

**Kentucky Retirement Systems Board of Trustees
Quarterly Board Meeting
November 13, 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 Minutes – September 11, 2025, October 22, 2025 and October 23, 2025* | Lynn Hampton |
| 5. Review DRAFT 2025 Actuarial Valuation* | Danny White, GRS
Janie Shaw, GRS
Krysti Kiesel, GRS |
| 6. KRS 61.5991 Contract Reporting of Quasi-Governmental Agencies and FY24 Compliance Audits | D’Juan Surratt |
| 7. KRS Update | John Chilton |
| 8. New Business** | Lynn Hampton |
| 9. Closed Session** | Lynn Hampton |
| 10. Adjourn* | Lynn Hampton |

**Board Action Required*

***Board Action May Be Required*

**MINUTES OF MEETING
KENTUCKY RETIREMENT SYSTEMS
BOARD OF TRUSTEES QUARTERLY MEETING
SEPTEMBER 11, 2025, AT 10:00 AM, E.T.
VIA LIVE VIDEO TELECONFERENCE**

At the Quarterly Meeting of the Kentucky Retirement Systems Board of Trustees held on September 11, 2025, the following members were present: Lynn Hampton (Chair), David Adkins, Ramsey Bova, Mary Eaves, Dr. Crystal Miller, Keith Percy, and Pamela Thompson. Staff members present were KRS CEO John Chilton, Ryan Barrow, Rebecca Adkins, Erin Surratt, Michael Lamb, Michael Board, Victoria Hale, Nathan Goodrich, Leigh Ann Davis, Carrie Bass, D’Juan Surratt, Kristen Coffey, Connie Davis, Steve Willer, Anthony Chiu, Brian Caldwell, Joe Gilbert, Ian Blaiklock, Connie Pettyjohn, Shaun Case, Sherry Rankin, and Sandy Hardin. Also present were Chris Tessman and Marc Friedberg from Wilshire; Larry Loew from Humana; Lealan Miller and Roger Alfaro from Eide Bailly; and Paul Harnice and Andy Hagerman with Stoll Keenon Ogden.

1. Ms. Hampton called the meeting to order.
2. Ms. Hale read the Legal Public Statement.
3. Ms. Rankin called roll. A quorum was present.

Ms. Rankin noted that no ***Public Comments*** were submitted.

4. Ms. Hampton introduced agenda item ***Approval of Minutes – April 4, 2025, and June 17, 2025 (Video 00:09:54 to 00:10:20)***. Mr. Adkins made a motion to approve the meeting minutes of April 4, 2025, and June 17, 2025, as presented. Dr. Miller seconded the motion. The motion passed unanimously.
5. Ms. Hampton introduced agenda item ***Joint Retiree Health Plan Committee Report (Video 00:10:20 to 00:29:34)***. Ms. Pettyjohn reported that the Joint CERS & KRS Retiree Health

Plan (RHP) Committee convened on Tuesday, September 2, 2025, to review and recommend health plan options for both non-Medicare and Medicare-eligible retirees under the Kentucky Public Pensions Authority (KPPA) for the 2026 plan year. The following recommendations were made. The Committee advised selecting the KEHP LivingWell PPO plan as the contribution plan and proposed a 100% Trust-paid contribution rate (at the single level) for retirees with at least 240 months of service and a participation date prior to July 1, 2003, with hazardous duty rates aligned to LivingWell PPO Couple, Parent Plus, and Family Plans. Another recommendation was that the Tobacco Use Fee remain unchanged, and access to Consumer Directed Health Plans with embedded HRAs be permitted. Retirees who do not fulfill the LivingWell Promise in 2026 would forfeit the \$40 discount in 2027. The Committee also recommended setting the LivingWell HDHP plan as the default for retirees who do not submit applications during open enrollment, including new retirees. Eligible retirees with an active employee spouse may opt for the Cross Reference family plan, with contributions aligned to the monthly maximum. Lastly, the Committee endorsed applying the same contribution plan and rate to the KEHP Medicare Secondary Payer Plan for reemployed Medicare-eligible retirees.

Next, Ms. Pettyjohn reviewed the recommendations by the Committee regarding 2026 health plan options for Medicare-eligible retirees. The Committee proposed setting the monthly contribution rate for the Medicare Advantage (MA) Premium Plan at \$199.94, representing a 100% Trust-paid contribution for retirees with 240 months of service and a participation date prior to July 1, 2003. The same contribution rate was recommended for hazardous duty spouses and eligible dependents under the KPPA Premium Plan. Additional premium rates were approved for other plans, including \$55.10 for the KPPA Essential Plan, \$194.23 for the Medical Only Plan, and \$404.67 and \$264.56 for the Medicare Advantage Mirror Premium and Essential Plans, respectively, inclusive of dental administrative fees.

The Committee also recommended continued payment of administrative fees for retirees required to enroll in Mirror Plans due to specific exceptions, such as scheduled surgeries, specialist treatments, or residence outside Humana's approved network. Individuals without Medicare Part B may enroll in Mirror Plans but must cover any costs exceeding the

contribution amount; once Part B is obtained, they will be transitioned to their selected Medicare Advantage Plan. For 2026, the default plan for Medicare-eligible retirees and their dependents will be the KPPA Medical Only Plan.

Mr. Adkins expressed sincere appreciation for Ms. Pettyjohn's expertise and professionalism, commending her strong advocacy for retirees in a complex and evolving policy framework. He noted her ability to clearly explain intricate issues and emphasized that her competence is a valuable asset to the retirement systems.

Mr. Adkins made a motion to approve the seven recommendations of the Retiree Health Plan Committee as presented. Mr. Percy seconded the motion. The motion passed unanimously.

Following the vote, Ms. Pettyjohn noted that at the RHP Committee meeting, Ms. Surratt provided updates regarding representation on the Kentucky Group Health Insurance Board, noting Ms. Pettyjohn's ongoing discussions with DEI and her continued role as proxy. The Committee also announced the cancellation of the October 23, 2025, meeting due to a scheduling conflict with the KPPA Impact Forum.

6. Ms. Hampton introduced agenda item ***KRS ACFR – External Audit Planning Letter*** (Video 00:29:34 to 00:42:09). Mr. Lamb introduced auditors Lealan Miller and Roger Alfaro from Eide Bailly, who are conducting the financial audit for the County Employees Retirement System and the Kentucky Retirement Systems for the fiscal year ending June 30, 2025. Eide Bailly outlined their responsibilities, emphasizing that the audit will follow U.S. Generally Accepted Auditing Standards and Government Auditing Standards to assess whether the financial statements are materially accurate and comply with U.S. GAAP. Their review is limited to specific report sections and excludes introductory, investment, actuarial, and statistical content. The audit will use sampling and professional judgment to provide reasonable assurance, though some misstatements may go undetected. While the audit will consider internal controls to assess risk, it will not evaluate their effectiveness. Any material weaknesses, legal violations, or significant issues will be communicated to the Board. Key risks identified include management override of controls, improper revenue recognition,

complex pension liability calculations, valuation of alternative investments, and benefit payment accuracy.

7. Ms. Hampton introduced agenda item ***Quarterly Financial Reports*** (Video 00:42:09 to 00:58:02). Mr. Lamb presented to the KRS Board the GFOA Excellence Award for financial reporting. He then reviewed the Quarterly Financial Reports, highlighting the Combining Statement of Fiduciary Net Position, Combined Statement of Changes in Fiduciary Net Position, and the Contribution Reports for the twelve-month period ending June 30, 2025, with comparative totals for the twelve-month period ending June 30, 2024, noting a total net fiduciary position of nearly \$9.9 billion, which is a 14.74% increase from the previous year. The three pension plans totaled \$7 billion with significant increases in the non-hazardous, hazardous, and state police plans. The three insurance plans totaled \$2.8 billion, reflecting an 8.18% increase. Total investments at fair value increased by 15.99%, with notable gains in public equities, specialty credit, and core fixed income. The net increase in fiduciary net position for the year was \$1.269 billion, higher than the previous year's increase. Contributions and net investment income were significant contributors to the overall financial performance. The report also included detailed financial statements and contribution reports, highlighting changes in member and employer contributions, benefit payments, and administrative costs.

Next, Mr. Lamb reviewed the KRS Past Due Invoices for the KRS system as of June 30, 2025. Mr. Lamb explained that the total past due amount is nearly \$6.7 million, with \$6.1 million being worked on by the KPPA Legal team. The ERCE and Legal teams have focused on reducing the number of past due invoices, resulting in a decrease from 1,139 invoices totaling \$7.1 million in 2024 to 512 invoices totaling \$6.7 million in 2025. Ms. Bova raised a question about the accuracy of the past due invoices for Seven Counties, which Mr. Lamb clarified was due to a legal stay. The discussion also covered the Administrative Budget, noting that the total spending was nearly \$35 million, which was 5% below the annual budget. Specific line items such as salaries, wages, and legal contracts were below budget, while health insurance and miscellaneous expenses were over budget. The JP Morgan Chase fees and the interest earned were also discussed, with a new master agreement in place to eliminate future fees.

8. Ms. Hampton introduced agenda item ***Hazardous Duty Requests*** (Video 00:58:02 to 00:59:24). Mr. Surratt presented a request for 11 positions within the Department for Natural Resources, specifically the Division of Forestry, to be classified as hazardous duty. These positions require fire suppression and prevention with wildland fires and serve on the wildland fire incident command team. The KPPA staff reviewed the position questionnaires and job descriptions and determined that these positions meet the statutory guidelines for hazardous duty. Therefore, the Board is requested to approve these positions as hazardous.

Mr. Percy made a motion to approve the Hazardous Duty Coverage Requests as presented. Mr. Adkins seconded the motion. The motion passed unanimously.

9. Ms. Hampton introduced agenda item ***KERS Election Ballot*** (Video 00:58:02 to 01:03:37). Ms. Coffey discussed the upcoming KERS election, noting that the terms of two elected members will end on March 31, 2026, and the election to fill these positions will begin on January 20, 2026. Six individuals submitted the required documents by the July 31, 2025, deadline, and all agreed to a background check, which revealed no concerns. Four of the applicants are employed and were reviewed by the Attorney General to ensure there were no constitutional eligibility issues, with no issues found. The Board was asked to vote on the ballot to be presented to voting members in January. The statutes allow up to three individuals per open position; therefore, up to six people can be on the ballot.

Mr. Percy made a motion to place the six individuals described in the materials on the KERS ballot for the two Board positions. Dr. Miller seconded the motion. The motion passed, with all present members voting in favor, and Mr. Adkins abstaining.

*** Mr. William Sumers V entered the meeting.***

10. Ms. Hampton introduced agenda item ***Investment Committee Report*** (Video 01:03:37 to 01:13:40) Mr. Adkins, serving in place of Mr. Lane, noted that the Investment Committee convened in a special-called session prior to the current meeting. Having attended that Committee meeting, Mr. Adkins shared that he was briefed on the proposed investment

option, and the Investment Committee unanimously recommended its adoption as presented. Mr. Willer noted that the Investment Committee is recommending an allocation up to \$75 million across all KERS and SPRS portfolios in the Strategic Value Special Situations Fund VI, as part of the private equity allocation.

Following a brief overview by Mr. Willer and Mr. Chiu, Mr. Adkins moved to ratify the Committee's recommendation to authorize an investment by KRS of up to \$75 million in the Strategic Value Special Situations Fund VI, contingent upon successful contract negotiations. Ms. Bova seconded the motion, which passed unanimously.

Mr. Willer highlighted the release of the fiscal year performance press statement, noting that all detailed results are available in the report. He emphasized that the KRS Pension Composite achieved a return of 11.30% for the fiscal year, outperforming its blended benchmark of 9.82%. Similarly, the KRS Insurance Composite posted a return of 11.55%, exceeding its benchmark by 76 basis points. This level of outperformance translates to approximately \$103 million in added value for the KRS Pension Portfolios and \$22 million for the KRS Insurance Portfolio.

Ms. Hampton added that this marks two consecutive years of strong performance relative to benchmarks. She expressed optimism that this trend—now two out of the past five years—will be reflected positively in the upcoming actuarial analysis, which is expected to provide valuable insights later this year.

11. Ms. Hampton introduced agenda item ***KRS CEO Update*** (Video 01:13:40 to 01:17:07). Mr. Chilton provided a comprehensive update on key activities and developments that have taken place over the past three months since the previous meeting. He actively participated in various committee meetings and has been closely monitoring the ongoing RFP process related to investment consultants, which remains open and active. Mr. Chilton also attended several Public Pension Oversight Board (PPOB) meetings held monthly at the Capitol Annex; however, he was unable to attend the most recent meeting, which was attended by Ms. Hampton on his behalf.

During the last quarter, Mr. Chilton worked on several initiatives that will be discussed further in the closed session. The health plan for retirees was addressed earlier in the meeting, and the trustee election was officially approved today. The slate of trustees is now finalized, with ballots scheduled for distribution in January and the newly elected trustees set to take office on April 1. The Audit Committee continues to address issues related to accounts receivable, and a new reporting mechanism was introduced during today's meeting to support those efforts.

In addition, work is underway to update computer systems to improve the collection of funds from various employers, resolve discrepancies, and ensure timely investment of the collected funds. The Investment Committee has remained active, with several matters addressed recently, including one reported during today's session. Mr. Chilton also reminded trustees of the upcoming Impact Forum, a two-day meeting in October that is expected to have full attendance. This forum will provide essential information to support effective board service and is structured to fulfill the required 12 hours of continuing education for trustees.

Mr. Chilton concluded his update by expressing sincere appreciation for the hard work and dedication of everyone involved in these ongoing initiatives.

12. Ms. Hampton introduced agenda item **2026 Board and Committee Meeting Calendar** (*Video 01:17:07 to 01:17:58*). After reviewing the proposed calendar, Ms. Eaves moved to approve the 2026 Board and Committee meeting schedule as presented. Mr. Peercy seconded the motion. The motion passed unanimously.

