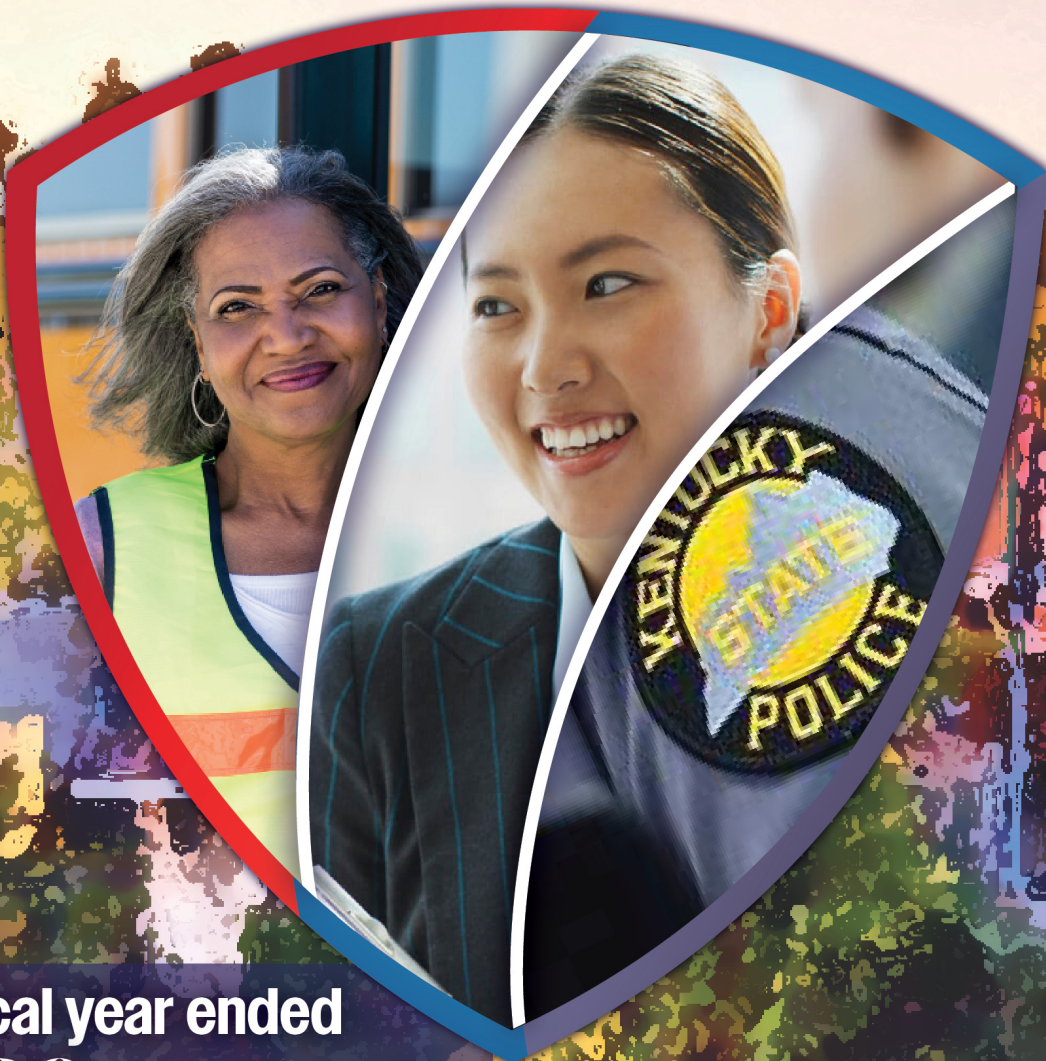


KPPA

Kentucky Public Pensions Authority
A Component Unit of the Commonwealth of Kentucky

Summary Annual *Financial Report*



For the fiscal year ended
June 30

2024

Prepared by KPPA's
Division of Communications

Available online at kyret.ky.gov

EXECUTIVE DIRECTOR'S MESSAGE



Ryan Barrow
KPPA Executive Director

December 5, 2024

To the Trustees & Membership

On behalf of the Kentucky Public Pensions Authority (KPPA) we are honored to present the Summary Annual Financial Report (SAFR) for the Fiscal Year Ended (FY) June 30, 2024.

KPPA is responsible for the day-to-day administration of the County Employees Retirement System (CERS) and the Kentucky Retirement Systems (KRS), comprising the Kentucky Employees Retirement System (KERS) and the State Police Retirement System (SPRS).

Beginning with FY 2024, KPPA is producing separate [Annual Comprehensive Financial Reports \(ACFR\)](#) for CERS and KRS. Supported by research and recommendations from KPPA management, this aligns with guidance from the Government Accounting Standards Board and authority under statute. After considering this information, the CERS and KRS Boards of Trustees opted to present separate ACFRs. KPPA will continue to produce a single SAFR that provides an overview of information in both ACFRs, as well as insights into the combined systems.

This approach aims to enhance transparency and reporting by providing information relevant to each system's members, the public and stakeholders. KPPA believes separating the financial reporting for CERS and KRS, while also providing this combined high-level summary best achieves that goal.

