investment Advisory Fees	\$2,547	\$340	\$812	\$5,003	\$—	\$2,354	\$1,580	\$12,636
Performance/Incentive Fees	148	1,726	121	5,946	—	1,034	47	9,022
Securities Lending Fees	32	—	42	43	—	4	—	121
Securities Lending Fee Rebate	1,601	—	1,843	2,351	—	177	—	5,972
Miscellaneous Fees & Expenses	46	411	9	7,422	—	364	1,168	9,420
Administration	—	—	—	—	1,108	—	—	1,108
Consultant Fees	—	—	—	—	253	—	—	253
Custodial Fees	—	—	—	—	405	—	—	405
Total	\$4,374	\$2,477	\$2,827	\$20,765	\$1,766	\$3,933	\$2,795	\$38,937

KERS Hazardous	Public Equity	Private Equity	Fixed Income	Specialty Credit	Cash	Real Return	Real Estate	Total
Investment Advisory Fees	\$829	\$239	\$74	\$1,409	\$—	\$456	\$397	\$3,404
Performance/Incentive Fees	46	456	11	1,540	—	168	11	2,232
Securities Lending Fees	10	—	4	13	—	1	—	28
Securities Lending Fee Rebate	541	—	169	712	—	45	—	1,467
Miscellaneous Fees & Expenses	14	174	1	2,113	—	88	332	2,722
Administration	—	—	—	—	256	—	—	256
Consultant Fees	—	—	—	—	65	—	—	65
Custodial Fees	—	—	—	—	94	—	—	94
Total	\$1,440	\$869	\$259	\$5,787	\$415	\$758	\$740	\$10,268

SPRS	Public Equity	Private Equity	Fixed Income	Specialty Credit	Cash	Real Return	Real Estate	Total
Investment Advisory Fees	\$427	\$56	\$121	\$666	\$—	\$442	\$255	\$1,967
Performance/Incentive Fees	24	156	18	686	—	187	5	1,076
Securities Lending Fees	6	—	6	8	—	—	—	20
Securities Lending Fee Rebate	278	—	275	417	—	18	—	988
Miscellaneous Fees & Expenses	7	60	1	825	—	76	139	1,108
Administration	—	—	—	—	173	—	—	173
Consultant Fees	—	—	—	—	33	—	—	33
Custodial Fees	—	—	—	—	60	—	—	60
Total	\$742	\$272	\$421	\$2,602	\$266	\$723	\$399	\$5,425

NOTE: Miscellaneous expenses include Partnership Expenses, Commissions on Future Contracts, Fee for Long balance, and etc. The Governmental Accounting Standards Board recognizes that it may not be possible or cost-beneficial to separate certain investment expenses from either the related investment income or the general administrative expenses of the Plan. KRS has displayed all investment related fees and expenses identifiable and captured by our custodial bank, BNY Mellon and Investment staff.

DRAFT 11-25-2025**External Investment Expenses - Insurance Asset Class/Type Breakdown**

For the fiscal year ended June 30, 2025 (\$ in Thousands)

KERS Nonhazardous	Public Equity	Private Equity	Fixed Income	Specialty Credit	Cash	Real Return	Real Estate	Total
Investment Advisory Fees	\$1,408	\$348	\$130	\$2,206	\$—	\$859	\$645	\$5,596
Performance/Incentive Fees	86	593	20	2,376	—	486	14	3,575
Securities Lending Fees	14	—	6	22	—	1	—	43
Securities Lending Fee Rebate	654	—	255	1,287	—	54	—	2,250
Miscellaneous Fees & Expenses	23	132	2	3,209	—	179	384	3,929
Administration	—	—	—	—	415	—	—	415
Consultant Fees	—	—	—	—	108	—	—	108
Custodial Fees	—	—	—	—	232	—	—	232
Total	\$2,185	\$1,073	\$413	\$9,100	\$755	\$1,579	\$1,043	\$16,148

KERS Hazardous	Public Equity	Private Equity	Fixed Income	Specialty Credit	Cash	Real Return	Real Estate	Total
Investment Advisory Fees	\$536	\$254	\$50	\$991	\$—	\$325	\$371	\$2,527
Performance/Incentive Fees	32	252	8	1,390	—	118	10	1,810
Securities Lending Fees	5	—	2	5	—	1	—	13
Securities Lending Fee Rebate	257	—	100	295	—	25	—	677
Miscellaneous Fees & Expenses	9	121	1	1,371	—	67	287	1,856
Administration	—	—	—	—	173	—	—	173
Consultant Fees	—	—	—	—	34	—	—	34
Custodial Fees	—	—	—	—	91	—	—	91
Total	\$839	\$627	\$161	\$4,052	\$298	\$536	\$668	\$7,181

SPRS	Public Equity	Private Equity	Fixed Income	Specialty Credit	Cash	Real Return	Real Estate	Total
Investment Advisory Fees	\$222	\$108	\$20	\$379	\$—	\$112	\$142	\$983
Performance/Incentive Fees	13	118	3	505	—	52	4	695
Securities Lending Fees	2	—	1	3	—	—	—	6
Securities Lending Fee Rebate	105	—	39	152	—	10	—	306
Miscellaneous Fees & Expenses	3	63	—	573	—	26	110	775
Administration	—	—	—	—	70	—	—	70
Consultant Fees	—	—	—	—	13	—	—	13
Custodial Fees	—	—	—	—	37	—	—	37
Total	\$345	\$289	\$63	\$1,612	\$120	\$200	\$256	\$2,885

NOTE: Miscellaneous expenses include Partnership Expenses, Commissions on Future Contracts, Fee for Long balance, and etc. The Governmental Accounting Standards Board recognizes that it may not be possible or cost-beneficial to separate certain investment expenses from either the related investment income or the general administrative expenses of the Plan. KRS has displayed all investment related fees and expenses identifiable and captured by our custodial bank, BNY Mellon and Investment staff.

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External Expenses						
For the fiscal year ended June 30, 2025 (\$ in Thousands)						
	KERS Nonhazardous		KERS Hazardous		SPRS	
Expenses	Fees Paid	Share of Total	Fee Paid	Share of Total	Fee Paid	Share of Total
Portfolio Management						
Pension Plans	\$32,186	58.43%	8,614	49.37%	4,324	52.03%
Insurance Plans	13,515	24.53%	6,366	36.48%	2,523	30.36%
Securities Lending						
Pension Plans	6,093	11.06%	1,495	8.57%	1,008	12.13%
Insurance Plans	2,293	4.16%	690	3.95%	312	3.75%
Custody						
Pension Plans	405	0.74%	94	0.54%	60	0.72%
Insurance Plans	232	0.42%	91	0.52%	37	0.45%
Consultant						
Pension Plans	253	0.46%	65	0.37%	33	0.40%
Insurance Plans	108	0.20%	34	0.20%	13	0.16%
Total Pension Plans	38,937	70.69%	10,268	58.85%	5,425	65.28%
Total Insurance Plans	16,148	29.31%	7,181	41.15%	2,885	34.72%
Total Expenses	\$55,085	100.00%	\$17,449	100.00%	\$8,310	100.00%

Schedule of Commissions Paid (in whole \$)			
For the fiscal year ended June 30, 2025			
KERS Nonhazardous			
Assets	Total Shares	Commissions Paid	Price per Share
U.S. Equities	12,186,171	\$219,587	0.0180
Non U.S. Equities	69,255,024	\$349,082	0.0050
Total	81,441,195	\$568,669	0.0070
KERS Hazardous			
Assets	Total Shares	Commissions Paid	Price per Share
U.S. Equities	4,335,079	\$77,369	0.0178
Non U.S. Equities	22,655,056	\$115,417	0.0051
Total	26,990,135	\$192,786	0.0071
SPRS			
Assets	Total Shares	Commissions Paid	Price per Share
U.S. Equities	2,025,718	\$37,550	0.0185
Non U.S. Equities	11,171,693	\$54,739	0.0049
Total	13,197,411	\$92,289	0.0070

DRAFT 11-25-2025**Fair Values (FV)**

For the fiscal year ended June 30, 2025 (\$ in Thousands)

Pension Plans	KERS Nonhazardous		KERS Hazardous		SPRS		Total	
	Fair Value	% of Total FV	Fair Value	% of Total FV	Fair Value	% of Total FV	Fair Value	% of Total FV
Equity								
Public Equity	\$1,657,689	32.77%	\$495,927	43.28%	\$243,628	32.92%	\$2,397,244	34.52%
Private Equity	213,317	4.22%	66,355	5.79%	30,617	4.14%	310,289	4.47%
Fixed Income								
Core Fixed Income	1,333,701	26.36%	109,976	9.60%	193,957	26.21%	1,637,634	23.58%
Specialty Credit	1,014,248	20.05%	281,591	24.57%	142,693	19.28%	1,438,532	20.72%
Cash	112,776	2.23%	39,011	3.41%	21,234	2.87%	173,021	2.49%
Inflation Protected								
Real Estate	235,696	4.66%	63,726	5.56%	35,530	4.80%	334,952	4.82%
Real Return	491,039	9.71%	89,313	7.79%	72,409	9.78%	652,761	9.40%
Total Portfolio	\$5,058,466		\$1,145,899		\$740,068		\$6,944,433	

Insurance Plans	KERS Nonhazardous		KERS Hazardous		SPRS		Total	
	Fair Value	% of Total FV	Fair Value	% of Total FV	Fair Value	% of Total FV	Fair Value	% of Total FV
Equity								
Public Equity	\$790,339	43.23%	\$313,069	43.27%	\$125,880	43.52%	\$1,229,288	43.27%
Private Equity	116,793	6.39%	44,588	6.16%	19,915	6.89%	181,296	6.38%
Fixed Income								
Core Fixed Income	187,448	10.25%	72,375	10.00%	26,286	9.09%	286,109	10.07%
Specialty Credit	453,125	24.79%	174,270	24.08%	72,609	25.10%	700,004	24.64%
Cash	33,491	1.83%	18,218	2.52%	4,925	1.70%	56,634	1.99%
Inflation Protected								
Real Estate	103,247	5.65%	45,389	6.27%	17,333	5.99%	165,969	5.84%
Real Return	143,700	7.86%	55,734	7.70%	22,292	7.71%	221,726	7.81%
Total Portfolio	\$1,828,143		\$723,643		\$289,240		\$2,841,026	



Certification of Actuarial Results

Re: Certification for the Actuarial Results as of June 30, 2025.

Dear Board of Trustees:

Actuarial valuations are prepared annually as of June 30, for the Kentucky Employees Retirement System (KERS) and the State Police Retirement System (SPRS). These reports describe the current actuarial condition of the Systems and document the calculated employer contribution requirements as well as the changes in the financial condition since the prior actuarial valuation.

Under Kentucky Statute, the Board of Trustees of the Kentucky Retirement System (KRS) must recommend the employer contribution requirement for KERS and SPRS for the fiscal years beginning July 1, 2026 and ending June 30, 2028. The contribution requirements determined by the June 30, 2025 actuarial valuations are intended to become effective twelve months after the valuation date and, as such, are intended to be used by the Board for recommending these required contributions effective July 1, 2026.

These contributions are calculated based on the membership data and plan assets as of June 30, 2025. These calculations are also based on the benefit provisions in effect as of June 30, 2025.

FINANCING OBJECTIVES AND FUNDING POLICY

The Kentucky Public Pensions Authority (KPPA) administers pension and health insurance funds to provide for monthly retirement income and retiree health insurance benefits. The total employer contribution requirement is comprised of a contribution to each respective fund.

The employer contribution for KERS and SPRS is determined in accordance with Section 61.565 of Kentucky Statute. As specified by the Statute, the employer contribution is composed of a normal cost contribution and an actuarial accrued liability contribution. The actuarial accrued liability contribution is calculated by amortizing the unfunded accrued liability as of June 30, 2019 over a closed 30-year amortization period (24 years remaining as of June 30, 2025). Gains and losses incurring in years after June 30, 2019 are amortized as separate, closed 20-year amortization bases.

If the contributions made are equal to the Actuarially Determined Contribution (ADC), and if all actuarial assumptions are met, there will not be an unfunded accrued liability at the end of the 24-year period remaining from the original closed 30-year amortization base. Accordingly, the ADC under the funding policy can be considered a "Reasonable Actuarially Determined Contribution" as required by the Actuarial Standards of Practice.

House Bill 8 passed during the 2021 legislative session and changed how employer contributions are allocated and collected from the participating employers in the KERS nonhazardous fund. Each employer will pay a normal cost contribution on the payroll of their covered employees and contribute to the fund an allocated share of the cost required to amortize the unfunded liability.

HB 1 and HB 6 were enacted in the 2024 legislative session and provided an additional \$300 million in appropriations to finance the unfunded actuarial accrued liability of the KERS nonhazardous retirement fund in FY 2025 and FY 2026. HB 1 also provided an additional \$25 million to finance the unfunded actuarial accrued liability of the SPRS retirement fund in FY 2025 and FY 2026. The appropriations for FY 2025 were reflected in the contribution requirement calculated in the prior year's valuation. The appropriations for FY 2026 have been reflected in the contribution requirement calculated in this year's valuation.



PROGRESS TOWARD REALIZATION OF FINANCING OBJECTIVES

The funded ratio (the ratio of the actuarial value of assets to the actuarial accrued liability) is a standard measure of a plan's funded status. In the absence of benefit improvements, assumption changes, or actuarial losses, it should increase over time, until it reaches at least 100%. As of June 30, 2025, the funded ratios for the pension and health insurance funds are as follows:

Funding Level As of June 30										
System	2025		2024		2023		2022		2021	
	Pension	Insurance	Pension	Insurance	Pension	Insurance	Pension	Insurance	Pension	Insurance
KERS Nonhazardous	28.6%	73.4%	24.8%	81.7%	21.8%	81.7%	18.5%	79.1%	16.8%	50.2%
KERS Hazardous	72.3%	166.4%	68.3%	171.9%	65.4%	170.4%	63.2%	172.2%	60.4%	135.5%
SPRS	61.9%	101.2%	56.7%	104.9%	54.0%	100.5%	52.5%	100.6%	30.7%	82.0%

Funding Level As of June 30										
System	2020		2019		2018		2017		2016	
	Pension	Insurance	Pension	Insurance	Pension	Insurance	Pension	Insurance	Pension	Insurance
KERS Nonhazardous	14.2%	42.7%	13.4%	36.3%	12.9%	36.4%	13.6%	30.7%	16.0%	30.3%
KERS Hazardous	55.3%	126.0%	54.8%	123.1%	55.5%	130.0%	54.1%	117.6%	59.7%	125.3%
SPRS	28.1%	75.0%	27.0%	71.3%	27.1%	71.6%	27.0%	65.2%	30.3%	67.2%

ASSUMPTIONS AND METHODS

The Boards of Trustees, in consultation with the actuary, set the actuarial assumptions and methods used in the actuarial valuation. In general, the assumptions used in the June 30, 2025 actuarial valuations were adopted for first use in the June 30, 2023 actuarial valuations and are based on the experience study conducted through June 30, 2022.

In our opinion, all the assumptions and methods used for funding purposes adopted by the Board's Trustees satisfy the requirements in the Actuarial Standards of Practice that are applicable for actuarial valuations of public retirement systems.

It is also our opinion that the actuarial assumptions used to perform these valuations are internally consistent and reasonably reflect the anticipated future experience of the Systems. The results of the actuarial valuation are dependent on the actuarial assumptions used. Actual results can, and almost certainly will, differ as actual experience deviates from the assumptions. Even seemingly minor changes in the assumptions can materially change the liabilities, calculated contribution requirements, and funding periods. The actuarial calculations are intended to provide information for rational decision making.

ADDITIONAL DISCLOSURES

The benefit structure is outlined in this section of the annual report. GRS prepared the following schedules in the actuarial section: Summary of Actuarial Valuation Results, Recommended Employer Contribution Rates, Summary of Actuarial Unfunded Liabilities, the Solvency Test, the Summary of Active Member Valuation Data, the Summary of Retired Member Valuation Data, Summary of the Assumptions and Methods, and the Summary of the Benefit Provisions.

In addition, GRS prepared the following schedules in the financial section in accordance with *GASB Statement No. 67*: Net Pension Liability Schedule, Discount Rate Sensitivity Analysis, Schedule of Changes in the Employers' Net Pension Liability, Schedule of Employers' Net Pension Liability, and the Schedule of Employers' Contributions.

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DATA

Member data for retired, active and inactive members was supplied as of June 30, 2025, by KPPA staff. The staff also supplied asset information as of June 30, 2025. We did not audit this data, but we did apply a number of tests to the data, and we concluded that it was reasonable and consistent with the prior year's data. GRS is not responsible for the accuracy or completeness of the information provided to us by KPPA.

CERTIFICATION

We certify that the information presented herein is accurate and fairly portrays the actuarial position of the Retirement Systems as of June 30, 2025. All of our work conforms with generally accepted actuarial principles and practices, and in conformity with the Actuarial Standards of Practice issued by the Actuarial Standards Board. In our opinion, our calculations also comply with the requirements of Kentucky Code of Laws and, where applicable, the Internal Revenue Code, ERISA, and the Statements of the Governmental Accounting Standards Board.

To the best of our knowledge, this report is complete and accurate and is in accordance with generally recognized actuarial practices and methods. All of the undersigned are Enrolled Actuaries and members of the American Academy of Actuaries and meet all of the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. In addition, all three are independent of KPPA and are experienced in performing valuations for large public retirement systems. This communication shall not be construed to provide tax advice, legal advice or investment advice.

Sincerely,

Gabriel, Roeder, Smith & Co.

A handwritten signature in blue ink, appearing to read "Daniel J. White".

Daniel J. White, FSA, EA, MAAA
Senior Consultant

A handwritten signature in blue ink, appearing to read "Janie Shaw".

Janie Shaw, ASA, EA, MAAA
Consultant

A handwritten signature in blue ink, appearing to read "Krysti Kiesel".

Krysti Kiesel, ASA, MAAA
Consultant

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Summary of Actuarial Assumptions

The results of the actuarial valuation are based upon the assumptions and funding policies adopted by the Board and statutory funding requirements. Assumptions and funding policies are reviewed against actual plan experience at least once every five years through the completion of the Actuarial Experience Study. In general, the assumptions and methods used in the June 30, 2025 valuation are based on the most recent actuarial experience study performed as of June 30, 2022, submitted, and adopted by the Boards in June 2023.

- 1. Actuarial Cost Method:** The actuarial valuation was prepared using the entry age normal cost (EANC) method as required by state statute. Under this method, the present value of future benefits is determined for each member and allocated equitably as a level percentage of payroll from the member's entry age into the plan to the assumed age of exit from the plan. The portion of the present value of future benefits allocated to the current valuation year is called the normal cost. The portion of the present value of future benefits allocated to prior years of service is called the actuarial accrued liability. The unfunded actuarial accrued liability represents the difference between the actuarial accrued liability and the actuarial value of assets as of the valuation date. Relative to the pension fund and the insurance fund, an employer contribution has been established to pay for both the normal cost and the amount needed to amortize the unfunded actuarial accrued liability (UAAL).
- 2. UAAL Amortization Method:** Effective for the June 30, 2019 valuation, the actuarial accrued liability contribution is calculated by amortizing the unfunded accrued liability as of June 30, 2019 over a closed 30-year amortization period. Gains and losses incurring in future years are amortized as separated closed 20-year amortization bases. This amortization cost is calculated using a 0.00% payroll growth assumption for the KERS and SPRS Funds. Effective for fiscal years ending June 30, 2022 and later, the amortization cost for the KERS Nonhazardous funds is allocated amongst employers as a dollar amount based on the employers' actuarial accrued liability as of June 30, 2019. The amortization cost for the remaining funds is divided by covered payroll and included in the contribution rate, payable by employers as a percentage of pay.
- 3. Asset Valuation Method:** The actuarial value of assets recognizes a portion of the difference between the market value of assets and the expected market value of assets, based on the investment return assumption. The amount recognized each year is 20% of the difference between market value and expected market value.
- 4. Retiree Insurance Funding Policy:** Effective for the June 30, 2019, valuation, the actuarial accrued liability contribution is calculated by amortizing the unfunded accrued liability as of June 30, 2019, over a closed 30-year amortization period. Gains and losses incurring in future years are amortized as separate closed 20-year amortization bases. This amortization cost is calculated using a 0.00% payroll growth assumption for the KERS and SPRS Funds. Effective for fiscal years ending June 30, 2022 and later, the amortization cost for the KERS Nonhazardous funds is allocated amongst employers as a dollar amount based on the employers' actuarial accrued liability as of June 30, 2019. The amortization cost for the remaining funds is divided by covered payroll and included in the contribution rate, payable by employers as a percentage of pay.
- 5. Investment Return Assumption:** The future investment earnings of plan assets are assumed to accumulate at a rate of 6.50% per annum for all Insurance Plans. This rate consists of a 2.50% price inflation component and a 4.00% real rate of return component. The assumed rate of return for the KERS Hazardous pension plan is 6.25% and consists of a 2.50% inflationary component and a 3.75% real rate of return component. The assumed rate of return for the KERS Nonhazardous pension plan and the SPRS pension plan is 5.25% and consists of a 2.50% inflationary component and a 2.75% real rate of return component. This assumption was adopted in 2023.
- 6. Salary Increase Assumptions:** Active member salaries are assumed to increase at the rates provided in Table 1. The rates include a price inflation and productivity component, and an additional increase due to promotion based upon plan experience. The price inflation component is 2.50% for all plans and the productivity component is 0.80% for the nonhazardous plan and 1.05% for the hazardous plan and SPRS. This assumption was adopted in 2023.

Service	KERS Nonhazardous	KERS Hazardous	SPRS
0	15.30%	20.05%	16.05%
1	6.80%	7.55%	8.55%
2	6.05%	6.55%	7.55%
3	5.80%	6.55%	5.55%
4	5.30%	5.55%	5.55%

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Table 1. Salary Increase Assumptions

Service	KERS Nonhazardous	KERS Hazardous	SPRS
5	4.80%	5.05%	5.55%
6	4.55%	4.55%	5.55%
7	4.30%	4.05%	4.55%
8	4.05%	4.05%	4.55%
9	3.80%	3.55%	3.55%
10	3.80%	3.55%	3.55%
11	3.30%	3.55%	3.55%
12	3.30%	3.55%	3.55%
13	3.30%	3.55%	3.55%
14	3.30%	3.55%	3.55%
15	3.30%	3.55%	3.55%
16+	3.30%	3.55%	3.55%

- 7. Payroll Growth Assumption:** For purposes of determining the amortization cost to finance the unfunded actuarial accrued liability, the active member payroll (or amortization payments for the KERS Nonhazardous plan) is assumed to increase at a rate of 0.00% per annum. This assumption was adopted in 2017.
- 8. Retiree Cost of Living Adjustments (COLA):** SB2 (2013) only allows the Cost of Living Adjustments (COLAs) to be awarded on a biennial basis if the State Legislature so authorizes and either (i) the system is over 100% funded or (ii) the Legislature appropriates sufficient funds to pay the increased liability for the COLA.
- 9. Health Care Cost Trend Rate:** The costs for retiree health care are assumed to increase according to the assumptions provided in Table 2.

Table 2: Health Care Cost Trend Rate (See footnotes 1-2)

Year	Non-Medicare Plans ⁽¹⁾	Medicare Plan ⁽¹⁾	Dollar Contribution ⁽²⁾
2027	7.35%	12.00%	1.50%
2028	7.20%	8.00%	1.50%
2029	7.05%	8.00%	1.50%
2030	6.90%	7.50%	1.50%
2031	6.75%	7.00%	1.50%
2032	6.50%	6.50%	1.50%
2033	6.25%	6.00%	1.50%
2034	6.00%	5.50%	1.50%
2035	5.75%	5.00%	1.50%
2036	5.50%	4.50%	1.50%
2037	5.25%	4.25%	1.50%
2038	5.00%	4.25%	1.50%
2039	4.75%	4.25%	1.50%
2040	4.50%	4.25%	1.50%
2041 & Beyond	4.25%	4.25%	1.50%

⁽¹⁾ All increases are assumed to occur on January 1. The 2026 premiums were known at the time of the June 30, 2025, valuation and were incorporated into the liability measurement.

⁽²⁾ Applies to members participating on or after July 1, 2003. All increases are assumed to occur on July 1.

- 10. Retirement Rate Assumptions:** The probability, or the likelihood, that a member will retire at a specified age or level of service is provided in Table 3. These assumptions were adopted in 2023.

DRAFT 11-25-2025**Table 3a: Retirement Rate Assumptions KERS (See footnotes 1 - 3)**

Age	Nonhazardous					Hazardous			
	Normal Retirement		Early Retirement ⁽¹⁾		Service	Members participating before 9/1/2008 ⁽²⁾		Members participating between 9/1/2008 and 1/1/2014 ⁽³⁾	Members participating after 1/1/2014 ⁽³⁾
	Male	Female	Male	Female		Age 55-61	Age 62+		
Under 45	20.00%	33.00%	—%	—%	5	10.00%	35.00%	—%	—%
45	21.00%	33.00%	—%	—%	6	10.00%	35.00%	—%	—%
46	22.00%	33.00%	—%	—%	7	10.00%	35.00%	—%	—%
47	23.00%	33.00%	—%	—%	8	10.00%	35.00%	—%	—%
48	24.00%	33.00%	—%	—%	9	10.00%	35.00%	—%	—%
49	25.00%	33.00%	—%	—%	10	10.00%	35.00%	—%	—%
50	26.00%	33.00%	—%	—%	11	10.00%	35.00%	—%	—%
51	27.00%	33.00%	—%	—%	12	10.00%	35.00%	—%	—%
52	28.00%	33.00%	—%	—%	13	10.00%	35.00%	—%	—%
53	29.00%	33.00%	—%	—%	14	10.00%	35.00%	—%	—%
54	30.00%	33.00%	—%	—%	15	10.00%	35.00%	—%	—%
55	30.00%	33.00%	5.00%	5.00%	16	10.00%	35.00%	—%	—%
56	30.00%	33.00%	5.00%	5.00%	17	10.00%	35.00%	—%	—%
57	30.00%	33.00%	5.00%	5.00%	18	10.00%	35.00%	—%	—%
58	30.00%	33.00%	5.00%	5.00%	19	10.00%	35.00%	—%	—%
59	30.00%	33.00%	5.00%	5.00%	20	50.00%	50.00%	—%	—%
60	30.00%	33.00%	5.00%	8.00%	21	32.00%	32.00%	—%	—%
61	30.00%	33.00%	8.00%	9.00%	22	32.00%	32.00%	—%	—%
62	35.00%	35.00%	15.00%	20.00%	23	32.00%	32.00%	—%	—%
63	30.00%	33.00%	15.00%	18.00%	24	32.00%	32.00%	—%	—%
64	30.00%	33.00%	15.00%	16.00%	25	32.00%	32.00%	25.60%	16.00%
65	30.00%	33.00%	—%	—%	26	32.00%	32.00%	25.60%	16.00%
66	30.00%	33.00%	—%	—%	27	32.00%	32.00%	25.60%	16.00%
67	30.00%	33.00%	—%	—%	28	32.00%	32.00%	25.60%	16.00%
68	30.00%	33.00%	—%	—%	29	32.00%	32.00%	25.60%	16.00%
69	30.00%	33.00%	—%	—%	30+	32.00%	32.00%	25.60%	100.00%
70	30.00%	33.00%	—%	—%		—%	—%	—%	—%
71	30.00%	33.00%	—%	—%		—%	—%	—%	—%
72	30.00%	33.00%	—%	—%		—%	—%	—%	—%
73	30.00%	33.00%	—%	—%		—%	—%	—%	—%
74	30.00%	33.00%	—%	—%		—%	—%	—%	—%
75	100.00%	100.00%	—%	—%		—%	—%	—%	—%

(1) The annual rate of retirement is 12% for male members and 14% for female members with 25-26 years of service.

(2) The annual rate of retirement is 100% at age 65.

(3) The annual rate of retirement is 100% at age 60.

(4) Nonhazardous System: There is a 1% increase in the first two years a member becomes eligible under the age of 65. For members hired after 7/1/2003, the rates shown above are multiplied by 80% if the member is under age 65 to reflect the different retiree health insurance benefit.

(5) Hazardous System: For members hired after 7/1/2003 and prior to 9/1/2008, the rates shown above are multiplied by 80% if the member is under age 65 to reflect the different retiree health insurance benefit.

Table 3b: Retirement Rate Assumptions SPRS (See footnotes 1 - 2)

Hazardous			
Service	Members participating before 9/1/2008 ⁽²⁾	Members participating between 9/1/2008 and 1/1/2014 ⁽³⁾	Members participating after 1/1/2014 Male ⁽³⁾
20	22.00%	—%	—%
21	22.00%	—%	—%
22	22.00%	—%	—%
23	28.00%	—%	—%
24	28.00%	—%	—%
25	28.00%	17.60%	16.00%
26	28.00%	17.60%	16.00%
27	28.00%	17.60%	16.00%
28	44.00%	22.40%	16.00%

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Table 3b: Retirement Rate Assumptions SPRS (See footnotes 1 - 2)

Hazardous			
Service	Members participating before 9/1/2008 ⁽²⁾	Members participating between 9/1/2008 and 1/1/2014 ⁽³⁾	Members participating after 1/1/2014 Male ⁽³⁾
29	44.00%	22.40%	16.00%
30	44.00%	22.40%	100.00%
31	58.00%	22.40%	—%
32	58.00%	22.40%	—%
33	58.00%	35.20%	—%
34	58.00%	35.20%	—%
35	58.00%	35.20%	—%
36	58.00%	46.40%	—%
37	58.00%	46.40%	—%
38	58.00%	46.40%	—%
39	58.00%	46.40%	—%
40+	58.00%	46.40%	—%

(1) The annual rate of service retirement is 100% at age 55.

(2) The annual rate of service retirement is 100% at age 60.

For members hired after 7/1/2003 and prior to 9/1/2008, the rates shown above are multiplied by 80% if the member is under age 55 to reflect the different retiree health insurance benefit.

11. Mortality Assumptions:

Pre-retirement mortality: PUB-2010 General Mortality table, for the Nonhazardous System, and the PUB-2010 Public Safety Mortality table for the Hazardous System and SPRS, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010.

Post-retirement mortality (non-disabled): System-specific mortality table based on mortality experience from 2013-2022, projected with the ultimate rates from MP-2020 mortality improvement scale using a base year of 2023.

Table 4a provides the life expectancy for a non-disabled retiree in future years based on the assumption with full generational projection.

Post-retirement mortality (disabled): PUB-2010 Disabled Mortality table, with rates multiplied by 150% for both male and female rates, projected with the ultimate rates from the MP-2020 mortality improvement scale using a base year of 2010.

These mortality assumptions were adopted in 2023. Table 4b provides sample annual rates of mortality in the base year of each table (2023 for the retired member mortality rates and 2010 for the active member and disabled member mortality rates).

Table 4a: Life Expectancy for an Age 65 Retiree in Years

Gender	Year of Retirement				
	2025	2030	2035	2040	2045
Male	19.8	20.2	20.6	21.0	21.3
Female	22.4	22.7	23.1	23.4	23.7

Table 4b: Sample Annual Rate of Mortality

Active Member Mortality			Active Member Mortality					
Nonhazardous			Hazardous		Retired Member Mortality		Disabled Member Mortality	
Age	Males	Females	Males	Females	Males	Females	Males	Females
20	0.04%	0.01%	0.04%	0.02%	0.03%	0.01%	0.62%	0.35%
22	0.03%	0.01%	0.04%	0.02%	0.03%	0.01%	0.53%	0.29%
32	0.04%	0.02%	0.04%	0.03%	0.04%	0.02%	0.59%	0.46%
42	0.08%	0.04%	0.07%	0.06%	0.07%	0.04%	1.14%	1.13%
52	0.18%	0.10%	0.14%	0.10%	0.32%	0.21%	2.73%	2.38%
62	0.37%	0.22%	0.32%	0.19%	0.94%	0.55%	4.02%	3.08%
72	0.84%	0.60%	0.98%	0.60%	2.38%	1.48%	6.52%	4.86%

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12. Withdrawal Rates: The probability, or likelihood, of active members terminating employment prior to retirement is provided in Table 5. The rates below include the pre-retirement mortality rates described in item #11. These assumptions were adopted in 2023.

Table 5: Selected Rates of Termination Prior to Retirement				
KERS Nonhazardous		KERS Hazardous		SPRS
Year of Service			Year of Service	
1	22.00%	32.50%	1	15.00%
2	18.10%	25.58%	2	5.30%
3	14.73%	19.66%	3	4.14%
4	12.77%	16.19%	4	3.47%
5	11.37%	13.73%	5	2.98%
6	10.29%	11.82%	6	2.61%
7	9.41%	10.26%	7	2.30%
8	8.66%	8.93%	8	2.05%
9	8.01%	7.79%	9	1.83%
10	7.44%	6.79%	10	1.63%
11	6.93%	5.89%	11	1.45%
12	6.47%	5.07%	12	1.29%
13	6.04%	4.33%	13	1.14%
14	5.65%	3.64%	14	1.01%
15	5.29%	3.00%	15	0.88%
16	4.96%	2.42%	16	0.77%
17	4.64%	1.86%	17	0.66%
18	4.36%	1.34%	18	0.56%
19	4.07%	0.86%	19	0.46%
20	3.82%	0.39%	20	0.37%
21	3.56%	—%	21	0.00%
22	3.32%	—%	22	0.00%
23	3.10%	—%	23	0.00%
24	2.88%	—%	24	0.00%
25	2.67%	—%	25	0.00%
26+	0.00%	—%	26+	0.00%

13. Rates of Disablement: KERS/SPRS provide disability benefits for those individuals meeting specific qualifications established by state law. This assumption provides the probability, or likelihood, that a member will become disabled during the course of employment for various age levels. These assumptions were adopted in 2023.

Table 6: Sample Rates of Disablement				
Nearest Age	KERS Nonhazardous	KERS Nonhazardous	SPRS	
	Probability	Probability	Probability	
20	0.03%	0.05%	0.05%	
30	0.05%	0.08%	0.09%	
40	0.11%	0.18%	0.20%	
50	0.31%	0.50%	0.56%	
60	0.80%	1.32%	1.46%	

14. Assumption Changes Since Prior Valuation: In conjunction with the review of the healthcare per capita claims cost, the assumed increase in future healthcare costs, or trend assumption, is reviewed on an annual basis. The trend assumption for the non-Medicare Plans was increased during the select period and the ultimate trend assumption was increased for all plans as a result of this review.

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Summary of Actuarial Valuation Results

Summary of Actuarial Valuation Results			
	KERS Nonhazardous	KERS Hazardous	SPRS
Recommended Contribution Rate (FY 2026)			
Pension Fund Contribution	6.65%	18.83%	51.84%
Insurance Fund Contribution	1.11%	—%	2.49%
Actuarially Determined Employer Contributions Rate ⁽¹⁾ , payable as a percentage of payroll	7.76%	18.83%	54.33%
Amortization Cost to be Allocated, if applicable	\$868,158,252	N/A	N/A
Funded Status as of Valuation Date As of June 30, 2025 (in Whole \$)			
Pension Fund			
Actuarial Liability	\$16,839,319,157	\$1,488,008,170	\$1,130,392,428
Actuarial Value of Assets	4,810,420,381	1,076,412,201	699,538,955
Unfunded Liability on Actuarial Value of Assets	12,028,898,776	411,595,969	430,853,473
Funding Ratio on Actuarial Value of Assets	28.57%	72.34%	61.88%
Market Value of Assets	5,061,424,520	1,137,479,989	741,281,980
Unfunded Liability on Market Value of Assets	\$11,777,894,637	\$350,528,181	\$389,110,448
Funding Ratio on Market Value of Assets	30.06%	76.44%	65.58%
Insurance Fund			
Actuarial Liability	\$2,475,126,492	\$420,391,986	\$273,393,126
Actuarial Value of Assets	1,817,922,524	699,650,236	276,806,058
Unfunded Liability on Actuarial Value of Assets	657,203,968	(279,258,250)	(3,412,932)
Funding Ratio on Actuarial Value of Assets	73.45%	166.43%	101.25%
Market Value of Assets	1,915,731,580	735,292,505	291,043,388
Unfunded Liability on Market Value of Assets	\$559,394,912	(\$314,900,519)	(\$17,650,262)
Funding Ratio on Market Value of Assets	77.40%	174.91%	106.46%
Member Data (See Footnotes)			
Number of Active Members	33,356	4,228	863
Total Annual Payroll (Active Members) ⁽²⁾	\$2,023,843,270	\$266,387,327	\$74,404,942
Average Annual Pay (Active Members)	\$60,674	\$63,006	\$86,217
Number of Retired Members & Beneficiaries	48,594	5,043	1,693
Average Annual Retirement Allowance	\$20,314	\$15,601	\$37,524
Number of Vested Inactive Members	30,222	2,347	339
Number of Active Members Due to Refund	27,375	6,965	436
⁽¹⁾ For the KERS Nonhazardous fund, contribution rate includes the normal cost portion of the contribution requirement only. Amortization cost will be allocated to employers as a dollar amount.			
⁽²⁾ Annual payroll included in the Summary of Actuarial Valuation Results is based upon the annualized monthly payroll for active members as of the valuation date. The annual payroll recorded in the financial section is based upon the sum of the monthly payroll for active members recorded for each month of fiscal year ended June 30, 2025.			

Recommended Employer Contribution Rates

KERS Plans

The contribution rates for KERS Nonhazardous and KERS Hazardous shown in the tables below are the full funding rates presented by the actuary for 2014 through 2023 annual valuations. However, actual employer contributions were less than the recommended rates for years 2009 through 2014. SB 2 (2013 Legislative Regular Session) required full funding starting in fiscal year 2015. HB 265 from the 2018 legislative session reduced the employer contribution rate for KERS quasi-governmental agencies to the fiscal year 2018 rate for fiscal year 2019, which was 49.47%. The 2019 Special Legislative Session HB 1 sets the employer contribution rate at 49.47%, retroactive to July 1, 2019, for fiscal year 2020 for KERS quasi-governmental agencies. House Bill 8 passed during the 2021 legislative session and changed how employer contributions are allocated and collected from the participating employers in the KERS Nonhazardous Fund. Each employer will pay a normal cost contribution on the payroll of their covered employees and contribute to the fund an allocated share of the cost required to amortize the unfunded liability.

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Recommended Employer Contribution Rates

As of June 30

KERS Nonhazardous Employers

Valuation Date	Applicable Fiscal Year	Pension Fund Normal Cost	Pension Fund: Payment on Unfunded Liability	Pension Fund Contribution	Insurance Fund Contribution	Recommended Employer Contribution
2016	2017-2018	4.93%	37.05%	41.98%	8.41%	50.39%
2017	2018-2019	8.17%	62.86%	71.03%	12.40%	83.43%
2018	2019-2020	7.98%	66.56%	74.54%	10.65%	85.19%
2019	2020-2021	7.99%	65.29%	73.28%	11.15%	84.43%
Valuation Date	Applicable Fiscal Year	Pension Fund Normal Cost	Insurance Fund: Normal Cost	Normal Cost Contribution	Amortization Cost to be Allocated	
2020	2021-2022	7.90%	2.20%	10.10%	\$1,039,849,248	
2021	2022-2023	7.82%	2.15%	9.97%	\$994,421,476	
2022	2023-2024	7.74%	1.86%	9.60%	\$905,892,818	
2023	2024-2025	6.99%	1.45%	8.44%	\$856,561,041	
2024	2025-2026	6.85%	1.14%	7.99%	\$865,810,060	
2025	2026-2027	6.65%	1.11%	7.76%	\$868,158,252	

KERS Hazardous Employers

Valuation Date	Applicable Fiscal Year	Pension Fund Normal Cost	Pension Fund: Payment on Unfunded Liability	Pension Fund Contribution	Insurance Fund Contribution	Recommended Employer Contribution
2016	2017-2018	6.44%	14.04%	20.48%	1.34%	21.82%
2017	2018-2019	9.67%	24.72%	34.39%	2.46%	36.85%
2018	2019-2020	9.24%	25.18%	34.42%	—%	34.42%
2019	2020-2021	9.21%	26.79%	36.00%	—%	36.00%
2020	2021-2022	8.84%	24.59%	33.43%	—%	33.43%
2021	2022-2023	8.78%	23.04%	31.82%	—%	31.82%
2022	2023-2024	8.60%	21.52%	30.12%	—%	30.12%
2023	2024-2025	7.71%	16.03%	23.74%	—%	23.74%
2024	2025-2026	7.57%	13.11%	20.68%	—%	20.68%
2025	2026-2027	7.48%	11.35%	18.83%	—%	18.83%

The contribution rates for KERS Nonhazardous and KERS Hazardous shown in the above tables are the full funding rates presented by the actuary in the 2016 through 2025 annual valuations. HB 265 (passed during the 2018 legislative session), HB 1 (passed during the 2019 special legislative session), and HB 352 (passed during the 2020 legislative session) reduced the FYE 2019-2021 employer contribution rate to 49.47% for Regional Mental Health/Mental Retardation Boards, Local and District Health Departments, State Universities, Community Colleges and any other agencies eligible to voluntarily cease participating in the KERS nonhazardous fund. HB 8 (passed during the 2021 legislative session) changed how employer contributions are allocated and collected amongst employers in the KERS nonhazardous fund effective for FYE2022. The normal cost is collected as a percentage of covered payroll and the amortization cost is allocated to employers as a dollar amount based on their accrued liability as of June 30, 2019. Amortization cost shown above reflects the amortization required as of the valuation date and does not reflect any adjustment for the cessation of any employers after the valuation date.

SPRS Plans

The contribution rates for SPRS shown in the below tables are the full funding rates presented by the actuary in the 2014 through 2024 annual valuations. However, the actual employer contribution rates have been less than those shown below. As a result of HB1 passed in 2008 the statute called for an employer contribution rate at an increasing percentage of the full funding rates. SB2 (2013 Regular Legislative Session) eliminated this phase-in beginning with the June 30, 2013, actuarial valuation.

DRAFT 11-25-2025**Recommended Employer Contribution Rates**

As of June 30

SPRS Employers

Valuation Date	Applicable Fiscal Year	Pension Fund Normal Cost	Pension Fund: Payment on Unfunded Liability	Pension Fund Contribution	Insurance Fund Contribution	Recommended Employer Contribution
2016	2017-2018	11.16%	60.41%	71.57%	18.10%	89.67%
2017	2018-2019	16.21%	102.84%	119.05%	27.23%	146.28%
2018	2019-2020	15.81%	104.73%	120.54%	19.50%	140.04%
2019	2020-2021	19.39%	104.40%	123.79%	19.69%	143.48%
2020	2021-2022	19.04%	108.95%	127.99%	18.07%	146.06%
2021	2022-2023	18.60%	66.72%	85.32%	14.11%	99.43%
2022	2023-2024	19.49%	65.90%	85.39%	3.68%	89.07%
2023	2024-2025	19.41%	46.38%	65.79%	2.31%	68.10%
2024	2025-2026	19.76%	38.15%	57.91%	1.46%	59.37%
2025	2026-2027	19.60%	32.24%	51.84%	2.49%	54.33%

Summary of Actuarial Unfunded Liabilities**Summary of Actuarial Unfunded Liabilities**

As of June 30 (\$ in Thousands)

KERS Nonhazardous Pension Plan

Valuation Date	Actuarial Liability	Value of Assets		Unfunded Actuarial Liabilities		Funding Level	
		Actuarial	Market	Actuarial	Market	Actuarial	Market
2016	\$13,224,698	\$2,112,287	\$1,953,422	\$11,112,412	\$11,271,276	15.97%	14.77%
2017	15,591,641	2,123,623	2,056,870	13,468,018	13,534,771	13.62%	13.19%
2018	15,675,232	2,019,278	2,004,446	13,655,954	13,670,786	12.88%	12.79%
2019	16,466,427	2,206,280	2,233,672	14,260,147	14,232,755	13.40%	13.57%
2020	16,348,962	2,323,298	2,308,080	14,025,663	14,040,882	14.21%	14.12%
2021	16,321,373	2,735,876	3,018,660	13,585,497	13,302,713	16.76%	18.50%
2022	16,576,631	3,065,263	3,013,845	13,511,368	13,562,786	18.49%	18.18%
2023	16,304,277	3,552,471	3,539,942	12,751,806	12,764,335	21.79%	21.71%
2024	16,647,893	4,122,269	4,223,936	12,525,624	12,423,957	24.76%	25.37%
2025	\$16,839,319	4,810,420	\$5,061,425	\$12,028,899	\$11,777,895	28.57%	30.06%

KERS Nonhazardous Insurance Plan

Valuation Date	Actuarial Liability	Value of Assets		Unfunded Actuarial Liabilities		Funding Level	
		Actuarial	Market	Actuarial	Market	Actuarial	Market
2016	\$2,456,678	\$743,270	\$695,189	\$1,713,408	\$1,761,489	30.26%	28.30%
2017	2,683,496	823,918	817,370	1,859,578	1,866,126	30.70%	30.46%
2018	2,435,506	887,121	891,205	1,548,385	1,544,301	36.42%	36.59%
2019	2,733,065	991,427	995,089	1,741,639	1,737,977	36.28%	36.41%
2020	2,564,788	1,095,959	1,060,649	1,468,829	1,504,139	42.73%	41.35%
2021	2,574,112	1,291,472	1,419,477	1,282,640	1,154,634	50.17%	55.14%
2022	1,782,386	1,409,553	1,364,419	372,833	417,967	79.08%	76.55%
2023	1,877,109	1,532,895	1,532,752	344,214	344,357	81.66%	81.65%
2024	2,094,743	1,712,043	1,765,729	382,700	329,014	81.73%	84.29%
2025	\$2,475,126	\$1,817,923	\$1,915,732	\$657,204	\$559,395	73.45%	77.40%

KERS Hazardous Pension Plan

Valuation Date	Actuarial Liability	Value of Assets		Unfunded Actuarial Liabilities		Funding Level	
		Actuarial	Market	Actuarial	Market	Actuarial	Market
2016	\$936,706	\$559,487	\$524,679	\$377,219	\$412,027	59.73%	56.01%
2017	1,121,420	607,159	601,529	514,261	519,891	54.14%	53.64%
2018	1,151,923	639,262	645,485	512,661	506,438	55.50%	56.04%
2019	1,226,195	671,647	680,932	554,548	545,262	54.77%	55.53%
2020	1,283,770	709,587	690,350	574,183	593,420	55.27%	53.78%
2021	1,295,243	782,496	866,141	512,747	429,102	60.41%	66.87%

DRAFT 11-25-2025**Summary of Actuarial Unfunded Liabilities****As of June 30 (\$ in Thousands)**

2022	1,316,825	832,436	810,978	484,389	505,847	63.22%	61.59%
2023	1,363,037	891,460	893,534	471,577	469,503	65.40%	65.55%
2024	1,442,619	985,075	1,019,890	457,544	422,729	68.28%	70.70%
2025	\$1,488,008	\$1,076,412	\$1,137,480	\$411,596	\$350,528	72.34%	76.44%

KERS Hazardous Insurance Plan

Valuation Date	Actuarial Liability	Value of Assets		Unfunded Actuarial Liabilities		Funding Level	
		Actuarial	Market	Actuarial	Market	Actuarial	Market
2016	\$377,745	\$473,160	\$440,596	(\$95,415)	(\$62,851)	125.26%	116.64%
2017	419,440	493,458	488,838	(74,019)	(69,399)	117.65%	116.55%
2018	393,481	511,441	519,072	(117,961)	(125,592)	129.98%	131.92%
2019	426,705	525,315	534,053	(98,610)	(107,348)	123.11%	125.16%
2020	427,977	539,251	521,755	(111,275)	(93,778)	126.00%	121.91%
2021	424,456	575,025	633,677	(150,569)	(209,221)	135.47%	149.29%
2022	347,044	597,701	588,162	(250,657)	(241,118)	172.23%	169.48%
2023	363,512	619,519	625,356	(256,007)	(261,844)	170.43%	172.03%
2024	379,568	652,349	677,948	(272,781)	(298,380)	171.87%	178.61%
2025	\$420,392	\$699,650	\$735,293	(\$279,258)	(\$314,901)	166.43%	174.91%

SPRS Pension Plan

Valuation Date	Actuarial Liability	Value of Assets		Unfunded Actuarial Liabilities		Funding Level	
		Actuarial	Market	Actuarial	Market	Actuarial	Market
2016	\$775,160	\$234,568	\$217,594	\$540,593	\$557,566	30.26%	28.07%
2017	967,145	261,320	255,737	705,824	711,408	27.02%	26.44%
2018	989,528	268,259	267,572	721,269	721,956	27.11%	27.04%
2019	1,045,318	282,162	286,165	763,156	759,153	26.99%	27.38%
2020	1,053,157	296,126	293,949	757,031	759,208	28.12%	27.91%
2021	1,053,260	323,250	356,346	730,009	696,914	30.69%	33.83%
2022	1,067,447	559,973	551,699	507,474	515,748	52.46%	51.68%
2023	1,091,795	589,848	591,514	501,947	500,281	54.03%	54.18%
2024	1,112,310	631,186	651,790	481,125	460,521	56.75%	58.60%
2025	\$1,130,392	\$699,539	\$741,282	\$430,853	\$389,110	61.88%	65.58%

SPRS Insurance Plan

Valuation Date	Actuarial Liability	Value of Assets		Unfunded Actuarial Liabilities		Funding Level	
		Actuarial	Market	Actuarial	Market	Actuarial	Market
2016	\$257,197	\$172,704	\$161,366	\$84,494	\$95,831	67.15%	62.74%
2017	246,641	180,464	178,838	96,178	97,803	65.23%	64.65%
2018	262,088	187,535	190,847	74,553	71,242	71.55%	72.82%
2019	276,809	197,395	201,206	79,415	75,604	71.31%	72.69%
2020	276,143	207,018	201,340	69,126	74,803	74.97%	72.91%
2021	272,406	223,251	247,318	49,154	25,088	81.96%	90.79%
2022	232,798	234,239	231,242	(1,441)	1,556	100.62%	99.33%
2023	244,058	245,172	248,109	(1,114)	(4,051)	100.46%	101.66%
2024	251,178	263,369	273,517	(12,191)	(22,339)	104.85%	108.89%
2025	\$273,393	\$276,806	\$291,043	(\$3,413)	(\$17,650)	101.25%	106.46%

DRAFT 11-25-2025**Solvency Test****Solvency Test**

As of June 30 (\$ in Thousands)

KERS Nonhazardous Pension Plan

Actuarial Liabilities							
Valuation Date	(1) Active Member Contributions	(2) Retired Members & Beneficiaries	(3) Active Members (Employer Portion)	Actuarial Value of Assets	% of Actuarial Liabilities Covered by Actuarial Assets		
					(1)	(2)	(3)
2016	\$920,120	\$10,010,168	\$2,294,410	\$2,112,286	100.00%	11.90%	0.00%
2017	934,559	11,608,346	3,048,736	2,123,623	100.00%	10.20%	0.00%
2018	892,033	11,929,018	2,854,180	2,019,278	100.00%	9.40%	0.00%
2019	881,020	12,513,230	3,072,176	2,206,280	100.00%	10.60%	0.00%
2020	869,196	12,467,523	3,012,243	2,323,298	100.00%	11.70%	0.00%
2021	877,142	12,425,951	3,018,279	2,735,876	100.00%	15.00%	0.00%
2022	859,591	12,700,595	3,016,445	3,065,263	100.00%	17.40%	0.00%
2023	889,146	12,013,685	3,401,447	3,552,471	100.00%	22.20%	0.00%
2024	935,186	11,876,221	3,836,485	4,122,268	100.00%	26.80%	0.00%
2025	\$988,817	\$11,779,178	\$4,071,324	\$4,810,420	100.00%	32.40%	—%

KERS Nonhazardous Insurance Plan

Actuarial Liabilities							
Valuation Date	(1) Active Member Contributions	(2) Retired Members & Beneficiaries	(3) Active Members (Employer Portion)	Actuarial Value of Assets	% of Actuarial Liabilities Covered by Actuarial Assets		
					(1)	(2)	(3)
2016	\$—	\$1,483,636	\$973,042	\$743,270	100.00%	50.10%	—%
2017	—	1,575,294	1,108,202	823,918	100.00%	52.30%	—%
2018	—	1,475,954	959,552	887,121	100.00%	60.10%	—%
2019	—	1,686,605	1,046,461	991,427	100.00%	58.80%	—%
2020	—	1,589,742	975,045	1,095,959	100.00%	68.90%	—%
2021	—	1,609,775	964,337	1,291,472	100.00%	80.20%	—%
2022	—	967,051	815,335	1,409,553	100.00%	100.00%	54.30%
2023	—	1,040,344	836,765	1,532,895	100.00%	100.00%	58.90%
2024	—	1,189,231	905,513	1,712,043	100.00%	100.00%	57.70%
2025	\$—	\$1,453,635	\$1,021,491	\$1,817,923	100.00%	100.00%	35.70%

KERS Hazardous Pension Plan

Actuarial Liabilities							
Valuation Date	(1) Active Member Contributions	(2) Retired Members & Beneficiaries	(3) Active Members (Employer Portion)	Actuarial Value of Assets	% of Actuarial Liabilities Covered by Actuarial Assets		
					(1)	(2)	(3)
2016	\$86,705	\$648,482	\$201,519	\$559,487	100.00%	72.90%	—%
2017	93,350	746,350	281,720	607,159	100.00%	68.80%	—%
2018	89,106	810,311	252,506	639,262	100.00%	67.90%	—%
2019	86,663	879,818	259,713	671,647	100.00%	66.50%	—%
2020	95,528	898,128	290,114	709,587	100.00%	68.40%	—%
2021	97,559	916,431	281,254	782,496	100.00%	74.70%	—%
2022	94,538	946,328	275,959	832,436	100.00%	78.00%	—%
2023	103,310	929,321	330,406	891,460	100.00%	84.80%	—%
2024	116,828	943,102	382,689	985,075	100.00%	92.10%	—%
2025	\$128,210	\$969,992	\$389,806	\$1,076,412	100.00%	97.80%	—%

DRAFT 11-25-2025**Solvency Test**

As of June 30 (\$ in Thousands)

KERS Hazardous Insurance Plan

Actuarial Liabilities							
Valuation Date	(1) Active Member Contributions	(2) Retired Members & Beneficiaries	(3) Active Members (Employer Portion)	Actuarial Value of Assets	% of Actuarial Liabilities Covered by Actuarial Assets		
					(1)	(2)	(3)
2016	\$—	\$228,361	\$149,384	\$473,160	100.00%	100.00%	100.00%
2017	—	243,816	175,623	493,458	100.00%	100.00%	100.00%
2018	—	248,775	144,706	511,441	100.00%	100.00%	100.00%
2019	—	282,070	144,635	525,315	100.00%	100.00%	100.00%
2020	—	281,924	146,053	539,251	100.00%	100.00%	100.00%
2021	—	288,015	136,441	575,025	100.00%	100.00%	100.00%
2022	—	232,585	114,459	597,701	100.00%	100.00%	100.00%
2023	—	250,189	113,323	619,519	100.00%	100.00%	100.00%
2024	—	263,737	115,831	652,349	100.00%	100.00%	100.00%
2025	\$—	\$299,480	\$120,912	\$699,650	100.00%	100.00%	100.00%

SPRS Pension Plan

Valuation Date	(1) Active Member Contributions	(2) Retired Members & Beneficiaries	(3) Active Members (Employer Portion)	Actuarial Value of Assets	% of Actuarial Liabilities Covered by Actuarial Assets		
					(1)	(2)	(3)
2016	\$41,871	\$636,499	\$96,791	\$234,568	100.00%	30.30%	—%
2017	44,798	773,982	148,365	261,320	100.00%	28.00%	—%
2018	43,835	800,788	144,905	268,259	100.00%	28.00%	—%
2019	41,948	848,396	154,974	282,162	100.00%	28.30%	—%
2020	40,831	863,579	148,747	296,126	100.00%	29.60%	—%
2021	42,035	860,801	150,423	323,250	100.00%	32.70%	—%
2022	42,027	870,200	155,220	559,973	100.00%	59.50%	—%
2023	47,394	825,683	218,717	589,848	100.00%	65.70%	—%
2024	52,957	808,935	250,418	631,186	100.00%	71.50%	—%
2025	\$56,226	\$815,954	\$258,211	\$699,539	100.00%	78.80%	—%

SPRS Insurance Plan

Valuation Date	(1) Active Member Contributions	(2) Retired Members & Beneficiaries	(3) Active Members (Employer Portion)	Actuarial Value of Assets	% of Actuarial Liabilities Covered by Actuarial Assets		
					(1)	(2)	(3)
2016	\$—	\$177,094	\$80,103	\$172,704	100.00%	97.50%	—%
2017	—	186,390	90,251	180,464	100.00%	96.80%	—%
2018	—	183,151	78,937	187,535	100.00%	100.00%	5.60%
2019	—	199,959	76,850	197,395	100.00%	98.70%	—%
2020	—	207,638	68,506	207,018	100.00%	99.70%	—%
2021	—	206,707	65,699	223,251	100.00%	100.00%	25.20%
2022	—	172,664	60,134	234,239	100.00%	100.00%	100.00%
2023	—	176,587	67,471	245,172	100.00%	100.00%	100.00%
2024	—	179,898	71,280	263,369	100.00%	100.00%	100.00%
2025	\$—	\$198,250	\$75,143	\$276,806	100.00%	100.00%	100.00%

DRAFT 11-25-2025**Member Valuation****Summary of Active Member Valuation Data**

As of June 30 (\$ in Thousands)

KERS Nonhazardous Schedule of Active Member Valuation Data

Valuation Date	Number of Employers	Total Active Members	Annual Covered Payroll ⁽¹⁾	Annual Average Pay	% Increase in Average Pay	Average Age	Average Years of Service Credit
2016	349	37,779	\$1,529,249	\$40	2.40%	45.1	10.7
2017	342	37,234	1,531,535	41	1.62%	45.4	10.9
2018	338	35,139	1,471,477	42	1.81%	45.2	10.8
2019	331	33,696	1,437,647	43	1.88%	45.4	11.0
2020	313	31,703	1,387,761	44	2.60%	45.7	11.2
2021	321	30,186	1,349,330	45	2.12%	46.0	11.6
2022	319	29,551	1,355,267	46	2.60%	46.0	11.4
2023	320	31,383	1,615,868	51	12.27%	45.7	10.9
2024	320	32,455	1,861,522	57	11.40%	45.5	10.7
2025	321	33,356	\$2,023,843	\$61	5.78%	45.4	10.6

KERS Hazardous Schedule of Active Member Valuation Data

Valuation Date	Number of Employers	Total Active Members	Annual Covered Payroll ⁽¹⁾	Annual Average Pay	% Increase in Average Pay	Average Age	Average Years of Service Credit
2016	17	3,959	\$147,563	\$37	12.60%	40.4	7.5
2017	18	4,047	162,418	40	7.67%	40.3	7.6
2018	18	3,929	158,213	40	0.34%	39.8	7.3
2019	18	3,705	150,446	41	0.84%	39.8	7.3
2020	19	4,094	170,826	42	2.76%	39.8	7.3
2021	19	3,827	162,836	43	1.97%	40.1	7.7
2022	19	3,617	165,637	46	7.63%	40.0	7.6
2023	19	3,886	211,602	54	18.91%	39.7	7.2
2024	19	4,154	259,606	62	14.77%	39.9	7.1
2025	20	4,228	\$266,387	\$63	0.82%	40.4	7.2

SPRS Schedule of Active Member Valuation Data

Valuation Date	Number of Employers	Total Active Members	Annual Covered Payroll ⁽¹⁾	Annual Average Pay	% Increase in Average Pay	Average Age	Average Years of Service Credit
2016	1	908	\$45,551	\$50	2.71%	37.0	10.0
2017	1	903	48,598	54	7.28%	37.5	10.6
2018	1	886	48,808	55	2.36%	37.3	10.5
2019	1	883	47,752	54	(1.83%)	36.7	10.0
2020	1	798	46,145	58	6.93%	37.5	10.7
2021	1	775	45,338	59	1.17%	37.7	11.1
2022	1	844	47,885	57	(3.02%)	36.5	10.1
2023	1	868	65,913	76	33.84%	36.9	10.5
2024	1	872	73,295	84	10.69%	37.4	11.1
2025	1	863	\$74,405	\$86	2.57%	37.7	11.4

⁽¹⁾ Annual payroll included in the Schedule of Active Member Valuation Data is based upon the annualized monthly payroll for active members as of the valuation date. The annual payroll recorded in the financial section is based upon the sum of the monthly payroll for active members recorded for each month of fiscal year ended June 30, 2025.

