



KENTUCKY RETIREMENT SYSTEMS

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MEMORANDUM

TO: State News Media

FROM: Kentucky Retirement Systems

DATE: March 1, 2021

SUBJECT: Notice of Meetings

The Kentucky Retirement Systems Ad-Hoc CERS Transition Planning Committee will hold a special called meeting on Thursday, March 4, 2021 at 10:00 a.m. (Eastern) via live video teleconference due to SB 150, signed into law by the Governor on March 30, 2020, and Executive Order 2020-215 declaring a State of Emergency effective March 6, 2020 due to COVID-19.

KRS will livestream the meeting on our Facebook page. Watch the meeting by going to the KRS Facebook page on the date and time of the meeting.

Enclosures: Agenda

cc: Board of Trustees
Media List

Kentucky Retirement Systems
Ad-Hoc CERS Transition Planning Committee of the Board of Trustees
March 4, 2021, 10 a.m. EST
Live Video Conference/Facebook Live

AGENDA

- | | |
|---|-------------------|
| 1. Call to Order | Betty Pendergrass |
| 2. Roll Call | Alane Foley |
| 3. Public Comment | Betty Pendergrass |
| 4. Swearing in of New Trustee – James Michael Foster | Alane Foley |
| 5. CERS Demographics | Betty Pendergrass |
| 6. Summary CERS Governance Statutes | Betty Pendergrass |
| 7. Assign Issues to Research (Reference to Task List) | Betty Pendergrass |
| a. Board Structure & Organization | |
| i. ByLaws (Item 4) | |
| ii. CERS Standing Committee Structure (Item 4b) | |
| iii. CEO & General Counsel staffing (Items 1 & 2) | |
| iv. Assign Trustees to KPPA & PPW (Items 6 & 7) | |
| v. Fiduciary Liability Insurance (Item 17) | |
| b. Plan Management | |
| i. Actuarial Valuations (Item 11) | |
| ii. Summary Plan Descriptions ((Item 9) | |
| iii. Benefit processing (Item 16) | |
| c. Investment Management (Item 10) | |
| i. Investment Policy Statement (Item 10d) | |
| ii. Investment Procurement Policy (Item 10e) | |
| iii. Investment Consultant (Item 10a) | |
| d. Board Administrative Policies | |
| i. Trustee Training Policy (Items 4 & 15) | |
| ii. Annual Financial Reporting (Item 13) | |
| iii. Other administrative policies (see Item 14 on task list) | |
| iv. Administrative regulations (Item 18) | |
| v. Communications (Item 19) | |
| vi. Issues to coordinate with KERS thru KPPA (Items 5, 8) | |
| e. Personal Service Contract (Item 12) | |
| 8. CERS Ad-Hoc Committee Meeting Schedule | Betty Pendergrass |
| 9. Schedule CERS Administration Overview (Item 5) | Betty Pendergrass |
| 10. New Trustee Orientation Training | David Eager |
| 11. Legislative Update—HB 9 | David Eager |
| 12. Adjourn | |



CERS Ad-Hoc Planning Committee

Planning Strategy Discussion

March 4, 2021

Packet Materials

- **Agenda**
- **Slides**
- **Summary of Ky Revised Statutes governing CERS**
- **Transition Task Planning Worksheet**
- **Committee Member Contact Information**
- **Key Staff Contact Information**
- **2020 Ky Retirement Systems SAFR**

CERS Demographics

June 30, 2020

	CERS	Total All Funds	CERS %
Employers	1,132	1,468	77.1%
Active members	93,341	130,087	71.7%
Inactive members	93,597	148,367	63.1%
Retirees	69,318	117,675	58.9%
Pension Assets (in thousands)	\$ 9,407	\$ 12,699	74.1%
Insurance Assets (in thousands)	\$ 3,903	\$ 5,687	68.6%
Trustees (prior to 4/1/2021)	6	17	35.3%

History of Governing Statutes

- KRS Chapter 61 provided broad administration and benefit guidance
- KRS Chapter 78 provided specific guidance for local governments
- 2020 HB484 established new governance structure & created separate CERS governing board
- 2020 HB484 also created a shared administrative board, Kentucky Public Pensions Authority
- 2021 HB9 expands KRS Chapter 78 to include benefit provisions
- 2021 HB9 also included technical corrections for 2020 HB484

Key Issues to Research

- Board Structure & Organization
- Pension & Insurance Plan Management
- Investment Management
- Board Administrative Policies
- Personal Service Contracts

Scheduling

- Ad-Hoc Committee
- New Trustee Orientation Training
- CERS Administrative Overview (KPPA functions)

