Kentucky Retirement Systems Board of Trustees
Quarterly Board Meeting
November 10, 2026, 10:00 a.m. ET
Live Video Conference/Facebook Live
AMENDED AGENDA

1.	**Call to Order**	**Keith Peercy**
2.	**Legal Public Statement**	**Office of Legal Services**
3.	**Roll Call/Public Comment**	**Mary Hill**
4.	**Approval of Minutes – September 10 and October 22-23, 2026***	**Keith Peercy**
5.	**Review DRAFT 2026 Actuarial Valuation***	**Danny White, GRS** **Janie Shaw, GRS** **Kristi Kiesel, GRS**
6.	**CEO Report**	**John Chilton**
7.	**New Business**	**Keith Peercy**
8.	**Closed Session** - Litigation**	**Keith Peercy**
9.	**Adjourn***	**Keith Peercy**

**Board Action Required*
***Board Action May Be Required*

MINUTES OF MEETING
KENTUCKY RETIREMENT SYSTEMS
BOARD OF TRUSTEES MEETING
SEPTEMBER 10, 2026, AT 10:00 AM, E.T.
VIA LIVE VIDEO TELECONFERENCE

At the September 10, 2026, meeting of the Kentucky Retirement Systems Board of Trustees the following members were present: Keith Peercy (Chair), Ramsey Bova, Mary Eaves, Prewitt Lane, Lynn Hampton, Larry Totten, William Summers V, and Michael Riley. Staff members present were KRS CEO John Chilton, Ryan Barrow, Erin Surratt, Michael Lamb, Michael Board, Odette Gwandi, Victoria Hale, Leigh Ann Davis, Nathan Goodrich, Carrie Bass, D'Juan Surratt, Steve Willer, Anthony Chiu, Brian Caldwell, Ian Blaiklock, Connie Pettyjohn, Madeline Evans, Shaun Case, Sherry Rankin, and Mary Hill. Also present: Danny White, Krysti Kiesel, and Michael Reed with GRS; Chris Tessman, and Craig Morton with Wilshire Advisors; Roger Alfaro and Lealan Miller with Eide Bailly; and Joe Cowles, Carrie Lovell, Gabe Hellinger, and Stephanie Heller with Humana.

1. Mr. Peercy called the meeting to ***order.***

2 Mr. Board read the ***Legal Opening Statement***.

3. Ms. Rankin ***Called Roll*** and noted that no ***Public Comments*** were submitted.

4. Mr. Peercy introduced agenda item ***Approval of the June 11, 2026, and the June 16, 2026, Minutes.*** *(Video 00:06:28 to 00:06:49).* Mr. Summers made a motion to approve the minutes of the meetings held on June 11th and June 16th and the motion was seconded by Mr. Lane. A vote was held and the motion passed unanimously.

5. Mr. Peercy introduced Ms. Pettyjohn for agenda item ***Joint Retiree Health Plan Committee Report. (****Video 00:06:51 to 00:38:08).* The Joint Retiree Health Plan Committee met on September 3rd to review non-Medicare and Medicare eligible plans for 2027, including rates and benefits. Kentucky Employees Health Plans ("KEHP") require mandatory open enrollment for all retirees and individuals on the non-Medicare plan from

October 1st to October 31st, 2026. Applications must be submitted during this period to maintain coverage. Outreach efforts include targeted email blasts, follow-up postcards, and attendance at thirteen (13) benefit fairs across Kentucky. Retirees who miss the open enrollment deadline may pursue a grievance process coordinated by the Department of Employee Insurance, with assistance available through January 31st, 2027.

The Committee recommended continuing the Kentucky Employees Health Plan (KEHP Living Well PPO option) as the contribution plan for non-Medicare eligible retirees, including hazardous duty spouse and dependents, with 100% contribution for those with 240 months of service credit or more and hired prior to July 1, 2023.

The tobacco use fee remains unchanged at $40 for individuals and $80 for couple/family/parent plus. Retirees can have the fee refunded if they quit tobacco use during the year. The Consumer Directed Health Plan with HRA continues to be available, and the Living Well Promise (annual health assessment) remains required, with the submission window from January 1 to July 1 each year. Failure to submit results in an extra $40 fee in 2028. A cross-reference benefit for family plans is available when there are two (2) active employees or an active employee and a non-Medicare eligible retiree, or two (2) non-Medicare eligible retirees, potentially offering cost savings.

The Medicare Secondary Payer Plan applies to about 300 retirees who become Medicare eligible and return to work for a participating agency; no extra cost is currently charged for these individuals. There will be no default plan for state employees next year, making it essential for retirees to submit applications during open enrollment. Exception processes will be available for qualifying events.

Following Ms. Pettyjohn's presentation, Mr. Peercy requested a motion to ratify the Joint Retiree Health Plan Committee's approvals for the Non-Medicare Eligible Retirees for the 2027 plan year as presented. Mr. Totten made a motion to ratify and it was seconded by Ms. Bova. A vote was held and the motion passed unanimously.

Mr. Peercy then requested a motion to ratify the Joint Retiree Health Plan Committee's approval to allow eligible Non -Medicare Eligible Retirees to select the Cross-Reference Option during the 2026 Open Enrollment as presented. Mr. Totten made a motion to ratify and it was seconded by Ms. Eaves. A vote was held and the motion passed unanimously.

Mr. Peercy requested a motion to ratify the Joint Retiree Health Plan Committee's approvals for the Medicare Eligible Retirees for the 2027 plan year as presented. Mr. Totten made a motion to ratify and it was seconded by Ms. Hampton, A vote was held and the motion passed unanimously.

Ms. Pettyjohn proceeded with a presentation on the Medicare eligible plans for 2027, confirming no benefit changes and no increase in out-of-pocket costs or copays. The Medicare Advantage premium plan, selected by the board as the contribution plan for Medicare eligible retirees with 100% contribution will have its premium increased by about $1, with the new premium set at $200.95. The Committee approved the Medicare Essential Plan, with the premium decreasing to $18.08 from $50.

A Medical Only Plan rate, set by actuaries based on claims and utilization, will be $199.52, a slight increase from the previous rate. For individuals with no Part B, the plan rates are set, with the extra cost to retirees increasing from $203 last year to $209 this year. This plan is used for special cases, such as those with transplants at facilities that do not bill Humana. Both Medicare and non-Medicare retirees are allowed to change their plan in the month following retirement. This flexibility is supported by Board regulation and assists retirees in maintaining coverage. Open enrollment for Medicare eligible retirees will run from October 26th through November 30th, 2026. Humana will mail materials in mid-October and will begin taking calls from retirees starting October 26th. This is not mandatory for Medicare eligible retirees; only those wishing to change their plan option need to participate.

Following the presentation, Mr. Peercy requested a motion to ratify the Joint Retiree Health Plan Committee's approvals for the Medicare Eligible Retirees for the 2027 plan year as

presented. Mr. Totten made the motion and it was seconded by Ms. Hampton. A vote was held and the motion passed unanimously.

Mr. Peercy then requested a motion to ratify the Joint Retiree Health plan Committee's approval of the Medical Only and Medicare Advantage Mirror Plan, including approve the premiums and allowing enrollment for No Part B and certain exceptions for the Medicare Eligible Retirees for the 2027 plan year as presented. Mr. Totten made the motion and it was seconded by Ms. Bova. A vote was held and the motion passed unanimously.

Mr. Peercy then requested a motion to ratify the Joint Retiree Health Plan Committee's selection of the KPPA Medical Only Plan as the Default Plan for the Medicare Eligible Retirees for the 2027 plan year as presented. Mr. Totten made the motion and it was seconded by Ms. Hampton. A vote was held and the motion passed unanimously.

Nathan Goodrich presented a new joint HIPAA privacy and security policy for approval, noting the previous policy had not been updated since the House Bill 484 separation of governance. The new policy incorporates updates to federal law and best practices, reduces the length from forty-four (44) pages to seven (7) pages, and directs KPPA to adopt HIPAA procedures to implement the joint policy. The policy establishes CERS, KRS, and KPPA as a hybrid entity for HIPAA purposes, covered by a single policy, and designates specific officials for privacy, complaints, and security responsibilities.

The Boards' responsibility under the policy is to maintain oversight of the health insurance plan and review the HIPAA policy at least every three (3) years. Trustees and relevant staff will undergo training on fiduciary responsibilities relating to HIPAA. Ms. Eaves raised a concern that the new policy should explicitly state it supersedes and replaces the old policy, which Mr. Goodrich agreed to add to the final version. Following the brief presentation, Mr. Peercy requested a motion to approve the Joint Retiree Health Plan Committee's recommendation for KRS to approve the revised Joint HIPAA Privacy & Security Policy with Ms. Eaves's modification. Mr. Totten made the motion to approve and it was seconded by Ms. Bova. A vote was held and the motion passed unanimously.

6. Mr. Peercy introduced agenda item ***KRS ACFR – External Audit Planning Letter.*** *(Video 00:38:19 to 00:43:43).* Mr. Lamb introduced Lealan Miller and Roger Alfaro from Eide Bailly to present an update on the ACFR audit planning, including responsibilities, process, and transition of lead auditor duties due to Lealan Miller's retirement at the end of December. Mr. Alfaro outlined the audit process, emphasizing that the audit provides reasonable (not absolute) assurance, involves sampling and professional judgment, and considers internal controls for determining procedures but does not express an opinion on internal control unless deficiencies are found. Significant risk areas identified for special audit consideration include management override of internal control, revenue recognition of contributions, disclosures related to net pension and other post-employment benefit liabilities, evaluation of alternative investments, and calculation of initial benefit payments. Planning and risk assessment began in July; final field work started mid-August and will continue through mid-October; the reporting process will begin in November with the final reports expected to be completed in December. This presentation was for information only and no action was required.

7. Mr. Peercy introduced agenda item ***Quarterly Financial Reports.*** *(Video 00:43:53 to 00:55:29).* Mike Lamb presented the quarterly financial statements for the period ended June 30, highlighting that the total fiduciary net position for the KRS system reached $11.426 billion, an increase of 15.62% ($1.5 billion) from the previous year. Pension plans totaled $8.3 billion (up 17.93%) and insurance plans totaled $3.1 billion (up 9.92%). Investments at fair value increased by 16.13% ($1.5 billion), with public equities showing the largest increase at 19.14% ($684 million). The change in fiduciary net position for the fiscal year was an increase of $1.544 billion, which is 21.63% ($275 million) higher than the prior year, mainly due to higher net investment income and increased employer/member contributions, partially offset by higher deductions. Total member and employer contributions for the pension plans were $1.3 billion, up $31 million from the prior year. Net investment income for the three pension plans was $209.3 million, 17.5% higher than the previous year. Benefit, refund, and administrative expenses for the pension plans totaled $1.258 billion, a 2% ($25 million) increase over the prior year. All three (3) pension plans had positive net contributions, with the KRS non-hazardous plan at $514

million, hazardous at $32.6 million, and State Police at $36.5 million. After removing net investment income, all plans still had positive cash flow for the first time this year.

For insurance plans, the KRS Non-Hazardous plan had a negative net contribution of $3.1 million, Hazardous had a positive $0.6 million, and State Police had a negative $8 million. After removing net investment income, cash flows were negative for Non-Hazardous and State Police, but positive for Hazardous. As of June 30, 2026, past due invoices for the KRS system totaled nearly $8.4 million. Three (3) of the top ten (10) past due employers (totaling $7.4 million, with one entity responsible for $7.1 million) are being addressed by KPPA Legal. Most other top ten (10) employers have since paid, reducing the outstanding amount being worked by the ERCE team to $300,000. The number of past due invoices decreased from 1,139 (totaling $7.1 million) two years ago to 439 (totaling $8.4 million) as of June 30, 2026, with the increase in total amount mainly due to one (1) employer's rapidly growing balance. During the quarter, one (1) penalty invoice for $1,000 was waived or canceled, six (6) new penalty invoices were created, and nine (9) penalty invoices totaling $10,699 were paid.

KPPA spent 98.14% of its annual personnel budget, coming in under budget by 1.86% ($700,000). Personnel spending was $2.1 million (5.88%) higher than the prior year, with most line items under budget except employer-paid health insurance, which exceeded budget by $437,000. Legal contracts were $1.1 million under budget, with $539,000 less spent than the prior year. Auditing was $46,000 under budget, actuarial costs $199,000 under budget, and medical review $620,000 under budget. The IT assessment, included in "other personnel," will continue through December 2026. Operational expenses were $770,000 below budget, with minor overages in printing ($1,500), insurance ($5,000), and dues/subscriptions ($11,000). Overall, KPPA spent 91.58% ($45.9 million) of its $50.1 million fiscal year budget, coming in under budget by $4.2 million. Total spending was 4% ($1.8 million) higher than the previous year, mainly due to increased personnel costs. These reports were presented for informational purposes only and no action was required.

8. Mr. Peercy introduced agenda item ***SPRS Election Ballot.*** *(Video 00:55:31 to 00:57:10).*

Ms. Evans stated that there were two (2) candidates for the SPRS election to begin in January, 2027. As there were only two (2) applicants, Mr. Peercy requested a motion to place both applicants on the SPRS Election Ballot as candidates for the upcoming vacancy. Mr. Riley made the motion to approve and it was seconded by Ms. Hampton. A vote was held and the motion passed unanimously.

9. Mr. Peercy introduced agenda item ***Investment Committee Report.*** *(Video 00:57:14 to 01:19:18).* The Investment Committee report provided a detailed review of portfolio performance for the quarter and fiscal year, highlighting strong returns across most asset classes. The KRS Pension Composite returned 6.38% for the quarter (slightly underperforming its benchmark), while the KRS Insurance Composite returned 7.35%, outperforming its benchmark. Five (5) of six (6) plans outperformed their respective benchmarks. For the fiscal year, the KRS Pension Composite returned 12.49% (outpacing its benchmark by 95 basis points), and the KRS Insurance Composite returned 13.18% (outperforming its benchmark by 98 basis points). All portfolios outperformed their benchmarks by 90–114 basis points, resulting in $78 million of outperformance for the pension composite and $31 million for the insurance composite.

   Performance drivers included outperformance in real return, specialty credit, and core fixed income portfolios, as well as overweight allocations to public equities. Real return produced 924 basis points of outperformance, specialty credit 209 basis points, and core fixed income 37 basis points for the fiscal year. Mr. Willer discussed recent headlines and concerns regarding private credit and private equity, including liquidity issues in business development corporations ("BDCs"), the rise of "zombie" companies and funds, and concentrated technology sector exposure. The systems have no investments in BDCs and limited technology exposure (1.4% of specialty credit allocation, 0.3% at the total fund level). Private equity remains challenging due to higher interest rates, leading to more funds requesting extensions beyond their stated maturity and a large percentage of unsold portfolio companies. The investment team is continuously evaluating legacy funds, which are not charging management fees and are still invested in ongoing companies.

For the fiscal year, investment expenses came in $5.3 million under budget, with only $6.5 million spent (55% of budgeted amount), and legal expenses were $450,000 (8% of budgeted). The total budget for fiscal year 2027 is $10.8 million, an 8% reduction from 2026, with legal services reduced by $1.6 million (28%). Investment fees and expenses at the pension level declined by $12.3 million (8%) from the prior year, despite a 14% increase in total assets. The decline was driven by decreases in performance fees for specialty credit ($17.4 million) and private equity ($13.4 million). Real return asset class fees increased by $7 million as staff built out the portfolio toward targets, increasing assets by $400 million (28%). Weighted average investment management fees at the pension level were approximately 28 basis points, with core fixed income at 6.1 basis points (including internally managed portfolios with no fees) and real estate at 82 basis points.

Ms. Eaves and Ms. Hampton asked about the term "zombie funds" and Mr. Willer defined and explained the implications of these funds in private equity, their prevalence, and their impact on unsold portfolio company statistics. Mr. Willer clarified that most legacy funds are not charging management fees and are still actively managed for economic outcomes. This presentation was for informational purposes only and no action was required.

10. Mr. Peercy introduced agenda item ***CEO Report.*** *(Video 01:19:23 to 01:25:57).* Mr. Chilton presented a brief update on positive litigation developments, organizational matters, and contract reviews. Mr. Chilton proposed increasing the contract for Dentons Bingham Greenbaum from $50,000 to $150,000 due to ongoing legal needs, noting that the budget does not need to be amended at this time. Ms. Hampton made the motion to approve amending the Dentons contract from $50,000 to $150,000 and Mr. Riley seconded the motion. A vote was held and the motion passed with Ms. Eaves abstaining.

11. Mr. Peercy introduced agenda item ***2027 Board and Committee Meeting Calendar.*** *(Video 01:26:02 to 01:27:11).* There was no discussion as the calendar is included in the Board materials. Ms. Bova made the motion to approve the 2027 KRS Board and Committee Meeting Calendar as presented and it was seconded by Ms. Eaves. During the discussion and before the vote, Mr. Totten noted the potential impact on the December 7th,

2027 meeting due to the inauguration of a new governor, which may result in a state employee holiday. The effect on the meeting date is uncertain and will not be known until November. Following this discussion, a vote was held and the motion passed unanimously.

12. Mr. Peercy introduced agenda item ***KPPA Executive Director's Update.*** *(Video 01:27:16 to 01:37:43).* Mr. Barrow stated that KPPA annual statements have been produced and will receive increased attention this year to improve member engagement and early identification of discrepancies. He went on to discuss that KPPA is in the assessment phase for IT system modernization, with future board discussions anticipated. Six (6) active teams are working on strategic planning initiatives, including IT assessment, paper check reduction, self-service mirroring, enhanced ID verification, policy/procedure updates, and centralized messaging for employers.

    KPPA is moving forward with a legislative housekeeping bill, with no policy changes proposed. The bill is expected for the upcoming session starting in January. KPPA will participate in the State and Local Government meeting, which will address open enrollment and no-default issues affecting multiple groups statewide. Mr. Barrow stated they anticipate further discussion on how these changes will impact KPPA during a meeting with the Public Pensions Oversight Board ("PPOB") at a later date. He went on to provide a brief update on the proxy audit being conducted by the State Auditor. The cost will be borne by KPPA, though the exact portion is undetermined and may be offset by additional state funding.

    Mr. Barrow noted that Impact Forum training is open to all Trustees, including the new Trustee orientation. He closed by giving kudos to several divisions and employees around KPPA, including the receipt of Government Finance Officers Association ("GFOA") certificates for financial reporting, with contributions from multiple teams including accounting, communications, investments, benefits, and internal audit. The member service division received positive feedback from members. He also noted updates to the records retention project and the reorganization of regulations, streamlining processes, to be discussed in the upcoming ad hoc regulation committee.

13. There was no ***new business*** to report.

14. Mr. Peercy introduced agenda item ***Closed Session*** *(Video 01:38:00 to 01:38:42)* and requested a motion to enter into closed session pursuant to KRS 61.810(c) to discuss pending litigation. Mr. Riley made the motion to enter closed session and Mr. Summers seconded. A vote was held and the motion passed unanimously. Mr. Peercy read the following statement:

> *A motion having been made in open session to move into 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 discuss pending litigation pursuant to KRS 61.810(c).*

****Closed Session****

15. Coming back into open session, Mr. Peercy noted there was no action taken during closed session and declared the meeting ***adjourned***. *(Video 2 00:00:00 to 00:00:40).*

The remainder of this page intentionally left blank.

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 10, 2026 were approved on November 10, 2026.

_____
Chair of the Board of Trustees

I have reviewed the Minutes of the September 10, 2026 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, 2026, AT 12:00 P.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, 2026, the following members were present: Keith Peercy, Lynn Hampton, Mary Eaves, Pamela Thompson, Ramsey Bova, Larry Totten, and Mike Riley. Staff members present were KRS CEO John Chilton, Ryan Barrow, Erin Surratt, Michael Lamb, Michael Board, Steve Willer, Odette Gwandi, Leigh Ann Davis, Carrie Bass, Kristen Coffey, Sherry Rankin, Ashley Gabbard, and Mary Hill. Others in attendance included David Lindberg, Chris Tessman, Craig Morton, and John Patterson with Wilshire; Danny White, Janie Shaw, and Krysti Kiesel with GRS; Mayor of Lexington, Linda Gorton; and Kentucky State Representative Walker Thomas.

Mr. Peercy ***called the meeting to order***.

Ms. Rankin took ***Roll Call***.

Mr. Peercy introduced the agenda item ***Public Comment***. Ms. Rankin indicated that no public comment was submitted.

Following the KRS Opening Procedures, the meeting was suspended for a ***Networking Lunch***.

After lunch, Ms. Gorton ***welcomed*** the attendees to Lexington and provided brief remarks on the importance of Trustees' service.

Ms. Gabbard introduced Ryan Barrow and Erin Surratt to present an ***Evolution of the Systems.*** This presentation was provided for informational purposes only. Following this presentation, Trustees took a short break and entered board specific breakout sessions.

Danny White, Janie Shaw, and Krysti Kiesel from *Gabriel, Roeder, Smith & Company (GRS)* presented a ***KRS Actuarial Discussion***. This presentation was provided for informational purposes only.

David Lindberg, Chris Tessman, Craig Morton, and John Patterson with *Wilshire Advisors* presented on ***KRS Investments***. This presentation was provided for informational purposes only.

The Trustees reconvened and Michael Board and Leigh Ann Davis presented on ***Employer and Member Collections.*** Their presentation was provided for informational purposes only.

Following the final presentation for the day, and there being no further business, Mr. Peercy ***adjourned*** the meeting.

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 the 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, 2026, were approved on November 10, 2026.

_____

Chair of the Board of Trustees

I have reviewed the Minutes of the October 22, 2026, 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, 2026, AT 8:00 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 23, 2026, the following members were present: Lynn Hampton, Mary Eaves, Pamela Thompson, Ramsey Bova, Larry Totten, and Mike Riley. Staff members present were KRS CEO John Chilton, Ryan Barrow, Erin Surratt, Michael Lamb, Michael Board, Odette Gwandi, Lori Casey, Steve Willer, Carrie Bass, Joe Gilbert, Kristen Coffey, Zach Curtis, Stephanie Aldridge, D'Juan Surratt, Chris Johnson, Jeff Pritchett, Sherry Rankin, Ashley Gabbard, and Mary Hill. Others present included Nick Zuiker with Reinhart; and Senator Jimmy Higdon and Representative Walker Thomas, Chairs of the Public Pension Oversight Board (PPOB).

Ms. Hampton ***called the meeting to order***.

Mr. Totten nominated Ms. Hampton to serve as Chair Pro-Tem and she accepted.

Ms. Rankin conducted ***Roll Call***.

Ms. Hampton introduced the agenda item ***Public Comment***. Ms. Rankin indicated that no public comments were submitted.

During the breakfast buffet, Michael Board and Joe Gilbert presented on ***Securities Litigation***. This presentation was provided for informational purposes only.

Following a 15-minute break, Odette Gwandi introduced Jeff Pritchett, who presented the ***CEO's Choice: The Member Journey***. This presentation was provided for informational purposes only.

Following a short break, Carrie Bass, Joe Gilbert, and Nick Zuiker presented on ***Proxy Voting.*** This presentation was provided for informational purposes only.

Mr. Barrow introduced Senator Jimmy Higdon and Representative Walker Thomas for a ***Q & A with PPOB.*** Their presentation was provided for informational purposes only.

Following the ***networking lunch***, Chris Johnson presented on ***Cyber Security,*** Stephanie Aldridge presented ***Division Spotlight: Retiree Payroll***, and D'Juan Surratt presented ***Division Spotlight: ERCE***. These presentations were provided for informational purposes only.

Following a short break, Carrie Bass presented ***HIPAA Training,*** and Lori Casey presented ***KRS 18A v. Non 18A Personnel.*** Erin Surratt then provided the ***Strategic Planning Update.*** These presentations were provided for informational purposes only.

Mr. Barrow provided some ***closing remarks*** and there being no further business, Ms. Hampton ***adjourned*** the meeting.

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 the 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, 2026, were approved on November 10, 2026.

_____
Chair of the Board of Trustees

I have reviewed the Minutes of the October 23, 2026, Board of Trustees Meeting for content, form, and legality.

_____
Executive Director
Office of Legal Services

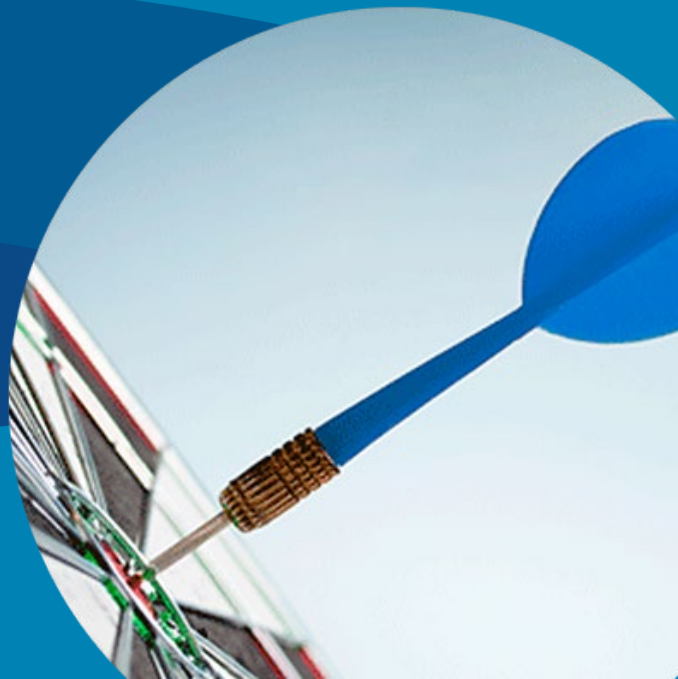
Kentucky Retirement Systems

2026 Actuarial Valuation Results

November 10, 2026

Janie Shaw, ASA, EA, MAAA

Danny White, FSA, EA, MAAA



Copyright © 2026 GRS – All rights reserved.

June 30, 2026 Actuarial Valuation

- Based on membership data and assets as of June 30, 2026
- No changes in plan provisions or assumptions since prior valuation
- Contribution Requirements for informational purposes only
  - June 30, 2025 valuation set the 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 KERS funds
  - Membership payroll decreased for SPRS
  - Only the Normal Cost Rate is tied to payroll for the KERS non-hazardous fund

	Active Headcount		Membership Payroll		Average Payroll	
	2026 Val	Change	2026 Val	Change	2026 Val	Change
(1)	(2)	(3)	(4)	(5)	(6)	(7)
KERS Non-Hazardous	33,360	0.0% ↑	$2,128,990	5.2% ↑	$63,819	5.2% ↑
KERS Hazardous	4,519	6.9% ↑	$292,675	9.9% ↑	$64,765	2.8% ↑
SPRS	865	0.2% ↑	$72,712	-2.3% ↓	$84,060	-2.5% ↓

Comments on Valuation Results

- Overview of relevant legislation
  - **HB 1 (passed in 2024):** provided $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 (passed in 2024):** provided $250 million in additional appropriations to the KERS non-hazardous retirement fund each year for two years (FY 2025 and FY 2026)
  - **HB 500 (passed in 2026):** provides $78.5 million in additional appropriations to the KERS non-hazardous retirement fund for FY 2027

Comments on Valuation Results

- FYE 2026 Investment Experience
  - 12.0% to 13.5% 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 $683M more than expected for KERS and SPRS ($491M pension and $192M insurance)
  - $212M in asset gains recognized this year ($155M pension and $57M insurance)

Comments on Valuation Results

- Retirement Fund Liability Experience
  - $189M loss for all KERS/SPRS retirement funds combined
  - Liability within 1% of expected
- Insurance Fund Liability Experience
  - $13M gain for all KERS/SPRS insurance funds combined
  - 2027 non-Medicare premiums higher than expected
  - 2027 Medicare premiums lower than expected

Actuarially Determined Employer Contributions

	KERS Non-Hazardous		KERS Hazardous		SPRS	
	2025 Val	2026 Val	2025 Val	2026 Val	2025 Val	2026 Val
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Pension Fund	6.65%	6.53%	18.83%	17.10%	51.84%	51.79%
Insurance Fund	1.11%	1.00%	0.00%	0.00%	2.49%	1.21%
Actuarially Determined Contribution, payable as a percentage of payroll	**7.76%**	**7.53%**	**18.83%**	**17.10%**	**54.33%**	**53.00%**
Difference		**-0.23%**		**-1.73%**		**-1.33%**
Amortization Cost – Pension	$ 831M	$ 822M				
Amortization Cost – Insurance	37M	30M				
Amortization Cost - Total	**$ 868M**	**$ 852M**	**N/A**	**N/A**	**N/A**	**N/A**
Difference		**$(16)**				

Note: The 2025 valuation was used to set the contribution requirement for FYE2027 and FYE2028.
The 2026 valuation is provided for informational purposes only.

Actuarially Determined Employer Contributions ($millions)

	KERS Non-Hazardous		KERS Hazardous		SPRS	
	2025 Val	2026 Val	2025 Val	2026 Val	2025 Val	2026 Val
(1)	(2)	(3)	(4)	(5)	(4)	(5)
Pension Fund	$965	$961	$50	$50	$39	$38
Insurance Fund	60	52	0	0	2	1
Total Actuarially Determined Employer Contribution	**$1,025**	**$1,013**	**$50**	**$50**	**$41**	**$39**
Change in Actuarially Determined Employer Contribution		**$(12)**		**$0**		**$(2)**

Note: The 2025 valuation was used to set the contribution requirement for FYE2027 and FYE2028.
The 2026 valuation is provided for informational purposes only.