Summary of Retired Member Valuation Data

As of June 30 (\$ in Thousands)

KERS Nonhazardous Schedule of Active Member Valuation Data

Valuation Date	Number Added	Number Removed	Total Retirees & Beneficiaries	Annualized Retirement Allowances Added	Annualized Retirement Allowances Removed	Annualized Retirement Allowances ⁽¹⁾	% Increase in Allowances	Average Annual Allowance
2016	2,441	706	44,004	\$61,294	\$9,942	\$934,930	5.81%	\$21
2017	2,181	1,269	44,916	35,150	48,778	921,302	(1.46%)	21
2018	2,853	1,243	46,526	50,360	18,711	952,951	3.44%	20

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Summary of Retired Member Valuation Data

As of June 30 (\$ in Thousands)

2019	2,226	1,342	47,410	36,115	20,359	968,706	1.65%	20
2020	1,806	1,883	47,333	29,576	30,319	967,963	(0.08%)	20
2021	2,026	1,659	47,700	32,264	27,794	972,434	0.46%	20
2022	2,471	1,976	48,195	42,661	33,726	981,369	0.92%	20
2023	2,115	1,901	48,409	35,508	32,596	984,280	0.30%	20
2024	2,031	1,966	48,474	34,573	34,595	984,257	—%	20
2025	1,997	1,877	48,594	\$35,426	\$32,541	\$987,142	0.29%	\$20

KERS Hazardous Schedule of Active Member Valuation Data

Valuation Date	Number Added	Number Removed	Total Retirees & Beneficiaries	Annualized Retirement Allowances Added	Annualized Retirement Allowances Removed	Annualized Retirement Allowances ⁽¹⁾	% Increase in Allowances	Average Annual Allowance
2016	237	29	3,966	\$3,028	\$458	\$59,001	4.55%	\$15
2017	206	79	4,093	2,771	2,609	59,162	0.27%	14
2018	321	44	4,370	5,394	507	64,050	8.26%	15
2019	227	60	4,537	4,242	769	67,523	5.42%	15
2020	214	123	4,628	3,102	1,543	69,081	2.31%	15
2021	263	165	4,726	3,681	1,959	70,803	2.49%	15
2022	300	176	4,850	4,978	2,093	73,689	4.08%	15
2023	210	173	4,887	3,101	1,924	74,867	1.60%	15
2024	207	160	4,934	3,281	1,911	76,237	1.83%	15
2025	276	167	5,043	\$4,350	\$1,912	\$78,675	3.20%	\$16

SPRS Schedule of Active Member Valuation Data

Valuation Date	Number Added	Number Removed	Total Retirees & Beneficiaries	Annualized Retirement Allowances Added	Annualized Retirement Allowances Removed	Annualized Retirement Allowances ⁽¹⁾	% Increase in Allowances	Average Annual Allowance
2016	65	10	1,515	\$2,004	\$285	\$56,650	3.13%	\$37
2017	30	9	1,536	1,046	443	57,253	1.06%	37
2018	81	17	1,600	2,837	464	59,626	4.14%	37
2019	74	27	1,647	2,735	957	61,404	2.98%	37
2020	61	39	1,669	2,411	1,382	62,432	1.68%	37
2021	55	51	1,673	1,967	1,699	62,700	0.43%	37
2022	76	47	1,702	2,948	1,868	63,780	1.72%	37
2023	43	48	1,697	1,308	1,793	63,294	(0.76%)	37
2024	41	62	1,676	1,399	2,070	62,623	(1.06%)	37
2025	71	54	1,693	\$2,881	\$1,976	\$63,528	1.45%	\$38

¹The Annualized Retirement Allowance is the annualized value of the monthly retirement allowance for retired members and beneficiaries as of the valuation date. Consequently, the values will not match the fiscal year total benefit payments recorded in the financial section. Headcounts and hazardous benefits for members receiving benefits in both the nonhazardous and hazardous fund have been included in the hazardous funds' summaries above. Additional \$25,384,000 in KERS nonhazardous annual benefits not included in summary above for June 30, 2025.

Summary of Benefit Provisions KERS, and SPRS Plans

Plan Funding

State statute requires active members to contribute 5% for nonhazardous and 8% for hazardous of creditable compensation. For members participating on or after September 1, 2008, an additional 1% of creditable compensation is required. This additional amount is credited to the Insurance Fund and is non-refundable to the member. Employers contribute at the rate determined by the Board to be necessary for the actuarial soundness of the systems, as required by KRS 61.565. KERS and SPRS rates are subject to state budget approval.

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Membership Eligibility

Retirement Eligibility for Nonhazardous Employees

Age	Years of Service	Allowance Reduction
Tier 1 Members Whose Participation Began Before 9/1/2008		
65	1 month	None
Any	27	None
55	5	6.5% per year for first five years, and 4.5% for next five years before age 65 or 27 years of service.
Any	25	6.5% per year for first five years, and 4.5% for next five years before age 65 or 27 years of service.
Tier 2 Members Whose Participation Began On or After 9/1/2008 but before 1/1/2014		
65	5	None
57	Rule of 87	None
60	10	6.5% per year for first five years, and 4.5% for next five years before age 65 or Rule of 87 (age plus years of service)
Tier 3 Members Whose Participation Began On or After 1/1/2014		
65	5	None
57	Rule of 87	None

Retirement Eligibility for Hazardous Employees

Age	Years of Service	Allowance Reduction
Tier 1 Members Whose Participation Began Before 9/1/2008		
55	1 month	None
Any	20	None
50	15	6.5% per year for first five years, and 4.5% for next five years before age 55 or 20 years of service.
Tier 2 Members Whose Participation Began On or After 9/1/2008 but before 1/1/2014		
60	5	None
Any	25	None
50	15	6.5% per year for first five years, and 4.5% for next five years before age 60 or 25 years of service.
Tier 3 Members Whose Participation Began On or After 1/1/2014		
60	5	None
Any	25	None

Benefit Formula for Nonhazardous

Tier 1: Members whose participation began before 9/1/2008

Average of the five highest years of compensation	KERS 1.97% if:	Member does not have 13 months of service credit for 1/1/1998-1/1/1999.	Includes earned service, purchased service, prior service, and sick leave service (if the member's employer participates in an approved sick leave program).
	KERS 2.00% if:	Member has 13 months of service credit from 1/1/1998-1/1/1999.	
		Member has 20 or more years of service, including 13 months from 1/1/1998-1/1/1999 and retires by 1/1/2009.	
	KERS 2.20% if:	1/1/2009.	

If a member retires with less than four years of service credit, the member's benefit is equal to the actuarially equivalent of two times their member contribution balance with interest.

Benefit Formula for Nonhazardous

Tier 2: Members whose participation began on or after 9/1/2008 but before 1/1/2014

Final Compensation	Benefit Factor		Years of Service
Average of the last five complete years of compensation	KERS increasing percent based on service at retirement up to 30 years* plus 2.00% for each year of service over 30 years		Includes earned service, purchased service, prior service, and sick leave service (if the member's employer participates in an approved sick leave program).
	*Service	Multiplier	
	10 years or less	1.10%	
	10-20 years	1.30%	
	20-26 years	1.50%	
	26-30 years	1.75%	

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Benefit Formula for Hazardous for Tier 1: Members whose participation began before 9/1/2008

Final Compensation	Benefit Factor	Years of Service
Average of the three highest complete years of compensation	KERS 2.49% if: SPRS 2.50% if:	Member begins participating before 9/1/2008
Includes earned service, purchased service, prior service, and sick leave service (if the member's employer participates in an approved sick leave program).		
If a member retires with less than four years of service, the member's benefit is equal to the actuarially equivalent of two times their member contribution balance with interest.		

Benefit Formula for Hazardous**Tier 2: Members whose participation began on or after 9/1/2008 but before 1/1/2014**

Final Compensation	Benefit Factor	Years of Service
Average of the three highest complete years of compensation	KERS, & SPRS increasing percent based on service at retirement* *Service 10 years or less 10-20 years 20-25 years 25+ years	Multiplier 1.30% 1.50% 2.25% 2.50%
Includes earned service, purchased service, prior service, and sick leave service (if the member's employer participates in an approved sick leave program).		

Benefit Formula**Tier 3: Members whose participation began on or after 1/1/2014****Accumulated Account Balance / Actuarial Factor = Monthly Life Annuity**

	Member Contributions	Employer Pay Credit	Base Annual Interest	Upside Sharing Interest (FY 2025)	Actuarial Factor
KERS Nonhazardous	5.00%	4.00%	4.00%	7.16%	See www.kyret.ky.gov for most recent Actuarial Factors
KERS Hazardous	8.00%	7.50%	4.00%	8.28%	
SPRS	8.00%	7.50%	4.00%	7.49%	

Note: Accumulated Account Balance is composed of member contributions, employer pay credit, annual interest and annual upside sharing interest. For additional information on the calculation of the annual interest for Tier 3 see Upside Sharing Interest in Note B.

Note: Please see Plan Provisions for additional details.

Post-retirement Death Benefits

If the member is receiving a monthly benefit based on at least four (4) years of creditable service, the retirement system will pay a \$5,000 death benefit payment to the beneficiary named by the member specifically for this benefit.

Disability Benefits

Members participating before 8/1/2004 may qualify for disability retirement provided the member has at least 60 months of service credit* and is not eligible for an unreduced benefit. Additional service credit may be added for computation of benefits under the benefit formula.

Members participating on or after 8/1/2004 but before 1/1/2014 may qualify for disability retirement provided the member has at least 60 months of service credit. Nonhazardous benefits are computed as the higher of 20% of the member's monthly final rate of pay or the amount calculated under the Benefit Formula based upon actual service. Hazardous benefits are computed as the higher of 25% of the member's monthly final rate of pay or the amount calculated under the Benefit Formula based upon actual service.

Members participating on or after 1/1/2014 may qualify for disability retirement provided the member has at least 60 months of service credit. The benefit to the member is the higher of 20% or 25% of the member's monthly final rate of pay for nonhazardous and hazardous, respectively or the Annuity amount using the factor at the member's normal retirement age.

Members disabled as a result of a single duty-related injury or act of violence related to their job may be eligible for additional benefits.

* Service requirements may be waived if line of duty or duty related.

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Pre-Retirement Death Benefits

The beneficiary of a deceased member is eligible for a monthly benefit if the member died while in the line of duty or a duty related death. The beneficiary of a deceased member who did not die in the line of duty is eligible for a monthly benefit if the member was: (1) eligible for retirement at the time of death or, (2) under the age of 55 with at least 60 months of service credit and currently working for a participating agency at the time of death or (3) no longer working for a participating agency but at the time of death had at least 144 months of service credit. If the beneficiary of a deceased member is not eligible for a monthly benefit, the beneficiary will receive a lump-sum payment of the member's accumulated account balance.

Cost Of Living Adjustment (COLA)

SB2 of 2013 eliminated all future COLAs unless the State Legislature so authorizes on a biennial basis and either (i) the system is over 100% funded or (ii) the Legislature appropriates sufficient funds to pay the increased liability for the COLA.

Insurance Benefits

For members participating prior to July 1, 2003, the system pays a percentage of the monthly premium for single coverage based on the service credit accrued at retirement. Hazardous members also receive a percentage paid for eligible spouse or dependent coverage based on the accrued hazardous service at retirement.

For members participating on or after July 1, 2003, a dollar contribution amount is paid toward insurance coverage. Any portion paid toward eligible spouse and dependent coverage is based on the member's hazardous service credit. The member must have a minimum of 10 years of service to be eligible for insurance benefits if the participation date is between July 1, 2003 and August 31, 2008, and 15 years of service if the participation date is on or after September 1, 2008. A nonhazardous member will receive \$10 for each year of service and hazardous members receive \$15 for each year of service. Since July 2004, the dollar amount increases annually on July 1 by 1.5%. Members can earn an additional dollar contribution amount if they surpass the career threshold defined in Kentucky Revised Statute 61.702.

Refunds

Upon termination of employment, a refund of member contributions and accumulated interest is available to the member.

Interest On Accounts

For employees participating prior to September 1, 2008, the interest paid is set by the Board of Trustees and will not be less than 2.0%, for employees participating on or after September 1, 2008 but before January 1, 2014, interest will be credited at a rate of 2.5%. For employees participating on or after January 1, 2014, interest will be credited at a minimum rate of 4.0%.

Benefit Changes Since The Prior Valuation

There have been no benefit changes since the prior valuation.

DRAFT 11-25-2025**Plan Statistics****Definitions**

Active members are those members who are currently employed by a participating agency and contributing to KRS as a condition of employment.

Inactive members are those members who are no longer employed with a participating agency but have not yet retired or taken a refund of contributions.

Retired members include both members and beneficiaries who are receiving a monthly benefit from KRS.

A single member may have multiple accounts. For these tables, persons who participate in two or more of the KRS plans; SPRS, KERS Hazardous or KERS Nonhazardous, will appear in each plan in which they have service credit.

These tables do not include individuals receiving payments under dependent child accounts, Qualified Domestic Relations Orders (QDRO), or multiple beneficiary accounts.

KERS Nonhazardous Membership As of June 30				
Fiscal Year	Active	Inactive	Retired	Total
2016	39,561	48,506	46,366	134,433
2017	38,128	49,693	47,317	135,138
2018	36,160	50,772	48,985	135,917
2019	34,700	51,944	49,886	136,530
2020	32,688	54,234	50,518	137,440
2021	31,066	55,437	51,783	138,286
2022	30,293	56,636	52,429	139,358
2023	32,093	57,247	52,524	141,864
2024	33,135	58,154	52,686	143,975
2025	34,093	59,166	52,763	146,022

KERS Hazardous Membership As of June 30				
Fiscal Year	Active	Inactive	Retired	Total
2016	4,585	5,054	3,992	13,631
2017	4,660	5,453	4,120	14,233
2018	4,551	5,889	4,397	14,837
2019	4,402	6,414	4,563	15,379
2020	4,667	7,263	4,696	16,626
2021	4,412	8,022	4,890	17,324
2022	4,295	8,568	5,013	17,876
2023	4,581	9,031	5,048	18,660
2024	4,910	9,454	5,084	19,448
2025	4,954	9,835	5,212	20,001

SPRS Membership As of June 30				
Fiscal Year	Active	Inactive	Retired	Total
2016	934	430	1,539	2,903
2017	934	453	1,557	2,944
2018	917	470	1,623	3,010
2019	932	511	1,666	3,109
2020	798	592	1,698	3,088
2021	775	638	1,734	3,147
2022	844	670	1,748	3,262
2023	868	718	1,749	3,335
2024	872	749	1,736	3,357
2025	863	781	1,753	3,397

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KRS Membership As of June 30				
Fiscal Year	Active	Inactive	Retired	Total
2016	45,080	53,990	51,897	150,967
2017	43,722	55,599	52,994	152,315
2018	41,628	57,131	55,005	153,764
2019	40,034	58,869	56,115	155,018
2020	38,153	62,089	56,912	157,154
2021	36,253	64,097	58,407	158,757
2022	35,432	65,874	59,190	160,496
2023	37,542	66,996	59,321	163,859
2024	38,917	68,357	59,506	166,780
2025	39,910	69,782	59,728	169,420

Participating Employers

Principal Participating Employers in KERS As of June 30, 2025			
Fiscal Year	Rank	Covered Employees	% of Total System
DEPARTMENT FOR COMMUNITY BASED SERVICES	1	4,914	13.06%
DEPARTMENT OF HIGHWAYS	2	3,703	9.84%
DEPARTMENT OF CORRECTIONS	3	3,584	9.52%
JUDICIAL DEPARTMENT ADMINISTRATIVE OFFICE OF THE COURTS	4	1,477	3.92%
DEPARTMENT OF JUVENILE JUSTICE	5	1,113	2.96%
UNIFIED PROSECUTORIAL SYSTEM	6	994	2.64%
KENTUCKY STATE POLICE	7	899	2.39%
DEPARTMENT OF REVENUE	8	739	1.96%
DEPARTMENT OF VETERANS AFFAIRS	9	702	1.87%
ENVIRONMENTAL PROTECTION	10	668	1.77%
ALL OTHERS		18,845	50.07%
Total		37,638	100.00%

Schedule of Participating Employers in KERS As of June 30, 2025		
Agency Classification	Number of Agencies	Covered 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
Total Employees By Tier Levels		
Tier 1		11,610
Tier 2		5,050
Tier 3		20,978

Schedule of Participating Employers in SPRS As of June 30, 2025		
Agency Classification	Number of Agencies	Covered Employees
Kentucky State Police - Uniformed Police Officers	1	863
Total Employees By Tier Levels		
Tier 1		275
Tier 2		183
Tier 3		405

DRAFT 11-25-2025**Member Monthly Benefit**

Average Monthly Benefit by Length of Service in KRS As of June 30, 2025 (in Whole \$)						
Fiscal Year	KERS Nonhazardous		KERS Hazardous		SPRS	
	Number of Accounts	Average Monthly Benefit	Number of Accounts	Average Monthly Benefit	Number of Accounts	Average Monthly Benefit
Under 5 years	7,377	\$222	1,052	\$225	166	\$742
5 or more but less than 10	6,232	445	881	577	60	921
10 or more but less than 15	5,828	739	828	1,048	71	1,474
15 or more but less than 20	5,111	1,105	773	1,594	129	2,120
20 or more but less than 25	5,499	1,463	1,397	2,100	564	2,818
25 or more but less than 30	13,777	2,318	212	3,018	495	3,830
30 or more but less than 35	6,538	3,261	61	3,788	211	4,819
35 or more	2,401	4,605	8	5,049	57	6,237
Total	52,763	\$1,643	5,212	\$1,284	1,753	\$3,089
<i>Note: These tables reflect the Average Monthly Pension Benefit. A single member may have multiple accounts, which contribute to one pension. These tables do not reflect dependent child accounts, Qualified Domestic Relations Order (QDRO) accounts or multiple beneficiary accounts.</i>						

Fiduciary Net Position

Fiduciary Net Position - KERS						
As of June 30 (\$ in Thousands)						
Fiscal Year	Nonhazardous			Hazardous		
	Pension	Insurance	Total	Pension	Insurance	Total
2016	\$1,980,292	\$668,318	\$2,648,610	\$527,880	\$437,397	\$965,277
2017	2,092,781	781,406	2,874,187	605,921	484,442	1,090,363
2018	2,048,890	846,762	2,895,652	651,173	513,384	1,164,557
2019	2,286,625	942,136	3,228,761	687,877	527,108	1,214,985
2020	2,362,231	1,006,498	3,368,729	697,366	514,740	1,212,106
2021	3,085,014	1,353,123	4,438,137	874,928	624,889	1,499,817
2022	3,076,743	1,301,522	4,378,265	819,237	579,902	1,399,139
2023	3,607,206	1,465,489	5,072,695	902,567	616,322	1,518,889
2024	4,297,571	1,692,094	5,989,665	1,029,921	667,917	1,697,838
2025	\$5,143,284	\$1,833,872	\$6,977,156	\$1,148,670	\$724,103	\$1,872,773

Fiduciary Net Position - SPRS			
As of June 30 (\$ in Thousands)			
Fiscal Year	Pension	Insurance	Total
2016	\$218,013	\$160,949	\$378,962
2017	256,383	178,191	434,574
2018	268,425	189,994	458,419
2019	287,242	200,128	487,370
2020	295,044	200,245	495,289
2021	357,660	246,004	603,664
2022	552,926	230,015	782,941
2023	592,826	246,797	839,623
2024	653,216	272,091	925,307
2025	\$742,853	\$289,472	\$1,032,325

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Fiduciary Net Position - KRS			
As of June 30 (\$ in Thousands)			
Fiscal Year	Pension	Insurance	Total
2016	\$2,726,185	\$1,266,664	\$3,992,849
2017	2,955,085	1,444,039	4,399,124
2018	2,968,488	1,550,140	4,518,628
2019	3,261,744	1,669,372	4,931,116
2020	3,354,641	1,721,483	5,076,124
2021	4,317,602	2,224,016	6,541,618
2022	4,448,906	2,111,439	6,560,345
2023	5,102,599	2,328,608	7,431,207
2024	5,980,708	2,632,102	8,612,810
2025	\$7,034,807	\$2,847,447	\$9,882,254
<i>Note: For additional historical data for all charts presented, please visit our website for previous annual reports at https://kyret.ky.gov/Publications/Pages/Annual-Reports.aspx</i>			

DRAFT 11-25-2025**Changes in Fiduciary Net Position**

Changes in Fiduciary Net Position - KERS Nonhazardous Pension Plan										
As of June 30 (\$ in Thousands)										
Additions	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Members' Contributions	\$101,677	\$100,544	\$104,972	\$93,759	\$96,594	\$90,202	\$89,607	\$84,579	\$96,615	\$104,867
Employers' Contributions	512,670	644,803	619,988	948,866	948,578	1,134,180	141,027	136,445	156,007	154,394
General Fund Appropriations	—	58,193	67,574	75,858	—	—	912,705	240,000	240,000	300,000
Health Insurance Contributions (HB1)	4,817	5,156	5,786	5,963	1	(8)	(13)	(12)	(18)	(37)
Actuarially Accrued Liability Contributions	—	—	—	—	—	—	—	898,545	899,663	864,522
Employer Cessation	—	53,215	17	10,643	20	—	63,113	—	—	—
Net Investment Income (Loss)	(20,662)	220,985	147,577	114,918	53,696	528,439	(165,904)	220,258	356,018	493,287
Northern Trust Settlement	—	—	301	37	—	—	—	—	—	—
Pension Spiking	414	909	1,564	95	(6)	52	24	16	25	15
Total Additions	598,916	1,083,805	947,779	1,250,139	1,098,883	1,752,865	1,040,559	1,579,831	1,748,310	1,917,048
Deductions										
Benefit Payments	923,288	948,489	967,374	988,349	999,813	1,009,501	1,023,375	1,023,704	1,032,124	1,046,018
Refunds	12,130	11,819	13,603	12,342	11,523	8,953	12,116	11,847	11,693	11,154
Administrative Expenses	10,807	10,974	10,692	11,712	11,941	11,627	13,339	13,817	14,128	14,163
Capital Project Expenses	181	34	—	—	—	—	—	—	—	—
Total Deductions	946,406	971,316	991,669	1,012,403	1,023,277	1,030,081	1,048,830	1,049,368	1,057,945	1,071,336
Net Increase (Decrease) in Fiduciary Net Position	(\$347,490)	\$112,489	(\$43,890)	\$237,736	\$75,606	\$722,784	(\$8,271)	\$530,463	\$690,366	\$845,712

Changes in Fiduciary Net Position - KERS Nonhazardous Insurance Plan										
As of June 30 (\$ in Thousands)										
Additions	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Employers' Contributions	\$131,935	\$133,024	\$132,364	\$173,576	\$170,479	\$153,571	\$31,611	\$35,549	\$41,362	\$30,272
Actuarially Accrued Liability Contributions	—	—	—	—	—	—	101,637	87,674	87,782	1,860
Net Investment Income (Loss)	(3,904)	90,915	61,331	43,202	10,624	258,595	(85,555)	128,052	166,714	195,070
Retired Reemployed (HB1)	3,880	3,765	4,055	3,996	4,502	4,705	5,041	5,885	7,484	8,591
Member Drug Reimbursement	—	1	5	3	2	—	—	4	4	4
Premiums Received from Retirees	240	248	216	184	183	182	182	(27)	79	33
Humana Gain Share Payment	—	—	—	3,079	—	17,167	7,321	4,851	8,440	—
Employer Cessation	—	15,567	—	1,391	25	28,400	2,405	—	—	—
Northern Trust Settlement	—	—	32	4	—	—	—	—	—	—
Health Insurance Contribution (HB1)	—	—	—	—	6,127	6,326	6,560	8,370	10,603	12,262
Total Additions	132,151	243,520	198,003	225,435	191,942	468,946	69,202	270,358	322,467	248,092
Deductions										
Healthcare Premiums	126,550	127,648	130,069	127,221	125,006	119,897	118,451	103,952	93,751	103,784
Administrative Expenses	821	861	760	875	847	815	821	771	727	684
Self Funded Healthcare Costs	2,095	1,920	1,819	1,962	1,724	1,609	1,525	1,668	1,378	1,843
Excise Tax	6	3	3	3	3	—	6	—	7	3

DRAFT 11-25-2025**Changes in Fiduciary Net Position - KERS Nonhazardous Insurance Plan**

As of June 30 (\$ in Thousands)

Total Deductions	129,472	130,432	132,651	130,061	127,580	122,321	120,803	106,391	95,863	106,313
Net Increase (Decrease) in Fiduciary Net Position	\$2,679	\$113,088	\$65,352	\$95,374	\$64,362	\$346,625	(\$51,601)	\$163,967	\$226,604	\$141,780

Changes in Fiduciary Net Position - KERS Hazardous Pension Plan

As of June 30 (\$ in Thousands)

Additions	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Members' Contributions	\$15,055	\$17,523	\$17,891	\$17,118	\$19,769	\$19,961	\$20,588	\$17,459	\$21,568	\$22,128
Employers' Contributions	23,690	37,630	32,790	55,229	59,096	62,182	59,052	72,778	89,898	70,768
General Fund Appropriations	—	15,000	10,000	—	—	—	—	—	—	—
Health Insurance Contributions (HB1)	684	811	909	934	4	3	(5)	(7)	(8)	(32)
Net Investment Income (Loss)	(1,652)	70,993	51,848	36,704	6,805	174,922	(51,841)	77,261	102,139	121,344
Actuarially Accrued Liability Contributions (AALC)	—	—	—	—	—	—	—	—	—	—
Northern Trust Settlement	—	—	33	4	—	—	—	—	—	—
Pension Spiking	70	344	871	29	19	18	3	29	1	—
Total Additions	37,847	142,301	114,342	110,018	85,693	257,086	27,797	167,520	213,598	214,208
Deductions										
Benefit Payments	59,306	61,231	65,616	69,527	71,861	73,889	77,047	78,636	80,528	87,620
Refunds	2,211	2,106	2,501	2,684	3,168	4,380	4,976	4,041	4,133	6,212
Administrative Expenses	903	919	975	1,103	1,176	1,255	1,465	1,513	1,583	1,627
Capital Project Expenses	15	4	—	—	—	—	—	—	—	—
Total Deductions	62,435	64,260	69,092	73,314	76,205	79,524	83,488	84,190	86,244	95,458
Net Increase (Decrease) in Fiduciary Net Position	(\$24,588)	\$78,041	\$45,250	\$36,704	\$9,488	\$177,562	(\$55,691)	\$83,330	\$127,354	\$118,750

Changes in Fiduciary Net Position - KERS Hazardous Insurance Plan

As of June 30 (\$ in Thousands)

Additions	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Employers' Contributions	\$15,929	\$4,688	\$4,302	\$3,725	\$4,482	\$23	\$1	\$37	\$45	\$3
Net Investment Income (Loss)	(882)	59,188	42,567	28,049	638	126,475	(27,406)	52,991	67,435	73,613
Retired Reemployed (HB1)	837	932	986	1,245	1,294	1,276	1,280	1,452	1,865	2,156
Actuarially Accrued Liability Contributions (AALC)	—	—	—	—	—	—	—	—	—	—
Member Drug Reimbursement	—	—	—	—	1	—	1	—	—	—
Premiums Received from Retirees	(13)	(51)	(50)	(19)	(5)	(11)	(54)	(69)	(24)	(53)
Humana Gain Share	—	—	—	213	—	1,253	548	368	651	—
Northern Trust Settlement	—	—	18	2	—	—	—	—	—	—
Health Insurance Contributions (HB1)	—	—	—	—	1,100	1,164	1,232	1,592	2,094	2,229
Total Additions	15,871	64,757	47,823	33,215	7,510	130,180	(24,398)	56,371	72,066	77,947
Deductions										
Health Insurance Premiums	17,490	17,562	18,697	19,280	19,630	19,800	20,355	19,748	20,260	21,575

DRAFT 11-25-2025**Changes in Fiduciary Net Position - KERS Hazardous Insurance Plan**

As of June 30 (\$ in Thousands)

Administrative Expenses	97	105	104	117	123	118	125	123	117	116
Self-Funded Healthcare Costs	—	45	79	94	125	112	109	80	94	70
Excise Tax Insurance	—	—	—	—	—	—	—	—	—	—
Total Deductions	17,587	17,712	18,880	19,491	19,878	20,030	20,589	19,951	20,471	21,761
Net Increase (Decrease) in Fiduciary Net Position	(\$1,716)	\$47,045	\$28,943	\$13,724	(\$12,368)	\$110,150	(\$44,987)	\$36,420	\$51,595	\$56,187

Changes in Fiduciary Net Position - SPRS Pension Plan

As of June 30 (\$ in Thousands)

Additions	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Members' Contributions	\$5,149	\$5,349	\$5,522	\$5,062	\$4,767	\$4,752	\$4,773	\$5,250	\$5,703	\$6,017
Employers' Contributions	25,723	38,028	36,486	58,947	58,358	59,262	62,341	58,121	61,998	52,975
General Fund Appropriations	—	25,000	10,000	1,086	1,086	384	215,000	—	—	25,000
Health Insurance Contributions (HB1)	113	131	155	176	—	—	(26)	(8)	(12)	(11)
Net Investment Income (Loss)	(3,841)	26,795	18,487	14,863	6,359	61,966	(22,148)	40,801	57,058	72,006
Northern Trust Settlement	—	—	21	3	—	—	—	—	—	—
Pension Spiking	99	210	392	15	9	4	—	—	—	—
Total Additions	27,243	95,513	71,063	80,152	70,579	126,368	259,940	104,164	124,747	155,987
Deductions										
Benefit Payments	56,268	56,935	58,805	60,948	62,423	63,249	64,121	63,805	63,823	65,696
Refunds	11	26	22	162	88	273	280	166	220	346
Administrative Expenses	176	181	194	225	266	230	273	293	314	308
Capital Project Expenses	4	1	—	—	—	—	—	—	—	—
Total Deductions	56,459	57,143	59,021	61,335	62,777	63,752	64,674	64,264	64,357	66,349
Net Increase (Decrease) in Fiduciary Net Position	(\$29,216)	\$38,370	\$12,042	\$18,817	\$7,802	\$62,616	\$195,266	\$39,900	\$60,390	\$89,637

Changes in Fiduciary Net Position - SPRS Insurance Plan

As of June 30 (\$ in Thousands)

Additions	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Employers' Contributions	\$10,228	\$9,222	\$9,397	\$13,282	\$13,133	\$9,284	\$8,782	\$9,289	\$10,158	\$1,858
Net Investment Income (Loss)	(48)	21,570	16,420	10,766	1,108	50,051	(10,787)	21,426	26,836	29,780
Retired Reemployed (HB1)	9	—	—	6	—	—	—	—	5	30
Member Drug Reimbursement	—	—	—	—	—	—	—	—	—	—
Premiums Received from Retirees	(29)	(55)	(41)	(13)	(12)	(14)	(27)	(131)	(13)	(31)
Humana Gain Share	—	—	—	144	—	811	342	224	390	—
Northern Trust Settlement	—	—	8	1	—	—	—	—	—	—
Health Insurance contributions (HB1)	—	—	—	—	196	209	256	356	408	449
Total Additions	10,160	30,737	25,784	24,186	14,425	60,341	(1,434)	31,164	37,784	32,086
Deductions										
Health Insurance Premiums	13,836	13,405	13,881	13,942	14,215	14,487	14,461	14,290	12,412	14,614
Administrative Expenses	89	66	62	69	71	71	73	74	71	71

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Changes in Fiduciary Net Position - SPRS Insurance Plan										
As of June 30 (\$ in Thousands)										
Self-Funded Healthcare Costs	—	24	38	40	22	25	21	18	7	21
Excise Tax Insurance	—	—	—	—	—	—	—	—	—	—
Total Deductions	13,925	13,495	13,981	14,051	14,308	14,583	14,555	14,382	12,490	14,707
Net Increase (Decrease) in Fiduciary Net Position	(\$3,765)	\$17,242	\$11,803	\$10,135	\$117	\$45,758	(\$15,989)	\$16,782	\$25,294	\$17,380

DRAFT 11-25-2025**Schedule of Benefit Expenses**

The following tables include individuals receiving a monthly benefit as of June 30 in the indicated fiscal year. A single member may have multiple accounts which contribute to one pension. This table represents all individuals receiving a benefit including dependent children, Qualified Domestic Relations Order (QDRO) accounts and multiple beneficiary accounts. If a member has died or a disability decision is pending, the monthly benefit amount is reflected as zero until the account status changes.

Schedule of Benefit Expenses - KERS Nonhazardous				
As of June 30 (in whole \$)				
	Normal Retirement	Early Retirement	Disability Retirement	Beneficiary Payments
Fiscal Year 2016				
Average Benefit	\$989	\$1,886	\$1,005	\$902
Number of Accounts	7,390	35,192	2,770	1,014
Total Monthly Benefits	\$7,312,293	\$66,383,638	\$2,784,928	\$914,804
% of Total Monthly Benefits	9.45%	85.77%	3.60%	1.18%
Fiscal Year 2017				
Average Benefit	\$992	\$1,883	\$1,013	\$924
Number of Accounts	7,628	35,890	2,772	1,028
Total Monthly Benefits	\$7,565,780	\$67,591,003	\$2,807,938	\$950,318
% of Total Monthly Benefits	9.59%	85.65%	3.56%	1.20%
Fiscal Year 2018				
Average Benefit	\$998	\$1,879	\$1,019	\$940
Number of Accounts	8,070	37,141	2,767	1,007
Total Monthly Benefits	\$8,049,794	\$69,780,011	\$2,818,593	\$946,466
% of Total Monthly Benefits	9.87%	85.52%	3.45%	1.16%
Fiscal Year 2019				
Average Benefit	\$993	\$1,876	\$1,029	\$933
Number of Accounts	8,387	37,751	2,751	997
Total Monthly Benefits	\$8,328,706	\$70,826,696	\$2,831,527	\$930,110
% of Total Monthly Benefits	10.04%	85.42%	3.41%	1.12%
Fiscal Year 2020				
Average Benefit	\$984	\$1,872	\$1,031	\$937
Number of Accounts	8,622	38,233	2,676	987
Total Monthly Benefits	\$8,483,484	\$71,585,386	\$2,759,983	\$924,459
% of Total Monthly Benefits	10.13%	85.47%	3.30%	1.10%
Fiscal Year 2021				
Average Benefit	\$984	\$1,864	\$1,036	\$949
Number of Accounts	9,046	39,020	2,698	1,019
Total Monthly Benefits	\$8,897,420	\$72,724,923	\$2,796,355	\$966,951
% of Total Monthly Benefits	10.42%	85.17%	3.27%	1.13%
Fiscal Year 2022				
Average Benefit	\$987	\$1,860	\$1,031	\$966
Number of Accounts	9,279	39,508	2,609	1,033
Total Monthly Benefits	\$9,155,941	\$73,489,369	\$2,690,544	\$997,608
% of Total Monthly Benefits	10.61%	85.12%	3.12%	1.16%
Fiscal Year 2023				
Average Benefit	\$982	\$1,861	\$1,034	\$956
Number of Accounts	9,464	39,505	2,531	1,024
Total Monthly Benefits	\$9,291,103	\$73,531,803	\$2,615,997	\$979,166
% of Total Monthly Benefits	10.75%	85.09%	3.03%	1.13%
Fiscal Year 2024				
Average Benefit	\$981	\$1,862	\$1,027	\$990
Number of Accounts	9,704	39,488	2,456	1,038
Total Monthly Benefits	\$9,519,101	\$73,544,350	\$2,523,189	\$1,027,961
% of Total Monthly Benefits	10.99%	84.91%	2.91%	1.19%
Fiscal Year 2025				
Average Benefit	\$984	\$1,862	\$1,024	\$1,013

DRAFT 11-25-2025**Schedule of Benefit Expenses - KERS Nonhazardous****As of June 30 (in whole \$)**

Number of Accounts	9,867	39,477	2,390	1,029
Total Monthly Benefits	\$9,709,907	\$73,510,591	\$2,447,373	\$1,041,903
% of Total Monthly Benefits	11.20%	84.78%	2.82%	1.20%

Schedule of Benefit Expenses - KERS Hazardous**As of June 30 (in whole \$)**

	Normal Retirement	Early Retirement	Disability Retirement	Beneficiary Payments
Fiscal Year 2016				
Average Benefit	\$984	\$1,542	\$663	\$730
Number of Accounts	2,046	1,658	194	94
Total Monthly Benefits	\$2,011,530	\$2,557,114	\$128,663	\$68,605
% of Total Monthly Benefits	42.21%	53.65%	2.70%	1.44%
Fiscal Year 2017				
Average Benefit	\$993	\$1,541	\$662	\$721
Number of Accounts	2,101	1,719	205	96
Total Monthly Benefits	\$2,086,732	\$2,648,685	\$135,625	\$69,255
% of Total Monthly Benefits	42.24%	53.61%	2.75%	1.40%
Fiscal Year 2018				
Average Benefit	\$1,002	\$1,551	\$684	\$737
Number of Accounts	2,215	1,877	205	100
Total Monthly Benefits	\$2,218,520	\$2,911,409	\$140,174	\$73,704
% of Total Monthly Benefits	41.52%	54.48%	2.62%	1.38%
Fiscal Year 2019				
Average Benefit	\$1,020	\$1,561	\$708	\$744
Number of Accounts	2,269	1,987	208	99
Total Monthly Benefits	\$2,315,435	\$3,101,783	\$147,342	\$73,702
% of Total Monthly Benefits	41.07%	55.01%	2.61%	1.31%
Fiscal Year 2020				
Average Benefit	\$1,017	\$1,561	\$701	\$739
Number of Accounts	2,334	2,061	207	94
Total Monthly Benefits	\$2,374,412	\$3,216,376	\$145,112	\$69,433
% of Total Monthly Benefits	40.90%	55.40%	2.50%	1.20%
Fiscal Year 2021				
Average Benefit	\$1,021	\$1,551	\$701	\$751
Number of Accounts	2,414	2,164	215	97
Total Monthly Benefits	\$2,464,831	\$3,355,473	\$150,742	\$72,837
% of Total Monthly Benefits	40.78%	55.52%	2.49%	1.21%
Fiscal Year 2022				
Average Benefit	\$1,032	\$1,560	\$711	\$786
Number of Accounts	2,434	2,267	216	96
Total Monthly Benefits	\$2,512,089	\$3,536,881	\$153,476	\$75,437
% of Total Monthly Benefits	40.01%	56.34%	2.44%	1.20%
Fiscal Year 2023				
Average Benefit	\$1,040	\$1,565	\$703	\$843
Number of Accounts	2,441	2,296	213	98
Total Monthly Benefits	\$2,538,237	\$3,592,494	\$149,801	\$82,626
% of Total Monthly Benefits	39.89%	56.46%	2.35%	1.30%
Fiscal Year 2024				
Average Benefit	\$1,049	\$1,579	\$708	\$863
Number of Accounts	2,444	2,327	214	99
Total Monthly Benefits	\$2,562,636	\$3,673,571	\$151,555	\$85,417
% of Total Monthly Benefits	39.59%	56.75%	2.34%	1.32%
Fiscal Year 2025				
Average Benefit	\$1,058	\$1,585	\$712	\$814
Number of Accounts	2,469	2,422	219	102

DRAFT 11-25-2025**Schedule of Benefit Expenses - KERS Hazardous**

As of June 30 (in whole \$)

Total Monthly Benefits	\$2,612,441	\$3,838,246	\$155,971	\$83,038
% of Total Monthly Benefits	39.05%	57.38%	2.33%	1.24%

Schedule of Benefit Expenses - SPRS

As of June 30 (in whole \$)

	Normal Retirement	Early Retirement	Disability Retirement	Beneficiary Payments
Fiscal Year 2016				
Average Benefit	\$3,579	\$3,135	\$1,269	\$2,008
Number of Accounts	155	1,277	82	25
Total Monthly Benefits	\$554,743	\$4,002,993	\$104,056	\$50,196
% of Total Monthly Benefits	11.77%	84.95%	2.21%	1.07%
Fiscal Year 2017				
Average Benefit	\$3,611	\$3,135	\$1,278	\$2,008
Number of Accounts	149	1,303	82	25
Total Monthly Benefits	\$538,032	\$4,084,771	\$104,788	\$50,196
% of Total Monthly Benefits	11.26%	85.50%	2.19%	1.05%
Fiscal Year 2018				
Average Benefit	\$3,642	\$3,128	\$1,289	\$2,082
Number of Accounts	153	1,361	83	26
Total Monthly Benefits	\$557,249	\$4,257,579	\$107,019	\$54,127
% of Total Monthly Benefits	11.20%	85.56%	2.15%	1.09%
Fiscal Year 2019				
Average Benefit	\$3,607	\$3,138	\$1,298	\$2,082
Number of Accounts	156	1,401	83	26
Total Monthly Benefits	\$562,630	\$4,395,857	\$107,737	\$54,127
% of Total Monthly Benefits	10.99%	85.85%	2.10%	1.06%
Fiscal Year 2020				
Average Benefit	\$3,628	\$3,154	\$1,339	\$2,137
Number of Accounts	152	1,440	80	26
Total Monthly Benefits	\$551,470	\$4,541,490	\$107,148	\$55,558
% of Total Monthly Benefits	10.49%	86.41%	2.04%	1.06%
Fiscal Year 2021				
Average Benefit	\$3,542	\$3,160	\$1,287	\$2,137
Number of Accounts	156	1,468	84	26
Total Monthly Benefits	\$552,551	\$4,638,826	\$108,101	\$55,558
% of Total Monthly Benefits	10.32%	86.63%	2.02%	1.04%
Fiscal Year 2022				
Average Benefit	\$3,565	\$3,163	\$1,275	\$2,077
Number of Accounts	159	1,481	83	25
Total Monthly Benefits	\$566,764	\$4,683,959	\$105,787	\$51,931
% of Total Monthly Benefits	10.48%	86.60%	1.96%	0.96%
Fiscal Year 2023				
Average Benefit	\$3,550	\$3,146	\$1,294	\$2,077
Number of Accounts	155	1,486	83	25
Total Monthly Benefits	\$550,304	\$4,674,802	\$107,386	\$51,931
% of Total Monthly Benefits	10.22%	86.82%	1.99%	0.97%
Fiscal Year 2024				
Average Benefit	\$3,511	\$3,145	\$1,286	\$2,172
Number of Accounts	155	1,481	76	24
Total Monthly Benefits	\$544,210	\$4,658,414	\$97,752	\$52,129
% of Total Monthly Benefits	10.17%	87.03%	1.83%	0.97%
Fiscal Year 2025				
Average Benefit	\$3,398	\$3,157	\$1,256	\$2,218
Number of Accounts	164	1,493	72	24

DRAFT 11-25-2025**Schedule of Benefit Expenses - SPRS**

As of June 30 (in whole \$)

Total Monthly Benefits	\$557,280	\$4,713,293	\$90,403	\$53,234
% of Total Monthly Benefits	10.29%	87.05%	1.67%	0.98%

Active Refunds**Active Refunds Report For the Period ended June 30, 2025 (in Whole \$)**

System	Tier	Active Termination Refunds		Active Death Refunds		Totals	
		Number of Refunds	Amount of Refunds	Number of Refunds	Amount of Refunds	Number of Refunds	Amount of Refunds
KERS Nonhazardous	1	81	1,360,067	73	142,601	154	1,502,668
	2	77	598,781	7	49,746	84	648,527
	3	725	8,624,984	29	165,492	754	8,790,476
	Total	883	10,583,832	109	357,839	992	10,941,671
KERS Hazardous	1	7	48,152	4	11,627	11	59,779
	2	10	56,006	3	39,946	13	95,952
	3	305	5,711,184	8	56,108	313	5,767,292
	Total	322	5,815,342	15	107,681	337	5,923,023
SPRS	1	1	21,763	—	—	1	21,763
	2	—	—	—	—	—	—
	3	7	324,143	—	—	7	324,143
	Total	8	345,906	—	—	8	345,906
Totals		1,213	\$16,745,080	124	\$465,520	1,337	\$17,210,600

Analysis of Initial Retirees**Analysis of Initial Retirees As of June 30 (in Whole \$)**

	KERS Nonhazardous	KERS Hazardous	SPRS
Fiscal Year 2016			
Number of Accounts	2,043	205	57
Average Service Credit (months)	207	160	234
Average Final Compensation	\$47,429	\$44,494	\$65,535
Average Monthly Benefit	\$1,351	\$1,225	\$2,953
Average System Payment for Health Insurance	\$558	\$870	\$1,425
Fiscal Year 2017			
Number of Accounts	2,094	191	30
Average Service Credit (months)	208	146	241
Average Final Compensation	\$46,753	\$47,604	\$68,401
Average Monthly Benefit	\$1,339	\$1,150	\$2,935
Average System Payment for Health Insurance	\$558	\$872	\$1,192
Fiscal Year 2018			
Number of Accounts	2,682	328	68
Average Service Credit (months)	223	167	241
Average Final Compensation	\$48,552	\$51,219	\$71,132
Average Monthly Benefit	\$1,481	\$1,392	\$3,035
Average System Payment for Health Insurance	\$578	\$1,033	\$1,365
Fiscal Year 2019			
Number of Accounts	1,993	234	63
Average Service Credit (months)	204	174	254
Average Final Compensation	\$47,824	\$51,901	\$73,795
Average Monthly Benefit	\$1,355	\$1,532	\$3,341
Average System Payment for Health Insurance	\$569	\$1,015	\$1,391
Fiscal Year 2020			
Number of Accounts	1,755	195	54

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Analysis of Initial Retirees As of June 30 (in Whole \$)			
	KERS Nonhazardous	KERS Hazardous	SPRS
Average Service Credit (months)	211	150	245
Average Final Compensation	\$47,069	\$51,021	\$78,468
Average Monthly Benefit	\$1,352	\$1,242	\$3,313
Average System Payment for Health Insurance	\$579	\$1,013	\$1,404
Fiscal Year 2021			
Number of Accounts	1,644	201	32
Average Service Credit (months)	201	143	217
Average Final Compensation	\$46,600	\$49,664	\$72,942
Average Monthly Benefit	\$1,276	\$1,248	\$2,872
Average System Payment for Health Insurance	\$560	\$1,019	\$1,347
Fiscal Year 2022			
Number of Accounts	1,910	221	46
Average Service Credit (months)	213	165	245
Average Final Compensation	\$48,028	\$52,575	\$76,377
Average Monthly Benefit	\$1,389	\$1,515	\$3,287
Average System Payment for Health Insurance	\$599	\$1,020	\$1,345
Fiscal Year 2023			
Number of Accounts	1,479	136	13
Average Service Credit (months)	190	146	186
Average Final Compensation	\$50,304	\$52,473	\$73,081
Average Monthly Benefit	\$1,332	\$1,315	\$2,737
Average System Payment for Health Insurance	\$640	\$1,151	\$1,208
Fiscal Year 2024			
Number of Accounts	1,483	146	16
Average Service Credit (months)	195	150	171
Average Final Compensation	\$50,548	\$57,500	\$70,651
Average Monthly Benefit	\$1,310	\$1,430	\$2,492
Average System Payment for Health Insurance	\$680	\$1,173	\$1,366
Fiscal Year 2025			
Number of Accounts	1,467	218	38
Average Service Credit (months)	202	145	241
Average Final Compensation	\$54,244	\$59,993	\$94,353
Average Monthly Benefit	\$1,425	\$1,453	\$3,857
Average System Payment for Health Insurance	\$644	\$852	\$1,625
<i>Note: This table represents all individuals who had an initial retirement date within the fiscal year.</i>			

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Payment Options

Payment Options Selected by Retired Members As of June 30, 2025 (in Whole \$)							
	Basic	Other	Certain	Pop Up	Adjustment	Survivorship	Annuity
KERS Nonhazardous							
Number of Accounts	19,591	21	6,722	10,109	3,111	13,173	36
Monthly Benefits	\$28,836,997	\$47,430	\$10,360,648	\$20,517,477	\$5,401,371	\$21,536,521	\$9,330
KERS Hazardous							
Number of Accounts	1,450	6	562	1,432	315	1,442	5
Monthly Benefits	\$1,639,556	\$5,498	\$703,154	\$2,173,315	\$385,618	\$1,781,168	\$1,387
SPRS							
Number of Accounts	193	1	133	757	172	497	0
Monthly Benefits	\$562,285	\$3,084	\$383,844	\$2,622,410	\$337,722	\$1,504,864	\$—
KRS Total							
Number of Accounts	21,234	28	7,417	12,298	3,598	15,112	41
Monthly Benefits	\$31,038,838	\$56,012	\$11,447,646	\$25,313,202	\$6,124,711	\$24,822,553	\$10,717
The information in this table represents accounts administered by KPPA. A single member may have multiple accounts, which contribute to one pension. House Bill 506 (2023 Regular Session), established, effective January 1, 2024, a Partial Lump Sum Option (PLSO). The PLSO provides for a one-time payment equal to 12, 24, 36, 48, or 60 times the monthly benefit under the Basic , Survivorship , or Annuity payment option, plus a monthly payment. The monthly payment is actuarially reduced to reflect the lump-sum payment amount, and those monthly amounts are included in the "monthly benefits" presented in this table. During fiscal year 2025 total one-time PLSO payments for KERS totaled \$24,304,357 and \$1,605,220 for SPRS.							

Employer Contribution Rates

In KERS and SPRS, both the employee and the employer contribute a percentage of creditable compensation to KRS.

The employee contribution rate is set by state statute. Nonhazardous employees contribute 5% while Hazardous duty and SPRS members contribute 8%. Employees hired on or after September 1, 2008, contribute an additional 1% to health insurance.

The actual pension and insurance employer contribution rates that were paid are shown below.