13. Ms. Hampton introduced agenda item **KPPA Update** (*Video 01:17:58 to 01:22:43*). Mr. Barrow began by noting that the Personnel Cabinet has completed a statewide review of the IT job series, with the results now reflected in the Budget Work Group's planning. Leadership development remains a priority, with continued participation in the KPPA Leadership Academy and the Governor's Leadership Programs, each currently enrolling

two KPPA employees. Additionally, three interns successfully completed the Team KY Internship Program, receiving positive feedback for their contributions. In terms of strategic planning, Mr. Barrow highlighted a focus on organizational excellence. A major project within the leadership program involves the rebranding of six core mandates. He also shared that paperwork is underway to transition the Compliance Officer's reporting line to the Chief Financial Officer. Budget discussions have progressed, and the recent presentation to the Public Pension Oversight Board (PPOB) was well received.

Mr. Barrow extended recognition to the Accounting, ERCE, and Legal teams, as well as the employer invoice task force and many other individuals, for their significant efforts in resolving outstanding invoices. For the first time, both the CERS and KRS Boards of Trustees were issued separate GFOA Certificates of Achievement for Excellence in Financial Reporting for their FY24 Annual Comprehensive Financial Reports (ACFRs). This milestone reflects the high standards and dedication of the teams involved. Special commendation was given to ERCE Manager Crystal Hughes for her exemplary performance reviews. During a recent audit meeting with Personnel, her review of an employee was highlighted as a model of excellence—specific, measurable, and detailed. KPPA also received heartfelt member feedback, including a handwritten letter of appreciation during a particularly difficult time, underscoring the impact of the agency's work.

Finally, Mr. Barrow reported progress on the Louisville investment office. He, along with Mr. Willer and Ms. Adkins, toured the building, which remains under the purview of Facilities. The next step involves executing the lease agreement to move the project forward. Mr. Barrow concluded by expressing his gratitude to all those involved in maintaining and improving KPPA's operations.

14. Ms. Hampton introduced agenda item ***New Business*** (*Video 01:22:43 to 01:24:15*). Ms. Hampton reported that she did not have any new business.
15. Ms. Hampton introduced agenda item ***Closed Session*** (*Video 01:24:15 to 01:25:24*) and requested a motion to enter closed session to discuss pending litigation pursuant to KRS

61.810(c). A motion was made by Mr. Peercy and seconded by Ms. Bova. The motion passed unanimously.

Mr. Board read the following statement, and the meeting moved into closed session: A motion having been made in open session to move into a closed session for a specific purpose, and such motion having carried by majority vote in open, public session, the Board shall now enter closed session to consider litigation, pursuant to KRS 61.810(1)(c), because of the necessity of protecting the confidentiality of the Systems' litigation strategy and preserving any available attorney-client privilege. All other attendees exited the meeting.

Closed Session (Video - Part 2 - 00:00:16 to 00:01:34)

Ms. Hampton called the meeting back to open session.

Mr. Summers made the motion to authorize the litigation strategies as outlined by counsel in closed session. Ms. Bova seconded the motion. The motion passed unanimously.

There being no further business, Ms. Hampton ***adjourned*** the meeting.

Copies of all documents presented are incorporated as part of the Minutes of the Board of Trustees held September 11, 2025, except documents provided during a closed session conducted pursuant to the Open Meetings Act and exempt under the Open Records Act.

The remainder of this page left blank intentionally.

CERTIFICATION

I do certify that I was present at this meeting, and I have recorded the above actions of the Trustees on various items considered by it at this meeting. Further, I certify that all requirements of KRS 61.805-61.850 were met in conjunction with this meeting.

Recording Secretary

I, the Chair of the Board of Trustees of the Kentucky Retirement Systems, do certify that the Minutes of Meeting held on September 11, 2025, were approved on November 13, 2025.

Chair of the Board of Trustees

I have reviewed the Minutes of the September 11, 2025, Board of Trustees Meeting for content, form, and legality.

Executive Director
Office of Legal Services

**MINUTES OF MEETING
KENTUCKY RETIREMENT SYSTEMS
BOARD OF TRUSTEES IMPACT FORUM
OCTOBER 22, 2025, AT 11:00 A.M. ET
THE CAMPBELL HOUSE
1375 SOUTH BROADWAY, LEXINGTON, KY 40504**

At the Special-Called Meeting of the Kentucky Retirement Systems Board of Trustees held on October 22, 2025, the following members were present: Lynn Hampton (Chair), David Adkins, Ramsey Bova, Mary Eaves, Keith Percy, William Summers V., Dr. Crystal Miller, and Pamela Thompson. Staff members present included KRS CEO John Chilton, Ryan Barrow, Erin Surratt, Michael Lamb, Michael Board, Kristen Coffey, Steve Willer, Anthony Chiu, Ashley Gabbard, Sherry Rankin, and Sandy Hardin. Also present were David Lindberg, Chris Tessman, and Marc Friedberg from Wilshire; Danny White, Janie Shaw, and Krysti Kiesel from GRS.

Ms. Hampton *called the meeting to order.*

Ms. Rankin took *Roll Call.*

Ms. Rankin noted that no *Public Comments* were submitted.

Following the KRS opening procedures, the meeting was suspended for a *Networking Lunch.*

After lunch, Mr. Barrow *welcomed* attendees, and Ms. Gabbard facilitated a *Trustee engagement activity.*

Ms. Gabbard introduced Ms. Kristen Coffey, who presented an *Internal Audit Spotlight.* This presentation was provided for informational purposes only.

Dr. Crystal Miller entered the meeting.

Mr. Board presented on *Leading with Integrity, Open Records/Open Meetings, Ethics, and Insurance.* This presentation was provided for informational purposes only.

Following a 15-minute break, Ms. Surratt presented on ***Beyond the Benefits: Service Delivery, Tier 3, and Health Insurance***. This presentation was provided for informational purposes only.

The group took an additional 15-minute break and then reconvened for their designated breakout room session.

Ms. Surratt introduced Danny White, Janie Shaw, and Krysti Kiesel from *Gabriel, Roeder, Smith & Company (GRS)*, who presented on ***KRS Actuarial Valuations/GASB/Experience Study***. Their presentation was provided for informational purposes only.

The group took a 30-minute break to allow for room access.

Following the break, the attendees reconvened as a full group, and Mr. Barrow facilitated a ***Question-and-Answer*** session with attendees.

There being no further business, Ms. Hampton ***adjourned*** the meeting.

Copies of all documents presented are incorporated as part of the Minutes of the Board of Trustees held October 22, 2025, except documents provided during a closed session conducted pursuant to the Open Meetings Act and exempt under the Open Records Act.

The remainder of this page left blank intentionally.

CERTIFICATION

I do certify that I was present at this meeting, and I have recorded the above actions of the Trustees on various items considered by it at this meeting. Further, I certify that all requirements of KRS 61.805-61.850 were met in conjunction with this meeting.

Recording Secretary

I, the Chair of the Board of Trustees of the Kentucky Retirement Systems, do certify that the Minutes of Meeting held on October 22, 2025, were approved on November 13, 2025.

Chair of the Board of Trustees

I have reviewed the Minutes of the October 22, 2025, Board of Trustees Meeting for content, form, and legality.

Executive Director
Office of Legal Services

**MINUTES OF MEETING
KENTUCKY RETIREMENT SYSTEMS
BOARD OF TRUSTEES IMPACT FORUM
OCTOBER 23, 2025, AT 7:45 A.M. ET
THE CAMPBELL HOUSE
1375 SOUTH BROADWAY, LEXINGTON, KY 40504**

At the Special-Called Meeting of the Kentucky Retirement Systems Board of Trustees held on October 22, 2025, the following members were present: Lynn Hampton (Chair), David Adkins, Ramsey Bova, Mary Eaves, Keith Peercy, William Summers V., and Pamela Thompson. Staff members present were KRS CEO John Chilton, Ryan Barrow, Erin Surratt, Michael Lamb, Michael Board, Lori Casey, Steve Willer, Anthony Chiu, Amy Fields, Carrie Bass, Ashley Gabbard, Sherry Rankin, and Sandy Hardin. Also present were David Lindberg, Chris Tessman, John Patterson, Craig Morton, and Marc Friedberg from Wilshire; Danny White, Janie Shaw, and Krysti Kiesel from GRS; Audra Ferguson from Ice Miller; Joe McDaniel and Stacy Blank from the Office of Finance Management; and Jimmy Higdon and Walker Thomas, Chairs of the Public Pension Oversight Board (PPOB).

Ms. Hampton *called the meeting to order.*

Ms. Hardin took *Roll Call.*

Ms. Hardin noted that no *Public Comments* were submitted.

Following the KRS opening procedures, the meeting was suspended for a *Networking Breakfast.*

The group took a 15-minute break.

Dr. Crystal Miller entered the meeting.

Following the break, Mr. Board introduced Audra Ferguson from ICE Miller, who presented on *Fiduciary Responsibility.* This presentation was provided for informational purposes only.

The group took a 30-minute break to allow time for hotel check-out.

Mr. Lamb and Ms. Bass presented on the ***KPPA Budget and Compliance***. This presentation was provided for informational purposes only.

The group took a 15-minute break.

Mr. Barrow introduced Mr. Joe McDaniel and Ms. Stacy Blank from the ***Office of Finance Management***. Their presentation was provided for informational purposes only.

The group recessed for a scheduled ***networking lunch***.

Mr. Barrow introduced Mr. Tommy Higdon and Mr. Walker Thomas, ***Chairs of the Public Pension Oversight Board (PPOB)***. Their presentation was provided for informational purposes only.

Ms. Surratt and Mr. Barrow presented on ***Strategic Planning***. Their presentation was provided for informational purposes only.

Ms. Surratt presented on the ***DETS Spotlight***. This presentation was provided for informational purposes only.

Ms. Fields presented on ***Communications***. This presentation was provided for informational purposes only.

Ms. Casey presented on ***Human Resources***. This presentation was provided for informational purposes only.

Mr. Barrow facilitated a ***Question-and-Answer*** session with attendees.

There being no further business, Ms. Hampton ***adjourned*** the meeting.

Copies of all documents presented are incorporated as part of the Minutes of the Board of Trustees held October 23, 2025, except documents provided during a closed session conducted pursuant to the Open Meetings Act and exempt under the Open Records Act.

The remainder of this page left blank intentionally.

CERTIFICATION

I do certify that I was present at this meeting, and I have recorded the above actions of the Trustees on various items considered by it at this meeting. Further, I certify that all requirements of KRS 61.805-61.850 were met in conjunction with this meeting.

Recording Secretary

I, the Chair of the Board of Trustees of the Kentucky Retirement Systems, do certify that the Minutes of Meeting held on October 23, 2025, were approved on November 13, 2025.

Chair of the Board of Trustees

I have reviewed the Minutes of the October 23, 2025, Board of Trustees Meeting for content, form, and legality.

Executive Director
Office of Legal Services



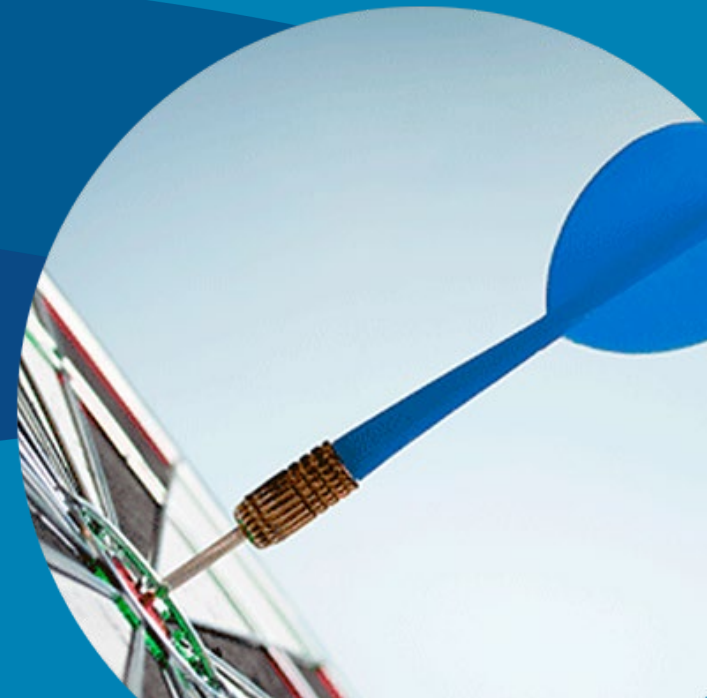
Kentucky Retirement Systems

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	← Informational purposes only
\$300M in Appropriations	(25)	0	(25)	
Investment Experience	(10)	(6)	(16)	
Demographic Experience	<u>12</u>	<u>31</u>	<u>43</u>	← Salary increases for active members higher than expected & 2026 health insurance premiums
Total Change	\$(23)	\$25	\$2	
Amortization Cost – 2025 Val (FY 2027/FY 2028)	\$ 831	\$ 37	\$ 868	