Change in Required Employer Contributions
KERS Non-Hazardous – Amortization Cost

	KERS Non-Hazardous ($millions)		
	Pension	Insurance	Total
Amortization Cost – 2025 Val (FY 2027/FY 2028)	**$ 831**	**$ 37**	**$ 868**
$78.5M in Appropriations	(7)	0	(7)
Investment Experience	(10)	(5)	(15)
Demographic Experience	8	(2)	6
Total Change	$(9)	$(7)	$(16)
Amortization Cost – 2026 Val	**$ 822**	**$ 30**	**$ 852**

Salary increases for active members higher than expected & 2027 health insurance premiums

Informational purposes only

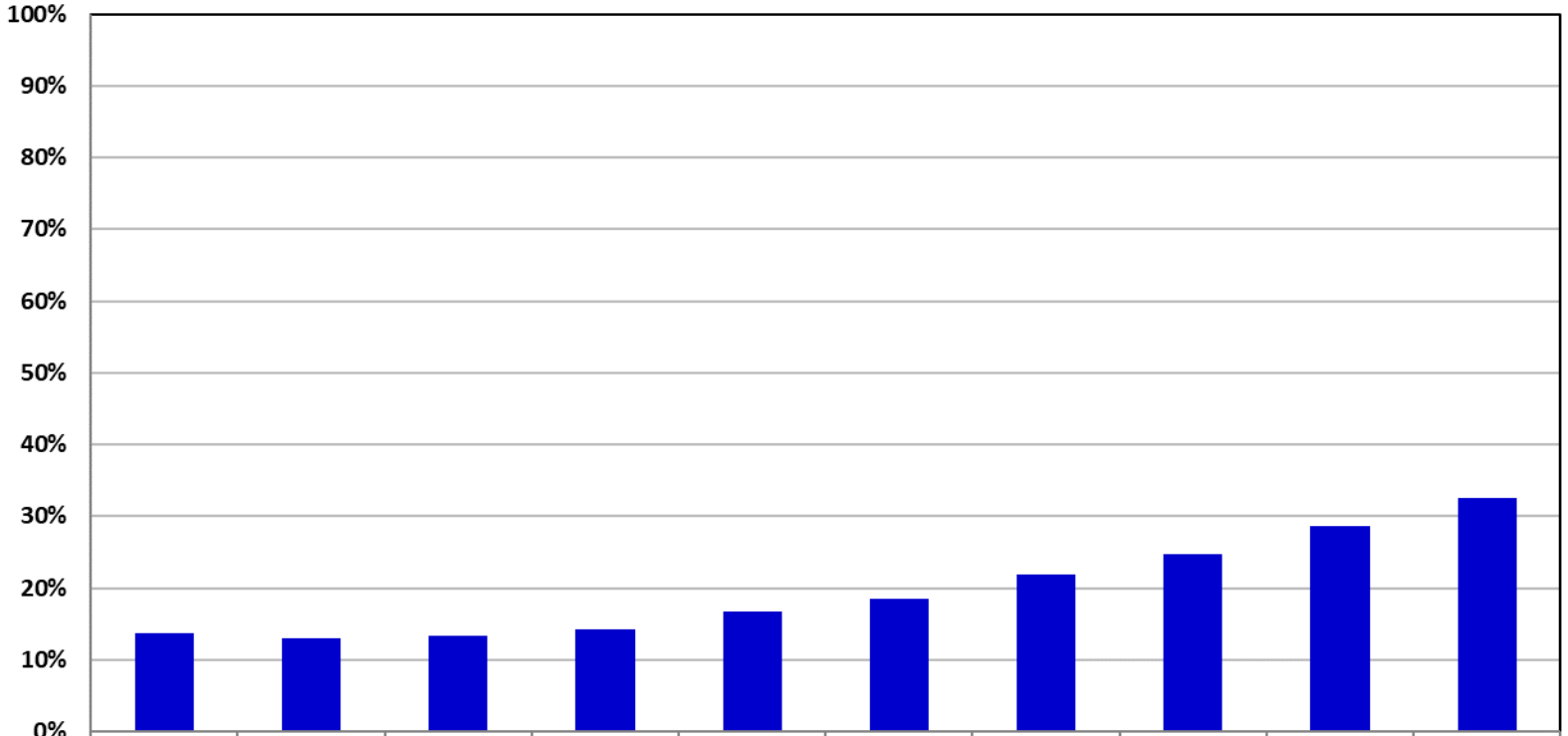
Unfunded Actuarial Accrued Liability – Actuarial Value of Asset Basis ($ in Billions)

	KERS Non-Hazardous		KERS Hazardous		SPRS	
	2025 Val	2026 Val	2025 Val	2026 Val	2025 Val	2026 Val
(1)	(2)	(3)	(4)	(5)	(4)	(5)
Pension Fund	$12.03	$11.45	$0.41	$0.38	$0.43	$0.39
Insurance Fund	0.66	0.63	(0.28)	(0.31)	(0.00)	(0.00)
Total Unfunded Actuarial Accrued Liability	**$12.69**	**$12.07**	**$0.13**	**$0.07**	**$0.43**	**$0.38**
Change in Unfunded Actuarial Accrued Liability		**$(0.61)**		**$(0.07)**		**$(0.04)**

Note: Amounts may not add due to rounding

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

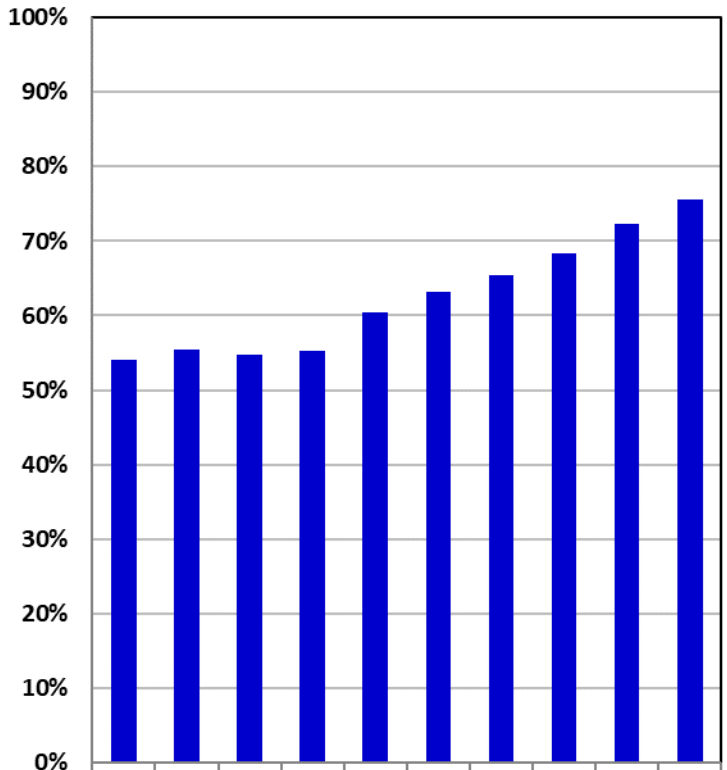
KERS Non-Hazardous Pension Fund



	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Funded Ratio	14%	13%	13%	14%	17%	18%	22%	25%	29%	33%

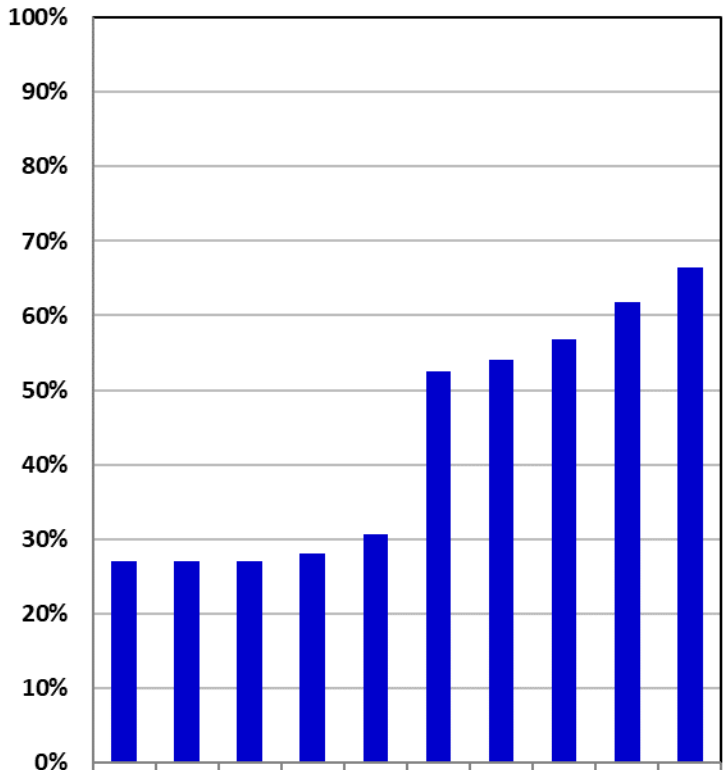
Historic Funded Ratio
(Actuarial Value of Assets / Accrued Liability)

KERS Hazardous Pension Fund



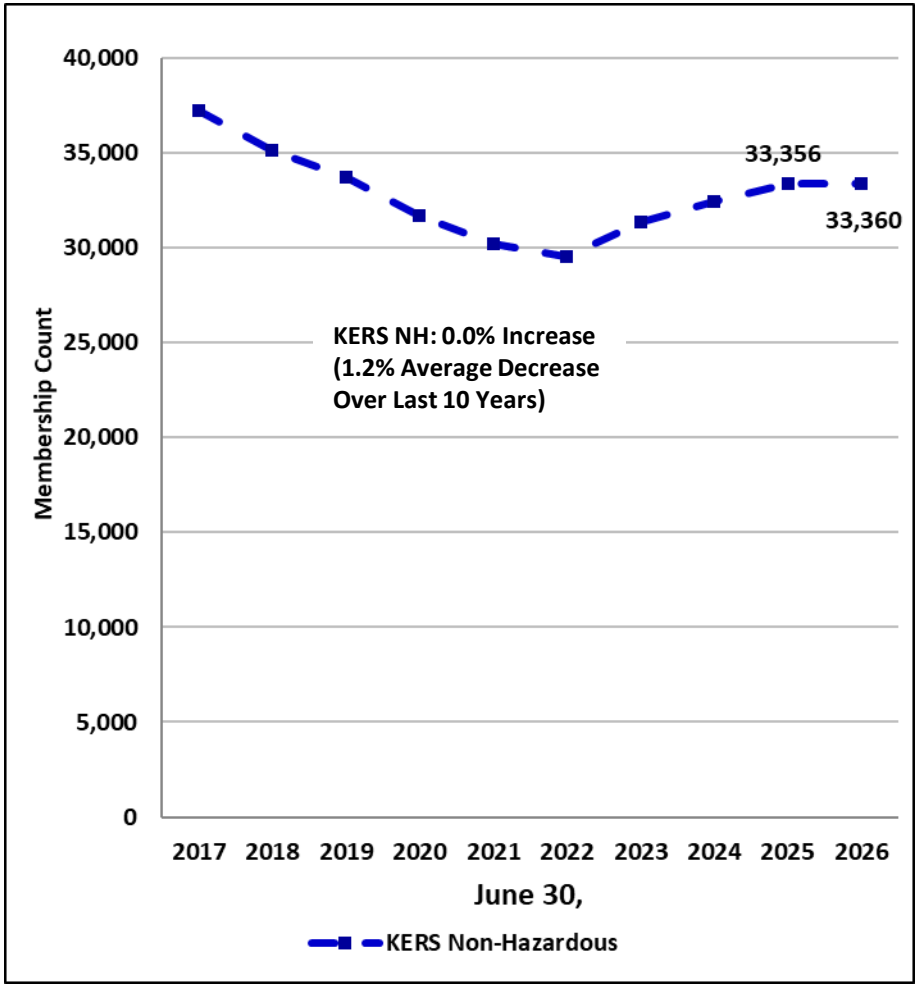
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Funded Ratio	54%	56%	55%	55%	60%	63%	65%	68%	72%	76%

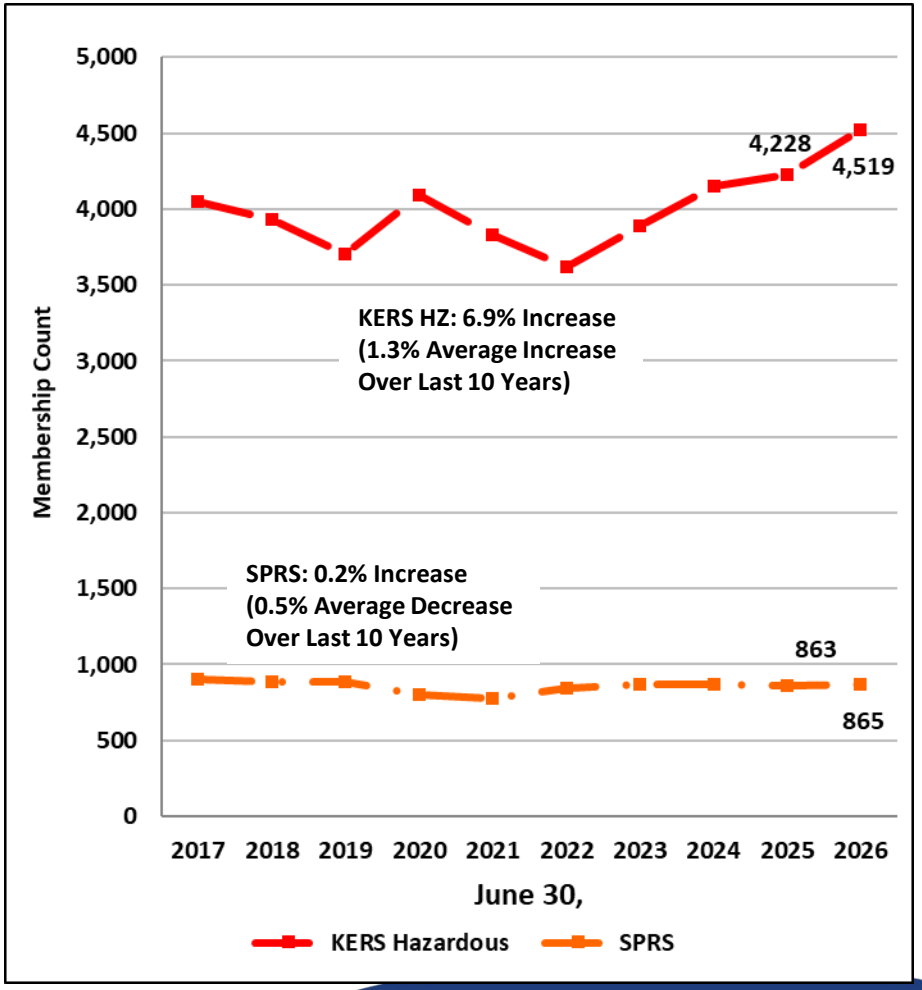
State Police Pension Fund



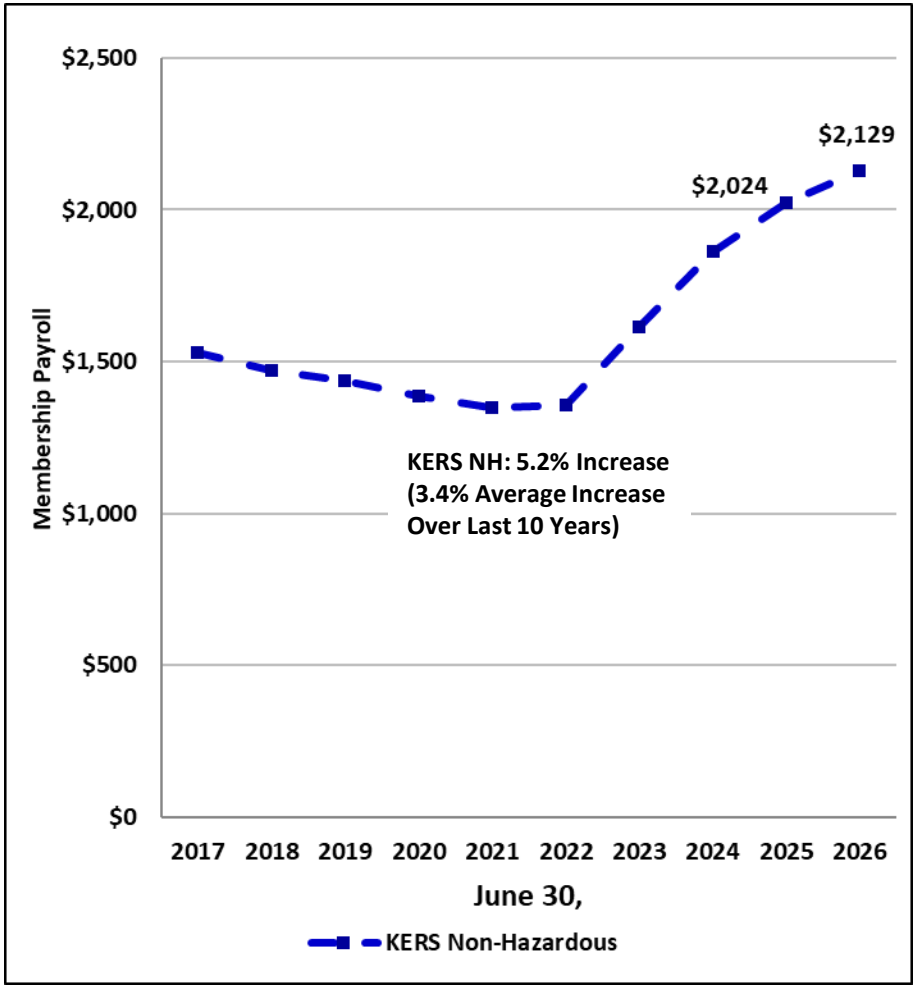
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Funded Ratio	27%	27%	27%	28%	31%	52%	54%	57%	62%	66%

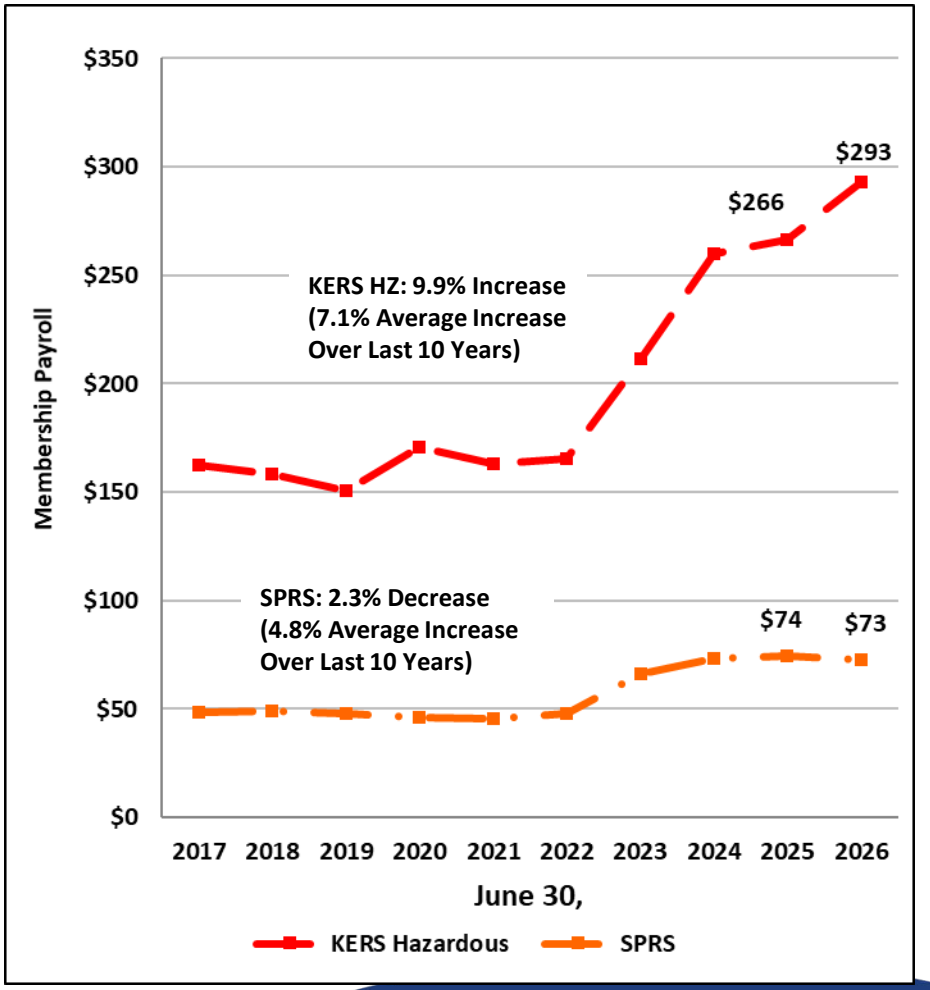
Active Membership Count



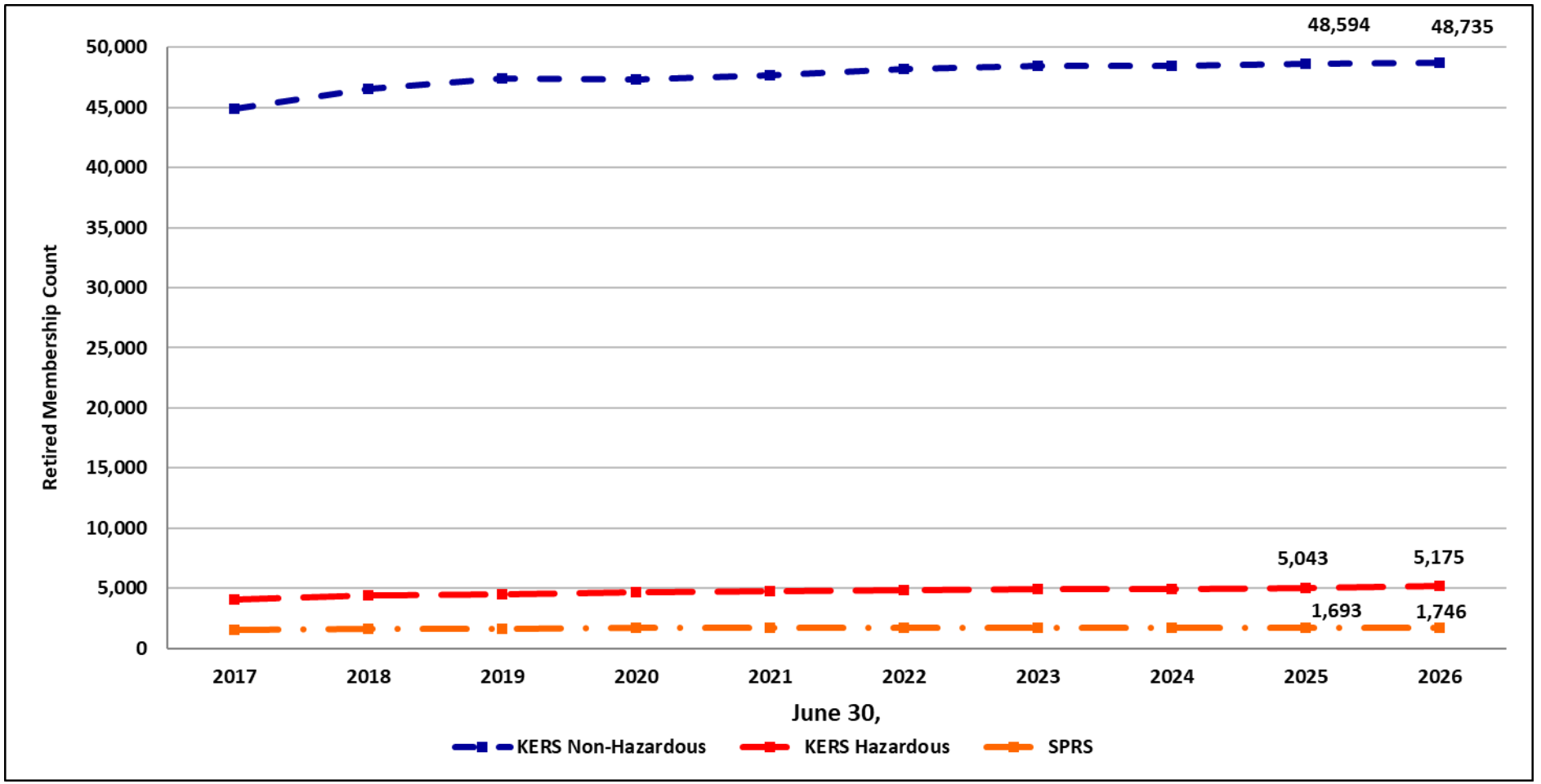


Membership Payroll ($ in Millions)

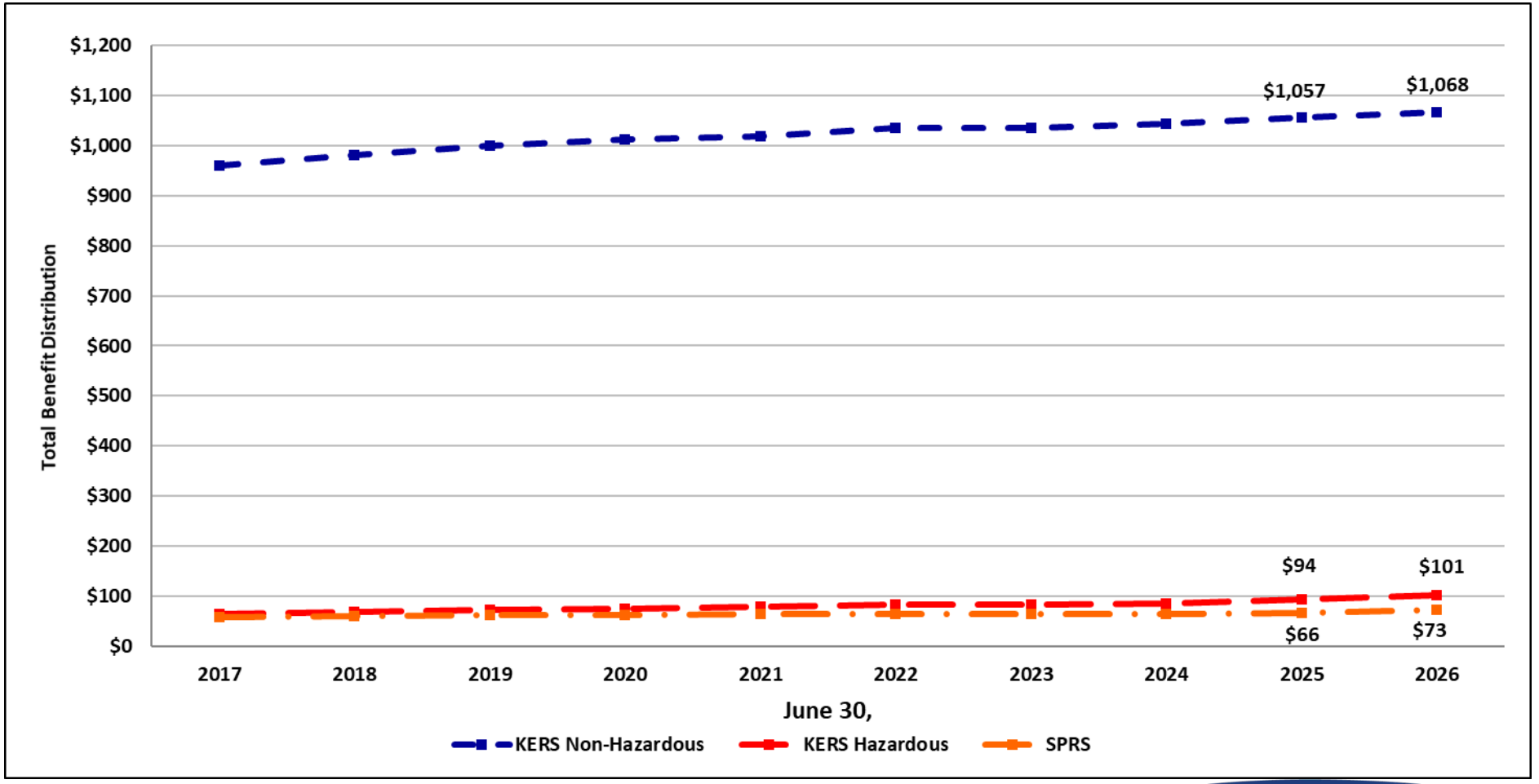




Retired Membership Count



Pension Benefit Distributions ($ in Millions)



Funding Results – KERS ($ in millions)

Item	Non-Hazardous System				Hazardous System			
	Pension		Insurance		Pension		Insurance	
	2025	2026	2025	2026	2025	2026	2025	2026
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Total Normal Cost Rate	10.95%	10.84%	1.69%	1.61%	14.87%	14.75%	2.32%	2.19%
Member Rate	(5.00)%	(5.00)%	(0.61)%	(0.64)%	(8.00)%	(8.00)%	(0.81)%	(0.84)%
Employer Normal Cost Rate	5.95%	5.84%	1.08%	0.97%	6.87%	6.75%	1.51%	1.35%
Administrative Expenses	0.70%	0.69%	0.03%	0.03%	0.61%	0.59%	0.04%	0.04%
Amortization Cost	N/A	N/A	N/A	N/A	11.35%	9.76%	(10.32)%	(10.79)%
Total Actuarially Determined Rate	**6.65%**	**6.53%**	**1.11%**	**1.00%**	**18.83%**	**17.10%**	**0.00%**	**0.00%**
Amortization Cost to be Allocated	$ 831M	$ 822M	37M	30M	N/A	N/A	N/A	N/A
Actuarial Accrued Liability (AAL)	$16,839	$16,993	$2,475	$2,544	$1,488	$1,546	$420	$428
Actuarial Value of Assets	$4,810	$5,543	$1,818	$1,918	$1,076	$1,168	$700	$741
Unfunded AAL	**$12,029**	**$11,450**	**$657**	**$625**	**$412**	**$378**	**$(279)**	**$(313)**
Funded Ratio	**28.6%**	**32.6%**	**73.4%**	**75.4%**	**72.3%**	**75.6%**	**166.4%**	**173.1%**

Funding Results – SPRS ($ in millions)

Item	Pension		Insurance	
	2025	2026	2025	2026
(1)	(2)	(3)	(4)	(5)
Total Normal Cost Rate	27.19%	26.82%	5.03%	4.30%
Member Rate	(8.00)%	(8.00)%	(0.64)%	(0.72)%
Employer Normal Cost Rate	19.19%	18.82%	4.39%	3.58%
Administrative Expenses	0.41%	0.45%	0.10%	0.11%
Amortization Cost	32.24%	32.52%	(2.00)%	(2.48)%
Total Actuarially Determined Rate	**51.84%**	**51.79%**	**2.49%**	**1.21%**
Actuarial Accrued Liability (AAL)	$1,130	$1,158	$273	$280
Actuarial Value of Assets	$700	$770	$277	$284
Unfunded AAL	**$431**	**$388**	**$(3)**	**$(5)**
Funded Ratio	**61.9%**	**66.5%**	**101.2%**	**101.6%**

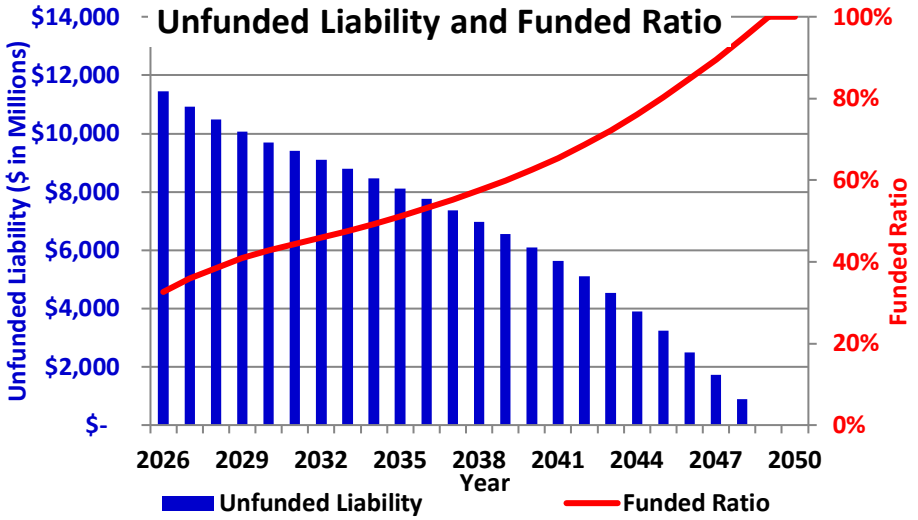
PROJECTION INFORMATION PENSION AND INSURANCE

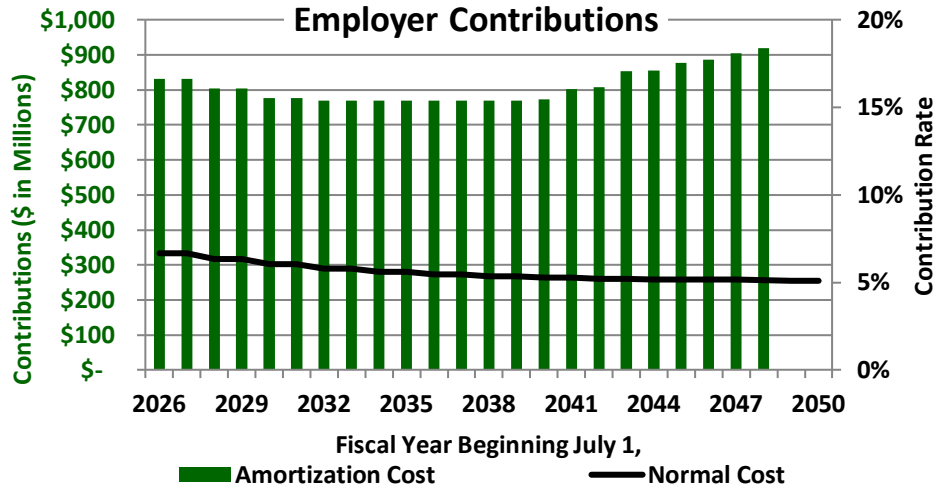
Projection Assumptions

- 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
- Change in future membership assumption for projection purposes beginning in 2026
  - Membership count assumed to remain constant in future years
  - Membership payroll assumed to increase 2.00% each future year