Under Kentucky Revised Statutes 61.565, KERS and SPRS employer contribution rates are determined by the KRS Board based on an annual actuarial valuation. However, KERS and SPRS employer rates are subject to approval by the Kentucky General Assembly through the adoption of the biennial Executive Branch Budget. The tables on pages 97 and 98 in the Actuarial Section, shows the KERS and SPRS employer contribution rates that were actuarial recommended rates in the annual valuation. House Bill 8 passed during the 2021 legislative session changed how employer contributions are allocated and collected from the participating employers in the KERS Nonhazardous Plan. Each employer will pay a normal cost contribution on the payroll of their covered employees and contribute to the Plan an allocated share of the cost required to amortize the unfunded liability.

Employer Contribution Rates (%) As of June 30										
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
KERS Nonhazardous*										
Actual Rate	38.77%	48.59%	49.47%	83.43%	83.43%	84.43%	10.10%	9.97%	9.97%	8.44%
KERS Hazardous										
Actual Rate	26.34%	23.82%	23.70%	36.85%	36.85%	36.00%	33.43%	31.82%	31.82%	23.74%
SPRS										
Actual Rate	75.76%	89.21%	91.24%	146.28%	146.28%	143.48%	146.06%	99.43%	99.43%	68.10%
*2021 House Bill 8 changed the manner in which KERS Nonhazardous pays employer contributions. Beginning in FY22, each employer pays the normal cost, which is the rate stated above, along with an actuarial accrued liability payment that is calculated and provided by the actuary.										

DRAFT 11-25-2025**Insurance Contracts**

KRS provides medical insurance and other managed care coverage for eligible retired members.

Participation in the insurance program is optional and requires the completion of the proper forms at the time of retirement in order to obtain the insurance coverage. KRS provides access to health insurance coverage through the Kentucky Employees' Health Plan (KEHP) for recipients until they reach age 65 and/or become Medicare eligible. After a retired member becomes eligible for Medicare, coverage is available through a Medicare eligible plan offered by KRS. A retired member's spouse and/or dependents may also be covered on health insurance through KRS.

Insurance Benefits Paid to Retirees & Beneficiaries Participating in a KRS Health Insurance Plan As of June 30, 2025 (in Whole \$)			
	KERS Nonhazardous	KERS Hazardous	SPRS
Number	28,354	2,826	1,558
Average Service Credit (Months)	312	266	319
Average Monthly System Payment for Health Insurance	\$309	\$702	\$945
Average Monthly Member Payment for Health Insurance	\$36	\$38	\$24
Total Monthly Payment for Health Insurance	\$9,804,680	\$1,772,276	\$1,202,802

Insurance Contracts by Type As of June 30										
KERS Nonhazardous	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
KEHP Parent Plus	441	411	460	441	433	428	434	433	395	371
KEHP Couple/Family	656	663	696	700	666	633	612	553	473	418
KEHP Single	8,876	8,627	8,638	8,304	7,942	7,415	7,141	6,693	6,334	5,977
Medicare without Prescription	1,286	1,229	1,179	1,141	1,089	1,026	989	957	939	848
Medicare with Prescription	19,447	20,215	21,117	21,713	22,271	22,648	22,903	22,976	22,947	20,740
KERS Hazardous	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
KEHP Parent Plus	97	88	96	103	112	104	116	118	108	102
KEHP Couple/Family	439	432	478	493	491	491	477	470	462	458
KEHP Single	663	667	686	699	677	667	686	653	621	549
Medicare without Prescription	66	72	73	83	82	82	84	72	66	59
Medicare with Prescription	1,302	1,401	1,495	1,584	1,662	1,693	1,746	1,796	1,843	1,658
SPRS	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
KEHP Parent Plus	77	79	74	77	85	89	90	92	79	77
KEHP Couple/Family	447	420	426	454	459	448	454	434	415	422
KEHP Single	246	251	253	224	226	221	217	230	239	196
Medicare without Prescription	18	17	21	16	16	13	14	17	16	14
Medicare with Prescription	850	897	941	975	998	1,003	1,016	1,022	1,019	849
KRS Total	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
KEHP Parent Plus	615	578	630	621	630	621	640	643	582	550
KEHP Couple/Family	1,542	1,515	1,600	1,647	1,616	1,572	1,543	1,457	1,350	1,298
KEHP Single	9,785	9,545	9,577	9,227	8,845	8,303	8,044	7,576	7,194	6,722
Medicare without Prescription	1,370	1,318	1,273	1,240	1,187	1,121	1,087	1,046	1,021	921
Medicare with Prescription	21,599	22,513	23,553	24,272	24,931	25,344	25,665	25,794	25,809	23,247

DRAFT 11-25-2025**Acronym Glossary for Kentucky Retirement Systems**

As of December 5, 2024

Phrase	Acronym
Actuarially Determined Contribution	ADC
Actuarial Accrued Liability	AAL
Annual Comprehensive Financial Report	ACFR
Board of Trustees	Board
Collateralized Mortgage Obligations	CMO
Commonwealth of Kentucky	Commonwealth
Consumer Price Index	CPI
County Employees Retirement System	CERS
Cost of Living Adjustment	COLA
Department of Employee Insurance	DEI
Emerging Market Debt	EMD
Entry Age Normal Cost Method	EANC
Exchange Traded Funds	ETFs
Fair Value	FV
Fiscal Year (Ended)	FY(E)
Gabriel, Roeder, Smith & Co.	GRS
Generally Accepted Accounting Principles	GAAP
Geometric Average Net Investment Return	GANIR
Governmental Accounting Standards Board	GASB
House Bill	HB
Investment Management Agreement	IMA
Investment Policy Statement	IPS
Internal Revenue Service	IRS
Information Technology	IT
Judicial Form Retirement System	JFRS
Kentucky Administrative Regulations	KAR
Kentucky Employees' Health Plan	KEHP
Kentucky Employees Retirement Systems	KERS
Kentucky Public Pensions Authority	KPPA
Kohlberg, Kravis, Roberts	KKR
Management's Discussion and Analysis	MD&A
Net Asset Value	NAV
Net OPEB Liability	NOL
Net Pension Liability	NPL
Not Rated	NR
Other Postemployment Benefits	OPEB
Pacific Alternative Asset Management Company	PAAMCO
Perimeter Park West Incorporated	PPW
Qualified Domestic Relations Order	QDRO
Required Supplementary Information	RSI
Senate Bill	SB
Short Term Investment Funds	STIFs
State Police Retirement System	SPRS
Summary Annual Financial Report	SAFR
Total Pension Liability	TPL
Teachers' Retirement System	TRS
Unfunded Actuarial Accrued Liability	UAAL
Unfunded Accrued Liability	UAL
Unrelated Business Income	UBI

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KENTUCKY RETIREMENT SYSTEMS
1260 LOUISVILLE ROAD, FRANKFORT, KY 40601

KRS members are current and former employees of state and quasi-governmental agencies and Kentucky State Police officers.

Photo, front cover: Kentucky State Capitol rotunda. The building is undergoing renovations to modernize infrastructure and enhance accessibility while preserving its historic significance.



KPPA
Kentucky Public Pensions Authority



KENTUCKY PUBLIC PENSIONS AUTHORITY

Ryan Barrow, Executive Director

1260 Louisville Road • Frankfort, Kentucky 40601
kyret.ky.gov • Phone: 502-696-8800 • Fax: 502-696-8822



December 4, 2025

Government Finance Officers Association
203 North LaSalle Street, Suite 2700
Chicago, IL 60601-1210

RE: Certificate of Achievement for Excellence in Financial Reporting
Report #COA-2024-00812

Pursuant to the instructions included in the report referenced above, responses to the comments and suggestions for improvement of the Kentucky Retirement System's (KRS) Annual Comprehensive Financial Report (ACFR) for the Fiscal Year Ended June 30, 2024, follow:

Comment 101: Cover, table of contents, and formatting

Refer to the first page of the table of contents. Consider using the same regular font as the captions for the notes to the financial statements, rather than bold font, for the captions "combining statement of fiduciary net position" and combining statement of changes in fiduciary net position."

The formatting of the table of contents should clearly indicate that the notes to the financial statements are an integral part of the basic financial statements.

Management concurs with the recommendation. For the 2025 ACFR, the same font is used for the basic financial statements and the notes to the financial statements.

The table of contents should clearly segregate the five essential sections: the introductory section, the financial section, the investment section, the actuarial section, and the statistical section. The formatting of the table of contents should clearly indicate that the required supplementary information and other supplementary information are part of the financial section. Also, note that the other supplementary information on page 70 and the report on internal control are not "required supplementary information" but "other supplementary

information” and therefore, should not be included under the caption “required supplementary information.”

Management concurs with the recommendation. The table of contents depicts that the required supplementary information and the other supplementary information are part of the financial section. The five essential sections are color coded to depict the different sections.

Comments 113: Pension-related note disclosures

The notes should disclose whether the postemployment benefit plan is a single-employer, agent multiple-employer, or cost sharing multiple-employer plan.

Management concurs with the recommendation. The financial statement Note B has been updated to include that the plans are cost sharing multiple-employer plans or single employer plans.

Comment 114 Required supplementary information

Also, remove the reference to the other supplementary information on page 63, the divider page for required supplementary information.

Only items specifically identified by the GASB as required supplementary information should be so categorized. Other mandated presentation should be presented elsewhere in the annual comprehensive financial report.

Management concurs with the statement. The reference to the other supplementary information has been removed from the required supplementary information.

Sincerely,

Michael B. Lamb, CPA
Chief Financial Officer

Enclosure

cc: Ryan P. Barrow
Executive Director

Connie A. Davis, CIA, CGAP, CRMA
Director of Accounting

Errin Surratt
Deputy Executive Director

/KRS ACFR Submission Letter - 2025



KRS
Kentucky Retirement Systems



SPRS
State Police Retirement System

MEMORANDUM

To: Kentucky Retirement Systems Board of Trustees

From: C. Prewitt Lane, Chair
Investment Committee

Date: December 3, 2025

Subject: Summary of Investment Committee Meeting

The Kentucky Retirement Systems Investment Committee held a regularly scheduled meeting on November 20, 2025.

1. The following action was taken by the Investment Committee and is being forwarded to the Kentucky Retirement Systems Board of Trustees for ratification.*

Unanimously approved Staff's recommendation to replace Shenkman Capital with Oaktree Capital Management as the manager of the bank loan mandate for up to 25% of each portfolio's specialty credit target allocation pending successful investment management agreement negotiations. This investment is part of the Specialty Credit asset allocation and will be allocated across all Pension and Insurance portfolios.

RECOMMENDATIONS: The Investment Committee requests the Kentucky Retirement Systems Board of Trustees ratify the actions taken by the Investment Committee.

- 2. Investment Staff and Wilshire presented material* and discussed the following items during the Investment Committee meeting.**
- a. Review of Economic Conditions, Market Activity and Outlook.
 - b. Absolute and Relative Performance and Asset Allocations for the Pension and Insurance Portfolios for the Quarter ending September 30, 2025.

Quarter Ending September 30, 2025:

KERS Pension 4.09%
SPRS Pension 4.03%
Benchmark 4.16%

<i>KERSH Pension</i>	<i>4.36%</i>
<i>KERS Insurance</i>	<i>4.23%</i>
<i>KERSH Insurance</i>	<i>4.15%</i>
<i>SPRS Insurance</i>	<i>4.17%</i>
<i>Benchmark</i>	<i>4.90%</i>

- a. **Performance Attribution** – The largest contributors to relative performance for the quarter were outperformance in the Real Return and Specialty Credit portfolios as well as the overweight to Public Equities. Underperformance in the Public Equity portfolio was the largest detractor to performance as both the US and the NonUS segments of the portfolio underperformed their benchmark. The Private Equity portfolio underperformed its public market benchmark by 838bps during the quarter which was a significant drag on relative performance.
- b. **Asset Class Performance** - For the quarter, the US Equity portfolios produced a return of 7.65% vs the Russell 3000's return of 8.18% while the NonUS Equity portfolio returned 5.07% vs its benchmark return of 6.86%. The Core Fixed Income Portfolio produced a return of 2.13%, outperforming the benchmark by 10bps. The Specialty Credit Portfolio produced a return of 2.50%, outperforming the benchmark's return of 2.15%. The Real Estate Portfolio produced a return of 0.90% outperforming the 0.80% return of the benchmark. The Real Return Portfolio produced a return of 3.66% outperforming the 1.51% return of the benchmark. The Private Equity Portfolio produced a return of 3.30% compared to the 11.68% return of the benchmark
- c. **Internal Portfolios** – An update was provided on the performance of the internally managed passive and proxy portfolios. The portfolios performed in line with expectations and consistent with their mandates. The Real Return and Real Estate portfolios produced notable strong performance, outperforming their benchmarks by 11.43% and 1.72% respectively for the quarter.
- d. **Portfolio Asset Class Performance** – Staff noted the tight dispersion of asset class returns across portfolios. Private Equity was noted as the outlier where the large dispersions especially between the Pension and Insurance portfolios was driven by the different vintage profiles among the portfolios.
- e. **Peer Universe** – All of the Pension and Insurance portfolios have produced exceptional, top decile risk adjusted performance over the reported 1-, 3- and 5-year time periods based on Wilshire's All Public Plans universe and in fact all portfolios have produced Sharpe ratios in the top 10% of Wilshire's peer universe over all reported time periods.
- f. **Asset Allocations** – Staff provided an update on the rebalancing activity and noted that as of the end of the Fiscal Year, all asset classes were within their specified IPS allocation ranges with most asset classes within 1% of their Target Allocations. The largest underweight remained in Private Equity as staff has viewed the asset class as

having limited value from a relative risk/reward basis with better opportunities available in other asset classes.

3. Staff provided an update on the Investment Budget. For the first quarter of the fiscal year, overall investment expenses were running below the amount budgeted with a total of \$941k spent during the quarter which was just 8% of the amount budgeted for the full year. At the total pension level, Investment Fees and Expenses declined by \$4.4MM or 10% from the first quarter of the prior fiscal year. While the total Fees for most asset classes increased modestly as a function of the increase in market values the decrease was driven by the significant drop in Specialty credit Performance and Miscellaneous Expenses which decreased by \$5.4MM or 27% as the asset class performance and interest expenses moderated from the prior year.
4. Investment Compliance Review – The Compliance Officer presented the Quarterly Investment Compliance report and discussed enhancements to the process and reporting. As of the end of the quarter there were no compliance violations reported.

*All material presented is available in Board Books and was reviewed at the Investment Committee meetings.



KENTUCKY PUBLIC PENSIONS AUTHORITY

Ryan Barrow, Executive Director

1260 Louisville Road • Frankfort, Kentucky 40601
kyret.ky.gov • Phone: 502-696-8800 • Fax: 502-696-8822



To: KRS Investment Committee

From: Brian Caldwell, Portfolio Manager, and Ian Blaiklock, Senior Investment Analyst

Date: November 20, 2025

Subject: Recommendation for Replacement of Specialty Credit Manager

Recommendation

Kentucky Public Pensions Authority (KPPA) Staff and Wilshire are recommending replacing Shenkman Capital with Oaktree Capital Management as the manager of the bank loan mandate for all KERS and SPRS portfolios pending successful investment management agreement negotiations. These portfolios are part of the specialty credit allocation and the recommendation is for an investment of up to 25% of each portfolios' specialty credit allocation target. The overall exposures to both the bank loan asset class as well as the overall specialty credit asset class will remain unchanged during the transition. This change preserves exposure to the broadly syndicated bank loans asset class and is anticipated to improve performance consistency, risk management, and the overall alignment with mandate objectives.

This report serves as a review of the competitive, open search process in accordance with the Investment Policy Statement and the Investment Procurement Policy and serves as the investment recommendation to the Investment Committee.

No placement agents have been involved or will be compensated as a result of this recommendation.

Placement within Portfolio

The bank loan strategy resides within the specialty credit allocation and provides exposure to senior secured floating-rate loans. The current exposure levels across portfolios are shown below:

Portfolio	Market Value	% of Specialty	
		Credit Allocation	% of Overall Portfolio
KERS	176,570,275	17%	3%
KERS - H	53,496,421	18%	4%
KERS Ins	97,016,481	20%	5%
KERS - H Ins	22,213,593	12%	3%
Total	349,296,771	17%	4%

As of September 30, 2025

Portfolio	Market Value	% of Specialty	% of Overall
		Credit Allocation	
SPRS	25,581,810	17%	3%
SPRS Ins	9,295,486	12%	3%
Total	34,877,297	15%	3%

As of September 30, 2025

Implementation and Portfolio Sizing

The recommended structure is a separate account managed by Oaktree representing up to 25% of each portfolios' specialty credit allocation target with each portfolio maintaining its current sizing during the transition. KPPA will work with Oaktree to minimize transfer costs whether that is assets-in-kind, cash, or a combination of the two. The benchmark will be the Morningstar LSTA US Leveraged Loan Index.

KPPA has negotiated an effective annual fee for the strategy of [REDACTED] with the manager based on an initial funding allocation size of approximately \$670 million across both the pension and insurance trusts. This is an extremely competitive rate based on the universe data supplied by Wilshire for similar strategies of similar size as well as rates proposed by other managers participating in the search. [REDACTED]

Search Process

KPPA and Wilshire initiated a manager search following Shenkman's history of underperformance and our desire to steer the mandate towards a pure-play bank loan approach.

- The process began with Wilshire's U.S. Bank Loan universe and focus list. Based on a database review and internal screening, this list was narrowed down to eight candidates. Strategies involving significant non-benchmark assets were excluded.
- Distributed a Request for Information (RFI) to candidates including current manager. One manager chose not to participate in RFI.
- KPPA and consultant read RFI responses and conducted a quantitative assessment emphasizing:
 - Risk-adjusted performance measured by Sharpe and Information Ratios
 - Performance in down markets measured by downside capture and max drawdowns
 - Return consistency across 1-, 3-, 5-, and 10-year periods.
- Based on this analysis, three finalists—Oaktree, UBS Asset Management, and Ares—were selected for due-diligence meetings.
- Following team interviews and further evaluation, Oaktree emerged as the preferred manager.

Rationale for Recommendation

- Risk Discipline: Oaktree exhibits a culture deeply focused on risk control and capital preservation, with conservative positioning and through-the-cycle performance.
- Performance: Strong absolute and risk-adjusted performance with lower default rates relative to the market and peers.
- Team Structure: Oaktree has a dedicated bank-loans team with two portfolio managers, 14 analysts and two traders which enables rapid, informed decision-making and consistent execution.
- Alignment: Investment philosophy and process are highly consistent with the objectives of the specialty credit allocation.
- Cost Efficiency: Proposed fees are materially lower than the current mandate, resulting in meaningful savings across portfolios.

Third-Party Provider and Placement Agent Disclosure

In accordance with KRS gating practices, staff has requested Oaktree to acknowledge transparency requirements, and to complete a conflict of interest statement and placement agent form. No placement agents have been involved or will be compensated as a result of this recommendation. A copy of the managers' Statement of Conflict of Interest and Placement Agent questionnaire have been attached to this recommendation.

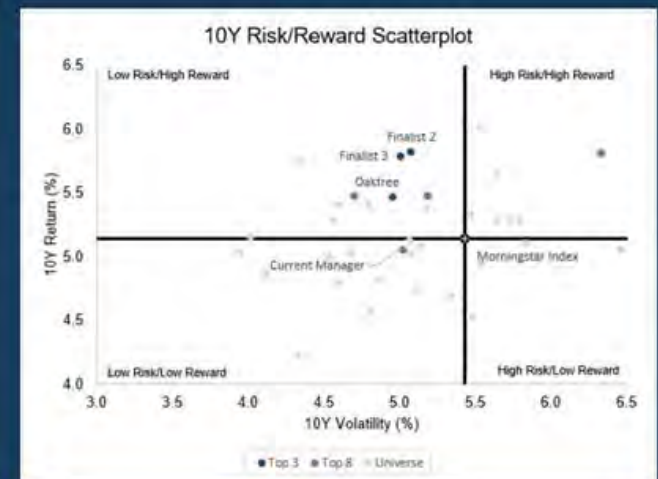


KRS Investment Committee

Specialty Credit Recommendation

November 20, 2025

Oaktree Delivers Superior Returns with Lower Risk



Source: KPPA, eVestment U.S. Bank Fixed / Leverage Loan Universe, Morningstar LSTA US Leveraged Loan Index

Data as of June 30, 2025

Note: Monthly gross returns and monthly standard deviation

Oaktree Ranks in the Top Quartile for Risk-Adjusted Performance

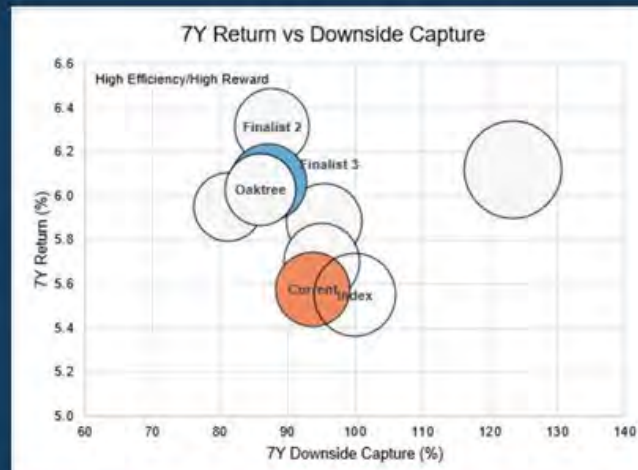
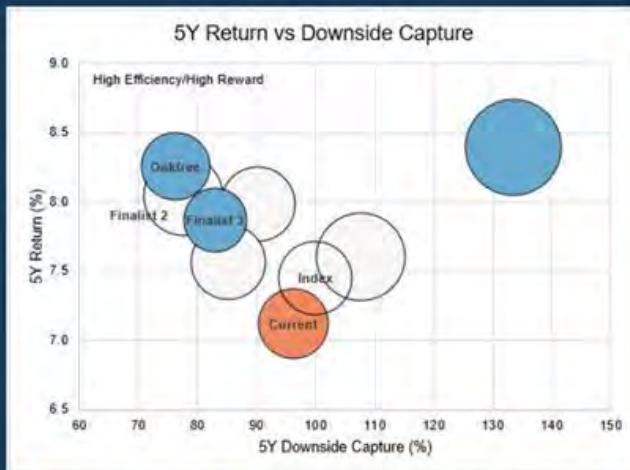


Source: KPPA, eVestment U.S. Bank Fixed / Leverage Loan Universe, Morningstar LSTA US Leveraged Loan Index

Data as of June 30, 2025

Note: Monthly gross returns and monthly standard deviation

Oaktree Combines Strong Returns with Downside Protection

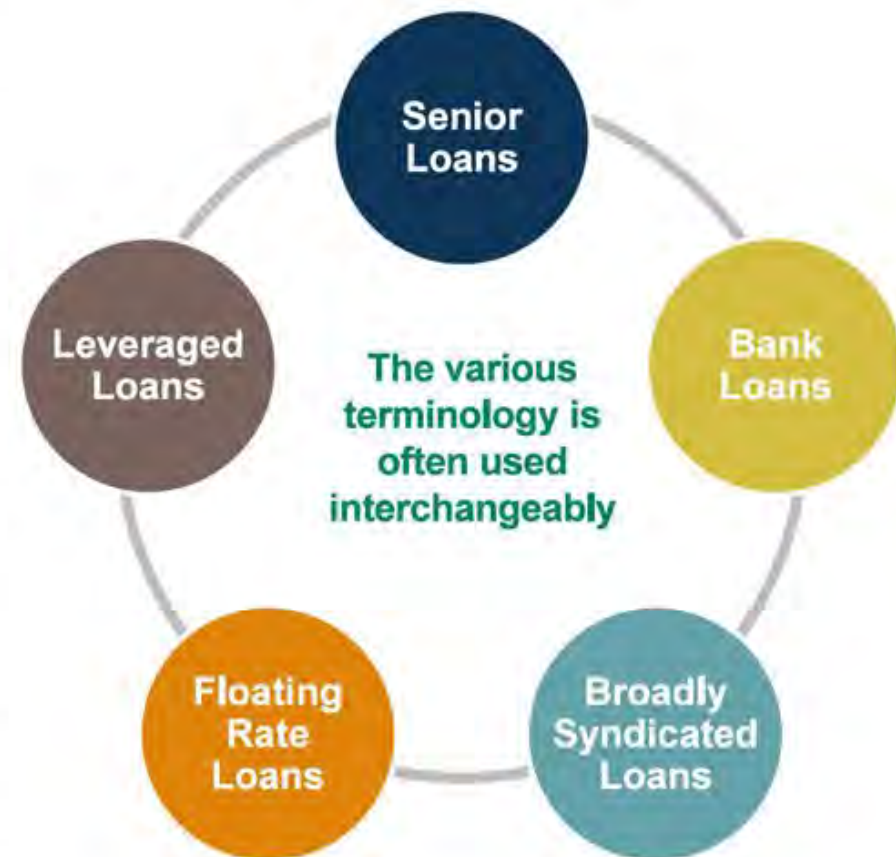


- The color of the bubble represents the % of number of months strategy outperformed in a given period. Blue is 60%+, Grey is 50-60%, and Red is <50%.
- The size of the bubble is the max drawdown in a given period.

Source: KPPA, eVestment U.S. Bank Fixed / Leverage Loan Universe, Morningstar LSTA US Leveraged Loan Index
 Data as of June 30, 2025
 Note: Monthly gross returns and max drawdown is scaled for comparison purposes

What Are Senior Loans?

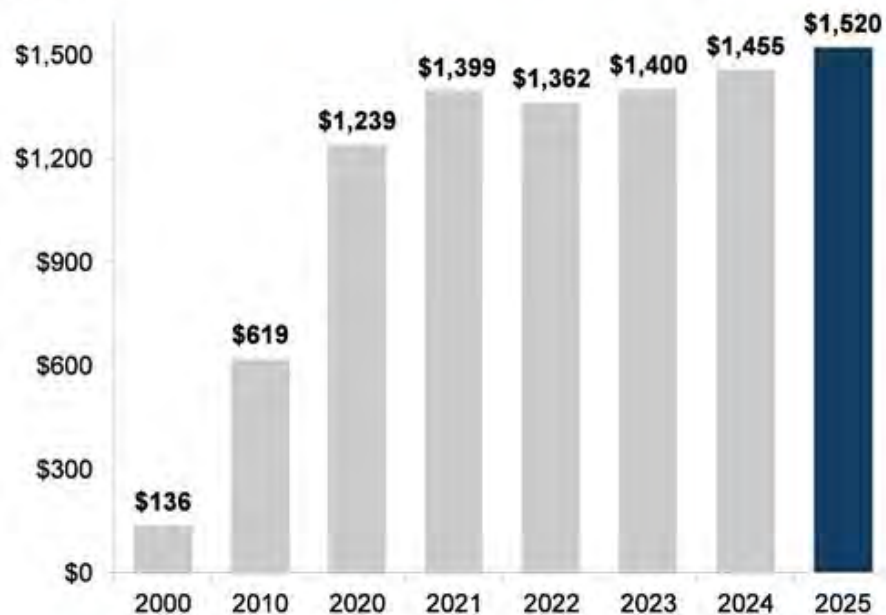
- A senior loan is a type of corporate debt instrument that typically has the following characteristics:
 - The company issuing the loan is **sub-investment grade rated**
 - The instrument is **floating-rate**
 - Sits at the **top of the capital structure** and is secured by a company's assets, most commonly on a first-priority basis (e.g., **first-lien**)
 - The instrument is **broadly syndicated** to a group of non-bank investors (e.g., institutional or retail investors) or commercial banks
- Traditionally, the loan market consisted of a single bank, or a small group of banks, investing balance sheet capital into a loan
 - **Over time, the investor universe has expanded and as a result, the senior loan market has grown meaningfully to over \$1.5 trillion in size**



Significant Market Size with Large and Diverse Issuers

Size of the U.S. Institutional Senior Loan Market

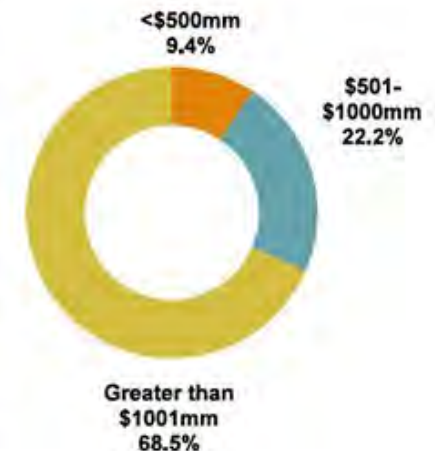
(\$ in billions)



Leveraged Loan Market Snapshot¹

Top 10 Industries	% of Index
1. Information Technology	16.7%
2. Services	12.6%
3. Financial	10.5%
4. Healthcare	9.9%
5. Media/Telecom	8.9%
6. Gaming/Leisure	4.8%
7. Manufacturing	4.6%
8. Housing	4.2%
9. Chemicals	4.0%
10. Food/Tobacco	3.9%
Other	19.9%

Facility Size



Examples of Recognizable Issuers¹



As of September 30, 2025

Source: S&P UBS

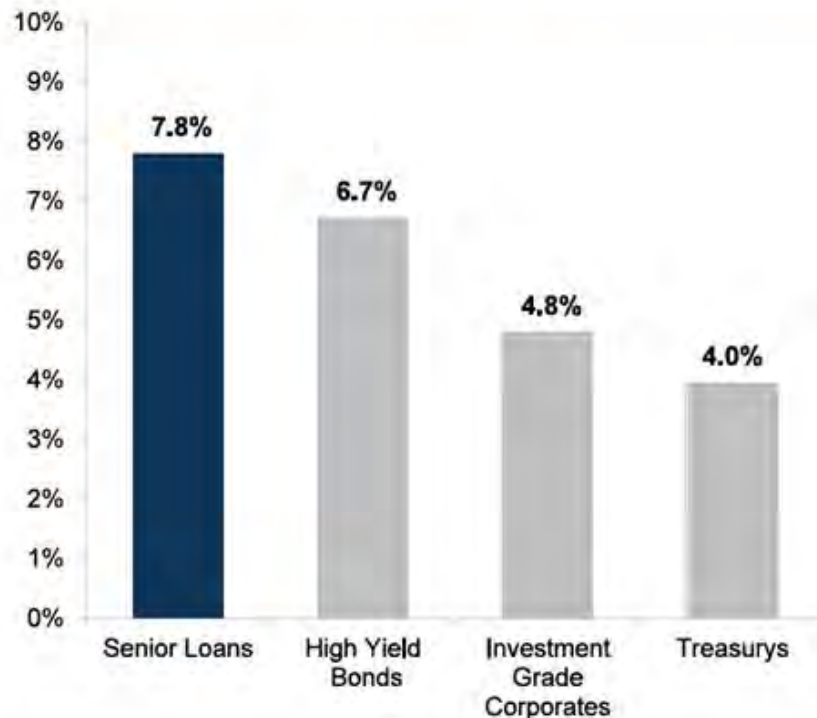
1. The issuers presented herein are shown solely on the basis of being well-known companies in the S&P UBS Leveraged Loan Index universe. Oaktree makes no representation on whether it currently holds, or has held, the securities of these companies. No third-party firm or company names, brands or logos used in this presentation are Oaktree's trademarks or registered trademarks, and they remain the property of their respective holders and not Oaktree. The inclusion of any third-party firm and/or company names, brands and/or logos does not imply any affiliation with these firms or companies. None of these firms or companies has endorsed the investment opportunity described herein, Oaktree, any affiliates of Oaktree, or Oaktree's personnel

Comparison of Senior Loans and High Yield / IG Bonds

	Senior Loans	High Yield Bonds	IG Bonds
Coupon Type	Floating	Fixed	Fixed
Payment Frequency	Quarterly	Semi-annual	Semi-annual
Collateral	Secured by assets	Generally unsecured	Generally unsecured
Priority	Most senior	Subordinated to senior	Subordinated to senior
Amortization	Scheduled quarterly principal payments	Repayment of principal at maturity	Repayment of principal at maturity
Callability	Usually payable at par without penalty	Usually call protected for half of the bond's life	Varies
Covenants	Very strict covenant package	Fairly loose covenant package	Limited covenant package
Liquidity	Less liquid	More liquid	Most liquid

Why Invest in Senior Loans?

Attractive Yield vs. Other Asset Classes¹



Opportunities

Strong Market Technical: The combination of attractive relative spread and floating rates is drawing investor demand. Robust CLO issuance and recent retail inflows are also driving strong demand for loans

Insulated From Interest Rate Risk: Interest rates have increased from 2020 lows. The floating-rate nature of senior loans is expected to outperform fixed coupon instruments in a rising rate environment

Potential for Lower Volatility: The loan market benefits from a balanced, long-term institutional investor base, such as CLOs, which represent two-thirds of the loan market today. This underpins the loan market's historically low volatility²

Attractive Borrower Technicals: The senior loan market is dominated by companies with strong liquidity and few near term maturities

Senior Security: Senior loans benefit from valuable first lien security on assets, providing downside protection and a higher recovery on default

Senior loans are well placed to be more resilient than peer asset classes, while offering an attractive relative yield and a floating rate structure

As of September 30, 2025

1. S&P UBS Leveraged Loan Index, ICE BofA USHY Constrained Index (HUC0), ICE BofA US Corporate Index (C0A0), ICE BofA US Treasury Index (G0Q0). YT3 for loans, yield-to-worst for bonds.

2. Source: S&P UBS

Kentucky Retirement Systems

Investment Review and Update

Quarter Ending: September 30, 2025

Kentucky Retirement Systems

Performance and Asset Allocations

Quarter Ending: September 30, 2025

Pension Portfolios Performance

KERS, KERS-HAZ, & SPRS - PENSION FUND - PLAN NET RETURNS - 09/30/25											
Plan	Market Value	Month	3 Months	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	20 Years	30 Years	ITD
KERS	5,347,989,792.30	1.96	4.09	4.09	10.02	11.55	8.51	7.84	6.56	7.50	8.82
KY Ret. KERS Plan IPS Index		1.92	4.16	4.16	9.31	11.71	8.19	7.58	6.52	7.48	8.84
KERS- H	1,192,845,665.89	2.03	4.36	4.36	11.00	13.39	9.78	8.71	6.93	7.75	9.00
KY Ret. KERS Haz Plan IPS Index		2.24	4.90	4.90	11.25	14.01	10.00	8.63	6.99	7.80	9.08
SPRS	772,521,621.69	1.92	4.03	4.03	9.63	11.60	8.63	7.94	6.53	7.48	8.81
KY Ret. SPRS Plan IPS Index		1.92	4.16	4.16	9.31	11.71	8.19	7.65	6.50	7.47	8.84
KPPA PENSION FUND UNIT - NET RETURNS - 09/30/2025 - PROXY PLAN ASSET PERFORMANCE											
Structure		Month	3 Months	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	20 Years	30 Years	ITD
PUBLIC EQUITY		2.98	6.66	6.66	16.12	22.09	12.86	11.51	8.04	8.81	10.61
MSCI ACWI		3.44	7.67	7.67	16.79	22.49	13.12	11.56	7.93	8.64	10.50
PRIVATE EQUITY		1.40	3.30	3.30	8.33	4.85	12.92	11.24	10.02		11.28
Russell 3000 + 3%(Qtr Lag)		5.27	11.68	11.68	18.30	22.08	19.00	15.98	13.25		12.97
SPECIALTY CREDIT		1.13	2.50	2.50	9.24	10.41	8.60				7.07
50% BB US HY / 50% Morningstar LSTA Lev'd Ln		0.63	2.15	2.15	7.21	10.49	6.29				5.32
CORE FIXED INCOME		1.13	2.13	2.13	3.23	5.62	2.19	2.99			3.05
Bloomberg US Aggregate		1.09	2.03	2.03	2.88	4.93	-0.45	1.84			2.11
CASH		0.35	1.09	1.09	4.56	4.69	2.97	2.24	2.04	2.71	3.41
FTSE Treasury Bill-3 Month		0.36	1.11	1.11	4.61	4.98	3.10	2.12	1.69	2.38	3.05
REAL ESTATE		0.45	0.85	0.85	3.74	-3.43	5.51	7.28	6.76	6.09	6.14
NCREIF NFI-ODCE Net 1 Qtr in Arrears Index^		0.81	0.81	0.81	2.67	-6.21	2.54	4.42	5.14	6.91	5.83
REAL RETURN		2.58	3.66	3.66	12.49	14.61	13.93	8.24			6.38
US CPI +3%		0.53	1.51	1.51	5.92	6.04	9.76	5.57			4.40

Insurance Portfolios Performance

KERS INS, KERS-HAZ INS, SPRS INS - INSURANCE FUND - PLAN NET RETURNS - 09/30/25											
Plan	Market Value	Month	3 Months	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	20 Years	30 Years	ITD
KERS INS	1,890,699,958.42	2.01	4.23	4.23	10.49	13.31	9.70	8.61	6.46	6.98	7.54
KY Ins. KERS Plan IPS Index		2.24	4.90	4.90	11.25	14.01	9.92	8.67	6.73	7.39	7.87
KERS - H INS	749,893,047.55	1.98	4.15	4.15	10.55	13.01	9.87	8.74	6.60	7.07	7.61
KY Ins. KERS Haz Plan IPS Index		2.24	4.90	4.90	11.25	14.01	9.99	8.62	6.73	7.38	7.86
SPRS INS	297,031,242.39	1.97	4.17	4.17	10.57	13.08	9.96	8.89	6.68	7.13	7.66
KY Ins. SPRS Plan IPS Index		2.24	4.90	4.90	11.25	14.01	9.99	8.60	6.74	7.39	7.87
KPPA INSURANCE FUND UNIT - NET RETURNS - 09/30/25 - PROXY PLAN ASSET PERFORMANCE											
Structure		Month	3 Months	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	20 Years	30 Years	ITD
PUBLIC EQUITY		2.98	6.63	6.63	16.03	21.96	12.81	11.52	7.91		9.17
MSCI ACWI		3.44	7.67	7.67	16.79	22.49	13.10	11.55	7.80		9.03
PRIVATE EQUITY		0.37	1.66	1.66	1.92	4.08	13.49	11.21	10.27		10.32
Russell 3000 + 3%(Qtr Lag)		5.27	11.68	11.68	18.30	22.08	19.00	15.98	12.92		12.57
SPECIALTY CREDIT		1.14	2.49	2.49	9.39	10.64	8.70				7.02
50% BB US HY / 50% Morningstar LSTA Lev'd Ln		0.63	2.15	2.15	7.21	10.49	6.29				5.32
CORE FIXED INCOME		1.13	2.13	2.13	3.16	5.53	2.06	2.88			2.80
Bloomberg US Aggregate		1.09	2.03	2.03	2.88	4.93	-0.45	1.84			2.11
CASH		0.35	1.09	1.09	4.56	4.69	2.96	2.10	1.87		2.62
FTSE Treasury Bill-3 Month		0.36	1.11	1.11	4.61	4.98	3.10	2.12	1.69		2.54
REAL ESTATE		0.48	0.88	0.88	3.74	-3.52	5.30	7.30			7.90
NCREIF NFI-ODCE Net 1 Qtr in Arrears Index^		0.81	0.81	0.81	2.67	-6.21	2.54	4.42			4.62
REAL RETURN		2.35	2.95	2.95	10.63	12.84	12.35	7.66			5.91
US CPI +3%		0.53	1.51	1.51	5.92	6.04	9.19	5.58			4.44

Internal Portfolio Performance

 Monthly Investment Manager Performance (Net of Fees) As of Date: 09/30/25												
Structure	Market Value	% of Total	Month	3 Months	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	20 Years	ITD	Inception Date
PUBLIC EQUITY												
Russell 500 Index	3,622,836,525.72	16.32	3.68	8.12	8.12	18.21	25.16	16.57	15.48	11.21	9.67	2001-07-01
KY Ret. S&P/Russell Blend			3.64	7.98	7.98	17.69	24.97	16.48	15.31	11.10	9.58	
Internal US Mid Cap	259,691,631.21	1.17	0.48	5.61	5.61	6.43	16.68	14.11	11.37		10.27	2014-08-01
S&P MidCap 400 Index			0.46	5.55	5.55	6.13	15.84	13.61	10.82		9.81	
PRIVATE EQUITY												
INTERNAL PRIVATE EQ	96,959,285.81	0.44	2.40	5.74	5.74	12.92					16.14	2023-12-01
CORE FI												
INTERNAL CORE FI	1,113,372,986.71	5.02	1.12	2.06	2.06	2.90					5.68	2023-09-01
Bloomberg US Aggregate Bond Index			1.09	2.03	2.03	2.88					5.53	
REAL ESTATE												
INTERNAL REAL ESTATE	50,449,645.44	0.23	0.43	2.53	2.53	-1.68					7.16	2023-12-01
NCREIF NFI ODCE Net 1Qtr in Arrears Index ^A			0.81	0.81	0.81	2.67					-4.21	
REAL RETURN												
INTERNAL REAL RETURN	192,523,258.97	0.87	6.17	12.94	12.94	21.70					22.06	2023-12-01
KRS CPI + 300 bpts			0.53	1.51	1.51	5.92					5.86	
INTERNAL TIPS	148,831.92	0.00	0.35	1.09	1.09	4.57	4.93	3.07	2.72	3.44	4.26	2002-05-01
KR2 Internal US TIPS Blend			-0.04	1.94	1.94	5.33	5.45	2.79	3.24	3.62	4.42	
CASH ACCOUNT	443,999,360.77	2.00	0.35	1.09	1.09	4.56	4.69	2.97	2.24	2.04	3.41	1988-01-01
FTSE Treasury Bill-3 Month			0.36	1.11	1.11	4.61	4.98	3.10	2.12	1.69	3.05	

Asset Class Gross Performance - Pension

 Pension Asset Class Performance (Gross) As of Date: 09/30/25										
Structure	Account	Market Value	Month	3 Months	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	
KERS	KR2F00010002	5,349,790,631.78	2.02	4.20	4.20	10.46	12.01	9.06	8.36	
PUBLIC EQUITIES		1,891,979,627.08	2.92	6.40	6.40	15.65	22.02	12.89	11.48	
CORE FIXED INCOME		1,445,337,921.07	1.20	2.12	2.12	3.17	5.61	2.22		
SPECIALTY CREDIT		1,007,873,283.45	1.19	2.74	2.74	9.99	11.36	9.59	7.69	
REAL ESTATE		236,563,395.75	0.63	1.34	1.34	4.32	-1.81	7.84	7.49	
LIQUIDITY		123,147,704.86	0.35	1.10	1.10	4.57	4.69	2.97	2.22	
REAL RETURN		422,513,662.23	3.76	6.81	6.81	15.56	19.43	17.63	9.93	
PRIVATE EQUITY		218,844,732.66	3.03	6.13	6.13	17.77	5.87	11.76	11.16	
KERS-H	KR2F00020002	1,193,325,459.80	2.09	4.47	4.47	11.52	13.95	10.53	9.38	
PUBLIC EQUITIES		541,183,633.69	2.94	6.51	6.51	15.80	22.01	12.89	11.51	
CORE FIXED INCOME		119,984,863.13	1.24	2.18	2.18	3.09	5.54	2.18		
SPECIALTY CREDIT		289,435,823.96	1.19	2.67	2.67	9.77	11.56	9.51	7.58	
REAL ESTATE		62,876,811.41	0.52	1.25	1.25	3.39	-2.33	6.95	7.42	
LIQUIDITY		35,659,808.76	0.35	1.09	1.09	4.56	4.69	2.97	2.23	
REAL RETURN		76,314,688.08	3.42	5.88	5.88	14.44	16.41	15.47	8.99	
PRIVATE EQUITY		65,851,290.07	1.38	3.29	3.29	9.03	6.45	16.00	12.82	
SPRS	KR2F00050002	772,800,862.37	1.98	4.13	4.13	10.07	12.02	9.18	8.48	
PUBLIC EQUITIES		265,854,465.90	2.98	6.54	6.54	15.92	22.06	12.93	11.39	
CORE FIXED INCOME		209,015,166.15	1.20	2.13	2.13	3.14	5.59	2.25		
SPECIALTY CREDIT		151,093,102.97	0.91	2.35	2.35	9.28	10.97	9.12	7.38	
REAL ESTATE		35,524,737.53	0.36	1.18	1.18	3.95	-2.54	6.90	7.34	
LIQUIDITY		16,697,992.72	0.35	1.09	1.09	4.56	4.69	2.97	2.23	
REAL RETURN		62,261,607.06	3.92	6.78	6.78	14.42	17.22	15.87	9.09	
PRIVATE EQUITY		31,728,559.55	2.76	5.65	5.65	14.47	8.58	15.42	13.05	

Asset Class Gross Performance - Insurance

 Insurance Asset Class Performance (Gross) As of Date: 09/30/25									
Structure	Account	Market Value	Month	3 Months	Fiscal YTD	1 Year	3 Years	5 Years	10 Years
KERS INS	KR3F00010002	1,891,581,520.64	2.07	4.35	4.35	11.02	13.89	10.49	9.26
PUBLIC EQUITIES		851,323,833.98	3.00	6.49	6.49	15.79	21.95	12.91	11.60
CORE FIXED INCOME		195,740,419.58	1.30	2.17	2.17	3.09	5.48	2.07	
SPECIALTY CREDIT		463,628,643.94	1.14	2.62	2.62	9.68	11.52	9.54	7.45
REAL ESTATE		104,567,738.91	0.45	1.38	1.38	3.30	-2.13	6.76	7.37
LIQUIDITY		47,174,058.01	0.35	1.09	1.09	4.56	4.69	2.96	2.10
REAL RETURN		119,174,279.23	3.25	5.06	5.06	12.39	16.47	15.18	9.06
PRIVATE EQUITY		109,201,805.81	1.13	2.54	2.54	4.29	6.36	19.33	13.21
KERS - H INS	KR3F00020002	750,203,921.91	2.07	4.30	4.30	11.20	13.72	10.83	9.55
PUBLIC EQUITIES		334,674,059.03	3.02	6.59	6.59	16.04	22.08	12.90	11.55
CORE FIXED INCOME		76,516,259.69	1.33	2.18	2.18	3.08	5.53	2.09	
SPECIALTY CREDIT		187,649,179.26	1.37	2.85	2.85	10.77	12.24	10.55	7.95
REAL ESTATE		45,786,126.52	0.62	0.98	0.98	4.97	-3.02	6.11	7.04
LIQUIDITY		15,245,610.93	0.35	1.09	1.09	4.56	4.69	2.96	2.10
REAL RETURN		46,536,750.41	3.16	5.07	5.07	12.70	14.14	13.45	8.20
PRIVATE EQUITY		43,529,014.85	0.25	1.31	1.31	1.11	4.19	15.42	12.15
SPRS - INS	KR3F00050002	297,158,164.11	2.05	4.32	4.32	11.21	13.76	10.92	9.73
PUBLIC EQUITIES		132,527,868.50	2.99	6.50	6.50	15.77	21.97	12.81	11.53
CORE FIXED INCOME		30,284,829.99	1.32	2.23	2.23	3.11	5.54	2.10	
SPECIALTY CREDIT		73,050,088.70	1.35	2.85	2.85	10.46	12.00	10.11	7.75
REAL ESTATE		17,484,725.44	0.62	0.98	0.98	4.98	-3.01	6.14	7.05
LIQUIDITY		5,669,320.74	0.35	1.09	1.09	4.56	4.69	2.96	2.10
REAL RETURN		18,475,354.41	3.24	5.29	5.29	12.79	14.45	13.61	8.26
PRIVATE EQUITY		19,556,499.11	0.18	1.51	1.51	2.69	4.86	16.08	12.61

Allocations



Performance Highlights

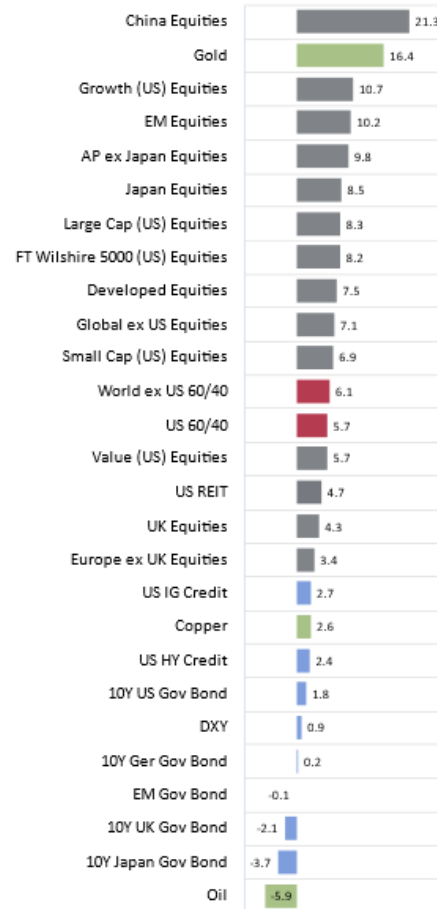
- The KRS Pension Composite produced a return of 4.13% for the quarter, modestly underperforming the blended benchmark by 15 basis points.
- The KRS Insurance Composite produced a return of 4.20% for the quarter underperforming the benchmark return of 4.90%.

KERS Pension 4.09%
SPRS Pension 4.03%
 Benchmark 4.16%

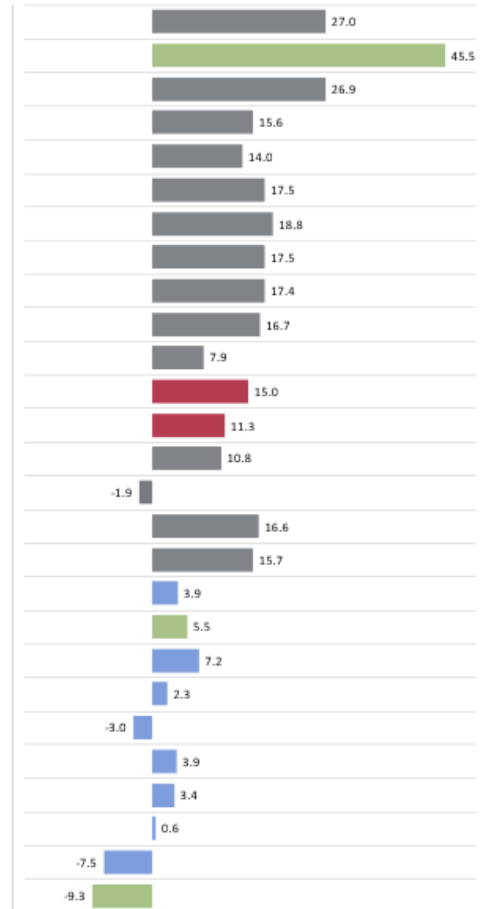
KERSH Pension 4.36%
KERS Insurance 4.23%
KERSH Insurance 4.15%
SPRS Insurance 4.17%
 Benchmark 4.90%

- During the quarter, outperformance in the Real Return portfolio was the largest contributor to outperformance, producing 215bps of excess return relative to its benchmark. The overweight to Public Equities also provided a boost to performance relative to the benchmark.
- Underperformance in the Public Equity portfolio was the largest detractor to performance as both the US and the NonUS segments of the portfolio underperformed their benchmark. The Private Equity portfolio underperformed its public market benchmark by 838bps during the quarter which was a significant drag on relative performance..
- The internally managed portfolios all performed in line with or outperformed their benchmarks with the Real Return and Real Estate portfolios outperforming by 1143bps and 172bps respectively during the quarter.

From Jun 30 to Sep 30 (USD, TR %)



12M (USD, TR %)

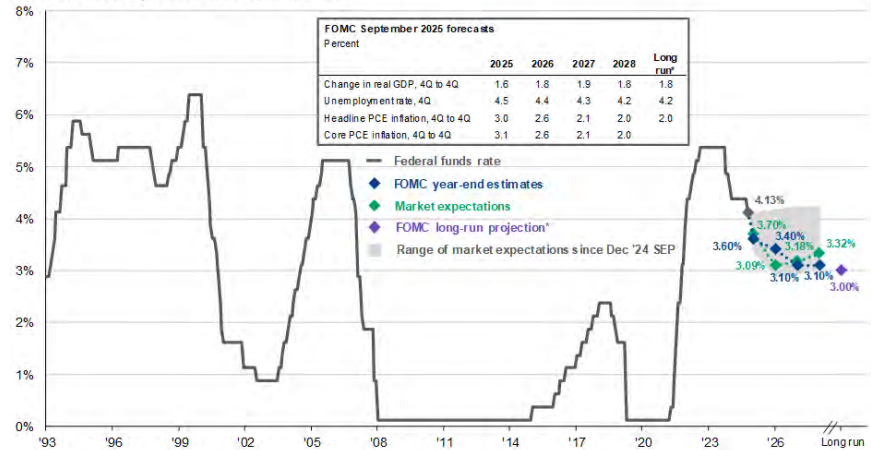


Performance Highlights

- Markets shrugged off concerns regarding the potential impact of tariffs on economic growth to close out the quarter with an upbeat tone. Investors were increasingly confident that the U.S. Federal Reserve would cut interest rates several times through mid-2026, signaling a more aggressive easing cycle.
- For much of the past year, rate-setters have been fixated on the twin threats of persistent inflation and the risk of overshooting with policy tightening. But fundamental weakness in the U.S. labor market appears to have tipped the balance of risk for the Fed's dual mandate — maximum employment and stable prices — towards the former. Rate cuts, once a distant hope for dovish investors, are now firmly back on the agenda as the Fed attempts to move policy closer to what it believes to be neutral.
- Robust corporate profits and ever-increasing and broadening enthusiasm for the AI investment boom have been the key drivers of returns
- Consumers, meanwhile, have proven resilient, except the lowest income cohort, who continue to feel the pinch. Higher tariffs pose a challenge to growth, yet robust spending elsewhere suggests the economy can weather these headwinds through the remainder of the year.
- While indicators for near-term US growth appear positive, the rally in risk markets has outpaced the improvement in fundamentals, and, therefore, the market's high starting valuations may limit gains over the near-term horizon.