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

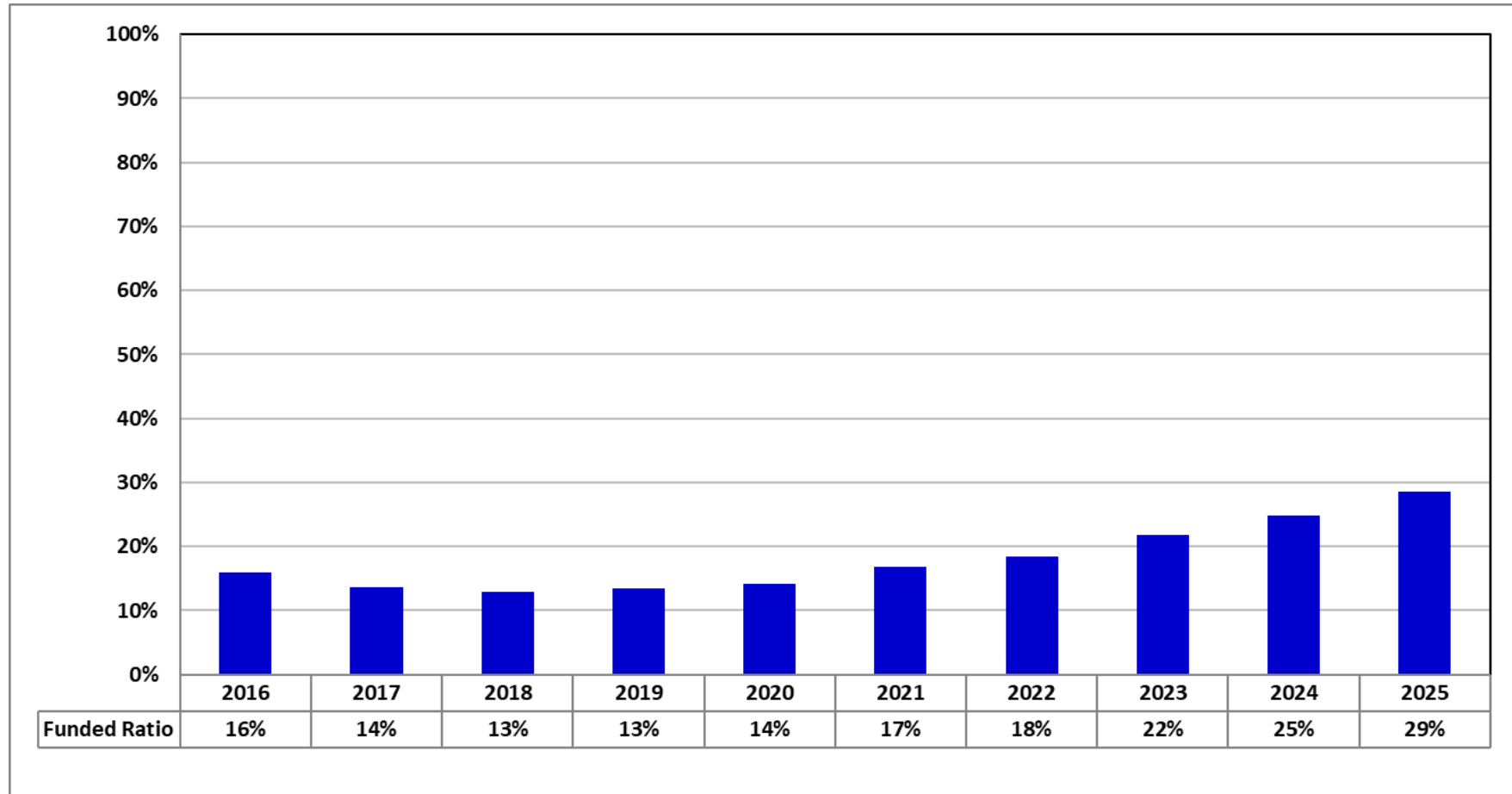
	KERS Non-Hazardous		KERS Hazardous		SPRS	
	2024 Val	2025 Val	2024 Val	2025 Val	2024 Val	2025 Val
(1)	(2)	(3)	(4)	(5)	(4)	(5)
Pension Fund	\$12.53	\$12.03	\$0.46	\$0.41	\$0.48	\$0.43
Insurance Fund	<u>0.38</u>	<u>0.66</u>	<u>(0.27)</u>	<u>(0.28)</u>	<u>(0.01)</u>	<u>(0.00)</u>
Total Unfunded Actuarial 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



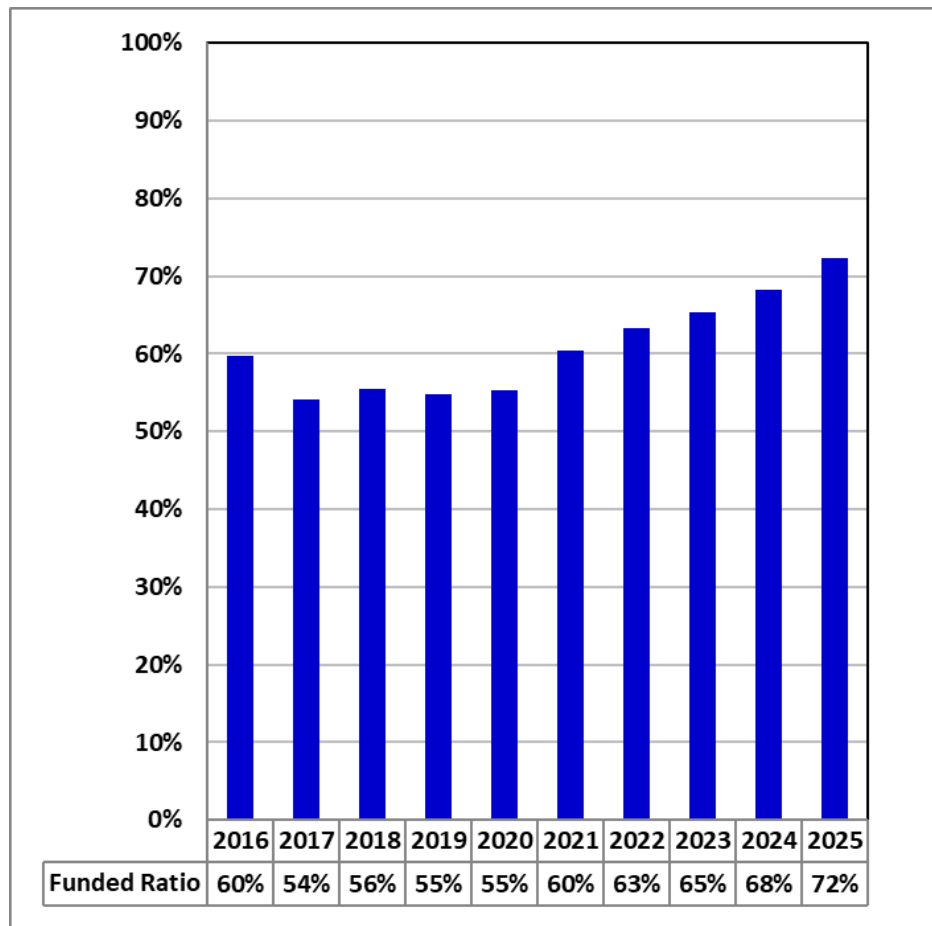
Historic Funded Ratio (Actuarial Value of Assets / Accrued Liability)

KERS Non-Hazardous Pension Fund

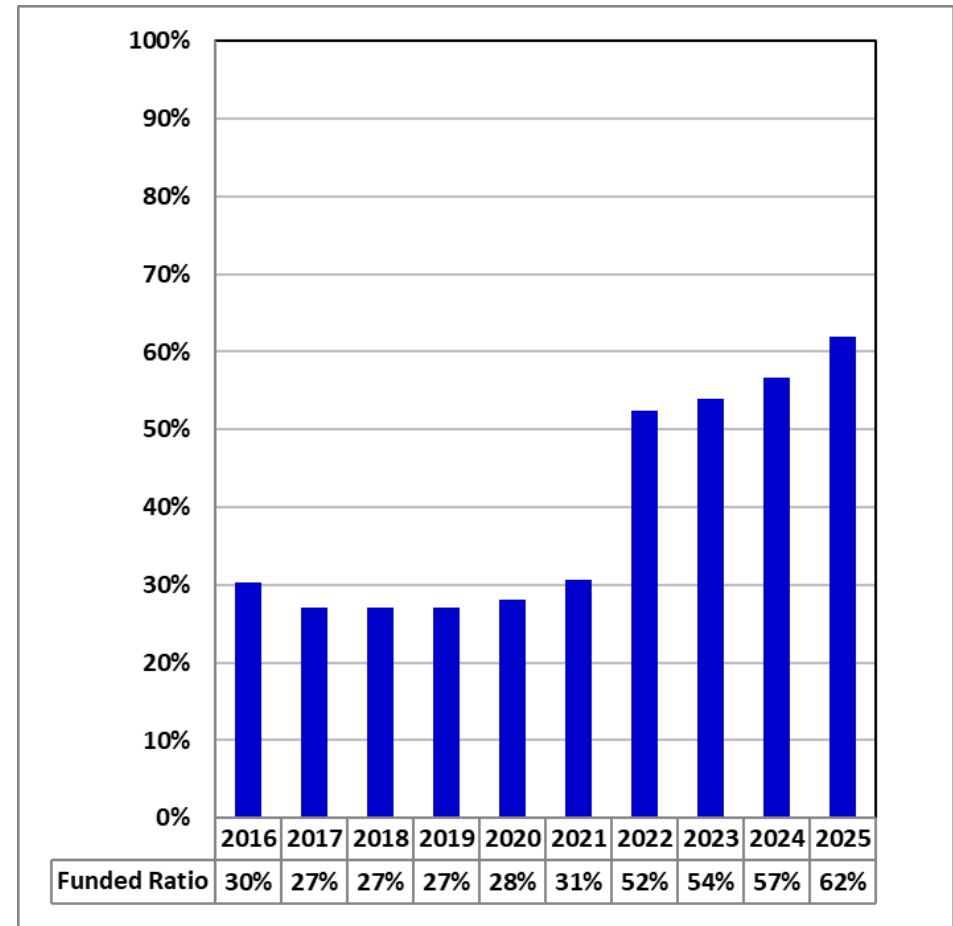


Historic Funded Ratio (Actuarial Value of Assets / Accrued Liability)

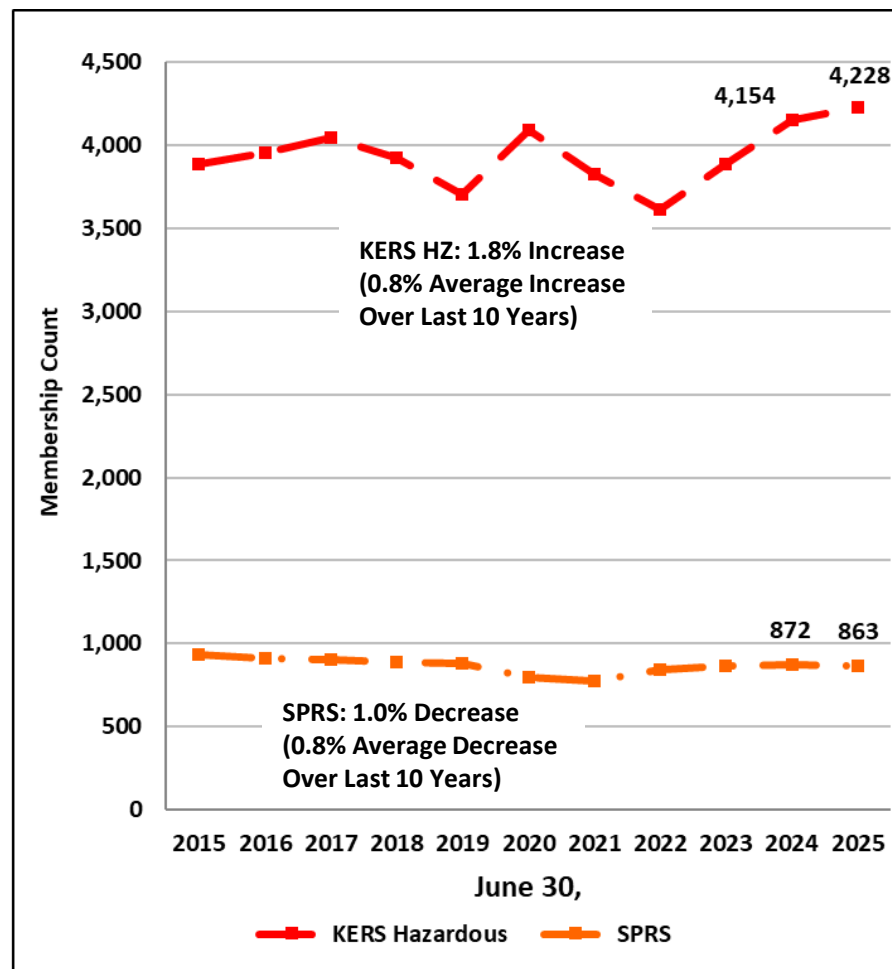
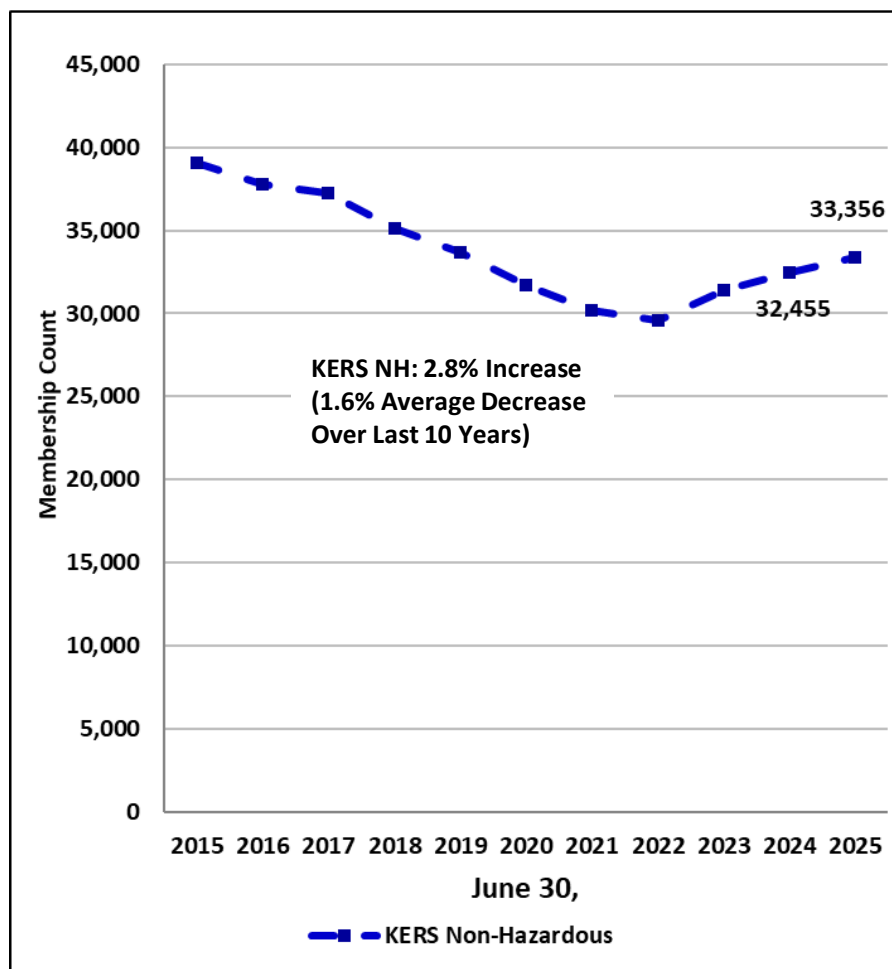
KERS Hazardous Pension Fund