KPPA STRATEGIC PLAN

The strategic planning process has entered an exciting new phase. Small groups of KPPA employees and management have begun meeting to discuss specific business areas, how those areas are working now, and how they could be enhanced.

In March 2023, KPPA selected Provaliant Retirement LLC to help develop the agency's first strategic plan since 2009. In June 2024, KPPA published a strategic plan summary that identified four key areas of focus: organizational excellence, customer service delivery, infrastructure and key resources, and governance. A [summary of the plan](#) is on our website, kyret.ky.gov.

Building on those four key focus areas, KPPA has established small committees examining specific business practices. To date, KPPA has

committees addressing quality assurance, process documentation, member presentations, and surveys. Each committee will work for several months to compare current practices with industry standards, make recommendations for enhancements, and implement the approved changes.

The current strategic planning period covers 2024 through 2028.

AN EYE TO THE FUTURE

By 2049, our actuarial target is to achieve fully funded pension systems, a crucial milestone that reflects our timeline to meeting the financial commitments. While we acknowledge that there is still much work ahead to reach this objective, we are making significant strides on our journey. Through diligent financial management and collaborative efforts among stakeholders, we are steadily improving our funding status. Each step we take brings us closer to ensuring the long-term stability and security of the pension system for current and future recipients.

RATINGS BOOST

Several factors directly influence credit ratings on state and local municipal debt, with the health of public pension systems being a significant consideration. This has improved in Kentucky in recent years due to the boards adopting actuarial assumptions that more accurately reflect the systems' conditions, a commitment to fully fund pension contributions, and strong investment returns.

All three major ratings agencies covering Kentucky, specifically Moody's, Standard & Poor's, and Fitch Ratings have taken note of the progress.

FROM THE DESK OF ED OWENS III CERS CHIEF EXECUTIVE OFFICER

During the fiscal year, CERS made significant strides in improving its asset base, reducing its unfunded liability, and addressing unpaid invoices for employer contributions.

Pension investments returned 11.7% in FY 2024, net of fees, while insurance investments earned 11.8%. All four pension and insurance portfolios returned significantly more than their 6.5% actuarial assumed rate of return and also surpassed the median return of 10.5% reported by the Wilshire Trust Universe Comparison Service (TUCS) for public pension funds with more than \$1 billion in assets. FY 2024 marked the second consecutive year that CERS pension

EXECUTIVE DIRECTOR'S MESSAGE

and insurance portfolios achieved returns near or above 10%. This helped drive total assets in the plans overseen by the CERS Board of Trustees to a record \$18.3 billion as of June 30, 2024.

A byproduct of asset growth is that the funded status for the CERS Nonhazardous pension plan improved to 58.4% from 56.1% the fiscal year prior. Similarly, the CERS Hazardous pension's funded status increased to 54.0% from 51.4%.

This improvement comes as CERS grows its member base. The number of employees participating in CERS increased by slightly more than 1,700 in FY 2024 to 92,401. Member contributions to CERS grew by 8.7% during the year, while employer contributions fell 4%.

CERS also made strides in FY 2024 toward past due employer contributions. A team of KPPA employees across various divisions, as well as legal staff, researched options for charging interest on delinquent employer contributions and past due invoices. Out of that work came several recommendations, including charging 7.5% interest on delinquent and past-due amounts and creating an administrative regulation that addresses charging interest.

FROM THE DESK OF JOHN CHILTON KRS CHIEF EXECUTIVE OFFICER

The effects of additional funding from the Kentucky General Assembly continued to benefit the KERS Nonhazardous and SPRS pension plans in FY 2024. The past two biennial budgets passed by the Legislature included \$1.13 billion in additional allocations to pay down the unfunded liabilities of those two pensions. In the most recent session, legislators approved House Bill 1, which allocates an additional \$100 million for the KERS Nonhazardous pension plan (\$50 million each in FYs 2025 and 2026) and an additional \$50 million for the SPRS pension plan (\$25 million each in FYs 2025 and 2026).

Another bill, House Bill 6, allocates an additional \$250 million each in FYs 2025 and 2026 to pay down the

KERS Nonhazardous pension's unfunded liability. This is all over and above the money allocated to fund the full actuarially recommended contributions for all KERS and SPRS pension plans.

The attention paid by the General Assembly to the KERS Nonhazardous and SPRS pension plans is greatly appreciated and is paying dividends. The funded ratio for the KERS Nonhazardous pension plan increased to 24.8% at the end of FY 2024, up from 21.8% at the end of FY 2023. The pension plan reached a funded ratio low of 12.9% in FY 2018. The SPRS pension plan, meanwhile, reached a funded level of 56.8% as of FY 2024, up from 54.0% at the end of the last fiscal year and up substantially from the low of 27.0% at the end of FY 2017. All pension plans are on track to be fully funded by 2049.

KPPA began posting quarterly proxy voting reports to its website in FY 2024. These reports show how investment managers voted on corporate governance proposals on behalf of the systems. These reports can be found on the [Proxy Voting Reports page](#) in the Investments section of KPPA's website kyret.ky.gov.

The KRS board continued to monitor ongoing litigation in anticipation of resolving several longstanding cases.