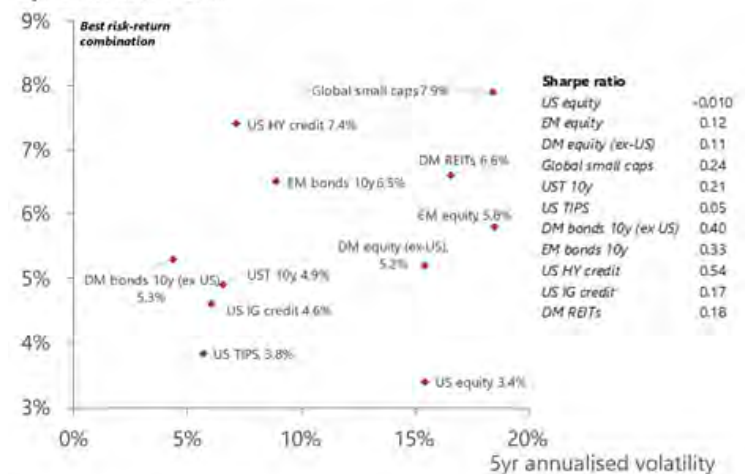
Federal funds rate expectations

FOMC and market expectations for the federal funds rate



Asset-Class Expected Risk/Return Profile

5yr annualised return



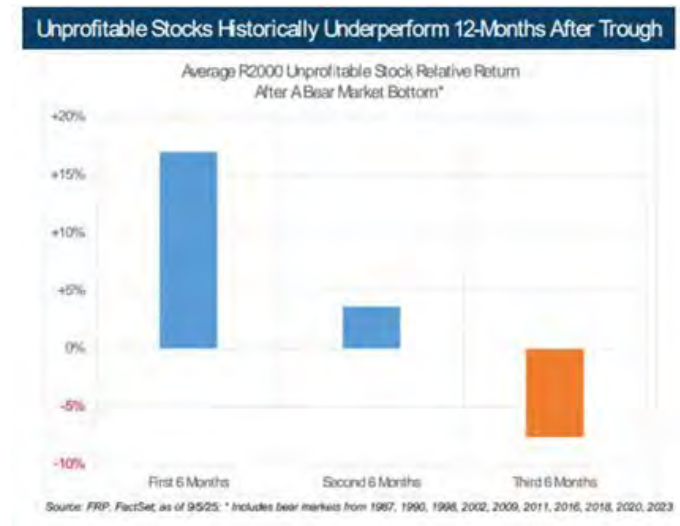
Performance Highlights

Public Equities

US Markets

- The first quarter of FY26 can best be described as a “risk on” environment, fueled by a combination of...
 - Earnings that came in better than expected
 - Improving / accelerating economic growth
 - Expectations of rate cuts
- Equity markets rallied as participants positioned for a potential economic reacceleration which was most pronounced in lower capitalization and lower quality names.
 - The lower quality led rally was a headwind for active managers
 - The lowest ROE quintile and non-earners outperformed
 - Rallies typically are short-lived, most pronounced in the first 6 months after trough, and tend to underperform after 12 months
 - Quality leadership likely to return
- Small caps outperformed large caps
- Style performance was mixed
 - Growth continued to lead the large cap space
 - Value outperformed in small and midcaps

Index	4/8 - 9/30	QTD	YTD	1 YR	3 YR	5 YR
S&P 500	35.07	8.12	14.83	17.60	24.94	16.47
Russell 1000	35.23	7.99	14.60	17.75	24.64	15.99
Russell 3000	35.40	8.18	14.40	17.41	24.12	15.74
Russell Midcap	29.88	5.33	10.42	11.11	17.69	12.66
S&P 600	32.11	9.11	4.24	3.64	12.82	12.94
Russell 2000	39.32	12.39	10.39	10.76	15.21	11.56
Russell 1000 Value	23.23	5.33	11.65	9.44	16.96	13.88
Russell 3000 Value	23.73	5.63	11.49	9.34	16.76	13.92
Russell Midcap Value	27.40	6.18	9.50	7.58	15.51	13.67
Russell 2000 Value	35.30	12.60	9.04	7.89	13.56	14.59
Russell 1000 Growth	46.72	10.51	17.24	25.53	31.61	17.58
Russell 3000 Growth	46.20	10.41	16.82	24.79	30.76	17.04
Russell Midcap Growth	37.04	2.78	12.84	22.02	22.85	11.26
Russell 2000 Growth	43.23	12.19	11.65	13.56	16.69	8.41

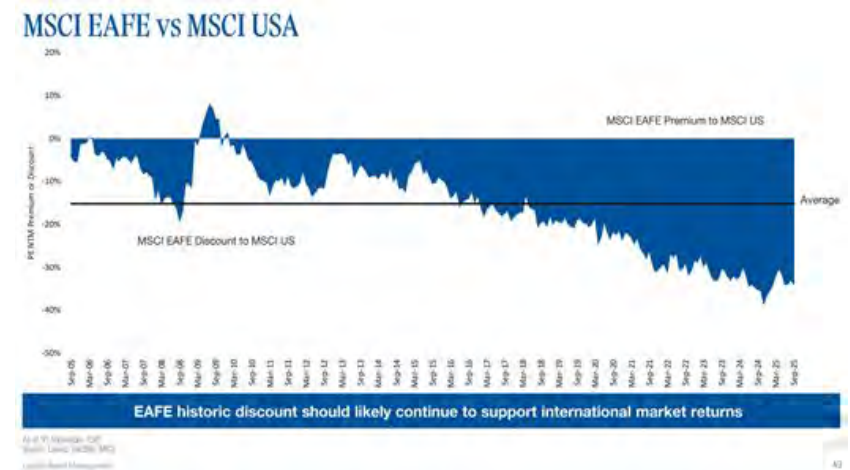


Performance Highlights

Public Equities

International Markets

- Markets were driven by multiple expansion during the quarter.
 - Macro factors improved despite little change in company fundamentals
 - Improved business confidence
 - Lower interest rates
 - Some clarity around US tariff policy
 - Investors' risk appetite increased as evidenced by broad rotation into higher beta stocks
 - Value outperformed growth
- Political uncertainties weighed on markets
 - Uncertainties in France and Japan
 - German market softened waiting on infrastructure and defense spending to commence
 - Chinese economy continued to stabilize
- The USD weakening slowed earnings growth amongst larger NonUS companies with significant US exposure



Performance Highlights

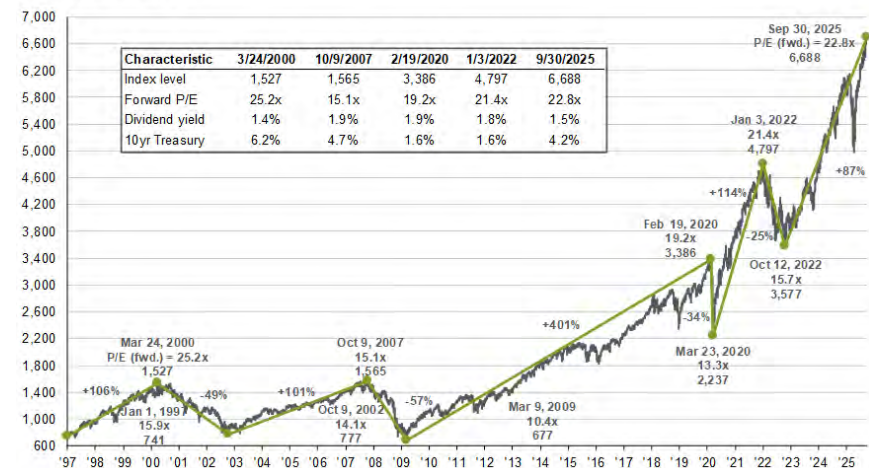
Public Equities

- 1QFY26: KPPA Global Equity 6.66% vs MSCI ACWI IMI 7.67%
 - NonUS Equity tilt detracted from relative performance as these markets underperformed the US
 - Stock selection weakness (particularly in the international markets), difficult period for active management
- 1QFY26: KPPA US Equity 7.65% vs Russell 3000 8.18%
 - Stock selection was split; however, it skewed negatively, particularly in the active strategies
 - The portfolio's quality bias was a headwind during the quarter, strong "risk on" environment was driven by lower quality, high volatility names
- 1QFY26: KPPA NonUS Equity 5.07% vs MSCI ACWI Ex-US IMI 6.86%
 - Broad based individual mandate weakness
 - Driven by a combination of market environment and stock selection

Relative Valuations of Value vs. Growth



S&P 500 Price Index



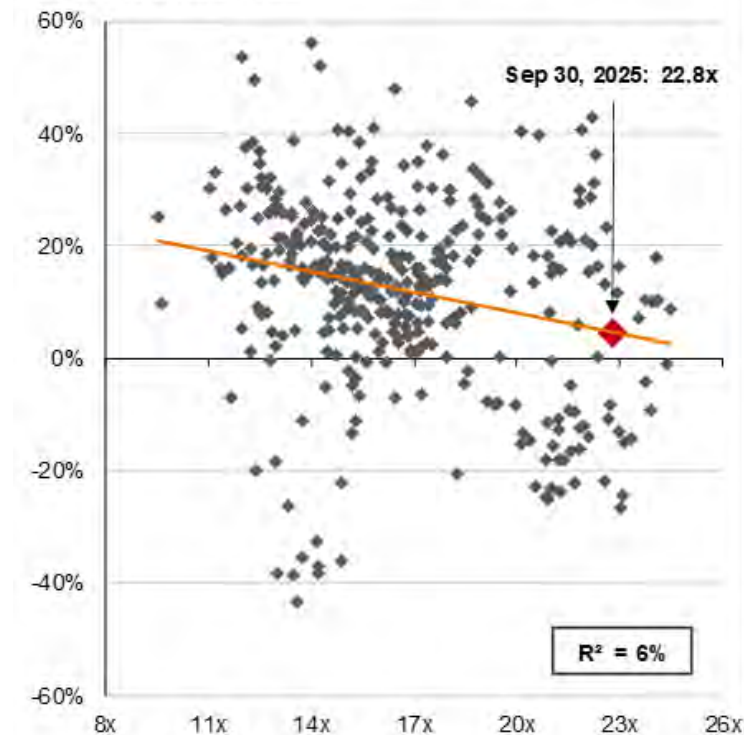
Performance Highlights

Public Equities

- 12months: KPPA Global Equity 16.12% vs MSCI ACWI IMI 16.79%
 - Regional positioning detracted from relative performance (tilt NonUS, underperformed US markets by 1.1%)
 - Individual strategy performance while mixed, skewed negative
- 12months: KPPA US Equity 16.68% vs Russell 3000 17.41%
 - Individual strategy relative performance was mixed; however, it skewed negative in aggregate, driven by relative weakness down market cap
 - Previous slight value tilt and smaller stance in terms of market cap have been headwinds
 - R3000V 9.33% vs R3000G 24.79%
 - R500/SP500 Blend 17.69% vs Russell Midcap 6.13% vs Russell 2000 10.76%
- 12months: KPPA NonUS Equity 15.32% vs MSCI ACWI Ex-US IMI 16.39%

Forward P/E and subsequent 1-year returns

S&P 500 Total Return Index

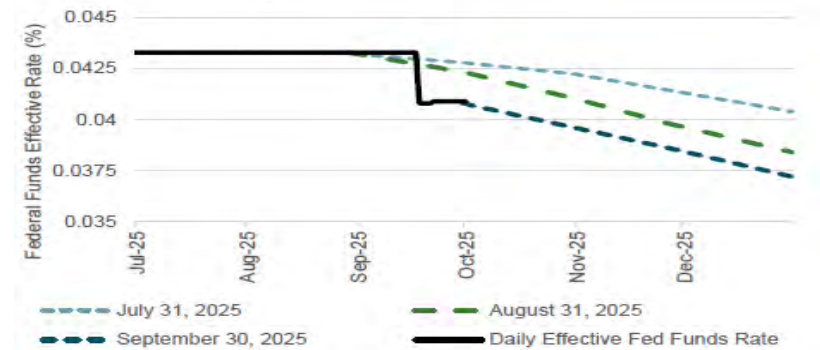


Performance Highlights

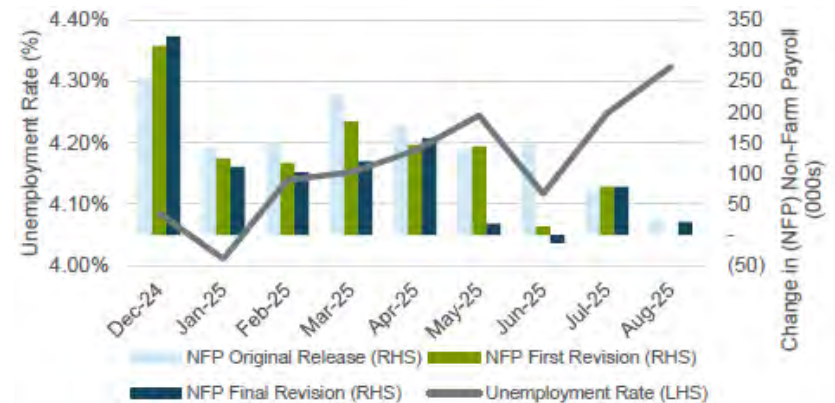
Liquidity

- At the September FOMC policy meeting, the Fed delivered their first rate cut in 2025 lowering the federal funds rate by 25 basis points. Chair Powell stated the reduction was a risk management rate cut due to downside risks to employment rising.
- Also at the September meeting, the Fed released the latest update to their Summary of Economic Projections (SEP). Within those projections, the median dot plot forecasted two additional 25 basis point cuts to occur by year end. For 2026, the committee anticipates one additional rate cut.
- Cash produced a return of 1.09% for the 3-month period ending September 30, slightly underperforming the 3-Month Treasury Bill benchmark which returned 1.11%.
- During the quarter, nonfarm payrolls growth slowed to just 29,000 jobs added per month over the trailing 3-month period ending in August, the weakest growth rate in the post-pandemic era.
- Federal government reports have been delayed pending resolution of the U.S. government shutdown that began on October 1. This includes the monthly payrolls report from the Bureau of Labor Statistics (BLS).
- As a result, the Fed's job of communicating their policy rate path will become much more difficult without regular updates.

Market Implied FOMC Rate Path



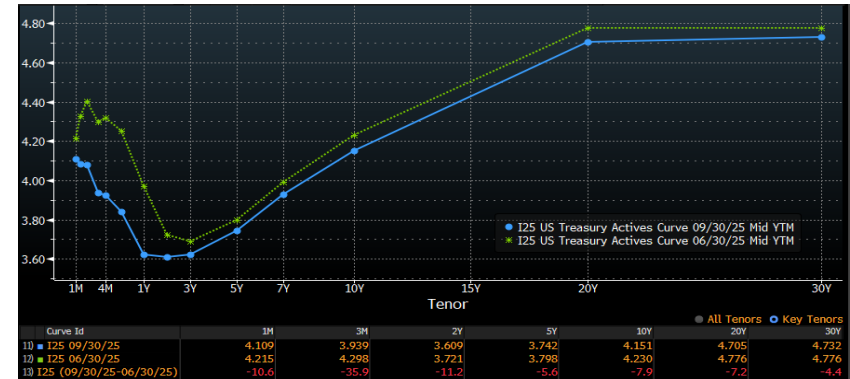
Unemployment Rate and Non-Farm Payrolls w/Revisions



Performance Highlights

Core Fixed Income

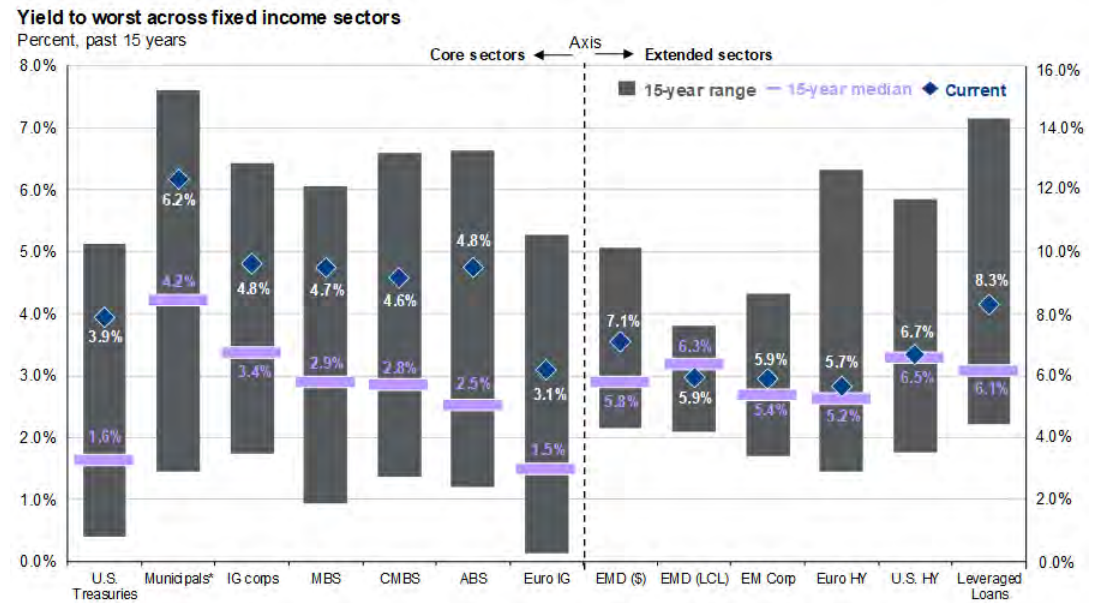
- The U.S. Treasury yield curve was down across the maturity spectrum during the quarter.
 - On the front end of the curve, the 2YR and 5YR US Treasury yields fell 11 basis points and 6 basis points to close at 3.61% and 3.74%, respectively.
 - The 10YR yield was 8 basis points lower to close at 4.15%. The 20YR and 30YR yields were also lower 7 basis points and 4 basis points and both finishing the quarter at 4.71% and 4.73%, respectively.
- Since mid-April, the 2-10YR spread has been consistently between 41-64 basis points.
 - For the quarter, the yield curve remained upward sloping with the spread widening very slightly ending at 54 basis points, an increase of 3 basis points compared to last quarter.



Performance Highlights

Core Fixed Income

- The Core Fixed Income Portfolio produced a return of 2.13% for the quarter, slightly outperforming the benchmark by 10 basis points.
- For the quarter, Corporate bonds were once again the top performing sector, generating 260 basis points of total return. Within the Securitized sector, MBS led with 243 basis points in total return followed by CMBS (175 basis points total return) and then ABS returning 164 basis points for the quarter.
- The Core Fixed Income Portfolio continues to produce outstanding performance relative to the benchmark.
 - Over the last 12 months it produced a return of 3.23% compared to the benchmarks return of 2.88% with the internal and external portfolios all outperforming the benchmark.
 - Over the last 3 years the Core Fixed Portfolio has produced outperformance of 69bps
 - Over the last 5 years the portfolio has outperformed by 264bps

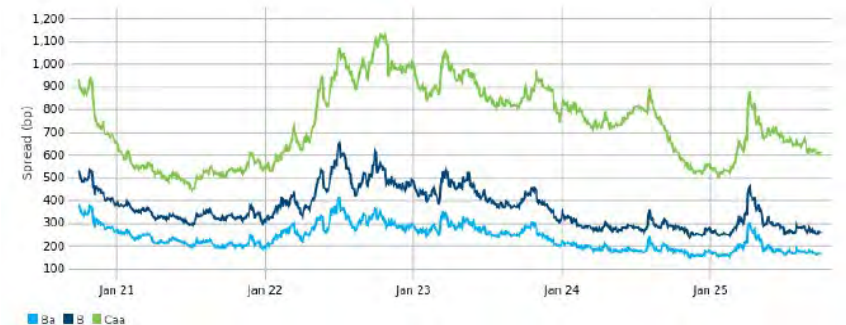


Source: Bloomberg, FactSet, J.P. Morgan Credit Research, J.P. Morgan Asset Management.

Performance Highlights

Specialty Credit Fixed Income

- The Specialty Credit portfolio produced a return of 2.50% for the quarter, outperforming the custom benchmark by 35 basis points.
- Over the last 12 months the Specialty Credit portfolio has outperformed the benchmark by 203bps with a return of 9.24% compared to the benchmark's return of 7.21%.
- High yield bond spreads tightened 23 basis points during the quarter to an option-adjusted spread of 267. A risk-on tone drove continued compression with lower quality issues outperforming as CCC-rated issuers returned 3.99% vs 2.26% for BB/B-rated issuers.
- Year-to-date, the leveraged loan market has returned 4.63%. With persistent elevated base rates, interest income is helping offset market value losses.
- For September, the index rose 0.44%, its weakest monthly gain in five months. First Brands was the biggest decliner with a negative 0.19% return contribution out of the 44 basis points. Excluding that impact, the index would have risen 0.63%.



US leveraged loan returns, YTD



Sources: PitchBook | LCD; Morningstar LSTA US LL Index • Data through Sept. 30, 2025

Performance Highlights

Specialty Credit Fixed Income

- The Fed's September rate cut lowered interest income for loans but provided relief to highly levered borrowers. Against this backdrop, issuance rebounded and technicals began to balance, capping a record-setting quarter for the leveraged loan market.
- Direct lending volume picked up in the quarter increasing 94% MoM in August to \$30.1 billion. August's direct lending activity was an 11-month. LBO activity was the largest driver of private credit deals at 41%, followed by refinancing activity at 23%.
- The pace of fundraising in private credit has slowed in 2025 and remains well off the peaks of 2020 and 2021.
- Global private credit gained 3.4% during the 2nd quarter with senior and mezzanine strategies leading the way at 4.8% and 4.1%, respectively, while distressed credit was positive at 2.1%.

Global private credit AUM (\$B)



	Annual return (%)				Quarterly return (%)			
	2021	2022	2023	2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025
MSCI Global Private Equity Closed-End Fund Index	40.2	-8.4	5.8	4.9	2.9	0.9	1.9	4.2
Venture capital	49.8	-20.6	-2.1	5.8	1.9	2.6	2.1	5.0
Expansion capital	29.5	-11.0	4.3	7.4	3.6	3.7	0.9	2.6
Buyout	37.4	-1.4	9.8	4.4	3.3	0.1	1.8	4.1
MSCI ACWI Investable Market Index	18.7	-18.0	22.2	16.9	6.0	-0.4	-0.9	11.1
MSCI World Small Cap	16.2	-18.4	16.4	8.6	9.1	-1.6	-3.2	12.0
MSCI Global Private Credit Closed-End Fund Index	15.4	3.8	10.2	5.2	2.7	0.6	2.1	3.4
Senior	7.9	3.2	12.1	3.9	3.5	-0.7	3.2	4.8
Mezzanine	16.0	4.9	10.6	5.9	2.7	0.7	2.4	4.1
Distressed	21.5	3.6	9.0	5.7	2.4	1.3	0.7	2.1
MSCI USD High Yield Corporate Bond Index	-4.7	-11.8	12.8	8.3	5.5	0.1	1.3	-3.4
MSCI USD Investment Grade Corporate Bond Index	-1.1	-15.3	8.1	2.5	6.6	-3.2	2.6	1.6
MSCI Global Private Real Asset Closed-End Fund Index	22.4	8.4	1.3	1.6	2.1	-1.1	1.7	3.2
Real estate	26.1	2.0	-6.2	-2.2	0.8	-2.0	0.8	1.3
Natural resources	32.1	21.5	1.6	1.2	-1.2	-1.1	0.8	1.3
Infrastructure	13.5	9.7	8.4	4.6	4.0	-0.5	2.9	4.8
MSCI ACWI Natural Resources	23.6	8.1	9.2	-2.4	4.3	-3.9	7.9	1.4
MSCI ACWI Infrastructure	8.0	-1.2	4.8	15.5	15.4	-5.6	9.7	6.5

Performance Highlights

Private Capital (as of 6/30/25 - 1 quarter lag)

- Private markets were broadly positive again in calendar 2Q 2025, but the recent performance gap versus public equity markets widened as the S&P 500 and Russell 3000 were both up 11% for the quarter.
- Even though it is at the top of the capital structure (and theoretically less risky), senior private credit's ~10% returns have significantly outpaced private equity over the trailing 1 and 3 years.
- Real assets like infrastructure have also produced higher returns than private equity in recent years.
- Given its ample liquidity position, KPPA maintains a long-term focus in private markets and prefers that its managers continue to manage their investments if an attractive exit is not attainable in the current market environment.
- The Investment Team continues to find and evaluate opportunities arising from higher interest rates and lower liquidity pressuring current holders of attractive assets. Real estate and private equity appear to be experiencing higher stress, although transaction volumes remain below consensus expectations from the beginning of the year.

MSCI Private Capital Benchmarks – US

	Pooled Trailing Period Returns			
	2Q 2025	1-Yr	3-Yr	5-Yr
Private Capital	2.7%	8.4%	5.3%	12.8%
Private Equity	3.1%	9.4%	5.2%	14.5%
Venture Capital	4.8%	10.8%	0.2%	13.0%
Expansion Capital	0.3%	10.1%	5.2%	8.8%
Buyout	2.6%	8.9%	7.6%	15.8%
Private Credit	1.9%	8.2%	8.5%	10.1%
Senior	1.8%	10.1%	9.7%	9.0%
Mezzanine	2.1%	9.3%	9.6%	11.3%
Distressed	1.9%	6.0%	7.2%	10.8%
Private Real Assets	1.8%	5.6%	3.5%	8.9%
Real Estate	0.2%	0.8%	(2.7%)	4.6%
Natural Resources	1.4%	(0.7%)	3.8%	15.4%
Infrastructure	4.6%	11.0%	9.3%	10.7%

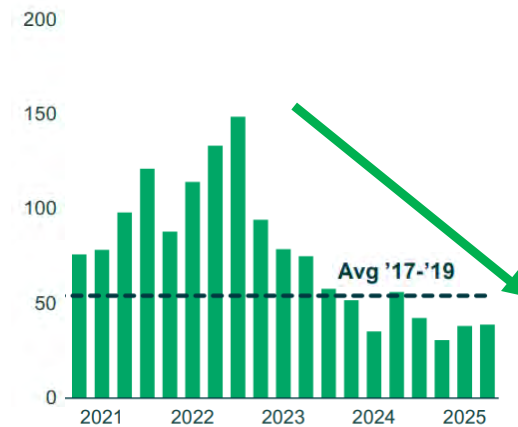
Source: MSCI Private Capital Benchmarks Report (data through calendar 2Q 2025)

Performance Highlights

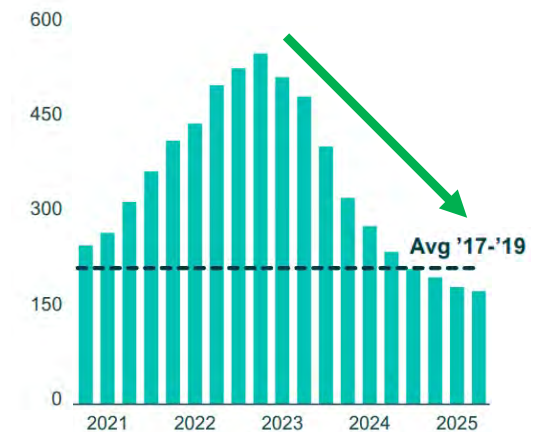
Real Estate (as of 6/30/25 - 1 quarter lag)

- Real Estate markets and sentiment have continued to rebound, with the Open-End Diversified Core Equity (NFI-ODCE) index posting a fourth consecutive positive quarter after two years of declines.
- The Real Estate portfolio's value grew 0.9% during the quarter, slightly ahead of the benchmark's 0.8% return. For the trailing year, the portfolio was up 3.7% vs the benchmark's 2.7% return.
- The portfolio's three open-end Core strategies (~2/3 total exposure) all produced positive returns during the second quarter and continue to outpace the ODCE benchmark over the past 1, 3, and 5 years.
- These same three funds raised an additional ~\$230 million in 2Q 2025 and acquired 8 properties across multiple sectors (5 industrial, 1 grocery-anchored retail, 1 medical office, and 1 senior living).
- Although appreciation remains limited, managers are increasingly highlighting the slowdown in new construction starts and activity across the industry - which they believe will bring a return to rent growth in the near to medium term.

Logistics real estate construction starts, U.S.
MSF

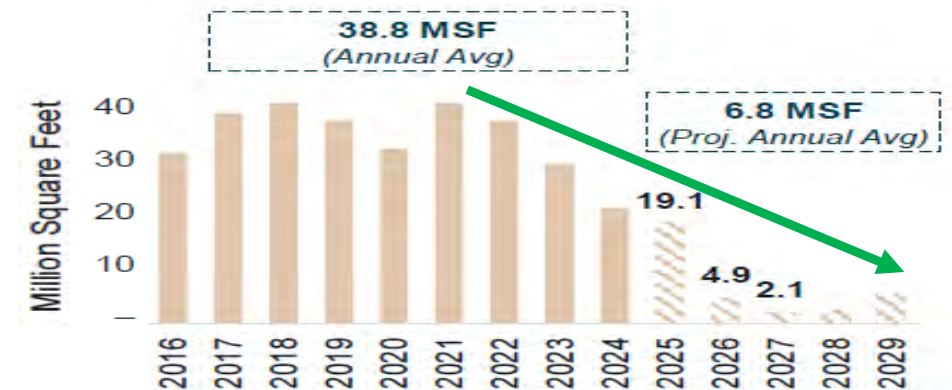


Logistics real estate under construction, U.S.
MSF



U.S. Office Space Deliveries

■ Delivered / Under Construction ▨ Forecasted Deliveries



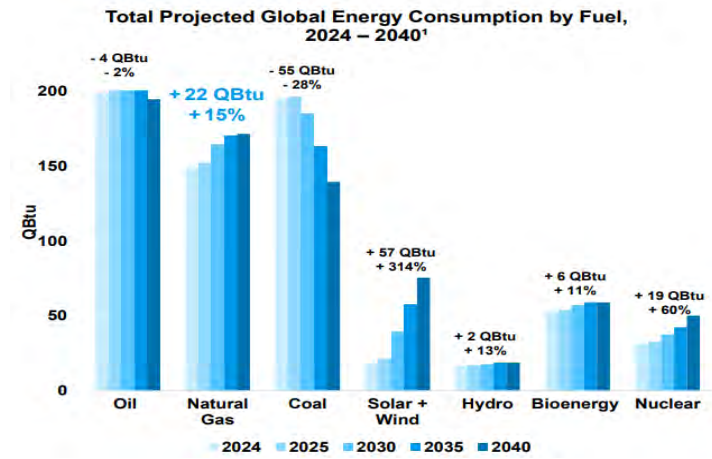
Sources: Prologis, JLL

Performance Highlights

Real Return

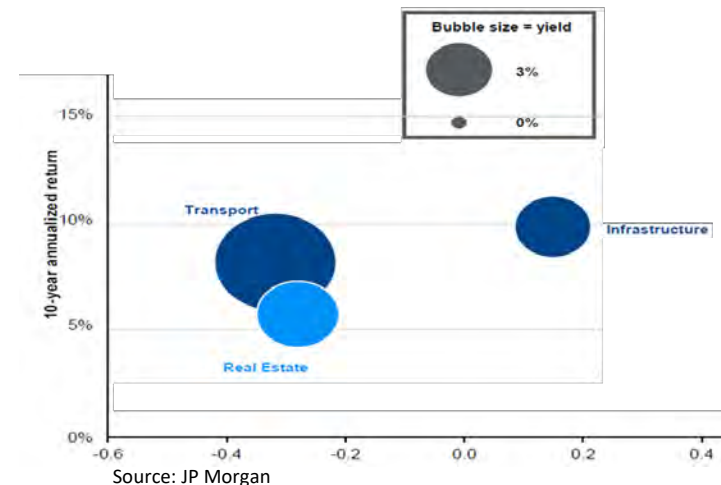
- The Real Return portfolio continued to perform well, gaining 3.7% for 3Q 2025 (vs 1.5% benchmark) and 12.5% for the past 12 months (vs 5.9% benchmark).
- The portfolio's MLP manager gained just 0.5% during 3Q 2025, but it is up almost 20% over the past year and more than 25% annualized over the past three and five years. Midstream energy companies are still growing volumes and free cash flow thanks largely to natural gas demand for exports and powering data centers.
- The portfolio's railcar leasing manager returned 4.2% for the first half of 2025. It called the rest of KPPA's commitment at the end of 3Q 2025 and is now fully funded.
- The portfolio's inland marine transportation manager returned 2.3% for 2Q 2025 and 8.3% for the trailing 12 months. The remainder of KPPA's original 2023 commitment and ~10% of the additional capital committed in June 2025 was called in late August. These proceeds have been used to fund 2 acquisitions in the coastal Jones Act / tank barge market: Centerline Logistics and West Gulf Marine.

The growing need for natural gas



Correlations, returns and yields

10-year correlations and 10-year annualized total returns, 2Q15 - 1Q25

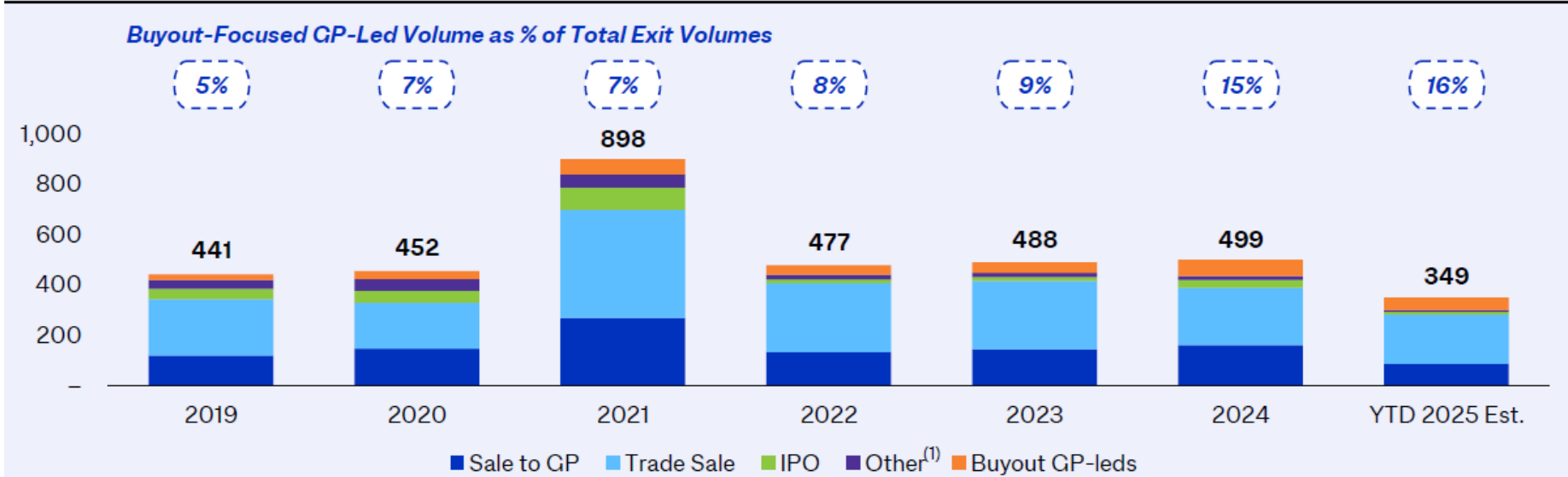


Performance Highlights

Private Equity (as of 6/30/25 - 1 quarter lag)

- The Private Equity portfolio's return for the quarter was 3.3%, well below the 11.7% return of its benchmark (Russell 3000 + 3%, lagged 1 quarter). The portfolio's trailing 1-year return of 8.3% also lagged the benchmark return of 18.3%.
- Transaction activity and exits have picked up in recent quarters, but distributions remain near historically low levels across PE. Higher interest rates have unfavorably impacted buyout math and valuation multiples, and broader market uncertainty driven by tariffs has not helped.
- Perhaps the most active area in private equity is secondaries, which is still on track for over \$210 billion of deal volume for 2025. That would be a new record year of deal activity and 25% higher than 2024's volume.

GLOBAL BUYOUT EXIT VOLUME (\$BN)⁽¹⁾



Source: PJT Partners



Kentucky Retirement Systems Pension

Monthly Investment Manager Performance (Net of Fee)

As of Date:9/30/2025

Reporting Currency:BASE

Structure	Account/Security Id	Market Value	% of Total	Month	3 Months	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	20 Years	ITD	Inception Date
PUBLIC EQUITY	KR2G10000000	9,819,965,984.05	44.24	2.98	6.66	6.66	16.12	22.09	12.86	11.51	8.04	10.61	4/1/1984
Global Equity Blended Index	KR2GX003GLBL			3.44	7.67	7.67	16.79	22.49	13.12	11.56	7.93	10.50	4/1/1984
American Century Investments	KR2F20050002	505,392,663.89	2.28	2.35	2.00	2.00	6.84	14.90	4.12	8.65		6.37	7/1/2014
Non-Us Equity Benchmark	KR2GXNONUSEQ			3.60	6.89	6.89	16.45	20.67	10.26	8.33		5.68	7/1/2014
Axiom	KR2F20090002	156,538,398.05	0.71	-0.20	2.49	2.49	21.21	19.36				1.09	1/1/2022
MSCI AC World ex USA Small Cap Net Index	IX1F00187227			2.15	6.68	6.68	15.93	19.36				5.01	1/1/2022
BLACKROCK World Ex-US	KR2F20030002	900,249,824.47	4.06	2.11	5.33	5.33	16.42	22.13	12.10	8.99		7.76	7/1/2009
Blackrock Custom Benchmark	KR2GXMSCI000			2.13	5.33	5.33	16.03	21.60	11.60	8.60		7.45	7/1/2009
CERS JPM US Large Cap Core	KR2F19120002	226,220,174.10	1.02	3.51	8.59	8.59						8.59	7/1/2025
Russell 500 Net of Tax Index	IX1F00400257			3.64	7.98	7.98						7.98	7/1/2025
CERS TRP US Structured Equity	KR2F19100002	235,869,052.68	1.06	3.40	7.54	7.54						7.54	7/1/2025
Russell 500 Net of Tax Index	IX1F00400257			3.64	7.98	7.98						7.98	7/1/2025
Franklin Templeton Institution	KR2F20060002	405,178,260.05	1.83	1.33	-2.33	-2.33	3.80	12.08	0.14	6.42		4.51	7/1/2014
Non-Us Equity Benchmark	KR2GXNONUSEQ			3.60	6.89	6.89	16.45	20.67	10.26	8.33		5.68	7/1/2014
Internal US Mid Cap	KR2F10100002	259,691,631.21	1.17	0.48	5.61	5.61	6.43	16.68	14.11	11.37		10.27	8/1/2014
S&P MidCap 400 Index	IX1F0000180C			0.46	5.55	5.55	6.13	15.84	13.61	10.82		9.81	8/1/2014
JP MORGAN EMERG MKTS	KR2F25050002	202,265,816.42	0.91	6.34	12.21	12.21	22.80	17.26	4.37			6.25	11/1/2019
MSCI Emerging Markets Investable Market Index	IX1F00075167			6.44	10.16	10.16	16.81	18.74	8.12			7.89	11/1/2019
KRS JPM US Large Cap Core	KR2F19110002	82,143,902.14	0.37	3.51	8.60	8.60						8.60	7/1/2025
Russell 500 Net of Tax Index	IX1F00400257			3.64	7.98	7.98						7.98	7/1/2025
KRS TRP US Structured Equity	KR2F19090002	85,652,910.12	0.39	3.40	7.54	7.54						7.54	7/1/2025
Russell 500 Net of Tax Index	IX1F00400257			3.64	7.98	7.98						7.98	7/1/2025
Lazard Asset Management	KR2F20080002	606,774,176.30	2.73	2.16	3.65	3.65	12.95	19.79	9.79	7.98		5.97	7/1/2014
Non-Us Equity Benchmark	KR2GXNONUSEQ			3.60	6.89	6.89	16.45	20.67	10.26	8.33		5.68	7/1/2014
LSV asset Management	KR2F20070002	663,606,048.62	2.99	4.17	9.88	9.88	26.35	27.38	15.60	9.40		6.88	7/1/2014
Non-Us Equity Benchmark	KR2GXNONUSEQ			3.60	6.89	6.89	16.45	20.67	10.26	8.33		5.68	7/1/2014
NEXT CENTURY GROWTH	KR2F10130002	174,285,265.82	0.79	4.15	4.78	4.78	19.74	12.22	13.25			20.10	11/1/2019
Russell Microcap Growth Index	IX1F89372418			6.41	19.93	19.93	33.07	17.68	7.83			10.55	11/1/2019
NTGI STRUCTURED	KR2F10020002	420,619,455.02	1.89	1.57	10.57	10.57	8.11	16.43	14.00	11.07	9.36	10.05	10/1/1999
Russell 2000 Index	IX1F00003878			3.11	12.39	12.39	10.76	15.21	11.56	9.77	8.14	8.36	10/1/1999
PZENA EMERGING MKTS	KR2F25040002	248,321,432.37	1.12	5.14	10.90	10.90	16.59	24.55	17.09			11.96	11/1/2019
MSCI Emerging Markets Net Dividend Index	IX1F0000131C			7.15	10.64	10.64	17.32	18.21	7.02			6.96	11/1/2019
River Road FAV	KR2F10120002	459,714,681.52	2.07	-0.36	3.23	3.23	11.14	18.15	10.72			10.39	7/1/2016
Russell 3000 Value Index	IX1F0000427C			1.52	5.63	5.63	9.33	16.76	13.92			10.18	7/1/2016
S&P 500 INDEX	KR2F19020002	3,622,836,525.72	16.32	3.68	8.12	8.12	18.21	25.16	16.57	15.48	11.21	9.67	7/1/2001
KY Ret. S&P/Russell Blend	KR2GX00SP500			3.64	7.98	7.98	17.69	24.97	16.48	15.31	11.10	9.58	7/1/2001
WESTFIELD CAPITAL	KR2F10060002	563,006,355.90	2.54	4.09	7.63	7.63	22.82	30.51	17.04	17.63		15.74	7/1/2011
Russell 3000 Growth Index	IX1F00061108			5.10	10.41	10.41	24.79	30.76	17.03	18.26		16.42	7/1/2011
PRIVATE EQUITY	KR2G40000000	1,108,893,893.71	5.00	1.40	3.30	3.30	8.33	4.85	12.92	11.24	10.02	11.28	7/1/2002
PENSION PE 5 YEAR + LONG TERM	KR2GX00000PE			5.27	11.68	11.68	18.30	22.08	19.00	15.98	13.25	12.97	7/1/2002
ARCANO FUND	KR2F40200002	7,882,464.41	0.04	-5.75	-5.75	-5.75	-10.32	-0.14	4.93	5.05		0.79	12/1/2009
ARES SSF IV	KR2F46300002	16,844,014.38	0.08	5.55	5.55	5.55	5.25	8.73	18.21	6.57		5.51	2/1/2015



Kentucky Retirement Systems Pension
 Monthly Investment Manager Performance (Net of Fee)
 As of Date:9/30/2025

Reporting Currency:BASE

Structure	Account/Security Id	Market Value	% of Total	Month	3 Months	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	20 Years	ITD	Inception Date
BAY HILLS EM PTNR I	KR2F40400002	1,820,138.61	0.01	-1.99	3.06	3.06	272.29	65.26	45.59	40.18		27.39	12/1/2007
BAY HILLS EM PTNR II	KR2F40500002	104,547,362.11	0.47	-0.50	7.42	7.42	17.49	-1.28	11.04	16.83		13.04	12/1/2007
BAY HILLS EM PTNR III	KR2F45600002	54,764,426.19	0.25	8.99	20.62	20.62	28.20	8.34	19.84	16.08		13.87	11/1/2013
Bay Hills II B	KR2F47000002	69,693,119.68	0.31	-0.01	8.02	8.02	19.42	0.67	14.70			18.86	7/1/2017
BDCM OPPT. FUND IV	KR2F46400002	53,490,723.00	0.24	0.50	0.50	0.50	1.00	14.84	20.15	13.58		12.19	3/1/2015
BLACKSTONE CAP V	KR2F40600002	38,100.95	0.00	16.74	16.74	16.74	85.40	-43.38	-8.73	-3.58		1.62	2/1/2006
BLACKSTONE CAP VI	KR2F40700002	11,523,028.76	0.05	2.42	2.42	2.42	9.98	10.55	15.88	11.88		10.44	10/1/2011
COLUMBIA CAP EQ IV	KR2F40900002	1,416,122.30	0.01	31.64	31.64	31.64	133.68	54.54	29.11	25.46		16.84	12/1/2005
Crestview Partners III	KR2F46200002	21,959,995.00	0.10	7.90	7.90	7.90	-0.36	-16.40	-1.77	2.87		1.69	3/1/2015
CRESTVIEW PTNRS II	KR2F41000002	15,756,249.23	0.07	-0.17	-0.07	-0.07	14.92	21.64	21.23	15.72			10/1/2008
CVC Capital Partners VI	KR2F45800002	19,861,369.04	0.09	-1.73	-2.01	-2.01	0.15	6.32	13.36	13.71		8.37	2/1/2014
DAG VENTURES II QP	KR2F41100002	1,025,482.51	0.00	2.75	2.75	2.75	-9.98	-19.93	-8.93	-17.30		-10.49	4/1/2006
DAG VENTURES III QP	KR2F41200002	37,524.12	0.00	0.19	0.19	0.19	-68.70	-48.91	-29.93	-12.58		-5.23	4/1/2006
DAG VENTURES IV QP	KR2F41300002	43,828,089.72	0.20	21.03	21.03	21.03	70.35	27.13	10.70	6.27		4.61	4/1/2006
DB Private Equity	KR2F46000002	4,153,384.77	0.02	2.22	2.22	2.22	-42.82	-22.74	-10.72	0.27		4.03	11/1/2014
DCM VI LP	KR2F41500002	1,815,305.00	0.01	2.34	2.34	2.34	3.39	1.80	-4.83	-3.60		0.13	7/1/2010
GREEN EQTY INVST V	KR2F41800002	148,301.00	0.00	-0.61	-0.61	-0.61	-71.16	-57.30	-40.34	-16.72	-2.51	-2.71	9/1/2003
GREEN EQTY INVST VI	KR2F41900002	14,152,066.00	0.06	-35.97	-35.97	-35.97	-27.77	-8.69	1.80	7.66		6.82	11/1/2011
Green Equity Inv VII	KR2F46800002	17,171,901.51	0.08	4.66	4.66	4.66	2.06	0.48	18.78			12.64	5/1/2017
H&F Spock I LP	KR2F47500002	8,720,401.00	0.04	-13.30	-13.30	-13.30	-5.46	-5.10	6.01			14.54	4/1/2018
HARVEST PARTNERS VI	KR2F42200002	1,825,441.42	0.01	-16.39	-16.39	-16.39	-48.70	-32.57	-17.32	1.11		4.74	6/1/2012
Harvest Partners VII	KR2F46700002	24,239,734.00	0.11	-2.72	-2.88	-2.88	-2.50	-4.64	21.66			1.79	9/1/2016
HIG BIOVENTURES II	KR2F42400002	6,834,022.89	0.03	2.69	2.69	2.69	0.34	5.49	-2.57	10.83		-4.70	4/1/2011
HIG CAP PTNRS V	KR2F42500002	2,136,393.58	0.01	-5.24	-5.24	-5.24	-8.77	9.48	19.87	18.46		14.36	7/1/2013
HIG VENTURE PTNR II	KR2F42600002	1,129,426.53	0.01	0.01	0.01	0.01	2.23	-0.84	-12.09	-3.80	-0.78	-0.76	2/1/2005
HORSLEY BRDG INTL V	KR2F42700002	76,507,465.00	0.34	7.07	7.07	7.07	22.07	1.64	11.45	16.20		5.97	5/1/2009
INTERNAL PRIVATE EQ	KR2F48100002	96,959,285.81	0.44	2.40	5.74	5.74	12.92					16.14	12/1/2023
Kayne Anderson	KR2F47100002	5,636,477.00	0.03	11.65	11.65	11.65	-53.25	-22.02	4.61			-6.66	10/1/2016
KCP IV Co-Invest	KR2F46600002	2,157,758.03	0.01	-4.01	-4.28	-4.28	16.32	9.82	38.56			19.98	5/1/2016
KEYHAVEN CAPITAL III	KR2F43100002	7,460,675.62	0.03	-2.57	-2.85	-2.85	-17.54	-3.48	-4.50	3.87		1.86	1/1/2010
Keyhaven Capital IV	KR2F46500002	11,012,533.66	0.05	-2.27	-2.55	-2.55	-10.21	11.58	17.08			13.91	4/1/2016
Levine Leichtman Fund VI	KR2F47200002	38,418,019.65	0.17	-0.66	-0.66	-0.66	5.04	14.16	17.40			10.46	5/1/2017
LEVINE LEICHTMAN V	KR2F45700002	1,808,084.53	0.01	-2.24	-2.24	-2.24	-3.35	2.17	19.92	15.74		13.87	12/1/2013
Middle Ground	KR2F47600002	48,762,782.82	0.22	-2.80	-2.80	-2.80	-5.27	1.99	18.94			15.63	8/1/2019
MIDDLE GROUND II	KR2F47700002	64,717,138.00	0.29	1.47	1.47	1.47	4.79	4.53				10.36	11/1/2021
MIDDLE GROUND II COINVEST	KR2F48000002	34,328,248.53	0.15	1.71	1.71	1.71	5.47	5.76				14.60	11/1/2021
MILL ROAD CAPITAL	KR2F43700002	966,628.56	0.00	0.04	0.04	0.04	-39.89	-35.79	-31.90	-23.97		-12.04	2/1/2008
NEW MTN PTNRS III LP	KR2F43900002	1,324,285.00	0.01	-0.11	-0.11	-0.11	-0.33	0.73	14.97	18.32	15.77	14.89	2/1/2005
New Mtn Ptnrs IV LP	KR2F45900002	3,538,429.00	0.02	-10.82	-10.82	-10.82	-22.12	-12.61	-4.78	8.51		8.72	12/1/2014
NEW STATE III	KR2F47900002	15,803,847.46	0.07	6.93	6.93	6.93	17.32	24.89				15.59	11/1/2021
RIVERSIDE APPREC VI	KR2F44300002	8,812,552.00	0.04	-4.59	-4.59	-4.59	-25.95	-6.13	7.51	8.04		4.46	12/1/2013
STRATEGIC VALUE PARTNERS V	KR2F47800002	84,066,153.37	0.38	4.58	4.58	4.58	15.70	14.88				12.42	5/1/2021



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Strategic Value Special IV	KR2F47400002	31,700,497.01	0.14	4.74	4.74	4.74	11.93	6.91	13.59			10.72	3/1/2018
Triton Fund IV	KR2F45500002	24,343,680.50	0.11	-2.05	-2.33	-2.33	41.50	34.81	26.86	16.28		12.75	7/1/2013
VANTAGEPOINT IV	KR2F44700002	52,648.20	0.00	-1.14	-1.14	-1.14	-9.12	-4.44	524.77	145.70	56.26	53.91	4/1/2003
VANTAGEPOINT 2006	KR2F44600002	4,098,602.54	0.02	2.09	2.09	2.09	5.19	-5.83	2.51	-3.90	-4.67	-0.80	4/1/2003
Vista EQ Partner Fd VI	KR2F46900002	21,081,869.00	0.09	-0.48	-0.48	-0.48	-1.88	1.59	8.90			11.27	6/1/2016
VISTA EQ PTNR FD III	KR2F44800002	130,641.00	0.00	-67.92	-67.92	-67.92	-65.39	-6.35	-9.28	-11.38		4.19	5/1/2008
VISTA EQ PTNR FD IV	KR2F44900002	17,974,403.00	0.08	-1.26	-1.26	-1.26	0.21	2.20	2.73	5.40		7.50	12/1/2011
WARBURG PINCUS PE IX	KR2F45300002	52,583.00	0.00	-9.61	-9.61	-9.61	-12.09	40.51	25.18	3.05	5.88	5.78	6/1/2005
WARBURG PINCUS PE X	KR2F45400002	194,961.71	0.00	-75.24	-75.24	-75.24	-73.91	-29.39	3.49	14.48	11.74	11.53	6/1/2005
WAYZATA OPPS FD III	KR2F45200002	169,055.00	0.00	-29.26	-29.26	-29.26	-54.33	-1.52	-0.48	-0.33		-2.39	4/1/2013
CORE FI	KR2G30CORE00	3,700,227,129.54	16.67	1.13	2.13	2.13	3.23	5.62	2.19	2.99		3.05	7/1/2013
Bloomberg US Aggregate Bond Index	IX1F0000500C			1.09	2.03	2.03	2.88	4.93	-0.45	1.84		2.11	7/1/2013
INTERNAL CORE FI	KR2F30250002	1,113,372,986.71	5.02	1.12	2.06	2.06	2.90					5.68	9/1/2023
Bloomberg US Aggregate Bond Index	IX1F00003848			1.09	2.03	2.03	2.88					5.53	9/1/2023
Loomis Core Fixed Income	KR2F30170002	1,260,950,915.24	5.68	1.15	2.17	2.17	3.49	5.36	0.67			2.35	2/1/2019
Bloomberg US Aggregate Bond Index	IX1F0000500C			1.09	2.03	2.03	2.88	4.93	-0.45			1.76	2/1/2019
NISA	KR2F30080002	1,325,903,227.59	5.97	1.12	2.07	2.07	3.20	5.42	-0.05	2.22		3.20	2/1/2009
Bloomberg US Aggregate Bond Index	IX1F0000500C			1.09	2.03	2.03	2.88	4.93	-0.45	1.84		2.91	2/1/2009
SPECIALITY CREDIT FI	KR2GSPCRFI00	4,489,911,364.03	20.23	1.13	2.50	2.50	9.24	10.41	8.60			7.07	7/1/2017
High Yield Custom Benchmark	KR2GX00000HY			0.63	2.15	2.15	7.21	10.49	6.29			5.32	7/1/2017
ADAMS ST SPC II A1	KR2F30200002	134,161,763.00	0.60	6.21	6.21	6.21	16.89	17.15	17.64			16.45	6/1/2020
ADAMS ST SPC II B1	KR2F30210002	130,013,793.00	0.59	4.09	4.09	4.09	12.68	12.37	12.08			11.28	6/1/2020
ADAMS ST SPC III A1	KR2F30230002	52,247,870.00	0.24	1.29	1.29	1.29	9.30					13.25	11/1/2023
ADAMS ST SPC III B1	KR2F30240002	52,250,510.00	0.24	1.37	1.37	1.37	12.40					-9.36	11/1/2023
ARROWMARK	KR2F70360002	719,697,730.26	3.24	0.84	3.19	3.19	14.01	15.38	14.05			11.47	6/1/2018
Morningstar LSTA US Leveraged Loan Index	IX1F00063837			0.44	1.77	1.77	7.00	9.85	6.96			5.56	6/1/2018
Blue Torch	KR2F30220002	173,268,975.00	0.78	2.56	2.56	2.56	10.77	10.43	10.16			9.82	8/1/2020
Morningstar LSTA US Leveraged Loan Index	IX1F00063837			0.44	1.77	1.77	7.00	9.85	6.96			7.17	8/1/2020
BSP Coinvestment	KR2F30180002	26,929,300.00	0.12	3.91	3.91	3.91	12.74	11.74	9.70			9.06	10/1/2019
BSP Private Credit Fund	KR2F30130002	83,727,228.00	0.38	1.92	1.92	1.92	6.88	8.41	9.66			6.66	2/1/2018
Morningstar LSTA US Leveraged Loan Index	IX1F00063837			0.44	1.77	1.77	7.00	9.85	6.96			5.46	2/1/2018
Capital Springs	KR2F30190002	90,667,983.22	0.41	4.70	4.70	4.70	7.68	23.29	17.60			16.09	2/1/2020
Morningstar LSTA US Leveraged Loan Index	IX1F00063837			0.44	1.77	1.77	7.00	9.85	6.96			5.89	2/1/2020
Cerberus KRS LP	KR2F46100002	211,408,496.00	0.95	0.56	1.00	1.00	4.95	6.73	9.70	8.97		8.88	9/1/2014
Morningstar LSTA US Leveraged Loan Index	IX1F00063837			0.44	1.77	1.77	7.00	9.85	6.96	5.47		4.96	9/1/2014
COLUMBIA	KR2F30070002	785,328,254.01	3.54	0.65	2.37	2.37	8.17	11.23	5.68	6.06		6.29	11/1/2011
Bloomberg US Corporate High Yield Bond Index	IX1F0003354C			0.82	2.54	2.54	7.41	11.09	5.55	6.17		6.08	11/1/2011
MANULIFE ASSET MGMT	KR2F30020002	390,648,447.35	1.76	0.98	2.88	2.88	7.25	9.08	4.16	4.35		4.42	12/1/2011
Manulife Benchmark	KR2GXMANU100			1.06	2.13	2.13	3.40	5.60	0.08	2.22		1.69	12/1/2011
Marathon Bluegrass Credit Fund	KR2F30090002	598,050,106.06	2.69	1.10	3.62	3.62	10.00	6.84	7.43			6.39	1/1/2016
High Yield Custom Benchmark	KR2GX00000HY			0.63	2.15	2.15	7.21	10.49	6.29				1/1/2016
PEN WF EAG FD II	KR2F19040002	57,112,211.16	0.26	-0.69	-0.36	-0.36						1.27	3/1/2025