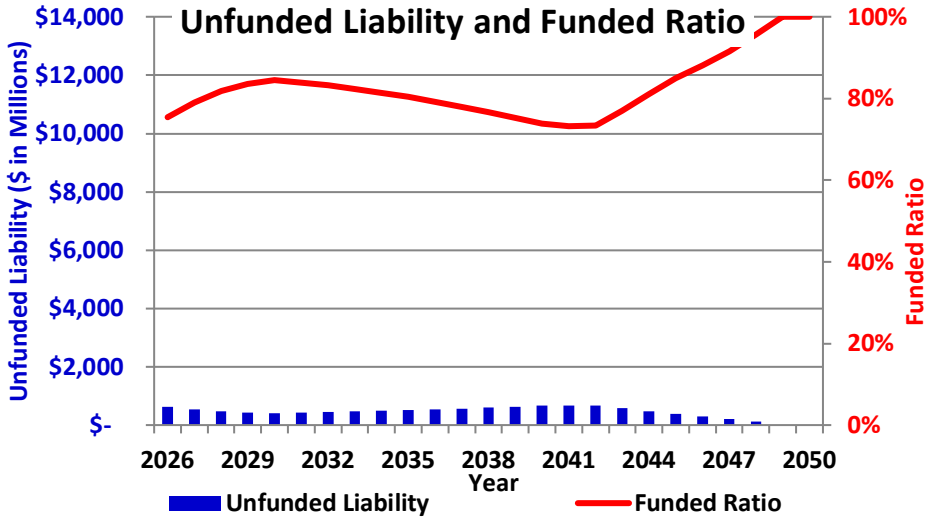
KERS Non-Hazardous Projection

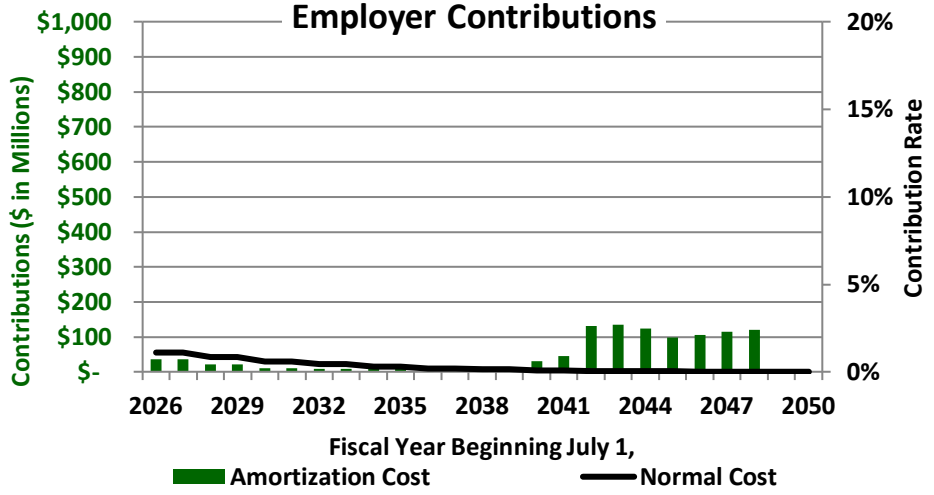
Pension





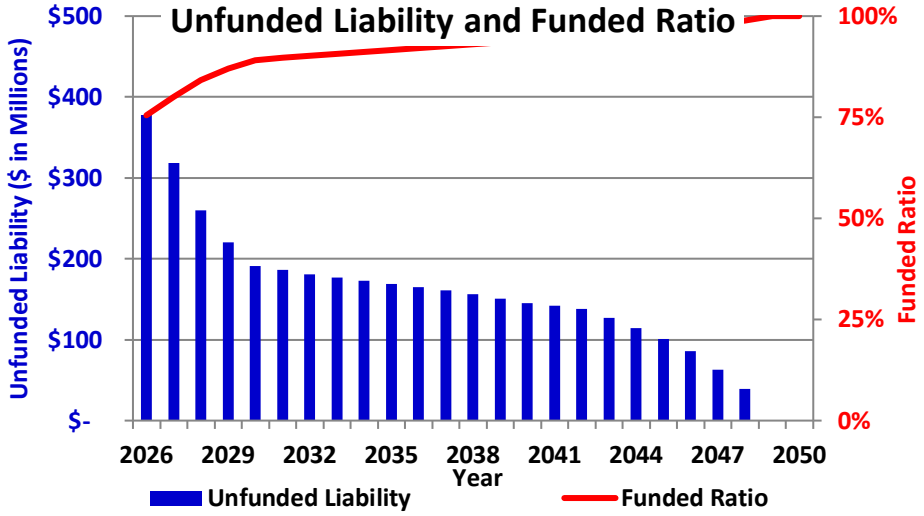
Insurance

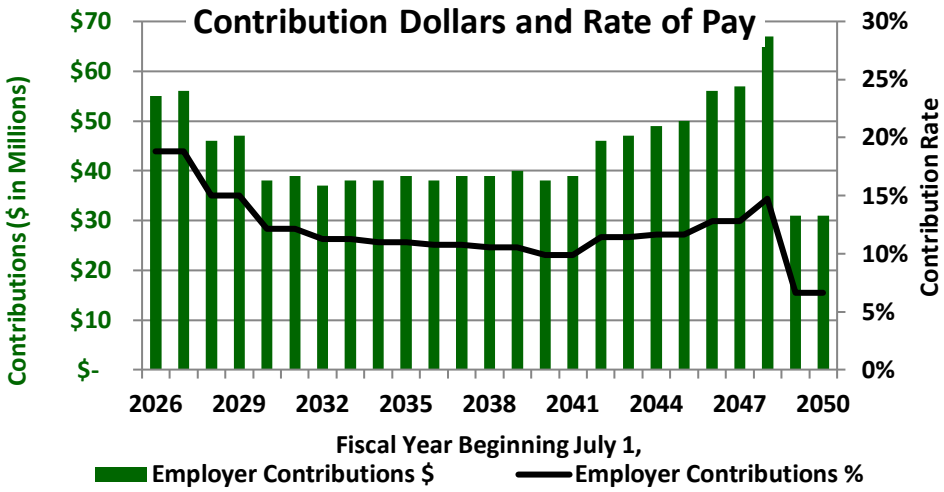




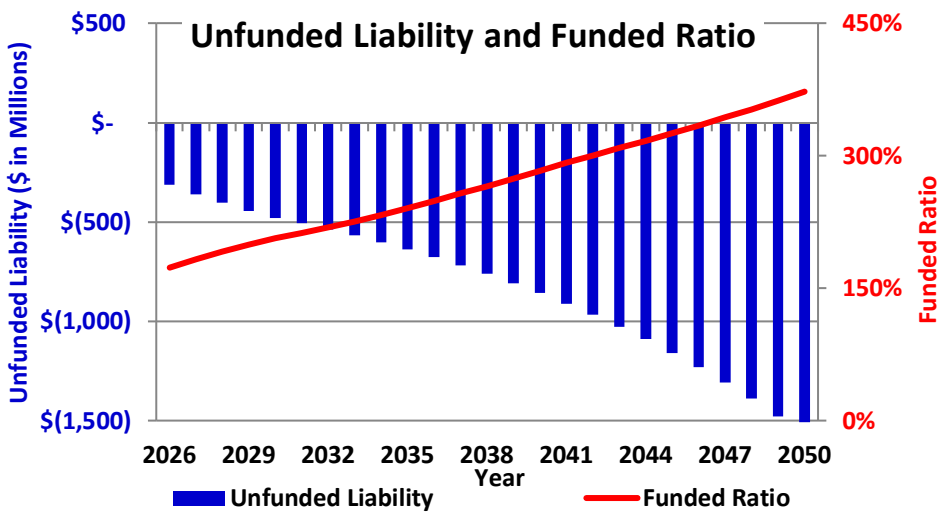
KERS Hazardous Projection

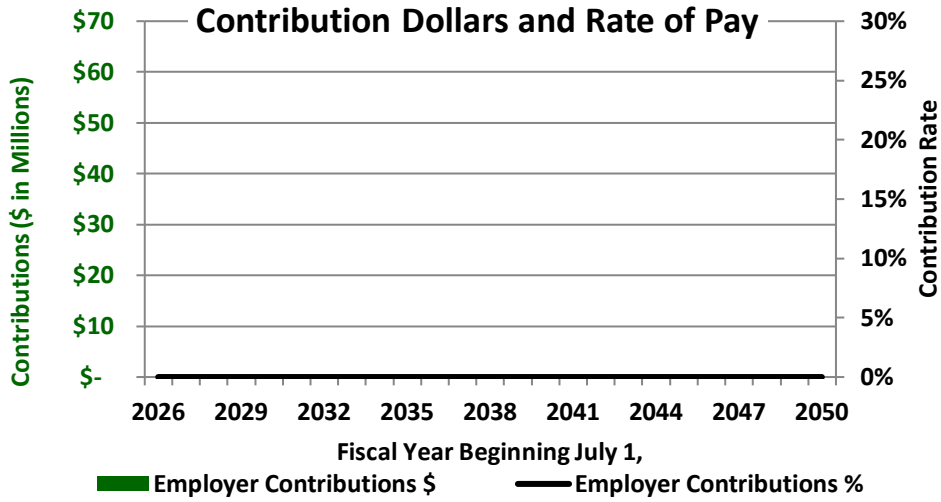
Pension





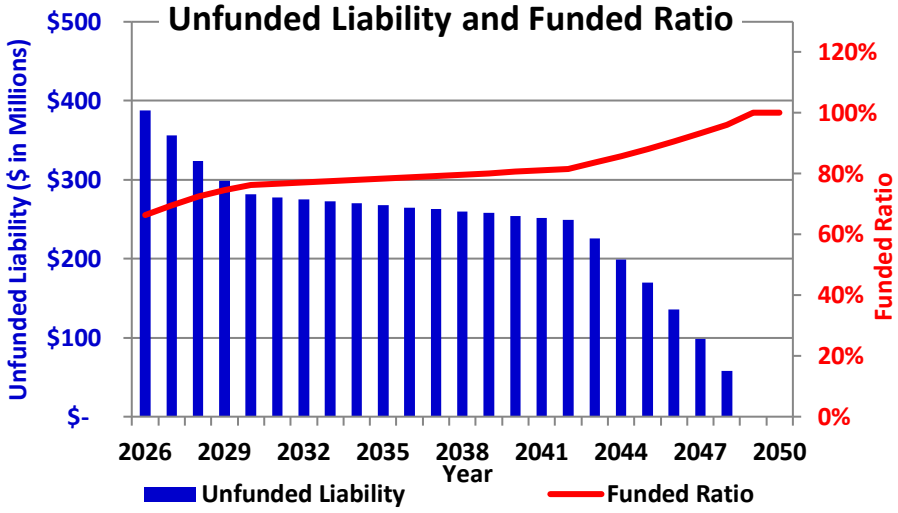
Insurance

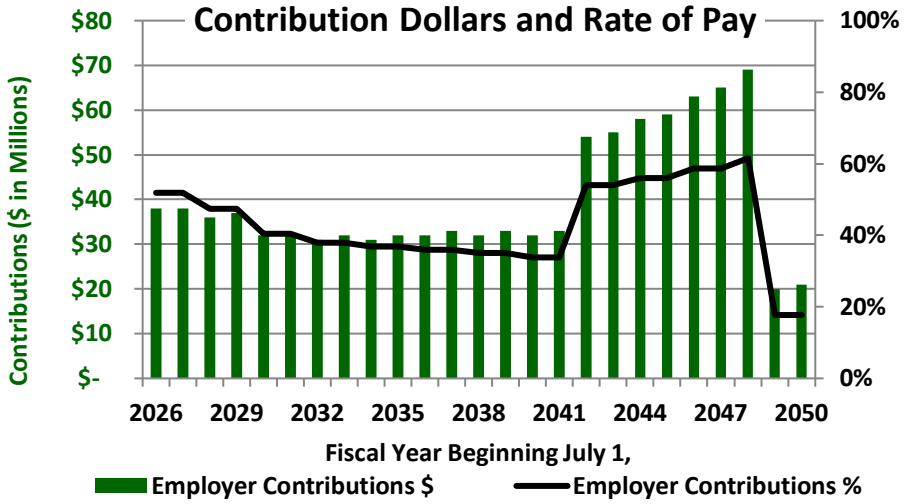




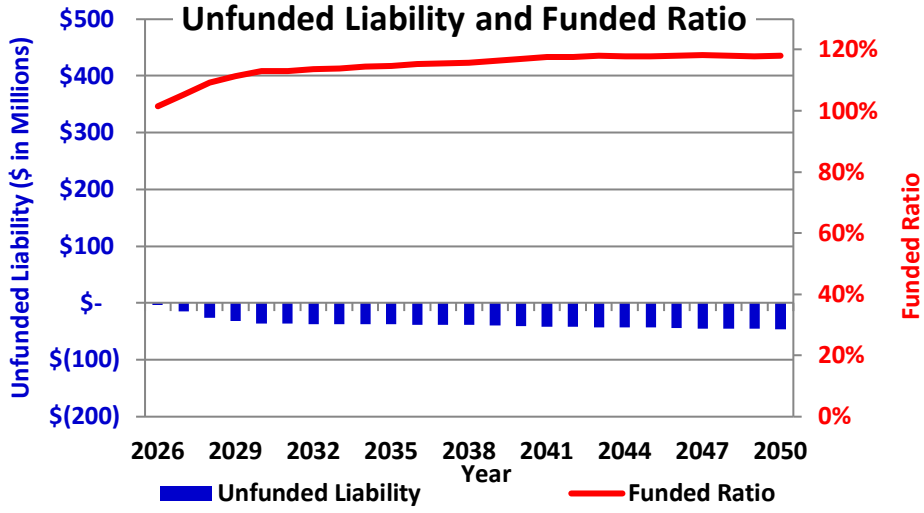
SPRS Projection

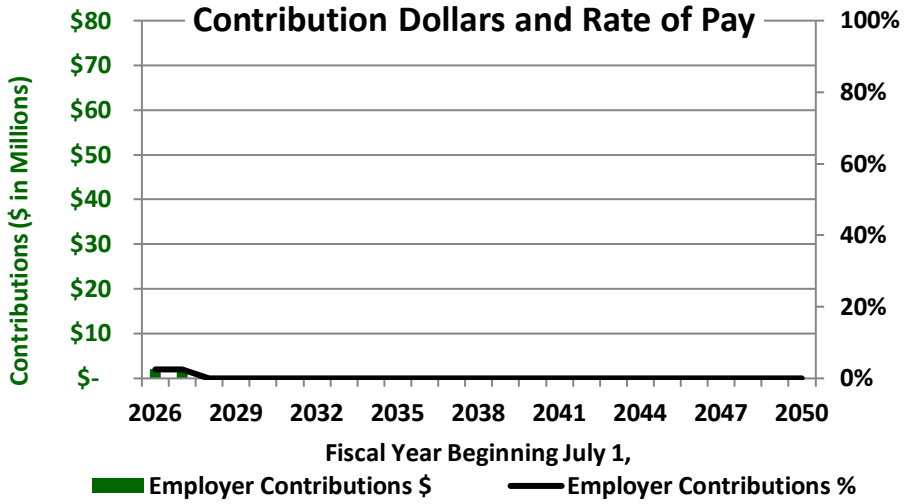
Pension





Insurance





Closing Comments on 2026 Valuation Results

- Favorable investment experience and increases in membership payroll decreased the calculated contribution rates for all funds
- 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
- 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, 2026. This presentation should not be relied on for any purpose other than the purpose described in the valuation report.
- This presentation shall not be construed to provide tax advice, legal advice or investment advice.
- Readers are cautioned to examine original source materials and to consult with subject matter experts before making decisions related to the subject matter of this presentation.

Kentucky Employees Retirement System (KERS)

Actuarial Valuation Report
as of June 30, 2026

DRAFT



P: 469.524.0000 | www.grsconsulting.com

October 30, 2026

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

Subject: Actuarial Valuation as of June 30, 2026

Dear Trustees of the Board:

This report describes the current actuarial condition of the Kentucky Employees Retirement System (KERS), provides the actuarially determined employer contribution, analyzes changes in KERS's financial condition and provides various summaries of the data. The results of this actuarial valuation, including the calculated employer contribution rates will be used by the Board and stakeholders for informational purposes only as the employer contributions for the fiscal years ending June 30, 2027 and June 30, 2028 were certified in the June 30, 2025 actuarial valuation, which was adopted by the Board and incorporated in the Commonwealth's budget for the biennium period.

EXECUTIVE SUMMARY OF VALUATION RESULTS

The first page of the executive summary provides a table with a comparison of the valuation results from 2025 to 2026. Fund investments earned between 12.1% and 13.5% in fiscal year 2026, with returns varying by fund, which resulted in $614 million ($440 million pension and $174 million insurance) more in assets than expected at the beginning of the year.

Retirement fund liabilities were $167 million larger than expected for both funds combined, primarily attributable to salary increases for individual member being greater than expected. Insurance fund liabilities were $16 million lower than expected primarily due to lower than expected Medicare premiums for 2027.

The normal cost rate for the non-hazardous funds decreased by 0.23% of pay to 7.53% of pay and the amortization cost decreased by $16 million to $852 million. This reflects a $8.9 million decrease in the amortization cost for the pension fund primarily due to favorable investment experience in fiscal year 2026 and the additional $78.5 million in appropriations expected to be received by the pension fund in fiscal year 2027, and a $7.0 million decrease in the amortization cost for the insurance fund primarily due to favorable investment experience in fiscal year 2026.

DRAFT

The contribution rate for the hazardous funds decreased by 1.73% of pay to 17.10% of pay. This reflects a 1.73% decrease in the pension fund contribution rate, primarily due to favorable investment experience in fiscal year 2026 and an increase in the overall covered payroll. The required contribution rate for the insurance fund remained at 0% of pay.

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,				
	2026	**2030**	**2035**	**2045**	**2055**
	Year 1	Year 5	Year 10	Year 20	Year 30
KERS Non-Hazardous					
Employer Contribution[1]	$1,033	$941	$927	$1,138	$194
Unfunded Liability – Pension Only	$11,450	$9,698	$8,121	$3,233	$0
Funded Ratio – Pension Only	33%	43%	51%	80%	100%
KERS Hazardous					
Employer Contribution Rate[1]	18.83%	12.14%	11.01%	11.65%	6.65%
Unfunded Liability – Pension Only	$378	$191	$169	$101	$0
Funded Ratio – Pension Only	76%	89%	92%	97%	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 (23 years remaining as of June 30, 2026). Gains and losses incurring in years after June 30, 2019 are amortized as separate closed 20-year amortization bases.

DRAFT

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 23-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.

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 2026. The appropriations for FY 2026 were reflected in the contribution requirement calculated in the prior year's valuation. HB 500 was enacted during the 2026 legislative session and provided an additional $78.5 million in appropriations to finance the unfunded actuarial accrued liability of the KERS non-hazardous retirement fund in FY 2027. The appropriations for FY 2027 have been reflected in the contribution requirement calculated 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, 2026. 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, 2026, by the Kentucky Public Pensions Authority (KPPA) staff. The staff also supplied asset information as of June 30, 2026. 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.

DRAFT

CERTIFICATION

We certify that the information presented herein is accurate and fairly portrays the actuarial position of KERS as of June 30, 2026.

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
Senior Consultant

Krysti Kiesel, ASA, EA, MAAA
Consultant

DRAFT

Table of Contents

		Page
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

DRAFT

SECTION 1

EXECUTIVE SUMMARY

DRAFT

Summary of Principal Results

(Dollar amounts expressed in thousands)

	Non-Hazardous		Hazardous		Total	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Contribution Rate, payable on covered payroll[1]:						
Retirement	6.53%	6.65%	17.10%	18.83%		
Insurance	1.00%	1.11%	0.00%	0.00%		
Total	7.53%	7.76%	17.10%	18.83%	N/A	N/A
Amortization Cost to be allocated amongst employers	$852,281	$868,158	N/A	N/A	N/A	N/A
Assets:						
Retirement						
• Actuarial value (AVAR)	$5,543,231	$4,810,420	$1,168,420	$1,076,412	$6,711,651	$5,886,832
• Market value (MVAR)	$6,053,680	$5,061,425	$1,291,214	$1,137,480	$7,344,894	$6,198,905
• Ratio of actuarial to market value of assets	91.6%	95.0%	90.5%	94.6%	91.4%	95.0%
Insurance						
• Actuarial value (AVAI)	$1,918,414	$1,817,923	$740,577	$699,650	$2,658,991	$2,517,573
• Market value (MVAI)	$2,112,141	$1,915,732	$811,876	$735,293	$2,924,017	$2,651,025
• Ratio of actuarial to market value of assets	90.8%	94.9%	91.2%	95.2%	90.9%	95.0%
Funded Status:						
Retirement						
• Actuarial accrued liability	$16,992,890	$16,839,319	$1,546,490	$1,488,007	$18,539,380	$18,327,326
• Unfunded accrued liability on AVAR	$11,449,659	$12,028,899	$378,070	$411,595	$11,827,729	$12,440,494
• Funded ratio on AVAR	32.6%	28.6%	75.6%	72.3%	36.2%	32.1%
• Unfunded accrued liability on MVAR	$10,939,210	$11,777,894	$255,276	$350,527	$11,194,486	$12,128,421
• Funded ratio on MVAR	35.6%	30.1%	83.5%	76.4%	39.6%	33.8%
Insurance						
• Actuarial accrued liability	$2,543,751	$2,475,127	$427,734	$420,392	$2,971,485	$2,895,519
• Unfunded accrued liability on AVAI	$625,337	$657,204	($312,843)	($279,258)	$312,494	$377,946
• Funded ratio on AVAI	75.4%	73.4%	173.1%	166.4%	89.5%	86.9%
• Unfunded accrued liability on MVAI	$431,610	$559,395	($384,142)	($314,901)	$47,468	$244,494
• Funded ratio on MVAI	83.0%	77.4%	189.8%	174.9%	98.4%	91.6%
Membership:						
• Number of						
- Active Members	33,360	33,356	4,519	4,228	37,879	37,584
- Retirees and Beneficiaries	48,735	48,594	5,175	5,043	53,910	53,637
- Inactive Members	60,220	57,597	9,739	9,312	69,959	66,909
- Total	142,315	139,547	19,433	18,583	161,748	158,130
• Projected payroll of active members	$2,128,990	$2,023,843	$292,675	$266,387	$2,421,665	$2,290,230
• Average salary of active members	$63,819	$60,674	$64,765	$63,006	$63,932	$60,936

[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] Contributions calculated with the June 30, 2025 valuation are effective for fiscal years ending June 30, 2027 and June 30 2028. Contributions calculated with the June 30, 2026 valuation are for informational purposes only.

DRAFT

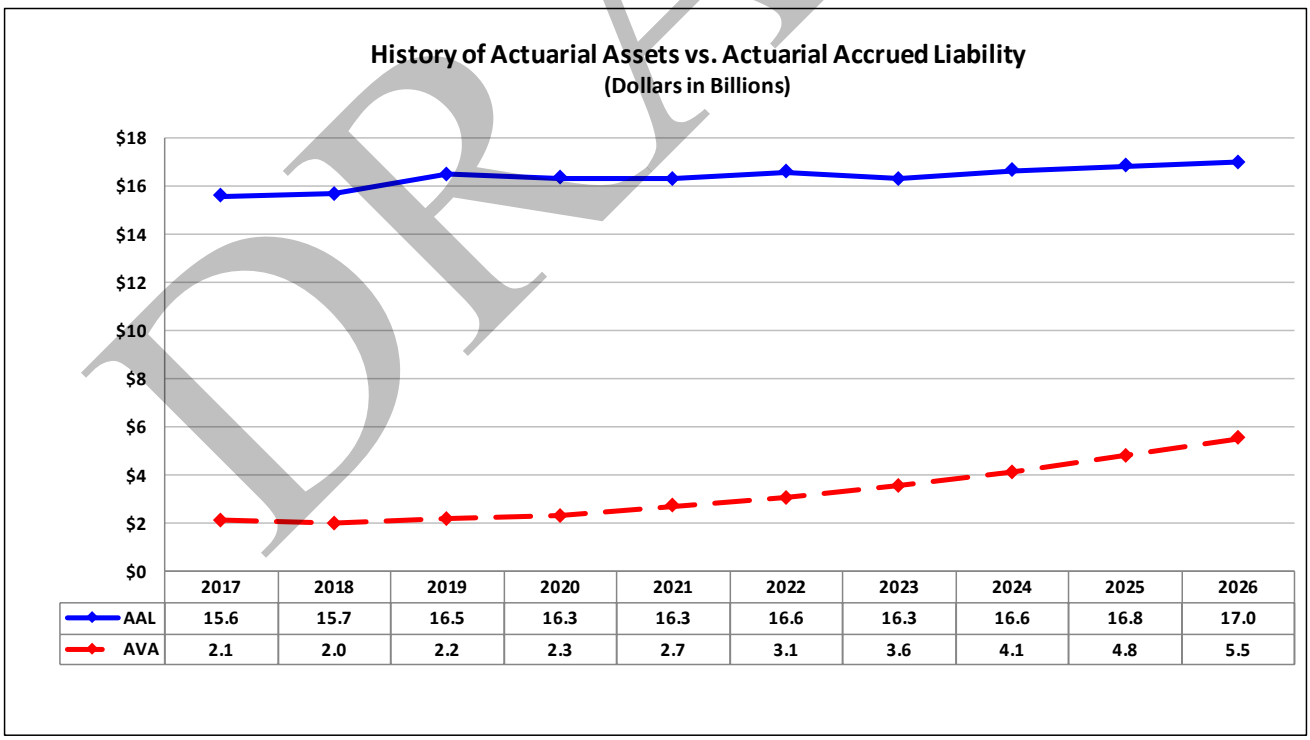
Executive Summary (Continued)

Non-Hazardous Retirement Fund

The unfunded actuarial accrued liability of the non-hazardous retirement fund decreased by $579 million since the prior year's valuation to $11.450 billion. This decrease was approximately $27 million less than expected, primarily due to the accrued liability being higher than expected as a result of salary increases for individual members being greater than assumed. This was partially offset by favorable investment experience.

For FYE 2026, the non-hazardous retirement fund distributed $1,082 million in benefit payments and administrative expenses, and received $1,442 million in employer and employee contributions. As of June 30, 2026, plan assets for this system were $6,054 million (excluding assets in the 401(h) account). To continue stabilizing 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 prior to 2020 was generally due to: (1) actual contributions being insufficient to finance the unfunded actuarial accrued liability, and (2) assumption changes intended to better align current estimates with future expectations. Since 2020, the unfunded actuarial accrued liability has been decreasing steadily due to the increased funding effort to the retirement system.



	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
AAL	15.6	15.7	16.5	16.3	16.3	16.6	16.3	16.6	16.8	17.0
AVA	2.1	2.0	2.2	2.3	2.7	3.1	3.6	4.1	4.8	5.5

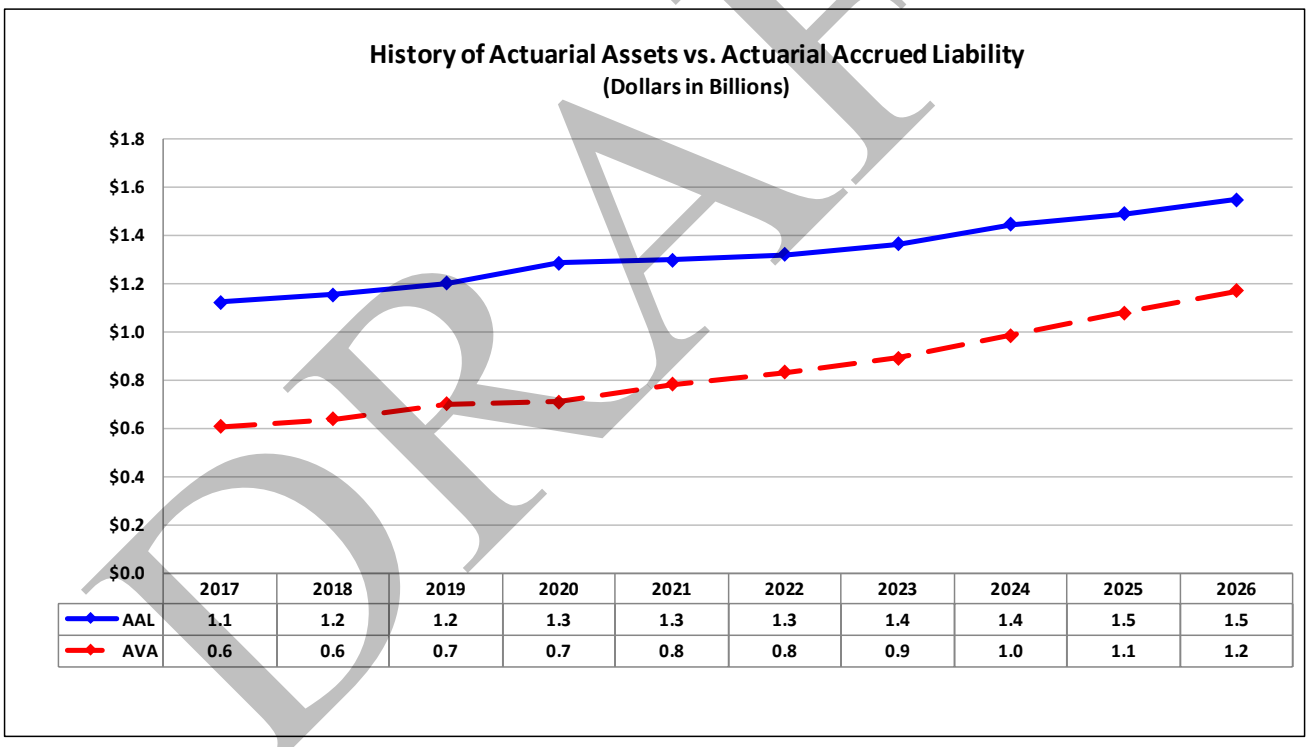
DRAFT

Executive Summary (Continued)

Hazardous Retirement Fund

The unfunded actuarial accrued liability of the hazardous retirement fund decreased by $34 million since the prior year's valuation to $378 million. This decrease was approximately $4 million less than expected, primarily due to the accrued liability being higher than expected as a result of salary increases for individual members being greater than assumed. This was partially offset by 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 prior to 2020 was generally due to: (1) actual contributions being insufficient to finance the unfunded actuarial accrued liability, and (2) assumption changes intended to better align current estimates with future expectations. Since 2020, the unfunded actuarial accrued liability has been decreasing steadily due to the increased funding effort to the retirement system.



	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
AAL	1.1	1.2	1.2	1.3	1.3	1.3	1.4	1.4	1.5	1.5
AVA	0.6	0.6	0.7	0.7	0.8	0.8	0.9	1.0	1.1	1.2

DRAFT

Executive Summary (Continued)

Summary of Change in Financial Condition of the Insurance Funds

The unfunded actuarial accrued liability of the non-hazardous insurance fund decreased by $32 million since the prior year's valuation from $657 million to $625 million as of June 30, 2026. The unfunded liability was expected to increase to $676 million; therefore, the unfunded liability of the non-hazardous insurance fund was $51 million lower than expected.

The funding surplus (assets in excess of the actuarial accrued liability) of the hazardous insurance fund increased by $34 million since the prior year's valuation from $279 million to $313 million as of June 30, 2026. The funding surplus was expected to increase to $296 million; therefore, the funding surplus of the hazardous insurance fund was $17 million higher than expected.

The actuarial gains on the insurance funds are primarily due to favorable investment experience for fiscal year 2026 and the 2027 Medicare premiums being lower than expected.

On average, pre-Medicare premiums were approximately 2% higher than expected and Medicare premiums were approximately 11% lower 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 short-term 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 combined impact of the 2027 healthcare premiums and future healthcare trend assumption change decreased the liability for the non-hazardous and hazardous insurance funds by approximately $34 million and $4 million, respectively.