**CERS HB 484 TRANSITION AD-HOC PLANNING COMMITTEE
SUMMARY OF 2020 & 2021 CHANGES TO GOVERNANCE STATUTES**

Issue/Statute	Pre-4/2021	2020 HB484	2021 HB9	Comments
<p>New statutes creating CERS governing board are effective April 1, 2021. There are no provisions in either 2020 HB484 or 2021 HB9 that create deadlines for developing Board policies, hiring the CEO & General Counsel, or designing Trustee training programs. New CERS Trustees will have 1 year to complete the Orientation training required by provisions in KRS 78.782(17).</p>				
CERS Governance	KRS 61.645 Combined with KRS Board of Trustees	KRS 61.646 Separates CERS governance to new Board	2021 HB9, Sec 88 Allows CERS Board to meet prior to 4/1/2021, but cannot vote	
CERS Admin duties	KRS 61.645 Combined with KRS Board of Trustees; provided by Ky Retirement Systems	KRS 61.505 Creates new KPPA Board, with members from KRS & CERS		
Excess Benefit Plan	KRS 61.652 Outlines provisions for Excess Benefit Plan		KRS 61.652 Adds CERS Board responsibility for admin of KRS 78.652	
Custodian of funds	KRS 61.660 State Treasurer is custodian		KRS 61.660 Adds CERS	
KPPA Admin Duties	N/A	KRS 61.505(1)(c) Day-to-day admin: Benefit counseling IT Legal services Employer reporting Benefit payments Accounting Reporting	KRS 61.660 KPPA appoints custodian of investments held by KERS, SPRS & CERS	
Medical Review Board	KRS 61.665 Ky Retirement Board employs physicians to review disability applications		KRS 61.665 KPPA employs physicians	
Member records	KRS 61.526 Established system for creating & maintaining employee & employer records		KRS 61.526 Adds references to CERS and KPPA	
Summary Plan Description	KRS 61.540 Required availability of summary plan description		KRS 61.540 Assigns duty to KPPA; refines language	

**CERS HB 484 TRANSITION AD-HOC PLANNING COMMITTEE
SUMMARY OF 2020 & 2021 CHANGES TO GOVERNANCE STATUTES**

Issue/Statute	Pre-4/2021	2020 HB484	2021 HB9	Comments
Beneficiary designation	KRS 61.542 Requires member to designate principal & contingent beneficiary		KRS 61.542 Assigns admin duty to KPPA; requires same beneficiary for all plans; adds CERS Haz to death in-line-of-duty benefits	
Pension Spiking	KRS 61.598 Outlines requirements for adjusting pension benefits when member's compensation spikes		KRS 61.598 Assigns responsibility to KPPA for review & enforcement	
Reemployment	KRS 61.637 Outlines restrictions for retirees returning to work for participating employer		KRS 61.637 Assigns admin duties to KPPA	
Admin Regulations			KRS 61.505 Allows KPPA to issue Admin Regs	
CERS Admin leadership	N/A	KRS 61.505(8) KPPA Executive Director is CAO of CERS. KPPA Executive Director coordinates with CERS CEO		
Admin Costs	Shared on a pro-rata basis based on plan membership	KRS 61.505(11) Shared on basis determined by KPPA Any new costs to create KPPA or CERS Board are allocated to CERS		
Statutory structure for CERS benefits	KRS 61.510 - 61.705 General provisions combined with KERS & SPRS benefits	2021 HB484 Sec.1(2) Statement of intent to separate benefit statutes in 2021 General Assembly session	KRS 78.510 - 78.852 Creates new sections in to outline definitions, service, death, & disability benefits, reviews, appeals, & re-employment	No changes in existing benefits; one section for Tier 1 & Tier 2 plus a section for Tier 3; Adtl sections for hazardous duty

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Issue/Statute	Pre-4/2021	2020 HB484	2021 HB9	Comments
COLAs	KRS 61.691 COLAs suspended in 2008	Statement of intent to separate benefit statutes in 2021 General Assembly session	Creates new sections in KRS 78.510 - 78.852 to explain COLA provisions before & after 7/1/2008	After 7/1/2009, COLAs only allowed if plan funding exceeds 100% or the GA directs pre-funding
Participation in both CERS & KERS or SPRS	KRS 61.680		2021 HB9 Sec. 17 Affirms that KRS 61.680 still applies to CERS members	
Vesting	KRS 61.510(22) Delayed contributions		KRS 61.510(22) Revised to define vesting to include service in either KERS, SPRS, or CERS; deleted delayed contribution language	
Disability	KRS 61.600 Outlines requirements for filing application for disability retirement		KRS 61.600, 61.621 Adds CERS KRS 61.605 & KRS 61.607 Deletes money purchase plan	
Actuarial services	KRS ByLaws §2.2(d)1(D) Current KRS Board delegated selection to Investment Committee	KRS 61.505(1)(e) Directs KPPA to hire a single actuarial firm to perform annual valuations		
Representation on KPPA	N/A	KRS 61.505(2) CERS Chair, CERS Investment Comm. Chair, 1 CERS elected Trustee, & 1 CERS appointed Trustee		