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Opportunistic FI Blended Index	KR2GX004OPFI			0.88	2.31	2.31						4.33	3/1/2025
SHENKMAN CAP	KR2F30040002	459,392,857.50	2.07	0.42	1.88	1.88	7.03	9.18	6.21	4.94		4.96	10/1/2010
Shenkman Blended Index	KR2GX005SHEK			0.44	1.77	1.77	9.29	10.12	6.80	5.40			10/1/2010
WATERFALL	KR2F30050002	355,497,456.54	1.60	-0.60	-0.26	-0.26	5.92	7.89	8.89	7.22		9.24	2/1/2010
Opportunistic FI Blended Index	KR2GX004OPFI			0.88	2.31	2.31	6.84	9.41	5.20	5.15		5.04	2/1/2010
White Oak Yield Spectrum Fund	KR2F30120002	169,505,365.72	0.76	1.63	1.63	1.63	8.68	7.32	6.89			6.12	3/1/2018
Morningstar LSTA US Leveraged Loan Index	IX1F00063837			0.44	1.77	1.77	7.00	9.85	6.96			5.49	3/1/2018
CASH ACCOUNT	KR2F90010002	443,999,360.77	2.00	0.35	1.09	1.09	4.56	4.69	2.97	2.24	2.04	3.41	1/1/1988
FTSE Treasury Bill-3 Month	IX1F0003127C			0.36	1.11	1.11	4.61	4.98	3.10	2.12	1.69	3.05	1/1/1988
REAL ESTATE	KR2G50000000	1,060,278,133.29	4.78	0.45	0.85	0.85	3.74	-3.43	5.51	7.28	6.76	6.14	7/1/1984
NCREIF NFI ODCE Net 1Qtr in Arrears Index^	IX1G00369207			0.81	0.81	0.81	2.67	-6.21	2.54	4.42	5.14	5.83	7/1/1984
Baring Real Estate	KR2F52650002	43,747,346.69	0.20	2.08	1.82	1.82	17.81	-17.00	-7.21			0.78	1/1/2019
Barings Euro Real Estate II	KR2F52660002	95,894,382.69	0.43	2.80	2.45	2.45	5.65	-11.58				-14.44	12/1/2020
DIVCOWEST IV	KR2F52580002	531,861.00	0.00	-17.80	-17.80	-17.80	-42.95	-18.49	-2.63	7.29		8.09	3/1/2014
Fundamental Partners III	KR2F52630002	42,375,426.00	0.19	1.14	1.14	1.14	0.79	0.57	9.39			9.69	5/1/2017
Greenfield Acq VII	KR2F52590002	1,120,742.00	0.01	-12.87	-12.87	-12.87	-9.72	-3.14	8.52	10.42		10.27	7/1/2014
HARRISON STREET	KR2F50030002	284,745,516.00	1.28	0.00	1.13	1.13	3.24	-0.70	3.32	5.77		6.34	5/1/2012
INTERNAL REAL ESTATE	KR2F48200002	50,449,645.44	0.23	0.43	2.53	2.53	-1.68					7.16	12/1/2023
Lubert Adler RE Fund VIIB	KR2F52640002	6,638,271.03	0.03	-6.60	-6.60	-6.60	5.18	5.61	16.38			11.99	7/1/2017
LUBERT-ADLER VII	KR2F52600002	10,173,690.91	0.05	-5.13	-5.13	-5.13	-10.26	-16.28	-9.13	-3.11		-5.06	7/1/2014
MESA WEST CORE LEND	KR2F52550002	54,446,446.00	0.25	1.38	1.38	1.38	3.41	-2.57	0.64	3.96		4.25	5/1/2013
Mesa West IV	KR2F52620002	15,949,394.00	0.07	0.15	0.15	0.15	-2.17	-11.39	-4.81			-0.46	3/1/2017
Patron Capital	KR2F52610002	16,305,502.03	0.07	-2.17	-2.46	-2.46	5.11	-1.21	3.48			2.62	8/1/2016
PERIMETER PARK	KR2F80010002	7,506,890.38	0.03	0.00	2.83	2.83	2.83	5.05	6.33	3.80	0.94	2.69	4/1/1999
PROLOGIS TUSL	KR2F50070002	300,556,586.64	1.35	0.00	0.07	0.07	3.98	-4.16	11.57	12.91		12.85	10/1/2014
RUBENSTEIN PF II	KR2F52570002	2,429,332.94	0.01	-18.84	-18.84	-18.84	-48.01	-50.43	-35.37	-16.99		-11.14	7/1/2013
Stockbridge SmtMkts	KR2F50060002	113,265,083.37	0.51	1.53	1.53	1.53	5.05	-2.96	5.58	6.55		6.96	5/1/2014
WALTON ST RE FD VI	KR2F52530002	11,941,117.40	0.05	2.71	2.71	2.71	1.39	2.76	6.36	3.19		-9.43	5/1/2009
WALTON ST RE FD VII	KR2F52540002	2,200,898.77	0.01	-0.81	-0.81	-0.81	-9.80	-11.87	-4.30	-1.39		1.54	7/1/2013
REAL RETURN	KR2G35000000	1,575,379,625.33	7.10	2.58	3.66	3.66	12.49	14.61	13.93	8.24		6.38	7/1/2011
PENSION REAL RETURN CUSTOM BM	KR2GXREALRET			0.53	1.51	1.51	5.92	6.04	9.76	5.57		4.40	7/1/2011
AMERRA AGRI FUND II	KR2F36020002	13,499,371.55	0.06	4.53	4.53	4.53	4.18	-2.54	2.81	3.33		4.17	12/1/2012
Amerra-AGRI Holding	KR2F36060002	29,301,368.94	0.13	7.22	7.22	7.22	-0.25	-6.20	-5.00	-2.89		-2.85	8/1/2015
Blackstone Strat Opp	KR2F70320002	157,025.76	0.00	0.54	-2.97	-2.97	-4.03	-4.04	-1.77			-2.73	7/1/2017
BTG Pactual	KR2F35050002	19,019,785.61	0.09	6.03	6.03	6.03	36.83	16.72	15.95	4.31		2.15	12/1/2014
CERS Arctos American Football	KR2F19070002	822,035.00	0.00	-15.48	-15.48	-15.48						-15.48	6/1/2025
KRS CPI + 300 bpts	KR2GX005CPI3			0.53	1.51	1.51						1.96	6/1/2025
CERS CERES FARMS	KR2F20100002	72,038,589.73	0.32	1.65	1.65	1.65						3.97	12/1/2024
KRS CPI + 300 bpts	KR2GX005CPI3			0.53	1.51	1.51						5.12	12/1/2024
IFM Infrast Debt FD	KR2F36070002	77,843,597.07	0.35	1.32	1.32	1.32	6.45	5.75	5.96			4.96	7/1/2019
INTERNAL REAL RETURN	KR2F36130002	192,523,258.97	0.87	6.17	12.94	12.94	21.70					22.06	12/1/2023
KRS CPI + 300 bpts	KR2GX005CPI3			0.53	1.51	1.51	5.92					5.86	12/1/2023



Kentucky Retirement Systems Pension
 Monthly Investment Manager Performance (Net of Fee)
 As of Date:9/30/2025

Reporting Currency:BASE

Structure	Account/Security Id	Market Value	% of Total	Month	3 Months	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	20 Years	ITD	Inception Date
INTERNAL TIPS	KR2F39010002	148,831.92	0.00	0.35	1.09	1.09	4.56	4.93	3.07	2.72	3.44	4.26	5/1/2002
KR2 Internal US TIPS Blend	KR2GX000TIPS			-0.04	1.94	1.94	5.33	5.45	2.79	3.24	3.62	4.42	5/1/2002
ITE RAIL FD LP PEN	KR2F19050002	212,464,704.00	0.96	1.86	1.86	1.86						1.86	3/1/2025
KRS CPI + 300 bpts	KR2GX005CPI3			0.53	1.51	1.51						3.70	3/1/2025
KAYNE PE INC FD III	KR2F19080002	16,478,006.00	0.07	4.96	1.51	1.51						1.51	5/1/2025
KRS PENSION ARCTOS SPORTS II	KR2F36100002	44,191,698.00	0.20	2.96	2.96	2.96	3.25					26.89	5/1/2023
KRS CPI + 300 bpts	KR2GX005CPI3			0.53	1.51	1.51	5.92					5.97	5/1/2023
KRS Pension Ceres Farms	KR2F36110002	53,026,287.95	0.24	1.75	1.75	1.75	6.05					6.05	10/1/2024
KRS CPI + 300 bpts	KR2GX005CPI3			0.53	1.51	1.51	5.92					5.92	10/1/2024
KRS PENSION MARITIME PARTNERS	KR2F36120002	174,991,074.04	0.79	1.81	1.81	1.81	6.85					7.38	10/1/2023
KRS CPI + 300 bpts	KR2GX005CPI3			0.53	1.51	1.51	5.92					5.72	10/1/2023
Luxor Capital	KR2F70080002	1,357,257.16	0.01	-0.03	-0.05	-0.05	9.73	4.26	6.12	2.46		0.78	4/1/2014
Magnetar MTP EOF II	KR2F36050002	13,324.69	0.00	-8.25	-8.25	-8.25	178,027.14	1,599.37	643.64	178.38		173.74	8/1/2015
Oberland Capital	KR2F35040002	1,146,207.00	0.01	12.18	12.18	12.18	33.64	32.32	23.90	21.87		15.53	10/1/2014
PEN ARCTOS SP II COL	KR2F36140002	74,491,022.00	0.34	4.31	4.31	4.31	9.17					18.13	11/1/2023
KRS CPI + 300 bpts	KR2GX005CPI3			0.53	1.51	1.51	5.92					5.71	11/1/2023
PRISMA CAPITAL	KR2F70030002	108,664,069.22	0.49	0.35	1.05	1.05	4.32	4.25	2.06	1.87		2.78	9/1/2011
S&P 500 Index	IX1F00079488			3.65	8.12	8.12	17.60	24.94	16.47	15.30		14.98	9/1/2011
SABA CAPITAL	KR2F25070002	78,187,794.18	0.35	4.38	7.16	7.16	11.55					17.44	4/1/2024
BB Muni Bond ETF CBM	KR2GX00BBMBE			2.12	5.82	5.82	11.81					11.08	4/1/2024
ST VAL SH 130 C 2	KR2F36160002	55,309,981.95	0.25	1.79	1.79	1.79						12.16	12/1/2024
KRS CPI + 300 bpts	KR2GX005CPI3			0.53	1.51	1.51						5.12	12/1/2024
STR VAL SH 130 C 1	KR2F36150002	6,069,496.47	0.03	1.79	1.79	1.79						12.16	2/1/2025
Russell+CPI 300	KR2GX07R5CPI			0.53	1.51	1.51						1.72	2/1/2025
Taurus Mine Finance	KR2F35070002	12,921.19	0.00	-41.48	-41.48	-41.48	-41.74	-9.52	4.59	7.93		7.34	4/1/2015
TORTOISE CAPITAL	KR2F35020002	342,114,744.22	1.54	0.95	0.54	0.54	19.29	27.29	34.76	10.37		11.87	8/1/2009
Alerian MLP Index	IX1F0005318C			-3.70	-1.22	-1.22	10.97	22.39	32.26	8.14		8.76	8/1/2009
TPF II	KR2F36010002	100,721.00	0.00	-0.56	-0.56	-0.56	3.28	6.18	7.32	2.80		0.70	10/1/2008
Tricadia Select	KR2F70350002	1,277,305.64	0.01	0.00	0.00	0.00	0.00	0.00	0.00			-3.11	9/1/2017
HFRI Fund of Funds Diversified Index	IX1F0000609C			1.81	4.00	4.00	9.99	7.73	6.38			5.17	9/1/2017

Asset Class Performance

Asset Class Returns - Best to Worst

2020	2021	2022	2023	2024	2025 YTD
U.S. Equity 20.8%	REITs 46.2%	Commodities 16.1%	U.S. Equity 26.1%	U.S. Equity 23.8%	Emrg Mrkts 28.2%
Emrg Mrkts 18.7%	Commodities 27.1%	T-Bills 1.3%	Developed 18.9%	REITs 9.1%	Developed 25.7%
U.S. TIPS 11.0%	U.S. Equity 26.7%	High Yield -11.2%	REITs 16.1%	High Yield 8.2%	U.S. Equity 14.4%
Developed 8.3%	Developed 11.8%	U.S. TIPS -11.8%	High Yield 13.4%	Emrg Mrkts 8.1%	Commodities 9.4%
Core Bond 7.5%	U.S. TIPS 6.0%	Core Bond -13.0%	Emrg Mrkts 10.3%	Commodities 5.4%	High Yield 7.2%
High Yield 7.1%	High Yield 5.3%	Developed -14.0%	Core Bond 5.5%	T-Bills 5.3%	U.S. TIPS 6.9%
T-Bills 0.7%	T-Bills 0.0%	U.S. Equity -19.0%	T-Bills 5.1%	Developed 4.3%	Core Bond 6.1%
Commodities -3.1%	Core Bond -1.5%	Emrg Mrkts -19.7%	U.S. TIPS 3.9%	U.S. TIPS 1.8%	REITs 4.5%
REITs -7.9%	Emrg Mrkts -2.2%	REITs -26.8%	Commodities -1.3%	Core Bond 1.3%	T-Bills 3.2%

Annualized 5-Year as of 9/25

U.S. Equity 16.0%
Developed 11.7%
Commodities 11.5%
REITs 9.4%
Emrg Mrkts 7.5%
High Yield 5.5%
T-Bills 3.0%
U.S. TIPS 1.4%
Core Bond -0.4%

Data Sources: Bloomberg

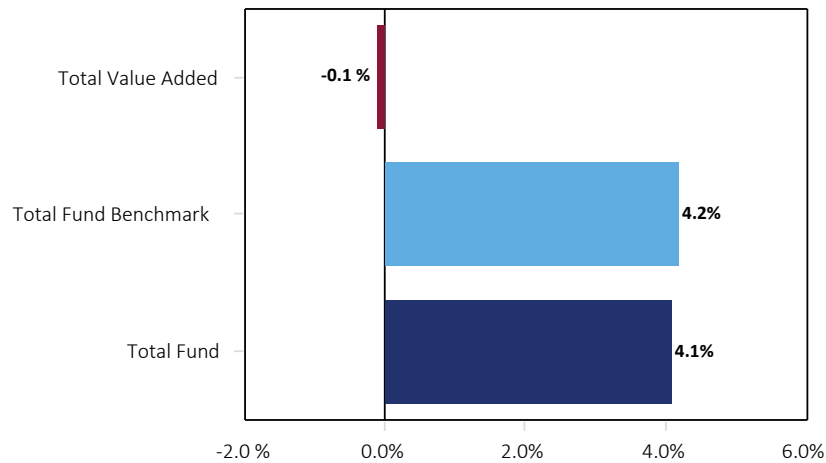
Note: Developed asset class is developed equity markets ex-U.S., ex-Canada

Total Fund Attribution

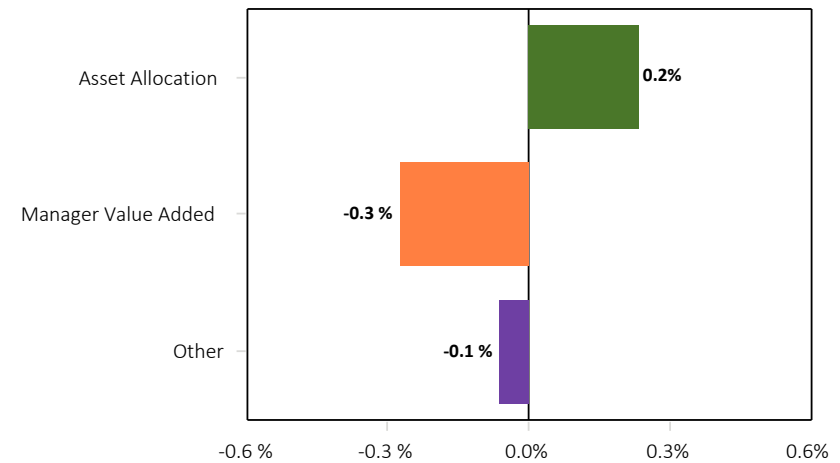
KERS Pension Plan

Periods Ended 1 Quarter Ending September 30, 2025

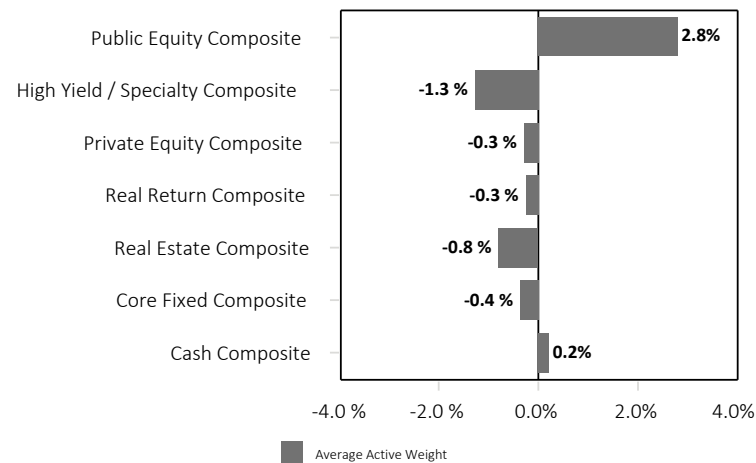
Total Fund Performance



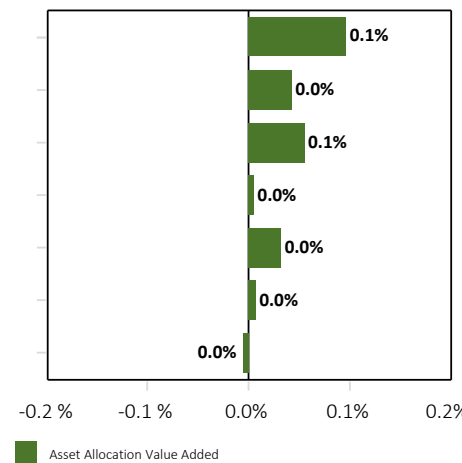
Total Value Added:-0.1 %



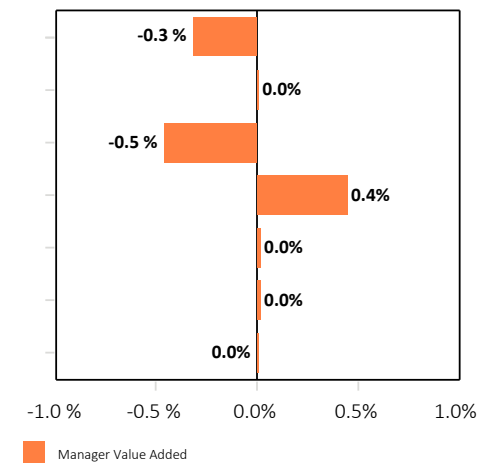
Total Asset Allocation:0.2%



Asset Allocation Value Added:0.2%



Total Manager Value Added:-0.3 %

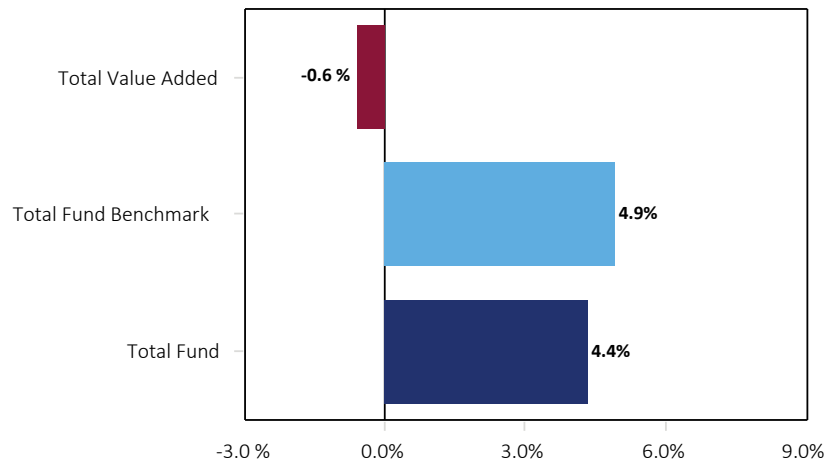


Total Fund Attribution

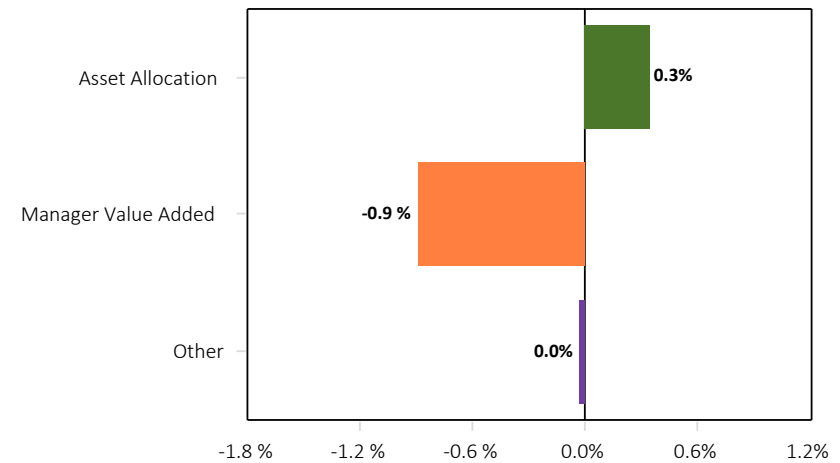
KERS (H) Pension Plan

Periods Ended 1 Quarter Ending September 30, 2025

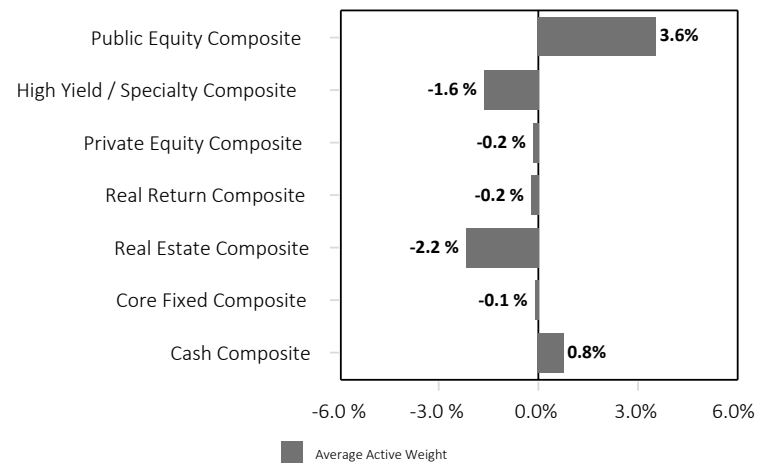
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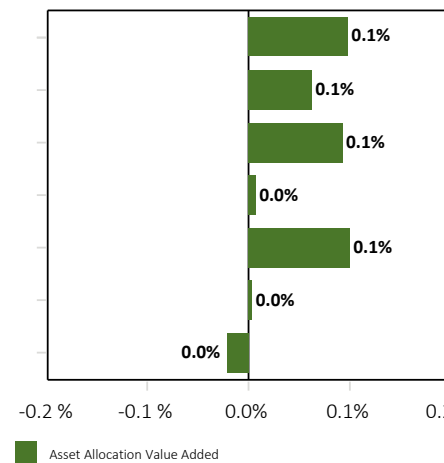
Total Value Added:-0.6 %



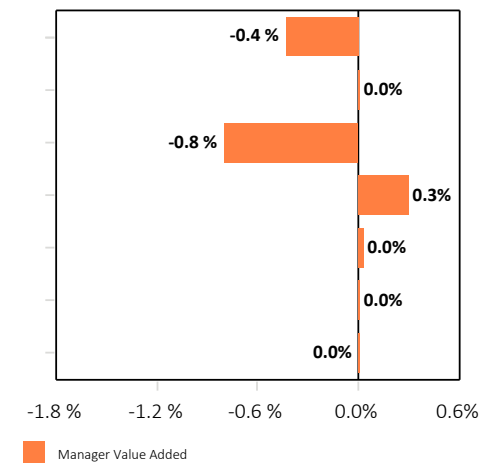
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Asset Allocation Value Added:0.3%



Total Manager Value Added:-0.9 %

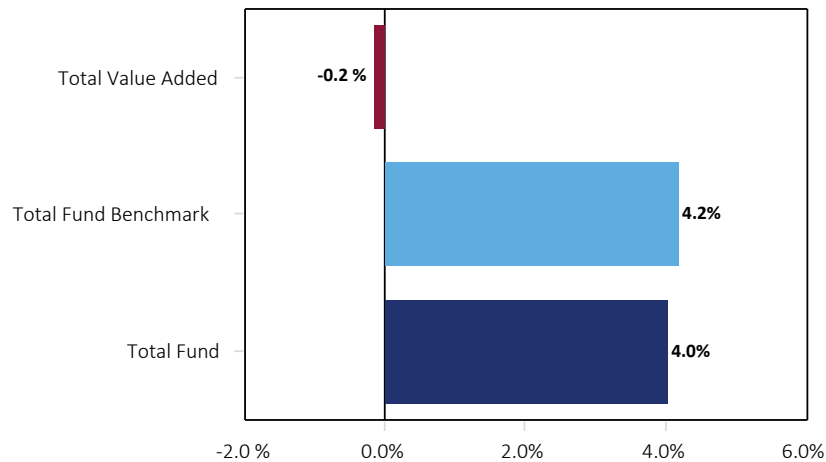


Total Fund Attribution

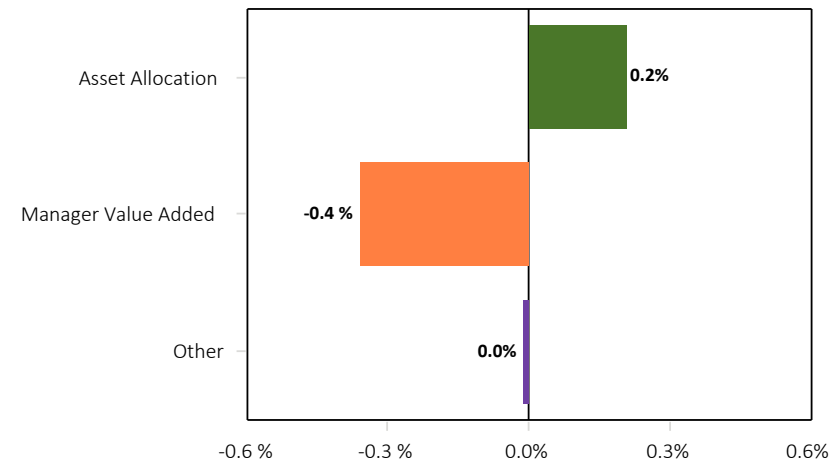
SPRS Pension Plan

Periods Ended 1 Quarter Ending September 30, 2025

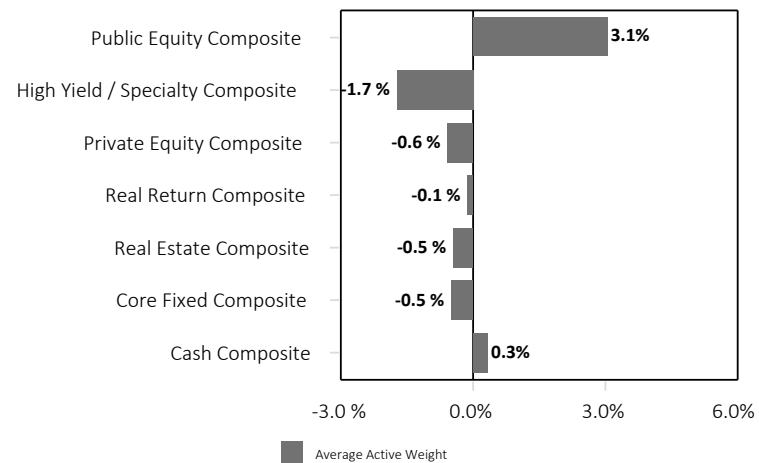
Total Fund Performance



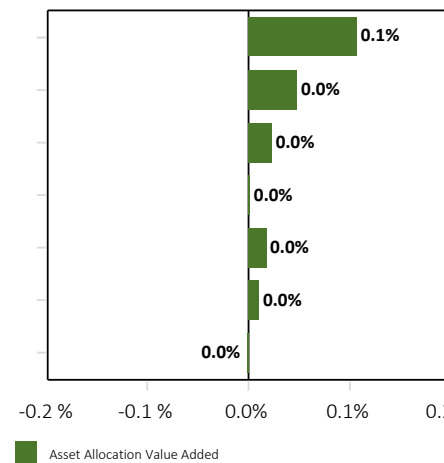
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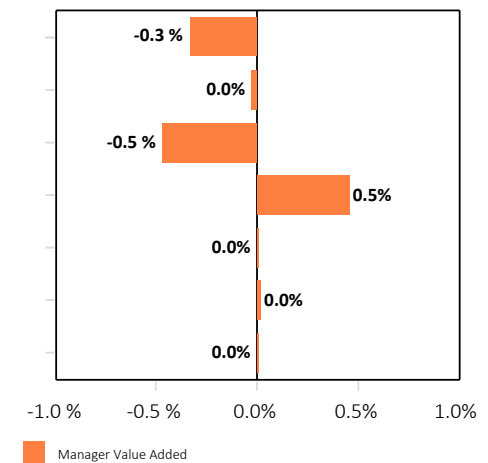
Total Asset Allocation:0.2%



Asset Allocation Value Added:0.2%



Total Manager Value Added:-0.4 %

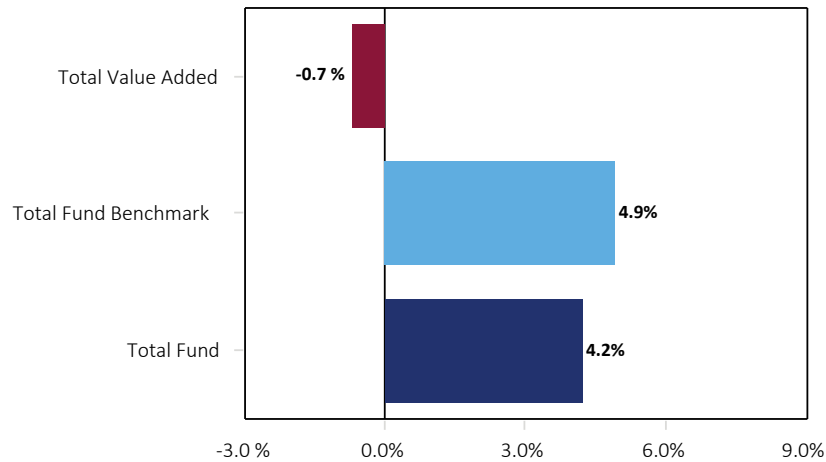


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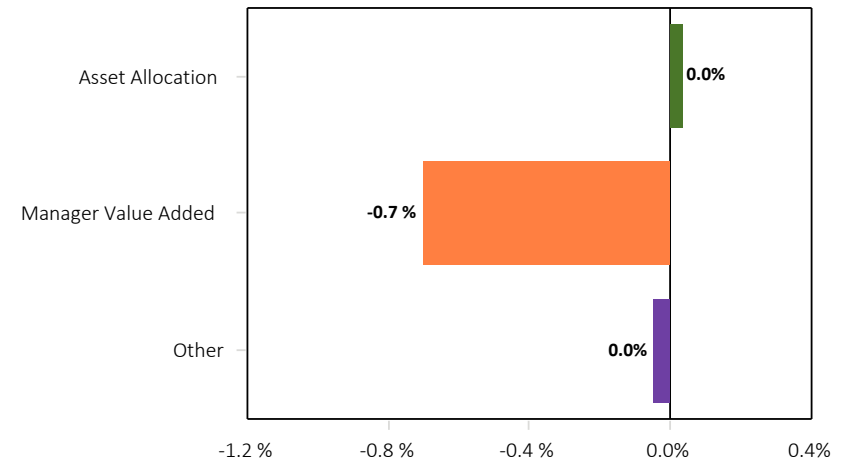
KERS Insurance Plan

Periods Ended 1 Quarter Ending September 30, 2025

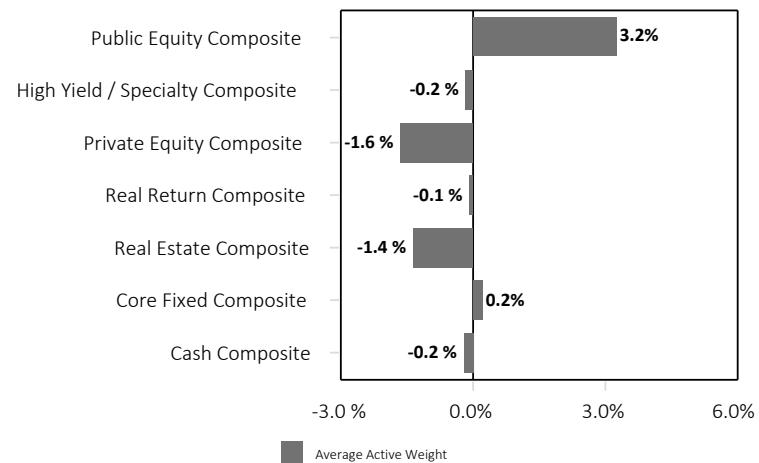
Total Fund Performance



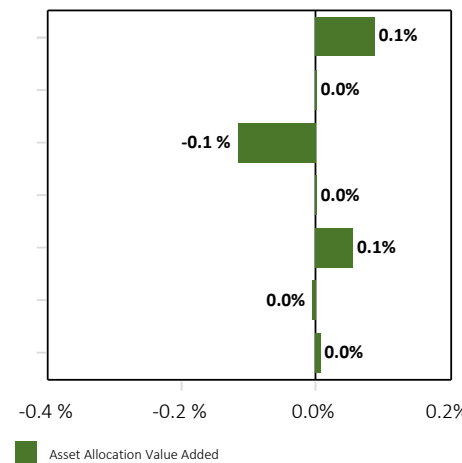
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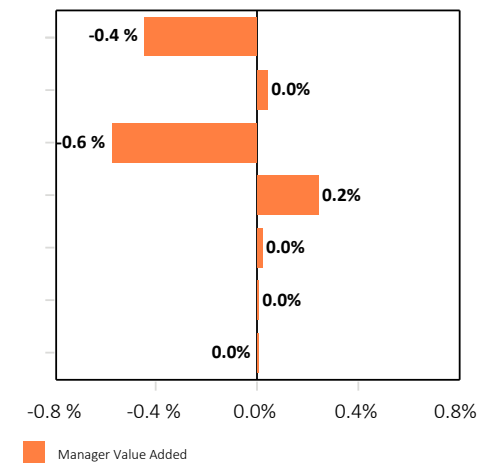
Total Asset Allocation:0.0%



Asset Allocation Value Added:0.0%



Total Manager Value Added:-0.7 %

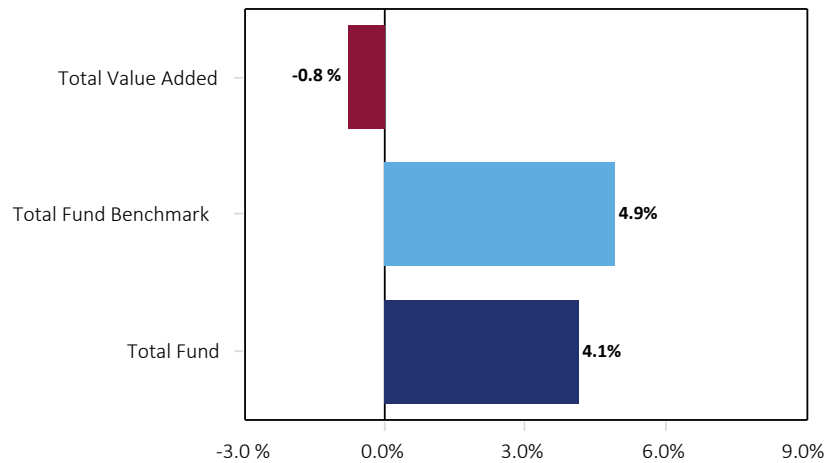


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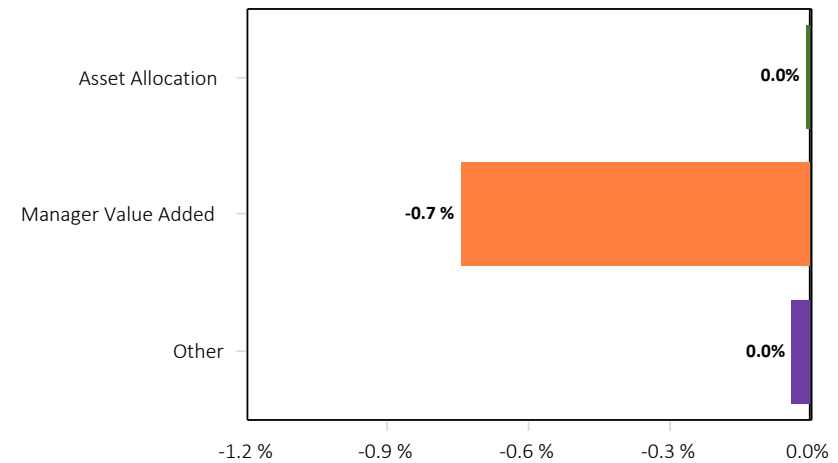
KERS (H) Insurance Plan

Periods Ended 1 Quarter Ending September 30, 2025

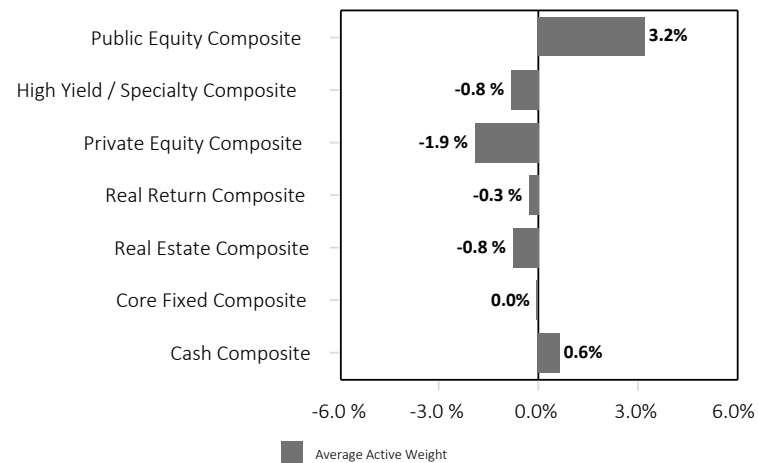
Total Fund Performance



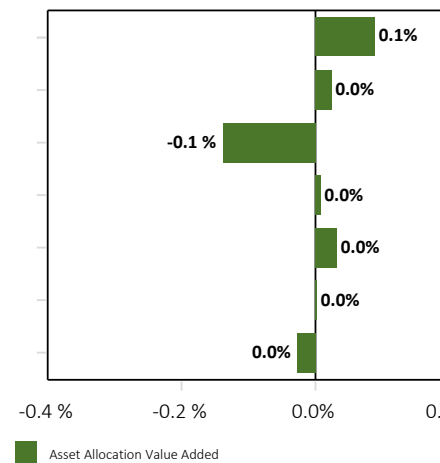
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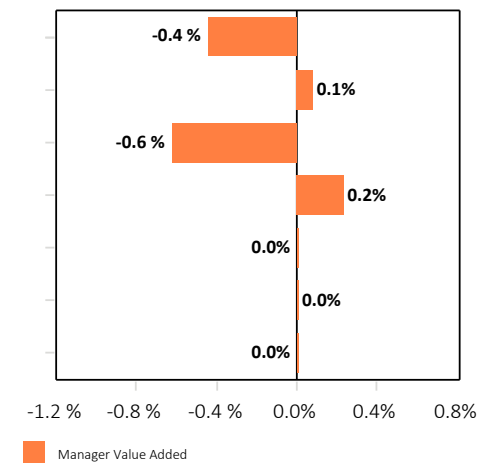
Total Asset Allocation:0.0%



Asset Allocation Value Added:0.0%



Total Manager Value Added:-0.7 %

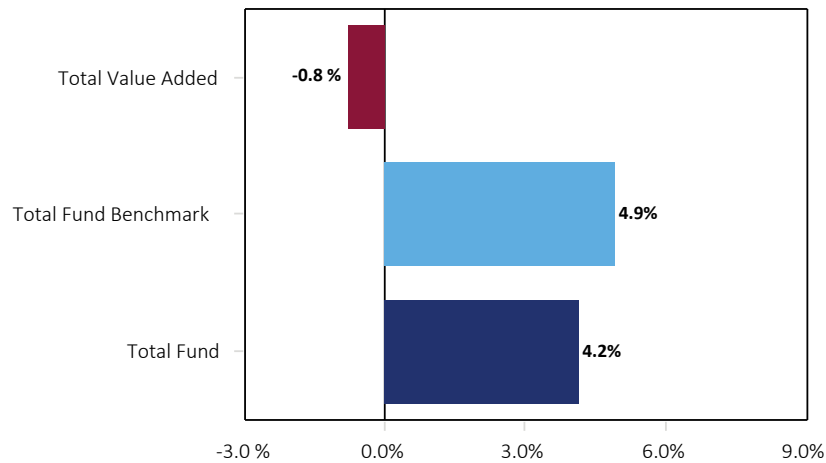


Total Fund Attribution

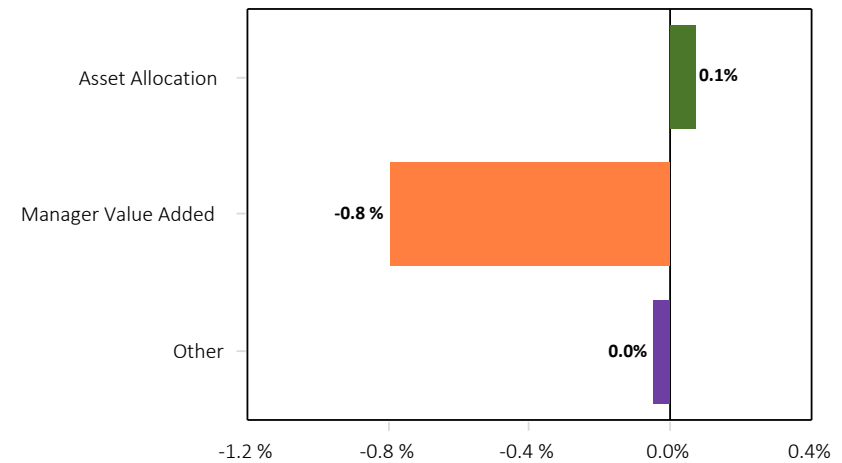
SPRS Insurance Plan

Periods Ended 1 Quarter Ending September 30, 2025

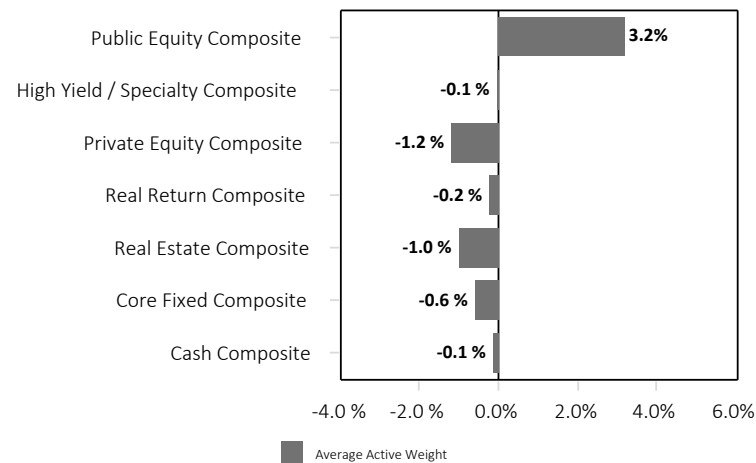
Total Fund Performance



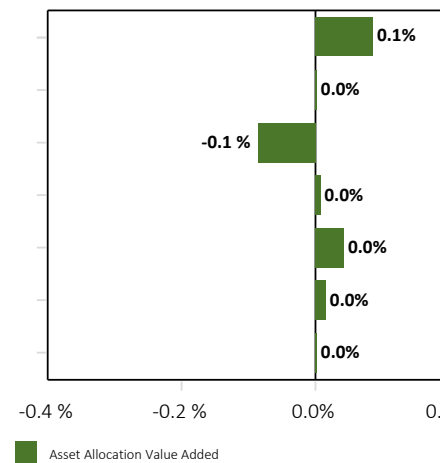
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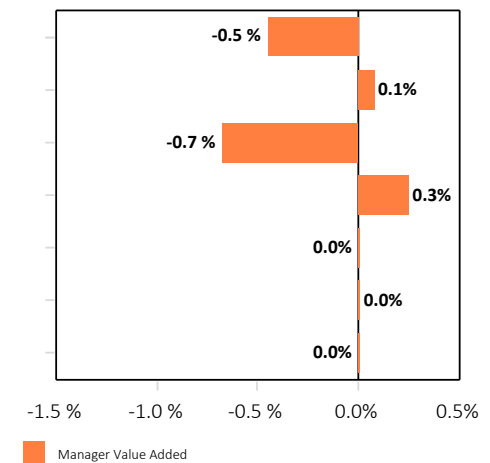
Total Asset Allocation:0.1%



Asset Allocation Value Added:0.1%



Total Manager Value Added:-0.8 %

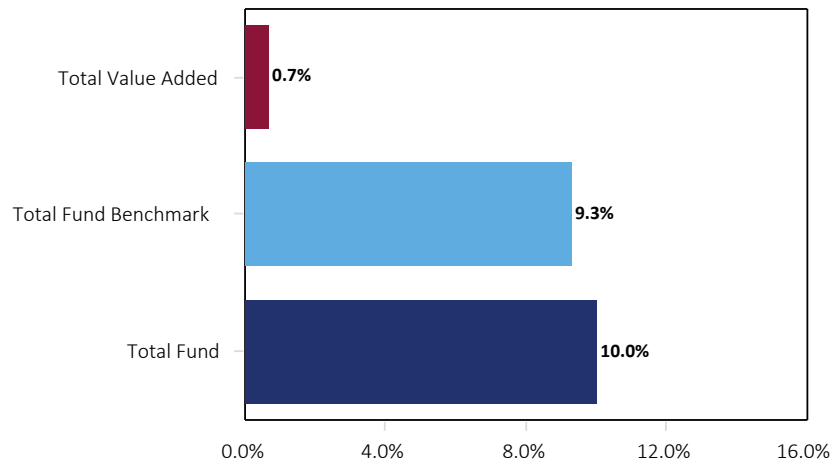


Total Fund Attribution

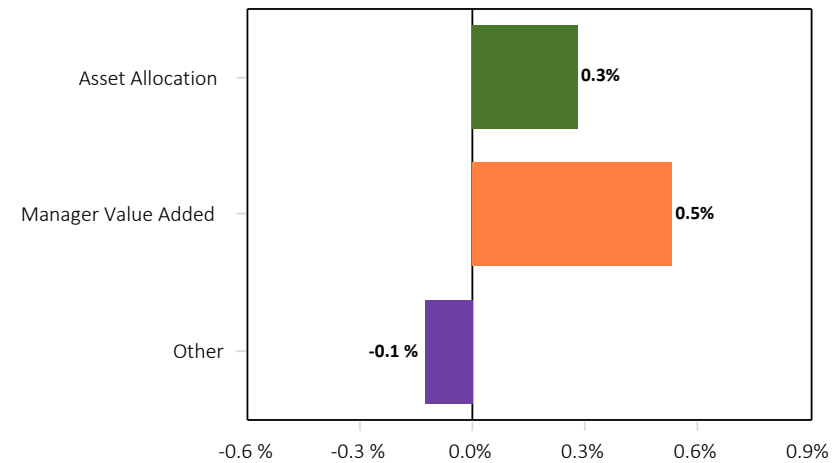
KERS Pension Plan

Periods Ended 1 Year Ending September 30, 2025

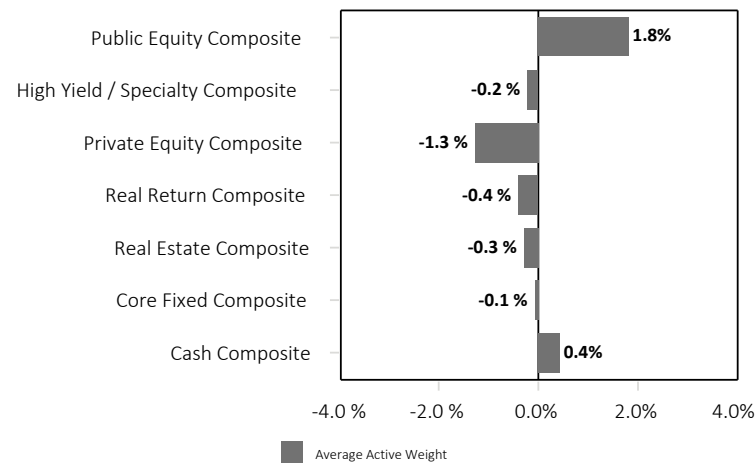
Total Fund Performance



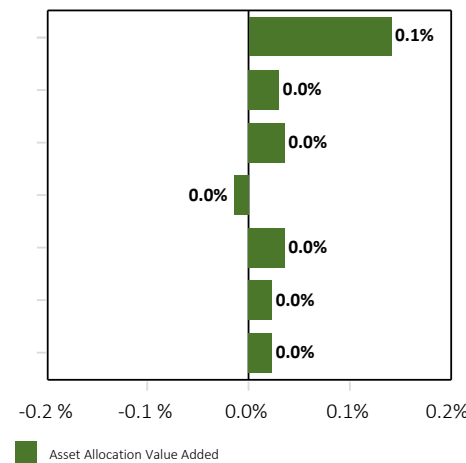
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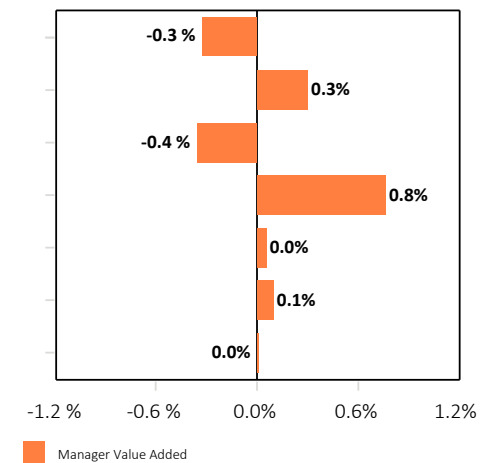
Total Asset Allocation:0.3%



Asset Allocation Value Added:0.3%



Total Manager Value Added:0.5%

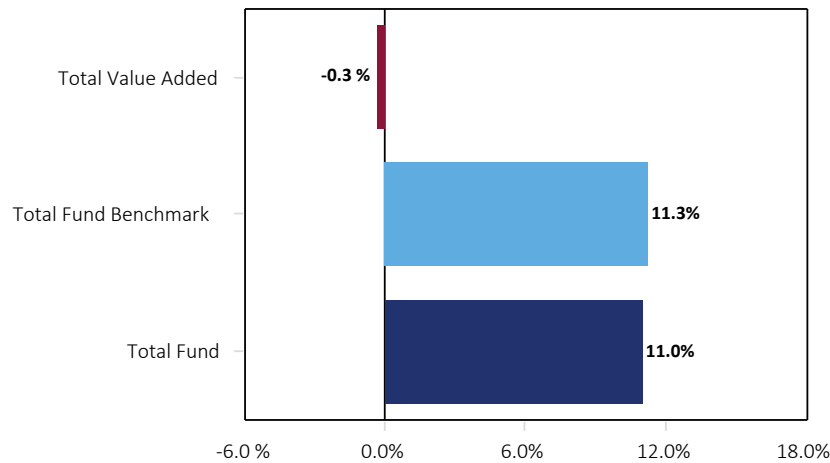


Total Fund Attribution

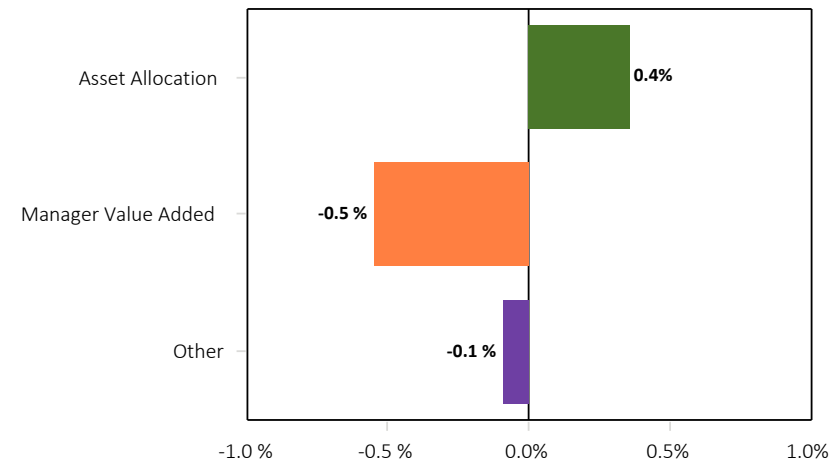
KERS (H) Pension Plan

Periods Ended 1 Year Ending September 30, 2025

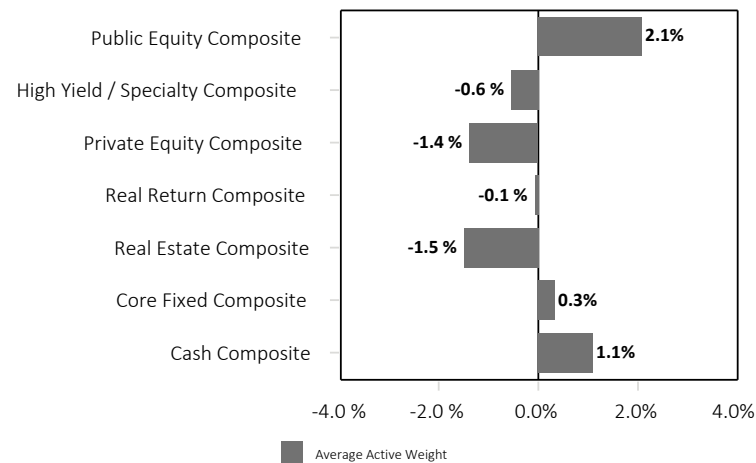
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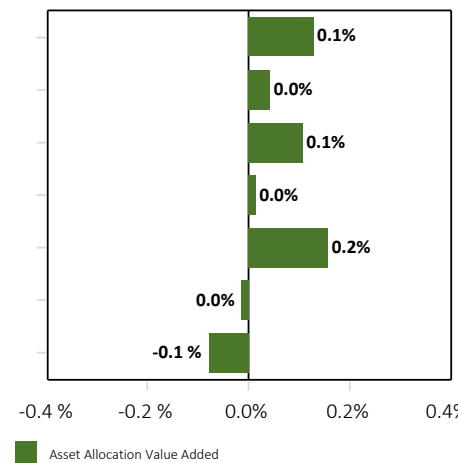
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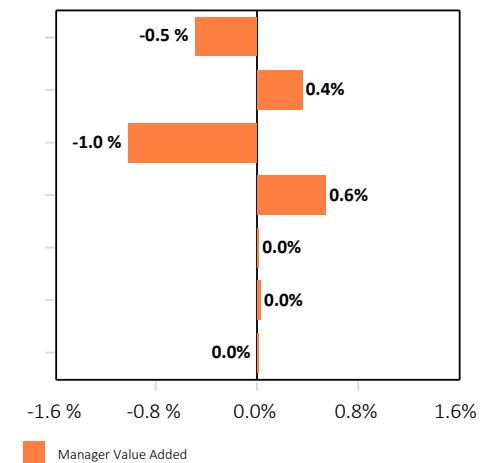
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Asset Allocation Value Added:0.4%



