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Important Information Regarding House Bill 8

Kentucky Public Pensions Authority sent this bulletin at 04/19/2021 02:07 PM EDT



House Bill 8

Dear KERS Nonhazardous Employer Representative:

On March 23, 2021, Governor Andy Beshear signed House Bill 8 (HB 8). Beginning with the 2021/2022 fiscal year, HB 8 changes the method for calculating the actuarially accrued contribution required from nonhazardous employers in the Kentucky Employees Retirement System (KERS). The actuarially accrued contribution is required in order to pay the KERS unfunded liability. Currently, the actuarially accrued contribution for nonhazardous employers in KERS is calculated using a percentage of their covered payroll. HB 8 changes the calculation of the actuarially accrued contribution to a dollar contribution amount that is based on the portion of the KERS' total unfunded liability (calculated as of the June 30, 2019 valuation) that is attributable to each KERS nonhazardous employer's current and former employees.

Under HB 8, KERS Nonhazardous employers will continue to be responsible for the normal cost contribution that is calculated based on a percentage (currently 10.10%) of the payroll of their employees earning benefits in KERS. Additionally, Nonhazardous employers are responsible for an annual dollar amount that represents each employer's amortized contribution toward the KERS unfunded liability. As stated above, the actuarially accrued contribution represents the amortization of the employer's portion of the KERS unfunded liability (calculated as of the June 30, 2019 valuation) that is attributable to each employer's current and former employees who participate in KERS. Since the actuarially accrued contribution is no longer tied to employer payroll, KERS will receive the contribution required to reduce its unfunded liability regardless of reductions in covered payroll.

In general, the annual dollar amount of the employer's actuarially accrued contribution will increase or decrease to some extent from year-to-year, depending on the KERS liability and investment experience, but is expected to remain relatively level during the duration of the funding period for the unfunded liability as of June 30, 2019, which is 29 years as of July 1, 2020. For certain employers (e.g. health departments and mental health centers that receive general fund appropriations), HB 8 only allows the actuarially accrued contribution to be adjusted upon the completion of an actuarial investigation and no more frequently than every four years.

APPEALS PROCESS

An employer who is not in the executive, legislative, or judicial branch of Kentucky state government may appeal to the Kentucky Retirement Systems (KRS) Board that administers KERS **on or before July 1, 2021** regarding any current or former employees or retirees the employer believes should not be used to determine the employer's percentage of the actuarially accrued contribution. The only appeals that shall be considered by the KRS Board are as follows:

1. Potential errors where the last participating KERS employer is in dispute,
2. One or more employee(s) of the employer were hired through a contract between the executive branch and the employer for the employee(s) to provide services to the executive branch, or
3. The employer is a community mental health center contracted to provide services at a facility previously operated by the executive branch.

In order to submit an appeal, the agency head or reporting official must submit a signed request in writing on the agency's letterhead and email the request to the Kentucky Public Pensions Authority on behalf of the KRS Board at the following e-mail address: djuan.surratt@kyret.ky.gov through our [secure email portal](#). The request must contain the name of the relevant employee(s), social security number(s), and the reason for each employee being appealed. In addition, the request must be accompanied with supporting documentation verifying potential errors where the last participating KERS employer is in dispute or the relevant contract(s) for each employee **on or before July 1, 2021**. Additional information may also be requested later.

If your agency chooses to submit the appeal via U.S. Mail (or another mail delivery service which does not have to be signed for via an in-person communication), the information has to be in our office **on or before July 1, 2021**. Please address any mail correspondence to: KRS Board, c/o D/Juan Surratt, 1260 Louisville Road, Frankfort, KY 40601.

Any appeals received in our office or by email after July 1, 2021 will not be deemed timely, and will not be considered by the KRS Board.

If your agency would like to request a listing of the current and former employees used to determine the employer's actuarially accrued contribution, you must formally request this information by submitting a signed, written request from the agency head or reporting official on the agency's letterhead and emailing the request to djuan.surratt@kyret.ky.gov through our [secure email portal](#). We will attempt to respond to these requests in a timely manner and will only provide the name and social security number for each employee.

If you have any questions regarding this e-mail or the deadlines, please submit them to the email address above.



Please do not reply to this email, this mailbox is not monitored.

[Please contact KRS if you have questions.](#)

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