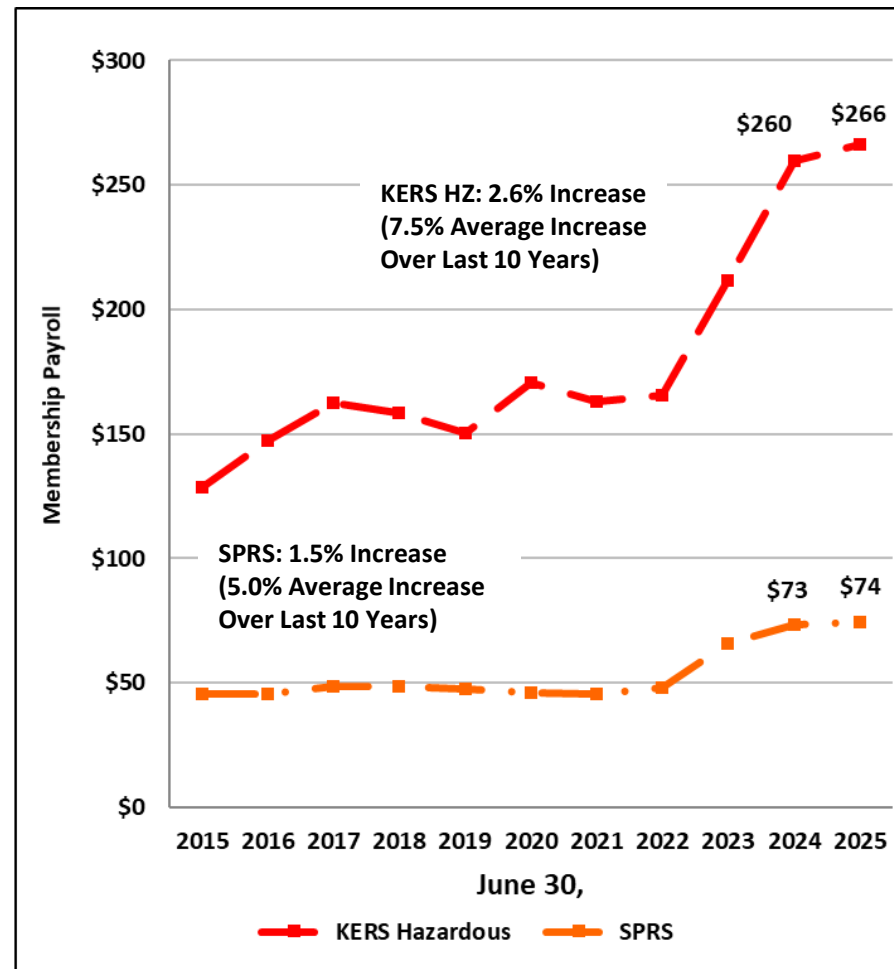
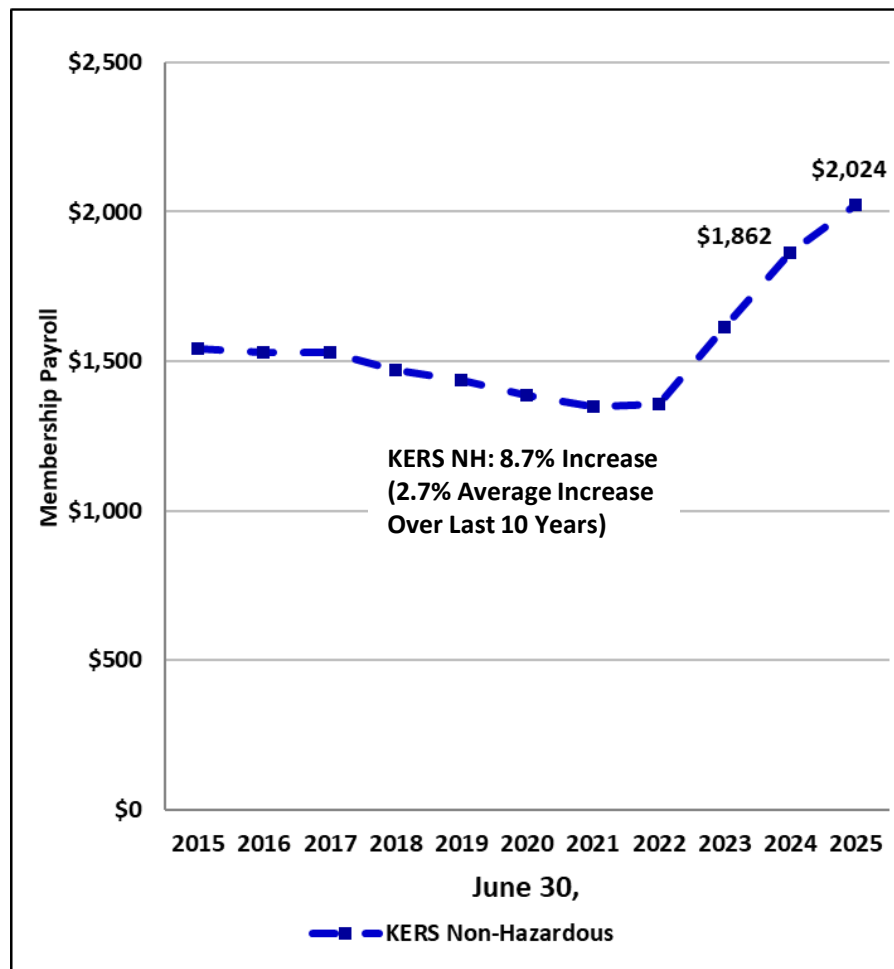
State Police Pension Fund



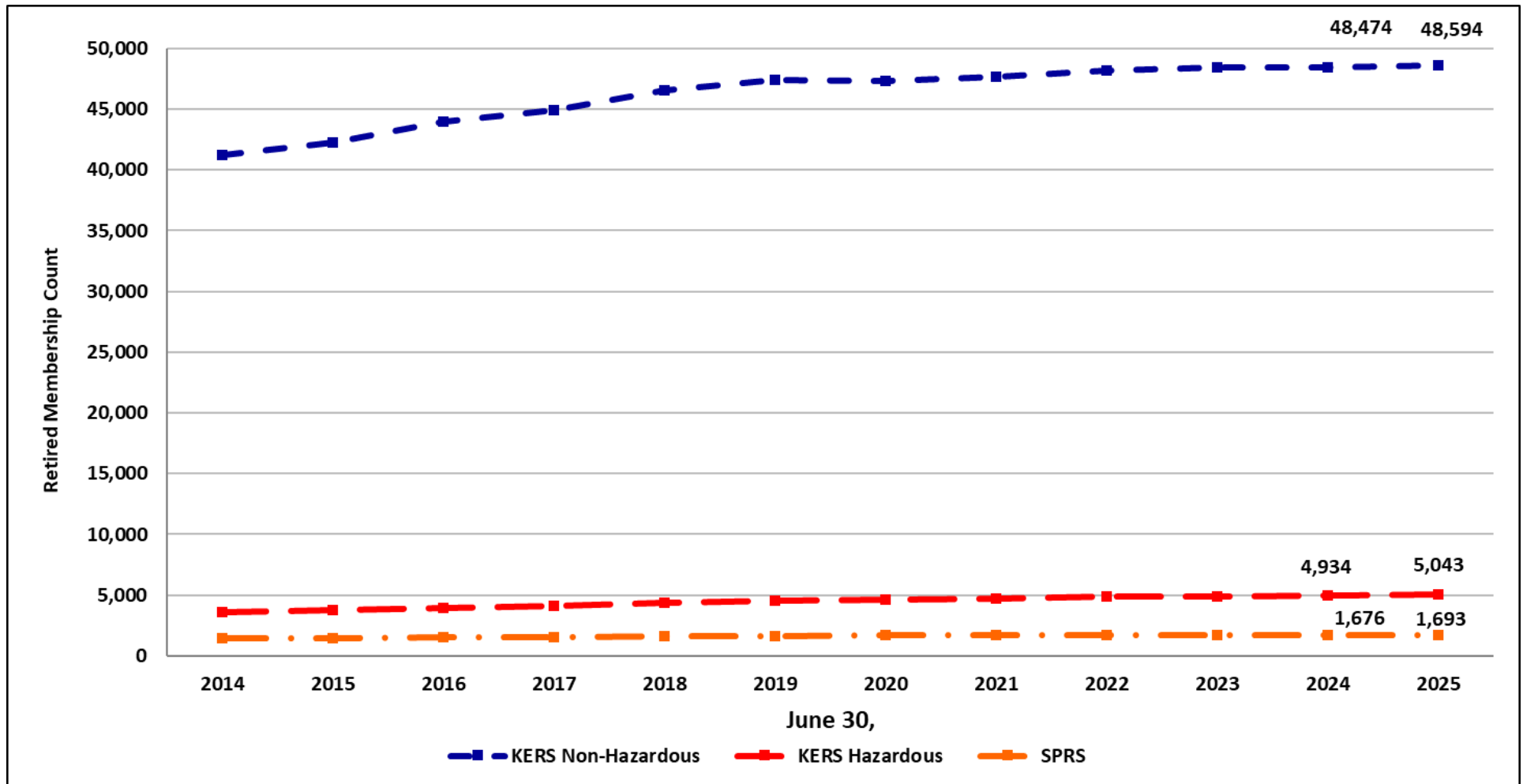
Active Membership Count



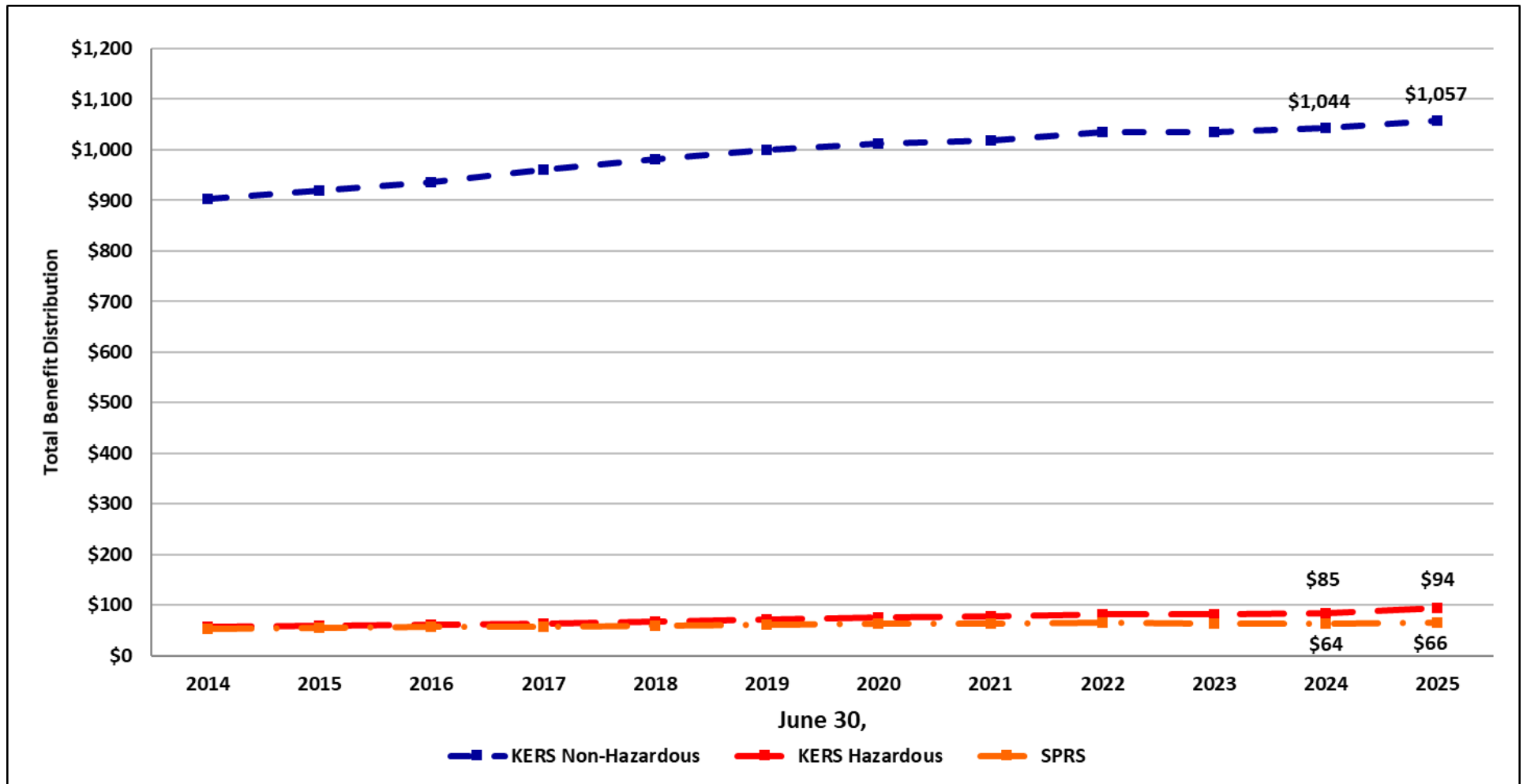
Membership Payroll (\$ in Millions)