And the KRS Investment Committee worked with the KPPA Office of Investments to monitor the KERS and SPRS investment portfolios. As always, the goal is to maximize investment returns while minimizing risk. The KRS pension and insurance portfolios returned an average of 10.6%, besting the median return of an index of large public pension funds. The median return for the Wilshire Trust Universe Comparison Service (TUCS) peer group of public pension funds with more than \$1 billion in assets was 10.5% for FY 2024. This is the second consecutive year that KRS pension and insurance portfolio returns have neared or exceeded 10%.

ACKNOWLEDGMENTS

The preparation of this report has been a collaborative effort of KPPA Executive Management and the Accounting Division, Communications Division, Office of Investments, and the KRS and CERS CEOs. The contents have been reviewed by the Chief Auditor.

KPPA is responsible for the information in the report and confidently presents it as a basis for understanding the stewardship of the system.



Ryan Barrow
KPPA Executive Director

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AGENCY STRUCTURE

As of December 5, 2024

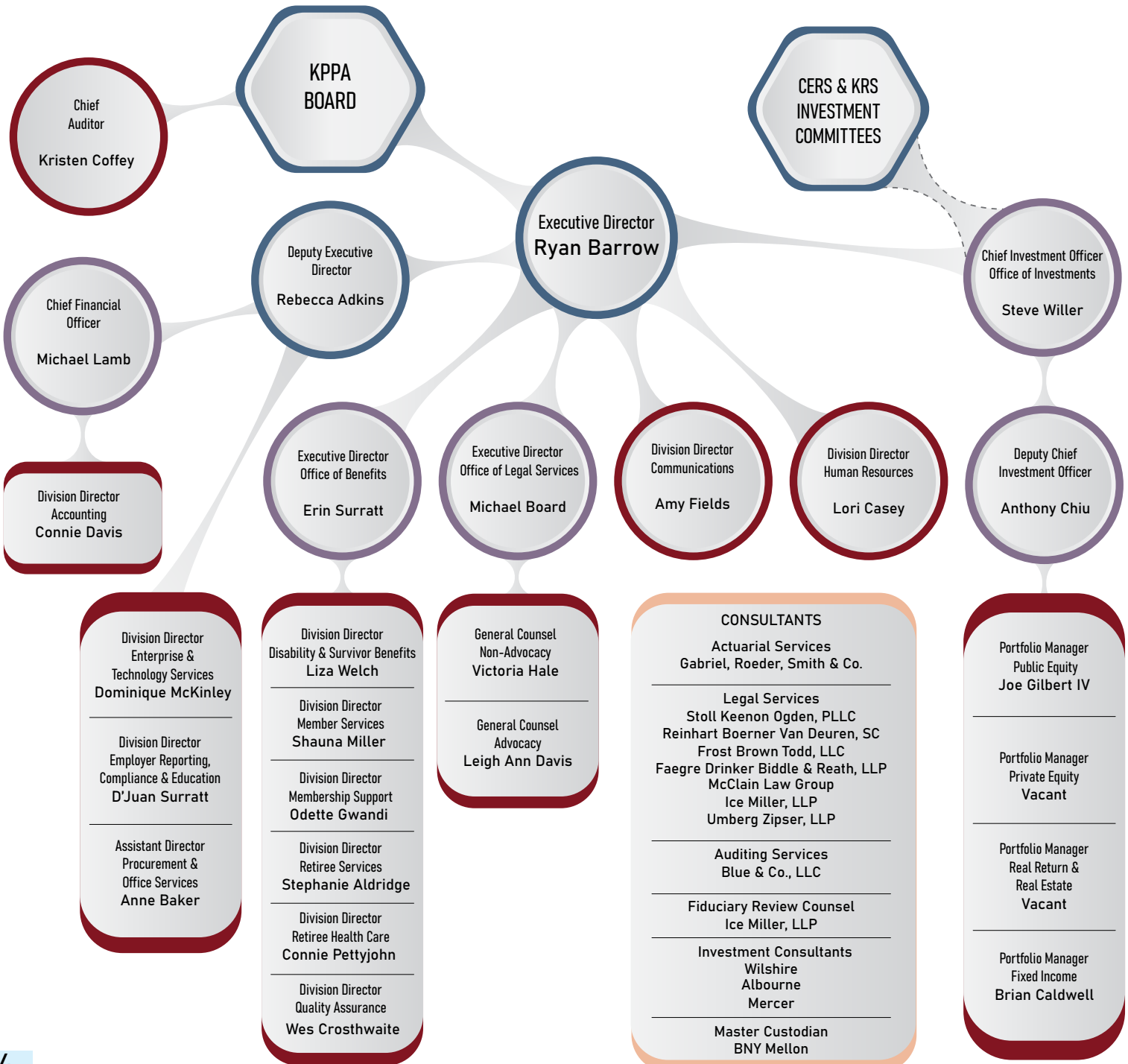
The Kentucky Public Pensions Authority oversees the operations of CERS, KERS, and SPRS by providing administrative support, investment management, and conducting daily activities on behalf of the CERS, KRS, and KPPA Boards. The eight-member KPPA Board is made up of elected and appointed trustees from the CERS and KRS boards. KPPA is led by an Executive Director who is appointed by the KPPA Board to oversee KPPA staff activities and to work with the CERS and KRS Chief Executive Officers to carry out the statutory provisions of the Systems.