DRAFT

SECTION 2

DISCUSSION

DRAFT

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, 2026 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, analyze changes in KERS's financial condition, and provide various summaries of the data. The results of this actuarial valuation, including the calculated employer contributions, will be used by the Board and stakeholders for informational purposes only as the employer contributions for the fiscal years ending June 30, 2027 and June 30, 2028 were certified in the June 30, 2025 actuarial valuation, which was adopted by the Board and incorporated in the Commonwealth's budget for the biennium period.

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.

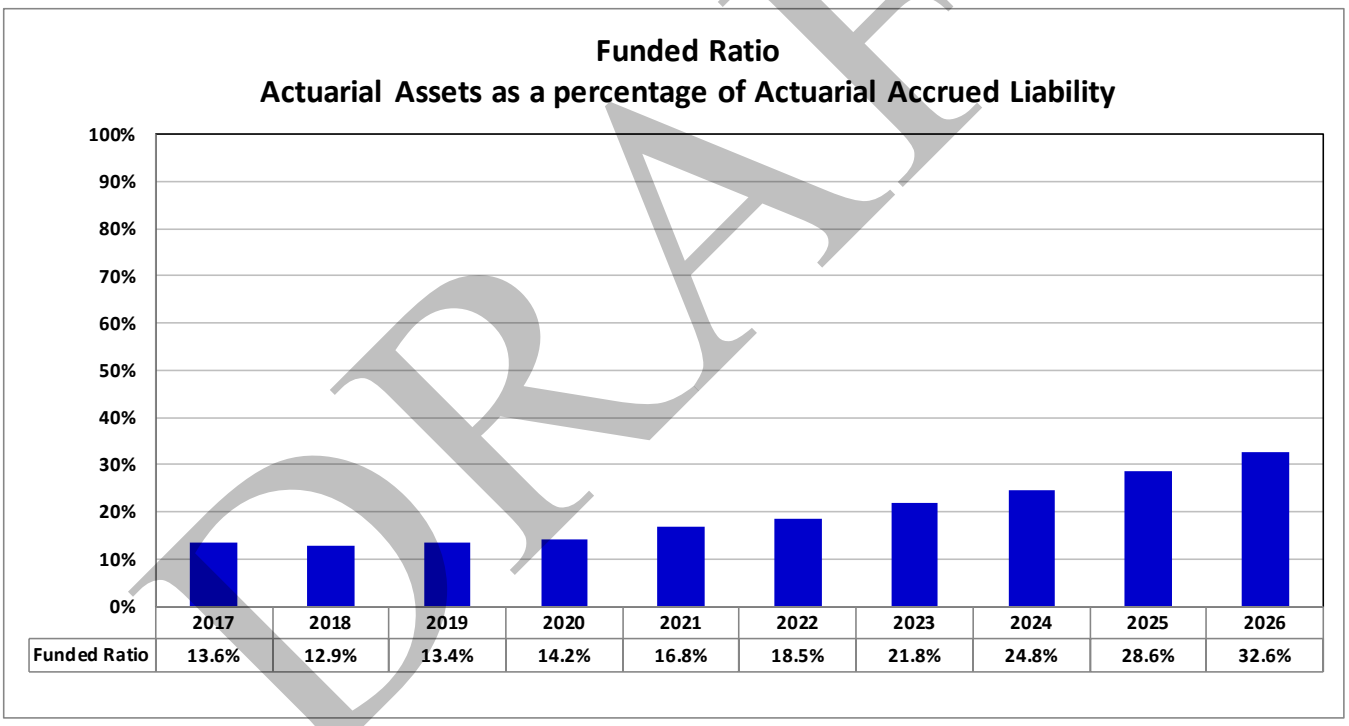
DRAFT

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 prior to 2020 was generally due to: (1) actual contributions being insufficient to finance the unfunded actuarial accrued liability, and (2) assumption changes intended to better align current estimates with future expectations.

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

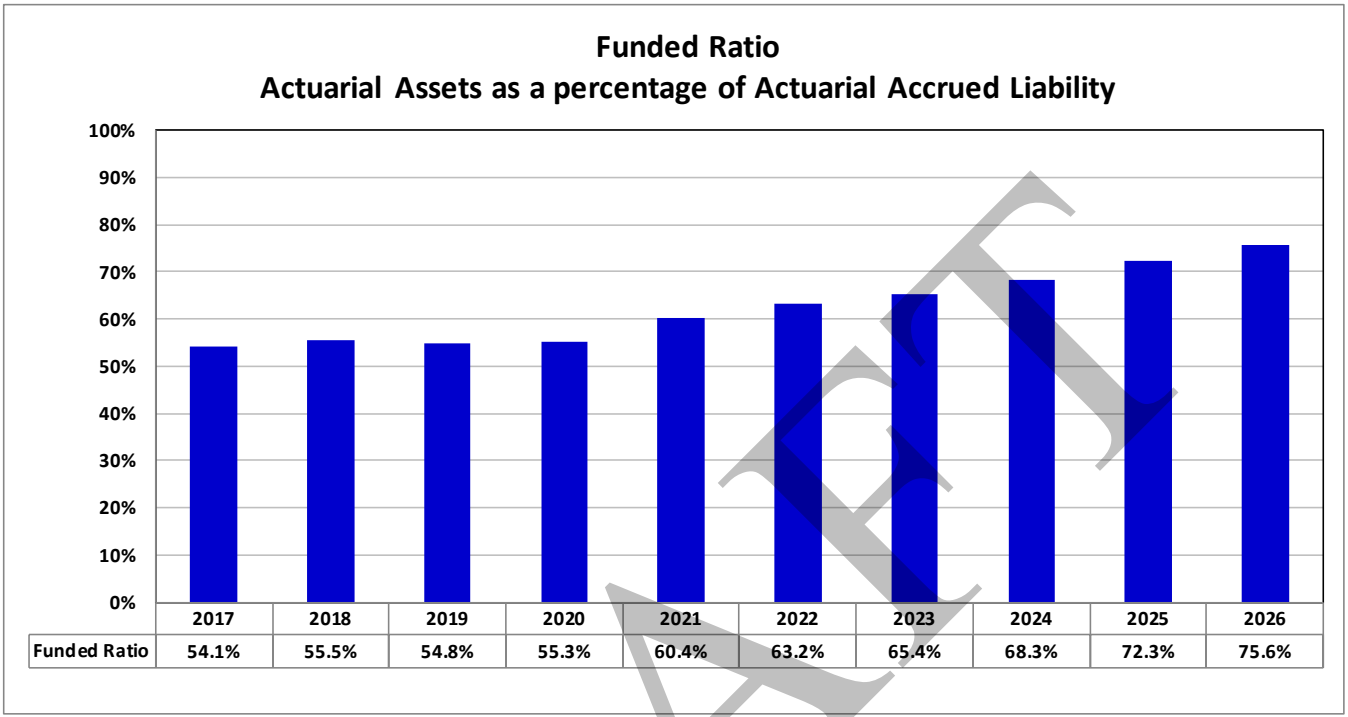


	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Funded Ratio	13.6%	12.9%	13.4%	14.2%	16.8%	18.5%	21.8%	24.8%	28.6%	32.6%

DRAFT

Funding Progress (Continued)

Hazardous Retirement Fund



	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Funded Ratio	54.1%	55.5%	54.8%	55.3%	60.4%	63.2%	65.4%	68.3%	72.3%	75.6%

DRAFT

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 $4.810 billion to $5.543 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 12.1% which is greater than the 5.25% expected annual return. The return on an actuarial (smoothed) asset value was 7.5%, which resulted in a $111 million gain for the fiscal year. The market value of assets is $510 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 $1.076 billion to $1.168 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 13.5% which is greater than the 6.25% expected annual return. The return on an actuarial (smoothed) asset value was 8.5%, which resulted in a $25 million gain for the fiscal year. The market value of assets is $123 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.

DRAFT

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	$ 12,028,899	$ 411,595
2. Normal cost and administrative expenses	235,778	41,237
3. Less: contributions for the year	(1,441,673)	(102,683)
4. Interest accrual	599,862	23,805
5. Expected UAAL (Sum of Items 1 - 4)	$ 11,422,866	$ 373,954
6. Actual UAAL as of June 30,2026	$ 11,449,659	$ 378,070
7. Total gain (loss) for the year (Item 5 - Item 6)	$ (26,793)	$ (4,116)
B. Source of gains and losses		
8. Asset gain (loss) for the year	$ 111,402	$ 24,564
9. Liability experience gain (loss) for the year	(138,195)	(28,680)
10. Plan Change	—	—
11. Assumption change	—	—
12. Total	$ (26,793)	$ (4,116)

DRAFT

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	$ 657,204	$ (279,258)
2. Normal cost and administrative expenses	34,635	6,267
3. Less: contributions for the year	(57,930)	(4,879)
4. Interest accrual	41,961	(18,107)
5. Expected UAAL (Sum of Items 1 - 4)	675,870	(295,977)
6. Actual UAAL as of June 30,2026	$ 625,337	(312,843)
7. Total gain (loss) for the year (Item 5 - Item 6)	$ 50,533	$ 16,866
B. Source of gains and losses		
8. Asset gain (loss) for the year	$ 37,606	$ 13,770
9. Liability experience gain (loss) for the year	12,927	3,096
10. Plan Change	—	—
11. Assumption change	—	—
12. Total	$ 50,533	$ 16,866

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.

DRAFT

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.

DRAFT

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

DRAFT

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

DRAFT

RETIREMENT BENEFITS

ACTUARIAL TABLES

DRAFT

Development of Unfunded Actuarial Accrued Liability
Retirement Benefits

(Dollar amounts expressed in thousands)

		June 30, 2026	
		Non-Hazardous (1)	Hazardous (2)
1.	Projected payroll of active members	$ 2,128,990	$ 292,675
2.	Present value of future pay	$ 16,347,958	$ 2,058,101
3.	Normal cost rate		
	a. Total normal cost rate	10.84%	14.75%
	b. Less: member contribution rate	-5.00%	-8.00%
	c. Employer normal cost rate	5.84%	6.75%
4.	Actuarial accrued liability for active members		
	a. Present value of future benefits	$ 6,980,060	$ 841,138
	b. Less: present value of future normal costs	(1,697,566)	(298,818)
	c. Actuarial accrued liability	$ 5,282,494	$ 542,320
5.	Total actuarial accrued liability		
	a. Retirees and beneficiaries	$ 10,981,302	$ 933,702
	b. Inactive members	729,094	70,468
	c. Active members (Item 4c)	5,282,494	542,320
	d. Total	$ 16,992,890	$ 1,546,490
6.	Actuarial value of assets	$ 5,543,231	$ 1,168,420
7.	Unfunded actuarial accrued liability (UAAL) (Item 5d - Item 6)	$ 11,449,659	$ 378,070
8.	Funded Ratio	32.6%	75.6%

DRAFT

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

		June 30, 2026	
		Non-Hazardous (1)	Hazardous (2)
1.	Active members		
	a. Service retirement	$ 6,080,687	$ 712,071
	b. Deferred termination benefits and refunds	615,366	94,703
	c. Survivor benefits	89,848	7,580
	d. Disability benefits	194,159	26,784
	e. Total	$ 6,980,060	$ 841,138
2.	Retired members		
	a. Service retirement	$ 9,928,529	$ 852,943
	b. Disability retirement	205,926	17,066
	c. Beneficiaries	846,847	63,693
	d. Total	$ 10,981,302	$ 933,702
3.	Inactive members		
	a. Vested terminations	$ 652,417	$ 51,114
	b. Nonvested terminations	76,677	19,354
	c. Total	$ 729,094	$ 70,468
4.	Total actuarial present value of future benefits	$ 18,690,456	$ 1,845,308

DRAFT

Development of Actuarially Determined Contribution Rate
Retirement Benefits

		June 30, 2026 Non-Hazardous (1)	June 30, 2026 Hazardous (2)
1.	Total normal cost rate		
	a. Service retirement	6.72%	9.02%
	b. Deferred termination benefits and refunds	3.33%	4.84%
	c. Survivor benefits	0.29%	0.27%
	d. Disability benefits	0.50%	0.62%
	e. Total	10.84%	14.75%
2.	Less: member contribution rate	-5.00%	-8.00%
3.	Total employer normal cost rate	5.84%	6.75%
4.	Administrative expenses	0.69%	0.59%
5.	Net employer normal cost rate	6.53%	7.34%
6.	UAAL amortization contribution rate	N/A	9.76%
7.	Total calculated employer contribution payable as a percentage of covered payroll	6.53%	17.10%
8.	Total amortization cost to be allocated amongst employers	$ 821,807	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.

DRAFT

Actuarial Balance Sheet

Non-Hazardous Members Retirement

(Dollar amounts expressed in thousands)

		June 30, 2026 (1)	June 30, 2025 (2)
1.	Assets - Present and Expected Future Resources		
	a. Current assets (actuarial value)	$ 5,543,231	$ 4,810,420
	b. Present value of future member contributions	$ 817,398	$ 772,130
	c. Present value of future employer contributions		
	i. Normal cost contributions	$ 880,168	$ 849,280
	ii. Unfunded accrued liability contributions	11,449,659	12,028,899
	iii. Total future employer contributions	$ 12,329,827	$ 12,878,179
	d. Total assets	$ 18,690,456	$ 18,460,729
2.	Liabilities - Present Value of Expected Future Benefit Payments		
	a. Active members		
	i. Present value of future normal costs	$ 1,697,566	$ 1,621,410
	ii. Accrued liability	5,282,494	5,060,141
	iii. Total present value of future benefits	$ 6,980,060	$ 6,681,551
	b. Present value of benefits payable on account of current retired members and beneficiaries	$ 10,981,302	$ 11,061,507
	c. Present value of benefits payable on account of current inactive members	$ 729,094	$ 717,671
	d. Total liabilities	$ 18,690,456	$ 18,460,729

DRAFT

Actuarial Balance Sheet

Hazardous Members Retirement

(Dollar amounts expressed in thousands)

		June 30, 2026 (1)	June 30, 2025 (2)
1.	Assets - Present and Expected Future Resources		
	a. Current assets (actuarial value)	$ 1,168,420	$ 1,076,412
	b. Present value of future member contributions	$ 164,648	$ 147,990
	c. Present value of future employer contributions		
	i. Normal cost contributions	$ 134,170	$ 122,028
	ii. Unfunded accrued liability contributions	378,070	411,595
	iii. Total future employer contributions	$ 512,240	$ 533,623
	d. Total assets	$ 1,845,308	$ 1,758,025
2.	Liabilities - Present Value of Expected Future Benefit Payments		
	a. Active members		
	i. Present value of future normal costs	$ 298,818	$ 270,018
	ii. Accrued liability	542,320	518,016
	iii. Total present value of future benefits	$ 841,138	$ 788,034
	b. Present value of benefits payable on account of current retired members and beneficiaries	$ 933,702	$ 902,622
	c. Present value of benefits payable on account of current inactive members	$ 70,468	$ 67,369
	d. Total liabilities	$ 1,845,308	$ 1,758,025

DRAFT

Reconciliation of Retirement Net Assets

(Dollar amounts expressed in thousands)[1]

	Year Ending June 30, 2026 (1) Non-Hazardous	Year Ending June 30, 2026 (2) Hazardous
1. Value of assets at beginning of year	$ 5,061,425	$ 1,137,480
2. Revenue for the year		
a. Contributions		
i. Member contributions	$ 110,769	$ 24,115
ii. Employer contributions	1,030,903	78,568
iii. Other contributions (less 401h)	300,001	0
iv. Total	$ 1,441,673	$ 102,683
b. Income		
i. Interest, dividends, and other income	$ 188,060	$ 40,330
ii. Investment expenses	(33,425)	(7,928)
iii. Net	$ 154,635	$ 32,402
c. Net realized and unrealized gains (losses)	478,194	121,170
d. Total revenue	$ 2,074,502	$ 256,255
3. Expenditures for the year		
a. Disbursements		
i. Refunds	$ 11,533	$ 8,701
ii. Regular annuity benefits	1,056,094	92,087
iii. Other benefit payments	0	0
iv. Transfers to other systems	0	0
v. Total	$ 1,067,627	$ 100,788
b. Administrative expenses and depreciation	14,619	1,733
c. Total expenditures	$ 1,082,247	$ 102,521
4. Increase in net assets (Item 2. - Item 3.)	$ 992,255	$ 153,734
5. Value of assets at end of year (Item 1. + Item 4.)	$ 6,053,680	$ 1,291,214
6. Net external cash flow		
a. Dollar amount	$ 359,427	$ 162
b. Percentage of market value	6.5%	0.0%
7. Estimated annual return on net assets	12.1%	13.5%

[1] Amounts may not add due to rounding

[1] Excludes 401h assets

DRAFT

Development of Actuarial Value of Assets

Non-Hazardous Members Retirement

(Dollar amounts expressed in thousands)*

	Year Ending	June 30, 2026
1.	Actuarial value of assets at beginning of year	$ 4,810,420
2.	Market value of assets at beginning of year	$ 5,061,425
3.	Net new investments	
	a. Contributions	$ 1,441,673
	b. Benefit payments	(1,067,627)
	c. Administrative expenses	(14,619)
	d. Subtotal	$ 359,427
4.	Market value of assets at end of year	$ 6,053,680
5.	Net earnings (Item 4. - Item 2. - Item 3.d.)	$ 632,829
6.	Assumed investment return rate for fiscal year	5.25%
7.	Expected return for immediate recognition	$ 275,160
8.	Excess return for phased recognition	$ 357,669
9.	Phased-in recognition, 20% of excess return on assets for prior years:	

	Fiscal Year Ending June 30,	Excess Return	Recognized Amount
a.	2026	$ 357,669	$ 71,534
b.	2025	254,017	50,803
c.	2024	155,004	31,001
d.	2023	49,510	9,902
e.	2022	(325,078)	(65,016)
f.	Total		$ 98,224

10.	Actuarial value of assets as of June 30, 2026 (Item 1. + Item 3.d. + Item 7.+ Item 9.f.)	$ 5,543,231
11.	Ratio of actuarial value to market value	91.6%
12.	Estimated annual return on actuarial value of assets	7.5%

* Amounts may not add due to rounding

DRAFT

Development of Actuarial Value of Assets

Hazardous Members Retirement

(Dollar amounts expressed in thousands)*

	Year Ending		June 30, 2026
1.	Actuarial value of assets at beginning of year	$	1,076,412
2.	Market value of assets at beginning of year	$	1,137,480
3.	Net new investments		
	a. Contributions	$	102,683
	b. Benefit payments		(100,788)
	c. Administrative expenses		(1,733)
	d. Subtotal	$	162
4.	Market value of assets at end of year	$	1,291,214
5.	Net earnings (Item 4. - Item 2. - Item 3.d.)	$	153,572
6.	Assumed investment return rate for fiscal year		6.25%
7.	Expected return for immediate recognition	$	71,098
8.	Excess return for phased recognition	$	82,474
9.	Phased-in recognition, 20% of excess return on assets for prior years:		

	Fiscal Year Ending June 30,	Excess Return	Recognized Amount
a.	2026	$ 82,474	$ 16,495
b.	2025	56,490	11,298
c.	2024	44,500	8,900
d.	2023	25,604	5,121
e.	2022	(105,331)	(21,066)
f.	Total		$ 20,747

10.	Actuarial value of assets as of June 30, 2026 (Item 1. + Item 3.d. + Item 7.+ Item 9.f.)	$	1,168,420
11.	Ratio of actuarial value to market value		90.5%
12.	Estimated annual return on actuarial value of assets		8.5%

* Amounts may not add due to rounding

DRAFT

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

June 30,	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL) (3) - (2)	Funded Ratio (2)/(3)	Annual Covered Payroll	UAAL as % of Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
			Non-Hazardous Members			
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%
2026	5,543,231	16,992,890	11,449,659	32.6%	2,128,990	537.8%
			Hazardous Members			
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%
2026	1,168,420	1,546,490	378,070	75.6%	292,675	129.2%
			Total KERS Members			
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%
2026	6,711,651	18,539,380	11,827,729	36.2%	2,421,665	488.4%

DRAFT

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	Hazardous
Valuation date:	June 30, 2026	June 30, 2026
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.

DRAFT

Solvency Test
Retirement Benefits
(Dollar amounts expressed in thousands)

June 30,	Actuarial Accrued Liability: Active Member Contributions	Actuarial Accrued Liability: Retired Members & Beneficiaries	Actuarial Accrued Liability: Active Members (Employer Financed)	Valuation Assets	Portion of Aggregate Accrued Liabilities Covered by Assets: Active	Portion of Aggregate Accrued Liabilities Covered by Assets: Retired	Portion of Aggregate Accrued Liabilities Covered by Assets: ER Financed
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Non-Hazardous Members							
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%
2026	1,041,421	11,710,396	4,241,073	5,543,231	100.0%	38.4%	0.0%
Hazardous Members							
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%
2026	139,726	1,004,170	402,594	1,168,420	100.0%	100.0%	6.1%

DRAFT

INSURANCE BENEFITS

ACTUARIAL TABLES

DRAFT

Development of Unfunded Actuarial Accrued Liability
Insurance Benefits

(Dollar amounts expressed in thousands)

		June 30, 2026	
		Non-Hazardous (1)	Hazardous (2)
1.	Projected payroll of active members	$ 2,128,990	$ 292,675
2.	Present value of future pay	$ 14,959,596	$ 2,018,846
3.	Normal cost rate		
	a. Total normal cost rate	1.61%	2.19%
	b. Less: member contribution rate	-0.64%	-0.84%
	c. Employer normal cost rate	0.97%	1.35%
4.	Actuarial accrued liability for active members		
	a. Present value of future benefits	$ 1,234,614	$ 161,676
	b. Less: present value of future normal costs	(206,117)	(41,044)
	c. Actuarial accrued liability	$ 1,028,497	$ 120,632
5.	Total actuarial accrued liability		
	a. Retirees and beneficiaries	$ 1,371,100	$ 294,587
	b. Inactive members	144,154	12,515
	c. Active members (Item 4c)	1,028,497	120,632
	d. Total	$ 2,543,751	$ 427,734
6.	Actuarial value of assets	$ 1,918,414	$ 740,577
7.	Unfunded actuarial accrued liability (UAAL) (Item 5d - Item 6)	$ 625,337	$ (312,843)
8.	Funded Ratio	75.4%	173.1%

DRAFT

Development of Actuarially Determined Contribution Rate
Insurance Benefits

		June 30, 2026	
		Non-Hazardous (1)	Hazardous (2)
1.	Total normal cost rate	1.61%	2.19%
2.	Less: member contribution rate	-0.64%	-0.84%
3.	Total employer normal cost rate	0.97%	1.35%
4.	Administrative expenses	0.03%	0.04%
5.	Net employer normal cost rate	1.00%	1.39%
6.	UAAL amortization contribution rate	N/A	-10.79%
7.	Total calculated employer contribution payable as a percentage of covered payroll Max (0%, item 5. + item6.)	1.00%	0.00%
8.	Total amortization cost to be allocated amongst employers	$ 30,474	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.

DRAFT

Actuarial Balance Sheet

Non-Hazardous Members Insurance

(Dollar amounts expressed in thousands)

		June 30, 2026 (1)	June 30, 2025 (2)
1.	Assets - Present and Expected Future Resources		
	a. Current assets (actuarial value)	$ 1,918,414	$ 1,817,923
	b. Present value of future member contributions	$ 113,859	$ 103,039
	c. Present value of future employer contributions		
	i. Normal cost contributions	$ 92,258	$ 102,913
	ii. Unfunded accrued liability contributions	625,337	657,204
	iii. Total future employer contributions	$ 717,595	$ 760,117
	d. Total assets	$ 2,749,868	$ 2,681,079
2.	Liabilities - Present Value of Expected Future Benefit Payments		
	a. Active members		
	i. Present value of future normal costs	$ 206,117	$ 205,952
	ii. Accrued liability	1,028,497	1,021,491
	iii. Total present value of future benefits	$ 1,234,614	$ 1,227,443
	b. Present value of benefits payable on account of current retired members and beneficiaries	$ 1,371,100	$ 1,307,319
	c. Present value of benefits payable on account of current inactive members	$ 144,154	$ 146,317
	d. Total liabilities	$ 2,749,868	$ 2,681,079

DRAFT

Actuarial Balance Sheet

Hazardous Members Insurance

(Dollar amounts expressed in thousands)

		June 30, 2026 (1)	June 30, 2025 (2)
1.	Assets - Present and Expected Future Resources		
	a. Current assets (actuarial value)	$ 740,577	$ 699,650
	b. Present value of future member contributions	$ 18,736	$ 16,483
	c. Present value of future employer contributions		
	i. Normal cost contributions	$ 22,308	$ 21,726
	ii. Unfunded accrued liability contributions	(312,843)	(279,258)
	iii. Total future employer contributions	$ (290,535)	$ (257,532)
	d. Total assets	$ 468,778	$ 458,601
2.	Liabilities - Present Value of Expected Future Benefit Payments		
	a. Active members		
	i. Present value of future normal costs	$ 41,044	$ 38,209
	ii. Accrued liability	120,632	120,912
	iii. Total present value of future benefits	$ 161,676	$ 159,121
	b. Present value of benefits payable on account of current retired members and beneficiaries	$ 294,587	$ 287,742
	c. Present value of benefits payable on account of current inactive members	$ 12,515	$ 11,738
	d. Total liabilities	$ 468,778	$ 458,601

DRAFT

Reconciliation of Insurance Net Assets

(Dollar amounts expressed in thousands)[1]

		Year Ending June 30, 2026 (1) Non-Hazardous	Year Ending June 30, 2026 (2) Hazardous
1.	Value of assets at beginning of year	$ 1,915,732	$ 735,293
2.	Revenue for the year		
	a. Contributions		
	i. Member contributions	$ 13,623	$ 2,478
	ii. Employer contributions	34,231	25
	iii. Other contributions (less 401h)	10,076	2,376
	iv. Total	$ 57,930	$ 4,879
	b. Income		
	i. Interest, dividends, and other income	$ 63,677	$ 24,488
	ii. Investment expenses	(13,172)	(6,029)
	iii. Net	$ 50,506	$ 18,458
	c. Net realized and unrealized gains (losses)	199,443	75,868
	d. Total revenue	$ 307,878	$ 99,206
3.	Expenditures for the year		
	a. Disbursements		
	i. Refunds	$ 0	$ 0
	ii. Healthcare premium subsidies	109,522	22,364
	iii. Other benefit payments[2]	1,393	155
	iv. Transfers to other systems	0	0
	v. Total	$ 110,915	$ 22,518
	b. Administrative expenses and depreciation	554	104
	c. Total expenditures	$ 111,469	$ 22,622
4.	Increase in net assets (Item 2. - Item 3.)	$ 196,409	$ 76,583
5.	Value of assets at end of year (Item 1. + Item 4.)	$ 2,112,141	$ 811,876
6.	Net external cash flow		
	a. Dollar amount	$ (53,540)	$ (17,743)
	b. Percentage of market value	-2.7%	-2.3%
7.	Estimated annual return on net assets	13.2%	13.0%

[1] Amounts may not add due to rounding and include 401h assets

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

DRAFT

Development of Actuarial Value of Assets

Non-Hazardous Members Insurance

(Dollar amounts expressed in thousands)*

	Year Ending	June 30, 2026
1.	Actuarial value of assets at beginning of year	$ 1,817,923
2.	Market value of assets at beginning of year	$ 1,915,732
3.	Net new investments	
	a. Contributions	$ 57,930
	b. Benefit payments	(110,915)
	c. Administrative expenses	(554)
	d. Subtotal	$ (53,540)
4.	Market value of assets at end of year	$ 2,112,141
5.	Net earnings (Item 4. - Item 2. - Item 3.d.)	$ 249,949
6.	Assumed investment return rate for fiscal year	6.50%
7.	Expected return for immediate recognition	$ 122,783
8.	Excess return for phased recognition	$ 127,166
9.	Phased-in recognition, 20% of excess return on assets for prior years:	

	Fiscal Year Ending June 30,	Excess Return	Recognized Amount
a.	2026	$ 127,166	$ 25,433
b.	2025	90,293	18,059
c.	2024	71,529	14,306
d.	2023	46,032	9,206
e.	2022	(178,776)	(35,755)
f.	Total		$ 31,249

10.	Actuarial value of assets as of June 30, 2026 (Item 1. + Item 3.d. + Item 7.+ Item 9.f.)	$ 1,918,414
11.	Ratio of actuarial value to market value	90.8%
12.	Estimated annual return on actuarial value of assets	8.6%

* Amounts may not add due to rounding

DRAFT

Development of Actuarial Value of Assets

Hazardous Members Insurance

(Dollar amounts expressed in thousands)*

	Year Ending	June 30, 2026
1.	Actuarial value of assets at beginning of year	$ 699,650
2.	Market value of assets at beginning of year	$ 735,293
3.	Net new investments	
	a. Contributions	$ 4,879
	b. Benefit payments	(22,518)
	c. Administrative expenses	(104)
	d. Subtotal	$ (17,743)
4.	Market value of assets at end of year	$ 811,876
5.	Net earnings (Item 4. - Item 2. - Item 3.d.)	$ 94,327
6.	Assumed investment return rate for fiscal year	6.50%
7.	Expected return for immediate recognition	$ 47,217
8.	Excess return for phased recognition	$ 47,109
9.	Phased-in recognition, 20% of excess return on assets for prior years:	

	Fiscal Year Ending June 30,	Excess Return	Recognized Amount
a.	2026	$ 47,109	$ 9,422
b.	2025	31,303	6,261
c.	2024	28,308	5,662
d.	2023	17,530	3,506
e.	2022	(66,985)	(13,397)
f.	Total		$ 11,453

10.	Actuarial value of assets as of June 30, 2026 (Item 1. + Item 3.d. + Item 7.+ Item 9.f.)	$ 740,577
11.	Ratio of actuarial value to market value	91.2%
12.	Estimated annual return on actuarial value of assets	8.5%

* Amounts may not add due to rounding

DRAFT

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

June 30,	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL) (3) - (2)	Funded Ratio (2)/(3)	Annual Covered Payroll	UAAL as % of Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
			Non-Hazardous Members			
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%
2026	1,918,414	2,543,751	625,337	75.4%	2,128,990	29.4%
			Hazardous Members			
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%
2026	740,577	427,734	(312,843)	173.1%	292,675	-106.9%
			Total KERS Members			
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%
2026	2,658,991	2,971,485	312,494	89.5%	2,421,665	12.9%

DRAFT

Solvency Test
Insurance Benefits
(Dollar amounts expressed in thousands)

June 30,	Actuarial Accrued Liability: Active Member Contributions	Actuarial Accrued Liability: Retired Members & Beneficiaries	Actuarial Accrued Liability: Active Members (Employer Financed)	Valuation Assets	Portion of Aggregate Accrued Liabilities Covered by Assets: Active	Portion of Aggregate Accrued Liabilities Covered by Assets: Retired	Portion of Aggregate Accrued Liabilities Covered by Assets: ER Financed
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Non-Hazardous Members							
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%
2026	-	1,515,254	1,028,497	1,918,414	100.0%	100.0%	39.2%
Hazardous Members							
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%
2026	-	307,102	120,632	740,577	100.0%	100.0%	100.0%

DRAFT

SECTION 4

AMORTIZATION BASES

DRAFT

Amortization of Unfunded Liability

Non-Hazardous Members Retirement

Valuation Year Base Established	Original Amortization Base	Remaining at June 30, 2026	Payments for FYE 2028	Funding Period at June 30, 2026
June 30, 2019	$ 14,260,148	$ 12,684,621	$ 938,364	23
June 30, 2020	(153,145)	(27,061)	(2,708)	14
June 30, 2021	(342,123)	(310,329)	(29,636)	15
June 30, 2022	172,536	(58,103)	(5,319)	16
June 30, 2023	(293,189)	(523,531)	(46,113)	17
June 30, 2024	280,066	(12,589)	(1,071)	18
June 30, 2025	30,187	(277,100)	(22,807)	19
June 30, 2026	(26,249)	(26,249)	(8,903)	20
Total		$ 11,449,659	$ 821,807	
Projected Payroll for FYE 2028			N/A	
Amortization Payments as a Percentage of Payroll			N/A	

Hazardous Members Retirement

Valuation Year Base Established	Original Amortization Base	Remaining at June 30, 2026	Payments for FYE 2028	Funding Period at June 30, 2026
June 30, 2019	$ 554,548	$ 499,891	$ 40,306	23
June 30, 2020	24,023	16,098	1,706	14
June 30, 2021	(49,498)	(44,237)	(4,491)	15
June 30, 2022	(19,031)	(19,236)	(1,878)	16
June 30, 2023	(3,443)	(18,343)	(1,729)	17
June 30, 2024	9,080	1,297	118	18
June 30, 2025	(31,275)	(42,797)	(3,794)	19
June 30, 2026	(14,603)	(14,603)	(1,685)	20
Total		$ 378,070	$ 28,553	
Projected Payroll for FYE 2028			$ 292,675	
Amortization Payments as a Percentage of Payroll			9.76%	

Note:
Budgeted contribution rates for FYE 2027 were known at the time of the June 30, 2026 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.