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



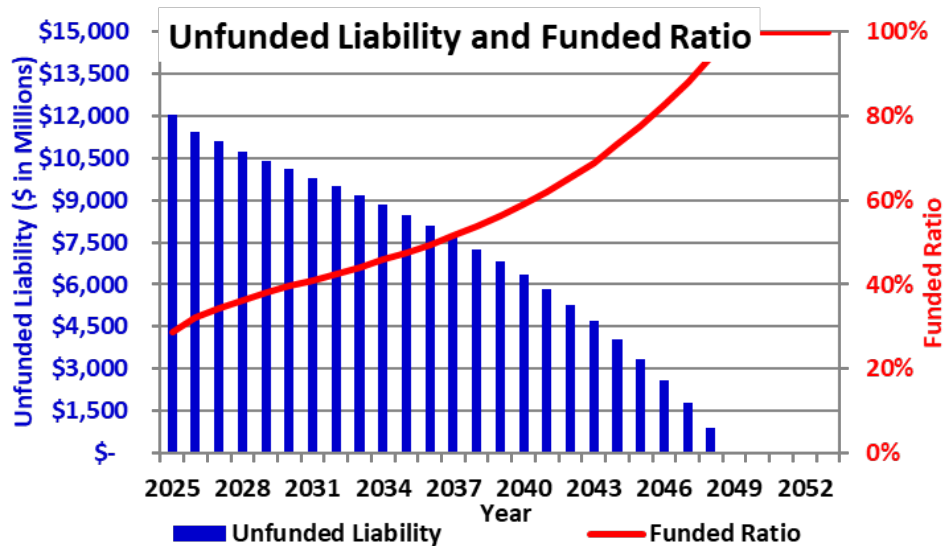
Projection Assumptions

- 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

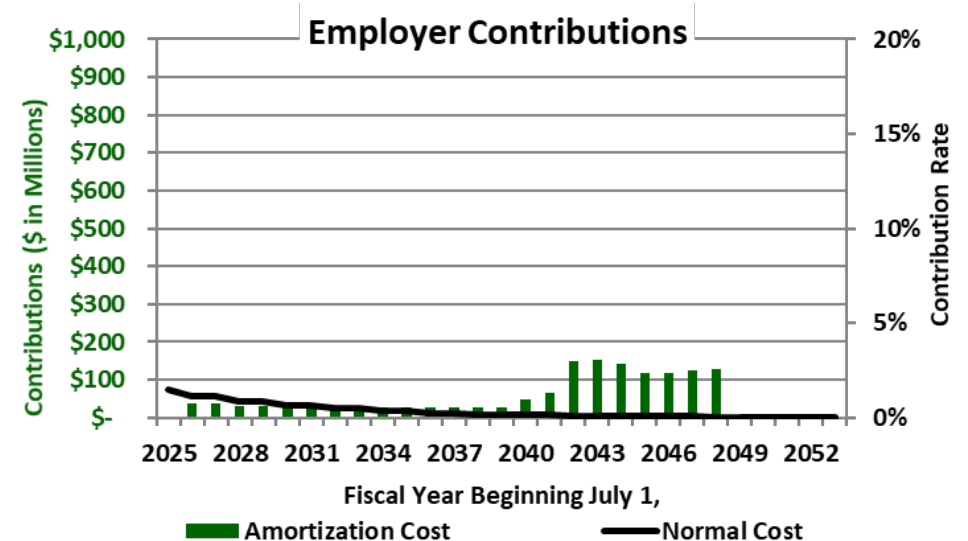
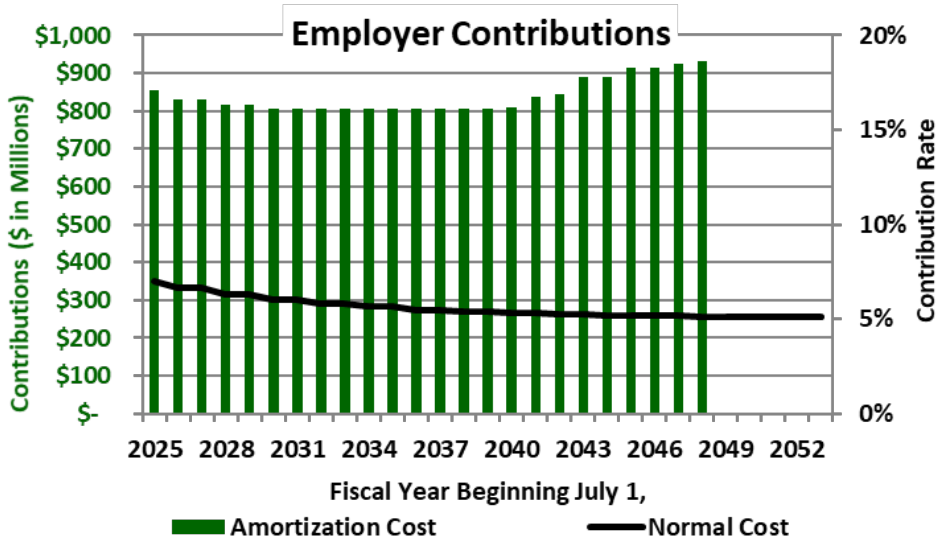
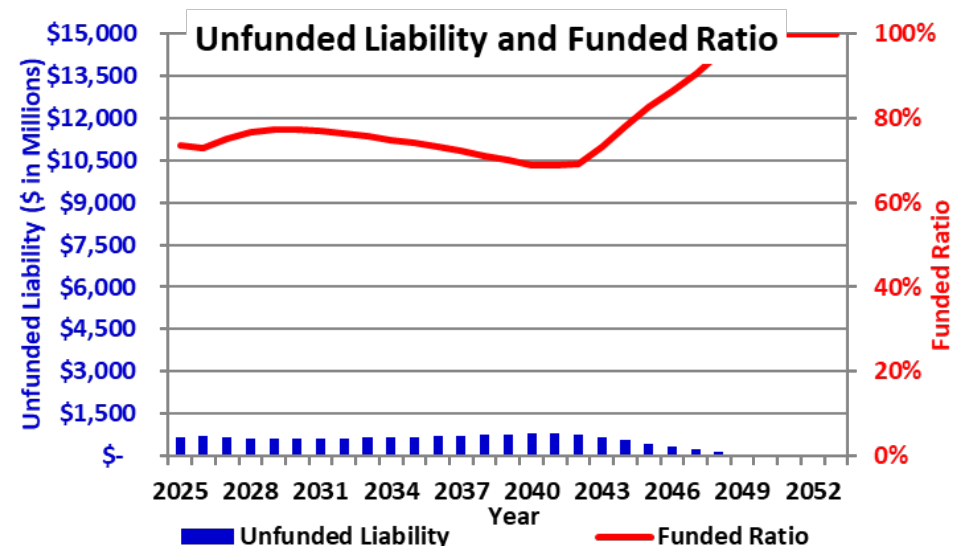


KERS Non-Hazardous Projection

Pension

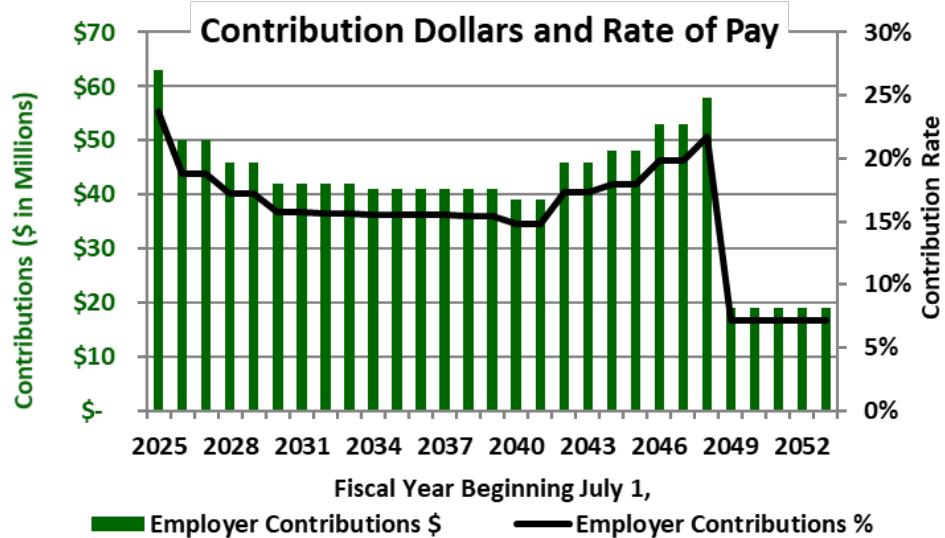
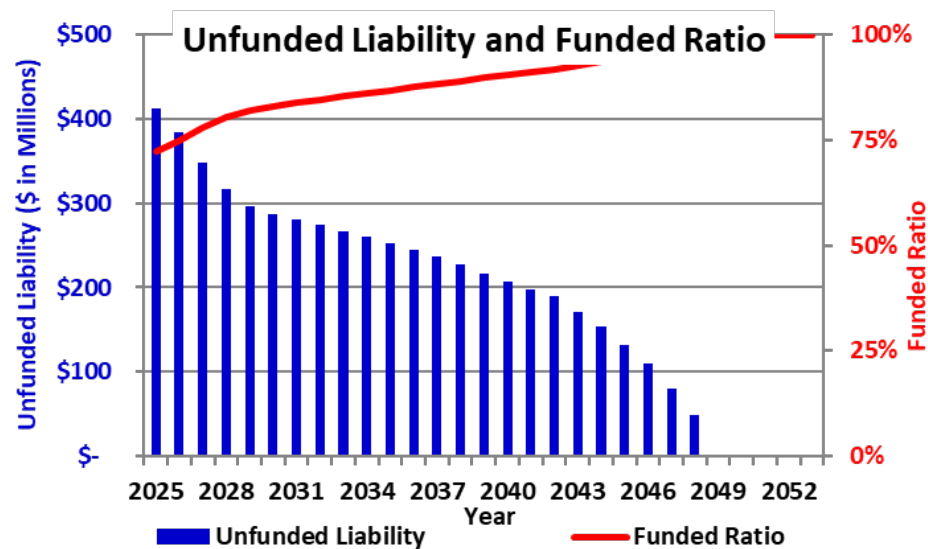


Insurance

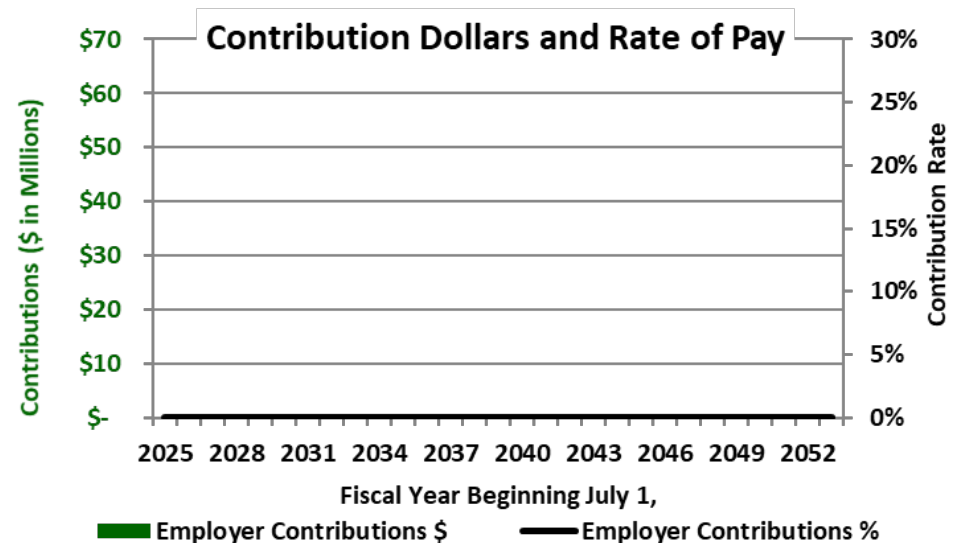
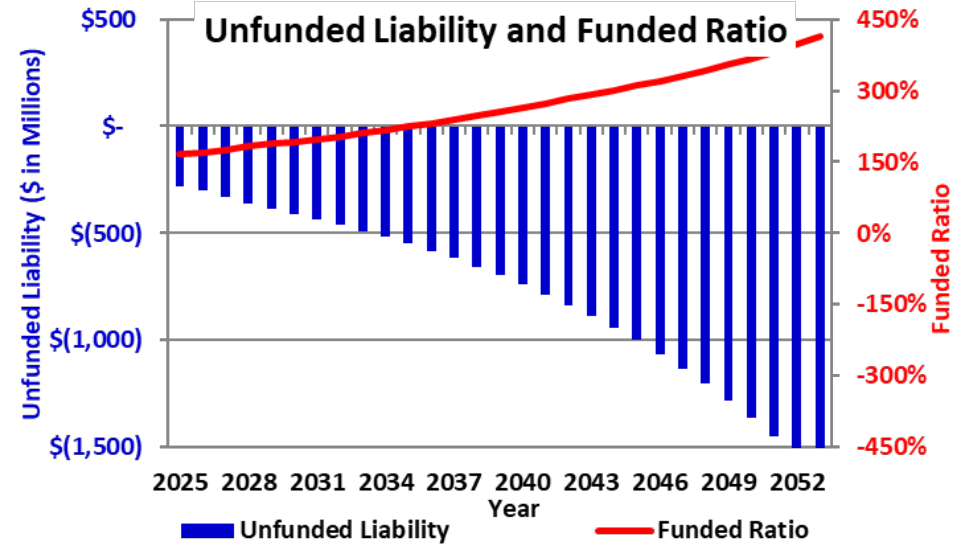