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SUMMARY OF 2020 & 2021 CHANGES TO GOVERNANCE STATUTES**

Issue/Statute	Pre-4/2021	2020 HB484	2021 HB9	Comments
CERS Board & Duties	N/A	KRS 78.782		
Composition	KRS 61.645(1)(3) 3 CERS elected 2 KERS elected 1 SPRS elected 1 appointed with local gov experience 3 nominated from CERS employer assoc 6 with investment experience	KRS 78.782(1)(3) Trustees have 4-yr terms 3 Elected members 3 appointed with retirement admin experience (78.782(1)(d)) 3 appointed with investment experience (78.782(1)(c))	KRS 78.782(1)(b) Adds "reappointment"	KERS Board will have similar membership 2 KERS elected 1 SPRS elected 3 appointed with retirement admin experience 3 appointed with investment experience
Corporate powers	KRS 61.645(2) contracting for investment counseling, auditing, medical & technical services	KRS 78.782(2) KPPA hires actuary		
Trustee election process	KRS 61.645(4) Detailed process outlined in statute; supplemented with KAR and Board policy	KRS 78.782(4) 2019HB80 merged terms of CERS elected trustees to four-year terms beginning 4/1 and ending 3/31		Review of election process can wait a year or two since 2021 election provides 3 elected trustees to serve 4 years
Trustee vacancies	KRS 61.645 (5) Vacancies are filled in same manner as selected; elected positions selected by majority of Board	KRS 78.782(5)	KRS 78.782(5) Adds "during term of office" Adds ¶ (b) Requires appointment to be made 30 days prior to current end of term; Governor shall request lists	
Meetings	KRS 61.645(8) Quarterly, with allowance for special meetings; term limits for chair & vice-chair	KRS 78.782(8)		

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SUMMARY OF 2020 & 2021 CHANGES TO GOVERNANCE STATUTES**

Issue/Statute	Pre-4/2021	2020 HB484	2021 HB9	Comments
Staff	N/A	KRS 78.782(9)(a)-(b) Board hires an Chief Executive Officer and General Counsel (not included in Chap 18A or 45A); CEO must execute bond	KRS 78.782(9) Deletes role of legal advisor for CEO, adds General Counsel, and notes that CERS CEO & General Counsel will work with KPPA Exec Dir; may require Gen Counsel to execute bond	
Accounting	N/A	KRS 78.782(9)(c) KPPA establishes system of accounting for CERS Board		
Qualified plan status	KRS 61.645(9)(e)	KRS 78.782(9)(d) GA intended for CERS Board to maintain qualified status under IRC		
Attorney General	KRS 61.645(11) May attend CERS Board meetings; may act as legal adviser	KRS 78.782(11)		
Annual reporting	KRS 61.645(12) Annual report showing all receipts, disbursements, assets, and liabilities; audit conducted under GAAS; independent auditor and APA once every 5 years	KRS 78.782(12)		Future legislation could ask to amend to annual report under Gov GAAP; audit under GovGAAS
Admin costs	KRS 61.645(13) Paid from retirement allowance account	KRS 78.782(13)	KRS 78.782(13) Adds KPPA expenses that are assigned to CERS	
Appeals	KRS 61.645(14) May appeal to Franklin Circuit Court within 30 days	KRS 78.782(14)		

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SUMMARY OF 2020 & 2021 CHANGES TO GOVERNANCE STATUTES**

Issue/Statute	Pre-4/2021	2020 HB484	2021 HB9	Comments
Trustee performance	KRS 61.645(15) (a)(1) In good faith (a)(2) On an informed basis; and (a)(3) In best interests of Ky Ret Sys (h) Efficient & cost-effective for taxpayers	KRS 78.782(15) (a)(1) In good faith (a)(2) On an informed basis; and (a)(3) In best interests of CERS (g) Efficient & cost-effective for taxpayers; contain costs for employers and members		
Disability appeals	KRS 61.645(16) Consolidated with KERS & SPRS	KRS 78.782(16) Same format as 61.645(16)		CERS Board may want to use a combined committee with KRS (6 members), but only 3 meet each month; KRS deadlines for appeals
Trustee Training	KRS 61.645(18) Requires orientation for new Trustees and annual requirements in KAR	KRS 78.782(17) Similar provisions		Would be helpful to have video library for recurring training topics
Communication	KRS 61.645(19) Systems website with required postings	KRS 78.782(18) Posting required on KPPA website		May be missing a few items from the required list
Placement Agents	KRS 61.645(20) No payments to PA's allowed	KRS 78.782(20)		
Fund Assets	KRS 78.630 Assets held & invested by CERS & credited to one of 3 accounts	KRS 78.630	KRS 78.630 Changes references from KRS 16.xxx & 61.xxx to KRS 78.xxx; recognizes new CERS insurance fund	
Member Accounts	KRS 78.640 Member contributions credited to their accounts, except for Insurance fund contributions	KRS 78.640	KRS 78.640 Changed reference from KRS 61.xxx to KRS 78.xxx; deletes unconstitutional provisions	