DRAFT

Amortization of Unfunded Liability

Non-Hazardous Members Insurance

Valuation Year Base Established	Original Amortization Base	Remaining at June 30, 2026	Payments for FYE 2028	Funding Period at June 30, 2026
June 30, 2019	$ 1,741,638	$ 1,564,751	$ 128,822	23
June 30, 2020	(246,890)	(211,299)	(22,715)	14
June 30, 2021	(159,148)	(148,254)	(15,279)	15
June 30, 2022	(883,398)	(855,528)	(84,872)	16
June 30, 2023	39,201	(41,557)	(3,983)	17
June 30, 2024	107,343	111,100	10,320	18
June 30, 2025	251,665	278,673	25,155	19
June 30, 2026	(72,549)	(72,549)	(6,974)	20
Total		$ 625,337	$ 30,474	
Projected Payroll for FYE 2028			N/A	
Amortization Payments as a Percentage of Payroll			N/A	

Hazardous Members Insurance

Valuation Year Base Established	Original Amortization Base	Remaining at June 30, 2026	Payments for FYE 2028	Funding Period at June 30, 2026
June 30, 2019	$ (98,611)	$ (92,812)	$ (7,641)	23
June 30, 2020	(9,508)	(8,961)	(963)	14
June 30, 2021	(39,458)	(38,678)	(3,986)	15
June 30, 2022	(97,145)	(100,306)	(9,951)	16
June 30, 2023	4,456	(12,725)	(1,220)	17
June 30, 2024	(4,653)	(24,624)	(2,287)	18
June 30, 2025	7,115	(15,055)	(1,359)	19
June 30, 2026	(19,682)	(19,682)	(4,067)	20
Total		$ (312,843)	$ (31,474)	
Projected Payroll for FYE 2028			$ 291,788	
Amortization Payments as a Percentage of Payroll			-10.79%	

Note:
Budgeted contribution rates for FYE 2027 were known at the time of the June 30, 2026 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.

DRAFT

SECTION 5

MEMBERSHIP INFORMATION

DRAFT

Membership Tables

TABLE NUMBER	PAGE	CONTENT OF TABLE
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

DRAFT

Summary of Membership Data

(Total dollar amounts expressed in thousands)

		Non-Hazardous June 30, 2026 (1)	Hazardous June 30, 2026 (2)	Total June 30, 2026 (3)	Total June 30, 2025 (4)
1.	Active members				
a.	Males	12,198	3,232	15,430	15,346
b.	Females	21,162	1,287	22,449	22,238
c.	Total members	33,360	4,519	37,879	37,584
d.	Total annualized prior year salaries	$ 2,128,990	$ 292,675	$ 2,421,665	$ 2,290,230
e.	Average salary[3]	$ 63,819	$ 64,765	$ 63,932	$ 60,936
f.	Average age	45.6	40.1	44.9	44.9
g.	Average service	10.7	6.9	10.2	10.2
h.	Member contributions with interest	$ 1,041,421	$ 139,726	$ 1,181,147	$ 1,117,027
i.	Average contributions with interest[3]	$ 31,218	$ 30,920	$ 31,182	$ 29,721
2.	Vested inactive members[2]				
a.	Number	29,614	2,339	31,953	32,569
b.	Total annual deferred benefits	$ 85,633	$ 5,976	$ 91,609	$ 93,257
c.	Average annual deferred benefit[3]	$ 2,892	$ 2,555	$ 2,867	$ 2,863
d.	Average age at the valuation date	55.7	50.2	55.3	54.6
3.	Nonvested inactive members[2]				
a.	Number	30,606	7,400	38,006	34,340
b.	Total member contributions with interest	$ 73,837	$ 19,167	$ 93,004	$ 78,212
c.	Average contributions with interest[3]	$ 2,413	$ 2,590	$ 2,447	$ 2,278
4.	Service retirees[1]				
a.	Number	41,630	4,385	46,015	45,821
b.	Total annual benefits	$ 879,042	$ 73,353	$ 952,395	$ 947,814
c.	Average annual benefit[3]	$ 21,116	$ 16,728	$ 20,697	$ 20,685
d.	Average age at the valuation date	72.0	66.9	71.5	71.2
5.	Disabled retirees[1]				
a.	Number	1,491	168	1,659	1,709
b.	Total annual benefits	$ 19,609	$ 1,564	$ 21,173	$ 21,876
c.	Average annual benefit[3]	$ 13,152	$ 9,310	$ 12,763	$ 12,800
d.	Average age at the valuation date	68.4	62.2	67.8	67.5
6.	Beneficiaries[1]				
a.	Number	5,614	622	6,236	6,107
b.	Total annual benefits	$ 92,965	$ 6,872	$ 99,837	$ 96,127
c.	Average annual benefit[3]	$ 16,559	$ 11,048	$ 16,010	$ 15,740
d.	Average age at the valuation date	71.3	68.5	71.0	70.7

[1] 2,467 members receiving benefits in both the non-hazardous and hazardous fund. Members' headcounts and hazardous benefits included in the hazardous summary above. Members' additional $25,736,000 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.

DRAFT

Summary of Historical Active Membership

	Active Members		Covered Payroll[1]		Average Annual Pay	
June 30,	Number	Percent Increase /(Decrease)	Amount in Thousands	Percent Increase /(Decrease)	Amount	Percent Increase /(Decrease)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Non-Hazardous Members						
2017	37,234		$ 1,531,535		$ 41,133	
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%
2026	33,360	0.0%	2,128,990	5.2%	63,819	5.2%
Hazardous Members						
2017	4,047		$ 162,418		$ 40,133	
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%
2026	4,519	6.9%	292,675	9.9%	64,765	2.8%

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

DRAFT

Distribution of Active Members by Age and by Years of Service

Non-Hazardous 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	29	2	0	0	0	0	0	0	0	0	0	0	31
	$26,789	$33,812	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$27,242
20-24	456	381	157	71	24	2	0	0	0	0	0	0	1,091
	$34,437	$45,858	$49,883	$48,286	$47,468	$53,362	$0	$0	$0	$0	$0	$0	$41,871
25-29	508	640	591	576	321	329	4	1	0	0	0	0	2,970
	$39,531	$49,993	$54,170	$55,415	$57,165	$62,340	$70,558	$68,532	$0	$0	$0	$0	$52,263
30-34	333	407	430	429	392	925	248	2	0	0	0	0	3,166
	$39,724	$51,618	$54,793	$55,836	$58,425	$64,919	$66,883	$58,959	$0	$0	$0	$0	$57,299
35-39	316	340	345	410	294	850	850	192	2	0	0	0	3,599
	$41,181	$54,244	$57,508	$59,651	$56,917	$66,546	$71,667	$71,399	$97,412	$0	$0	$0	$62,204
40-44	282	327	325	374	255	767	809	843	245	19	1	0	4,247
	$40,707	$51,377	$56,243	$59,329	$58,317	$67,633	$72,802	$74,217	$74,154	$77,372	$58,830	$0	$65,140
45-49	253	304	279	325	249	669	684	888	948	377	14	0	4,990
	$42,561	$52,871	$56,621	$58,855	$57,573	$68,481	$71,543	$77,155	$77,552	$76,733	$77,625	$0	$68,717
50-54	202	242	214	282	226	585	585	658	766	732	129	7	4,628
	$42,240	$52,844	$58,638	$60,640	$57,849	$66,262	$67,756	$72,423	$77,910	$79,848	$88,197	$117,147	$69,236
55-59	148	181	202	232	193	489	572	563	590	600	215	46	4,031
	$44,601	$55,593	$58,259	$55,476	$56,892	$64,090	$66,322	$69,667	$75,287	$74,496	$84,774	$75,852	$67,381
60-64	78	108	112	145	132	373	403	459	436	345	140	66	2,797
	$44,200	$51,430	$53,045	$55,373	$59,199	$64,265	$65,625	$67,821	$69,335	$76,349	$83,490	$90,355	$66,699
65 & Over	36	47	54	76	80	256	285	347	268	216	56	89	1,810
	$40,743	$50,782	$57,336	$62,071	$60,572	$68,178	$67,237	$67,464	$71,385	$73,817	$75,168	$89,837	$68,409
Total	2,641	2,979	2,709	2,920	2,166	5,245	4,440	3,953	3,255	2,289	555	208	33,360
	$39,795	$51,242	$55,621	$57,463	$57,731	$66,053	$69,550	$72,449	$75,374	$76,815	$84,050	$87,828	$63,819

DRAFT

Distribution of Active Members by Age and by Years of Service

Hazardous Members

Attained Age	Years of Credited Service												
	0 Count & Avg. Comp.	1 Count & Avg. Comp.	2 Count & Avg. Comp.	3 Count & Avg. Comp.	4 Count & Avg. Comp.	5-9 Count & Avg. Comp.	10-14 Count & Avg. Comp.	15-19 Count & Avg. Comp.	20-24 Count & Avg. Comp.	25-29 Count & Avg. Comp.	30-34 Count & Avg. Comp.	35 & Over Count & Avg. Comp.	Total 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	180	97	44	17	5	0	0	0	0	0	0	0	343
	$45,988	$67,218	$68,461	$67,103	$66,476	$0	$0	$0	$0	$0	$0	$0	$56,220
25-29	151	140	111	91	99	81	0	0	0	0	0	0	673
	$43,065	$63,455	$70,120	$63,039	$67,050	$68,011	$0	$0	$0	$0	$0	$0	$61,000
30-34	111	90	98	80	65	224	38	0	0	0	0	0	706
	$43,063	$61,284	$65,277	$66,309	$64,201	$68,766	$78,178	$0	$0	$0	$0	$0	$63,094
35-39	86	61	47	54	35	149	163	24	0	0	0	0	619
	$44,069	$63,787	$64,846	$63,547	$64,799	$65,659	$73,471	$74,703	$0	$0	$0	$0	$64,588
40-44	56	61	43	61	28	88	123	134	26	0	0	0	620
	$47,300	$66,283	$67,759	$65,498	$66,212	$68,116	$72,714	$73,268	$76,044	$0	$0	$0	$68,045
45-49	44	43	41	39	25	74	73	76	60	7	0	0	482
	$49,389	$64,022	$70,152	$62,051	$63,416	$66,759	$69,661	$76,525	$76,787	$70,136	$0	$0	$67,940
50-54	46	35	32	30	20	66	53	75	42	21	0	0	420
	$45,680	$61,168	$68,264	$64,207	$62,542	$73,377	$65,062	$77,030	$79,051	$83,021	$0	$0	$68,418
55-59	34	26	28	18	30	48	51	63	37	10	1	0	346
	$44,569	$65,762	$65,651	$62,019	$61,679	$71,582	$70,745	$70,015	$76,128	$94,024	$56,469	$0	$67,336
60-64	18	11	13	17	8	31	49	36	25	10	2	1	221
	$43,004	$65,880	$67,752	$67,450	$65,901	$65,115	$66,398	$68,701	$75,647	$72,753	$69,270	$77,513	$66,215
65 & Over	4	4	4	5	2	18	16	22	8	5	1	0	89
	$50,970	$66,391	$66,980	$56,135	$50,496	$70,596	$79,831	$66,044	$82,626	$70,647	$76,470	$0	$69,783
Total	730	568	461	412	317	779	566	430	198	53	4	1	4,519
	$44,886	$64,168	$67,683	$64,317	$64,921	$68,290	$71,665	$73,351	$77,138	$80,291	$67,870	$77,513	$64,765

DRAFT

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

	Retirement		Disability		Survivors & Beneficiaries		Total	
Current Age	Number of Annuitants	Total Annual Benefit Amount	Number of Annuitants	Total Annual Benefit Amount	Number of Annuitants	Total Annual Benefit Amount	Number of Annuitants	Total Annual Benefit Amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Under 50	264	$ 6,254	47	$ 491	532	$ 6,572	843	$ 13,317
50 - 54	1,002	25,070	77	1,137	200	2,606	1,279	28,814
55 - 59	2,621	61,678	160	2,218	294	4,262	3,075	68,158
60 - 64	4,675	104,602	237	3,365	456	6,574	5,368	114,541
65 - 69	8,027	165,425	316	4,264	677	11,010	9,020	180,699
70 - 74	9,574	197,181	284	3,718	877	14,856	10,735	215,755
75 - 79	8,581	184,205	216	2,671	990	18,899	9,787	205,775
80 - 84	4,066	83,992	87	977	767	14,153	4,920	99,121
85 - 89	1,946	36,887	51	570	497	9,312	2,494	46,769
90 And Over	874	13,747	16	198	324	4,721	1,214	18,666
Total	**41,630**	**$ 879,042**	**1,491**	**$ 19,609**	**5,614**	**$ 92,965**	**48,735**	**$ 991,617**

*Amounts may not add due to rounding

DRAFT

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

	Retirement		Disability		Survivors & Beneficiaries		Total	
Current Age	Number of Annuitants	Total Annual Benefit Amount	Number of Annuitants	Total Annual Benefit Amount	Number of Annuitants	Total Annual Benefit Amount	Number of Annuitants	Total Annual Benefit Amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Under 50	224	$ 5,152	21	$ 225	67	$ 717	312	$ 6,094
50 - 54	409	8,633	20	185	35	343	464	9,161
55 - 59	556	10,498	28	343	38	519	622	11,360
60 - 64	664	11,498	33	269	49	562	746	12,329
65 - 69	722	12,360	31	278	94	1,190	847	13,828
70 - 74	752	10,948	20	149	111	1,283	883	12,380
75 - 79	679	9,827	8	61	102	1,157	789	11,044
80 - 84	260	3,248	4	38	66	619	330	3,905
85 - 89	91	931	2	13	38	292	131	1,236
90 And Over	28	259	1	3	22	192	51	453
Total	**4,385**	**$ 73,353**	**168**	**$ 1,564**	**622**	**$ 6,872**	**5,175**	**$ 81,789**

*Amounts may not add due to rounding

DRAFT

Non-Hazardous Retired Lives Summary

Form of Payment	Male Lives Number	Male Lives Monthly Benefit Amount	Female Lives Number	Female Lives Monthly Benefit Amount	Total Number	Total Monthly Benefit Amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Basic	4,575	$ 7,974,972	13,804	$ 19,722,581	18,379	$ 27,697,553
Joint & Survivor:						
100% to Beneficiary	3,085	5,520,972	1,914	2,451,415	4,999	7,972,387
66 2/3% to Beneficiary	743	2,011,102	673	1,240,071	1,416	3,251,173
50% to Beneficiary	1,032	2,594,327	1,587	3,054,847	2,619	5,649,174
Pop-up Option	3,811	9,278,298	3,876	7,545,997	7,687	16,824,295
Social Security Option:						
Age 62 Basic	331	666,288	820	1,413,034	1,151	2,079,322
Age 62 Survivorship	634	1,272,520	552	913,547	1,186	2,186,068
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	973	1,734,193	2,372	3,651,076	3,345	5,385,269
15 Years Certain & Life	435	708,497	754	1,041,434	1,189	1,749,931
20 Years Certain & Life	443	972,919	707	1,119,511	1,150	2,092,430
Total:	16,062	$ 32,734,089	27,059	$ 42,153,513	43,121	$ 74,887,602

DRAFT

Hazardous Retired Lives Summary

Form of Payment	Male Lives Number	Male Lives Monthly Benefit Amount	Female Lives Number	Female Lives Monthly Benefit Amount	Total Number	Total Monthly Benefit Amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Basic	790	$ 899,342	644	$ 744,420	1,434	$ 1,643,761
Joint & Survivor:						
100% to Beneficiary	610	811,651	102	129,287	712	940,937
66 2/3% to Beneficiary	141	213,118	39	51,798	180	264,916
50% to Beneficiary	195	316,753	83	129,434	278	446,187
Pop-up Option	986	1,613,139	233	337,799	1,219	1,950,937
Social Security Option:						
Age 62 Basic	59	97,709	30	25,657	89	123,366
Age 62 Survivorship	135	189,669	22	27,415	157	217,085
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	44	117,945	13	19,705	57	137,650
10 Years Certain & Life	121	158,817	90	87,730	211	246,547
15 Years Certain & Life	55	66,254	38	36,357	93	102,611
20 Years Certain & Life	80	105,570	43	63,499	123	169,069
Total:	3,216	$ 4,589,968	1,337	$ 1,653,100	4,553	$ 6,243,068

DRAFT

Non-Hazardous Beneficiary Lives Summary

Form of Payment	Male Lives Number	Male Lives Monthly Benefit Amount	Female Lives Number	Female Lives Monthly Benefit Amount	Total Number	Total Monthly Benefit Amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Basic	32	$ 22,241	64	$ 86,943	96	$ 109,184
Joint & Survivor:						
100% to Beneficiary	434	411,753	1,616	2,079,615	2,050	2,491,368
66 2/3% to Beneficiary	83	85,195	314	482,843	397	568,039
50% to Beneficiary	211	196,216	497	475,708	708	671,924
Pop-up Option	343	570,832	1,075	2,038,397	1,418	2,609,229
Social Security Option:						
Age 62 Basic	1	815	12	11,412	13	12,227
Age 62 Survivorship	87	121,283	352	623,772	439	745,055
Partial Deferred (Old Plan)	0	0	0	0	0	0
Widows Age 60	0	0	1	92	1	92
5 Years Certain	44	63,557	57	73,884	101	137,440
10 Years Certain	81	96,790	89	73,708	170	170,498
10 Years Certain & Life	31	28,661	53	45,795	84	74,456
15 Years Certain & Life	24	26,457	44	42,891	68	69,348
20 Years Certain & Life	27	36,928	42	51,326	69	88,254
Total:	1,398	$ 1,660,727	4,216	$ 6,086,387	5,614	$ 7,747,113

DRAFT

Hazardous Beneficiary Lives Summary

Form of Payment	Male Lives Number	Male Lives Monthly Benefit Amount	Female Lives Number	Female Lives Monthly Benefit Amount	Total Number	Total Monthly Benefit Amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Basic	3	$ 2,191	14	$ 15,733	17	$ 17,924
Joint & Survivor:						
100% to Beneficiary	22	15,010	202	158,649	224	173,659
66 2/3% to Beneficiary	3	2,220	26	14,809	29	17,029
50% to Beneficiary	8	4,707	45	24,788	53	29,495
Pop-up Option	13	16,010	191	220,493	204	236,503
Social Security Option:						
Age 62 Basic	0	0	2	47	2	47
Age 62 Survivorship	2	801	51	46,416	53	47,216
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	6	6,812	10	11,922	16	18,734
10 Years Certain & Life	1	1,100	1	351	2	1,451
15 Years Certain & Life	1	48	3	3,561	4	3,609
20 Years Certain & Life	1	2,658	10	12,400	11	15,057
Total:	62	$ 55,578	560	$ 517,127	622	$ 572,706

DRAFT

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			
2017	2,181	1,269	44,916	$ 921,302		$ 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
2026	2,117	1,976	48,735	991,617	0.5%	20,347
			Hazardous			
2017	206	79	4,093	$ 59,162		$ 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
2026	304	172	5,175	81,789	4.0%	15,805

DRAFT

SECTION 6

ASSESSMENT AND DISCLOSURE OF RISK

DRAFT

Risks Associated with Measuring the Accrued Liability And Actuarially Determined Contribution

(As Required by ASOP No. 51)

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

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

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

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

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

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

DRAFT

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.

DRAFT

- 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,				
	2026	2025	2024	2023	2022	2026	2025	2024	2023	2022
Ratio of the market value of assets to total payroll	2.84	2.50	2.27	2.19	2.22	0.99	0.95	0.95	0.95	1.01
Ratio of actuarial accrued liability to payroll	7.98	8.32	8.94	10.09	12.23	1.19	1.22	1.13	1.16	1.32
Ratio of net cash flow to market value of assets	6.5%	7.6%	8.6%	9.5%	5.2%	-2.7%	-2.9%	3.6%	2.5%	2.4%
Percentage of Expected Contribution Actually Received	100% [1]	100%	100%	100%	100%	100% [1]	100% [1]	100%	100%	100%
Ratio of actives to retirees and beneficiaries	0.68	0.69	0.67	0.65	0.61					

[1] Expected contribution for FYE2026 based on the actuarially determined contribution from the June 30, 2023 valuation.

KERS Hazardous

	Retirement Fund					Insurance Fund				
	June 30,					June 30,				
	2026	2025	2024	2023	2022	2026	2025	2024	2023	2022
Ratio of the market value of assets to total payroll	4.41	4.27	3.93	4.22	4.90	2.77	2.76	2.61	2.96	3.55
Ratio of actuarial accrued liability to payroll	5.28	5.59	5.56	6.44	7.95	1.46	1.58	1.46	1.72	2.10
Ratio of net cash flow to market value of assets	0.0%	-0.2%	2.6%	0.7%	-0.5%	-2.3%	-2.5%	-2.4%	-2.7%	-2.9%
Percentage of Expected Contribution Actually Received	124% [1]	115%	134%	138%	108%	N/A [1]	N/A [1]	N/A [1]	N/A [1]	N/A [1]
Ratio of actives to retirees and beneficiaries	0.87	0.84	0.84	0.80	0.75					

[1] Expected contribution for FYE2026 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, 2025 valuation. As of the 2018 valuation (FYE2020), the required employer contribution was 0% of pay for the insurance fund.

DRAFT

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 5.60% as of June 30, 2026. *Note, since the investment return assumption for the non-hazardous fund is currently less than the 5.60% 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, 2026 because of the market rate used as a reference on this date to comply with this disclosure requirement.

Non-Hazardous Retirement Fund

Valuation Accrued Liabilities	LDROM
$16,992,889,882	$16,992,889,882

Hazardous Retirement Fund

Valuation Accrued Liabilities	LDROM
$1,546,489,952	$1,668,517,951

DRAFT

APPENDIX A

ACTUARIAL ASSUMPTIONS AND METHODS

DRAFT

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%

DRAFT

Retirement rates:

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

	Non-Hazardous					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]
Age	Male	Female	Male	Female	Service	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.

DRAFT

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%

DRAFT

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.

DRAFT

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.

DRAFT

Health Care Cost Trend Rates:

Year	Non-Medicare Plans[1]	Medicare Plans[1]	Dollar Contribution[2]
2028	7.75%	12.00%	1.50%
2029	7.50%	8.00%	1.50%
2030	7.25%	8.00%	1.50%
2031	7.00%	7.50%	1.50%
2032	6.75%	7.00%	1.50%
2033	6.50%	6.50%	1.50%
2034	6.25%	6.00%	1.50%
2035	6.00%	5.50%	1.50%
2036	5.75%	5.00%	1.50%
2037	5.50%	4.50%	1.50%
2038	5.25%	4.25%	1.50%
2039	5.00%	4.25%	1.50%
2040	4.75%	4.25%	1.50%
2041	4.50%	4.25%	1.50%
2042 & Beyond	4.25%	4.25%	1.50%

[1]All increases are assumed to occur on January 1. The 2027 premiums were known at the time of the valuation and were incorporated into the liability measurement.
[2]Applies to members participating on or after July 1, 2003. All increases are assumed to occur on July 1.

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.

DRAFT

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.

DRAFT

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.

DRAFT

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.

DRAFT

Development of Baseline Claims Cost

For non-Medicare retirees, the initial per capita costs were based on the plan premiums effective January 1, 2027, 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 $1,312.01 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.

2027 MONTHLY COSTS FOR THOSE NOT ELIGIBLE FOR MEDICARE		
AGE	MEMBER	SPOUSE/DEPENDENTS
<65	$1,180.89	$1,312.01

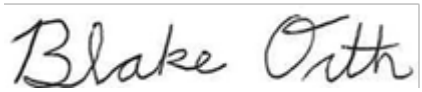
For Medicare retirees, the initial per capita costs were estimated based on the plan premiums effective January 1, 2027, and are used for both current and future retirees. An inherent assumption in this methodology is that the projected future retirees will have a similar distribution by plan type as 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.

2027 MONTHLY COSTS FOR THOSE ELIGIBLE FOR MEDICARE		
AGE	MALE	FEMALE
65	$ 167.30	$ 157.80
75	195.74	191.00
85	206.98	209.42

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

DRAFT

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

DRAFT

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.

DRAFT

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

DRAFT

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 65th 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.

DRAFT

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.

DRAFT

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.

DRAFT

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.

DRAFT

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

DRAFT

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 55th birthday, with total service not exceeding 20 years. Total service credit added shall not be greater than the member's actual service at disability.

DRAFT

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.

DRAFT

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.

DRAFT

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.

DRAFT

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, 2026, the Non-Hazardous monthly contribution was $15.07/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, 2026, the Hazardous monthly contribution was $22.60/year of service. Upon the retiree's death, the surviving spouse of a hazardous duty member will receive a monthly contribution of $10 ($15.07 as of July 1, 2026) 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.

DRAFT

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, 2027

Non-Medicare Plan Options					
Plan Option	Single	Parent Plus	Couple	Family	Family X-Ref
LivingWell PPO	$1,194.62	$1,629.22	$2,397.02	$2,622.26	$1,401.38
LivingWell CDHP	1,180.16	1,593.22	2,307.72	2,564.34	1,348.58
LivingWell Basic	1,148.42	1,566.54	2,318.24	2,569.32	1,348.14
LivingWell HDHP	1,066.12	1,454.08	2,152.06	2,358.16	1,249.94

Medicare Plan Options	
Medical Only Plan	$199.52
Essential Mirror Plan	264.56
Premium Mirror Plan	404.67
Essential Medical Advantage Plan	18.08
Premium Medical Advantage Plan	200.95

Essential and Premium Mirror Plans have an additional Dental Fee of $5.29
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, 2026.

Non-Hazardous Service	Hazardous Service
$15.07	$22.60

DRAFT

APPENDIX C

GLOSSARY

DRAFT

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.

DRAFT

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.

DRAFT

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

DRAFT

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.