KERS Hazardous Projection

Pension

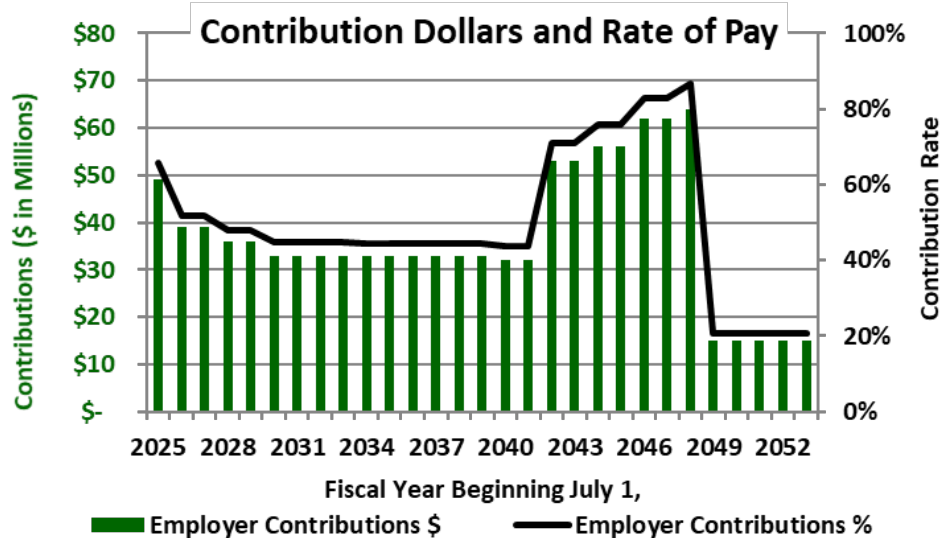
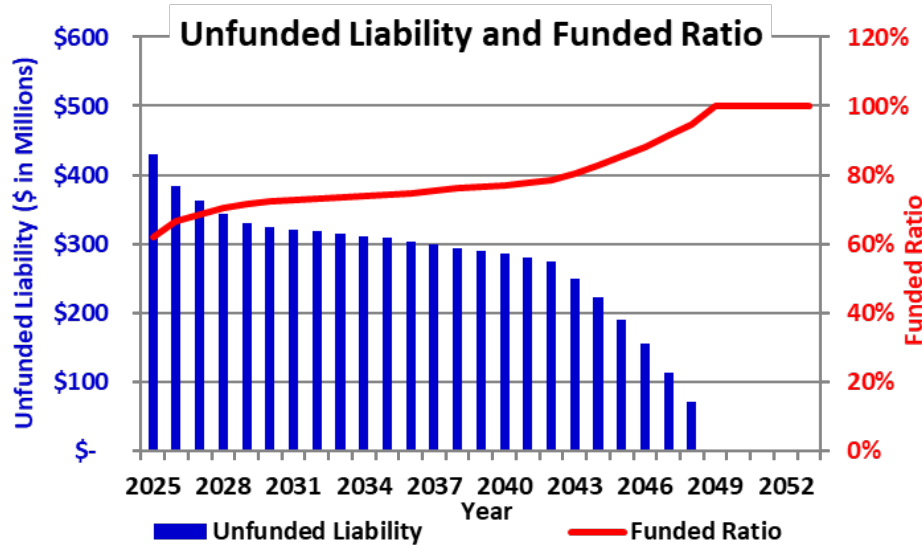


Insurance

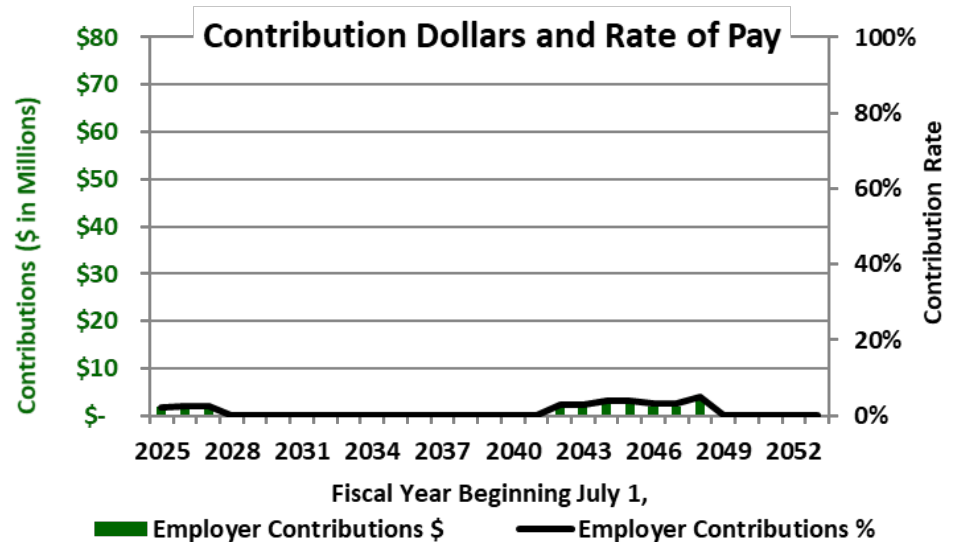
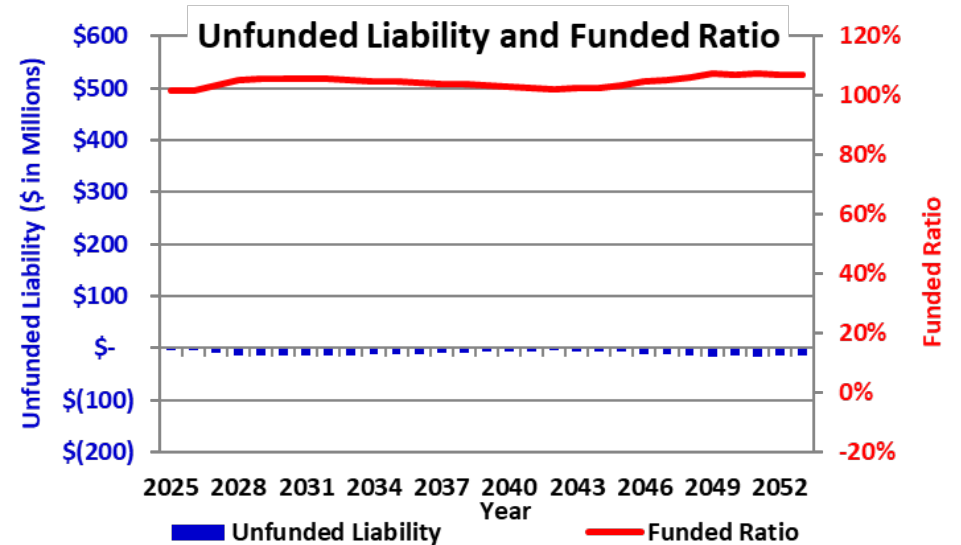


SPRS Projection

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.





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.

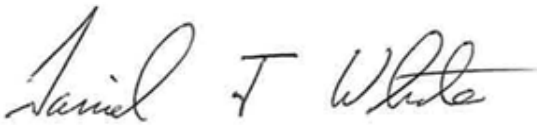


Board of Trustees
October 31, 2025
Page 3

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,

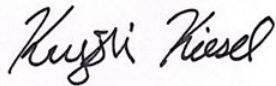
Gabriel, Roeder, Smith & Company



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%





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.

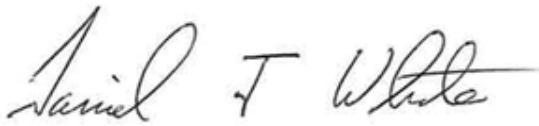


Board of Trustees
October 31, 2025
Page 3

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,

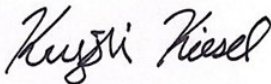
Gabriel, Roeder, Smith & Company



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%

KRS Quarterly Board Meeting - Review DRAFT 2025 Actuarial Valuation

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.



KRS Quarterly Board Meeting - Review DRAFT 2025 Actuarial Valuation

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.



KRS Quarterly Board Meeting - Review DRAFT 2025 Actuarial Valuation

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.



KRS Quarterly Board Meeting - Review DRAFT 2025 Actuarial Valuation

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.



KRS Quarterly Board Meeting - Review DRAFT 2025 Actuarial Valuation

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

Board of Trustees
October 31, 2025
Page 2

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.



Board of Trustees
October 31, 2025
Page 3

**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%.



Board of Trustees
October 31, 2025
Page 4

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



Board of Trustees
October 31, 2025
Page 5

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.

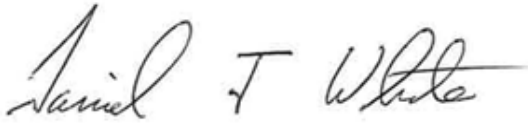


Board of Trustees
October 31, 2025
Page 6

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,

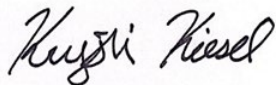
Gabriel, Roeder, Smith & Company



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	<u>0.29%</u>	<u>3.20%</u>	<u>1.11%</u>	<u>0.00%</u>	<u>2.49%</u>
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	<u>120,312</u>	<u>4,591</u>	<u>57,597</u>	<u>9,312</u>	<u>775</u>
- 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 Year 1	2029 Year 5	2034 Year 10	2044 Year 20	2054 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,

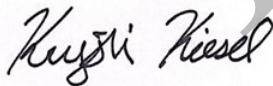
Gabriel, Roeder, Smith & Company



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



Janie Shaw, ASA, EA, MAAA
Consultant



Krysti Kiesel, ASA, EA, MAAA
Consultant



Table of Contents

	<u>Page</u>
Section 1 Executive Summary.....	2
Section 2 Discussion.....	7
Section 3 Actuarial Tables.....	16
Section 4 Amortization Bases	40
Section 5 Membership Information.....	43
Section 6 Assessment and Disclosure of Risk	56
Appendix A Actuarial Assumptions and Methods.....	61
Appendix B Benefit Provisions	73
Appendix C Glossary.....	88
Appendix D KERS Non-Hazardous Employer Contribution by Agency	93



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.



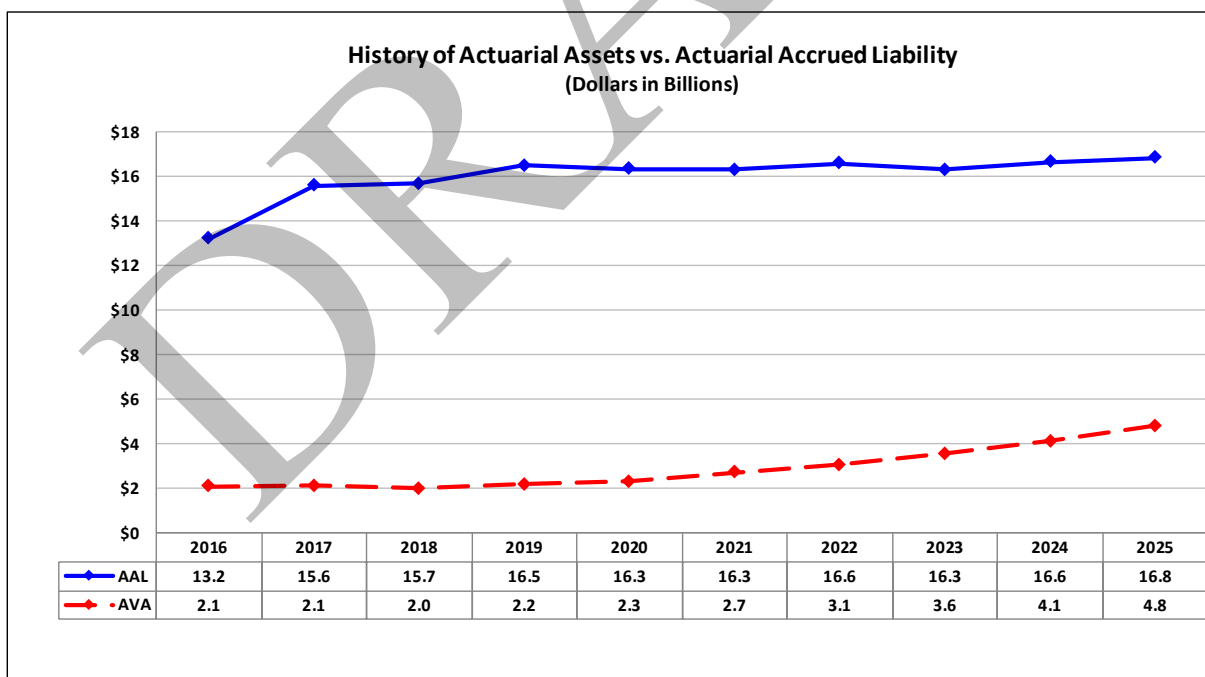
Executive Summary (Continued)

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.

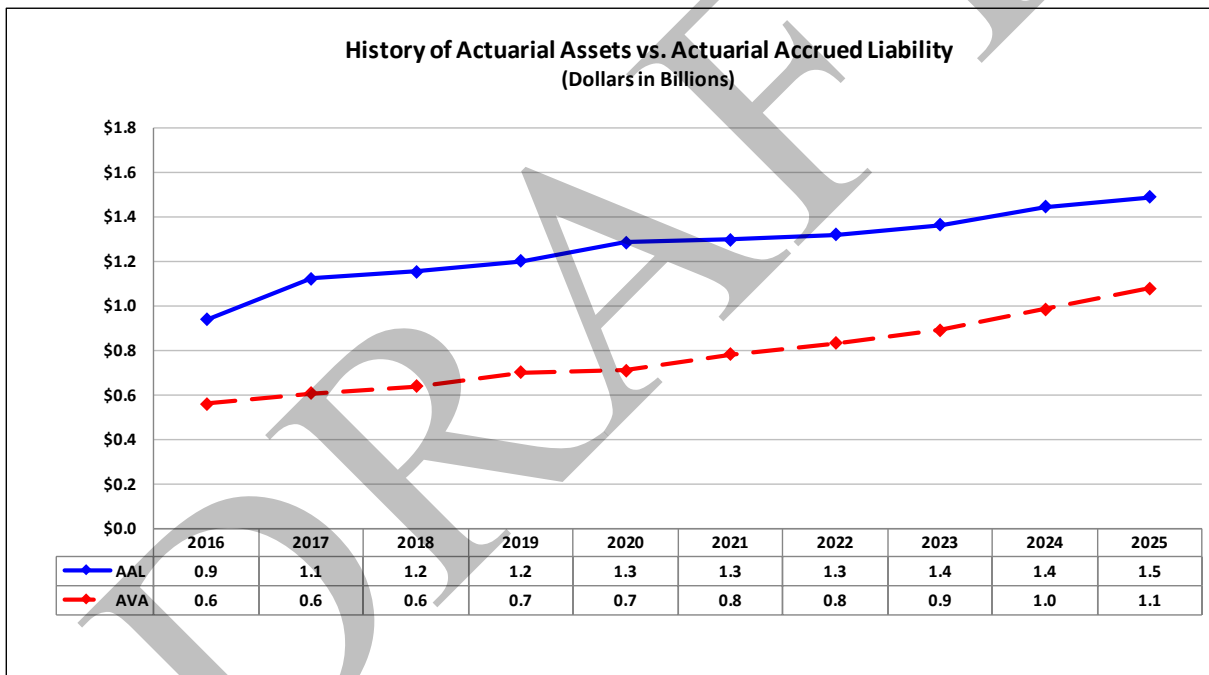


Executive Summary (Continued)

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.