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Issue/Statute	Pre-4/2021	2020 HB484	2021 HB9	Comments
Retirement Allowance Account	KRS 78.650 Employer contributions, investment earnings & transfers from member accounts		KRS 78.650 Changes references from KRS 16.xxx or 61.xxx to KRS 78.xxx; deletes money purchase plan	
Investment Guidance	KRS 78.790	KRS 78.790		
Trustee of plan funds	KRS 78.790(1) KRS 61.650(1)(a)	KRS 78.790(1)(a) Adds CERS insurance trust fund	KRS 78.790(1)(a) Replaces "CERS ins trust fund" with funds "pertaining to CERS"; replaces "funds" with "assets"	
Investment Committee	KRS 61.650(1)(b)	KRS 78.790(1)(b) Adds requirement to establish with members who have investment expertise; IC has authority to implement policy & act on behalf of the Board to manage assets	KRS 78.790(1)(b) Deletes Committee authority to "acquire, sell, safeguard, monitor, and manage..."	
Fiduciary duty	KRS 61.650(1)(c) Explains "fiduciary" definition and criteria	KRS 78.790(1)(c)		
Code of conduct	KRS 61.650(1)(d) CFA code Federal Investment Advisers Act of 1940	KRS 78.790(1)(d)		
Security registration	KRS 61.650(2) Registered under Kentucky Retirement Systems	KRS 78.790(2) Registered under County Employees Retirement Systems	KRS 78.790(2) Revises to require Board to adopt written policies, and maintain ownership held in unitized managed custodial account	
ESG	KRS 61.650(3) Help economic development in Ky	KRS 78.790(3)		
Confidential records	KRS 61.650(3) Protection for certain appraisals, evaluations	KRS 78.790(4) Adds this guidance to CERS statute		

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Issue/Statute	Pre-4/2021	2020 HB484	2021 HB9	Comments
Concentration	KRS 61.650(5) & KRS 78.790(5) On manager cannot hold more than 15% of total assets	KRS 78.790(5)		
Investment Procurement		KRS 78.790(6) Investment contracts not subject to KRS 45, 45A, 56, or 57 but Board develops policy to be approved by Fin & Admin Secretary		
Actuarial Admin	KRS 61.670	KRS 78.784 Generally copies provisions to CERS statute		
Basis	KRS 61.670(1)(a)(d) Develop & update actuarial tables (assumptions)	KRS 78.784(1)(a)(d)		
Valuation	KRS 61.670(1)(b) Annually, specifies contents	KRS 78.784(1)(b)		
Experience Study	KRS 61.670(1)(c) Every 5 years	KRS 78.784(1)(c)		
Other revisions	KRS 61.670(1)(e)	KRS 78.784(1)(e)		
Actuary qualifications	KRS 61.670(1)(f) Board certified by one of 2 prof actuary Boards	KRS 78.784(1)(f)		
Distribution	KRS 61.670(2) Send to LRC 10 days after Board receives	KRS 78.784(2)		
LRC Actuarial Valuation	KRS 61.670(3) LRC can hire their own actuary to study system	Omitted from KRS 78.784		
Employer Contribution	KRS 61.565	KRS 78.635		
Basis of employer contributions	KRS 61.565(1)(a) Based on actuarial valuation, includes normal cost & amortization of UAAL	KRS 78.635(1)(a)	KRS 78.635(1)(a) Changes ref for actuarial valuation to KRS 78.784; employer contributes normal cost plus AAL	

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SUMMARY OF 2020 & 2021 CHANGES TO GOVERNANCE STATUTES**

Issue/Statute	Pre-4/2021	2020 HB484	2021 HB9	Comments
Changes in benefits		KRS 78.635(1)(b) Any change in benefits is amortized separately over 30 years	Deleted	
Normal cost	KRS 61.565(1)(b) % of pay that covers cost members accrue for service during the year	KRS 78.635(2) Adds "entry-age normal" funding methodology;	KRS 78.635(1)(b) Normal cost is % of pay; different for NHaz & Haz	
Accrued Liability Contribution calculation	KRS 61.565(1)(c)(e) Amortization reset to 30 yr in 2019; New changes amortized over 20 yr; Pd as % of payroll; Separate % for hazardous	KRS 78.635(2) Uses actuarial definitions to determine accrued liability based on Board assumptions	KRS 78.635(1)(c) Closed 30-yr amortization beg in 2019; except increase or decrease after 2019 amortized over 20-yr; separate rates for NHaz & Haz	
Basis	KRS 61.565(1)(d) Entry-age normal; 5 yr asset smoothing; Board assumptions	KRS 78.635(2) Only addresses entry-age normal method; no mention of asset smoothing or Board assumptions	KRS 78.635(1)(b)-(d) Rearranges guidance from (2) to (1)(b) & (c); adds asset smoothing	
Link to Actuarial Valuation	KRS 61.565(2) Valuation preceding 7/1; Board can amend CERS in 2 nd year of biennium; No changes to KERS or SPRS in 2 nd year	KRS 78.635(3) Based on prior 7/1 valuation; no mention of state's biennial budget	KRS 78.635(2) Based on prior 7/1 valuation	
Types of rates	KRS 61.565(1)(c)(3) Separate rates for hazardous duty	KRS 78.635(4) Separate rates for haz & nonhaz; separate rates for health insurance benefit	KRS 78.635(3) Sufficient to fund pension & insurance benefits; separate rates moved to 78.635(1)(b) & (c)	
Contribution Rate increases	KRS 61.565(5) CERS rates cannot increase more than 12% per year until after 6/30/2028	KRS 78.635(5)	KRS 78.635(4)	
Employer notice	KRS 61.565(3) Notify employers prior to 7/1	KRS 78.635(6) Prior to beginning of fiscal year when rates apply	KRS 78.635(5)	Water districts have a 12/30 year-end