DRAFT

APPENDIX D

KERS NON-HAZARDOUS EMPLOYER CONTRIBUTION BY AGENCY

DRAFT

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: Accrued Liability based on June 30, 2019 Valuation[2]	Fixed Percentage of the Total Amortization Cost: Fixed Allocation of Amortization Cost	Fixed Percentage of the Total Amortization Cost: Amortization Cost for prior year (FYE2027)	Fixed Percentage of the Total Amortization Cost: Amortization Cost Remains Level until Actuarial Investigation[3]	Components of Required Contribution for FYE 2028: Normal Cost (% of Pay)	Components of Required Contribution for FYE 2028: Amortization Cost	Change in Amortization Cost from FY27 to FY28
(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)
LEGISLATIVE BRANCH AGENCIES	LEGISLATIVE BRANCH	343,338,931	1.82505%	15,844,320	No	7.76%	15,844,320	-
JUDICIAL BRANCH AGENCIES	JUDICIAL BRANCH	471,819,378	2.50801%	21,773,496	No	7.76%	21,773,496	-
EXECUTIVE BRANCH AGENCIES	EXECUTIVE BRANCH	14,645,193,150	77.84800%	675,843,912	No	7.76%	675,843,912	-
LEX FAYETTE CO HLTH DEPT	Health Departments	87,677,599	0.46606%	4,046,136	Yes	7.76%	4,046,136	-
LAKE CUMBERLAND DISTRICT	Health Departments	73,620,021	0.39134%	3,397,452	Yes	7.76%	3,397,452	-
BARREN RVR DIST HLTH DEPT	Health Departments	68,379,065	0.36348%	3,155,580	Yes	7.76%	3,155,580	-
GREEN RVR DIST HLTH DEPT	Health Departments	81,739,718	0.43450%	3,772,152	Yes	7.76%	3,772,152	-
NORTHERN KY DIST HLTH DEP	Health Departments	54,194,473	0.28808%	2,500,992	Yes	7.76%	2,500,992	-
LINCOLN TRL DIST HLTH DEP	Health Departments	66,500,206	0.35349%	3,068,856	Yes	7.76%	3,068,856	-
KY RIVER DIST HEALTH DEPT	Health Departments	70,220,607	0.37327%	3,240,576	Yes	7.76%	3,240,576	-
MADISON CO HEALTH DEP	Health Departments	53,457,239	0.28416%	2,466,960	Yes	7.76%	2,466,960	-
CUMBERLAND VLY DIST HEALT	Health Departments	89,949,862	0.47814%	4,151,016	Yes	7.76%	4,151,016	-
WEDCO DIST HEALTH DEPT	Health Departments	28,173,710	0.14976%	1,300,152	Yes	7.76%	1,300,152	-
FRANKLIN CO HEALTH DEPT	Health Departments	22,299,718	0.11854%	1,029,120	Yes	7.76%	1,029,120	-
WHITLEY CO HEALTH DEPT	Health Departments	28,890,387	0.15357%	1,333,236	Yes	7.76%	1,333,236	-
PIKE CO HEALTH DEPT	Health Departments	24,182,977	0.12855%	1,116,012	Yes	7.76%	1,116,012	-
THREE RIVERS DIST HLTH	Health Departments	22,852,018	0.12147%	1,054,548	Yes	7.76%	1,054,548	-
KNOX CO HEALTH DEPT	Health Departments	28,079,768	0.14926%	1,295,808	Yes	7.76%	1,295,808	-
PURCHASE DIST HLTH DEPT	Health Departments	43,960,371	0.23368%	2,028,708	Yes	7.76%	2,028,708	-
CLARK CO HEALTH DEPT	Health Departments	16,463,623	0.08751%	759,720	Yes	7.76%	759,720	-
GATEWAY DIST HEALTH DEPT	Health Departments	29,474,251	0.15667%	1,360,140	Yes	7.76%	1,360,140	-
N CENTRAL DIST HLTH DEPT	Health Departments	21,562,812	0.11462%	995,088	Yes	7.76%	995,088	-
BREATHITT CO HEALTH DEPT	Health Departments	18,123,824	0.09634%	836,388	Yes	7.76%	836,388	-
PENNYRILE DIST HLTH DEPT	Health Departments	15,661,674	0.08325%	722,736	Yes	7.76%	722,736	-
MARSHALL CO HEALTH DEPT	Health Departments	15,263,463	0.08113%	704,340	Yes	7.76%	704,340	-
CHRISTIAN CO HEALTH DEPT	Health Departments	13,360,854	0.07102%	616,560	Yes	7.76%	616,560	-
MONTGOMERY CO HEALTH DEPT	Health Departments	10,699,698	0.05688%	493,812	Yes	7.76%	493,812	-
HOPKINS CO HEALTH DEPT	Health Departments	17,815,060	0.09470%	822,144	Yes	7.76%	822,144	-
JOHNSON CO HEALTH DEPT	Health Departments	15,484,079	0.08231%	714,576	Yes	7.76%	714,576	-
FLOYD CO HEALTH CENTER	Health Departments	12,298,013	0.06537%	567,516	Yes	7.76%	567,516	-
ASHLAND BOYD CO HEALTH DP	Health Departments	17,566,824	0.09338%	810,684	Yes	7.76%	810,684	-
LAUREL CO HEALTH DEPT	Health Departments	14,475,341	0.07695%	668,052	Yes	7.76%	668,052	-
BULLITT CO HEALTH DEPT	Health Departments	13,823,739	0.07348%	637,920	Yes	7.76%	637,920	-
BELL CO HEALTH DEPT	Health Departments	10,731,667	0.05705%	495,288	Yes	7.76%	495,288	-
GREENUP CO HLTH DEPT	Health Departments	11,509,071	0.06118%	531,144	Yes	7.76%	531,144	-
JESSAMINE CO HEALTH DEPT	Health Departments	8,409,539	0.04470%	388,068	Yes	7.76%	388,068	-
GRAVES CO HEALTH CENTER	Health Departments	6,110,503	0.03248%	281,976	Yes	7.76%	281,976	-
HARLAN CO HEALTH DEPT	Health Departments	7,218,470	0.03837%	333,108	Yes	7.76%	333,108	-
OLDHAM CO HEALTH DEPT	Health Departments	10,480,598	0.05571%	483,648	Yes	7.76%	483,648	-
ALLEN CO HEALTH DEPT	Health Departments	7,911,333	0.04205%	365,064	Yes	7.76%	365,064	-
BUFFALO TRACE HEALTH DEPT	Health Departments	10,788,599	0.05735%	497,892	Yes	7.76%	497,892	-
MUHLENBERG CO.HEALTH DEPT	Health Departments	7,886,100	0.04192%	363,936	Yes	7.76%	363,936	-
MERCER CO HEALTH DEPT	Health Departments	8,877,255	0.04719%	409,680	Yes	7.76%	409,680	-
LAWRENCE CO HEALTH DEPT	Health Departments	3,868,705	0.02056%	178,488	Yes	7.76%	178,488	-
WOODFORD CO HEALTH DEPT	Health Departments	5,453,322	0.02899%	251,676	Yes	7.76%	251,676	-
CALLOWAY CO HEALTH DEPT	Health Departments	4,137,638	0.02199%	190,908	Yes	7.76%	190,908	-
MAGOFFIN CO HEALTH DEPT	Health Departments	6,467,092	0.03438%	298,476	Yes	7.76%	298,476	-
MARTIN CO HEALTH DEPT	Health Departments	5,286,010	0.02810%	243,948	Yes	7.76%	243,948	-
BOYLE CO HEALTH DEPT	Health Departments	6,346,920	0.03374%	292,920	Yes	7.76%	292,920	-
BOURBON CO HEALTH CENTER	Health Departments	7,775,901	0.04133%	358,812	Yes	7.76%	358,812	-
ANDERSON CO HEALTH DEPT	Health Departments	5,076,042	0.02698%	234,228	Yes	7.76%	234,228	-
LEWIS CO HEALTH DEPT	Health Departments	3,061,131	0.01627%	141,252	Yes	7.76%	141,252	-
ESTILL CO HEALTH DEPT	Health Departments	5,579,547	0.02966%	257,496	Yes	7.76%	257,496	-
LINCOLN CO HEALTH DEPT	Health Departments	4,897,375	0.02603%	225,984	Yes	7.76%	225,984	-
BRECKINRIDGE CO HEALTH BD	Health Departments	7,704,261	0.04095%	355,512	Yes	7.76%	355,512	-
GRAYSON COUNTY HEALTH DEPT	Health Departments	4,598,067	0.02444%	212,172	Yes	7.76%	212,172	-
GARRARD COUNTY HEALTH DPT	Health Departments	3,926,271	0.02087%	181,188	Yes	7.76%	181,188	-
TODD CO HEALTH DEPT	Health Departments	4,687,868	0.02492%	216,348	Yes	7.76%	216,348	-
FLEMING CO HEALTH DEP	Health Departments	4,386,549	0.02332%	202,452	Yes	7.76%	202,452	-
MONROE CO HEALTH DEPT	Health Departments	3,137,459	0.01668%	144,804	Yes	7.76%	144,804	-
BRACKEN CO HEALTH DEPT	Health Departments	2,410,616	0.01281%	111,216	Yes	7.76%	111,216	-
POWELL CO HEALTH DEPT	Health Departments	4,200,545	0.02233%	193,860	Yes	7.76%	193,860	-
CARTER CO HEALTH DEPT	Health Departments	5,555,239	0.02953%	256,368	Yes	7.76%	256,368	-
KY HIGHER ED STUD LN CORP	Non-P1 State Assoc/Corp.	81,896,904	0.43533%	3,779,352	No	7.76%	3,779,352	-
CSG HEADQUARTERS	Non-P1 State Assoc/Corp.	19,274,916	0.10246%	889,512	No	7.76%	889,512	-
KET FOUNDATION	Non-P1 State Assoc/Corp.	15,066,238	0.08009%	695,304	No	7.76%	695,304	-
ASST OF COMMONWEALTH ATTY	Non-P1 State Assoc/Corp.	5,807,856	0.03087%	267,996	No	7.76%	267,996	-
HIGHSCHOOL ATHLETIC ASSOC	Non-P1 State Assoc/Corp.	1,413,847	0.00752%	65,280	No	7.76%	65,280	-
O A S I S	Non-P1 State Agencies	2,304,549	0.01225%	106,344	Yes	7.76%	106,344	-
KDVA	Non-P1 State Agencies	2,431,059	0.01292%	112,164	Yes	7.76%	112,164	-
B.R.A.S.S.	Non-P1 State Agencies	2,132,362	0.01133%	98,364	Yes	7.76%	98,364	-
BLUEGRASS RAPE CRISIS CTR	Non-P1 State Agencies	2,744,493	0.01459%	126,660	Yes	7.76%	126,660	-
SAFE HARBOR	Non-P1 State Agencies	1,312,696	0.00698%	60,600	Yes	7.76%	60,600	-
SANCTUARY INC	Non-P1 State Agencies	2,510,255	0.01334%	115,812	Yes	7.76%	115,812	-
LOTUS	Non-P1 State Agencies	1,074,054	0.00571%	49,572	Yes	7.76%	49,572	-
BETHANY HOUSE ABUSE SHELT	Non-P1 State Agencies	1,675,224	0.00890%	77,268	Yes	7.76%	77,268	-

DRAFT

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: Accrued Liability based on June 30, 2019 Valuation[2]	Fixed Allocation of Amortization Cost	Amortization Cost for prior year (FYE2027)	Amortization Cost Remains Level until Actuarial Investigation[3]	Components of Required Contribution for FYE 2028: Normal Cost (% of Pay)	Amortization Cost	Change in Amortization Cost from FY27 to FY28
(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)
SPRINGHAVEN INC	Non-P1 State Agencies	1,527,812	0.00812%	70,500	Yes	7.76%	70,500	-
KASAP	Non-P1 State Agencies	943,862	0.00502%	43,584	Yes	7.76%	43,584	-
SILVERLEALF	Non-P1 State Agencies	2,017,711	0.01073%	93,156	Yes	7.76%	93,156	-
WOMEN AWARE	Non-P1 State Agencies	975,811	0.00519%	45,060	Yes	7.76%	45,060	-
D.O.V.E.S.	Non-P1 State Agencies	1,319,147	0.00701%	60,852	Yes	7.76%	60,852	-
NURSING HOME OMBUDSMAN	Non-P1 State Agencies	879,808	0.00468%	40,632	No	7.76%	40,632	-
HOPE HARBOR INC	Non-P1 State Agencies	824,202	0.00438%	38,028	Yes	7.76%	38,028	-
CHILD WATCH ADVOCACY CTR	Non-P1 State Agencies	718,149	0.00382%	33,168	Yes	7.76%	33,168	-
FRANKLIN CO COUNCIL AGING	Non-P1 State Agencies	2,147,140	0.01141%	99,060	No	7.76%	99,060	-
JUDI'S PLACE FOR KIDS, INC.	Non-P1 State Agencies	777,468	0.00413%	35,856	Yes	7.76%	35,856	-
KENTUCKY HORSE RACING & GAMING CORPORA	Non-P1 State Agencies	15,995,619	0.08503%	738,192	No	7.76%	738,192	-
CUMBERLAND V C A CENTER	Non-P1 State Agencies	821,917	0.00437%	37,944	Yes	7.76%	37,944	-
KY ASSOC OF REGIONAL PROG	Non-P1 State Agencies	1,817,343	0.00966%	83,868	Yes	7.76%	83,868	-
BARREN RIVER CHILD ADVOCA	Non-P1 State Agencies	406,450	0.00216%	18,756	Yes	7.76%	18,756	-
CHILD ADV CTR OF GRN RVR	Non-P1 State Agencies	572,517	0.00304%	26,388	Yes	7.76%	26,388	-
MUN ELEC POW ASSOC OF KY	Non-P1 State Agencies	1,745,743	0.00928%	80,568	No	7.76%	80,568	-
KY RIVER CHILD ADVOCACY	Non-P1 State Agencies	290,885	0.00155%	13,452	Yes	7.76%	13,452	-
PENNYRILE CHILD ADV CTR	Non-P1 State Agencies	460,162	0.00245%	21,264	Yes	7.76%	21,264	-
LAKE CUMB CHILD ADV CTR	Non-P1 State Agencies	545,959	0.00290%	25,176	Yes	7.76%	25,176	-
BUFFALO TR CHILD ADV INC	Non-P1 State Agencies	252,189	0.00134%	11,628	Yes	7.76%	11,628	-
NEW VISTA OF THE BLUEGRASS, INC.	Reg Mental Hlth Units	183,780,745	0.97691%	8,481,120	Yes	7.76%	8,481,120	-
CUMBERLAND RIVER MHMR	Reg Mental Hlth Units	98,252,502	0.52227%	4,534,128	Yes	7.76%	4,534,128	-
LIFESKILLS INC	Reg Mental Hlth Units	129,215,562	0.68686%	5,963,028	Yes	7.76%	5,963,028	-
COMMUNICARE INC	Reg Mental Hlth Units	66,572,026	0.35387%	3,072,156	Yes	7.76%	3,072,156	-
ADANTA/BEHAVIORAL HLTH SR	Reg Mental Hlth Units	89,012,578	0.47316%	4,107,780	Yes	7.76%	4,107,780	-
MOUNTAIN COMP CARE CENTER	Reg Mental Hlth Units	45,808,460	0.24350%	2,113,968	Yes	7.76%	2,113,968	-
GREEN RVR REG MHMR BD	Reg Mental Hlth Units	29,849,717	0.15867%	1,377,504	Yes	7.76%	1,377,504	-
NORTHERN KY REG MHMR BD	Reg Mental Hlth Units	57,271,755	0.30443%	2,642,940	Yes	7.76%	2,642,940	-
WESTERN KY REG MHMR ADV	Reg Mental Hlth Units	35,526,557	0.18885%	1,639,512	Yes	7.76%	1,639,512	-
COMPREHEND INC REG MHMR B	Reg Mental Hlth Units	29,064,447	0.15450%	1,341,300	Yes	7.76%	1,341,300	-
SEVEN CO SERVICES INC	Reg Mental Hlth Units	154,213,520	0.81974%	7,116,636	Yes	7.76%	7,116,636	-
KY RIVER COMM CARE INC	Reg Mental Hlth Units	26,687,511	0.14186%	1,231,572	Yes	7.76%	1,231,572	-
EASTERN KY UNIV	Universities	239,031,382	1.27060%	11,030,820	No	7.76%	11,030,820	-
KCTCS	Universities	156,197,124	0.83028%	7,208,148	No	7.76%	7,208,148	-
WESTERN KENTUCKY UNIV	Universities	180,798,950	0.96106%	8,343,516	No	7.76%	8,343,516	-
MURRAY STATE UNIV	Universities	132,693,175	0.70534%	6,123,468	No	7.76%	6,123,468	-
MOREHEAD STATE UNIVERSITY	Universities	120,999,617	0.64319%	5,583,912	No	7.76%	5,583,912	-
KENTUCKY STATE UNIVERSITY	Universities	44,391,511	0.23597%	2,048,592	No	7.76%	2,048,592	-
ALLEN COUNTY ATTORNEY	County Attorneys	1,658,981	0.00882%	76,572	No	7.76%	76,572	-
ANDERSON COUNTY ATTORNEY	County Attorneys	1,971,500	0.01048%	90,984	No	7.76%	90,984	-
BARREN COUNTY ATTORNEY	County Attorneys	2,875,029	0.01528%	132,660	No	7.76%	132,660	-
BATH COUNTY ATTORNEY	County Attorneys	2,729	0.00001%	84	No	7.76%	84	-
BELL COUNTY ATTORNEY	County Attorneys	1,931,690	0.01027%	89,160	No	7.76%	89,160	-
BOONE COUNTY ATTORNEY	County Attorneys	5,092,956	0.02707%	235,008	No	7.76%	235,008	-
BOYLE COUNTY ATTORNEY	County Attorneys	155,378	0.00083%	7,200	No	7.76%	7,200	-
BRECKINRIDGE CO ATTORNEY	County Attorneys	1,029,674	0.00547%	47,484	No	7.76%	47,484	-
BULLITT COUNTY ATTORNEY	County Attorneys	703,350	0.00374%	32,472	No	7.76%	32,472	-
CALLOWAY COUNTY ATTORNEY	County Attorneys	54,643	0.00029%	2,520	No	7.76%	2,520	-
CARROLL COUNTY ATTORNEY	County Attorneys	873,614	0.00464%	40,284	No	7.76%	40,284	-
CASEY COUNTY ATTORNEY	County Attorneys	947,428	0.00504%	43,752	No	7.76%	43,752	-
CHILD SUPPORT ENCORCEMENT	County Attorneys	255,979	0.00136%	11,808	No	7.76%	11,808	-
CHRISTIAN COUNTY ATTORNEY	County Attorneys	984,086	0.00523%	45,408	No	7.76%	45,408	-
CLARK COUNTY ATTORNEY	County Attorneys	1,322,750	0.00703%	61,032	No	7.76%	61,032	-
CRITTENDEN CO ATTORNEY	County Attorneys	365,437	0.00194%	16,848	No	7.76%	16,848	-
DAVIESS COUNTY ATTORNEY	County Attorneys	1,578,350	0.00839%	72,840	No	7.76%	72,840	-
EDMONSON COUNTY ATTORNEY	County Attorneys	474,886	0.00252%	21,876	No	7.76%	21,876	-
FAYETTE CO ATTORNEY OFF	County Attorneys	3,136,743	0.01667%	144,720	No	7.76%	144,720	-
FLOYD COUNTY ATTORNEY	County Attorneys	1,121,075	0.00596%	51,744	No	7.76%	51,744	-
FRANKLIN COUNTY ATTORNEY	County Attorneys	4,833,960	0.02570%	223,116	No	7.76%	223,116	-
GARRARD COUNTY ATTORNEY	County Attorneys	988,761	0.00526%	45,660	No	7.76%	45,660	-
GRANT COUNTY CHILD SUPPOR	County Attorneys	363,477	0.00193%	16,752	No	7.76%	16,752	-
GRAVES COUNTY ATTORNEY	County Attorneys	3,272,663	0.01740%	151,056	No	7.76%	151,056	-
HANCOCK COUNTY ATTORNEY	County Attorneys	386,098	0.00205%	17,796	No	7.76%	17,796	-
HARRISON COUNTY ATTORNEY	County Attorneys	114,873	0.00061%	5,292	No	7.76%	5,292	-
HICKMAN COUNTY ATTORNEY	County Attorneys	1,028,593	0.00547%	47,484	No	7.76%	47,484	-
HOPKINS COUNTY ATTORNEY	County Attorneys	1,751,470	0.00931%	80,820	No	7.76%	80,820	-
JACKSON COUNTY ATTORNEY	County Attorneys	700,551	0.00372%	32,292	No	7.76%	32,292	-
JEFFERSON CO ATTORNEY	County Attorneys	17,081,131	0.09080%	788,292	No	7.76%	788,292	-
JOHNSON COUNTY ATTORNEY	County Attorneys	230,506	0.00123%	10,680	No	7.76%	10,680	-
KENTON COUNTY ATTORNEY	County Attorneys	1,021,997	0.00543%	47,136	No	7.76%	47,136	-
KNOTT COUNTY ATTORNEY	County Attorneys	900,207	0.00479%	41,580	No	7.76%	41,580	-
KNOX COUNTY ATTORNEY	County Attorneys	5,454	0.00003%	264	No	7.76%	264	-
LARUE COUNTY ATTORNEY	County Attorneys	1,041,769	0.00554%	48,096	No	7.76%	48,096	-
LAUREL COUNTY ATTORNEY	County Attorneys	353,526	0.00188%	16,320	No	7.76%	16,320	-
LAWRENCE COUNTY ATTORNEY	County Attorneys	144	0.00000%	-	No	7.76%	-	-
LEE COUNTY ATTORNEY	County Attorneys	888,298	0.00472%	40,980	No	7.76%	40,980	-
LOGAN COUNTY ATTORNEY	County Attorneys	1,781,059	0.00947%	82,212	No	7.76%	82,212	-

DRAFT

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: Accrued Liability based on June 30, 2019 Valuation[2]	Fixed Percentage of the Total Amortization Cost: Fixed Allocation of Amortization Cost	Fixed Percentage of the Total Amortization Cost: Amortization Cost for prior year (FYE2027)	Fixed Percentage of the Total Amortization Cost: Amortization Cost Remains Level until Actuarial Investigation[3]	Components of Required Contribution for FYE 2028: Normal Cost (% of Pay)	Components of Required Contribution for FYE 2028: Amortization Cost	Change in Amortization Cost from FY27 to FY28
(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%	298,644	No	7.76%	298,644	-
MAGOFFIN CO ATTORNEY	County Attorneys	195,563	0.00104%	9,024	No	7.76%	9,024	-
MCCRACKEN COUNTY ATTORNEY	County Attorneys	1,092,697	0.00581%	50,436	No	7.76%	50,436	-
MCCREARY COUNTY ATTORNEY	County Attorneys	1,920,823	0.01021%	88,644	No	7.76%	88,644	-
MEADE COUNTY ATTORNEY	County Attorneys	1,485,282	0.00790%	68,580	No	7.76%	68,580	-
MENIFEE COUNTY ATTORNEY	County Attorneys	568,840	0.00302%	26,220	No	7.76%	26,220	-
MERCER COUNTY ATTORNEY	County Attorneys	507,084	0.00270%	23,436	No	7.76%	23,436	-
MONROE CO ATTORNEY	County Attorneys	617,699	0.00328%	28,476	No	7.76%	28,476	-
MONTGOMERY CO ATTORNEY	County Attorneys	1,684,951	0.00896%	77,784	No	7.76%	77,784	-
MORGAN COUNTY ATTORNEY	County Attorneys	1,815,404	0.00965%	83,772	No	7.76%	83,772	-
OLDHAM COUNTY ATTORNEY	County Attorneys	1,690,959	0.00899%	78,048	No	7.76%	78,048	-
OWEN COUNTY ATTORNEY	County Attorneys	490,212	0.00261%	22,656	No	7.76%	22,656	-
PENDLETON COUNTY ATTORNEY	County Attorneys	155,600	0.00083%	7,200	No	7.76%	7,200	-
POWELL COUNTY ATTORNEY	County Attorneys	26,895	0.00014%	1,212	No	7.76%	1,212	-
PULASKI COUNTY ATTORNEY	County Attorneys	1,602,159	0.00852%	73,968	No	7.76%	73,968	-
ROCKCASTLE CO ATTORNEY	County Attorneys	774,276	0.00412%	35,772	No	7.76%	35,772	-
ROWAN COUNTY ATTORNEY	County Attorneys	820,120	0.00436%	37,848	No	7.76%	37,848	-
SHELBY COUNTY ATTORNEY	County Attorneys	400,120	0.00213%	18,492	No	7.76%	18,492	-
SIMPSON COUNTY ATTORNEY	County Attorneys	521,989	0.00277%	24,048	No	7.76%	24,048	-
SPENCER COUNTY ATTORNEY	County Attorneys	1,200,709	0.00638%	55,392	No	7.76%	55,392	-
TRIGG COUNTY ATTORNEY	County Attorneys	933,350	0.00496%	43,056	No	7.76%	43,056	-
TRIMBLE COUNTY ATTORNEY	County Attorneys	749,934	0.00399%	34,644	No	7.76%	34,644	-
UNION COUNTY ATTORNEY	County Attorneys	293,278	0.00156%	13,548	No	7.76%	13,548	-
WAYNE COUNTY ATTORNEY	County Attorneys	668,657	0.00355%	30,816	No	7.76%	30,816	-
WEBSTER COUNTY ATTORNEY	County Attorneys	1,413,256	0.00751%	65,196	No	7.76%	65,196	-
WHITLEY COUNTY ATTORNEY	County Attorneys	2,013,956	0.01071%	92,976	No	7.76%	92,976	-
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%	868,158,252		7.76%	868,158,252	-
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%	868,158,252		7.76%	868,158,252	-

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.
The contribution requirement calculated in the June 30, 2026 actuarial valuation was for informational purposes only.

DRAFT

P: 469.524.0000 | www.grsconsulting.com

October 30, 2026

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, 2026 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.

DRAFT

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, 2026 actuarial valuation report. Please refer to the June 30, 2026 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.

DRAFT

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,

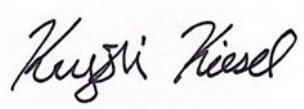
Gabriel, Roeder, Smith & Company



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



Janie Shaw, ASA, EA, MAAA
Senior Consultant and Actuary



Krysti Kiesel, ASA, EA, MAAA
Consultant and Actuary

DRAFT

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	$ 19,006,665	$ 16,992,890	$ 15,319,926
Actuarial Value of Assets	5,543,231	5,543,231	5,543,231
Unfunded Actuarial Accrued Liability	13,463,434	11,449,659	9,776,695
Funded Ratio	29.2%	32.6%	36.2%
Normal Cost Rate	9.60%	6.53%	4.47%
Amortization Cost	$ 903,206	$ 821,807	$ 746,809
Insurance			
Actuarial Accrued Liability	$ 2,839,888	$ 2,543,751	$ 2,296,347
Actuarial Value of Assets	1,918,414	1,918,414	1,918,414
Unfunded Actuarial Accrued Liability	921,474	625,337	377,933
Funded Ratio	67.6%	75.4%	83.5%
Normal Cost Rate	1.49%	1.00%	0.63%
Amortization Cost	$ 51,654	$ 30,474	$ 10,031
Combined			
Actuarial Accrued Liability	$ 21,846,553	$ 19,536,641	$ 17,616,273
Actuarial Value of Assets	7,461,645	7,461,645	7,461,645
Unfunded Actuarial Accrued Liability	14,384,908	12,074,996	10,154,628
Funded Ratio	34.2%	38.2%	42.4%
Normal Cost Rate	11.09%	7.53%	5.10%
Amortization Cost	$ 954,860	$ 852,281	$ 756,840

DRAFT

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	$ 17,430,060	$ 16,992,890	$ 16,575,111
Actuarial Value of Assets	5,543,231	5,543,231	5,543,231
Unfunded Actuarial Accrued Liability	11,886,829	11,449,659	11,031,880
Funded Ratio	31.8%	32.6%	33.4%
Normal Cost Rate	6.98%	6.53%	6.11%
Amortization Cost	$ 857,469	$ 821,807	$ 787,633
Insurance			
Actuarial Accrued Liability	$ 2,565,489	$ 2,543,751	$ 2,522,974
Actuarial Value of Assets	1,918,414	1,918,414	1,918,414
Unfunded Actuarial Accrued Liability	647,075	625,337	604,560
Funded Ratio	74.8%	75.4%	76.0%
Normal Cost Rate	1.09%	1.00%	0.91%
Amortization Cost	$ 32,527	$ 30,474	$ 28,503
Combined			
Actuarial Accrued Liability	$ 19,995,549	$ 19,536,641	$ 19,098,085
Actuarial Value of Assets	7,461,645	7,461,645	7,461,645
Unfunded Actuarial Accrued Liability	12,533,904	12,074,996	11,636,440
Funded Ratio	37.3%	38.2%	39.1%
Normal Cost Rate	8.07%	7.53%	7.02%
Amortization Cost	$ 889,996	$ 852,281	$ 816,136

DRAFT

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

(1)	Decrease Payroll Growth (2)	Valuation Results (3)	Increase Payroll Growth (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	$ 16,992,890	$ 16,992,890	$ 16,992,890
Actuarial Value of Assets	5,543,231	5,543,231	5,543,231
Unfunded Actuarial Accrued Liability	11,449,659	11,449,659	11,449,659
Funded Ratio	32.6%	32.6%	32.6%
Normal Cost Rate	6.53%	6.53%	6.53%
Amortization Cost	$ 895,747	$ 821,807	$ 751,548
Insurance			
Actuarial Accrued Liability	$ 2,543,751	$ 2,543,751	$ 2,543,751
Actuarial Value of Assets	1,918,414	1,918,414	1,918,414
Unfunded Actuarial Accrued Liability	625,337	625,337	625,337
Funded Ratio	75.4%	75.4%	75.4%
Normal Cost Rate	1.00%	1.00%	1.00%
Amortization Cost	$ 35,655	$ 30,474	$ 25,566
Combined			
Actuarial Accrued Liability	$ 19,536,641	$ 19,536,641	$ 19,536,641
Actuarial Value of Assets	7,461,645	7,461,645	7,461,645
Unfunded Actuarial Accrued Liability	12,074,996	12,074,996	12,074,996
Funded Ratio	38.2%	38.2%	38.2%
Normal Cost Rate	7.53%	7.53%	7.53%
Amortization Cost	$ 931,402	$ 852,281	$ 777,114

DRAFT

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

(1)	Decrease Discount Rate (2)	Valuation Results (3)	Increase Discount Rate (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	$ 1,741,344	$ 1,546,490	$ 1,393,997
Actuarial Value of Assets	1,168,420	1,168,420	1,168,420
Unfunded Actuarial Accrued Liability	572,924	378,070	225,577
Funded Ratio	67.1%	75.6%	83.8%
Actuarially Determined Contribution Rate	25.25%	17.10%	10.62%
Insurance			
Actuarial Accrued Liability	$ 479,449	$ 427,734	$ 385,159
Actuarial Value of Assets	740,577	740,577	740,577
Unfunded Actuarial Accrued Liability	(261,128)	(312,843)	(355,418)
Funded Ratio	154.5%	173.1%	192.3%
Actuarially Determined Contribution Rate	0.00%	0.00%	0.00%
Combined			
Actuarial Accrued Liability	$ 2,220,793	$ 1,974,224	$ 1,779,156
Actuarial Value of Assets	1,908,997	1,908,997	1,908,997
Unfunded Actuarial Accrued Liability	311,796	65,227	(129,841)
Funded Ratio	86.0%	96.7%	107.3%
Actuarially Determined Contribution Rate	25.25%	17.10%	10.62%

DRAFT

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	$ 1,588,451	$ 1,546,490	$ 1,507,246
Actuarial Value of Assets	1,168,420	1,168,420	1,168,420
Unfunded Actuarial Accrued Liability	420,031	378,070	338,826
Funded Ratio	73.6%	75.6%	77.5%
Actuarially Determined Contribution Rate	19.04%	17.10%	15.31%
Insurance			
Actuarial Accrued Liability	$ 432,564	$ 427,734	$ 423,142
Actuarial Value of Assets	740,577	740,577	740,577
Unfunded Actuarial Accrued Liability	(308,013)	(312,843)	(317,435)
Funded Ratio	171.2%	173.1%	175.0%
Actuarially Determined Contribution Rate	0.00%	0.00%	0.00%
Combined			
Actuarial Accrued Liability	$ 2,021,015	$ 1,974,224	$ 1,930,388
Actuarial Value of Assets	1,908,997	1,908,997	1,908,997
Unfunded Actuarial Accrued Liability	112,018	65,227	21,391
Funded Ratio	94.5%	96.7%	98.9%
Actuarially Determined Contribution Rate	19.04%	17.10%	15.31%

DRAFT

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	$ 1,546,490	$ 1,546,490	$ 1,546,490
Actuarial Value of Assets	1,168,420	1,168,420	1,168,420
Unfunded Actuarial Accrued Liability	378,070	378,070	378,070
Funded Ratio	75.6%	75.6%	75.6%
Actuarially Determined Contribution Rate	18.09%	17.10%	16.17%
Insurance			
Actuarial Accrued Liability	$ 427,734	$ 427,734	$ 427,734
Actuarial Value of Assets	740,577	740,577	740,577
Unfunded Actuarial Accrued Liability	(312,843)	(312,843)	(312,843)
Funded Ratio	173.1%	173.1%	173.1%
Actuarially Determined Contribution Rate	0.00%	0.00%	0.00%
Combined			
Actuarial Accrued Liability	$ 1,974,224	$ 1,974,224	$ 1,974,224
Actuarial Value of Assets	1,908,997	1,908,997	1,908,997
Unfunded Actuarial Accrued Liability	65,227	65,227	65,227
Funded Ratio	96.7%	96.7%	96.7%
Actuarially Determined Contribution Rate	18.09%	17.10%	16.17%

DRAFT

Projection of Funded Status and Contribution Effort based on the June 30, 2026 Actuarial Valuation

DRAFT

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	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)
2026	$ 16,993	$ 5,543	$ 11,450	33%	$ 972	$ 106	$ 2,129	6.65%	$ 831
2027	17,036	6,108	10,928	36%	975	109	2,172	6.65%	831
2028	17,046	6,569	10,477	39%	945	111	2,215	6.34%	805
2029	17,031	6,961	10,070	41%	948	113	2,259	6.34%	805
2030	16,994	7,296	9,698	43%	916	115	2,304	6.03%	777
2031	16,939	7,529	9,410	44%	919	118	2,351	6.03%	777
2032	16,872	7,765	9,107	46%	909	120	2,398	5.79%	770
2033	16,795	8,000	8,795	48%	912	122	2,446	5.79%	770
2034	16,711	8,244	8,467	49%	910	125	2,494	5.60%	770
2035	16,622	8,501	8,121	51%	912	127	2,544	5.60%	770
2036	16,534	8,775	7,759	53%	911	130	2,595	5.45%	770
2037	16,459	9,084	7,375	55%	914	132	2,647	5.45%	770
2038	16,395	9,422	6,973	58%	914	135	2,700	5.34%	770
2039	16,344	9,795	6,549	60%	917	138	2,754	5.34%	770
2040	16,308	10,205	6,103	63%	921	140	2,809	5.27%	773
2041	16,290	10,660	5,630	65%	953	143	2,865	5.27%	802
2042	16,292	11,189	5,103	69%	960	146	2,923	5.22%	808
2043	16,313	11,770	4,543	72%	1,009	149	2,981	5.22%	854
2044	16,355	12,449	3,906	76%	1,012	152	3,041	5.18%	855
2045	16,418	13,185	3,233	80%	1,038	155	3,102	5.18%	878
2046	16,504	14,001	2,503	85%	1,050	158	3,164	5.16%	886
2047	16,612	14,888	1,724	90%	1,070	161	3,227	5.16%	904
2048	16,745	15,856	889	95%	1,088	165	3,291	5.14%	919
2049	16,902	16,902	-	100%	171	168	3,357	5.10%	-
2050	17,087	17,087	-	100%	175	171	3,424	5.10%	-
2051	17,299	17,299	-	100%	178	175	3,493	5.10%	-
2052	17,541	17,541	-	100%	182	178	3,563	5.10%	-
2053	17,812	17,812	-	100%	185	182	3,634	5.10%	-
2054	18,113	18,113	-	100%	189	185	3,707	5.10%	-
2055	18,445	18,445	-	100%	193	189	3,781	5.10%	-

DRAFT

Notes and assumptions:

The projection is based on the results of the June 30, 2026 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 remain level throughout the entire projection.

Covered payroll is assumed to increase 2% each year 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 HB500 (passed in the 2026 legislative session), $78.5 million in additional appropriations assumed to be received in FYE 2027.