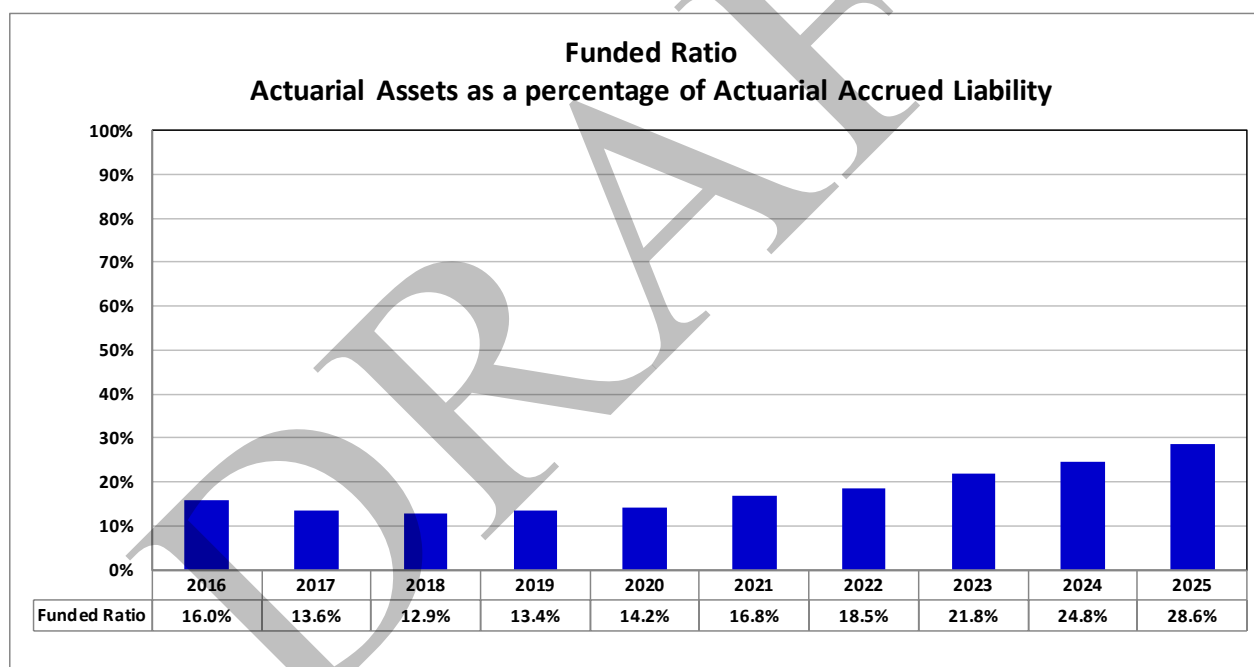


Funding Progress

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.

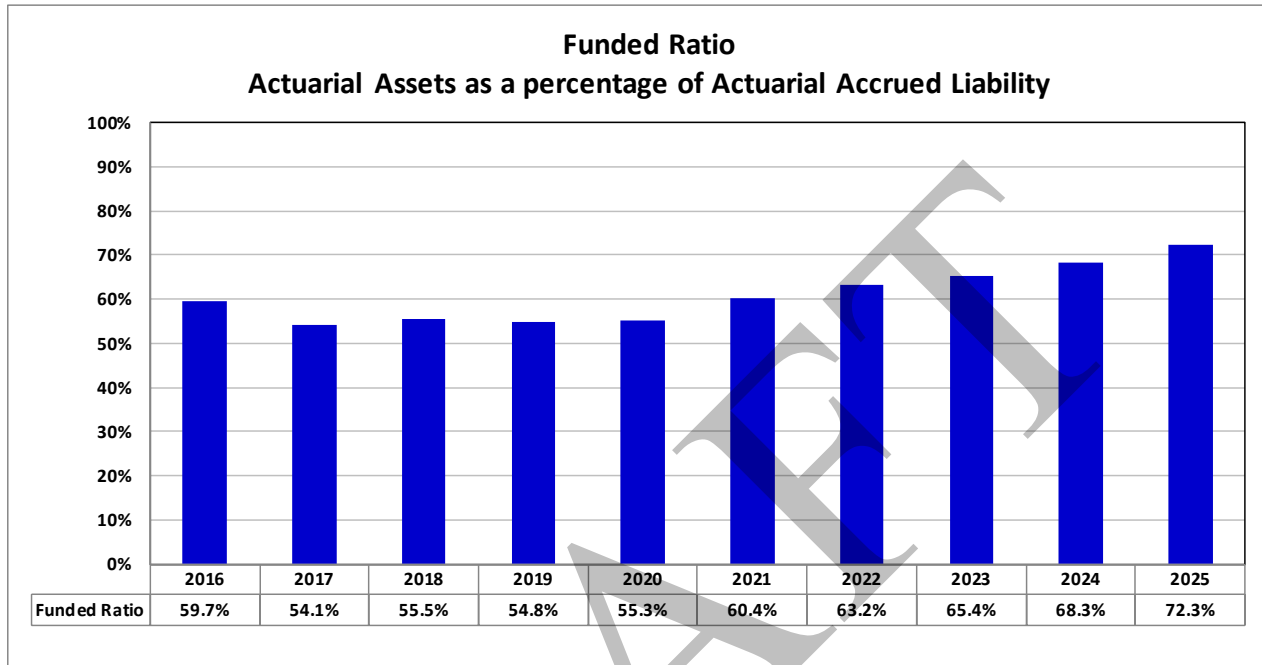
The funded ratio has been gradually increasing for the past several years for both the non-hazardous and hazardous funds. Assuming the full actuarially determined contributions are paid in future years and absent material future unfavorable experience, the funded ratio is expected to continue improving. 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.

DRAFT



SECTION 3

ACTUARIAL TABLES

Actuarial Tables

TABLE NUMBER	PAGE	CONTENT OF TABLE
RETIREMENT BENEFITS		
1	18	DEVELOPMENT OF UNFUNDED ACTUARIAL ACCRUED LIABILITY
2	19	ACTUARIAL PRESENT VALUE OF FUTURE BENEFITS
3	20	DEVELOPMENT OF REQUIRED CONTRIBUTION RATE
4	21	ACTUARIAL BALANCE SHEET – NON-HAZARDOUS MEMBERS
5	22	ACTUARIAL BALANCE SHEET – HAZARDOUS MEMBERS
6	23	RECONCILIATION OF SYSTEM NET ASSETS
7	24	DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS – NON-HAZARDOUS MEMBERS
8	25	DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS – HAZARDOUS MEMBERS
9	26	SCHEDULE OF FUNDING PROGRESS
10	27	SUMMARY OF PRINCIPAL ASSUMPTIONS AND METHODS
11	28	SOLVENCY TEST
INSURANCE BENEFITS		
12	30	DEVELOPMENT OF UNFUNDED ACTUARIAL ACCRUED LIABILITY
13	31	DEVELOPMENT OF REQUIRED CONTRIBUTION RATE
14	32	ACTUARIAL BALANCE SHEET – NON-HAZARDOUS MEMBERS
15	33	ACTUARIAL BALANCE SHEET – HAZARDOUS MEMBERS
16	34	RECONCILIATION OF SYSTEM NET ASSETS
17	35	DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS – NON-HAZARDOUS MEMBERS
18	36	DEVELOPMENT OF ACTUARIAL VALUE OF ASSETS – HAZARDOUS MEMBERS
19	37	SCHEDULE OF FUNDING PROGRESS
20	38	SOLVENCY TEST



RETIREMENT BENEFITS

ACTUARIAL TABLES

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 rounding

¹ 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



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

Year Ending	June 30, 2025		
1. Actuarial value of assets at beginning of year	\$		985,075
2. Market value of assets at beginning of year	\$		1,019,890
3. Net new investments			
a. Contributions	\$		92,896
b. Benefit payments			(93,832)
c. Administrative expenses			(1,627)
d. Subtotal	\$		(2,563)
4. Market value of assets at end of year	\$		1,137,480
5. Net earnings (Item 4. - Item 2. - Item 3.d.)	\$		120,153
6. Assumed investment return rate for fiscal year			6.25%
7. Expected return for immediate recognition	\$		63,663
8. Excess return for phased recognition	\$		56,490
9. Phased-in recognition, 20% of excess return on assets for prior years:			
	<u>Fiscal Year</u>	<u>Excess</u>	<u>Recognized</u>
	<u>Ending June 30,</u>	<u>Return</u>	<u>Amount</u>
a.	2025	\$ 56,490	\$ 11,298
b.	2024	44,500	8,900
c.	2023	25,604	5,121
d.	2022	(105,331)	(21,066)
e.	2021	129,924	25,985
f.	Total		\$ 30,237
10. Actuarial value of assets as of June 30, 2025 (Item 1. + Item 3.d. + Item 7.+ Item 9.f.)	\$		1,076,412
11. Ratio of actuarial value to market value			94.6%
12. Estimated annual return on actuarial value of assets			9.5%

* 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:		
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)

	June 30, 2025 (1)	June 30, 2024 (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	Excess	Recognized
<u>Ending June 30,</u>	<u>Return</u>	<u>Amount</u>
a. 2025	\$ 90,293	\$ 18,059
b. 2024	71,529	14,306
c. 2023	46,032	9,206
d. 2022	(178,776)	(35,755)
e. 2021	201,770	40,354
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					Portion of Aggregate Accrued Liabilities Covered by Assets		
	Active Member Contributions	Retired Members & Beneficiaries	Active Members (Employer Financed)	Valuation Assets	Active	Retired	ER Financed	
	(2)	(3)	(4)	(5)	(6)	(7)	(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
32	53	SCHEDULE OF ANNUITANTS BY BENEFIT TYPE – HAZARDOUS BENEFICIARIES
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
	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.	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	0	0	0	0	0	0	0	0	0	0	0	1	
	\$39,125	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$39,125	
20-24	129	81	49	23	0	0	0	0	0	0	0	0	282	
	\$43,335	\$64,692	\$61,112	\$61,766	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$54,062	
25-29	146	126	99	110	62	69	0	0	0	0	0	0	612	
	\$46,129	\$65,132	\$60,057	\$64,787	\$62,874	\$65,468	\$0	\$0	\$0	\$0	\$0	\$0	\$59,525	
30-34	95	108	82	71	52	221	40	0	0	0	0	0	669	
	\$45,421	\$62,206	\$63,183	\$62,830	\$64,562	\$66,275	\$76,088	\$0	\$0	\$0	\$0	\$0	\$62,366	
35-39	71	54	69	34	32	142	154	26	0	0	0	0	582	
	\$44,316	\$64,230	\$60,164	\$60,858	\$60,699	\$66,041	\$70,230	\$70,500	\$0	\$0	\$0	\$0	\$63,237	
40-44	64	48	58	32	19	85	117	148	26	0	0	0	597	
	\$47,181	\$64,772	\$62,299	\$61,377	\$69,433	\$64,925	\$69,823	\$70,091	\$73,854	\$0	\$0	\$0	\$65,338	
45-49	47	51	45	24	9	67	64	92	43	9	0	0	451	
	\$44,960	\$67,937	\$62,546	\$59,629	\$64,970	\$65,032	\$70,086	\$70,888	\$73,904	\$73,357	\$0	\$0	\$65,656	
50-54	37	31	30	24	12	78	58	78	52	19	1	0	420	
	\$45,315	\$67,194	\$62,310	\$59,484	\$65,908	\$68,502	\$62,824	\$71,479	\$74,327	\$82,219	\$52,581	\$0	\$66,404	
55-59	24	38	24	24	10	53	51	63	39	8	1	0	335	
	\$47,361	\$61,356	\$63,508	\$55,524	\$62,380	\$66,965	\$68,328	\$70,043	\$72,672	\$73,041	\$55,304	\$0	\$65,281	
60-64	9	8	13	7	5	41	45	41	20	6	1	2	198	
	\$48,628	\$57,032	\$53,682	\$68,178	\$59,745	\$61,205	\$61,087	\$65,421	\$76,028	\$63,892	\$71,930	\$81,873	\$62,868	
65 & Over	1	3	3	3	5	16	15	20	11	3	1	0	81	
	\$33,873	\$56,227	\$60,699	\$41,126	\$49,898	\$66,401	\$66,611	\$68,142	\$80,388	\$61,806	\$71,259	\$0	\$65,715	
Total	624	548	472	352	206	772	544	468	191	45	4	2	4,228	
	\$45,261	\$64,319	\$61,385	\$62,026	\$63,420	\$65,909	\$68,732	\$70,003	\$74,357	\$75,010	\$62,769	\$81,873	\$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

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.

DRAFT



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	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
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	10,788,599	0.05735%	586,475	Yes	7.76%	497,892	(88,583)
MUHLENBERG 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) = (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	(9) = (8) - (5)
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 Assumptions

¹ 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.



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.