KPPA BOARD
Four (4) CERS and Four (4) KRS Trustees

*Elected to position by KPPA Board

Jerry W. Powell KPPA Chair* Selected by CERS Chair	Lynn Hampton KRS Board Chair	C. Prewitt Lane KRS Investment Committee Chair	William Summers V KRS Trustee Selected by KRS Chair
Keith Peercy KPPA Vice Chair* Selected by KRS Chair	George Cheatham CERS Board Chair	Dr. Merl Hackbart CERS Investment Committee Chair	William O'Mara CERS Trustee Selected by CERS Chair



GOVERNANCE

As of December 5, 2024

The systems operated by KPPA are governed by two nine-member boards of trustees, each consisting of three elected members and six gubernatorial appointees serving four-year terms. The CERS Board of Trustees is responsible for governance of the CERS funds. The governance of the KERS funds and the SPRS funds are the responsibility of the KRS Board of Trustees. CERS and KRS each have a Chief Executive Officer who serves as a legislative and executive advisor to the respective boards and a General Counsel who provides legal services.

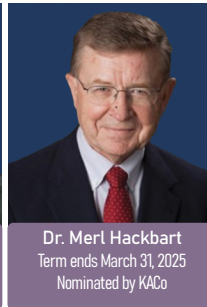
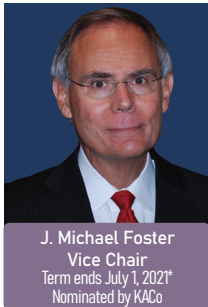
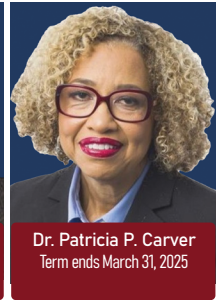
ELECTED BY MEMBERSHIP

APPOINTED BY GOVERNOR:
The Governor selects appointees from lists of candidates provided by the Kentucky Association of Counties (KACo), the Kentucky League of Cities (KLC), and the Kentucky School Boards Association (KSBA).

CERS BOARD OF TRUSTEES

Betty Pendergrass, Chair
George Cheatham, Vice Chair

General Counsel: Johnson Branco & Brennan, LLP
Three (3) Elected Trustees
Six (6) Appointed by Governor



*Trustee continues to serve until the Governor makes an appointment to fill the trustee position.

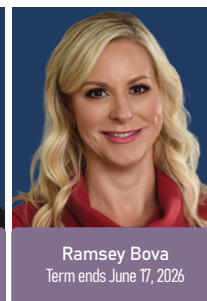
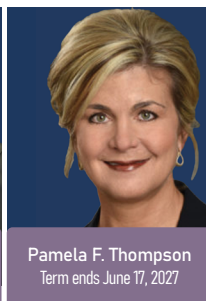
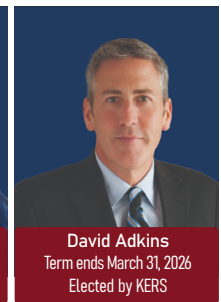
ELECTED BY MEMBERSHIP

APPOINTED BY GOVERNOR

KRS BOARD OF TRUSTEES

Lynn Hampton, Chair
C. Prewitt Lane, Vice Chair

General Counsel: Dentons Bingham Greenebaum
Three (3) Elected Trustees
Six (6) Appointed by Governor



SYSTEMS AND BENEFIT TIERS

KPPA operates three systems. CERS and KERS are multiple-employer, cost-sharing defined benefit pension plans with nonhazardous and hazardous members. SPRS is a single-employer defined benefit pension plan with hazardous members. Each system covers regular full-time members employed by the participating agencies.

OUR SYSTEMS



CERS participating employers include local governments (county and city), school boards, and eligible local agencies. Nonhazardous and hazardous combined cover 286,688 members.



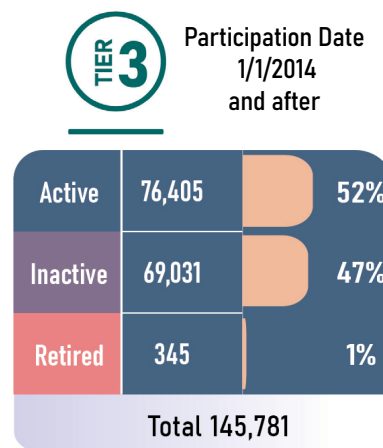
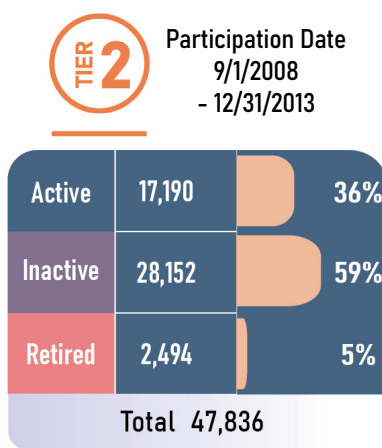
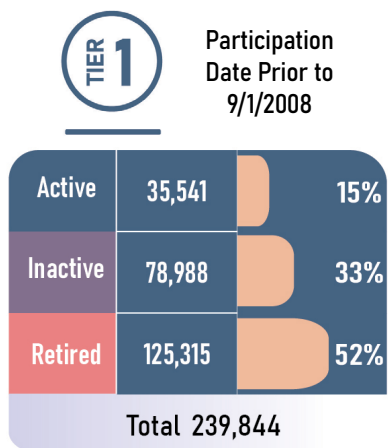
KERS participating employers include state departments, boards, employers directed by Executive Order of the Governor to participate in KERS, and quasi-governmental agencies. Nonhazardous and hazardous combined cover 143,906 members.