Total Manager Value Added:-0.5 %

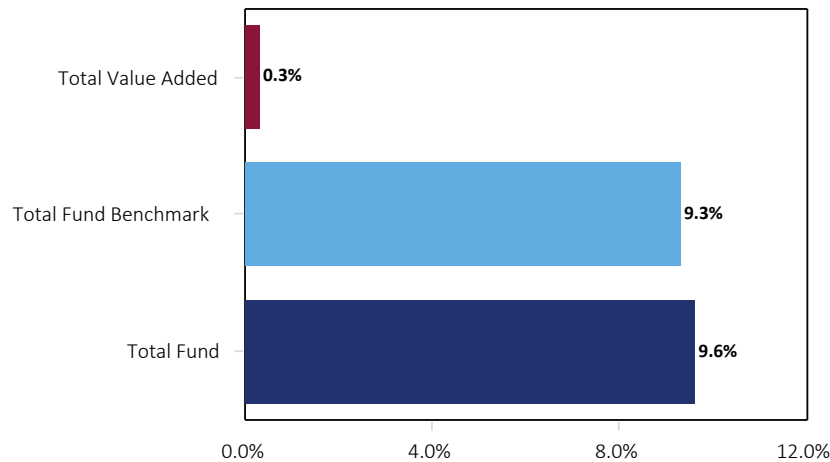


Total Fund Attribution

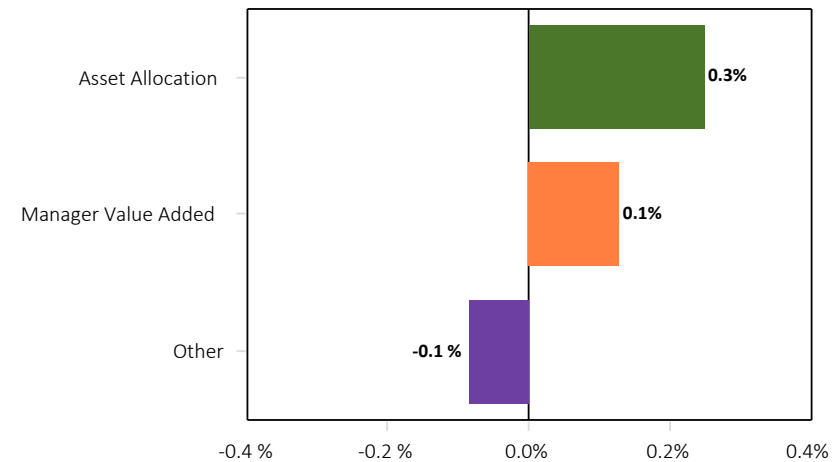
SPRS Pension Plan

Periods Ended 1 Year Ending September 30, 2025

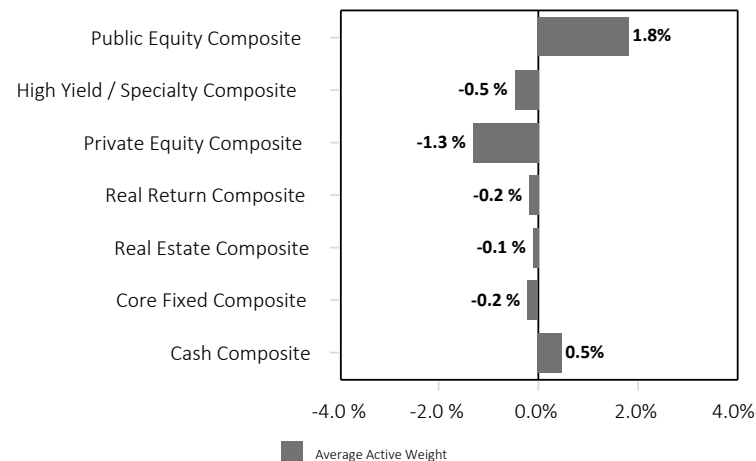
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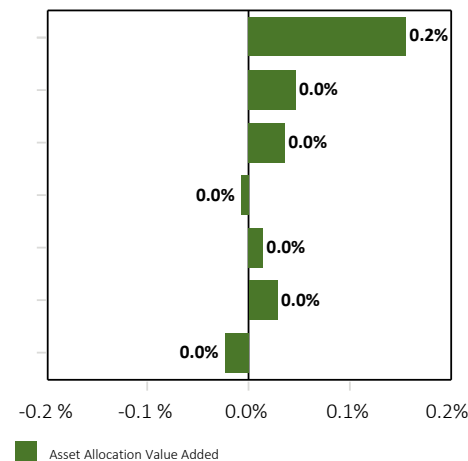
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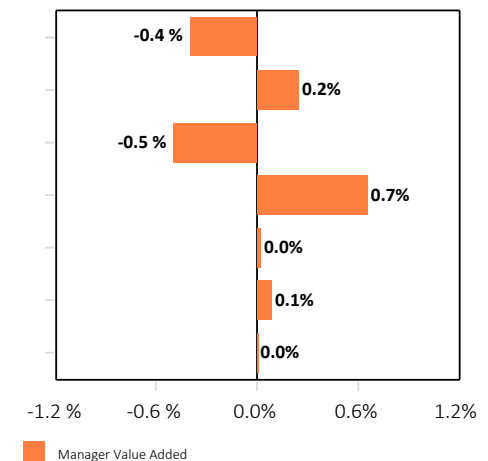
Total Asset Allocation:0.3%



Asset Allocation Value Added:0.3%



Total Manager Value Added:0.1%

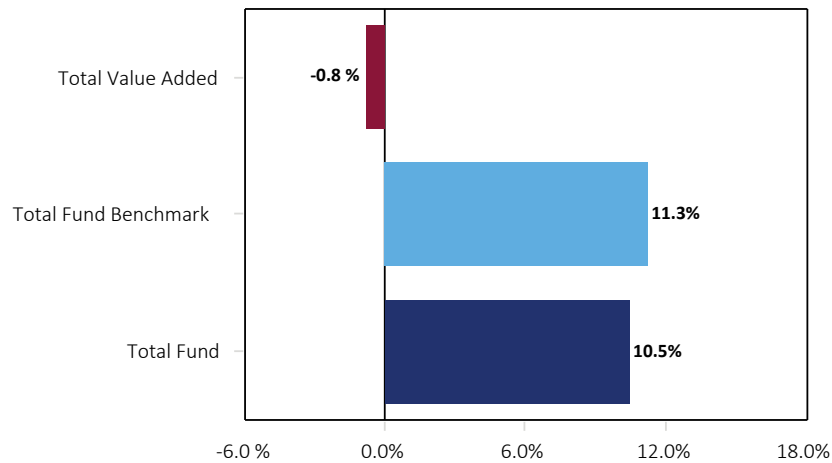


Total Fund Attribution

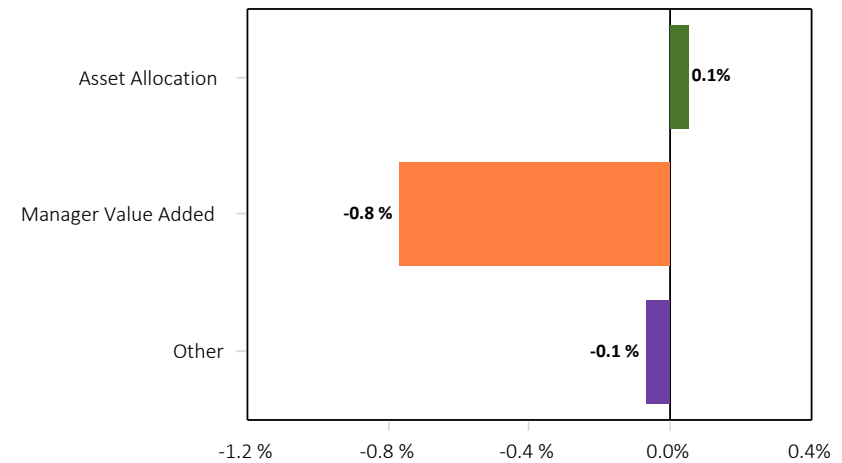
KERS Insurance Plan

Periods Ended 1 Year Ending September 30, 2025

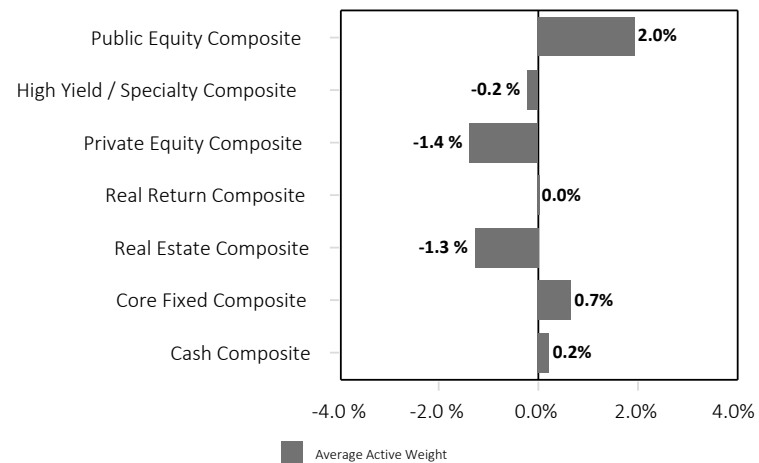
Total Fund Performance



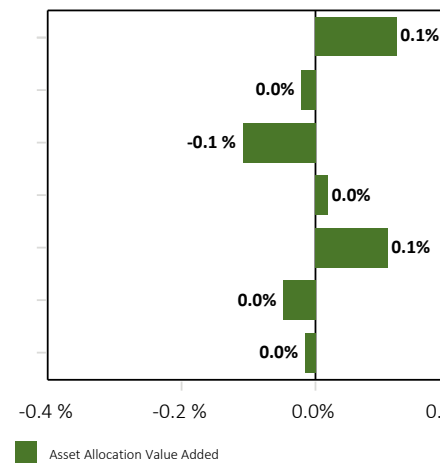
Total Value Added:-0.8 %



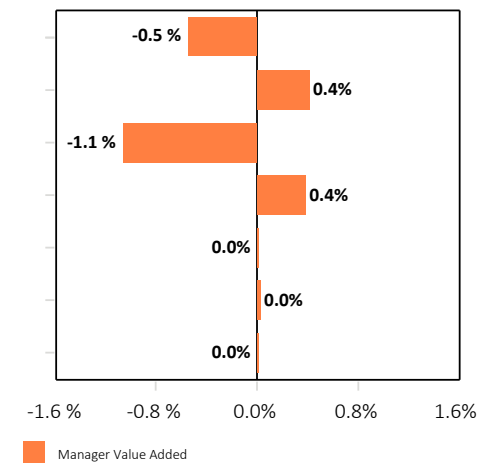
Total Asset Allocation:0.1%



Asset Allocation Value Added:0.1%



Total Manager Value Added:-0.8 %

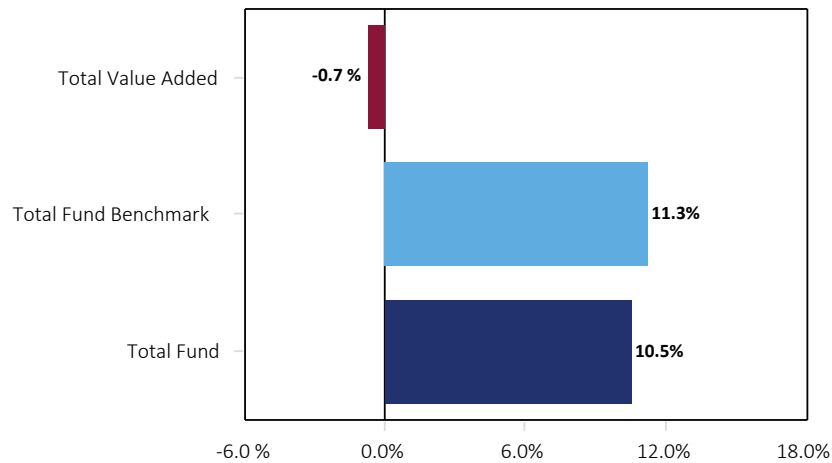


Total Fund Attribution

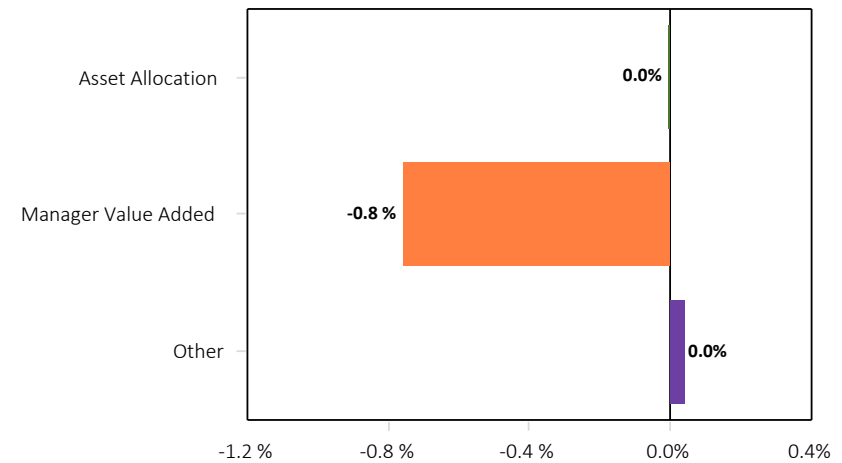
KERS (H) Insurance Plan

Periods Ended 1 Year Ending September 30, 2025

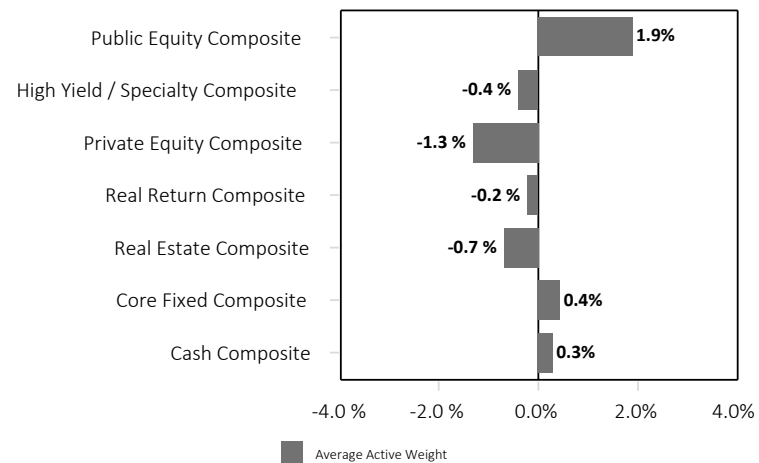
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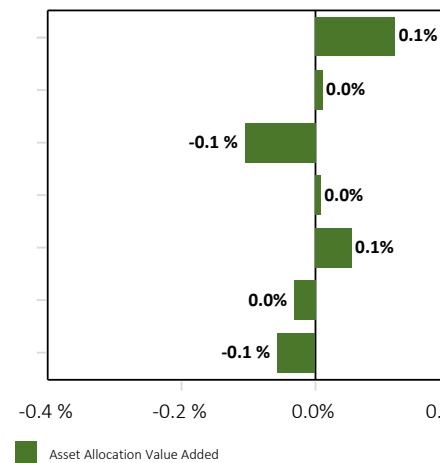
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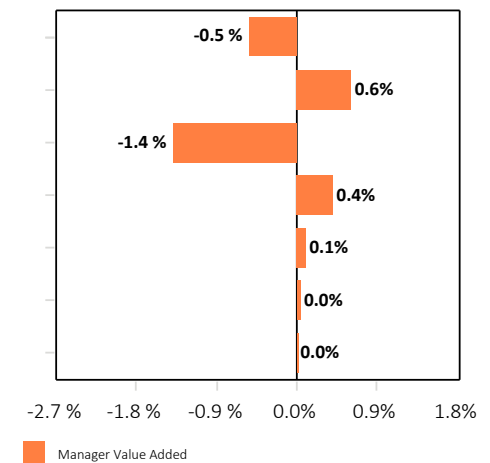
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Asset Allocation Value Added:0.0%



Total Manager Value Added:-0.8%

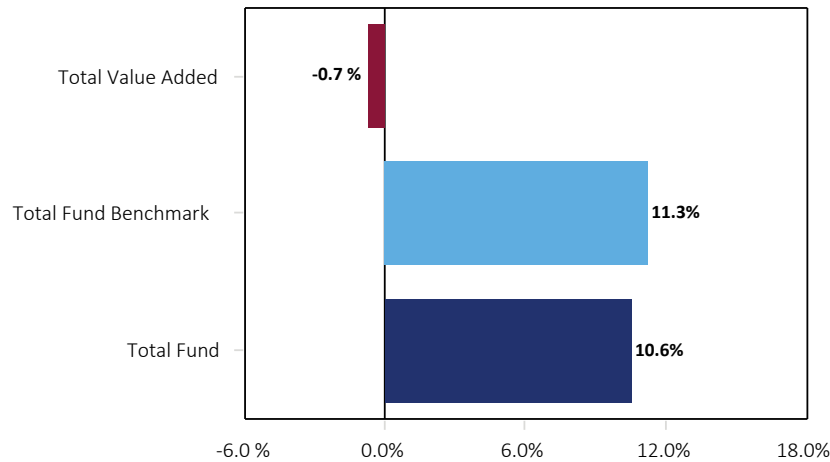


Total Fund Attribution

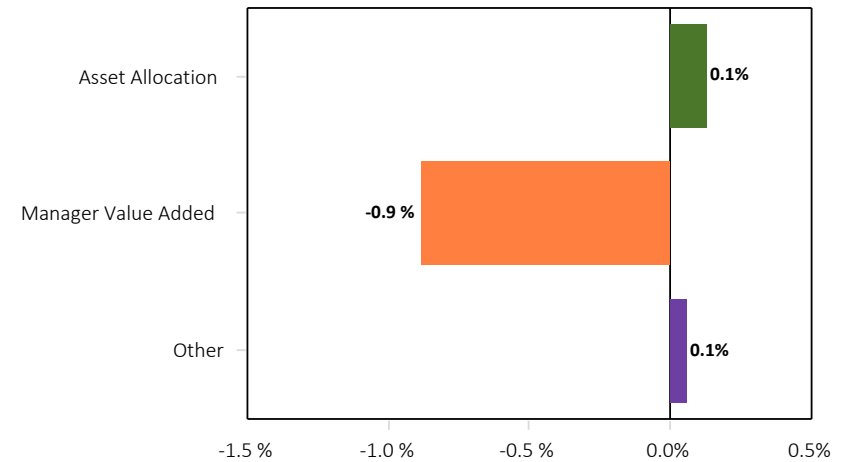
SPRS Insurance Plan

Periods Ended 1 Year Ending September 30, 2025

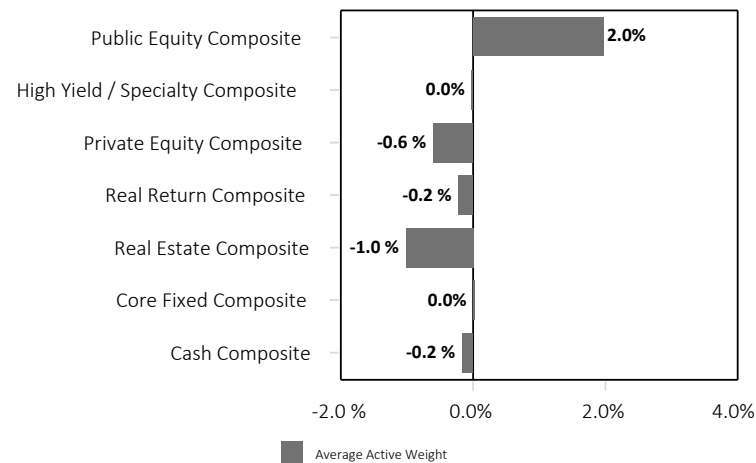
Total Fund Performance



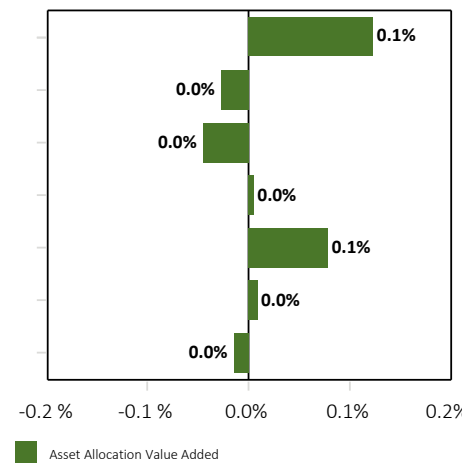
Total Value Added:-0.7 %



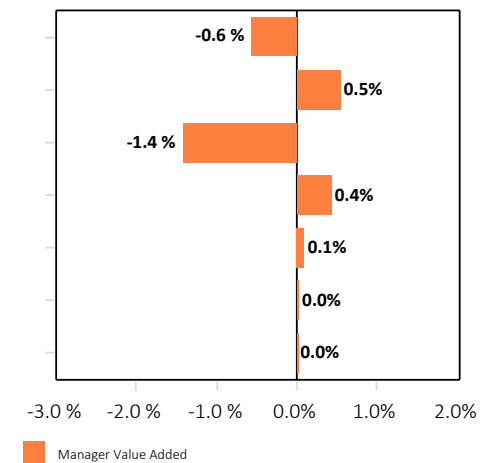
Total Asset Allocation:0.1%



Asset Allocation Value Added:0.1%



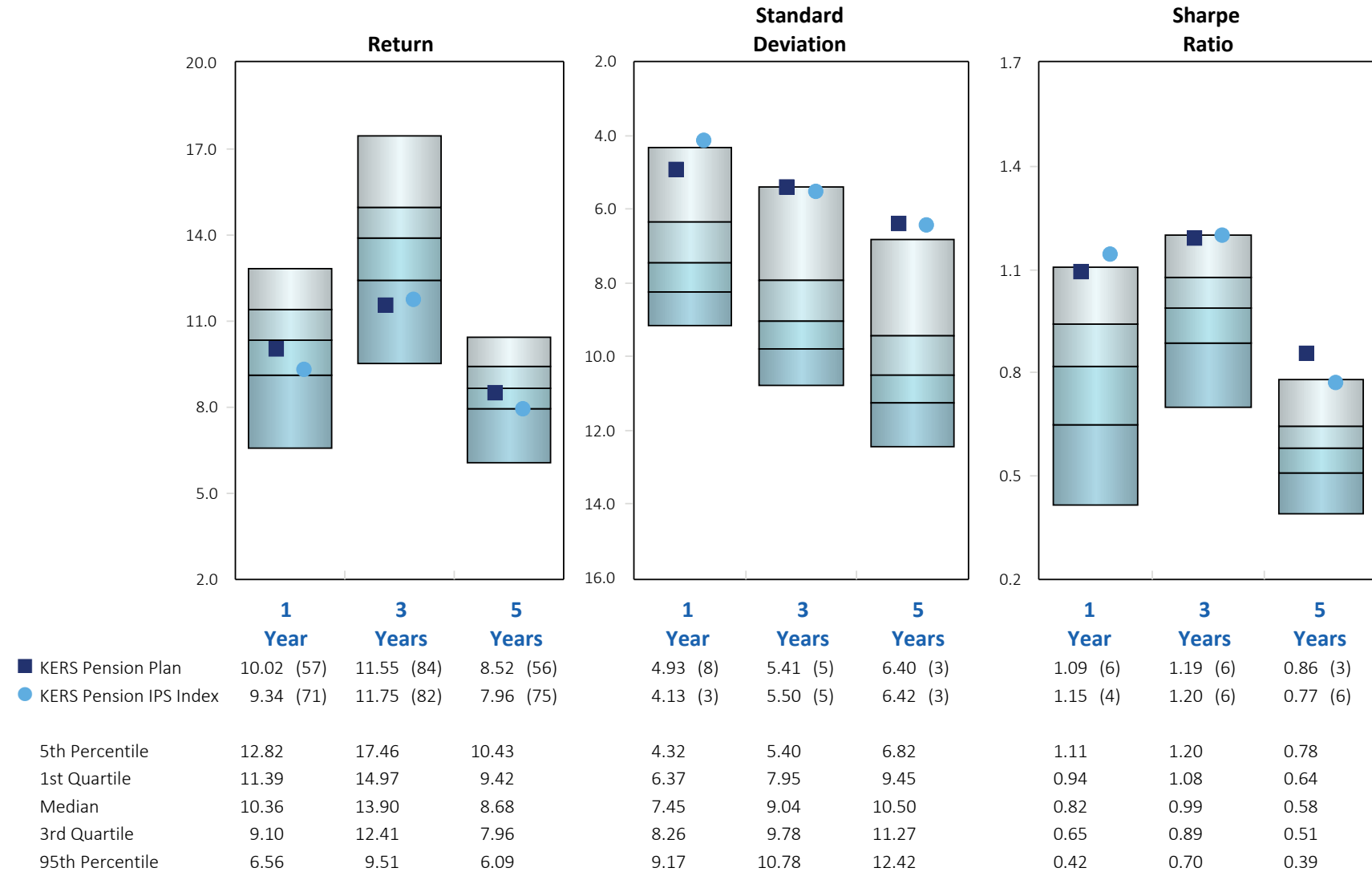
Total Manager Value Added:-0.9 %



Plan Sponsor Peer Group Analysis - Multi Statistics

KERS Pension Plan vs All Public Plans-Total Fund

Periods Ended September 30, 2025

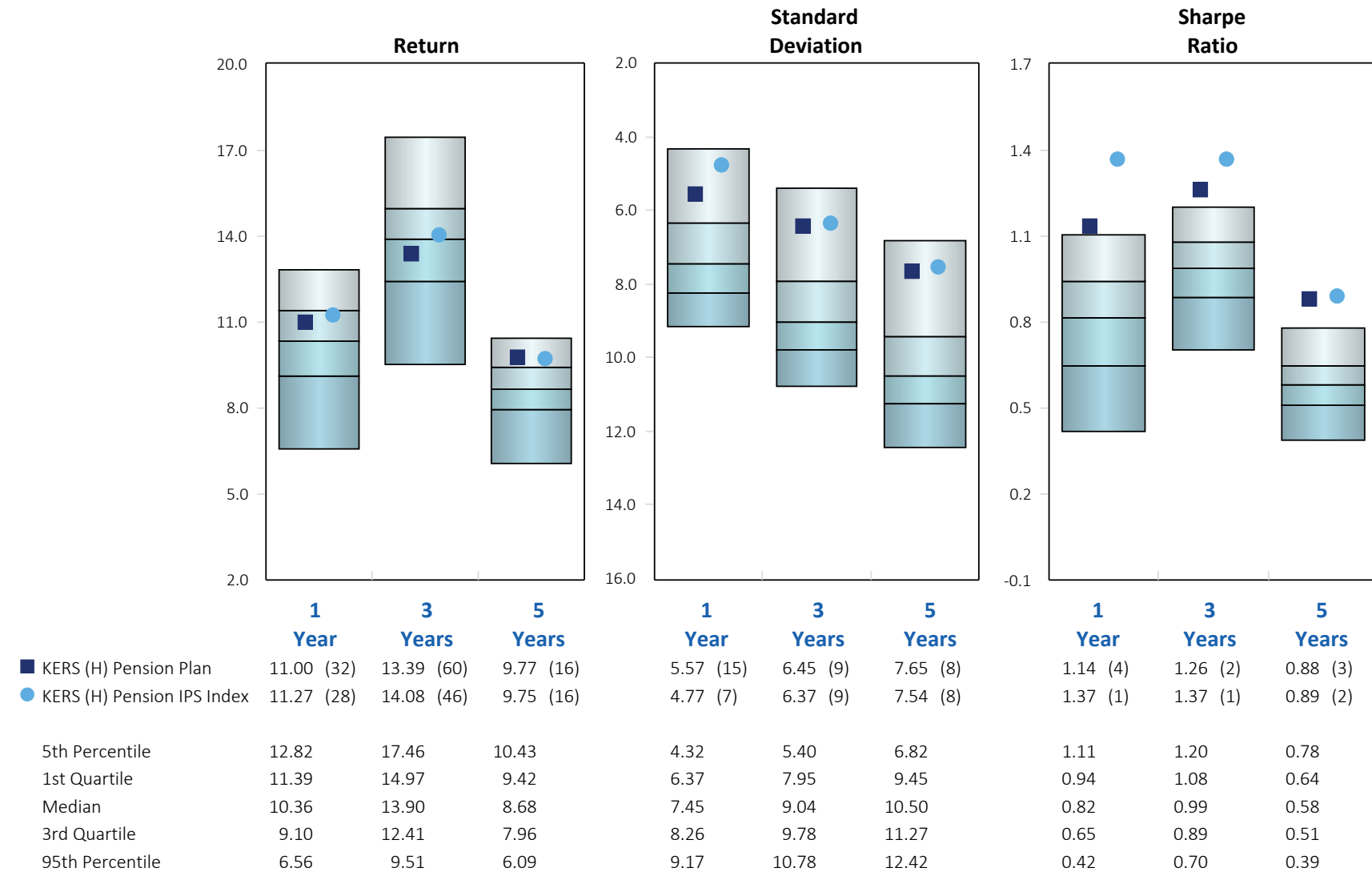


Parentheses contain percentile rankings.
Calculation based on monthly periodicity.

Plan Sponsor Peer Group Analysis - Multi Statistics

KERS (H) Pension Plan vs All Public Plans-Total Fund

Periods Ended September 30, 2025

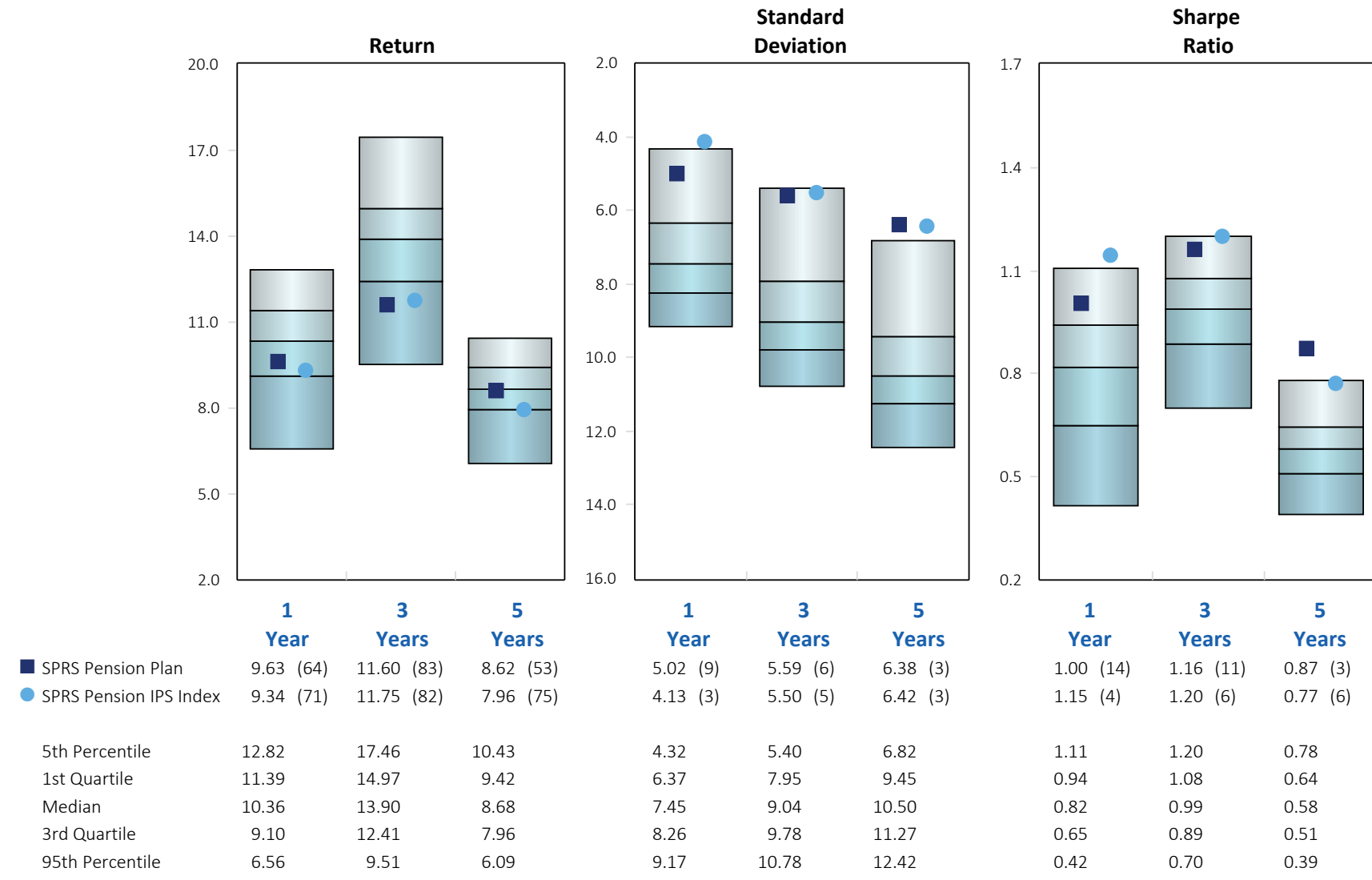


Parentheses contain percentile rankings.
Calculation based on monthly periodicity.

Plan Sponsor Peer Group Analysis - Multi Statistics

SPRS Pension Plan vs All Public Plans-Total Fund

Periods Ended September 30, 2025

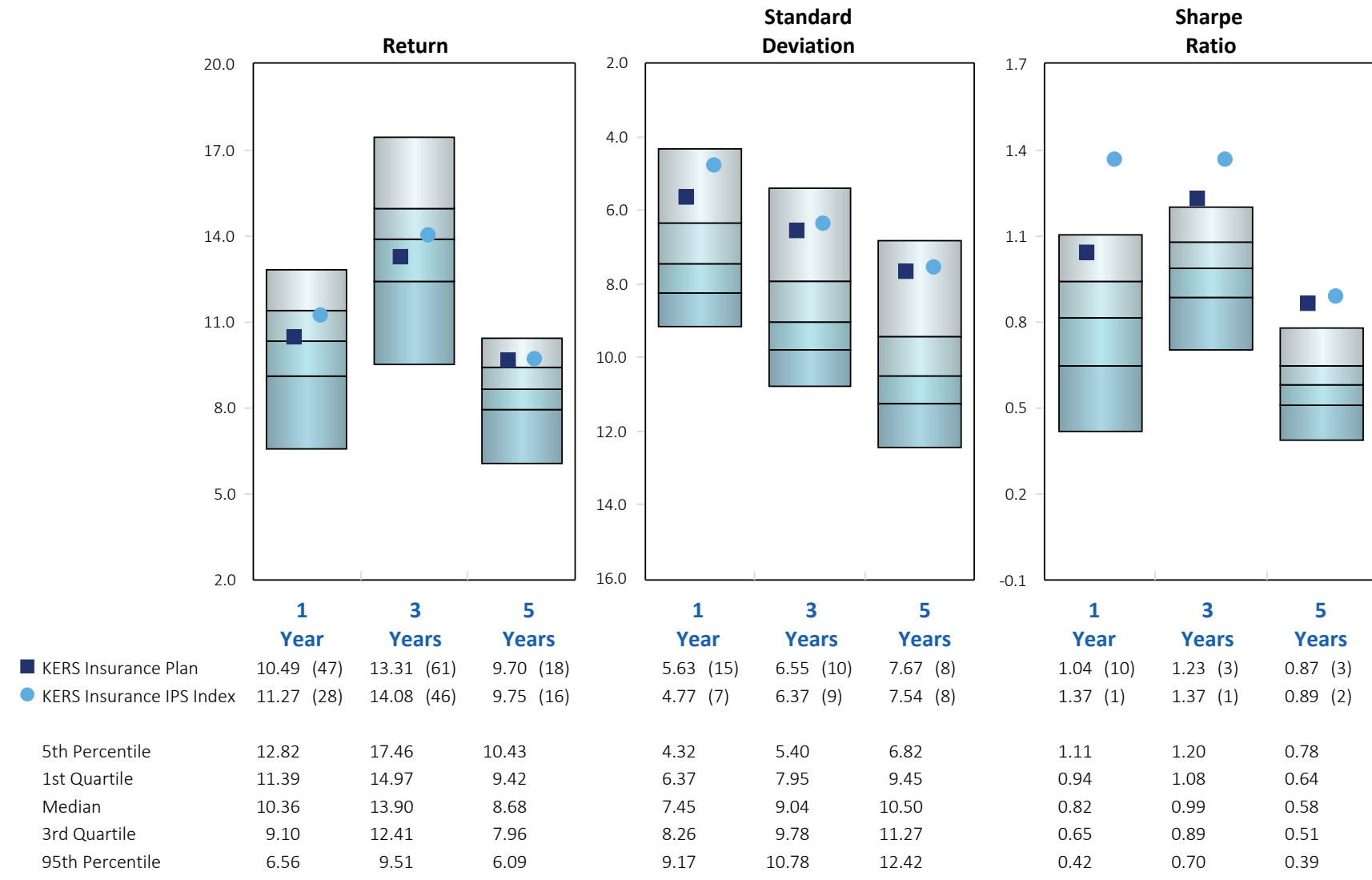


Parentheses contain percentile rankings.
Calculation based on monthly periodicity.

Plan Sponsor Peer Group Analysis - Multi Statistics

KERS Insurance Plan vs All Public Plans-Total Fund

Periods Ended September 30, 2025

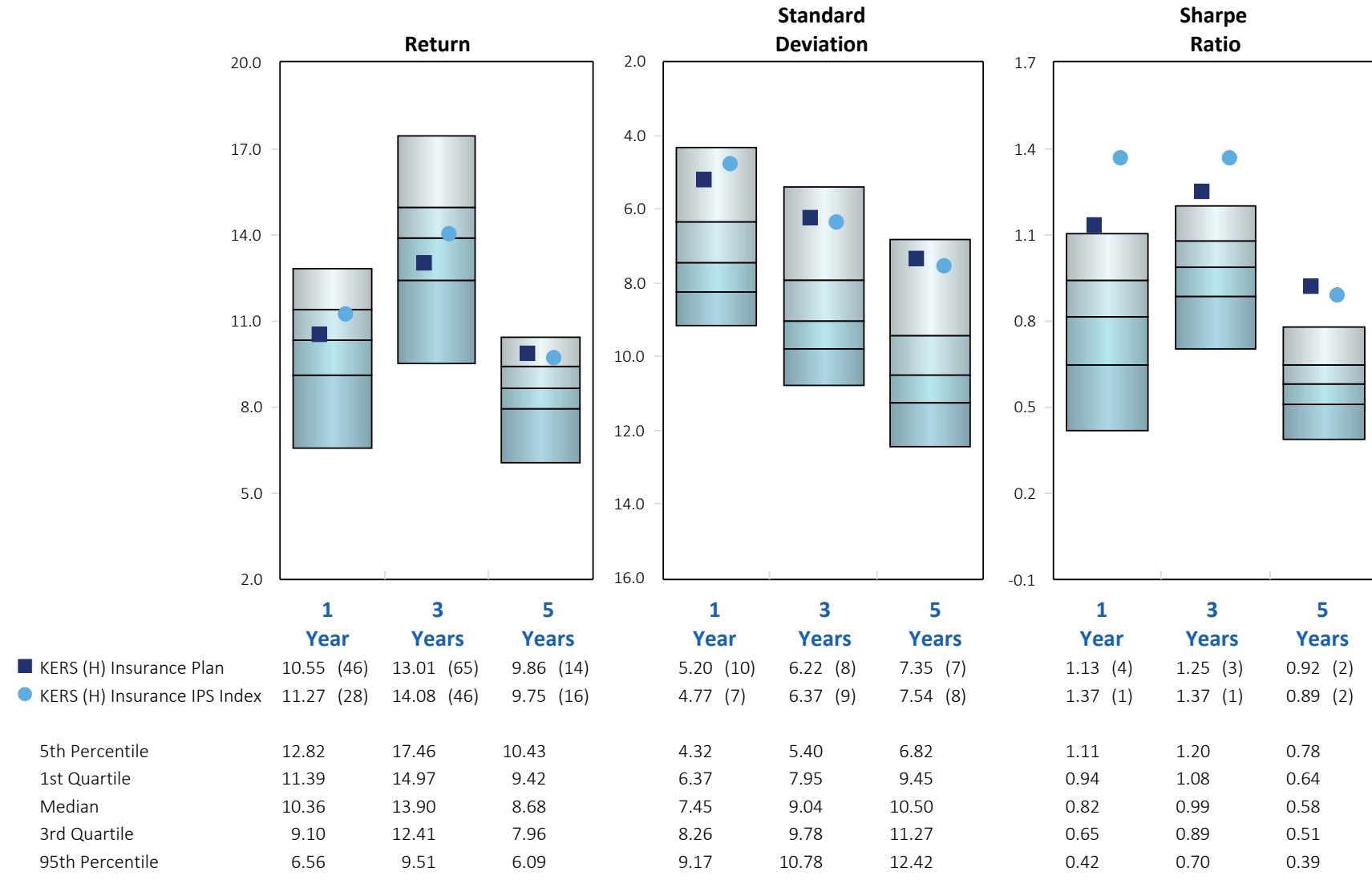


Parentheses contain percentile rankings.
Calculation based on monthly periodicity.

Plan Sponsor Peer Group Analysis - Multi Statistics

KERS (H) Insurance Plan vs All Public Plans-Total Fund

Periods Ended September 30, 2025

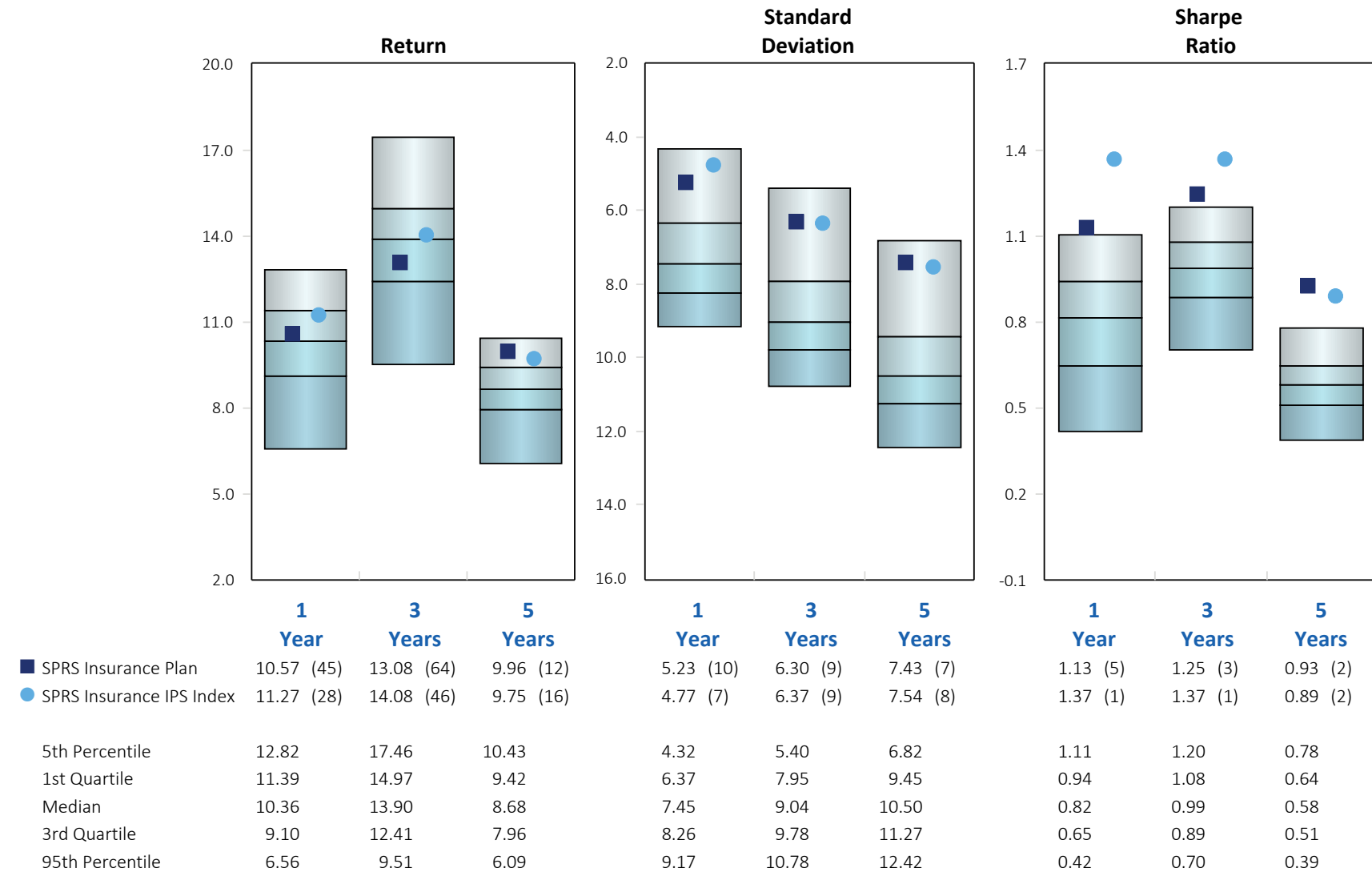


Parentheses contain percentile rankings.
Calculation based on monthly periodicity.

Plan Sponsor Peer Group Analysis - Multi Statistics

SPRS Insurance Plan vs All Public Plans-Total Fund

Periods Ended September 30, 2025

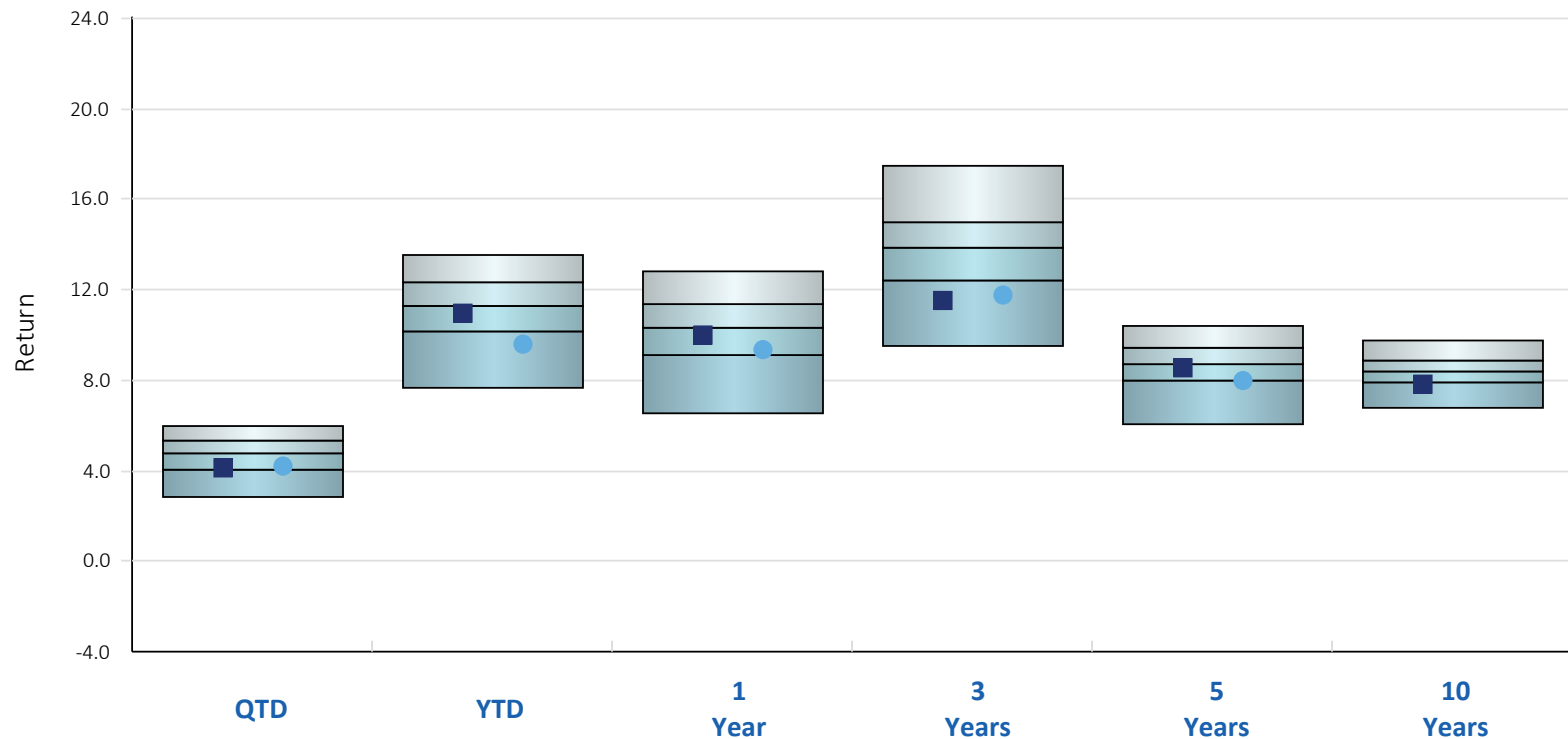


Parentheses contain percentile rankings.
Calculation based on monthly periodicity.

Plan Sponsor Peer Group Analysis

KERS Pension Plan vs All Public Plans-Total Fund

Periods Ended September 30, 2025



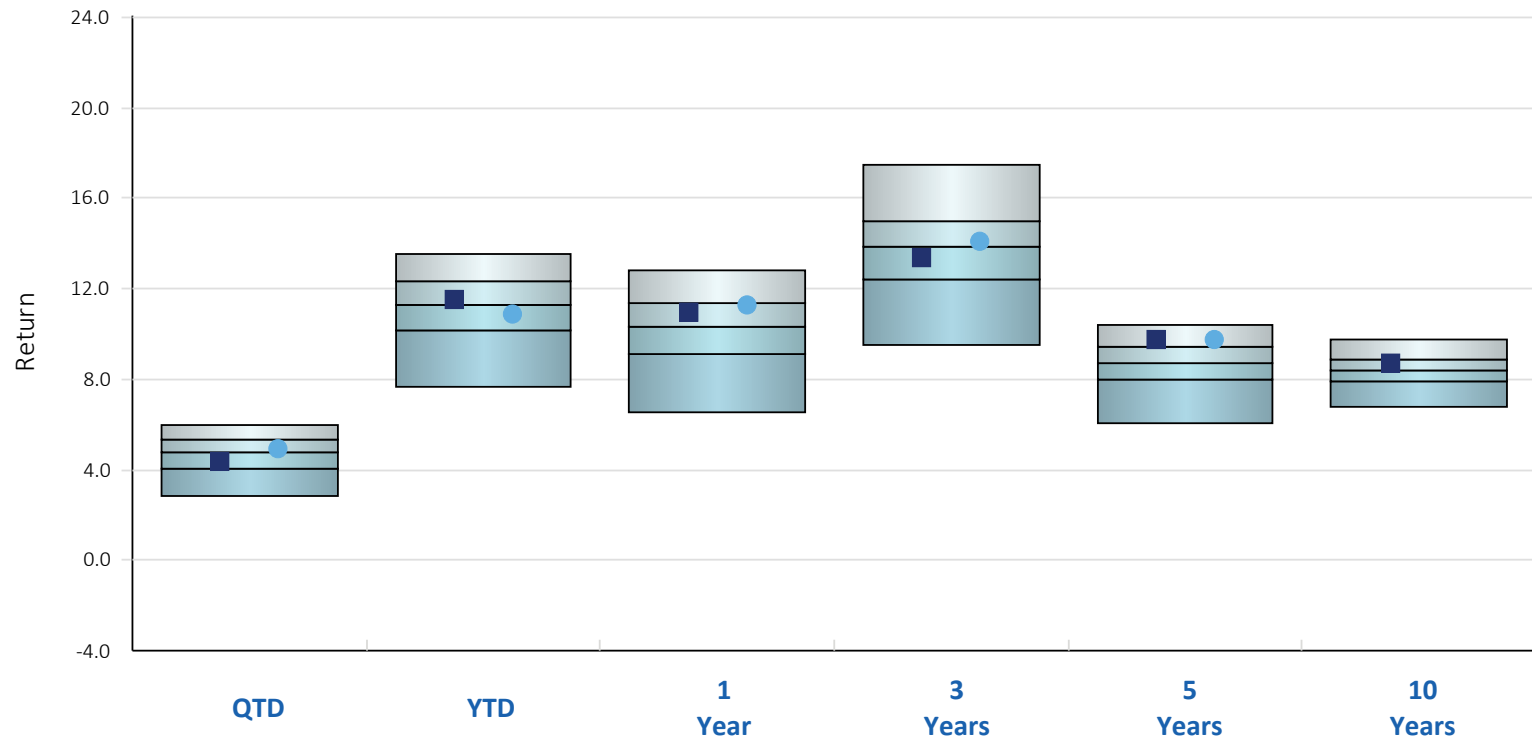
	QTD	YTD	1 Year	3 Years	5 Years	10 Years
■ KERS Pension Plan	4.09 (75)	11.00 (58)	10.02 (57)	11.55 (84)	8.52 (56)	7.84 (77)
● KERS Pension IPS Index	4.19 (73)	9.63 (83)	9.34 (71)	11.75 (82)	7.96 (75)	
5th Percentile	6.00	13.54	12.82	17.46	10.43	9.76
1st Quartile	5.35	12.33	11.39	14.97	9.42	8.91
Median	4.78	11.32	10.36	13.90	8.68	8.41
3rd Quartile	4.08	10.14	9.10	12.41	7.96	7.87
95th Percentile	2.84	7.67	6.56	9.51	6.09	6.79
Population	720	707	701	676	659	576

Parentheses contain percentile rankings.
Calculation based on monthly periodicity.