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SUMMARY OF 2020 & 2021 CHANGES TO GOVERNANCE STATUTES**

Issue/Statute	Pre-4/2021	2020 HB484	2021 HB9	Comments
Fiscal Notes	KRS 6.350 Requires actuarial analysis for any change to benefits or accrued liability	KRS 6.350 Amended to revise references to CERS statutes		
PPOB	KRS 7A.250 Outlines PPOB oversight of Ky gov retirement plans	KRS 7A.250 Amends reference to CERS statutes: adds review of admin costs every 4 years		
Code of Ethics	KRS 11A.010 Includes retirement trustees in definition of "officer" required to comply	KRS 11A.010 Adds references to CERS ad KPPA Boards		
Lobbying	KRS 11A.201; KRS 11A.236	KRS 11A.201; KRS 11A.236 Adds reference to CERS in definition of "placement agent"		
Definition of public employee	KRS 18A.205 Includes retirees not eligible to contribute	KRS 18A.205 Adds reference to CERS statutes		
Definition of employee (for coverage by Ky Employees Health Plan)	KRS 18A.225 Contributing members employed by local governments or retirees	KRS 18A.225 Adds reference to CERS statutes		
Comm Office of Technology	KRS 42.726; 42.728 Provides IT support for retirement systems	KRS 42.726; 42.728 Adds reference to CERS & KPPA statutes		
Bankruptcy of taxing units	KRS 66.400 Based on Federal Bankruptcy Act of 1937	KRS 66.400 Amends to US Bankruptcy Code 11 USC; disallows municipality filing for bankruptcy if delinquent on CERS contributions		May be significant if employers try to use bankruptcy to avoid pension/OPEB liability
Military service	KRS 61.555 Allows credit for certain active-duty service	KRS 61.555 Adds reference to CERS statutes Deletes contributions to 401(a) Money Purchase Plan while on active duty		

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SUMMARY OF 2020 & 2021 CHANGES TO GOVERNANCE STATUTES**

Issue/Statute	Pre-4/2021	2020 HB484	2021 HB9	Comments
Military service purchases	KRS 61.552 Included provisions for money purchase plan		KRS 61.552 Revises guidance to define active duty; service eligible for service purchases; allows purchase of summer months service	
Definition of hazardous duty	KRS 61.592	KRS 61.592 Adds reference to CERS statutes		
Re-employment	KRS 61.637 Establishes limitations on timing of rehires & participation in retirement plans	KRS 61.637 Adds reference to CERS statutes; changes time limit for volunteers to 12 months	Creates new sections in KRS 78.510 - 78.852 that parallels KRS 61.637; KPPA is responsible for certifications	
Retirees working for County Police or Sheriff	KRS 70.293 & 95.022 Allowed retirees to work for County Police or Sheriff without impact on retirement payments		KRS 70.293 & 95.022 Adds reference to CERS benefit statutes	
Health Insurance	KRS 61.701 Created a single trust fund for pre-funding health insurance benefit	KRS 61.701 Adds reference to CERS AND creates a separate trust fund for CERS health insurance benefits	KRS 61.701 Revised guidance to use one trust with accounts for separate funds	No substantive changes in admin
Irrevocability	KRS 61.701(1)(b) Protects assets in trust from creditors	KRS 61.701(c) Extends same protections separately to CERS Ins Fund	Deleted this paragraph—Single trust is still irrevocable	
Separates CERS fund		KRS 61.701(e) As of 4/1/2021 transfers all CERS assets to new fund	Deleted—continue to use single trust	
Provision of health insurance	KRS 61.702 Allows Boards to self-insure or contract for group health insurance coverage	KRS 61.702 Adds references to CERS statutes & CERS Board for governance	KRS 78.510 - 78.852 Creates new sections to outline definitions, plan structure	
Employee contributions	KRS 61.702(2)(b) Establishes additional 1% contribution after 9/1/2008	KRS 61.702(2)(b) Adds CERS Board in links to KRS 61.701		

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SUMMARY OF 2020 & 2021 CHANGES TO GOVERNANCE STATUTES**

Issue/Statute	Pre-4/2021	2020 HB484	2021 HB9	Comments
Exec Branch Advisory Council	KRS 66.475 Council can advise Boards on compensation for staff outside 18A	KRS 66.475 Adds reference to CERS & KPPA Boards		Might be helpful for hiring CEO & General Counsel
Compensation of State Officers & Employees	KRS 64.640 Exempts Ky Retirement from provisions	KRS 64.640 Adds CERS to exemption from provisions		
Re-employment of County Police & Sheriffs	KRS 70.293 Allows officers to continue to receive retirement benefits; cannot be covered by dept's health insurance	KRS 70.293 Adds reference to CERS statutes		
CERS Definitions	KRS 78.510	KRS 78.510 Adds reference to separate CERS Board; revises definition of county; deletes references to KERS statutes; changes "agency" to "employer"	KRS 78.510 Changes references from KRS 16.xxx or 61.xxx to new KRS 78.xxx created in HB9; revises definition for normal retirement date to split NHaz from Haz; revises vested definition; adds definition for last day of paid employment objective medical evidence, hazardous disability, act in line of duty, dependent child, normal retirement age, disability retirement date	
Cessation		KRS 78.510(8) Adds reference to KRS 78.535 for members working for employer who has ceased participation in CERS		
Tier 3 Contributions		KRS 78.510(12) Deletes references to KERS Tier 3;		