SPRS covers all 2,867 retired, active, and inactive Kentucky State Police troopers. All SPRS positions are hazardous.

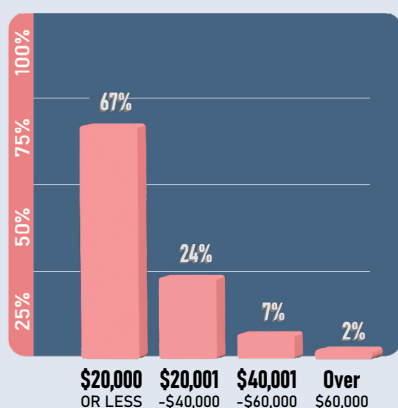
BENEFIT TIERS

Each plan provides pension and insurance benefits based on the member's participation date.

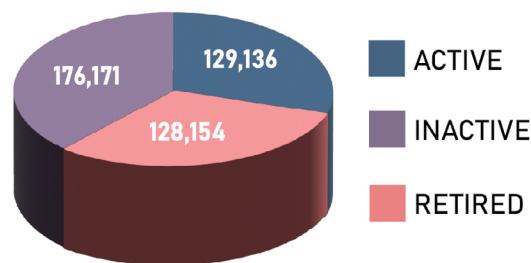


ANNUAL PENSION BENEFIT

98% of CERS, KERS, and SPRS retirees receive \$60,000 or less in pension benefits each year. Most (93%) of KPPA's \$2.4 billion retiree payroll goes to Kentucky residents (see page 12), meaning most of the pension benefits KPPA pays stay in Kentucky and benefit local economies.



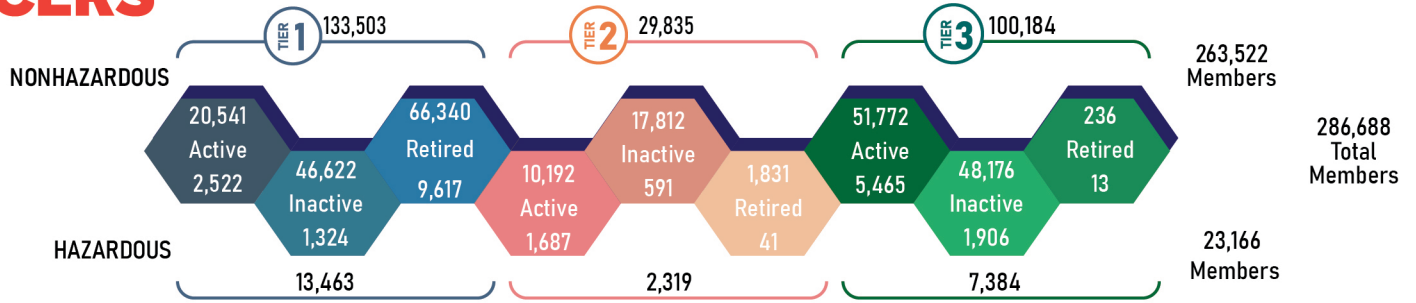
TOTAL MEMBERS 433,461



HEALTH INSURANCE

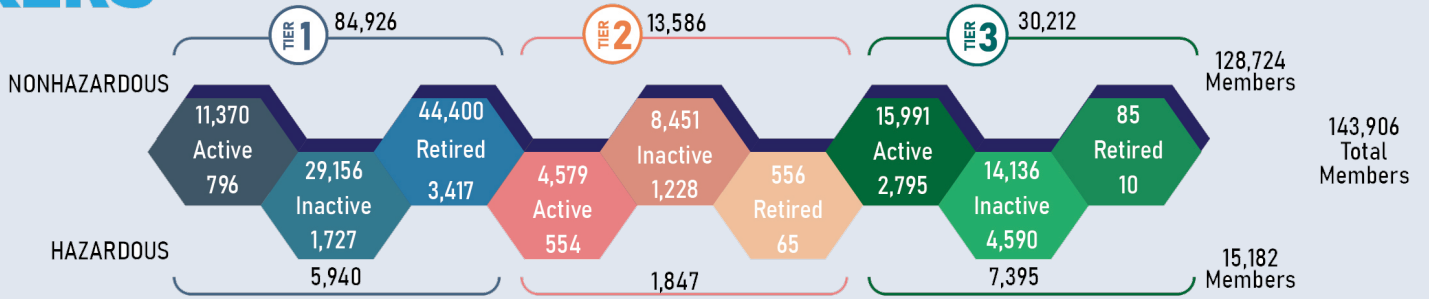
KPPA pays a percentage of the monthly contribution rate or a dollar amount toward insurance coverage. The contribution amount is based on the retired member's participation date, years of service, and type of service. A percentage of the monthly contribution rate is paid for members participating prior to July 1, 2003. A dollar amount is paid toward insurance coverage for members participating on or after July 1, 2003.