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	Employer Contribution	Member Contribution	Covered Payroll	Employer Contribution as % of Covered Payroll	Employer Actuarially Determined Contribution
(1)	(2)		(4)	(5)	(6)	(7)	(8)	(9)	(10)
2026	$ 1,546	$ 1,168	$ 378	76%	$ 55	$ 23	$ 293	18.83%	18.83%
2027	1,595	1,277	318	80%	56	24	299	18.83%	17.10%
2028	1,641	1,381	260	84%	46	24	304	15.00%	15.00%
2029	1,686	1,466	220	87%	47	25	311	15.00%	13.42%
2030	1,733	1,542	191	89%	38	25	317	12.14%	12.14%
2031	1,782	1,596	186	90%	39	26	323	12.14%	11.46%
2032	1,834	1,653	181	90%	37	26	330	11.25%	11.25%
2033	1,889	1,712	177	91%	38	27	336	11.25%	11.13%
2034	1,947	1,774	173	91%	38	27	343	11.01%	11.01%
2035	2,010	1,841	169	92%	39	28	350	11.01%	10.88%
2036	2,076	1,911	165	92%	38	29	357	10.76%	10.76%
2037	2,149	1,988	161	93%	39	29	364	10.76%	10.66%
2038	2,225	2,069	156	93%	39	30	371	10.54%	10.54%
2039	2,305	2,154	151	93%	40	30	379	10.54%	10.44%
2040	2,388	2,243	145	94%	38	31	386	9.89%	9.89%
2041	2,477	2,335	142	94%	39	32	394	9.89%	10.97%
2042	2,570	2,432	138	95%	46	32	402	11.44%	11.44%
2043	2,668	2,541	127	95%	47	33	410	11.44%	11.77%
2044	2,771	2,657	114	96%	49	33	418	11.65%	11.65%
2045	2,880	2,779	101	97%	50	34	426	11.65%	12.45%
2046	2,993	2,907	86	97%	56	35	435	12.80%	12.80%
2047	3,110	3,047	63	98%	57	35	444	12.80%	13.87%
2048	3,233	3,194	39	99%	67	36	452	14.71%	14.71%
2049	3,360	3,360	-	100%	31	37	462	6.65%	6.65%
2050	3,492	3,492	-	100%	31	38	471	6.65%	6.65%
2051	3,628	3,628	-	100%	32	38	480	6.65%	6.65%
2052	3,767	3,767	-	100%	33	39	490	6.65%	6.65%
2053	3,909	3,909	-	100%	33	40	500	6.65%	6.65%
2054	4,054	4,054	-	100%	34	41	510	6.65%	6.65%
2055	4,203	4,203	-	100%	35	42	520	6.65%	6.65%

DRAFT

Notes and assumptions:

The projection is based on the results of the June 30, 2026 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 remain level throughout the entire projection.

Covered payroll is assumed to increase 2% each year throughout the entire projection.

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



Kentucky Public Pensions Authority
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	Employer Contribution	Member Contribution	Covered Payroll	Employer Contribution as % of Covered Payroll (Normal Cost)	Employer Contribution (Amortization Cost)
(1)	(2)	(3)	(4)	(3) / (2)	(6)	(7)	(8)	(9)	(10)
2026	$ 2,544	$ 1,918	$ 626	75%	$ 61	$ 13	$ 2,119	1.11%	$ 37
2027	2,599	2,052	547	79%	61	15	2,162	1.11%	37
2028	2,642	2,164	478	82%	41	16	2,205	0.85%	22
2029	2,672	2,233	439	84%	41	17	2,249	0.85%	22
2030	2,688	2,271	417	85%	25	19	2,294	0.61%	11
2031	2,694	2,261	433	84%	25	20	2,340	0.61%	11
2032	2,691	2,240	451	83%	18	21	2,387	0.44%	8
2033	2,680	2,208	472	82%	18	22	2,435	0.44%	8
2034	2,663	2,168	495	81%	15	23	2,483	0.30%	8
2035	2,642	2,123	519	80%	15	24	2,533	0.30%	8
2036	2,619	2,074	545	79%	13	24	2,584	0.20%	8
2037	2,597	2,025	572	78%	13	25	2,635	0.20%	8
2038	2,576	1,975	601	77%	12	26	2,688	0.14%	8
2039	2,559	1,926	633	75%	12	27	2,742	0.14%	8
2040	2,545	1,880	665	74%	33	27	2,797	0.10%	30
2041	2,537	1,860	677	73%	49	28	2,852	0.10%	46
2042	2,535	1,861	674	73%	132	29	2,909	0.06%	131
2043	2,539	1,956	583	77%	136	29	2,968	0.06%	135
2044	2,548	2,067	481	81%	126	30	3,027	0.04%	124
2045	2,563	2,178	385	85%	100	31	3,088	0.04%	99
2046	2,582	2,275	307	88%	107	31	3,149	0.02%	106
2047	2,604	2,386	218	92%	115	32	3,212	0.02%	114
2048	2,627	2,513	114	96%	121	33	3,277	0.02%	121
2049	2,651	2,651	-	100%	1	33	3,342	0.02%	-
2050	2,675	2,675	-	100%	1	34	3,409	0.02%	-
2051	2,699	2,699	-	100%	1	35	3,477	0.02%	-
2052	2,724	2,724	-	100%	1	35	3,547	0.02%	-
2053	2,750	2,750	-	100%	1	36	3,618	0.02%	-
2054	2,776	2,776	-	100%	1	37	3,690	0.02%	-
2055	2,805	2,805	-	100%	1	38	3,764	0.02%	-

DRAFT

Notes and assumptions:

The projection is based on the results of the June 30, 2026 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 remain level throughout the entire projection.

Covered payroll is assumed to increase 2% each year throughout the entire projection.

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

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

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

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

Fiscal Year Beginning July 1,	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability	Funded Ratio	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)
2026	$ 428	$ 741	$ (313)	173%	$ -	$ 2	$ 292	0.00%	0.00%
2027	435	794	(359)	183%	-	3	298	0.00%	0.00%
2028	441	843	(402)	191%	-	3	304	0.00%	0.00%
2029	444	887	(443)	200%	-	3	310	0.00%	0.00%
2030	447	925	(478)	207%	-	3	316	0.00%	0.00%
2031	449	954	(505)	213%	-	3	322	0.00%	0.00%
2032	450	986	(536)	219%	-	3	329	0.00%	0.00%
2033	451	1,019	(568)	226%	-	3	335	0.00%	0.00%
2034	452	1,053	(601)	233%	-	3	342	0.00%	0.00%
2035	453	1,090	(637)	241%	-	3	349	0.00%	0.00%
2036	454	1,131	(677)	249%	-	4	356	0.00%	0.00%
2037	456	1,174	(718)	258%	-	4	363	0.00%	0.00%
2038	459	1,220	(761)	266%	-	4	370	0.00%	0.00%
2039	463	1,271	(808)	275%	-	4	377	0.00%	0.00%
2040	468	1,325	(857)	283%	-	4	385	0.00%	0.00%
2041	474	1,385	(911)	292%	-	4	393	0.00%	0.00%
2042	482	1,449	(967)	301%	-	4	401	0.00%	0.00%
2043	491	1,518	(1,027)	309%	-	4	409	0.00%	0.00%
2044	502	1,592	(1,090)	317%	-	4	417	0.00%	0.00%
2045	513	1,671	(1,158)	326%	-	4	425	0.00%	0.00%
2046	525	1,755	(1,230)	334%	-	4	434	0.00%	0.00%
2047	537	1,845	(1,308)	344%	-	4	442	0.00%	0.00%
2048	550	1,939	(1,389)	353%	-	5	451	0.00%	0.00%
2049	562	2,039	(1,477)	363%	-	5	460	0.00%	0.00%
2050	575	2,145	(1,570)	373%	-	5	469	0.00%	0.00%
2051	588	2,256	(1,668)	384%	-	5	479	0.00%	0.00%
2052	601	2,374	(1,773)	395%	-	5	488	0.00%	0.00%
2053	613	2,499	(1,886)	408%	-	5	498	0.00%	0.00%
2054	625	2,630	(2,005)	421%	-	5	508	0.00%	0.00%
2055	637	2,769	(2,132)	435%	-	5	518	0.00%	0.00%

DRAFT

Notes and assumptions:

The projection is based on the results of the June 30, 2026 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 remain level throughout the entire projection.

Covered payroll is assumed to increase 2% each year 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.

P: 469.524.0000 | www.grsconsulting.com

October 30, 2026

Mr. Ryan Barrow
Executive Director
Kentucky Public Pensions Authority
1260 Louisville Road
Frankfort, KY 40601

Re: Contribution Necessary to Fully Prefund a 1.5% Increase in Retiree Benefits on the Systems Operated by the Kentucky Public Pensions Authority on July 1, 2027

Dear Mr. Barrow:

The purpose of this letter is to communicate the financial cost if the General Assembly enacts an increase in monthly retirement allowances as permitted under KRS 61.691(2) and KRS 78.5518(2).

As of the June 30, 2026 actuarial valuation, there are no pension funds with a funding level greater than 100%, and therefore, no increase in monthly retirement allowance can be paid under KRS 61.691(2)(b)1 and KRS 78.5518(2)(b)1.

The contribution necessary to fully prefund a 1.5% increase in all monthly retirement allowances paid by the corresponding pension funds as of July 1, 2027 is provided below. The respective appropriations provided below are sufficient and appropriate to fund a 1.5% benefit increase and therefore, the benefit increase would not impact the on-going employer contribution requirement for the pension funds.

Pension Fund	Appropriation Necessary to Fully Prefund a 1.5% Increase in Retirement Allowances as of July 1, 2027
KERS Non-Hazardous	$165 million
KERS Hazardous	$14 million
SPRS	$13 million
CERS Non-Hazardous	$146 million
CERS Hazardous	$63 million

DRAFT

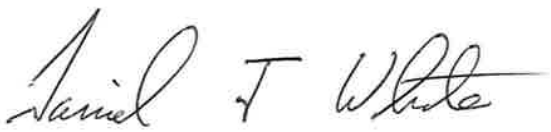
5605 North MacArthur Boulevard | Suite 870 | Irving, Texas 75038-2631

Basis of Calculations

GRS based the calculations and analysis in this letter on the member and financial data provided by KPPA for use in performing the actuarial valuation as of June 30, 2026. Our calculations are based upon assumptions regarding future events, which may or may not materialize. Depending on actual plan experience, actual results could deviate significantly.

All of the undersigned are members of the American Academy of Actuaries and meet all of the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. In addition, all three are independent of KPPA and are experienced in performing valuations for large public retirement systems. This communication shall not be construed to provide tax advice, legal advice or investment advice.

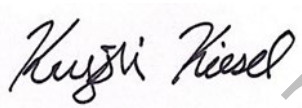
Sincerely,
Gabriel, Roeder, Smith & Company



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



Janie Shaw, ASA, EA, MAAA
Senior Consultant and Actuary



Krysti Kiesel, ASA, EA, MAAA
Consultant and Actuary

DRAFT

State Police Retirement System (SPRS)

Actuarial Valuation Report
as of June 30, 2026

DRAFT



P: 469.524.0000 | www.grsconsulting.com

October 30, 2026

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

Subject: Actuarial Valuation as of June 30, 2026

Dear Trustees of the Board:

This report describes the current actuarial condition of the State Police Retirement System (SPRS), provides the actuarially determined employer contribution, analyzes changes in KERS's financial condition and provides various summaries of the data. The results of this actuarial valuation, including the calculated employer contribution rates will be used by the Board and stakeholders for informational purposes only as the employer contribution rate for the fiscal years ending June 30, 2027 and June 30, 2028 were certified in the June 30, 2025 actuarial valuation, which was adopted by the Board and incorporated in the Commonwealth's budget for the biennium period.

EXECUTIVE SUMMARY OF VALUATION RESULTS

The first page of the executive summary provides a table with a comparison of the valuation results from 2025 to 2026. Fund investments earned between 12.0% and 12.9% in fiscal year 2026, with returns varying by fund, which resulted in $69 million ($51 million pension and $18 million insurance) more in assets than expected at the beginning of the year.

Retirement fund liabilities were $22 million larger than expected, primarily attributable to salary increases for individual member being greater than expected. Insurance fund liabilities were $3 million larger than expected. This is due to lower than expected Medicare premiums for 2027 that was offset by demographic losses due to a significant number of retirements during fiscal year 2026.

The contribution rate decreased by 1.33% of pay to 53.00% of pay. This reflects a 0.05% decrease in the pension fund contribution rate and a 1.28% decrease in the insurance contribution rate, primarily due to favorable investment experience in fiscal year 2026.

DRAFT

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,				
	2026	**2030**	**2035**	**2045**	**2055**
	Year 1	Year 5	Year 10	Year 20	Year 30
SPRS					
Employer Contribution Rate[1]	54.33%	40.40%	36.91%	55.95%	17.70%
Unfunded Liability – Pension Only	$388	$282	$268	$170	$0
Funded Ratio – Pension Only	67%	76%	78%	88%	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 (23 years remaining as of June 30, 2026). 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 23-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 2026. The appropriation for FY 2026 was reflected in the contribution requirement calculated in the prior year's valuation.

DRAFT

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, 2026. 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, 2026, by the Kentucky Public Pensions Authority (KPPA) staff. The staff also supplied asset information as of June 30, 2026. 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, 2026.

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.

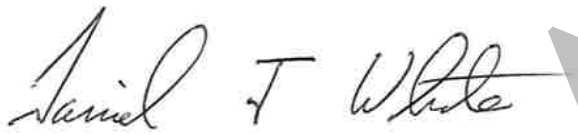
DRAFT

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
Senior Consultant



Krysti Kiesel, ASA, EA, MAAA
Consultant

DRAFT

Table of Contents

		Page
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

DRAFT

SECTION 1

EXECUTIVE SUMMARY

DRAFT

Summary of Principal Results

(Dollar amounts expressed in thousands)

	SPRS	
	June 30, 2026	June 30, 2025
Actuarially Determined Contribution:		
Retirement	51.79%	51.84%
Insurance	1.21%	2.49%
Total	53.00%	54.33%
Contribution Rate for Next Fiscal Year[1]	54.33%	54.33%
Assets:		
Retirement		
• Actuarial value (AVAR)	$769,786	$699,539
• Market value (MVAR)	$845,307	$741,282
• Ratio of actuarial to market value of assets	91.1%	94.4%
Insurance		
• Actuarial value (AVAI)	$284,185	$276,806
• Market value (MVAI)	$312,082	$291,043
• Ratio of actuarial to market value of assets	91.1%	95.1%
Funded Status:		
Retirement		
• Actuarial accrued liability	$1,158,069	$1,130,393
• Unfunded accrued liability on AVAR	$388,283	$430,854
• Funded ratio on AVAR	66.5%	61.9%
• Unfunded accrued liability on MVAR	$312,762	$389,111
• Funded ratio on MVAR	73.0%	65.6%
Insurance		
• Actuarial accrued liability	$279,582	$273,394
• Unfunded accrued liability on AVAI	($4,603)	($3,412)
• Funded ratio on AVAI	101.6%	101.2%
• Unfunded accrued liability on MVAI	($32,500)	($17,649)
• Funded ratio on MVAI	111.6%	106.5%
Membership:		
• Number of		
- Active Members	865	863
- Retirees and Beneficiaries	1,746	1,693
- Inactive Members	808	775
- Total	3,419	3,331
• Projected payroll of active members	$72,712	$74,405
• Average salary of active members	$84,060	$86,217

[1] Contribution rates calculated with the June 30, 2025 valuation are effective for fiscal years ending June 30, 2027 and June 30 2028. Contributions calculated with the June 30, 2026 valuation are for informational purposes only.

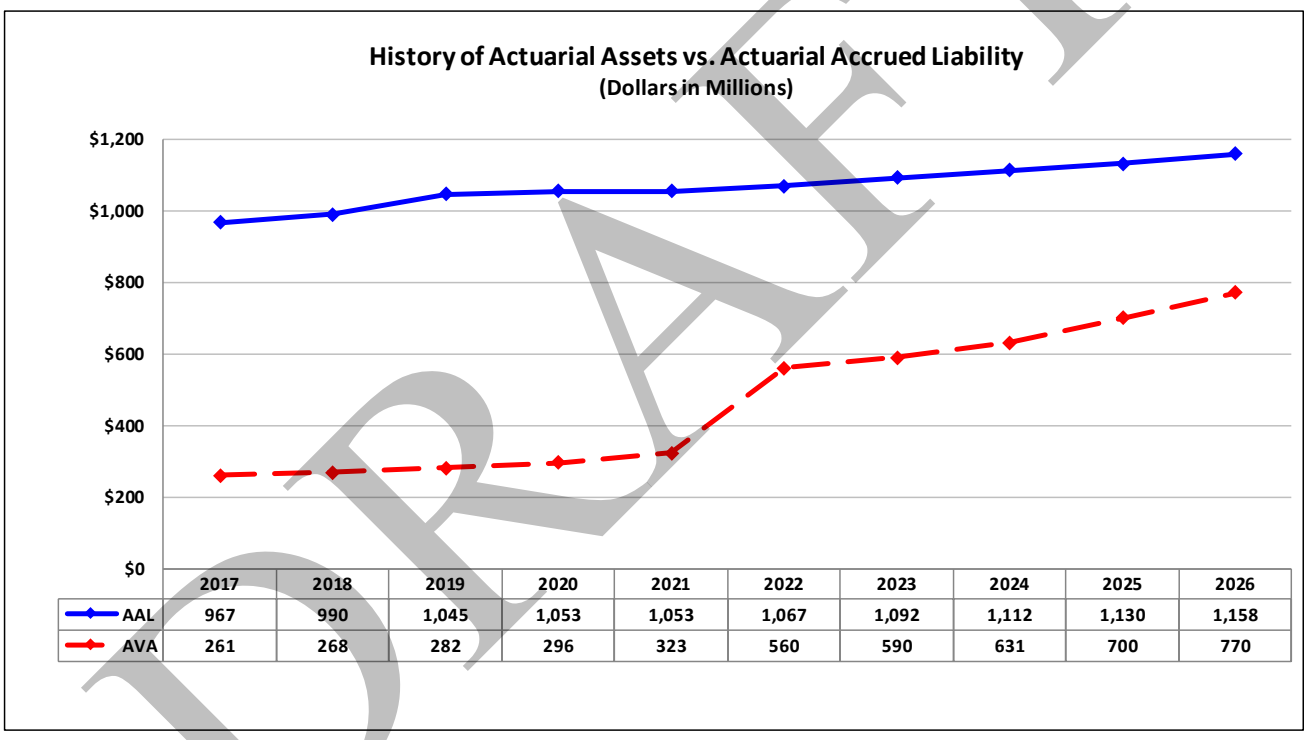
DRAFT

Executive Summary (Continued)

Retirement Fund

The unfunded actuarial accrued liability of the retirement fund decreased by $43 million since the prior year's valuation to $388 million. This decrease was approximately $3 million less than expected, primarily due to the accrued liability being higher than expected as a result of salary increases for individual members being greater than assumed. This was partially offset by 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.



	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
AAL	967	990	1,045	1,053	1,053	1,067	1,092	1,112	1,130	1,158
AVA	261	268	282	296	323	560	590	631	700	770

DRAFT

Insurance Fund

The funding surplus (assets in excess of the actuarial accrued liability) of the insurance fund increased by $1.2 million since the prior year's valuation from $3.4 million to $4.6 million as of June 30, 2026. The funding surplus was expected to decrease to $2.1 million; therefore, the funding surplus of the hazardous insurance fund was $2.5 million higher than expected. The actuarial gain on the insurance fund is primarily due to favorable investment experience for fiscal year 2026.

On average, pre-Medicare premiums were approximately 2% higher than expected and Medicare premiums were approximately 11% lower 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 short-term 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 combined impact of the 2027 healthcare premiums and future healthcare trend assumption change decreased the liability for the insurance fund by approximately $3.1 million.

DRAFT

SECTION 2

DISCUSSION

DRAFT

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, 2026 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, analyze changes in SPRS's financial condition, and provide various summaries of the data. The results of this actuarial valuation, including the calculated employer contribution rate, will be used by the Board and stakeholders for informational purposes only as the employer contribution rate for the fiscal years ending June 30, 2027 and June 30, 2028 was certified in the June 30, 2025 actuarial valuation, which was adopted by the Board and incorporated in the Commonwealth's budget for the biennium period.

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.

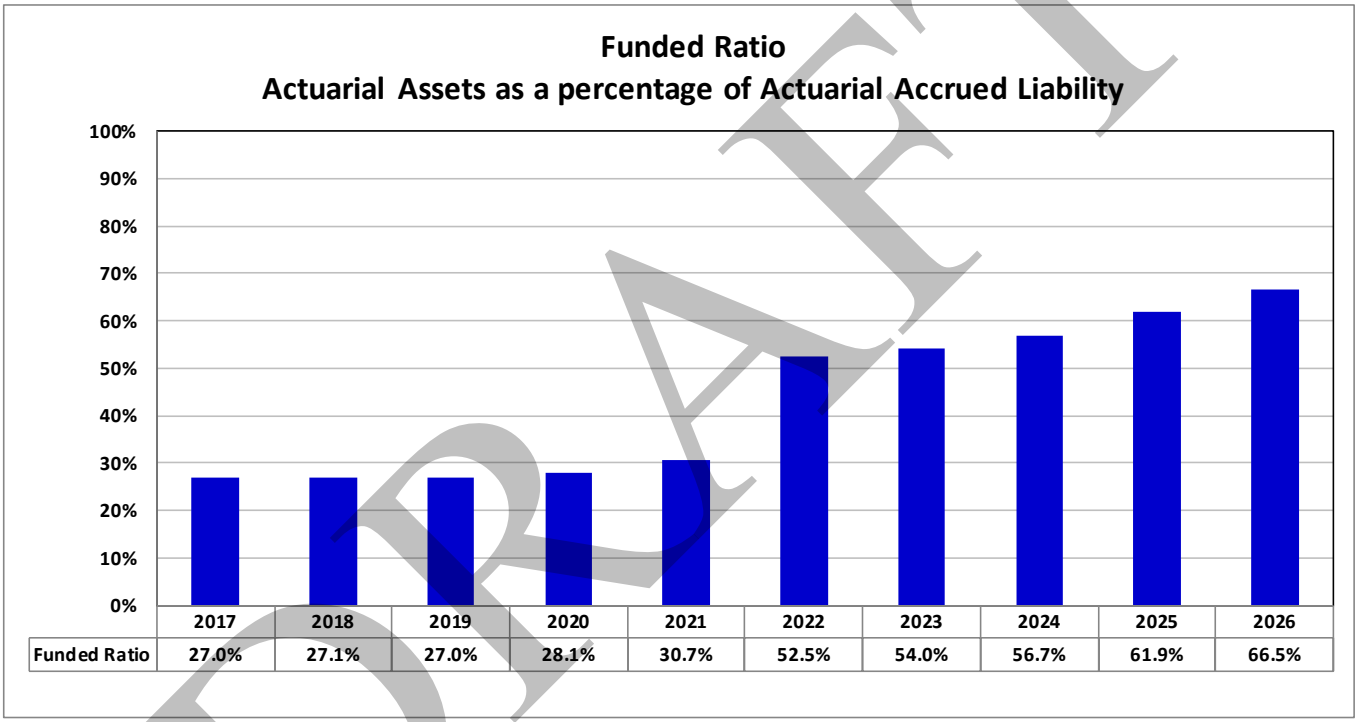
All of the actuarial and financial tables referenced by the other sections of this report appear in Section 3. Section 4 provides additional details related to the calculation of the amortization of the unfunded actuarial accrued liability. Section 5 provides member data and statistical information. 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.

DRAFT

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.



	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Funded Ratio	27.0%	27.1%	27.0%	28.1%	30.7%	52.5%	54.0%	56.7%	61.9%	66.5%

DRAFT

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 $700 million to $770 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 12.0% which is more than the 5.25% expected annual return. The return on an actuarial (smoothed) asset value was 8.0%, which resulted in a $19 million gain for the fiscal year. The market value of assets is $76 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.

DRAFT

Actuarial Gains/ (Losses)

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

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

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

		Retirement		Insurance
A.	Calculation of total actuarial gain or loss			
1.	Unfunded actuarial accrued liability (UAAL), previous year	$ 430,854	$	(3,412)
2.	Normal cost and administrative expenses	20,536		3,817
3.	Less: contributions for the year	(87,212)		(2,303)
4.	Interest accrual	20,870		(173)
5.	Expected UAAL (Sum of Items 1 - 4)	$ 385,048	$	(2,071)
6.	Actual UAAL as of June 30,2026	$ 388,283	$	(4,603)
7.	Total gain (loss) for the year (Item 5 - Item 6)	$ (3,235)	$	2,532
B.	Source of gains and losses			
8.	Asset gain (loss) for the year	$ 19,102	$	5,470
9.	Liability experience gain (loss) for the year	(22,337)		(2,938)
10.	Plan Change	—		—
11.	Assumption change	—		—
12.	Total	$ (3,235)	$	2,532

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.

DRAFT

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.

DRAFT

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	For Informational Purposes Only*
	Based on the results of the actuarial valuation as of	June 30, 2026
1.	Projected payroll of active members	$ 72,712,000
2.	Projected payroll of active members - Tier 3 Only	$ 34,213,000
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)	$ 2,436,000
5.	Increase in employer contribution due to HB 259 as a percentage of payroll (Item 4 / Item 1)	3.35%
6.	**Employer contribution rate - with HB 259**	**53.00%**
7.	**Employer contribution rate - without HB 259** (Item 6 - Item 5)	**49.65%**

* This June 30, 2026 Actuarial Valuation is for informational purposes only. Contribution rates that were calculated with the June 30, 2025 valuation are effective for fiscal years ending June 30, 2027 and June 30 2028.

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.

DRAFT

SECTION 3

ACTUARIAL TABLES

DRAFT

Actuarial Tables

TABLE NUMBER	PAGE	CONTENT OF TABLE
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

DRAFT

Development of Unfunded Actuarial Accrued Liability

(Dollar amounts expressed in thousands)

		June 30, 2026	
		Retirement (1)	Insurance (2)
1.	Projected payroll of active members	$ 72,712	$ 72,712
2.	Present value of future pay	$ 806,843	$ 729,724
3.	Normal cost rate		
	a. Total normal cost rate	26.82%	4.30%
	b. Less: member contribution rate	-8.00%	-0.72%
	c. Employer normal cost rate	18.82%	3.58%
4.	Actuarial accrued liability for active members		
	a. Present value of future benefits	$ 490,317	$ 81,866
	b. Less: present value of future normal costs	(209,116)	(24,468)
	c. Actuarial accrued liability	$ 281,201	$ 57,398
5.	Total actuarial accrued liability		
	a. Retirees and beneficiaries	$ 864,950	$ 219,084
	b. Inactive members	11,918	3,100
	c. Active members (Item 4c)	281,201	57,398
	d. Total	$ 1,158,069	$ 279,582
6.	Actuarial value of assets	$ 769,786	$ 284,185
7.	Unfunded actuarial accrued liability (UAAL) (Item 5d - Item 6)	$ 388,283	$ (4,603)
8.	Funded Ratio	66.5%	101.6%

DRAFT

Actuarial Present Value of Future Benefits

(Dollar amounts expressed in thousands)

		June 30, 2026	
		Retirement (1)	Insurance (2)
1.	Active members		
	a. Service retirement	$ 462,431	
	b. Deferred termination benefits and refunds	8,544	
	c. Survivor benefits	3,526	
	d. Disability benefits	15,816	
	e. Total	$ 490,317	$ 81,866
2.	Retired members		
	a. Service retirement	$ 782,606	
	b. Disability retirement	11,525	
	c. Beneficiaries	70,819	
	d. Total	$ 864,950	$ 219,084
3.	Inactive members		
	a. Vested terminations	$ 11,087	$ 3,100
	b. Nonvested terminations	831	N/A
	c. Total	$ 11,918	$ 3,100
4.	Total actuarial present value of future benefits	$ 1,367,185	$ 304,050

DRAFT

Development of Actuarially Determined Contribution Rate

		June 30, 2026	
		Retirement (1)	Insurance (2)
1.	Total normal cost rate		
	a. Service retirement	23.99%	
	b. Deferred termination benefits and refunds	1.26%	
	c. Survivor benefits	0.31%	
	d. Disability benefits	1.26%	
	e. Total	26.82%	4.30%
2.	Less: member contribution rate	-8.00%	-0.72%
3.	Total employer normal cost rate	18.82%	3.58%
4.	Administrative expenses	0.45%	0.11%
5.	Net employer normal cost rate	19.27%	3.69%
6.	UAAL amortization contribution rate	32.52%	-2.48%
7.	Total calculated employer contribution	51.79%	1.21%

DRAFT

Actuarial Balance Sheet

Retirement Benefits

(Dollar amounts expressed in thousands)

		June 30, 2026 (1)	June 30, 2025 (2)
1.	Assets - Present and Expected Future Resources		
	a. Current assets (actuarial value)	$ 769,786	$ 699,539
	b. Present value of future member contributions	$ 64,547	$ 60,913
	c. Present value of future employer contributions		
	i. Normal cost contributions	$ 144,569	$ 137,593
	ii. Unfunded accrued liability contributions	388,283	430,854
	iii. Total future employer contributions	$ 532,852	$ 568,447
	d. Total assets	$ 1,367,185	$ 1,328,899
2.	Liabilities - Present Value of Expected Future Benefit Payments		
	a. Active members		
	i. Present value of future normal costs	$ 209,116	$ 198,506
	ii. Accrued liability	281,201	314,438
	iii. Total present value of future benefits	$ 490,317	$ 512,944
	b. Present value of benefits payable on account of current retired members and beneficiaries	$ 864,950	$ 803,488
	c. Present value of benefits payable on account of current inactive members	$ 11,918	$ 12,467
	d. Total liabilities	$ 1,367,185	$ 1,328,899

DRAFT

Actuarial Balance Sheet

Insurance Benefits

(Dollar amounts expressed in thousands)

		June 30, 2026 (1)	June 30, 2025 (2)
1.	Assets - Present and Expected Future Resources		
	a. Current assets (actuarial value)	$ 284,185	$ 276,806
	b. Present value of future member contributions	$ 6,653	$ 6,059
	c. Present value of future employer contributions		
	i. Normal cost contributions	$ 17,815	$ 18,125
	ii. Unfunded accrued liability contributions	(4,603)	(3,412)
	iii. Total future employer contributions	$ 13,212	$ 14,713
	d. Total assets	$ 304,050	$ 297,578
2.	Liabilities - Present Value of Expected Future Benefit Payments		
	a. Active members		
	i. Present value of future normal costs	$ 24,468	$ 24,184
	ii. Accrued liability	57,398	75,143
	iii. Total present value of future benefits	$ 81,866	$ 99,327
	b. Present value of benefits payable on account of current retired members and beneficiaries	$ 219,084	$ 195,043
	c. Present value of benefits payable on account of current inactive members	$ 3,100	$ 3,208
	d. Total liabilities	$ 304,050	$ 297,578

DRAFT

Reconciliation of Net Assets

(Dollar amounts expressed in thousands)[1]

	Year Ending June 30, 2026 (1) Retirement	Year Ending June 30, 2026 (2) Insurance
1. Value of assets at beginning of year	$ 741,282	$ 291,043
2. Revenue for the year		
a. Contributions		
i. Member contributions	$ 5,960	$ 480
ii. Employer contributions	56,252	1,792
iii. Other contributions (less 401h)	25,000	31
iv. Total	$ 87,212	$ 2,303
b. Income		
i. Interest, dividends, and other income	$ 27,050	$ 9,858
ii. Investment expenses	(4,727)	(2,277)
iii. Net	$ 22,324	$ 7,581
c. Net realized and unrealized gains (losses)	67,651	29,035
d. Total revenue	$ 177,187	$ 38,919
3. Expenditures for the year		
a. Disbursements		
i. Refunds	$ 732	$ 0
ii. Regular annuity benefits / Healthcare premiums	72,105	17,741
iii. Other benefit payments[2]	0	62
iv. Transfers to other systems	0	0
v. Total	$ 72,837	$ 17,803
b. Administrative expenses and depreciation	325	77
c. Total expenditures	$ 73,162	$ 17,880
4. Increase in net assets (Item 2. - Item 3.)	$ 104,025	$ 21,039
5. Value of assets at end of year (Item 1. + Item 4.)	$ 845,307	$ 312,082
6. Net external cash flow		
a. Dollar amount	$ 14,050	$ (15,577)
b. Percentage of market value	1.8%	-5.2%
7. Estimated annual return on net assets	12.0%	12.9%

[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

DRAFT

Development of Actuarial Value of Assets

Retirement Benefits

(Dollar amounts expressed in thousands)*

	Year Ending	June 30, 2026
1.	Actuarial value of assets at beginning of year	$ 699,539
2.	Market value of assets at beginning of year	$ 741,282
3.	Net new investments	
	a. Contributions	$ 87,212
	b. Benefit payments	(72,837)
	c. Administrative expenses	(325)
	d. Subtotal	$ 14,050
4.	Market value of assets at end of year	$ 845,307
5.	Net earnings (Item 4. - Item 2. - Item 3.d.)	$ 89,974
6.	Assumed investment return rate for fiscal year	5.25%
7.	Expected return for immediate recognition	$ 39,286
8.	Excess return for phased recognition	$ 50,688
9.	Phased-in recognition, 20% of excess return on assets for prior years:	

	Fiscal Year Ending June 30,	Excess Return	Recognized Amount
a.	2026	$ 50,688	$ 10,138
b.	2025	37,168	7,434
c.	2024	25,789	5,158
d.	2023	11,768	2,354
e.	2022	(40,859)	(8,172)
f.	Total		$ 16,911

10.	Actuarial value of assets as of June 30, 2026 (Item 1. + Item 3.d. + Item 7.+ Item 9.f.)	$ 769,786
11.	Ratio of actuarial value to market value	91.1%
12.	Estimated annual return on actuarial value of assets	8.0%

* Amounts may not add due to rounding

DRAFT

Development of Actuarial Value of Assets

Insurance Benefits

(Dollar amounts expressed in thousands)*

	Year Ending	June 30, 2026
1.	Actuarial value of assets at beginning of year	$ 276,806
2.	Market value of assets at beginning of year	$ 291,043
3.	Net new investments	
	a. Contributions	$ 2,303
	b. Benefit payments	(17,803)
	c. Administrative expenses	(77)
	d. Subtotal	$ (15,577)
4.	Market value of assets at end of year	$ 312,082
5.	Net earnings (Item 4. - Item 2. - Item 3.d.)	$ 36,616
6.	Assumed investment return rate for fiscal year	6.50%
7.	Expected return for immediate recognition	$ 18,412
8.	Excess return for phased recognition	$ 18,205
9.	Phased-in recognition, 20% of excess return on assets for prior years:	

	Fiscal Year Ending June 30,	Excess Return	Recognized Amount
a.	2026	$ 18,205	$ 3,641
b.	2025	12,561	2,512
c.	2024	10,886	2,177
d.	2023	7,212	1,442
e.	2022	(26,141)	(5,228)
f.	Total		$ 4,545

10.	Actuarial value of assets as of June 30, 2026 (Item 1. + Item 3.d. + Item 7.+ Item 9.f.)	$ 284,185
11.	Ratio of actuarial value to market value	91.1%
12.	Estimated annual return on actuarial value of assets	8.5%

* Amounts may not add due to rounding

DRAFT

Schedule of Funding Progress

(Dollar amounts expressed in thousands)

June 30,	Actuarial Value of Assets (AVA)	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL) (3) - (2)	Funded Ratio (2)/(3)	Annual Covered Payroll	UAAL as % of Payroll (4)/(6)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
			Retirement			
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%
2026	769,786	1,158,069	388,283	66.5%	72,712	534.0%
			Insurance			
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%
2026	284,185	279,582	(4,603)	101.6%	72,712	-6.3%

DRAFT

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, 2026
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.