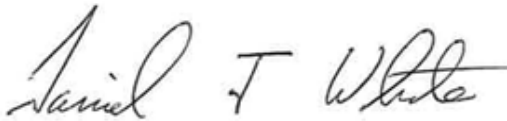
Board of Trustees
October 31, 2025
Page 4

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,

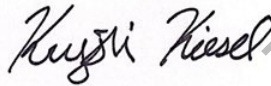
Gabriel, Roeder, Smith & Company



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



Janie Shaw, ASA, EA, MAAA
Consultant



Krysti Kiesel, ASA, EA, MAAA
Consultant



Table of Contents

	<u>Page</u>
Section 1 Executive Summary.....	2
Section 2 Discussion.....	6
Section 3 Actuarial Tables.....	14
Section 4 Amortization Bases	27
Section 5 Membership Information.....	29
Section 6 Assessment and Disclosure of Risk	38
Appendix A Actuarial Assumptions and Methods.....	43
Appendix B Benefit Provisions	55
Appendix C Glossary.....	64



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.

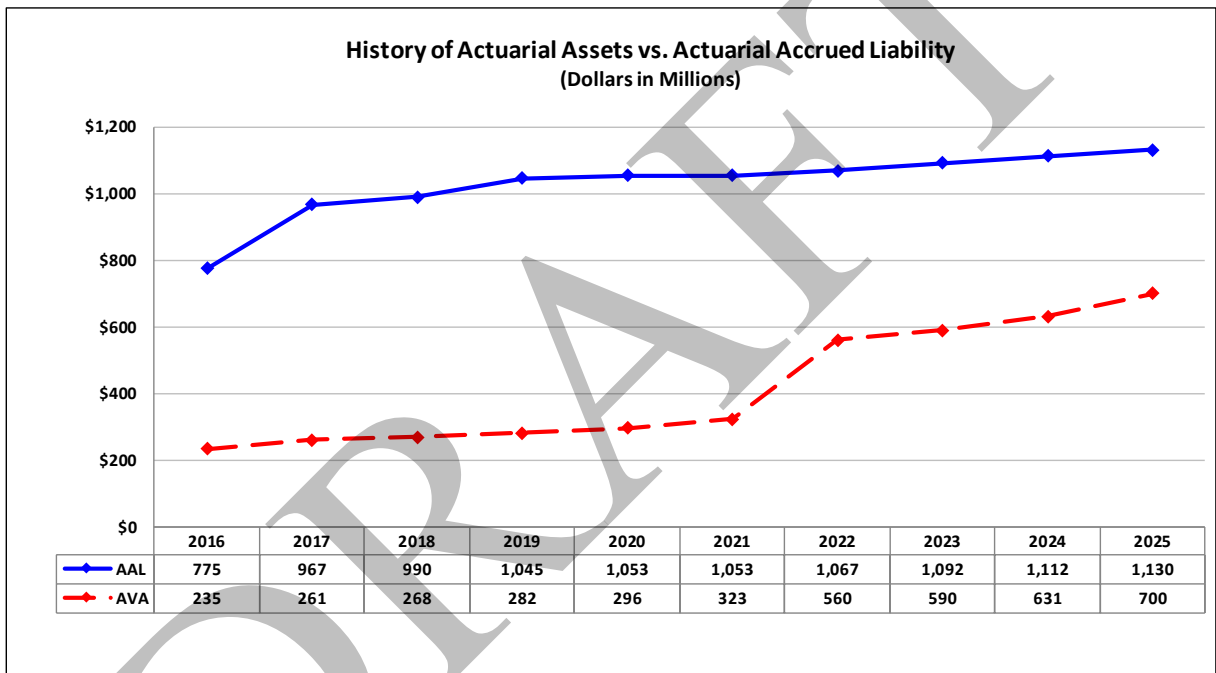


Executive Summary (Continued)

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

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.

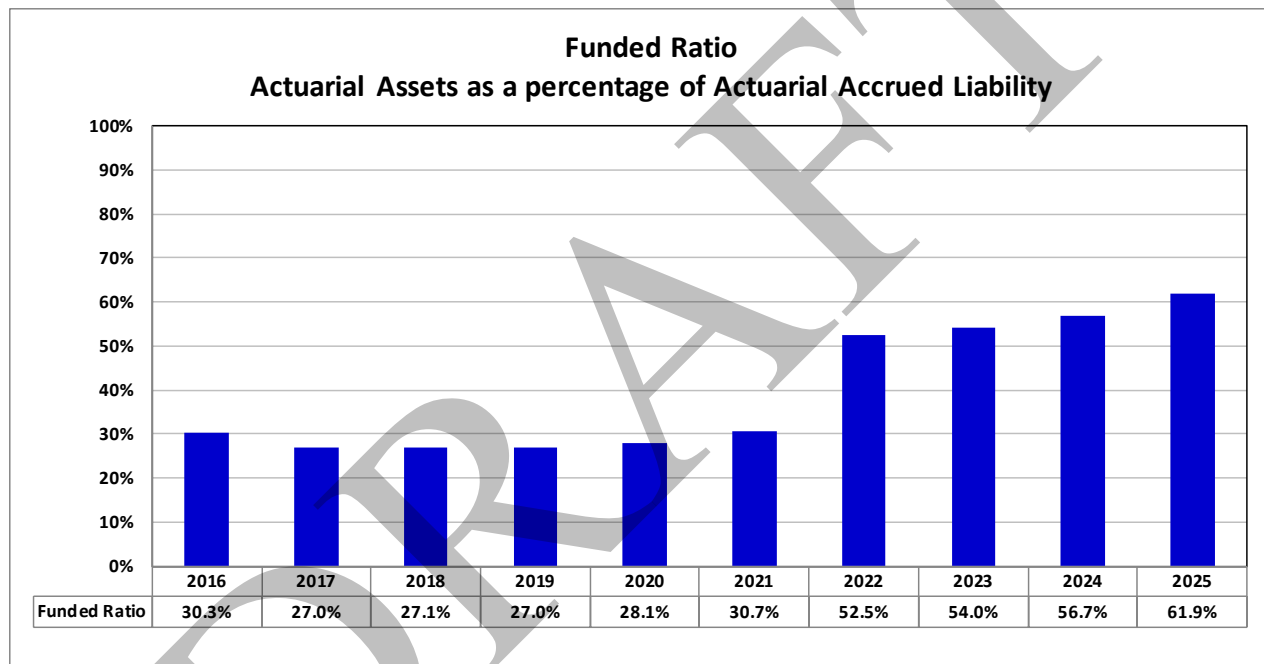
The actuarially determined contribution consist of two components: a normal cost rate and an amortization cost to finance the unfunded actuarial accrued liability. The normal cost rate is the theoretical amount which would be required to pay the members' benefits, based on the current plan provisions, 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)	
		<u>Retirement</u>	<u>Insurance</u>
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.

DRAFT

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:	

* 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:			
	<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Excess</u> <u>Return</u>	<u>Recognized</u> <u>Amount</u>
a.	2025	\$ 12,561	\$ 2,512
b.	2024	10,886	2,177
c.	2023	7,212	1,442
d.	2022	(26,141)	(5,228)
e.	2021	37,840	7,568
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,	Actuarial Value of	Actuarial Accrued	Unfunded Actuarial	Funded Ratio	Annual Covered	UAAL as % of
(1)	Assets (AVA)	Liability (AAL)	Accrued Liability	(2)/(3)	Payroll	Payroll (4)/(6)
(1)	(2)	(3)	(UAAL) (3) - (2)	(5)	(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

<u>TABLE NUMBER</u>	<u>PAGE</u>	<u>CONTENT OF TABLE</u>
13	30	SUMMARY OF MEMBERSHIP DATA
14	31	SUMMARY OF HISTORICAL ACTIVE MEMBERSHIP
15	32	DISTRIBUTION OF ACTIVE MEMBERS BY AGE AND SERVICE
16	33	SCHEDULE OF ANNUITANTS BY AGE
17	34	SCHEDULE OF ANNUITANTS BY BENEFIT TYPE – RETIREES
18	35	SCHEDULE OF ANNUITANTS BY BENEFIT TYPE – BENEFICIARIES
19	36	SCHEDULE OF ANNUITANTS ADDED TO AND REMOVED FROM ROLLS

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



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

Through: Ryan Barrow, Executive Director

Date: November 13, 2025

Subject: KRS 61.5991 Contract Reporting of Quasi-Governmental Agencies & Employer Compliance/Education

KRS 61.5991 requires certain KERS employers to report data on contracted employees to the Kentucky Public Pensions Authority in order to allow the Authority to report the data to the Legislative Research Commission (LRC) and the Office of the State Budget Director (OSBD). All agencies timely submitted the Form 6756 along with the proper supporting documentation. KPPA staff provided this data to LRC and OSBD on August 25, 2025. Mountain Comprehensive Care Center (MCCC) was marked as non-compliant on the report as they have refused to begin submitting contract employees whom KPPA staff deemed to be employees pursuant to KRS 61.675. These employees should have been added to the monthly reports beginning with FY23 as participating members; however, MCCC’s stance is they do not consider these persons as employees and therefore have not added these individuals to their monthly report.

KRS 61.5991 also requires KPPA to perform compliance/education reviews each fiscal year to ensure employers who are subject to these reporting requirements are reporting all eligible employees and contributions are being paid in accordance with KRS 61.510 to 61.705. At the March 1, 2023, meeting of the KRS Board, the Board decided that ERCE staff should annually review 5% of the 102 agencies who are subject to KRS 61.5991 reporting. During FY 2025, the Employer Reporting, Compliance and Education (ERCE) team completed compliance reviews on Laurel County Health Department, Estill County Health Department, Pennyryle Children’s Advocacy Center, Garrard County Health Department and Cumberland Valley Children’s Advocacy Center.

Requested Information

To conduct the review, KPPA requested the following information:

1. Listing of all employees and contractors and their social security numbers for the reporting month of June 30, 2024.

- a. This list should include any full-time, part-time, interim, seasonal, temporary, probationary, and emergency employees, as well as volunteer employees who are paid a per diem, regardless of whether the employees are reported to KRS for retirement purposes.
 - b. This list should also include all contract employees, independent contractors, and leased employees, whether they are paid by your agency or by a contracted employment agency.
2. A copy of payroll records for the reporting month of June 2024. The payroll records must contain identifying information such as the member's social security number or the KPPA six-digit member ID.
3. A copy of your agency's most recent Personnel Policy that includes the most current sick leave policy, annual leave policy and probationary policy if offered by your agency.
4. A copy of each contract which has not already been reviewed by KPPA between the employer and any independent contractor/third party, staffing company or other non-participating entity and any other documentation explaining the services provided by each person serving as an independent contractor/third party, staffing company or other non-participating entity. Contracts that otherwise met an exemption under KRS 61.5991 and, accordingly, were not listed on any previously submitted Form 6756s, Annual Employer Certification of Non-Contributing Service Providers, must still be submitted.

Results

Laurel County Health Department had zero persons listed that were not being reported to KPPA as regular full-time employees per KRS 61.510(21). KPPA reviewed payroll records to ensure all employees that averaged at least 100 hours per month were reported as regular full-time employees and the required contributions have been received on these individuals. KPPA determined that Laurel County Health Department is in reporting compliance according to Kentucky Revised Statutes and Administrative Regulations and found no issues.

Estill County Health Department had zero persons listed that were not being reported to KPPA as regular full-time employees per KRS 61.510(21). KPPA reviewed payroll records to ensure all employees that averaged at least 100 hours per month were reported as regular full-time employees and the required contributions have been received on these individuals. KPPA determined that Estill County Health Department is in reporting compliance according to Kentucky Revised Statutes and Administrative Regulations and found no issues.

Pennyrile Children's Advocacy Center listed zero persons that were not being reported to KPPA as regular full-time employees per KRS 61.510(21). KPPA reviewed payroll records to ensure all employees that averaged at least 100 hours per month were reported as regular full-time employees and the required contributions have been received on these individuals. After review, it was determined that Pennyrile Children's Advocacy Center reported all full-time employees pursuant to KRS 61.510.(21). However, ERCE found that two part-time employees on their payroll records were not being reported to KPPA. While contributions did not have to be withheld from these members due to being part-time, the agency is required to report the

employees as non-participating. Therefore, ERCE sent a correspondence to the agency to start reporting the two part-time employees and the agency has complied.

Garrard County Health Department listed six persons that were not being reported to KPPA as regular full-time employees per KRS 61.510(21). After review of the contracts, KPPA determined that four of these persons were deemed as employees whom should be reported to KPPA as regular full-time employees per KRS 61.510(21). ERCE reviewed this further and determined that the agency was reporting the four individuals as employees and contributions were received on these individuals. The other two individuals did not meet the definition of regular full-time employees per KRS 61.510(21). KPPA also reviewed payroll records to ensure all employees that averaged at least 100 hours per month were reported as regular full-time employees and the required contributions have been received on these individuals. KPPA determined that Garrard County Health Department is in reporting compliance according to Kentucky Revised Statutes and Administrative Regulations and found no issues.

Cumberland Valley Children's Advocacy Center had zero persons listed that were not being reported to KPPA as regular full-time employees per KRS 61.510(21). KPPA reviewed payroll records to ensure all employees that averaged at least 100 hours per month were reported as regular full-time employees and the required contributions have been received on these individuals. KPPA determined that Cumberland Valley Children's Advocacy Center is in reporting compliance according to Kentucky Revised Statutes and Administrative Regulations and found no issues.

Agency	Laurel County Health Department	Estill County Health Department	Garrard County Health Department	Cumberland Valley Children's Advocacy	Pennyrile Children's Advocacy Center
Num of Employees June 30, 2024	13	11	8	7	7
Num of Independent Contractors/Leased Employees	0	1	0	0	0
Number of Part-Time (Non-Participating Employees)	0	1	0	0	2
Reported Salary	\$81,735.52	\$41,828.97	\$39,015.16	\$77,618.64	\$31,804.90
Employer Contributions	\$6,898.49	\$3,530.37	\$3,292.87	\$6,551.01	\$2,684.33
Employee Contributions	\$4,086.86	\$2,091.51	\$1,950.80	\$3,880.92	\$1,590.25

Fiscal Year 2025 Compliance/Education Reviews

The ERCE team is currently in the process of reviewing which cases will be reviewed for FY 2025.

This memo is for informational purposes only.