MEMBERSHIP BY SYSTEM



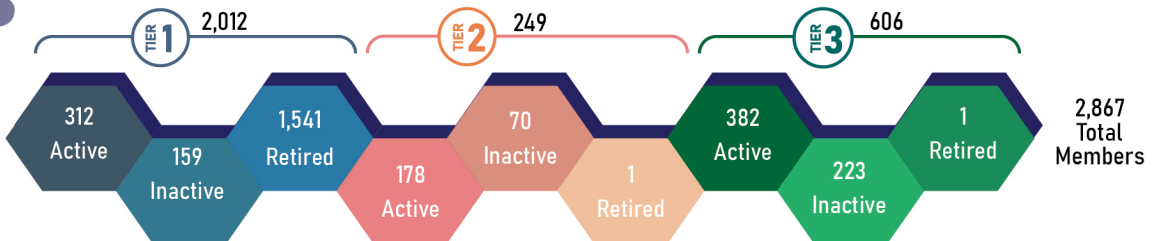
FAST FACTS

Category	Status	Age	Salary/Benefit
NONHAZARDOUS	Active	47	\$39,008 Average Annual Salary
	Vested Inactive	55	\$1,835 Average Annual Deferred Benefit
	Retired	72	\$12,435 Average Annual Benefit
HAZARDOUS	Active	38	\$76,786 Average Annual Salary
	Vested Inactive	48	\$4,974 Average Annual Deferred Benefit
	Retired	63	\$30,078 Average Annual Benefit



FAST FACTS

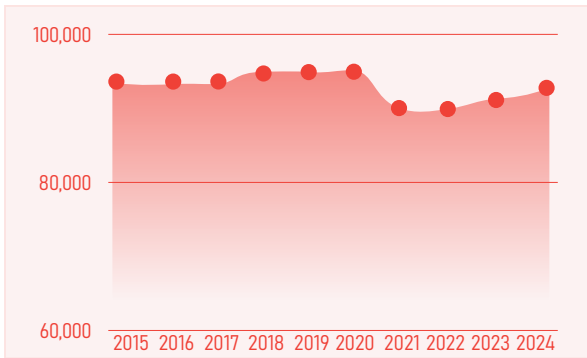
Category	Status	Age	Salary/Benefit
NONHAZARDOUS	Active	46	\$57,357 Average Annual Salary
	Vested Inactive	54	\$2,892 Average Annual Deferred Benefit
	Retired	71	\$21,131 Average Annual Benefit
HAZARDOUS	Active	40	\$62,496 Average Annual Salary
	Vested Inactive	49	\$2,500 Average Annual Deferred Benefit
	Retired	67	\$16,287 Average Annual Benefit



FAST FACTS

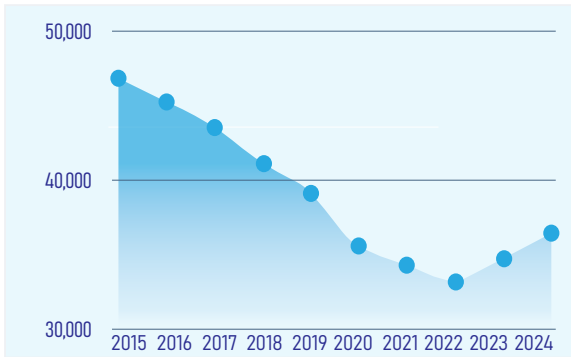
Status	Age	Salary/Benefit
Active	37	\$84,054 Average Annual Salary
Vested Inactive	45	\$3,554 Average Annual Deferred Benefit
Retired	65	\$39,596 Average Annual Benefit

PARTICIPATING EMPLOYERS



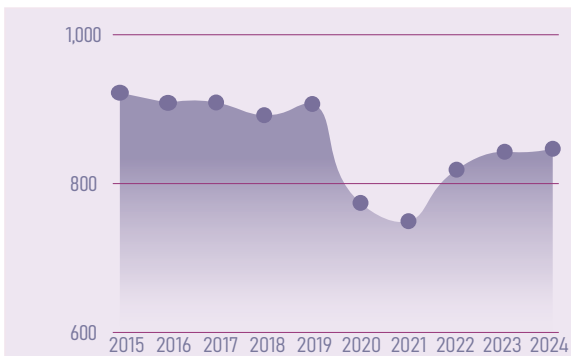
County Employees Retirement System
92,401 Participating Employees