DRAFT

Solvency Test

(Dollar amounts expressed in thousands)

June 30,	Actuarial Accrued Liability: Active Member Contributions	Actuarial Accrued Liability: Retired Members & Beneficiaries	Actuarial Accrued Liability: Active Members (Employer Financed)	Valuation Assets	Portion of Aggregate Accrued Liabilities Covered by Assets: Active	Portion of Aggregate Accrued Liabilities Covered by Assets: Retired	Portion of Aggregate Accrued Liabilities Covered by Assets: ER Financed
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
			Retirement				
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%
2026	52,250	876,868	228,951	769,786	100.0%	81.8%	0.0%
			Insurance				
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%
2026	-	222,184	57,398	284,185	100.0%	100.0%	100.0%

DRAFT

SECTION 4

AMORTIZATION BASES

DRAFT

Amortization of Unfunded Liability

Retirement

Valuation Year Base Established	Original Amortization Base	Remaining at June 30, 2026	Payments for FYE 2028	Funding Period at June 30, 2026
June 30, 2019	$ 763,156	$ 673,902	$ 49,853	23
June 30, 2020	3,748	4,200	420	14
June 30, 2021	(231,783)	(209,644)	(20,021)	15
June 30, 2022	16,308	14,259	1,305	16
June 30, 2023	170	(11,228)	(989)	17
June 30, 2024	(2,606)	(30,631)	(2,604)	18
June 30, 2025	(15,271)	(48,290)	(3,975)	19
June 30, 2026	(4,285)	(4,285)	(345)	20
Total		$ 388,283	$ 23,644	
Projected Payroll for FYE 2028			$ 72,712	
Amortization Payments as a Percentage of Payroll			32.52%	

Insurance

Valuation Year Base Established	Original Amortization Base	Remaining at June 30, 2026	Payments for FYE 2028	Funding Period at June 30, 2026
June 30, 2019	$ 79,414	$ 68,421	$ 5,633	23
June 30, 2020	(5,896)	(5,413)	(582)	14
June 30, 2021	(18,445)	(17,231)	(1,776)	15
June 30, 2022	(48,536)	(47,361)	(4,698)	16
June 30, 2023	4,090	(3,164)	(303)	17
June 30, 2024	(4,762)	(5,078)	(472)	18
June 30, 2025	7,945	7,866	710	19
June 30, 2026	(2,643)	(2,643)	(311)	20
Total		$ (4,603)	$ (1,799)	
Projected Payroll for FYE 2028			$ 72,658	
Amortization Payments as a Percentage of Payroll			-2.48%	

Note:
Budgeted contribution rates for FYE 2027 were known at the time of the June 30, 2026 Valuation.
Amortization bases established at this valuation date were adjusted accordingly.

DRAFT

SECTION 5

MEMBERSHIP INFORMATION

DRAFT

Membership Tables

TABLE NUMBER	PAGE	CONTENT OF TABLE
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

DRAFT

Summary of Membership Data

(Total dollar amounts expressed in thousands)

		June 30, 2026 (1)	June 30, 2025 (2)
1.	Active members		
a.	Males	839	837
b.	Females	26	26
c.	Total members	865	863
d.	Total annualized prior year salaries	$ 72,712	$ 74,405
e.	Average salary[2]	$ 84,060	$ 86,217
f.	Average age	36.3	37.7
g.	Average service	10.2	11.4
h.	Member contributions with interest	$ 52,250	$ 56,226
i.	Average contributions with interest[2]	$ 60,405	$ 65,152
2.	Vested inactive members[1]		
a.	Number	336	339
b.	Total annual deferred benefits	$ 1,242	$ 1,296
c.	Average annual deferred benefit[2]	$ 3,696	$ 3,823
d.	Average age at the valuation date	45.9	45.6
3.	Nonvested inactive members[1]		
a.	Number	472	436
b.	Total member contributions with interest	$ 829	$ 661
c.	Average contributions with interest[2]	$ 1,756	$ 1,516
4.	Service retirees		
a.	Number	1,421	1,374
b.	Total annual benefits	$ 58,832	$ 54,790
c.	Average annual benefit[2]	$ 41,402	$ 39,876
d.	Average age at the valuation date	65.3	65.3
5.	Disabled retirees		
a.	Number	52	50
b.	Total annual benefits	$ 910	$ 821
c.	Average annual benefit[2]	$ 17,500	$ 16,420
d.	Average age at the valuation date	59.9	59.2
6.	Beneficiaries		
a.	Number	273	269
b.	Total annual benefits	$ 8,029	$ 7,917
c.	Average annual benefit[2]	$ 29,410	$ 29,431
d.	Average age at the valuation date	69.8	69.6

[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.

DRAFT

Summary of Historical Active Membership

	Active Members		Covered Payroll[1]		Average Annual Pay	
June 30,	Number	Percent Increase /(Decrease)	Amount in Thousands	Percent Increase /(Decrease)	Amount	Percent Increase /(Decrease)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
2017	903		$ 48,598		$ 53,819	
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%
2026	865	0.2%	72,712	-2.3%	84,060	-2.5%

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

DRAFT

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	49	13	9	7	0	0	0	0	0	0	0	0	78
	$34,901	$69,013	$70,582	$70,959	$0	$0	$0	$0	$0	$0	$0	$0	$47,940
25-29	31	11	15	27	61	33	0	0	0	0	0	0	178
	$36,504	$67,086	$70,503	$69,749	$76,493	$80,145	$0	$0	$0	$0	$0	$0	$68,097
30-34	4	4	7	10	19	63	27	0	0	0	0	0	134
	$39,188	$68,429	$69,855	$69,972	$77,762	$84,721	$90,544	$0	$0	$0	$0	$0	$81,185
35-39	6	4	4	2	8	41	65	26	0	0	0	0	156
	$20,404	$71,155	$63,148	$65,109	$75,497	$83,816	$89,684	$95,172	$0	$0	$0	$0	$84,194
40-44	2	1	1	1	4	14	38	63	16	0	0	0	140
	$24,676	$75,907	$67,752	$69,545	$76,747	$82,609	$90,193	$98,569	$119,793	$0	$0	$0	$94,857
45-49	0	1	0	0	1	3	16	28	45	6	0	0	100
	$0	$67,752	$0	$0	$81,256	$81,241	$92,275	$99,451	$116,001	$122,096	$0	$0	$106,064
50-54	0	0	0	0	0	2	9	12	16	11	4	1	55
	$0	$0	$0	$0	$0	$80,790	$93,443	$102,510	$112,308	$124,469	$139,792	$186,465	$111,717
55-59	0	0	0	0	0	1	0	3	7	4	4	0	19
	$0	$0	$0	$0	$0	$71,742	$0	$104,161	$111,311	$144,431	$131,195	$0	$119,258
60-64	0	0	0	0	0	0	0	2	1	0	1	0	4
	$0	$0	$0	$0	$0	$0	$0	$100,213	$96,277	$0	$155,050	$0	$112,938
65 & Over	0	0	0	0	0	0	0	0	1	0	0	0	1
	$0	$0	$0	$0	$0	$0	$0	$0	$90,115	$0	$0	$0	$90,115
Total	92	34	36	47	93	157	155	134	86	21	9	1	865
	$34,460	$68,738	$69,503	$69,775	$76,729	$83,135	$90,444	$98,597	$115,108	$127,593	$137,666	$186,465	$84,060

DRAFT

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

	Retirement		Disability		Survivors & Beneficiaries		Total	
Current Age	Number of Annuitants	Total Annual Benefit Amount	Number of Annuitants	Total Annual Benefit Amount	Number of Annuitants	Total Annual Benefit Amount	Number of Annuitants	Total Annual Benefit Amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Under 50	116	$ 5,339	12	$ 222	25	$ 334	153	$ 5,894
50 - 54	184	7,936	8	123	13	340	205	8,399
55 - 59	244	9,838	7	171	16	292	267	10,301
60 - 64	194	8,041	8	145	18	416	220	8,602
65 - 69	145	5,803	4	74	35	1,316	184	7,193
70 - 74	196	8,413	8	94	38	1,036	242	9,543
75 - 79	216	8,844	2	35	58	2,001	276	10,881
80 - 84	82	3,014	2	22	36	1,078	120	4,114
85 - 89	34	1,304	1	24	21	710	56	2,038
90 And Over	10	300	0	0	13	506	23	806
Total	**1,421**	**$ 58,832**	**52**	**$ 910**	**273**	**$ 8,029**	**1,746**	**$ 67,771**

*Amounts may not add due to rounding

DRAFT

Retired Lives Summary

Form of Payment	Male Lives Number	Male Lives Monthly Benefit Amount	Female Lives Number	Female Lives Monthly Benefit Amount	Total Number	Total Monthly Benefit Amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Basic	174	$ 573,187	17	$ 42,925	191	$ 616,112
Joint & Survivor:						
100% to Beneficiary	209	667,101	4	20,030	213	687,131
66 2/3% to Beneficiary	89	329,988	2	7,542	91	337,529
50% to Beneficiary	84	319,628	2	7,515	86	327,143
Pop-up Option	674	2,434,755	7	17,533	681	2,452,288
Social Security Option:						
Age 62 Basic	23	60,522	0	0	23	60,522
Age 62 Survivorship	80	149,189	1	4,416	81	153,604
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	6	19,796	0	0	6	19,796
10 Years Certain & Life	34	113,581	3	6,330	37	119,911
15 Years Certain & Life	16	43,229	2	9,579	18	52,808
20 Years Certain & Life	44	147,674	2	3,979	46	151,653
Total:	1,433	$ 4,858,650	40	$ 119,848	1,473	$ 4,978,499

DRAFT

Beneficiary Lives Summary

Form of Payment	Male Lives Number	Male Lives Monthly Benefit Amount	Female Lives Number	Female Lives Monthly Benefit Amount	Total Number	Total Monthly Benefit Amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Basic	3	$ 1,570	9	$ 13,123	12	$ 14,693
Joint & Survivor:						
100% to Beneficiary	5	9,814	63	164,579	68	174,393
66 2/3% to Beneficiary	2	1,272	23	57,609	25	58,880
50% to Beneficiary	2	2,249	21	36,512	23	38,762
Pop-up Option	1	365	81	244,915	82	245,279
Social Security Option:						
Age 62 Basic	0	0	3	3,103	3	3,103
Age 62 Survivorship	2	934	48	89,171	50	90,105
Partial Deferred (Old Plan)	0	0	0	0	0	0
Widows Age 60	0	0	0	0	0	0
5 Years Certain	0	0	2	18,421	2	18,421
10 Years Certain	0	0	1	11,980	1	11,980
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:	16	$ 22,891	257	$ 646,226	273	$ 669,117

DRAFT

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)
2017	30	9	1,536	$ 57,253		$ 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
2026	116	63	1,746	67,771	6.7%	38,815

DRAFT

SECTION 6

ASSESSMENT AND DISCLOSURE OF RISK

DRAFT

Risks Associated with Measuring the Accrued Liability And Actuarially Determined Contribution

(As Required by ASOP No. 51)

The determination of 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.

DRAFT

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.

DRAFT

- 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,				
	2026	2025	2024	2023	2022	2026	2025	2024	2023	2022
Ratio of the market value of assets to total payroll	11.63	9.96	8.89	8.97	11.52	4.29	3.91	3.73	3.76	4.83
Ratio of actuarial accrued liability to payroll	15.93	15.19	15.18	16.56	22.29	3.85	3.67	3.43	3.70	4.86
Ratio of net cash flow to market value of assets	1.8%	2.5%	0.5%	-0.2%	47.9%	-5.2%	-4.4%	-0.6%	-1.9%	-2.2%
Percentage of Expected Contribution Actually Received	115% [1]	110%	110%	142%	107%	104% [1]	110%	109%	137%	107%
Ratio of actives to retirees and beneficiaries	0.50	0.51	0.52	0.51	0.50					

[1] Expected contribution for FYE2026 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, 2025 valuation.

DRAFT

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 5.60% as of June 30, 2026. *Note, since the investment return assumption for the retirement fund is currently less than the 5.60% 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, 2026 because of the market rate used as a reference on this date to comply with this disclosure requirement.

Retirement Fund

Valuation Accrued Liabilities	LDROM
$1,158,069,399	$1,158,069,399

DRAFT

APPENDIX A

ACTUARIAL ASSUMPTIONS AND METHODS

DRAFT

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%

DRAFT

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.

DRAFT

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%

DRAFT

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.

DRAFT

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.

DRAFT

Health Care Cost Trend Rates:

Year	Non-Medicare Plans[1]	Medicare Plans[1]	Dollar Contribution[2]
2028	7.75%	12.00%	1.50%
2029	7.50%	8.00%	1.50%
2030	7.25%	8.00%	1.50%
2031	7.00%	7.50%	1.50%
2032	6.75%	7.00%	1.50%
2033	6.50%	6.50%	1.50%
2034	6.25%	6.00%	1.50%
2035	6.00%	5.50%	1.50%
2036	5.75%	5.00%	1.50%
2037	5.50%	4.50%	1.50%
2038	5.25%	4.25%	1.50%
2039	5.00%	4.25%	1.50%
2040	4.75%	4.25%	1.50%
2041	4.50%	4.25%	1.50%
2042 & Beyond	4.25%	4.25%	1.50%

[1]All increases are assumed to occur on January 1. The 2027 premiums were known at the time of the valuation and were incorporated into the liability measurement.
[2]Applies to members participating on or after July 1, 2003. All increases are assumed to occur on July 1.

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.

DRAFT

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.

DRAFT

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.

DRAFT

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.

DRAFT

Development of Baseline Claims Cost

For non-Medicare retirees, the initial per capita costs were based on the plan premiums effective January 1, 2027, 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 $1,312.01 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.

2027 Monthly Costs for Those Not Eligible for Medicare		
Age	Member	Spouse/Dependents
<65	$1,180.89	$1,312.01

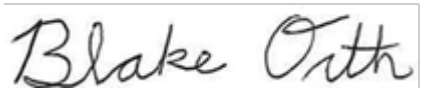
For Medicare retirees, the initial per capita costs were estimated based on the plan premiums effective January 1, 2027, and are used for both current and future retirees. An inherent assumption in this methodology is that the projected future retirees will have a similar distribution by plan type as 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.

2027 Monthly Costs for Those Eligible for Medicare		
Age	Male	Female
65	$ 167.30	$ 157.80
75	195.74	191.00
85	206.98	209.42

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

DRAFT

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

DRAFT

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.

DRAFT

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

DRAFT

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 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 55th birthday, with total service not exceeding 20 years. Total service credit added shall not be greater than the member's actual service at disability.

DRAFT

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.

DRAFT

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.

DRAFT

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.

DRAFT

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, 2026, the Hazardous monthly contribution was $22.60/year of service. Upon the retiree's death, the surviving spouse of a hazardous duty member will receive a monthly contribution of $10 ($15.07 as of July 1, 2026) 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.

DRAFT

Monthly Health Plan Premiums – Effective January 1, 2027

Non-Medicare Plan Options					
Plan Option	Single	Parent Plus	Couple	Family	Family X-Ref
LivingWell PPO	$1,194.62	$1,629.22	$2,397.02	$2,622.26	$1,401.38
LivingWell CDHP	1,180.16	1,593.22	2,307.72	2,564.34	1,348.58
LivingWell Basic	1,148.42	1,566.54	2,318.24	2,569.32	1,348.14
LivingWell HDHP	1,066.12	1,454.08	2,152.06	2,358.16	1,249.94

Medicare Plan Options	
Medical Only Plan	$199.52
Essential Mirror Plan	264.56
Premium Mirror Plan	404.67
Essential Medical Advantage Plan	18.08
Premium Medical Advantage Plan	200.95

Essential and Premium Mirror Plans have an additional Dental Fee of $5.29
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, 2026.

Hazardous Service
$22.60

DRAFT

APPENDIX C

GLOSSARY

DRAFT

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.

DRAFT

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.

DRAFT

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.

DRAFT

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.

DRAFT

P: 469.524.0000 | www.grsconsulting.com

October 30, 2026

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, 2026 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.

DRAFT

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, 2026 actuarial valuation report. Please refer to the June 30, 2026 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.

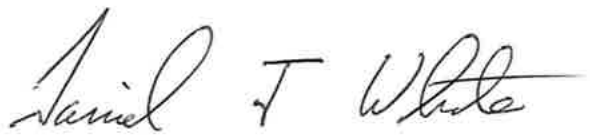
Actual results can, and almost certainly will, differ as actual experience deviates from the assumptions. Even seemingly minor changes in the assumptions can materially change the liabilities, calculated contribution rate, and funding periods. The actuarial calculations are intended to provide information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

DRAFT

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,

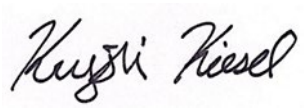
Gabriel, Roeder, Smith & Company



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



Janie Shaw, ASA, EA, MAAA
Senior Consultant and Actuary



Krysti Kiesel, ASA, EA, MAAA
Consultant and Actuary

DRAFT

Sensitivity Analysis - Discount Rate

(Dollar amounts expressed in thousands)

(1)	Decrease Discount Rate (2)	Valuation Results (3)	Increase Discount Rate (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	$ 1,305,269	$ 1,158,069	$ 1,036,872
Actuarial Value of Assets	769,786	769,786	769,786
Unfunded Actuarial Accrued Liability	535,483	388,283	267,086
Funded Ratio	59.0%	66.5%	74.2%
Actuarially Determined Contribution Rate	72.40%	51.79%	33.87%
Insurance			
Actuarial Accrued Liability	$ 310,091	$ 279,582	$ 254,155
Actuarial Value of Assets	284,185	284,185	284,185
Unfunded Actuarial Accrued Liability	25,906	(4,603)	(30,030)
Funded Ratio	91.6%	101.6%	111.8%
Actuarially Determined Contribution Rate	6.27%	1.21%	0.00%
Combined			
Actuarial Accrued Liability	$ 1,615,360	$ 1,437,651	$ 1,291,027
Actuarial Value of Assets	1,053,971	1,053,971	1,053,971
Unfunded Actuarial Accrued Liability	561,389	383,680	237,056
Funded Ratio	65.2%	73.3%	81.6%
Actuarially Determined Contribution Rate	78.67%	53.00%	33.87%

DRAFT

Sensitivity Analysis - Inflation Rate

(Dollar amounts expressed in thousands)

(1)	Decrease Inflation Rate (2)	Valuation Results (3)	Increase Inflation Rate (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	$ 1,191,001	$ 1,158,069	$ 1,126,721
Actuarial Value of Assets	769,786	769,786	769,786
Unfunded Actuarial Accrued Liability	421,215	388,283	356,935
Funded Ratio	64.6%	66.5%	68.3%
Actuarially Determined Contribution Rate	57.09%	51.79%	46.77%
Insurance			
Actuarial Accrued Liability	$ 281,359	$ 279,582	$ 277,879
Actuarial Value of Assets	284,185	284,185	284,185
Unfunded Actuarial Accrued Liability	(2,826)	(4,603)	(6,306)
Funded Ratio	101.0%	101.6%	102.3%
Actuarially Determined Contribution Rate	1.71%	1.21%	0.73%
Combined			
Actuarial Accrued Liability	$ 1,472,360	$ 1,437,651	$ 1,404,600
Actuarial Value of Assets	1,053,971	1,053,971	1,053,971
Unfunded Actuarial Accrued Liability	418,389	383,680	350,629
Funded Ratio	71.6%	73.3%	75.0%
Actuarially Determined Contribution Rate	58.80%	53.00%	47.50%

DRAFT

Sensitivity Analysis - Payroll Growth

(Dollar amounts expressed in thousands)

(1)	Decrease Payroll Growth (2)	Valuation Results (3)	Increase Payroll Growth (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	$ 1,158,069	$ 1,158,069	$ 1,158,069
Actuarial Value of Assets	769,786	769,786	769,786
Unfunded Actuarial Accrued Liability	388,283	388,283	388,283
Funded Ratio	66.5%	66.5%	66.5%
Actuarially Determined Contribution Rate	55.89%	51.79%	47.97%
Insurance			
Actuarial Accrued Liability	$ 279,582	$ 279,582	$ 279,582
Actuarial Value of Assets	284,185	284,185	284,185
Unfunded Actuarial Accrued Liability	(4,603)	(4,603)	(4,603)
Funded Ratio	101.6%	101.6%	101.6%
Actuarially Determined Contribution Rate	1.23%	1.21%	1.20%
Combined			
Actuarial Accrued Liability	$ 1,437,651	$ 1,437,651	$ 1,437,651
Actuarial Value of Assets	1,053,971	1,053,971	1,053,971
Unfunded Actuarial Accrued Liability	383,680	383,680	383,680
Funded Ratio	73.3%	73.3%	73.3%
Actuarially Determined Contribution Rate	57.12%	53.00%	49.17%

DRAFT

Projection of Funded Status and Contribution Effort based on the June 30, 2026 Actuarial Valuation

DRAFT

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	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)
2026	$ 1,158	$ 770	$ 388	67%	$ 38	$ 6	$ 73	51.84%	51.84%
2027	1,169	813	356	70%	38	6	74	51.84%	51.79%
2028	1,177	853	324	73%	36	6	76	47.34%	47.34%
2029	1,184	885	299	75%	37	6	77	47.34%	43.58%
2030	1,191	909	282	76%	32	6	79	40.40%	40.40%
2031	1,198	920	278	77%	32	6	80	40.40%	38.62%
2032	1,206	931	275	77%	31	7	82	37.92%	37.92%
2033	1,215	942	273	78%	32	7	84	37.92%	37.42%
2034	1,225	955	270	78%	31	7	85	36.91%	36.91%
2035	1,237	969	268	78%	32	7	87	36.91%	36.45%
2036	1,250	985	265	79%	32	7	89	35.98%	35.98%
2037	1,264	1,001	263	79%	33	7	90	35.98%	35.55%
2038	1,279	1,019	260	80%	32	7	92	35.10%	35.10%
2039	1,296	1,038	258	80%	33	8	94	35.10%	34.71%
2040	1,313	1,059	254	81%	32	8	96	33.84%	33.84%
2041	1,332	1,080	252	81%	33	8	98	33.84%	54.35%
2042	1,352	1,103	249	82%	54	8	100	53.95%	53.95%
2043	1,374	1,148	226	84%	55	8	102	53.95%	54.16%
2044	1,396	1,197	199	86%	58	8	104	55.95%	55.95%
2045	1,420	1,250	170	88%	59	8	106	55.95%	58.97%
2046	1,443	1,307	136	91%	63	9	108	58.68%	58.68%
2047	1,468	1,369	99	93%	65	9	110	58.68%	60.20%
2048	1,493	1,435	58	96%	69	9	112	61.46%	61.46%
2049	1,518	1,518	-	100%	20	9	115	17.70%	17.70%
2050	1,544	1,544	-	100%	21	9	117	17.70%	17.70%
2051	1,571	1,571	-	100%	21	10	119	17.70%	17.70%
2052	1,598	1,598	-	100%	22	10	122	17.70%	17.70%
2053	1,625	1,625	-	100%	22	10	124	17.70%	17.70%
2054	1,653	1,653	-	100%	22	10	127	17.70%	17.70%
2055	1,681	1,681	-	100%	23	10	129	17.70%	17.70%

DRAFT

Notes and assumptions:

The projection is based on the results of the June 30, 2026 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 remain level throughout the entire projection.

Covered payroll is assumed to increase 2% each year throughout the entire projection.

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

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

Fiscal Year Beginning July 1,	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability	Funded Ratio	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)
2026	$ 280	$ 284	$ (4)	101%	$ 2	$ -	$ 73	2.49%	2.49%
2027	282	297	(15)	105%	2	1	74	2.49%	1.21%
2028	282	308	(26)	109%	-	1	76	0.00%	0.00%
2029	281	313	(32)	111%	-	1	77	0.00%	0.00%
2030	279	315	(36)	113%	-	1	79	0.00%	0.00%
2031	276	312	(36)	113%	-	1	80	0.00%	0.00%
2032	272	309	(37)	114%	-	1	82	0.00%	0.00%
2033	268	305	(37)	114%	-	1	83	0.00%	0.00%
2034	264	302	(38)	114%	-	1	85	0.00%	0.00%
2035	260	298	(38)	115%	-	1	87	0.00%	0.00%
2036	255	294	(39)	115%	-	1	89	0.00%	0.00%
2037	251	290	(39)	116%	-	1	90	0.00%	0.00%
2038	248	287	(39)	116%	-	1	92	0.00%	0.00%
2039	245	285	(40)	116%	-	1	94	0.00%	0.00%
2040	242	283	(41)	117%	-	1	96	0.00%	0.00%
2041	240	282	(42)	118%	-	1	98	0.00%	0.00%
2042	239	281	(42)	118%	-	1	100	0.00%	0.00%
2043	239	282	(43)	118%	-	1	102	0.00%	0.00%
2044	240	283	(43)	118%	-	1	104	0.00%	0.00%
2045	242	285	(43)	118%	-	1	106	0.00%	0.00%
2046	244	288	(44)	118%	-	1	108	0.00%	0.00%
2047	246	291	(45)	118%	-	1	110	0.00%	0.00%
2048	249	294	(45)	118%	-	1	112	0.00%	0.00%
2049	252	297	(45)	118%	-	1	115	0.00%	0.00%
2050	255	301	(46)	118%	-	1	117	0.00%	0.00%
2051	258	304	(46)	118%	-	1	119	0.00%	0.00%
2052	261	308	(47)	118%	-	1	122	0.00%	0.00%
2053	263	311	(48)	118%	-	1	124	0.00%	0.00%
2054	266	314	(48)	118%	-	1	126	0.00%	0.00%
2055	268	316	(48)	118%	-	1	129	0.00%	0.00%

DRAFT

Notes and assumptions:

The projection is based on the results of the June 30, 2026 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 remain level throughout the entire projection.

Covered payroll is assumed to increase 2% each year 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.

P: 469.524.0000 | www.grsconsulting.com

October 30, 2026

Mr. Ryan Barrow
Executive Director
Kentucky Public Pensions Authority
1260 Louisville Road
Frankfort, KY 40601

Re: Contribution Necessary to Fully Prefund a 1.5% Increase in Retiree Benefits on the Systems Operated by the Kentucky Public Pensions Authority on July 1, 2027

Dear Mr. Barrow:

The purpose of this letter is to communicate the financial cost if the General Assembly enacts an increase in monthly retirement allowances as permitted under KRS 61.691(2) and KRS 78.5518(2).

As of the June 30, 2026 actuarial valuation, there are no pension funds with a funding level greater than 100%, and therefore, no increase in monthly retirement allowance can be paid under KRS 61.691(2)(b)1 and KRS 78.5518(2)(b)1.

The contribution necessary to fully prefund a 1.5% increase in all monthly retirement allowances paid by the corresponding pension funds as of July 1, 2027 is provided below. The respective appropriations provided below are sufficient and appropriate to fund a 1.5% benefit increase and therefore, the benefit increase would not impact the on-going employer contribution requirement for the pension funds.

Pension Fund	Appropriation Necessary to Fully Prefund a 1.5% Increase in Retirement Allowances as of July 1, 2027
KERS Non-Hazardous	$165 million
KERS Hazardous	$14 million
SPRS	$13 million
CERS Non-Hazardous	$146 million
CERS Hazardous	$63 million

DRAFT

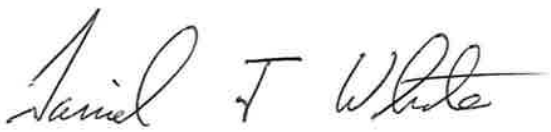
5605 North MacArthur Boulevard | Suite 870 | Irving, Texas 75038-2631

Basis of Calculations

GRS based the calculations and analysis in this letter on the member and financial data provided by KPPA for use in performing the actuarial valuation as of June 30, 2026. Our calculations are based upon assumptions regarding future events, which may or may not materialize. Depending on actual plan experience, actual results could deviate significantly.

All of the undersigned are members of the American Academy of Actuaries and meet all of the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. In addition, all three are independent of KPPA and are experienced in performing valuations for large public retirement systems. This communication shall not be construed to provide tax advice, legal advice or investment advice.

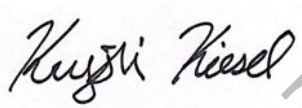
Sincerely,
Gabriel, Roeder, Smith & Company



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



Janie Shaw, ASA, EA, MAAA
Senior Consultant and Actuary



Krysti Kiesel, ASA, EA, MAAA
Consultant and Actuary

DRAFT