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Issue/Statute	Pre-4/2021	2020 HB484	2021 HB9	Comments
Creditable compensation	KRS 78.510(13)(c) Excluded allowances after 1/12019 KRS78.510(13)(c)(5) Excluded lump sum comp time paid after 1/1/2023	KRS 78.510(13) Revises creditable compensation for fee officers; ; deletes exclusion for uniform allowances; deletes exclusion for lump sum comp time payments after 1/1/2023		
Retirement Office	KRS 78.510(29) Ky Retirement Systems office in Frankfort	KRS 78.510(29) Changes reference to KPPA		
Volunteer	KRS 78.510(39)	KRS 78.510(39) Adds CERS		
Hazardous position	KRS 61.592	KRS 78.510(42) Adds reference to KRS 61.592 for guidance		
Level-percentage-of-payroll	KRS 61.510(28)	KRS 78.510(43) Establishes fixed % over set period of years to amortize UAAL		
Service purchase	KRS 61.552(14)	KRS 78.510(44) Adds definition of "increment" as 12 months		
Authority	N/A	KRS 78.510(46) Adds definition that refers to KPPA		
Executive Director	KRS 61.545(9)	KRS 78.510(42) Adds reference to KPPA Executive Director		
Employer Participation	KRS 78.530	KRS 78.530 Amends reference to member participation KRS 78.540		
City special tax	KRS 78.530(3)(c)	KRS 78.530(3)(c) Changes reference to employer cessation statutes (KRS 78.535)		
Employer Cessation	KRS 61.522	KRS 78.535 Copies provisions for voluntary cessation		
Employers included	KRS 61.522(2) Any employer may apply; Board can terminate for noncompliance	KRS 78.535(2) Limits employers who can cease to nonstock nonprofits		

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SUMMARY OF 2020 & 2021 CHANGES TO GOVERNANCE STATUTES**

Issue/Statute	Pre-4/2021	2020 HB484	2021 HB9	Comments
Voluntary cessation	KRS 61.522(3) Outlines process	KRS 78.535(3)(a) Applies cessation to all employees; employer pays full cost as a lump sum payment		
Involuntary cessation	KRS 78.535 Allowed Ky Retirement to go to Franklin Circuit Court	KRS 78.535(3)(b) Applies cessation to all employees; employer pays for actuarial study; employer pays all costs as lump sum		
Employment after cessation	N/A	KRS 78.535(4) Employees hired after cessation cannot participate in CERS even with a prior participation date		
Inactive members	N/A	KRS 78.535(5) Rights are not impaired; active employees become inactive day after cessation;		
Actuarial cost	N/A	KRS 78.535(6) Cost determined separately for pension and insurance		
Admin Regs	N/A	KRS 78.535(7) System issues regs		
Hold harmless	N/A	KRS 78.535(8) Voluntary cessation employers must hold Commonwealth harmless		
Enforcement options	N/A	KRS 78.535(10) Allows CERS to use provisions in KRS 78.625—file action in Franklin Circuit Court or withhold payments to members		
Employee Participation	KRS 78.540	KRS 78.540		
Eligibility	KRS 78.540 Allowed certain officials to decline;	KRS 78.540(1) – (2) Reorganized paragraphs and revised references to CERS statutes		

**CERS HB 484 TRANSITION AD-HOC PLANNING COMMITTEE
SUMMARY OF 2020 & 2021 CHANGES TO GOVERNANCE STATUTES**

Issue/Statute	Pre-4/2021	2020 HB484	2021 HB9	Comments
Purchase of service	KRS 78.540(3) Allowed purchase of service if election after employer joined CERS	KRS 78.540(1)(d)	Adds reference to revised KRS 61.552 for military service purchases changes reference from KRS 61.xxx to KRS 78.xxx	
Excluded employees	KRS 78.540(6) Employees excluded by 61.522 or employed by other state agency	KRS 78.540(3) Revised exclusion to CERS cessation statute	Deleted reference to KRS 21.360	
Membership termination	KRS 61.535 Withdraw balance Retire Death Terminated with prejudice Felony	KRS 78.540(4) Copies same provisions to CERS statute		
Optional participation in hybrid cash plan	KRS 61.5955 Allowed optional participation; 2018 revised to include money purchase plan		KRS 61.5955 Revises guidance to allow members after 9/1/2008 before 1/1/2014 to transfer contributions from DB plan to hybrid cash plan; KPPA develops form & regs; does not apply to reemployed after 9/1/2008	
Employee Contributions	KRS 78.610	KRS 78.610 Changes reference for cessation to KRS 78.535	KRS 78.610 Adds CERS contribution rates to 78.610(1)	
Deduction of Employee Contributions	KRS 78.615	KRS 78.615 Changes reference for cessation to KRS 78.535	KRS 78.615 Changes agency to employer; adds ref to military service in amended KRS 61.552; deletes ref to Personnel Cabinet approval of educational leave; deletes picked-up contributions for educational leave	