Tier 1	23,241	25%
Tier 2	11,888	13%
Tier 3	57,272	62%
Total	92,401	



Kentucky Employees Retirement System
36,637 Participating Employees

Tier 1	12,434	34%
Tier 2	5,203	14%
Tier 3	19,000	52%
Total	36,637	



State Police Retirement System
872 Participating Employees

Tier 1	310	35%
Tier 2	180	21%
Tier 3	382	44%
Total	872	

CERS Employers

Classification	Agencies	Participating Employees
Airport Boards	5	551
Ambulance Services	19	429
Area Development Districts	14	717
Boards of Education	171	46,122
Cities	222	10,642
Community Action	21	2,938
Conservation Districts	48	57
County Attorneys	73	531
County Clerks	16	585
Development Authorities	7	11
Fire Departments	29	1,183
Fiscal Courts	118	11,348
Health Departments	1	318
Housing Authorities	39	404
Jailers	2	69
Libraries	86	1,336
Other Retirement Systems	2	2
P1 State Agencies	4	1,497
Parks and Recreation	7	64
Planning Commissions	16	195
Police Departments	2	15
Riverport Authorities	5	68
Sanitation Districts	8	325
Sheriff Departments	12	772
Special Districts & Boards	46	1,425
Tourist Commissions	25	205
Urban Government	2	6,403
Utility Boards	120	4,189
Total	1,120	92,401

KERS Employers

Classification	Agencies	Participating Employees
County Attorneys	57	277
Health Departments	60	2,205
Master Commissioner	30	56
Non-P1 State Agencies	32	603
Other Retirement Systems	1	20
P1 State Agencies	132	29,417
Regional Mental Health Units	10	2,679
Universities	7	1,380
Total	329	36,637

SPRS

Classification	Agencies	Participating Employees
Kentucky State Police	1	872

EMPLOYER COSTS BY TIER

COST COMPONENTS

Employer contributions have two components. The normal cost covers the benefit accruals active participants are projected to earn during the upcoming year toward their retirement and insurance benefits. The second component is the unfunded liability. The unfunded liability cost represents the benefit accruals a member has already earned that were not fully funded as of June 30, 2024.

UNFUNDED LIABILITY

Unfunded liabilities are a form of long-term financial liability that represents what the pension plan has set aside compared to the amount it is currently obligated to pay out in future pension benefits, much like traditional debt. Liabilities result primarily from four factors:

1. A shortfall between the Actuarially Determined Employer Contribution (ADEC) and the actual contribution.
2. Investment returns that fell short of the assumed investment rate of return.
3. Other economic and demographic assumptions that did not accurately reflect plan experience. Refer to page 21 for more information.
4. Benefit increases that were not pre-funded, such as previous retiree Cost of Living Adjustments.

GRS Actuarial Valuation Results as of June 30, 2024

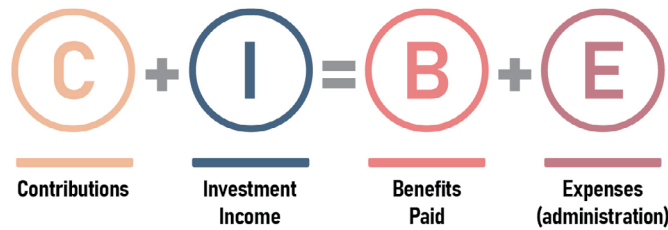
	CERS NONHAZARDOUS	CERS HAZARDOUS	KERS NONHAZARDOUS	KERS HAZARDOUS	SPRS
PENSION - NORMAL COST RATES¹ (Each employer's cost for an employee's retirement benefit)					
Tier 1 Cost Before 7/03	6.38%	12.79%	7.87%	10.06%	22.27%
Tier 1 Cost After 7/03	5.87%	12.45%	8.07%	9.85%	21.81%
Tier 2 Cost	3.63%	9.75%	5.60%	6.66%	18.24%
Tier 3 Cost	3.45%	6.83%	4.40%	6.06%	17.22%
Average Normal Cost ²	5.22%	9.48%	6.85%	7.57%	19.76%
INSURANCE - NORMAL COST RATES¹ (Each employer's cost for an employee's retirement benefit)					
Tier 1 Cost Before 7/03	3.88%	10.27%	3.04%	8.34%	12.50%
Tier 1 Cost After 7/03	2.44%	3.54%	1.67%	3.09%	4.09%
Tier 2 Cost	0.70%	1.54%	0.20%	1.02%	2.20%
Tier 3 Cost	0.61%	1.40%	0.05%	0.59%	1.79%
Average Normal Cost ²	1.51%	2.78%	1.14%	1.55%	4.46%
Total Pension & Insurance	6.73%	12.26%	7.99%	9.12%	24.22%
UNFUNDED LIABILITY COST % (Each employer's cost for the unfunded liability)					
Pension	13.40%	24.52%	*	13.11%	38.15%
Insurance	-2.37%	-1.05%	*	-10.07%	-3.00%

¹Normal Cost Rate is the cost of an employee's retirement benefit to the employer net of employee contributions earned during that fiscal year.

²Average Normal Cost Rate is the blended normal cost rate of all members active as of the valuation date and includes administrative expenses.

*Per House Bill 8 (2021 Regular Session), amortization cost for KERS Nonhazardous employers is allocated based on their percentage of the 2019 Actuarial Accrued Liability. Amortization cost for the Hazardous fund is included in the contribution rate, payable as a percentage of payroll.

HOW BENEFITS ARE FUNDED



1. EMPLOYER CONTRIBUTIONS

Recommended employer contribution rates are determined by KPPA's independent actuary based on data in the annual actuarial valuation. The CERS and KRS Boards adopt employer contribution rates necessary for the actuarial soundness of the systems as required by Kentucky Revised Statutes 61.565, 61.702, 78.635, and 78.5536. KERS and SPRS employer rates are subject to approval by the Kentucky General Assembly through the adoption of the biennial Executive Branch Budget. The CERS Board sets CERS employer contribution rates, unless altered by legislation enacted by the Kentucky General Assembly. Employer contributions are deposited to the Retirement Allowance Account and the insurance funds and are used to pay monthly benefits and to fund KPPA expenses.