Plan Sponsor Peer Group Analysis

KERS (H) Pension Plan vs All Public Plans-Total Fund

Periods Ended September 30, 2025



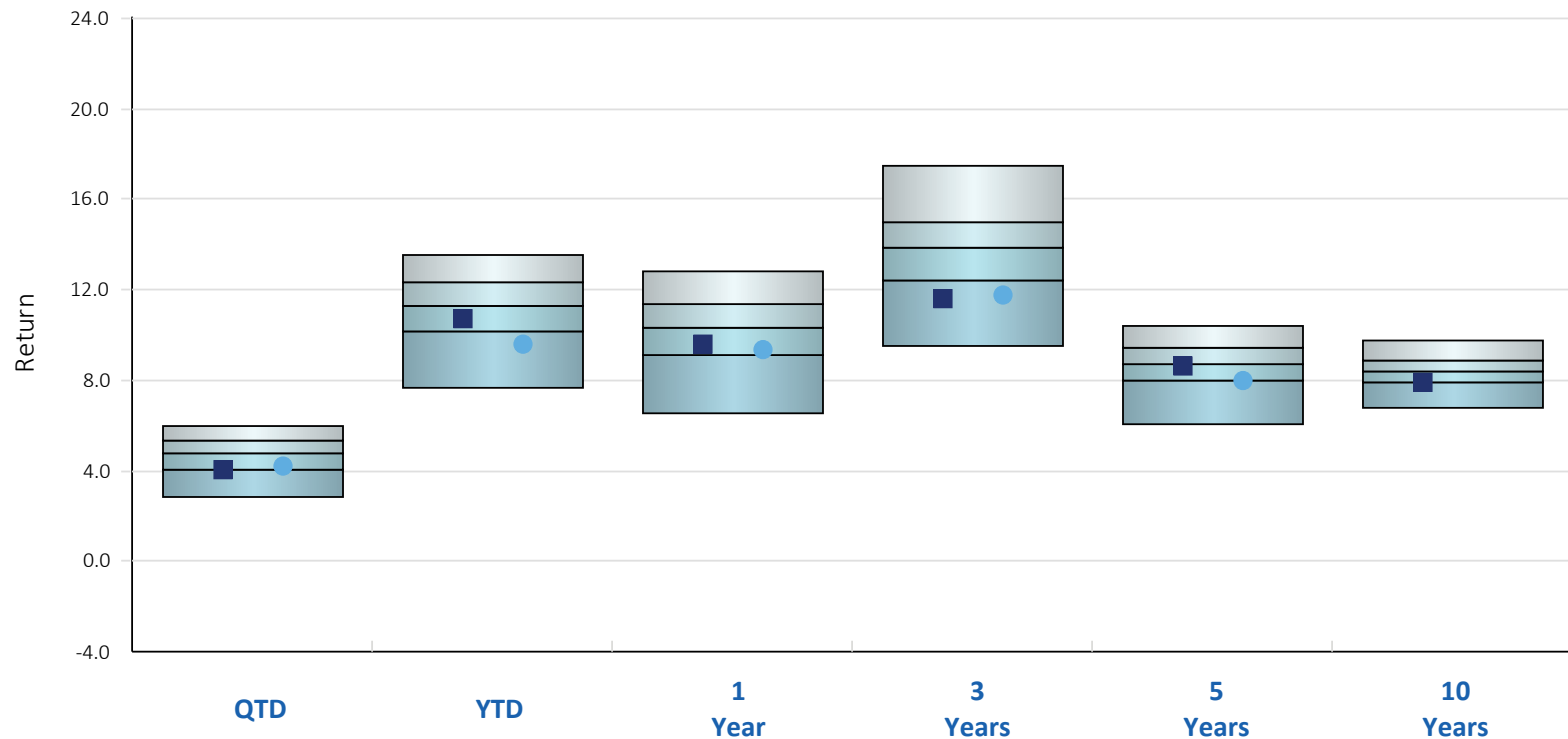
■ KERS (H) Pension Plan	4.36 (67)	11.57 (45)	11.00 (32)	13.39 (60)	9.77 (16)	8.70 (34)
● KERS (H) Pension IPS Index	4.94 (44)	10.91 (60)	11.27 (28)	14.08 (46)	9.75 (16)	
5th Percentile	6.00	13.54	12.82	17.46	10.43	9.76
1st Quartile	5.35	12.33	11.39	14.97	9.42	8.91
Median	4.78	11.32	10.36	13.90	8.68	8.41
3rd Quartile	4.08	10.14	9.10	12.41	7.96	7.87
95th Percentile	2.84	7.67	6.56	9.51	6.09	6.79
Population	720	707	701	676	659	576

Parentheses contain percentile rankings.
Calculation based on monthly periodicity.

Plan Sponsor Peer Group Analysis

SPRS Pension Plan vs All Public Plans-Total Fund

Periods Ended September 30, 2025



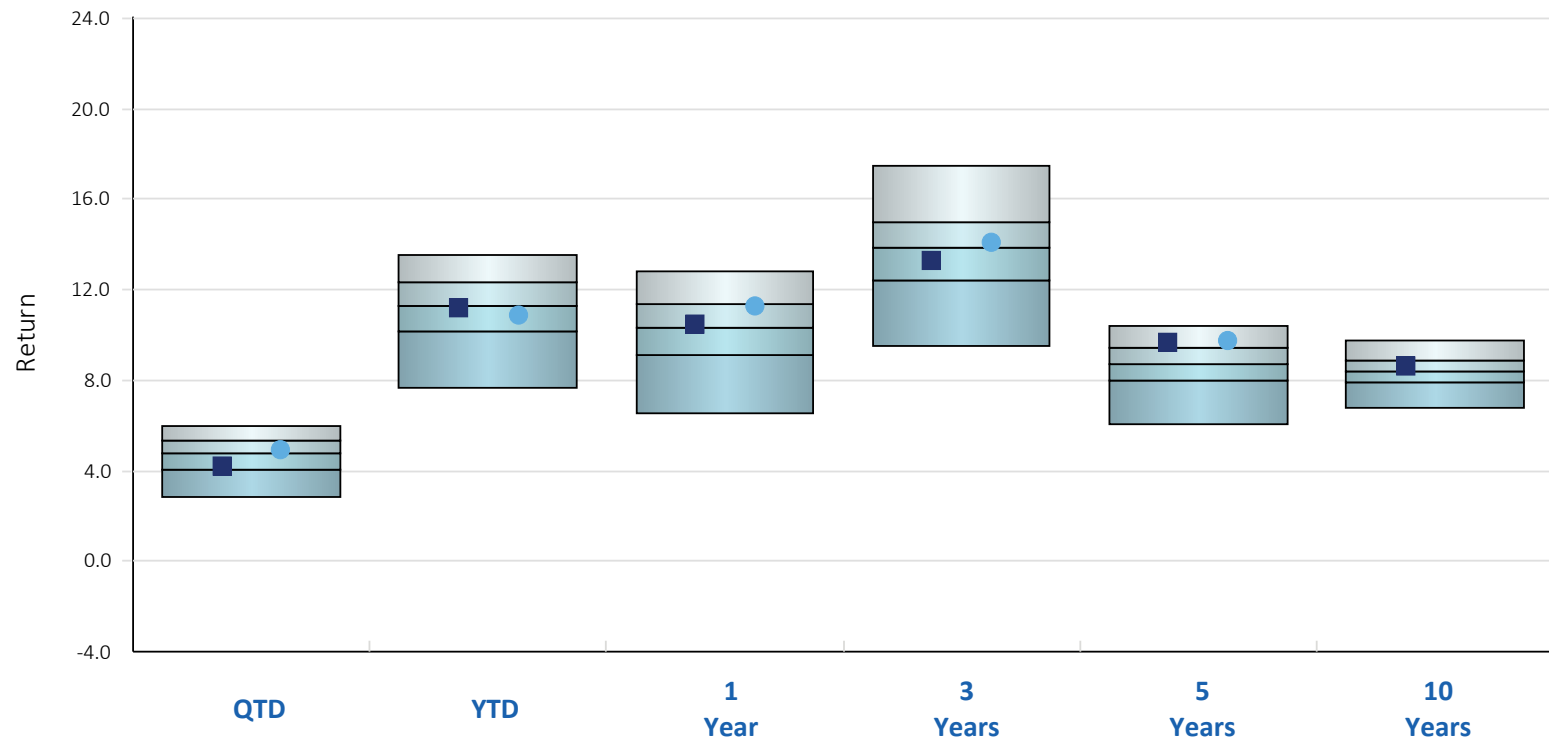
	QTD	YTD	1 Year	3 Years	5 Years	10 Years
■ SPRS Pension Plan	4.03 (78)	10.71 (65)	9.63 (64)	11.60 (83)	8.62 (53)	7.94 (72)
● SPRS Pension IPS Index	4.19 (73)	9.63 (83)	9.34 (71)	11.75 (82)	7.96 (75)	
5th Percentile	6.00	13.54	12.82	17.46	10.43	9.76
1st Quartile	5.35	12.33	11.39	14.97	9.42	8.91
Median	4.78	11.32	10.36	13.90	8.68	8.41
3rd Quartile	4.08	10.14	9.10	12.41	7.96	7.87
95th Percentile	2.84	7.67	6.56	9.51	6.09	6.79
Population	720	707	701	676	659	576

Parentheses contain percentile rankings.
Calculation based on monthly periodicity.

Plan Sponsor Peer Group Analysis

KERS Insurance Plan vs All Public Plans-Total Fund

Periods Ended September 30, 2025



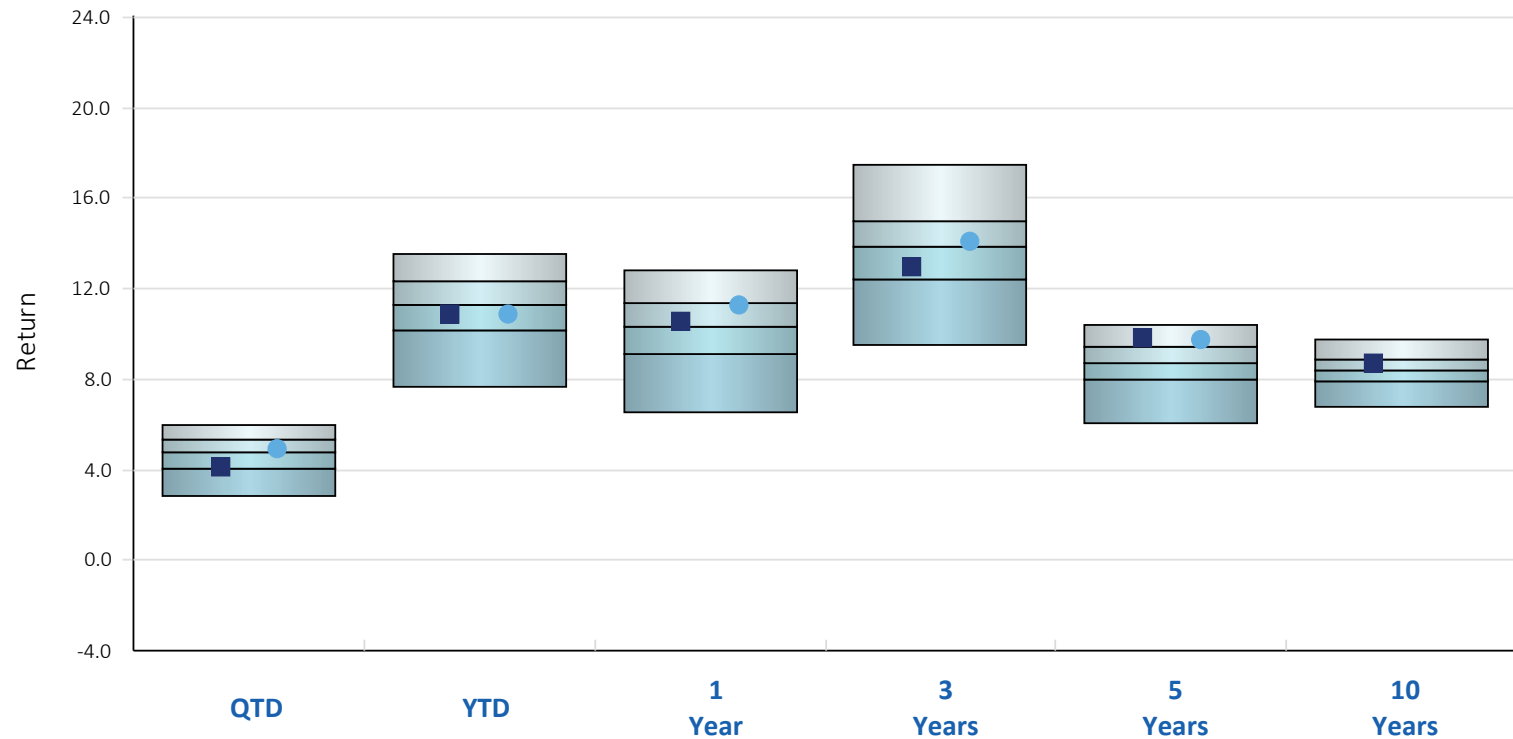
■ KERS Insurance Plan	4.23 (72)	11.18 (55)	10.49 (47)	13.31 (61)	9.70 (18)	8.61 (39)
● KERS Insurance IPS Index	4.94 (44)	10.91 (60)	11.27 (28)	14.08 (46)	9.75 (16)	
5th Percentile	6.00	13.54	12.82	17.46	10.43	9.76
1st Quartile	5.35	12.33	11.39	14.97	9.42	8.91
Median	4.78	11.32	10.36	13.90	8.68	8.41
3rd Quartile	4.08	10.14	9.10	12.41	7.96	7.87
95th Percentile	2.84	7.67	6.56	9.51	6.09	6.79
Population	720	707	701	676	659	576

Parentheses contain percentile rankings.
Calculation based on monthly periodicity.

Plan Sponsor Peer Group Analysis

KERS (H) Insurance Plan vs All Public Plans-Total Fund

Periods Ended September 30, 2025



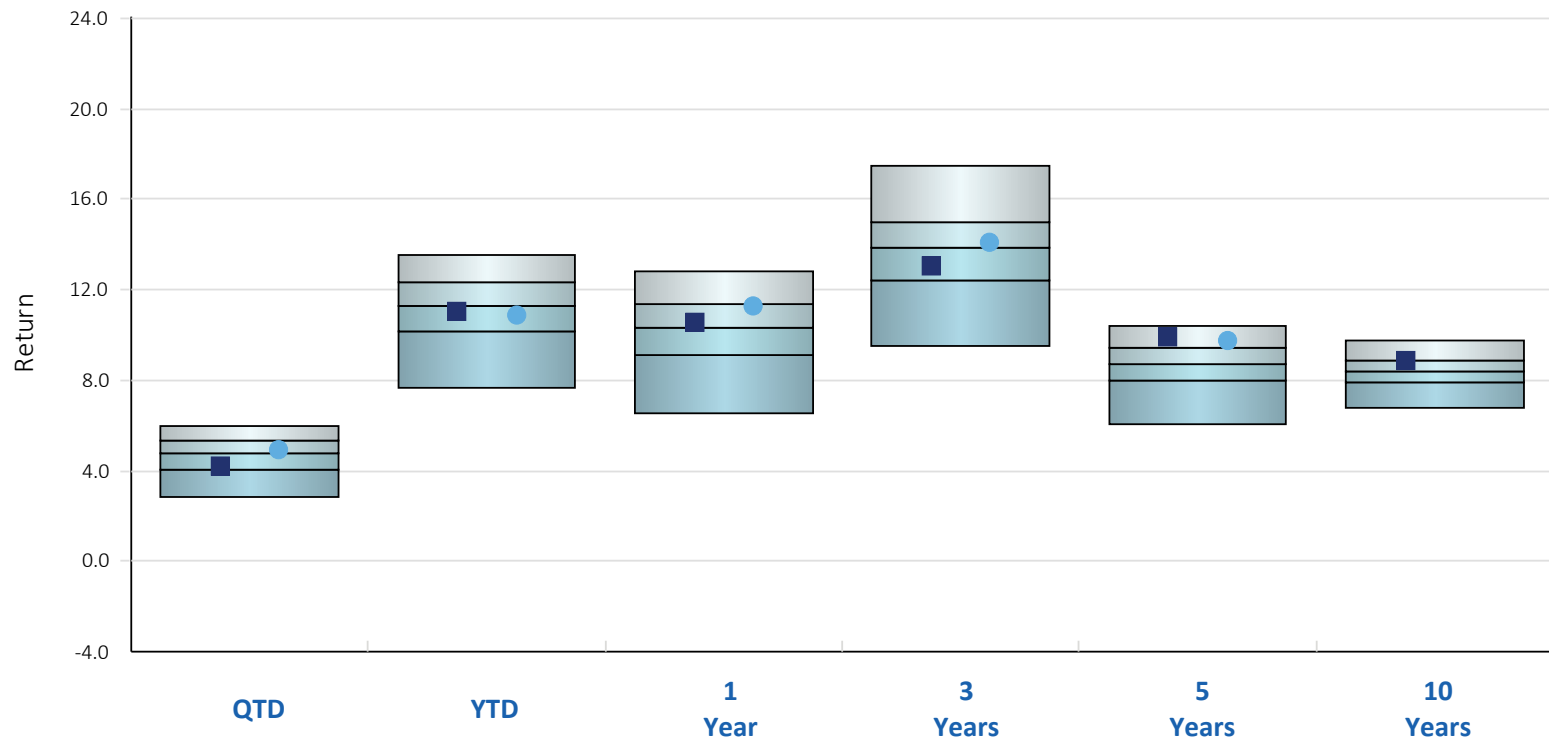
	QTD	YTD	1 Year	3 Years	5 Years	10 Years
■ KERS (H) Insurance Plan	4.15 (73)	10.92 (60)	10.55 (46)	13.01 (65)	9.86 (14)	8.74 (32)
● KERS (H) Insurance IPS Index	4.94 (44)	10.91 (60)	11.27 (28)	14.08 (46)	9.75 (16)	
5th Percentile	6.00	13.54	12.82	17.46	10.43	9.76
1st Quartile	5.35	12.33	11.39	14.97	9.42	8.91
Median	4.78	11.32	10.36	13.90	8.68	8.41
3rd Quartile	4.08	10.14	9.10	12.41	7.96	7.87
95th Percentile	2.84	7.67	6.56	9.51	6.09	6.79
Population	720	707	701	676	659	576

Parentheses contain percentile rankings.
Calculation based on monthly periodicity.

Plan Sponsor Peer Group Analysis

SPRS Insurance Plan vs All Public Plans-Total Fund

Periods Ended September 30, 2025



■ SPRS Insurance Plan	4.17 (73)	11.02 (58)	10.57 (45)	13.08 (64)	9.96 (12)	8.89 (27)
● SPRS Insurance IPS Index	4.94 (44)	10.91 (60)	11.27 (28)	14.08 (46)	9.75 (16)	
5th Percentile	6.00	13.54	12.82	17.46	10.43	9.76
1st Quartile	5.35	12.33	11.39	14.97	9.42	8.91
Median	4.78	11.32	10.36	13.90	8.68	8.41
3rd Quartile	4.08	10.14	9.10	12.41	7.96	7.87
95th Percentile	2.84	7.67	6.56	9.51	6.09	6.79
Population	720	707	701	676	659	576

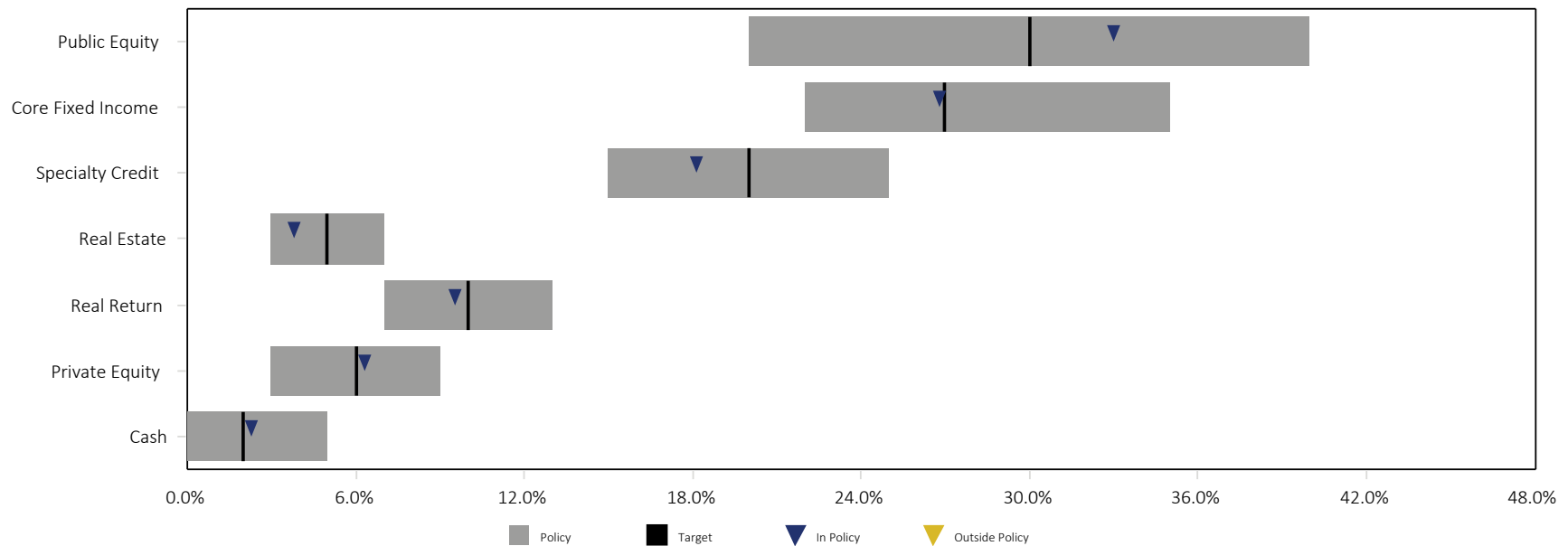
Parentheses contain percentile rankings.
Calculation based on monthly periodicity.

Asset Allocation Compliance

KERS Pension Plan

Periods Ended As of September 30, 2025

Executive Summary



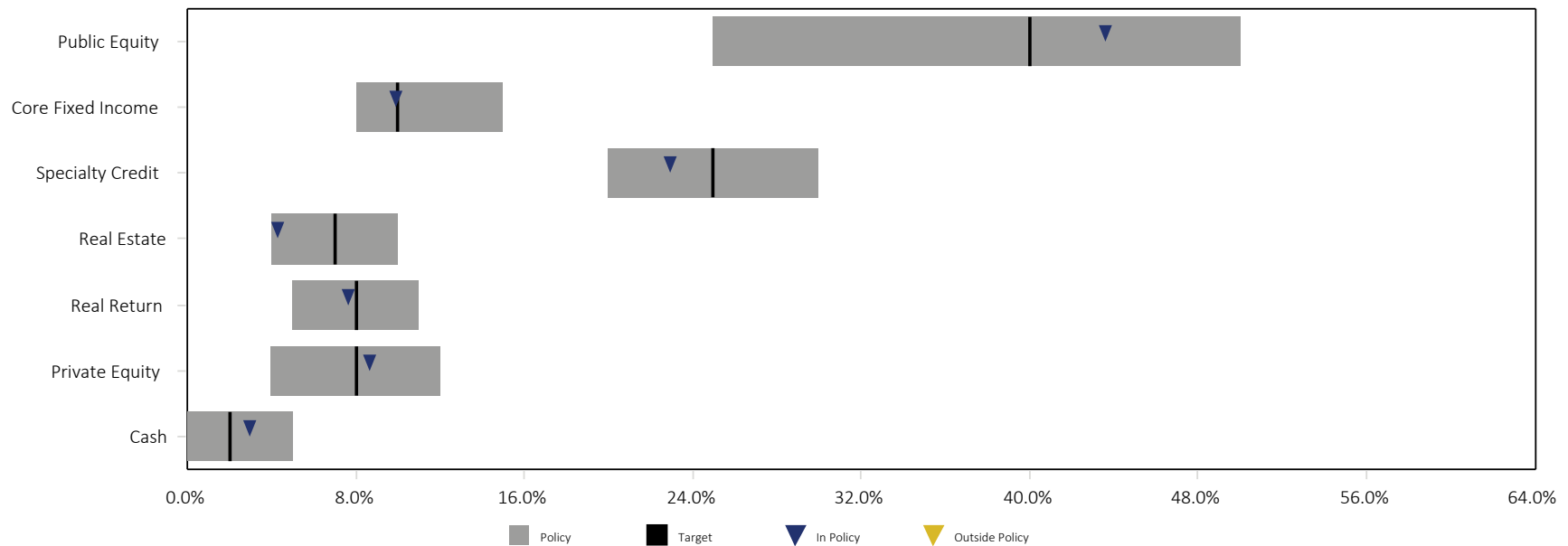
	Asset Allocation \$	Asset Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)	Target Allocation (%)	Target Rebalance \$
Public Equity	1,766,549,926	33.03	20.00	40.00	30.00	-162,152,989
Core Fixed Income	1,432,508,616	26.79	22.00	35.00	27.00	11,448,628
Specialty Credit	970,970,721	18.16	15.00	25.00	20.00	98,627,238
Real Estate	204,415,224	3.82	3.00	7.00	5.00	62,984,265
Real Return	511,484,047	9.56	7.00	13.00	10.00	23,314,932
Private Equity	339,117,270	6.34	3.00	9.00	6.00	-18,237,883
Cash	122,943,987	2.30	0.00	5.00	2.00	-15,984,191
Total Fund	5,347,989,792	100.00			100.00	

Asset Allocation Compliance

KERS (H) Pension Plan

Periods Ended As of September 30, 2025

Executive Summary



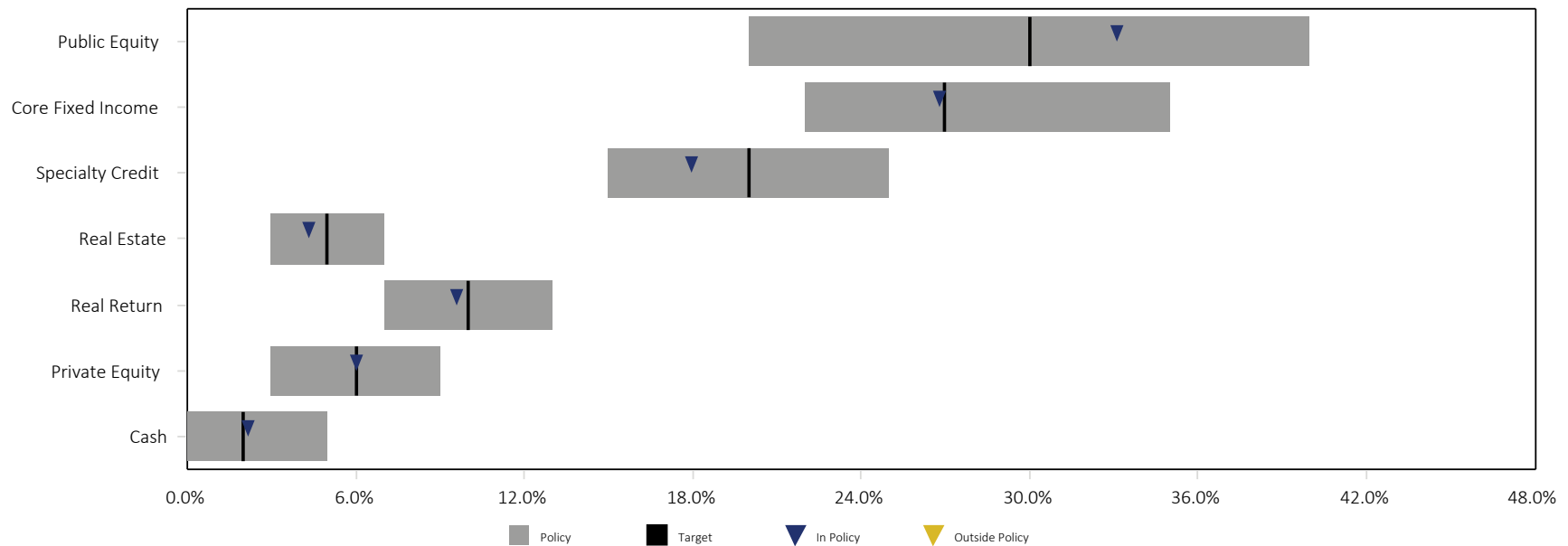
	Asset Allocation \$	Asset Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)	Target Allocation (%)	Target Rebalance \$
Public Equity	520,273,848	43.62	25.00	50.00	40.00	-43,135,581
Core Fixed Income	118,219,362	9.91	8.00	15.00	10.00	1,065,204
Specialty Credit	273,680,149	22.94	20.00	30.00	25.00	24,531,267
Real Estate	51,107,550	4.28	4.00	10.00	7.00	32,391,646
Real Return	90,811,320	7.61	5.00	11.00	8.00	4,616,333
Private Equity	103,139,269	8.65	4.00	12.00	8.00	-7,711,616
Cash	35,614,167	2.99	0.00	5.00	2.00	-11,757,254
Total Fund	1,192,845,666	100.00			100.00	

Asset Allocation Compliance

SPRS Pension Plan

Periods Ended As of September 30, 2025

Executive Summary



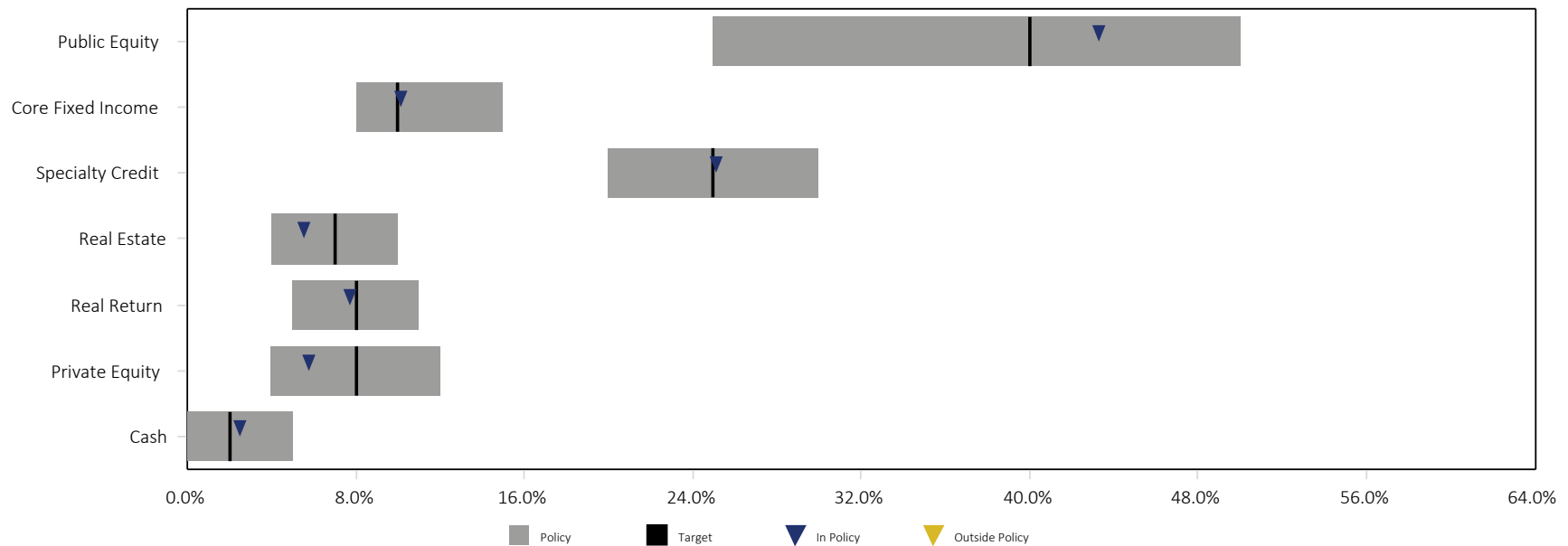
	Asset Allocation \$	Asset Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)	Target Allocation (%)	Target Rebalance \$
Public Equity	255,882,717	33.12	20.00	40.00	30.00	-24,126,231
Core Fixed Income	207,131,965	26.81	22.00	35.00	27.00	1,448,872
Specialty Credit	138,896,679	17.98	15.00	25.00	20.00	15,607,646
Real Estate	33,240,723	4.30	3.00	7.00	5.00	5,385,358
Real Return	74,116,556	9.59	7.00	13.00	10.00	3,135,606
Private Equity	46,584,561	6.03	3.00	9.00	6.00	-233,264
Cash	16,668,420	2.16	0.00	5.00	2.00	-1,217,987
Total Fund	772,521,622	100.00			100.00	

Asset Allocation Compliance

KERS Insurance Plan

Periods Ended As of September 30, 2025

Executive Summary



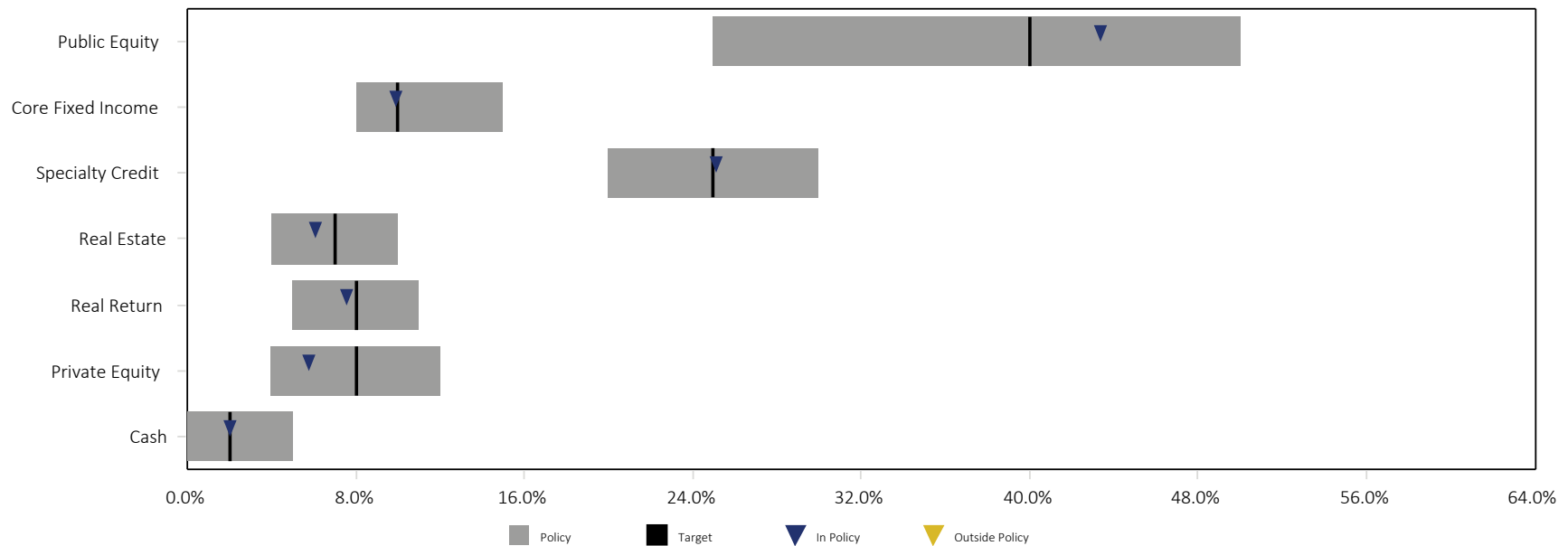
	Asset Allocation \$	Asset Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)	Target Allocation (%)	Target Rebalance \$
Public Equity	818,559,611	43.29	25.00	50.00	40.00	-62,279,627
Core Fixed Income	191,326,668	10.12	8.00	15.00	10.00	-2,256,672
Specialty Credit	474,581,669	25.10	20.00	30.00	25.00	-1,906,680
Real Estate	104,567,739	5.53	4.00	10.00	7.00	27,781,258
Real Return	145,399,229	7.69	5.00	11.00	8.00	5,856,768
Private Equity	109,201,806	5.78	4.00	12.00	8.00	42,054,191
Cash	47,063,237	2.49	0.00	5.00	2.00	-9,249,238
Total Fund	1,890,699,958	100.00			100.00	

Asset Allocation Compliance

KERS (H) Insurance Plan

Periods Ended As of September 30, 2025

Executive Summary



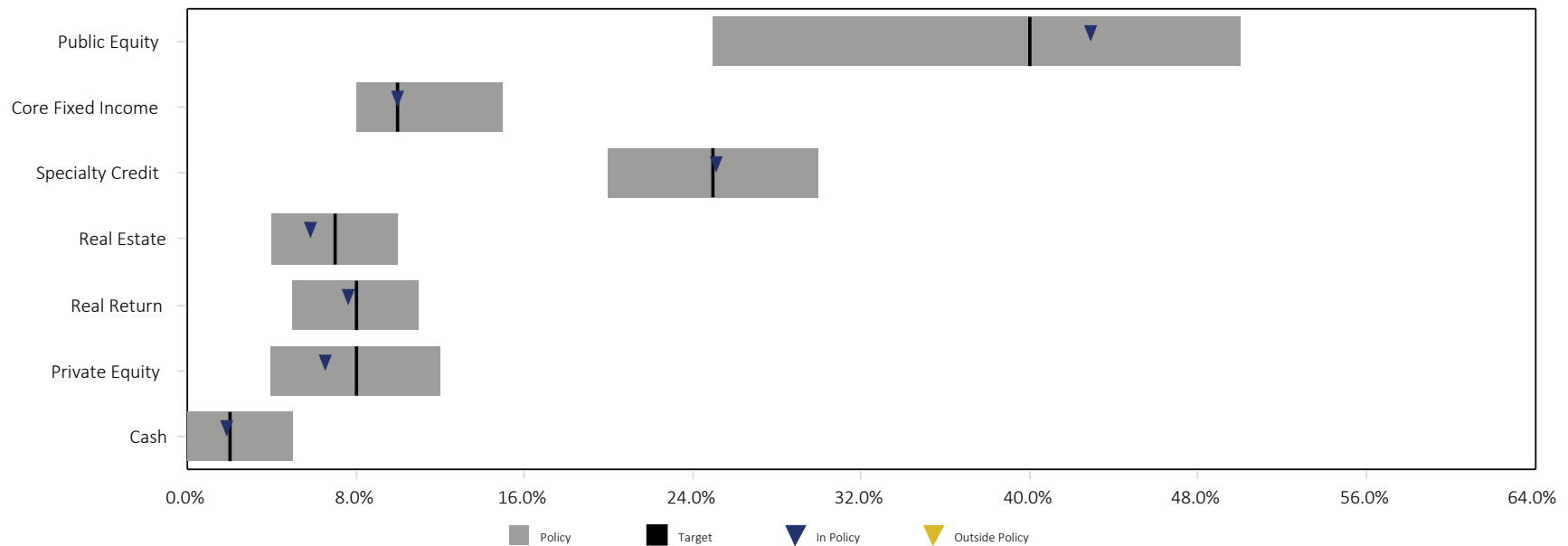
	Asset Allocation \$	Asset Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)	Target Allocation (%)	Target Rebalance \$
Public Equity	325,311,486	43.38	25.00	50.00	40.00	-25,354,267
Core Fixed Income	74,574,209	9.94	8.00	15.00	10.00	415,096
Specialty Credit	188,431,538	25.13	20.00	30.00	25.00	-958,276
Real Estate	45,786,127	6.11	4.00	10.00	7.00	6,706,387
Real Return	57,059,016	7.61	5.00	11.00	8.00	2,932,428
Private Equity	43,529,015	5.80	4.00	12.00	8.00	16,462,429
Cash	15,201,658	2.03	0.00	5.00	2.00	-203,797
Total Fund	749,893,048	100.00			100.00	

Asset Allocation Compliance

SPRS Insurance Plan

Periods Ended As of September 30, 2025

Executive Summary



	Asset Allocation \$	Asset Allocation (%)	Minimum Allocation (%)	Maximum Allocation (%)	Target Allocation (%)	Target Rebalance \$
Public Equity	127,451,262	42.91	25.00	50.00	40.00	-8,638,765
Core Fixed Income	29,578,630	9.96	8.00	15.00	10.00	124,495
Specialty Credit	74,614,807	25.12	20.00	30.00	25.00	-356,996
Real Estate	17,484,725	5.89	4.00	10.00	7.00	3,307,462
Real Return	22,693,443	7.64	5.00	11.00	8.00	1,069,056
Private Equity	19,556,499	6.58	4.00	12.00	8.00	4,206,000
Cash	5,651,876	1.90	0.00	5.00	2.00	288,749
Total Fund	297,031,242	100.00			100.00	

Quarterly Investment Compliance Report

Quarter Ending September 30, 2025



Investment Guideline Compliance Review

19 Guidelines In Compliance

0 Guidelines Not In Compliance

Quarterly Investment Compliance Report Quarter Ending
September 30, 2025

2

Guideline Category	Guideline	Compliance Status
General	The assets managed by any one active or passive investment manager shall not exceed 15% of the overall assets of the systems.*	In Compliance
	Total assets assigned to a selected manager shall not exceed 25% of the management firm's total assets under management.	In Compliance
	Total assets assigned to a selected manager shall not exceed 25% of the management firm's total assets under management in a commingled product.	In Compliance
	Derivative investments shall not cause the systems' portfolios to be leveraged beyond a 100% invested position.	In Compliance
	The maximum investment in any co-investment vehicle shall not exceed 50% of the total capital committed by all partners at the time of the final closing.	In Compliance
	The maximum investment in any single direct co-investment shall not exceed 20% of the original partnership commitment.	In Compliance
	Total investment in direct co-investments shall not exceed 20% of the asset class portfolio on a cost basis at the time of investment.	In Compliance
	An external investment manager's cash holdings shall not exceed 5% of the manager's allocation, unless such cash holdings are an integral part of a fixed income manager's investment strategy.	In Compliance
	Externally and internally managed portfolio investment guidelines shall be met.	In Compliance
Equity	The amount of stock in the domestic or international equity allocation in any single corporation shall not exceed 5% of the aggregate market value of the assets of the systems.	In Compliance
	The amount of stock held in the domestic or international equity allocation shall not exceed 3% of the outstanding shares of any single corporation.	In Compliance
	Investment in "frontier" markets shall not exceed 5% of the international equity assets of the systems.	In Compliance
	No more than 15% of the systems' total allocation to private equity investments may be committed to any one partnership.	In Compliance
Fixed Income	The duration of the core fixed income portfolios combined shall not vary from that of the systems' Fixed Income Index by more than +/- 25% as measured by effective duration, modified duration, or dollar duration except when the Investment Committee has determined a target duration to be used for an interim basis.	In Compliance
	The amount invested in the debt of a single issuer shall not exceed 5% of the total market value of the systems' fixed income assets, with the exception of U.S. Government issued, guaranteed, or agency obligations and certain derivative securities.	In Compliance
	50% of the core fixed income assets shall have stated liquidity that is trade date plus three (3) days or better.	In Compliance
Real Return	No more than 20% of the total net assets of the systems' Real Return portfolios shall be invested in any single closed-end or open-end limited partnership or other unregistered investment vehicle.	In Compliance
	No more than 50% of the total net assets of the systems' Real Return portfolio shall be invested in any one registered investment vehicle, mutual fund, or separately managed account.	In Compliance
Cash Equivalent Securities	All instruments in the liquidity allocation shall have a maturity at the time of purchase that does not exceed 397 days.	In Compliance

*Only applies to external managers and not to assets managed by KPPA Investment Staff.

Quarterly Investment Compliance Report Quarter Ending
September 30, 2025

Investment Guideline Compliance Review: Exception Report

- None

Asset Allocation Compliance Review: Exception Report

- None

Quarterly Proxy Report Compliance Checklist

- ✓ To ensure compliance with KRS 61.650(7)(d), the quarterly proxy report for the quarter ending on September 30, 2025 can be found here:

<https://www.kyret.ky.gov/Investments/Investments-Library/Pages/Proxy-Voting-Reports.aspx>

- ✓ Available on KPPA's website as required by KRS 61.645(19)

KRS Board Meeting - Quarterly Financial Statements

Combining Statement of Fiduciary Net Position									
For the three month period ending September 30, 2025, with Comparative Totals for the three month period ending September 30, 2024 (\$ in thousands) (Unaudited)									
	Pension			Insurance			KRS Total	KRS Total	
	KERS Nonhazardous	KERS Hazardous	SPRS	KERS Nonhazardous	KERS Hazardous	SPRS	2026	2025	
ASSETS									
CASH AND SHORT-TERM INVESTMENTS									
Cash Deposits	\$455	\$26	\$24	\$99	\$14	\$4	\$621	\$460	35.08%
Short-term Investments	239,879	57,180	35,416	83,281	25,410	9,841	451,006	\$471,562	(4.36%)
Total Cash and Short-term Investments	240,334	57,206	35,440	83,380	25,424	9,845	451,627	472,022	
RECEIVABLES									
Accounts Receivable	89,996	4,204	2,294	5,825	423	224	102,966	101,633	1.31%
Accounts Receivable - Investments	50,691	8,648	7,700	14,232	4,716	2,008	87,994	123,575	(28.79%) 1
Total Receivables	140,687	12,852	9,994	20,057	5,139	2,232	190,960	225,208	
INVESTMENTS, AT FAIR VALUE									
Core Fixed Income	1,422,884	117,425	205,740	190,028	74,068	29,378	2,039,522	1,795,014	13.62% 2
Public Equities	1,744,854	513,425	252,332	807,399	321,067	125,725	3,764,802	3,178,221	18.46% 3
Private Equities	210,093	64,051	29,349	103,431	43,529	19,556	470,009	474,699	(0.99%)
Specialty Credit	1,047,791	294,670	149,504	469,033	186,932	73,972	2,221,901	1,912,987	16.15% 4
Derivatives	49	15	9	214	79	33	398	38	956.03%
Real Return	495,670	88,378	71,836	142,200	55,405	22,223	875,712	738,432	18.59% 5
Real Estate	237,070	63,865	35,783	103,654	45,786	17,485	503,643	481,603	4.58%
Total Investments, at Fair Value	5,158,411	1,141,829	744,553	1,815,959	726,866	288,372	9,875,987	8,580,994	
Securities Lending Collateral	141,832	31,777	20,589	42,582	16,889	6,703	260,371	224,278	16.09% 6
CAPITAL/INTANGIBLE ASSETS									
Capital Assets	929	91	11	—	—	—	1,031	1,031	—%
Intangible Assets	5,920	494	100	—	—	—	6,513	6,513	—%
Accumulated Depreciation	(929)	(91)	(11)	—	—	—	(1,031)	(1,031)	—%
Accumulated Amortization	(5,920)	(494)	(100)	—	—	—	(6,513)	(6,513)	—%
Total Capital Assets	—	—	—	—	—	—	—	—	
Total Assets	5,681,264	1,243,664	810,576	1,961,978	774,318	307,152	10,778,945	9,502,502	
LIABILITIES									
Accounts Payable	4,206	1,268	246	(13)	—	7	5,714	5,003	14.20%
Accounts Payable - Investments	100,991	14,811	15,147	22,772	7,097	3,189	164,007	153,125	7.11%
Securities Lending Collateral	141,832	31,777	20,589	42,582	16,889	6,703	260,371	224,278	16.09% 7
Total Liabilities	247,029	47,856	35,982	65,341	23,986	9,899	430,091	382,406	
Total Fiduciary Net Position Restricted for Benefits	\$5,434,235	\$1,195,808	\$774,594	\$1,896,637	\$750,332	\$297,253	\$10,348,853	\$9,120,096	13.47%
NOTE - Variance Explanation for changes greater than 10% and more than \$1 million. Differences due to rounding									
1) The variance in Investment Accounts Receivable is due to pending trades.									
2) The increase in Core Fixed Income is a result of additional funding.									
3) The increase in Public Equity is the result of favorable market conditions and additional funding.									
4) The increase in Specialty Credit is a result of additional funding and favorable market conditions.									
5) The increase in Real Return is a result of additional funding of new managers and favorable market conditions.									
6) The variance is a result of the demand of the Securities Lending Program.									
7) The variance is a result of the demand of the Securities Lending Program.									

KRS Board Meeting - Quarterly Financial Statements

Combining Statement of Changes In Fiduciary Net Position									
For the three month period ending September 30, 2025, with Comparative Totals for the three month period ending September 30, 2024 (\$ in thousands) (Unaudited)									
	Pension			Insurance			KRS Total	KRS Total	
	KERS Nonhazardous	KERS Hazardous	SPRS	KERS Nonhazardous	KERS Hazardous	SPRS	2026	2025	
ADDITIONS									
Member Contributions	\$27,394	\$5,779	\$1,593	\$—	\$—	\$—	\$34,766	\$32,217	7.91%
Employer Contributions	39,344	18,477	13,307	7,941	—	464	79,533	76,727	3.66%
Actuarially Accrued Liability Contributions	216,618	—	—	499	—	—	217,117	215,533	0.73%
General Fund Appropriations	75,000	—	6,250	—	—	—	81,250	81,250	—%
Pension Spiking Contributions	(1)	—	—	—	—	—	(1)	4	(123.67%)
Health Insurance Contributions (HB1)	(14)	(10)	(3)	3,301	596	121	3,991	3,536	12.89%
Humana Gain Share Payment	—	—	—	—	—	—	—	—	—
Medicare Drug Reimbursement	—	—	—	—	—	—	—	—	—
Insurance Premiums	—	—	—	10	(5)	(3)	2	(2)	(229.83%)
Retired Reemployed Healthcare	—	—	—	2,210	526	6	2,742	2,667	2.79%
Total Contributions	358,341	24,246	21,147	13,961	1,117	588	\$419,400	411,932	
INVESTMENT INCOME									
From Investing Activities									
Net Appreciation (Depreciation) in FV of Investments	168,732	41,586	24,272	64,389	25,322	10,059	334,360	386,050	(13.39%)
Interest/Dividends	47,611	10,272	6,637	15,732	6,222	2,529	89,003	77,152	15.36%
Total Investing Activities Income (loss)	216,343	51,858	30,909	80,121	31,544	12,588	423,363	463,202	(8.60%)
Less: Investment Expense	5,998	1,574	855	2,275	1,244	491	12,437	11,608	7.15%
Less: Performance Fees	2,197	451	241	913	441	150	4,393	5,914	(25.72%)
Net Income (loss) from Investing Activities	208,148	49,833	29,813	76,933	29,859	11,947	406,533	445,680	(8.78%)
From Securities Lending Activities									
Securities Lending Income	1,669	390	267	589	186	80	3,181	3,035	
Less: Securities Lending Borrower Rebates (Income)/Expense	1,373	320	221	489	152	66	2,621	2,705	
Less: Securities Lending Agent Fees	44	11	7	15	5	2	84	49	
Net Income from Securities Lending	252	59	39	85	29	12	476	281	69.78%
Net Investment Income (loss)	208,400	49,892	29,852	77,018	29,888	11,959	407,009	445,961	
Total Additions	566,741	74,138	50,999	90,979	31,005	12,547	826,409	857,893	(3.67%)
DEDUCTIONS									
Benefit Payments	269,888	24,525	19,071	—	—	—	313,484	306,166	2.39%
Refunds	2,380	2,051	111	—	—	—	4,542	5,663	(19.79%)
Administrative Expenses	3,521	424	78	171	23	21	4,238	4,080	3.87%
Healthcare Premium Subsidies	—	—	—	27,677	4,716	4,745	37,138	34,007	9.21%
Self Funded Healthcare	—	—	—	365	38	—	403	693	(41.82%)
Excise Tax	—	—	—	—	—	—	—	—	—
Total Deductions	275,789	27,000	19,260	28,213	4,777	4,766	359,805	350,609	
Net Increase/Decrease in Fiduciary Net Position Restricted for Pension Benefits	290,952	47,138	31,739	62,766	26,228	7,781	466,604	507,284	
Total Fiduciary Net Position Restricted for Benefits									
Beginning of Period	5,143,284	1,148,670	742,853	1,833,872	724,103	289,472	9,882,254	8,612,809	
End of Period	\$5,434,236	\$1,195,808	\$774,592	\$1,896,638	\$750,331	\$297,253	\$10,348,858	\$9,120,093	13.47%
NOTE - Variance Explanation for changes greater than 10% and more than \$1 million. Differences due to rounding.									
1) The decrease in Net Appreciation is a result of less unrealized gains primarily from Core Fixed Income.									
2) The increase in Interest/Dividends is a result of increased dividends from Public Equity.									
3) The decrease in Performance Fees is a result of a decline in carried interest from Private Equity and Specialty Credit.									
4) The change in Securities Lending net income is driven by the demands of the program.									
5) The decrease in Refunds is due to a decrease in active termination refunds in KERS Nonhazardous and SPRS members.									