**CERS HB 484 TRANSITION AD-HOC PLANNING COMMITTEE
SUMMARY OF 2020 & 2021 CHANGES TO GOVERNANCE STATUTES**

Issue/Statute	Pre-4/2021	2020 HB484	2021 HB9	Comments
Sick Leave	KRS 78.616 Allows employees to purchase service credit up to 6 months from unused sick leave		KRS 78.616 Changes agency to employer; deletes unconstitutional provisions KRS 61.545 requires KPPA to develop Admin reg to define equivalent; service allocated among plans	
Employer Reporting	KRS 78.625	KRS 78.625 Revises references for CERS statutes; adds provision for CERS to audit employer records	KRS 78.625 Revises references from KRS 61.xxx to KRS 78.xxx	
Inviolable Contract	KRS 78.852	KRS 78.852 Deletes provision that allows General Assembly to reverse legislative changes after 7/1/2018		
Plan Funding		KRS 78.852(4) Specifies that CERS employers have full responsibility for funding pension & OPEB plans		
Plan Administration	KRS 78.545	KRS 78.545 Deletes Cessation admin Moves recontribution & delayed contributions Deletes actuarial basis in 61.670 Deletes employer's admin duties Deletes creditable comp for fee officials Deletes reference to 61.655 & 61.522 Changes references to Ky Retirement and relevant statutes	KRS 78.545 Deletes duties related to military service credit; normal & early retirement eligibility, retirement allowance increases, disability retirement; medical exams, suspension of retirement payments, death benefits, has disability, purchase service, hybrid cash; Deletes superseded references	
Employ Retired Officers	KRS 95.022	KRS 95.022 Adds reference to CERS		

**CERS HB 484 TRANSITION AD-HOC PLANNING COMMITTEE
SUMMARY OF 2020 & 2021 CHANGES TO GOVERNANCE STATUTES**

Issue/Statute	Pre-4/2021	2020 HB484	2021 HB9	Comments
Local Hazardous Plans	KRS 95.290	KRS 95.290 Adds reference to CERS statutes		
Purchase of Service Credit	KRS 61.552	KRS 61.552 Revised references to CERS statutes		
Repealed Statutes		KRS 78.532 (Private employees) KRS 78.533 (Metro Parks) KRS 78.534 (Circuit Clerks) KRS 78.542 (Some haz) KRS 78.780 (KERS Admin)		
Ky Retirement Systems decisions		Decision prior to 4/1/2021 apply to CERS Board		
Existing Trustees		2020 HB484 Section 46 Members elected to serve for term including 4/1/2021 shall serve until term ends; Appointed Trustees serve until term expires		
New Trustees		2020 HB484 Section 47 Governor must appoint trustees for new CERS positions by 3/1/2021, with staggered terms		
Executive Action		2020 HB484 Section 48 Governor cannot override pension statutes with an Executive Order		
Benefits		2020 HB484 Section 49 HB484 cannot change benefits		
Amendments		2020 HB484 Section 50 General Assembly still has the ability to amend, reduce, or suspend benefit statutes		

**COUNTY EMPLOYEES RETIREMENT SYSTEM
CERS AD-HOC PLANNING COMMITTEE
GOVERNANCE TRANSITION TASK LIST**

#	Task Name	Authoritative Ref	Priority	Trustees Assigned	Staff Resources*	Date Completed
1	Hire CEO	KRS 78.782(9)	High		Marlane Robinson	
1a	Develop job description					
1b	Identify preferred work location					
1c	Evaluate employment status (CERS employee, State employee, contractor)					
1d	Establish compensation and benefit structure					
1e	Develop search process					
1f	Outline policy for CERS legislative liaison (General Assembly and PPOB)					
2	Hire General Counsel	KRS 78.782(9)	High			
2a	Develop job description					
2b	Identify preferred work location					
2c	Evaluate employment status (CERS employee, State employee, contractor)					
2d	Establish compensation and benefit structure					
2e	Develop search process					
3	Develop Board Orientation Training	KRS 78.782(17)(a)	Medium		David Eager; Rebecca Adkins; Alane Foley	
4	Outline CERS By-Laws	KRS 78.782(2)	High		Kathy Rupinen	
4a	Review current KRS by-laws for modifications for CERS governance					
4b	Develop Standing Committee Structure					
	Audit				Kristen Coffey	
	Actuarial					
	Investment					