KRS Contribution Report

For the three month period ending September 30, 2025, with Comparative Totals for the three month period ending September 30, 2024 (\$ in Millions)

 Kentucky Employees Retirement System  State Police Retirement System	Kentucky Employees Retirement System				State Police Retirement System	
	Nonhazardous		Hazardous			
	Pension					
	FY26	FY25	FY26	FY25	FY26	FY25
Member Contributions	\$27.4	\$25.1	\$5.8	\$5.6	\$1.6	\$1.5
Employer Contributions	29.7	29.2	15.3	14.9	12.7	12.9
Employer Pay Credit	9.6	8.1	3.1	3.4	0.6	0.6
AALC	216.6	215.2	—	—	—	—
General Fund Appropriations	75.0	75.0	—	—	6.2	6.2
Net Investment Income	39.7	30.1	8.3	7.1	5.6	4.7
Total Inflows	398.0	382.7	32.5	31.0	26.7	25.9
Benefit Payments/Refunds	272.3	269.3	26.6	24.9	19.2	17.7
Administrative Expenses	3.5	3.4	0.4	0.4	0.1	0.1
Total Outflows	275.8	272.7	27.0	25.3	19.3	17.8
NET Contributions	122.2	110.0	5.5	5.7	7.4	8.1
Realized Gain/(Loss)	52.2	67.0	11.6	19.2	6.9	10.0
Unrealized Gain/(Loss)	116.6	125.8	30.0	26.8	17.3	19.8
Change in Net Position	291.0	302.8	47.1	51.7	31.6	37.9
Beginning of Period	5,143.3	4,297.6	1,148.7	1,029.9	742.9	653.2
End of Period	\$5,434.3	\$4,600.4	\$1,195.8	\$1,081.6	\$774.5	\$691.1
Net contributions less Net Investment Income	\$82.5	\$79.9	(\$2.8)	(\$1.4)	\$1.8	\$3.4
Cash Flow as % if Net Assets	1.52%	1.74%	(0.24%)	(0.13%)	0.23%	0.49%
Net Investment Income	\$39.7	\$30.1	\$8.3	\$7.1	\$5.6	\$4.7
Yield as % of Net Assets	0.73%	0.65%	0.69%	0.65%	0.72%	0.68%

 	Kentucky Employees Retirement System				State Police Retirement System	
	Nonhazardous		Hazardous			
	Pension					
	FY26	FY25	FY26	FY25	FY26	FY25
Employer Contributions	\$7.9	\$7.3	\$—	\$—	\$0.5	\$0.4
AALC	0.5	0.4	—	—	—	—
Insurance Premiums	—	—	—	—	—	—
Humana Gain Share	—	—	—	—	—	—
Retired Employed Healthcare	2.2	2.1	0.5	0.5	—	—
Health Insurance Contributions	3.3	2.9	0.6	0.5	0.1	0.1
Net Investment Income	12.6	12.2	4.6	4.2	1.9	1.7
Total Inflows	26.5	24.9	5.7	5.2	2.5	2.2
Healthcare Premiums	28.0	25.7	4.8	5.3	4.7	3.7
Administrative Expenses	0.2	0.2	—	—	—	—
Total Outflows	28.2	25.9	4.8	5.3	4.7	3.7
NET Contributions	(1.7)	(1.0)	0.9	(0.1)	(2.2)	(1.5)
Realized Gain/(Loss)	22.7	33.6	9.0	14.4	3.7	5.8
Unrealized Gain/(Loss)	41.7	45.1	16.4	13.0	6.4	5.5
Change in Net Position	62.7	77.7	26.3	27.3	7.9	9.8
Beginning of Period	1,833.9	1,692.1	724.1	667.9	289.5	272.1
End of Period	\$1,896.6	\$1,769.8	\$750.4	\$695.2	\$297.4	\$281.9
Net contributions less Net Investment Income	(\$14.3)	(\$13.2)	(\$3.7)	(\$4.3)	(\$4.1)	(\$3.2)
Cash Flow as % if Net Assets	(0.75%)	(0.75%)	(0.49%)	(0.62%)	(1.37%)	(1.12%)
Net Investment Income	\$12.6	\$12.2	\$4.6	\$4.2	\$1.9	\$1.7
Yield as % of Net Assets	0.67%	0.69%	0.61%	0.60%	0.64%	0.61%

		Past Due Invoices As Of September 30, 2025								COMMENTS
Employer Name (Top Ten)	Type of Invoice	0-90 days	91-180 days	181-360 days	1-2 years	2-3 years	3-5 years	> 5 years	Total Past Due	
KENTUCKY RIVER COMMUNITY CARE INC		\$362,652	\$362,146	\$725,172	\$1,450,941	\$1,450,608	\$1,692,597	(\$318)	\$6,043,799	With KPPA Legal
	Actuarially Accrued Liability Contribution	\$362,687	\$362,703	\$725,406	\$1,450,812	\$1,450,812	\$1,692,614		\$6,045,034	
	Standard Sick Leave				\$711				\$711	
	Pension Spiking							(\$115)	(\$115)	
	Monthly Reporting Invoice (\$34)		(\$557)	(\$234)	(\$582)	(\$204)	(\$17)	(\$204)	(\$1,831)	
WESTERN KENTUCKY UNIVERSITY		\$688,636							\$688,636	All were paid in October 2025
	Actuarially Accrued Liability Contribution	\$686,005							\$686,005	
	Monthly Reporting Invoice	\$1,631							\$1,631	
	Penalty - Monthly Reporting	\$1,000							\$1,000	
MUNICIPAL ELECTRIC POWER ASSOCIATION OF KY		\$19,862	\$19,875	\$39,750	\$82,172				\$161,659	This agency has dissolved, ERCE working on resolution.
	Actuarially Accrued Liability Contribution	\$19,862	\$19,875	\$39,750	\$82,172				\$161,659	
SEVEN COUNTY SERVICES INC			(\$927)	\$4,685	(\$2,117)	(\$1,880)	\$96	\$159,349	\$159,206	With KPPA Legal
	Pension Spiking			\$5,698			\$1,447	\$130,808	\$137,953	
	Standard Sick Leave							\$36,798	\$36,798	
	Omitted Employer							\$7,558	\$7,558	
	Monthly Reporting Invoice		(\$927)	(\$1,013)	(\$2,117)	(\$1,880)	(\$1,351)	(\$15,815)	(\$23,103)	
DEPARTMENT OF HIGHWAYS		\$157,772							\$157,772	All past due invoices from 9/30/2025 have been paid.
Health Insurance Reimbursement		\$157,772							\$157,772	
OFFICE OF STATE BUDGET DIRECTOR		\$103,496							\$103,496	All past due invoices from 9/30/2025 have been paid.
Standard Sick Leave		\$94,189							\$94,189	
Health Insurance Reimbursement		\$9,308							\$9,308	
UNIFIED PROSECUTORIAL SYSTEM					\$24,066	\$21,763	\$4,159	\$50,612	\$100,600	ERCE and Legal are working toward a resolution
	Standard Sick Leave				\$24,746	\$20,692	\$2,843	\$15,117	\$63,398	
	Pension Spiking					\$2,181	\$1,058	\$42,940	\$46,178	
	Monthly Reporting Invoice							\$895	\$895	
	Omitted Employer							\$466	\$466	
	Expired Post Pending Invoice							(\$767)	(\$767)	
	Member Pension Spiking Refund				(\$680)	(\$587)	(\$1,843)	(\$464)	(\$3,573)	
	Personnel Adjustment					(\$523)	\$2,101	(\$7,575)	(\$5,997)	
DEPARTMENT FOR COMMUNITY BASED SERVICES		\$47,986	\$6,228		\$14,152				\$68,366	\$61,841 has been paid since 9/30/2025. ERCE working with employer to resolve remaining past due invoices.
	Standard Sick Leave	\$48,192	\$5,065		\$12,891				\$66,149	
	Reinstatement		\$1,459		\$1,261				\$2,721	
	Personnel Adjustment	(\$206)	(\$297)						(\$503)	
DEPARTMENT OF CRIMINAL JUSTICE TRAINING		\$47,271							\$47,271	All Past due invoices have been paid.
Health Insurance Reimbursement		\$47,271							\$47,271	
KY RIVER AUTHORITY			\$22,718						\$22,718	All Past due invoices have been paid.
Standard Sick Leave			\$22,718						\$22,718	
ALL OTHER KRS EMPLOYERS		\$65,583	\$10,865	\$14,614	(\$49,675)	\$9,432	\$2,654	\$18,470	\$71,941	Employers working with ERCE toward past due resolution
	Health Insurance Reimbursement	\$52,190	\$1,898	\$7,838		\$9,106	\$732	\$2,626	\$74,391	
	Standard Sick Leave	\$14,870	\$8,138	\$6,359	\$16,441	\$1,265		\$6,383	\$53,457	
	Reinstatement	\$2,830			\$431			\$6,687	\$9,949	
	Pension Spiking							\$8,812	\$8,812	
	Omitted Employer				\$5,768				\$5,768	
	Employer free military and decompression service						\$2,604		\$2,604	
	Penalty - Monthly Reporting		\$1,000	\$1,000					\$2,000	
	Actuarially Accrued Liability Contribution	\$757			\$1,014				\$1,771	
	Expired Post Pending Invoice	\$92						(\$156)	(\$64)	
	Personnel Adjustment (\$1,283)		(\$20)	(\$93)	\$591	\$180		\$238	(\$386)	
	Member Pension Spiking Refund (\$363)				(\$180)				(\$542)	
	Omitted Employer PPEND							(\$2,303)	(\$2,303)	
	Monthly Reporting Invoice	(\$3,512)	(\$152)	(\$491)	(\$73,740)	(\$1,119)	(\$682)	(\$3,818)	(\$83,514)	
Total PAST Due		\$1,493,258	\$420,904	\$784,221	\$1,519,539	\$1,479,923	\$1,699,506	\$228,113	\$7,625,464	



KRS Board Meeting - Quarterly Financial Statements




KENTUCKY PUBLIC PENSIONS AUTHORITY

Penalty Invoices Report

From: 7/1/2025 To: 9/30/2025

Note: Delinquent Interest amounts are included in the totals for the invoice

Invoice Amount	Invoice Remaining Balance	Delinquent Interest	Invoice Status Date	Invoice Due Date	Invoice Status	Employer Classification	Comments
\$1,000	\$—	\$—	7/14/2025	11/2/2023	CANC	County Attorneys	New employer reporting official
1,000	—	—	7/14/2025	1/19/2024	CANC	County Attorneys	New employer reporting official
1,000	—	—	7/14/2025	1/19/2024	CANC	County Attorneys	New employer reporting official
1,000	—	—	7/14/2025	1/19/2024	CANC	County Attorneys	New employer reporting official
1,000	—	—	7/14/2025	1/19/2024	CANC	County Attorneys	New employer reporting official
1,000	—	—	7/14/2025	3/29/2024	CANC	County Attorneys	New employer reporting official
1,000	—	—	7/22/2025	3/29/2024	CANC	County Attorneys	KPPA system issue
1,000	—	—	7/22/2025	4/11/2025	CANC	County Attorneys	KPPA system issue
1,000	—	—	7/22/2025	5/2/2025	CANC	County Attorneys	KPPA system issue
1,000	—	—	7/22/2025	7/10/2025	CANC	County Attorneys	KPPA system issue
1,000	—	—	7/22/2025	7/16/2025	CANC	County Attorneys	KPPA system issue
1,000	—	—	9/26/2025	10/23/2025	CANC	Universities	KPPA system issue
Total	\$12,000	\$—	\$—				
\$1,905	\$—	\$—	9/8/2025	10/8/2025	CRTD	Regional Mental Health Units	
Total	\$1,905	\$—	\$—				
\$1,000	\$—	\$—	7/18/2025	7/25/2025	PAID	Non-P1 State	
1,000	—	—	8/5/2025	8/20/2025	PAID	Non-P1 State	
1,000	—	—	9/10/2025	8/30/2025	PAID	Universities	
1,000	—	—	9/4/2025	9/18/2025	PAID	Health Departments	
1,000	—	—	9/3/2025	9/21/2025	PAID	Health Departments	
						Non-P1 State Agencies	
1,000	—	—	9/8/2025	9/26/2025	PAID	Non-P1 State Agencies	
1,000	—	—	9/23/2025	10/10/2025	PAID	Universities	
Total	\$7,000	\$—	\$—				

Notes:
Invoice Status: CANC - Cancelled; CRTD - Created; PAID - Paid

KPPA ADMINISTRATIVE BUDGET FY 2025-2026 BUDGET-TO-ACTUAL SUMMARY ANALYSIS FOR THE THREE MONTHS PERIOD ENDING SEPTEMBER 30, 2025, WITH COMPARATIVE TOTALS FOR THE THREE MONTHS ENDING SEPTEMBER 30, 2024						
CATEGORY	BUDGETED	FY 2025 EXPENSE	REMAINING	PERCENT REMAINING	FY 2024 EXPENSE	PERCENT DIFFERENCE
PERSONNEL	\$37,718,000	\$9,135,502	\$28,582,498	75.78%	\$8,849,836	3.23%
LEGAL CONTRACTS	1,820,000	148,577	1,671,423	91.84%	294,608	(49.57%)
AUDITING	250,000	13,033	236,967	94.79%	40,251	(67.62%)
ACTUARIAL SERVICES	550,000	—	550,000	100.00%	—	—%
MEDICAL REVIEWERS	1,800,000	274,885	1,525,115	84.73%	258,085	6.51%
OTHER PERSONNEL	1,085,000	26,185	1,058,815	97.59%	67,440	(61.17%)
PERSONNEL TOTAL	\$43,223,000	\$9,598,182	\$33,624,818	77.79%	\$9,510,220	0.92%
RENTALS - BUILDING & EQUIPMENT	1,400,000	292,920	1,107,080	79.08%	280,539	4.41%
INFORMATION TECHNOLOGY	4,005,000	1,043,291	2,961,709	73.95%	851,803	22.48%
OTHER OPERATIONAL	1,319,000	139,062	1,179,938	89.46%	167,406	(16.93%)
OPERATIONAL TOTAL	\$6,724,000	\$1,475,273	\$5,248,727	78.06%	\$1,299,748	13.50%
RESERVE	22,700	—	22,700	100.00%	—	—%
ADMINISTRATIVE BUDGETED AMOUNT	\$49,969,700	\$11,073,455	\$38,896,245	77.84%	\$10,809,968	2.44%

ADMINISTRATIVE BUDGET SUMMARY NOTES	
	KPPA has spent \$9.1 million through quarter one, which is 24.22% of the annual budget (leaving 75.78%) and is 3.23% higher than last year's quarter one total.
PERSONNEL (Staffing Subtotal):	The Locality Premium line item is included in the Salaries/Wages Budget line item.
LEGAL & AUDITING SERVICES:	KPPA has spent \$161,610 or 7.81% of the annual budget (leaving 92.19%), We have not yet received all the invoices related to the ACFR audits.
OTHER PERSONNEL CATEGORIES:	All other personnel categories are well under budget through the first quarter.
OPERATIONAL TOTAL:	KPPA has spent \$1.5 million in the operations category leaving 78.06% of the budget for the next three quarters.
OVERALL:	The total administrative expenses through quarter one were \$11 million, which was 2.44% higher than the prior year comparison, leaving 77.84% (or \$38.9M) of the original \$49.9 million budget. KPPA also received an additional \$145,900 from OSBD subsequent to the KPPA board approving this budget, bringing the total admin budget to \$50,115,600 (vs. the \$49,969,700 approved by the KPPA Board and presented here.)

KPPA ADMINISTRATIVE BUDGET FY 2025-2026 BUDGET-TO-ACTUAL ANALYSIS FOR THE THREE MONTHS PERIOD ENDING SEPTEMBER 30, 2025, WITH COMPARATIVE TOTALS FOR THE THREE MONTHS ENDING SEPTEMBER 30, 2024						
Account Name	Budgeted	FY 2026 Expense	Remaining	PERCENT REMAINING	FY 2025 EXPENSE	PERCENT DIFFERENCE
PERSONNEL						
Staff						
Salaries/Wages	\$22,400,000	\$5,356,597	\$17,043,403	76.09%	\$5,117,359	4.68%
Wages (Overtime)	320,000	60,497	259,503	81.09%	49,207	22.94%
Locality Premium	—	115,623	-115,623	(100.00%)	—	100.00%
Emp Paid FICA	1,740,000	397,077	1,342,923	77.18%	368,985	7.61%
Emp Paid Retirement	9,730,000	2,367,696	7,362,304	75.67%	2,542,284	(6.87%)
Emp Paid Health Ins	3,200,000	821,226	2,378,774	74.34%	754,060	8.91%
Emp Paid Life Ins	3,000	798	2,202	73.40%	772	3.37%
Emp Paid Sick Leave	250,000	—	250,000	100.00%	—	—%
Adoption Assistance Benefit	15,000	—	15,000	100.00%	—	—%
Escrow For Admin Fees	5,000	—	5,000	100.00%	—	—%
Workers Compensation	20,000	12,485	7,515	37.58%	12,485	—%
Unemployment	10,000	0	10,000	100.00%	2,007	(100.00%)
Employee Training	25,000	3,503	21,497	85.99%	2,676	30.90%
Tuition Assistance	—	—	—	—	—	—%
Bonds	—	—	—	—	—	—%
Staff Subtotal	\$37,718,000	\$9,135,502	\$28,582,498	75.78%	\$8,849,836	3.23%
LEGAL & AUDITING SERVICES						
Legal Hearing Officers	270,000	37,494	232,506	86.11%	38,569	(2.79%)
Legal (Stoll, Keenon)	125,000	0	125,000	100.00%	—	—%
Frost Brown	600,000	82,385	517,615	86.27%	88,932	(7.36%)
Reinhart	—	—	—	—	—	—%
Ice Miller	500,000	14,260	485,740	97.15%	116,000	(87.71%)
Johnson, Bowman, Branco LLC	150,000	3,635	146,365	97.58%	34,942	(89.60%)
Dentons Bingham & Greenbaum	50,000	945	49,055	98.11%	—	100.00%
Kellerman Law PLC	100,000	9,617	90,383	90.38%	—	100.00%
Legal Expense	25,000	242	24,758	99.03%	16,166	(98.50%)
Auditing	250,000	13,033	236,968	94.79%	40,251	(67.62%)
Total Legal & Auditing Services	\$2,070,000	\$161,610	\$1,908,390	92.19%	\$334,860	(51.74%)
CONSULTING SERVICES						
Medical Reviewers	1,800,000	274,885	1,525,115	84.73%	258,085	6.51%
Escrow for Actuary Fees	—	—	—	—	—	—%
Total Consulting Services	\$1,800,000	\$274,885	\$1,525,115	84.73%	\$258,085	6.51%
CONTRACTUAL SERVICES						
Miscellaneous Contracts	1,000,000	13,784	986,216	98.62%	51,533	(73.25%)
Human Resources Consulting	10,000	—	10,000	100.00%	—	—%
Actuarial Services	550,000	—	550,000	100.00%	—	—%
Facility Security Charges	75,000	12,401	62,599	83.47%	15,907	(22.04%)
Contractual Subtotal	\$1,635,000	\$26,185	\$1,608,815	98.40%	\$67,440	(61.17%)
PERSONNEL SUBTOTAL	\$43,223,000	\$9,598,181	\$33,624,818	77.79%	\$9,510,220	0.92%
OPERATIONAL						
Natural Gas	50,000	1,906	48,094	96.19%	1,408	35.37%
Electric	140,000	27,789	112,211	80.15%	32,721	(15.07%)
Rent-Non State Building	105,000	—	105,000	100.00%	—	—%
Building Renatl - PPW	1,000,000	240,492	759,508	75.95%	240,492	—%
Copier Rental	100,000	21,279	78,721	78.72%	4,431	380.23%
Rental Carpool	5,000	1,454	3,546	70.92%	1,487	(2.22%)
Vehicle/Equip. Maintenance	1,500	—	1,500	100.00%	—	—%
Postage	480,000	28,699	451,301	94.02%	32,299	(11.15%)
Freight	500	—	500	100.00%	—	—%
Printing (State)	5,000	—	5,000	100.00%	50	(100.00%)
Printing (Non-State)	95,000	4,893	90,107	94.85%	—	100.00%

KRS Board Meeting - Quarterly Financial Statements

Insurance	7,500	12,692	-5,192	(69.23%)	12,692	—%
Garbage Collection	8,000	604	7,396	92.45%	1,646	(63.30%)
Conference Expense	48,000	12,932	35,068	73.06%	18,076	(28.46%)
Conference Exp. Investment	1,000	0	1,000	100.00%	—	—%
Conference Exp. Audit	1,000	0	1,000	100.00%	—	—%
MARS Usage	65,000	14,760	50,240	77.29%	14,678	0.56%
COVID-19 Expenses	—	—	—	—	—	—%
Office Supplies	100,000	13,716	86,284	86.28%	9,275	47.88%
Furniture & Office Equipment	50,000	—	50,000	100.00%	85	(100.00%)
Travel (In-State)	15,000	1,132	13,868	92.45%	3,226	(64.91%)
Travel (In-State) Investment	500	—	500	100.00%	—	—%
Travel (In-State) Audit	1,000	—	1,000	100.00%	—	—%
Travel (Out of State)	77,000	19,705	57,295	74.41%	20,673	(4.68%)
Travel (Out of State) Investment	135,000	—	135,000	100.00%	—	—%
Travel (Out of State) Audit	3,000	—	3,000	100.00%	—	—%
Dues & Subscriptions	69,000	14,338	54,662	79.22%	12,118	18.32%
Dues & Subscriptions Investment	15,000	5,429	9,571	63.81%	6,360	(14.64%)
Dues & Subscriptions Audit	1,000	—	1,000	100.00%	—	—%
Miscellaneous	55,000	827	54,173	98.50%	449	—%
Miscellaneous Investment	—	—	—	—	—	—%
Miscellaneous Audit	—	—	—	—	—	—%
COT Charges	40,000	3,038	36,962	92.41%	3,267	(7.01%)
Telephone - Wireless	10,000	1,973	8,027	80.27%	1,790	10.22%
Telephone - Other	125,000	21,174	103,826	83.06%	47,694	(55.60%)
Telephone - Video Conference	15,000	948	14,052	93.68%	973	(2.57%)
Computer Equip./Software	3,900,000	1,025,493	2,874,507	73.71%	833,858	22.98%
Comp. Equip./Software Investment	—	—	—	—	—	—%
Comp. Equip./Software Audit	—	—	—	—	—	—%
OPERATIONAL SUBTOTAL	\$6,724,000	\$1,475,273	\$5,248,727	78.06%	\$1,299,748	13.50%
SUB-TOTAL	\$49,947,000	\$11,073,454	\$38,873,545	77.83%	\$10,809,968	2.44%
Reserve	22,700	—	22,700	100.00%	—	—%
TOTAL	\$49,969,700	\$11,073,454	\$38,896,245	77.84%	\$10,809,968	2.44%
<i>Differences due to rounding.</i>						

Plan	Budgeted	FY 2026 Expense	% of Total KPPA FY 2026 Expense
CERS Nonhazardous	\$29,557,078	\$6,549,948	59.15%
CERS Hazardous	2,598,424	575,820	5.20%
KERS Nonhazardous	15,623,526	3,462,226	31.266%
KERS Hazardous	1,842,883	408,389	3.688%
SPRS	347,789	77,071	0.696%
TOTAL	\$49,969,700	\$11,073,454	100.00%

JP MORGAN CHASE HARD INTEREST EARNED					
FOR THE FISCAL YEAR ENDING JUNE 30, 2026					
	Clearing Account	CERS	KERS	SPRS	Total
July-25	\$13,193	\$12,946	\$5,088	\$217	\$31,445
August-25	12,022	27,751	15,970	1,843	57,585
September-25	13,283	13,877	5,743	417	33,319
October-25	—	—	—	—	—
November-25	—	—	—	—	—
December-25	—	—	—	—	—
January-26	—	—	—	—	—
February-26	—	—	—	—	—
March-26	—	—	—	—	—
April-26	—	—	—	—	—
May-26	—	—	—	—	—
June-26	—	—	—	—	—
Total	\$38,498	\$54,574	\$26,801	\$2,477	\$122,348



KENTUCKY PUBLIC PENSIONS AUTHORITY

Ryan Barrow, Executive Director

1260 Louisville Road • Frankfort, Kentucky 40601
kyret.ky.gov • Phone: 502-696-8800 • Fax: 502-696-8822



To: Kentucky Retirement Systems Board of Trustees

From: D’Juan Surratt
Director of Employer Reporting, Compliance and Education

Date: December 3, 2025

Subject: Hazardous Position Classification

AGENCIES ARE REQUESTING HAZARDOUS DUTY COVERAGE FOR THE FOLLOWING POSITIONS:

<u>Agency</u>	<u>Position</u>	<u>Effective Date</u>
Kentucky State Police	Pilot	1/1/2026
Kentucky State Police	Helicopter Pilot	1/1/2026

Kentucky Public Pensions Authority has reviewed the above requests and determined that they meet the statutory guidelines for Hazardous coverage. Position Questionnaires and Job Descriptions are attached.

**KENTUCKY RETIREMENT SYSTEMS
BOARD OF TRUSTEES
EDUCATION PROGRAM POLICY**

Adopted: November 20, 2008

Amended:

I. Introduction

1. Adoption of Board of Trustees Education Program Policy.
Pursuant to the provisions of Kentucky Revised Statute (KRS) 61.645 and 105 Kentucky Administrative Regulation (KAR) 1:440, the Board of Trustees (Board) of the Kentucky Retirement Systems (System) is required to establish a formal Trustees Education Program (Program) for all Trustees of the Board.
2. Background.
KRS 61.645(18) provides the basic statutory requirements for the Program.
3. Statement of Purpose of Board of Trustees Education Program Policy.
The purposes of this document are to outline the Program and to establish a procedure for ensuring compliance with the Program and state, federal, and common law. In the event that any portion of this document conflicts with state, federal, or common law, the law shall prevail.

II. Definitions

The following definitions and terms used in this Policy shall be applicable whenever used herein:

1. "Approved Education Activity" is a Trustee Education Activity that has been approved for credit hours of training by the Board, Chief Executive Officer (CEO) or other designee in accordance with this Policy.
2. "Trustee Education Activity" is any educational activity, program, or training which provides instruction in one or more of the following areas:
 - A. Benefits;
 - B. Benefits administration;
 - C. Investment concepts, risks, processes, & regulation;
 - D. KRS Investment policies & procedures;
 - E. Current composition and administration of retirement systems investments
 - F. State or federal statutes, regulations, case law, and/or other applicable authority governing Kentucky Retirement Systems or fiduciaries;
 - G. Bylaws of the Board;
 - H. Litigation principles, procedures, & processes;
 - I. Actuarial and financial concepts pertaining to the retirement systems;

- J. Governmental accounting and audit; and/or
- K. Performance planning.

3. "Chief Executive Officer" or "CEO" is the Chief Executive Officer of the System or his or her designee.
4. "Executive Director" is the Executive Director of the Kentucky Public Pensions Authority (KPPA) or his or her designee.
5. "Credit hour" is sixty (60) minutes of actual time spent on Approved Education Activities, which may be accrued in increments of not less than fifteen (15) minutes.
6. "Calendar Year" is the twelve (12) months from January 1 through the following December 31.
7. "Trustee" is a member of the Board.

III. Board Approved Education Activities

The Board hereby adopts the following as Approved Education Activities:

1. Presentations by the CEO, General Counsel, the Executive Director, and/or other KPPA staff on any of the areas included under "Trustee Education Activity."
2. Attendance at meetings (e.g., Board, Committee) where there is a presentation on a topic identified as a Trustee Education Activity and where the meeting agenda states that the presentation is an Approved Education Activity.
3. Workshops and conferences¹ presented by the following:
 - A. National Association of State Retirement Administrators (NASRA),
 - B. National Association of Public Pension Attorneys (NAPPA),
 - C. National Conference on Public Employee Retirement Systems (NCPERS),
 - and
 - D. Institutional Limited Partners Association (ILPA).
4. Approved Education Activities found on the following websites:
 - A. KnowBe4 (<https://knowbe4.com>).

¹ For in-person workshops and conference, no more than four (4) Trustees may attend to ensure that no quorum of the Board is present.

5. The Commonwealth's Ethics Code training provided by the Department of Personnel. There are two options for this training:
 - A. Watch the YouTube Executive Branch Ethics Training video for the current calendar year accessed by Trustees using a secure link emailed to them, or
 - B. Read the Kentucky Personnel Cabinet's Online Ethics Training Program document for the current calendar year emailed to the Trustee, which contains the information from the video.

In order to receive credit hours for attending a Board Approved Education Activity, Trustees must submit a completed Trustee's Education Activity Verification Form as described in Section VIII. after participating in an Approved Education Activity.

IV. Chief Executive Officer (or Designee) Approved Education Activities & Responsibilities

1. A Trustee Education Activity not delineated as a Board Approved Education Activity in accordance with Section III may be approved by the CEO or other designee upon a Trustee's submission of a completed Trustee's Education Activities Verification Form after participating in a Trustee Education Activity.
2. The Trustee's Education Activities Verification Form must be submitted with appropriate documentation, such as a sample agenda, course outline, or materials describing the content of the Trustee Education Activity. The CEO or other designee may request additional supporting materials on a case-by-case basis.
3. The Board will not pay for the educational activity unless it is approved by the CEO or other designee on a Trustee's Education Activities Verification Form.
4. Types of education activities that may be submitted for approval by the CEO or other designee:
 - A. Review of published educational material related to Trustee Education Activity as defined in Section II.2;
 - B. Workshops and conferences presented by other state retirement systems;
 - C. Workshops and conferences presented by professional non-profit organizations other than those noted in Section III.3;
 - D. Workshops and conference presented by trade groups, vendors, potential vendors, and other for-profit entities (however, before any such educational opportunities are approved, the program must be reviewed by Kentucky Public Pensions Authority staff for compliance with the Executive Branch Code of Ethics under KRS Chapter 11A and the Executive Branch Procurement Code under KRS Chapter 45A);
 - E. Educational Material reviewed by the Trustee outside of a workshop or conference program and not provided by Kentucky Public Pensions Authority staff.
5. The CEO or other designee shall review each Trustee's Education Activities Verification Form and shall notify the Trustee of whether the educational activity is approved for credit hours as an Approved Education Activity. An approval in

any given year shall not bind the CEO, Executive Director, or other designee to approve an educational activity as an Approved Education Activity in any future year.

V. New Trustee Orientation Program

1. After a new Trustee (New Trustee) is sworn in as a member of the Board, the New Trustee shall be required to complete the New Trustee Orientation Program during his or her first year following the date the New Trustee is sworn in.
2. The New Trustee Orientation Program shall consist of no less than eight (8) credit hours of Approved Education Activities.
3. The Chief Executive Officer shall be responsible for working with KPPA staff to make the New Trustee Orientation Program available for New Trustees, and may designate other Approved Education Activities for fulfilling the requirements of the New Trustee Orientation Program.
4. The New Trustee Orientation Program shall:
 - A. Include training in each of the categories listed under "Trustee Education Activity" in Section II.2.,
 - B. Emphasize legal and fiduciary responsibilities of Trustees, including, but not limited to, presentations on these topics by independent third party experts, and
 - C. Inform New Trustees about the operations of the System and KPPA through presentations by any of the following: the CEO, the General Counsel, the Executive Director, the KPPA Chief Investment Officer, the KPPA Executive Director of the Office of Operations, the KPPA Executive Director of the Office of Benefits, the KPPA Executive Director of the Office of Legal Services, the KPPA Chief Auditor, the KPPA Information Security Officer, and other qualified KPPA staff members designated by the CEO.
5. If a New Trustee fails to complete the New Trustee Orientation Program within one (1) year following the date the New Trustee is sworn in, in accordance with KRS 61.645(18)(a), the System shall withhold payment of all per diems and reimbursements due to the New Trustee (or which subsequently may come due) until such time as the New Trustee completes the New Trustee Orientation Program and in accordance with Section IX.
6. Each New Trustee attending an Approved Education Activity for the New Trustee Orientation Program shall certify to the CEO or other designee on a Trustee's Education Activities Verification Form that the New Trustee attended the Trustee Education Activity, the total number of credit hours sought, and all other information required by the form and in accordance with Section VIII.

7. A Trustee's Education Activities Verification Form for the New Trustee Orientation Program must be received by the CEO or designee no later than twelve (12) calendar months following the New Trustee's date of appointment.
8. The CEO or designee shall maintain a record of all Approved Education Activities attended and/or performed by each New Trustee. At the end of the New Trustee's first year after the date the New Trustee is sworn in, the CEO or other designee shall report in writing to the New Trustee whether the New Trustee has complied with the requirements of the New Trustee Orientation Program. The report shall include the number of credit hours earned and any remaining credit hours that need to be earned to fulfill the requirements of the New Trustee Orientation Program.

VI. Annual Required Training

1. For every Calendar Year, Trustees shall complete a minimum of twelve (12) credit hours of Approved Education Activities.
 - A. The eight (8) credit hours of New Trustee Orientation Program for New Trustees shall be applied toward the annual twelve (12) credit hour requirement for the New Trustee's first Calendar Year. Accordingly, New Trustees shall be required to complete four (4) credit hours in addition to the New Trustee Orientation Program in order to meet their annual required training requirements during their first Calendar Year.
 - B. For New Trustees who are sworn in after the first month of the calendar year, the twelve (12) required credit hours shall be prorated based on the number of months served in that calendar year.
 - C. Credit hours earned in any calendar year cannot be carried over to the next calendar year.
2. The Board, CEO, or other designee shall make available Approved Education Activities and may approve other Trustee Education Activities for fulfilling the annual training requirements.
3. Each Trustee attending an Approved Education Activity shall certify to the CEO or other designee on a Trustee's Education Activities Verification Form that the Trustee attended the Trustee Education Activity, the total number of credit hours sought, and all other information required by the form and in accordance with Section VIII.
4. A Trustee's Education Activities Verification Form for a Calendar Year must be received by the CEO, Executive Director, or other designee no later than the expiration of the Calendar Year.
5. If a Trustee fails to complete the annual required training, in accordance with KRS 61.645(18)(b), the System shall withhold payment of all per diems and reimbursements due to the Trustee in accordance with Section IX.
6. The CEO, Executive Director, or other designee shall maintain a record of all

Approved Education Activities attended and/or performed by each Trustee.

- A. The CEO shall meet with each Trustee at the beginning of the fourth quarter of each calendar year to discuss the Trustee's compliance with this policy. If the Trustee does not yet have enough approved education activity credit hours for the calendar year, the CEO and Trustee shall put together a plan for the Trustee to be compliant by the end of the calendar year.
- B. At the end of each Calendar Year, the CEO, Executive Director, or other designee shall report in writing to the Trustee whether the Trustee has complied with the annual training requirements. The report shall include the number of credit hours earned and any remaining credit hours that should have been earned to fulfill the annual required training.

VII. Trustee Education Activity and Continuing Education Requirements

The CEO or other designee may authorize an education activity that is a continuing education requirement for a Trustee's private accreditation not related to a Board function as an Approved Education Activity for which a Trustee may receive credit hours if the education activity provides instruction on one or more of the areas listed under "Trustee Education Activity." However, the Board shall not pay for any such training and the Trustee shall not receive any per diem or reimbursement under the Board's Per Diem and Reimbursement Policy for an Approved Education Activity for which the Trustee also receives continuing education credit, un-related to the Trustee's service on the Board.

VIII. Trustee Education Activity Completion

In order to receive credit hours for participating in a Trustee Education Activity, Trustees shall complete timely in accordance with this Policy:

1. A Trustee Education Activity Verification Form with appropriate documentation, such as a sample agenda, course outline, or materials describing the content of the Trustee Education Activity certifying:
 - A. They attended an approved Trustee Education Activity, the total number of hours earned, and all other information required by the form, or
 - B. They reviewed the following educational material related to pensions and investments, the specific material reviewed, date reviewed, and time spent reviewing.

The CEO or other designee shall:

1. Review each submitted Trustee Education Activity Verification Form. If the form includes an approved Trustee Education Activity and is complete and accurate, the CEO or other designee shall sign,
2. Review "Board Smart" transcripts and determine each Trustees completed courses and date completed, and

3. Document and track Service Credit received for each Trustee.

IX. Travel Reimbursement and Per Diem

For a Trustee to receive per diem or travel reimbursement for their Official Duties as described in the KRS Per Diem and Reimbursement Policy, the Trustee shall be in compliance with this Trustee Education Policy, KRS 61.645(18), and 105 KAR 1:440.

Per Diem and Reimbursement shall be paid in accordance with the KRS Per Diem and Reimbursement Policy.

- Σ If a Trustee falls out of compliance with this policy for a Calendar Year, they shall not be eligible for Per Diems or Reimbursement until they make up the missed Education Activities credit hours.
- Σ Per diems or Reimbursements shall be paid once the Trustee has all of their required Education Activity credit hours made up.
 - Per Diems and Reimbursements shall be backdated for the time period they were out of compliance.

X. Certification

We, the Chair of the Board of Trustees of the Kentucky Retirement Systems, and the Chief Executive Officer of the Kentucky Retirement Systems, do hereby certify that this Trustee Education Policy was made effective by the Board of Trustees of the Kentucky Retirement Systems on the ____ day of _____, 2 0 2 5

Chair of the Board of Trustees
Kentucky Retirement Systems

Date

Chief Executive Officer
Kentucky Retirement Systems

Date

**KENTUCKY RETIREMENT SYSTEMS
BOARD OF TRUSTEES
~~TRUSTEES~~ EDUCATION PROGRAM POLICY**

Adopted: November 20, 2008

Amended: ~~April 15, 2021~~

I. Introduction

1. Adoption of Board of Trustees Education Program- ~~Policy~~.

Pursuant to the provisions of Kentucky Revised Statute (KRS) 61.645 and 105 Kentucky Administrative Regulation (KAR) 1:440, the Board of Trustees (Board) of the ~~County~~ EmployeesKentucky Retirement ~~System~~Systems (System) is required to establish a formal Trustees Education Program (Program) for all Trustees of the Board.

~~1.2.~~ Background.

KRS 61.645(18) provides the basic statutory requirements for the Program.

3. Statement of Purpose of Board of Trustees Education Program- ~~Policy~~.

The purposes of this document are to outline the Program and to establish a procedure for ensuring compliance with the Program and state, federal, and common law. In the event that any portion of this document conflicts with state, federal, or common law, the law shall prevail.

II. Definitions

The following definitions and terms used in this Policy shall be applicable whenever used herein:

1. "Approved Education Activity" is a Trustee Education Activity that has been approved for credit hours of training by the Board, Chief Executive Officer (CEO), ~~the Kentucky Public Pensions Authority Executive Director (Executive Director),~~ or other designee ~~by signing the Trustee Education Activity Certification of Completion form in accordance with this Policy.~~
2. "Trustee Education Activity" is any educational activity, program, or training which provides instruction in one or more of the following areas:
 - A. Benefits;
 - B. Benefits administration;
 - C. Investment concepts, risks, processes, & regulation;
 - D. KRS Investment policies & procedures;
 - E. Current composition and administration of retirement systems investments;

F. State or federal statutes, regulations, case law, and/or other applicable authority governing Kentucky Retirement Systems or fiduciaries;

G. Bylaws of the Board;

H. Litigation principles, procedures, & processes;

H.I. Actuarial and financial concepts pertaining to the retirement systems;

I.J. Governmental accounting and audit; and/or

J.K. Performance planning.

3. "Chief Executive Officer" or "CEO" is the Chief Executive Officer of the System or his or her designee.
4. "Executive Director" is the Executive Director of the Kentucky Public Pensions Authority (KPPA) or his or her designee.
5. "Credit hour" is sixty (60) minutes of actual time spent on Approved Education Activities, which may be accrued in increments of not less than fifteen (15) minutes.
6. "Education Calendar Year" is the twelve (12) months ~~commencing on a Trustee's date of appointment and on~~ from January 1 through the ~~anniversary of that date thereafter~~ following December 31.
7. "Trustee" is a member of the Board.

III. ~~II.~~ **Board Approved Education Activities**

The Board hereby ~~states that adopts~~ the following ~~shall be approved by the CEO, Executive Director, or other designee~~ as Approved Education Activities:

1. ~~Presentations~~ by the CEO, General Counsel, the ~~KPPA~~ Executive Director, and/or other KPPA staff on any of the areas included under "Trustee Education Activity."
2. Attendance at meetings (e.g., Board, Committee) where there is a presentation on a topic identified as a Trustee Education Activity and where the meeting agenda states that the presentation is an Approved Education Activity; ~~or~~.
3. Workshops and ~~conferences~~ conferences¹ presented by the following:

B.A. ~~The~~ National Association of State Retirement Administrators (NASRA),

C.B. ~~The~~ National Association of Public Pension Attorneys (NAPPA),

D.C. ~~The~~ National Conference on Public Employee Retirement Systems (NCPERS), and

¹ For in-person workshops and conference, no more than four (4) Trustees may attend to ensure that no quorum of the Board is present.

E.D. ~~The~~ Institutional Limited Partners Association (ILPA).

4. Approved Education Activities found on the following websites:

A. KnowBe4 (<https://knowbe4.com>).

The

5. ⁺~~For in-person workshops and conference, no more than four (4)~~Commonwealth's Ethics Code training provided by the Department of Personnel. There are two options for this training:

A. Watch the YouTube Executive Branch Ethics Training video for the current calendar year accessed by Trustees ~~may attend~~ using a secure link emailed to ensure that no quorum of the them, or

B. Read the Kentucky Personnel Cabinet's Online Ethics Training Program document for the current calendar year emailed to the Trustee, which contains the information from the video.

In order to receive credit hours for attending a Board Approved Education Activity, Trustees must submit a completed Trustee's Education Activity Verification Form as described in Section VIII. after participating in an Approved Education Activity.

IV. Chief Executive Officer (or Designee) Approved Education Activities & Responsibilities

1. A Trustee Education Activity not delineated as a Board Approved Education Activity in accordance with Section III may be approved by the CEO or other designee upon a Trustee's submission of a completed Trustee's Education Activities Verification Form after participating in a Trustee Education Activity.

2. The Trustee's Education Activities Verification Form must be submitted with appropriate documentation, such as a sample agenda, course outline, or materials describing the content of the Trustee Education Activity. The CEO or other designee may request additional supporting materials on a case-by-case basis.

~~1.3.~~ The Board will not pay for the educational activity unless it is present approved by the CEO or other designee on a Trustee's Education Activities Verification Form.

4. ~~In order to receive credit hours for attending a Board Approved Education Activity, Trustees must submit a completed Trustee Education Activity Certification of Completion form as described below in Sections V and VI after participating in an Approved Education Activity.~~

~~IV. Chief Executive Officer (or Designee) Approved Education Activities~~

1. ~~A Trustee Education Activity not delineated as a Board Approved Education Activity may be approved by the CEO, Executive Director, or other designee upon a Trustee's submission of a completed Trustee Education Activity Certification of Completion form as described below in Sections V and VI after participating in a Trustee Education Activity.~~
2. ~~The Trustee Education Activity Certification of Completion form must be submitted with appropriate documentation, such as a sample agenda, course outline, or materials describing the content of the Trustee Education Activity. The CEO, Executive Director, or other designee may request additional supporting materials on a case by case basis.~~
3. ~~The Board will not pay for the educational activity unless it is approved by the CEO, Executive Director, or other designee on a Trustee Education Activity Certification of Completion form.~~
4. ~~Types of education activities that may be submitted for approval by the CEO, Executive Director, or other designee:~~
 - ~~A. Review of educational material related to public pensions and/or investments;~~
 - ~~B. Workshops and conferences presented by other state retirement systems;~~
 - ~~C. Workshops and conferences presented by non-profit organizations other than those noted in Section III, Number Three (3);~~
 - ~~D. Workshops and conference presented by trade groups, vendors, potential vendors, and other for-profit entities (however, before any such educational opportunities are approved, the program must be reviewed by Kentucky Public Pensions Authority staff for compliance with the Executive Branch Code of Ethics under KRS Chapter 11A and the Executive Branch Procurement Code under KRS Chapter 45A);~~
 - ~~E. Educational Material reviewed by the Trustee outside of a workshop or conference program and not provided by Kentucky Public Pensions Authority staff.~~
5. ~~The CEO, Executive Director, or other designee shall review each Trustee Education Activity Certification of Completion form and shall notify the Trustee of whether the educational activity is approved for credit hours as an Approved Education Activity. An approval in any given year shall not bind the CEO, Executive Director, or other designee to approve an educational activity as an Approved Education Activity in any future year.~~

4. Types of education activities that may be submitted for approval by the CEO or other designee:

- A. Review of published educational material related to Trustee Education Activity as defined in Section II.2;
- B. Workshops and conferences presented by other state retirement systems;
- C. Workshops and conferences presented by professional non-profit organizations other than those noted in Section III.3;
- D. Workshops and conference presented by trade groups, vendors, potential vendors, and other for-profit entities (however, before any such educational opportunities are approved, the program must be reviewed by Kentucky Public Pensions Authority staff for compliance with the Executive Branch Code of Ethics under KRS Chapter 11A and the Executive Branch Procurement Code under KRS Chapter 45A);
- E. Educational Material reviewed by the Trustee outside of a workshop or conference program and not provided by Kentucky Public Pensions Authority staff.

5. The CEO or other designee shall review each Trustee's Education Activities Verification Form and shall notify the Trustee of whether the educational activity is approved for credit hours as an Approved Education Activity. An approval in any given year shall not bind the CEO, Executive Director, or other designee to approve an educational activity as an Approved Education Activity in any future year.

V. New Trustee Orientation Program

1. After a new Trustee (New Trustee) is sworn in as a member of the Board, the New Trustee shall be required to complete the New Trustee Orientation Program during his or her first ~~Education Year~~ year following the date the New Trustee is sworn in.
2. The New Trustee Orientation Program shall consist of no less than eight (8) credit hours of Approved Education Activities.
3. The Chief Executive Officer shall be responsible for working with KPPA staff to make the New Trustee Orientation Program available for New Trustees, and may designate other Approved Education Activities for fulfilling the requirements of the New Trustee Orientation Program.
4. The New Trustee Orientation Program shall ~~include~~:
 - A. ~~Include~~ training in each of the categories listed under "Trustee Education Activity" in Section ~~II. The New Trustee Orientation Program shall emphasize~~ II.2.,
 - B. ~~Emphasize~~ legal and fiduciary responsibilities of Trustees, including, but not limited to, presentations on these topics by independent third party experts, and
 - A-C. ~~Inform~~ New Trustees ~~shall also be informed~~ about the operations of

the System and KPPA through presentations by any of the following: the CEO, the General Counsel, the ~~KPPA~~ Executive Director, the KPPA Chief Investment Officer, the KPPA Executive Director of the Office of Operations, the KPPA Executive Director of the Office of Benefits, the KPPA Executive Director of the Office of Legal Services, the KPPA ~~Internal Audit Director~~ Chief Auditor, the KPPA Information Security Officer, and other qualified KPPA staff members designated by the CEO.

4.5. If a New Trustee fails to complete the New Trustee Orientation Program within one (1) year following the date the New Trustee is sworn in, in accordance with KRS ~~78.782(1761.645)~~ (18)(a), the System shall withhold payment of all per diems and ~~travel expenses reimbursements~~ due to the New Trustee (or which subsequently may come due) until such time as the New Trustee completes the New Trustee Orientation Program and in accordance with Section IX.

5.6. Each New Trustee attending an Approved Education Activity for the New Trustee Orientation Program shall certify to the CEO, ~~Executive Director~~, or other designee on a ~~Trustee~~ Trustee's Education ~~Activity Certification of Completion form~~ Activities Verification Form that the New Trustee attended the Trustee Education Activity, the total number of credit hours sought, and all other information required by the form and in accordance with Section VIII.

6.7. A ~~Trustee~~ Trustee's Education ~~Activity Certification of Completion form~~ Activities Verification Form for the New Trustee Orientation Program must be received by the CEO, ~~Executive Director~~, or designee no later than twelve (12) calendar months following the New Trustee's date of appointment. ~~A Trustee Education Activity Certification of Completion form received later than twelve (12) calendar months following the New Trustee's date of appointment will not be approved.~~

7.8. The CEO, ~~Executive Director~~, or designee shall maintain a record of all Approved Education Activities attended and/or performed by each New Trustee. At the end of the New Trustee's first ~~Education Year~~year after the date the New Trustee is sworn in, the CEO, ~~Executive Director~~, or other designee shall report in writing to the New Trustee whether the New Trustee has complied with the requirements of the New Trustee Orientation Program. The report shall include the number of credit hours earned and any remaining credit hours that need to be earned to fulfill the requirements of the New Trustee Orientation Program.

VI. Annual Required Training

1. For every ~~Education~~Calendar Year, Trustees shall complete a minimum of twelve (12) credit hours of Approved Education Activities.
 - A. The eight (8) credit hours of New Trustee Orientation Program for New Trustees shall be applied toward the annual twelve (12) credit hour requirement for the New Trustee's first ~~Education~~Calendar Year. Accordingly, New Trustees shall be required to complete four (4) credit hours in addition to the New Trustee Orientation Program in order to meet their annual required training requirements during their first ~~Education~~Calendar Year.
 - B. For New Trustees who are sworn in after the first month of the calendar year, the twelve (12) required credit hours shall be prorated based on the number of months served in that calendar year.
 - C. Credit hours earned in any calendar year cannot be carried over to the next calendar year.
2. The ~~Board~~, CEO, ~~Executive Director~~, or other designee shall make available Approved Education Activities and may approve other Trustee Education Activities for fulfilling the annual training requirements.
3. Each Trustee attending an Approved Education Activity shall certify to the CEO, ~~Executive Director~~, or other designee on a ~~Trustee's Education Activity Certification of Completion form~~Trustee's Education Activities Verification Form that the Trustee attended the Trustee Education Activity, the total number of credit hours sought, and all other information required by the form and in accordance with Section VIII.
4. A ~~Trustee's Education Activity Certification of Completion form~~Trustee's Education Activities Verification Form for ~~an Education~~a Calendar Year must be received by the CEO, Executive Director, or other designee no later than the expiration of the ~~Education Year for the Trustee. A Trustee Education Activity Certification of Completion form for an Education Year received later than the expiration of the Education Year for the Trustee will not be approved.~~Calendar Year.
5. If a Trustee fails to complete the annual required training, in accordance with KRS ~~78.782(1761.645(18)(b))~~, the System shall withhold payment of all per diems and ~~travel expenses~~reimbursements due to the Trustee ~~(or which subsequently may come~~

~~due) until such time as the Trustee completes the annual required training in accordance with Section IX.~~

6. The CEO, Executive Director, or other designee shall maintain a record of all Approved Education Activities attended and/or performed by each Trustee. ~~At the end of each Trustee's Education Year, the CEO, Executive Director, or other~~
 - A. ~~The CEO shall meet with each Trustee at the beginning of the fourth quarter of each calendar year to discuss the Trustee's compliance with this policy. If the Trustee does not yet have enough approved education activity credit hours for the calendar year, the CEO and Trustee shall put together a plan for the Trustee to be compliant by the end of the calendar year.~~
 - ~~A.B.~~ At the end of each Calendar Year, the CEO, Executive Director, or other designee shall report in writing to the Trustee whether the ~~Trustee~~ Trustee has complied with the annual training requirements. The report shall include the number of credit hours earned and any remaining credit hours that ~~need to be~~ should have been earned to fulfill the annual required training.

VII. Trustee Education Activity and Continuing Education Requirements

The CEO, ~~Executive Director~~, or other designee may authorize an education activity that is a continuing education requirement for a Trustee's private accreditation not related to a Board function as an Approved Education Activity for which a Trustee may receive credit hours if the education activity provides instruction on one or more of the areas listed under "Trustee Education Activity." However, the Board shall not pay for any such training and the Trustee shall not receive any per diem or reimbursement under the Board's Per Diem and Reimbursement Policy for an Approved Education Activity for which the Trustee also receives ~~continuing~~ continuing education credit, ~~sum-related~~ unrelated to the Trustee's service on the Board.

VIII. Trustee Education Activity Completion

In order to receive credit hours for participating in a Trustee Education Activity, Trustees shall complete timely in accordance with this Policy:

1. A Trustee Education Activity Verification Form with appropriate documentation, such as a sample agenda, course outline, or materials describing the content of the Trustee Education Activity certifying:
 - A. They attended an approved Trustee Education Activity, the total number of hours earned, and all other information required by the form, or
 - B. They reviewed the following educational material related to pensions and investments, the specific material reviewed, date reviewed, and time spent reviewing.

The CEO or other designee shall:

1. Review each submitted Trustee Education Activity Verification Form. If the form

includes an approved Trustee Education Activity and is complete and accurate, the CEO or other designee shall sign.

2. Review “Board Smart” transcripts and determine each Trustees completed courses and date completed, and

3. Document and track Service Credit received for each Trustee.

IX. Travel Reimbursement and Per Diem

For a Trustee to receive per diem or travel reimbursement for their Official Duties as described in the KRS Per Diem and Reimbursement Policy, the Trustee shall be in compliance with this Trustee Education Policy, KRS 61.645(18), and 105 KAR 1:440.

Per Diem and Reimbursement shall be paid in accordance with the KRS Per Diem and Reimbursement Policy.

Σ If a Trustee falls out of compliance with this policy for a Calendar Year, they shall not be eligible for Per Diems or Reimbursement until they make up the missed Education Activities credit hours.

Σ Per diems or Reimbursements shall be paid once the Trustee has all of their required Education Activity credit hours made up.

○ Per Diems and Reimbursements shall be backdated for the time period they were out of compliance.

X. Certification

We, the Chair of the Board of Trustees of the Kentucky Retirement Systems, and the Chief Executive Officer of the Kentucky Retirement Systems, do hereby certify that this Trustee Education Policy was made effective by the Board of Trustees of the Kentucky Retirement Systems on the 15th day of May, 2021.


Chair of the Board of Trustees
Kentucky Retirement Systems

5.14.21
Date

Chief Executive Officer Kentucky Retirement Systems


~~Executive Director~~
~~Kentucky Public Pensions Authority~~

Date

5/20/2021

Date

Chair of the Board of Trustees
Kentucky Retirement Systems

Date

Chief Executive Officer
Kentucky Retirement Systems

Date



KENTUCKY PUBLIC PENSIONS AUTHORITY

Ryan Barrow, Executive Director

1260 Louisville Road • Frankfort, Kentucky 40601
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To: KPPA, CERS & KRS Board
From: Ryan Barrow
Date: December 2025
Subject: KPPA Update

I. ADMINISTRATIVE & STAFFING UPDATE:

- Erin Surratt has been appointed KPPA Deputy Executive Director. Erin brings more than 20 years of dedicated service to KPPA, most recently serving as Executive Director of the Office of Benefits. As part of a related redistribution of responsibilities, she will oversee Communications, Procurement & Office Services, Enterprise and Technology Services, and the Administrative Hearings Branch. During this transition period, Erin will continue to manage the Office of Benefits.
- Mike Lamb, currently Chief Financial Officer will oversee Compliance, Employer Reporting, Compliance and Education (ERCE), and Accounting and is now at the Executive level reporting.

II. STRATEGIC PLAN & IMPLEMENTATION UPDATE:

- The Strategic Planning Committee (SPC) has officially convened and completed its first meeting. Their initial focus will be on prioritizing strategic initiatives targeted for the April release cycle.
- The Survey Team has successfully transitioned to full implementation of phone-based surveys, enhancing reach and responsiveness across key audiences.
- The Leadership Academy remains on track for completion in December, reinforcing organizational leadership capabilities and talent development objectives.
- The IT Assessment initiative is underway, with significant expansion of activities planned for January 2026 to support a comprehensive organizational evaluation.
- The Paper Check Reduction Team is actively developing a set of strategic recommendations aimed at reducing the number of paper checks KPPA produces each month.
- The Self-Service Mirroring Team will start in January, allowing the phone counselor to view the same self-service screens as the member.

III. TRUSTEE IMPACT FORUM & FUTURE TRAINING OPPORTUNITIES:

Thank you for your continued support and participation in our IMPACT forum. Your presence and engagement are deeply appreciated and help reinforce the importance of the work we do together. To ensure everyone has the opportunity to learn more on these topics, we are happy to place items that need further discussion or additional training on the agenda at upcoming board or committee meetings.

IV. PPOB PRESENTATION:

Erin Surratt and I had the opportunity to present the Retiree Health Update to the Public Pension Oversight Board (PPOB) on September 23rd.

We were honored that Sen. Jimmy Higdon and Rep. Walker Thomas were able to join us during our inaugural KPPA Trustee IMPACT Forum. We appreciate the time they spent speaking on the history of PPOB and its positive effect on the administration of our retirement plans.

V. LOUISVILLE INVESTMENT OFFICE:

We have received confirmation from the Department of Housing, Buildings & Construction approving our renovation/construction plans for our Louisville investment office space. Once renovations are finished and the Department of Housing, Buildings & Construction has inspected and approved the space for occupancy, then the Director of Real Properties will sign the lease after receiving confirmation from both our agency and the Department that the facility meets all specifications. Once the lease is signed, then we can begin to plan the move in phase.

VI. KPPA KUDOS:

- I want to extend our sincere congratulations to Mike Lamb's team for their contributions that helped the both the Kentucky Retirement Systems and the County Employees' Retirement System earn the 2025 Public Pension Standards Award for Funding and Administration. This award is presented by the Public Pension Coordinating Council, a confederation of the National Association of State Retirement Administrators (NASRA) and the National Conference on Public Employee Retirement Systems (NCPERS) recognizes systems that meet the highest professional standards in plan funding and administration.
- Liza Welch and others hosted our 12th Veterans Day Lunch on November 13th to honor our coworkers and leaders who are veterans. This event was hosted by KPPA staff and something the whole team should be proud of.

Many thanks to everyone involved in maintaining and improving KPPA operations!