**COUNTY EMPLOYEES RETIREMENT SYSTEM
CERS AD-HOC PLANNING COMMITTEE
GOVERNANCE TRANSITION TASK LIST**

#	Task Name	Authoritative Ref	Priority	Committee Assignment	Staff Resources*	Date Completed
	Legislative					
	Healthcare					
	Disability Appeals Committee (& AAC)					
4c	Develop tentative Committee Assignments					
4d	Develop process for selection of Committee Chairs					
4e	Develop meeting schedule for Boards & Committees					
4f	Add provisions for interface with KPPA					
5	Evaluate key issues to be managed by KPPA	KRS 61.505	Medium		Rebecca Adkins	
5a	START System for Employer Reporting & Collections					
5b	Employer Reporting, Compliance & Education					
5c	Cash Management					
5d	Member Counseling					
5e	Benefit Processing					
5f	Disability & Survivor Benefit Administration					
5g	Retiree Services					
5h	Retiree Healthcare Administration					
5i	Accounting & Financial Reporting					
5j	IT Management & Security					
5k	Human Resources					
5l	Schedule orientation for new trustees					
6	Identify Trustees to serve on KPPA	KRS 61.505(2)(f)	Post 4/1			
7	Identify Trustees to serve on PPW Board	KRS 61.505(1)(d)	Post 4/1		Kathy Rupinen	
8	Evaluate staff policy for CERS cost tracking	KRS 61.505(11)	Post 4/1		Rebecca Adkins	
9	Review Summary Plan Descriptions and Identify specific changes for CERS plans	KRS 61.540; 78.782(18)(f)	Post 4/1		Erin Surratt	
10	Investment Management	KRS 78.790	High		Stephen Herbert	

*Staff Designee is primary supervisor for administrative function and may include additional staff assigned to assist. KRS/KPPA Executive Director may also assist.

**COUNTY EMPLOYEES RETIREMENT SYSTEM
CERS AD-HOC PLANNING COMMITTEE
GOVERNANCE TRANSITION TASK LIST**

#	Task Name	Authoritative Ref	Priority	Committee Assignment	Staff Resources*	Date Completed
10a	Evaluate whether to hire a separate investment consultant	KRS 78.782(2)(d)				
10b	Establish CERS ownership of CERS assets	2021 HB9, §30(2)				
10c	Verify transfer of Insurance Fund assets to new CERS Health Insurance Trust	2021 HB9, §30(2)				
10d	Develop Investment Policy Statement	KRS 78.790				
10e	Develop Investment Procurement Policy	KRS 78.790 (1)(d)				
10f	Develop Agreement for KPPA staff to manage CERS Investments	KRS 61.505(1)(c)(5)				
10g	Develop agreement with KERS Board for pooled investments					
11	Actuarial Management	KRS 61.505(1)(e)	High		Rebecca Adkins Erin Surratt	
11a	Outline process for actuarial experience studies					
11b	Outline process for actuarial audits					
11c	Outline policy for Board adoption of assumptions					
11d	Outline policy for Board review of annual valuation					
11e	Outline policy for CERS presentation to PPOB					
12	CERS Contracts		Post 4/1		Rebecca Adkins	
	Identify services with separate contracts for CERS					
12a	Audit	KRS 78.782(12)				
12b	Investment Consultant	KRS 78.782(2)(d)				
12c	Legal	KRS 78.782(2)(d)				
12d	PPW	KRS 78.782(2)(d)				
13	Annual Financial Reporting	KRS 78.782(12)	Post 4/1		Connie Davis	
13a	Develop reporting strategy with KERS Board					
13b	Identify changes in current reporting process					
13c	Evaluate separate SAFR report					
14	Board Management Policies	KRS 78.782(9)(d)	Post 4/1		Kathy Rupinen	
14a	Conflicts of Interests & Confidentiality					

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**COUNTY EMPLOYEES RETIREMENT SYSTEM
CERS AD-HOC PLANNING COMMITTEE
GOVERNANCE TRANSITION TASK LIST**

#	Task Name	Authoritative Ref	Priority	Committee Assignment	Staff Resources*	Date Completed
14b	Disclosure					
14c	HIPPA Privacy Use and Disclosure					
14d	Open Records					
14e	Trustee Election					
14f	Trustee Training					
14g	Trustee Per Diem					
14h	Business Continuity & Disaster Recovery					
14i	Leadership Continuity & Succession					
15	Develop Trustee Training Program	KRS 78.782(17)	Post 4/1			
16	Evaluate benefit processing changes		Post 4/1		Erin Surratt	
16a	Death Benefits					
16b	REMP					
16c	System values & Interface					
17	Fiduciary Liability Insurance	KRS 78.782(2)(e)	Post 4/1		Rebecca Adkins	
18	Evaluate need for separate CERS Regulations	KRS 78.782(9)(d)	Post 4/1		Kathy Rupinen	
18a	Review draft of Admin Reg 105 KAR 1:360					
19	Communications	KRS 78.782(18)	Post 4/1		Shawn Sparks	
19a	Website					
19b	Employers					
19c	Member Newsletter					
19d	Facebook					
19e	Other Social Media					
19f	Corporate branding					

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