2. EMPLOYEE CONTRIBUTIONS

Members contribute a percent of their creditable compensation as set by state law based on their benefit tier. Employee contributions are deposited to individual member accounts.



3. INVESTMENTS

The CERS and KRS Boards are charged with the responsibility of investing assets to provide for member benefits. To achieve that goal, the Boards follow a policy of thoughtfully growing our asset base while protecting against undue risk and losses in any particular investment area.

The Boards recognize their fiduciary duty to not only invest the funds in compliance with the Prudent Person Rule, but also to manage the funds in continued recognition of the basic long-term nature of the systems. In carrying out their fiduciary duties, the Trustees have set forth clearly defined investment policies, objectives, and strategies.

KPPA maintains all plan assets for CERS, KERS, and SPRS through separate financial accounts and does not commingle assets between the plans. Plan assets are reported individually in audited financial statements.

Member Contribution Rates	TIER 1	TIER 2	TIER 3
Nonhazardous	5%	5%+1% Insurance*	5%+1% Insurance*
Hazardous	8%	8%+1% Insurance*	8%+1% Insurance*

*One percent is deposited to the Insurance Plan

FULLY FUNDED BY

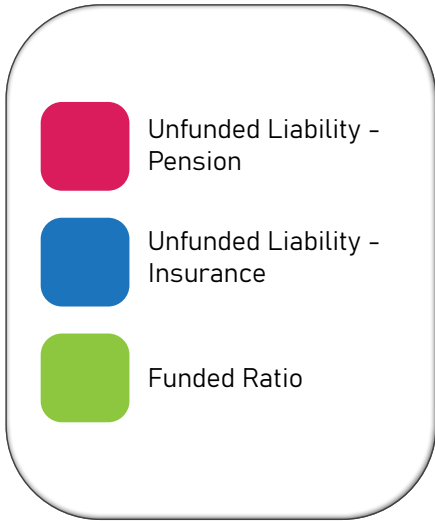
2049

The Systems' actuary, GRS, projects that the pension and insurance funds will be fully funded by 2049, based on the most recent actuarial valuation and the closed amortization period set in statute, provided the systems receive the full Actuarially Determined Employer Contribution each year and all actuarial assumptions are met. Those same projections show that benefits will be secure going forward due to steps taken over the past 10 years, including the passage of legislation and adoption of internal policies designed to put the funds on solid financial footing.

FUNDING TRENDS

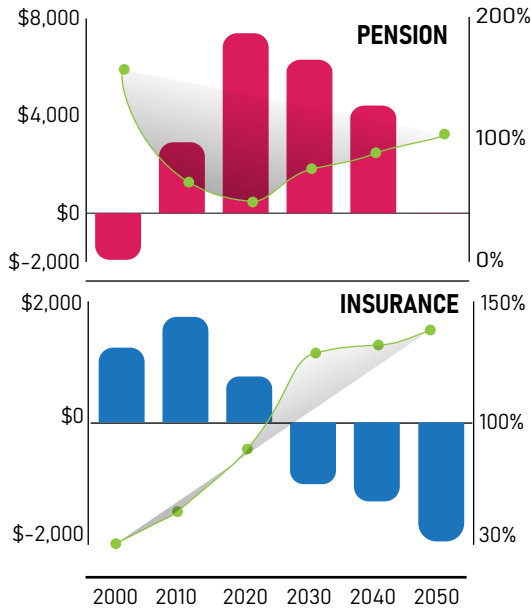
30 YEAR FUNDING PROJECTIONS

Based on current assumptions, all pension and insurance funds will be fully funded (100%) by Fiscal Year 2049. All projections shown below are based on the June 30, 2024 Actuarial Valuation.



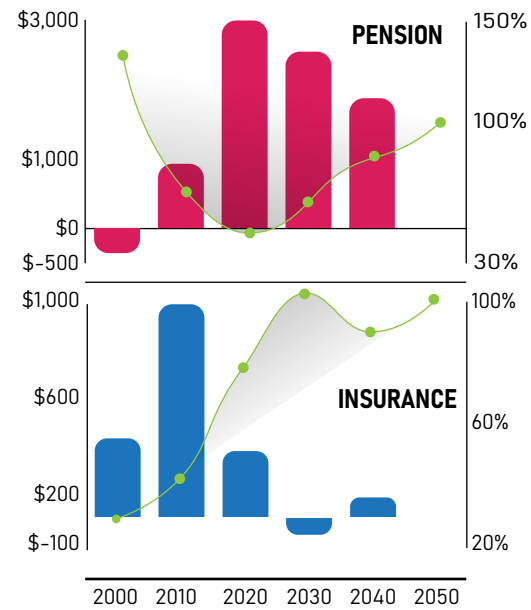
CERS NONHAZARDOUS

30 YEAR FUNDING PROJECTION (\$ in Millions)



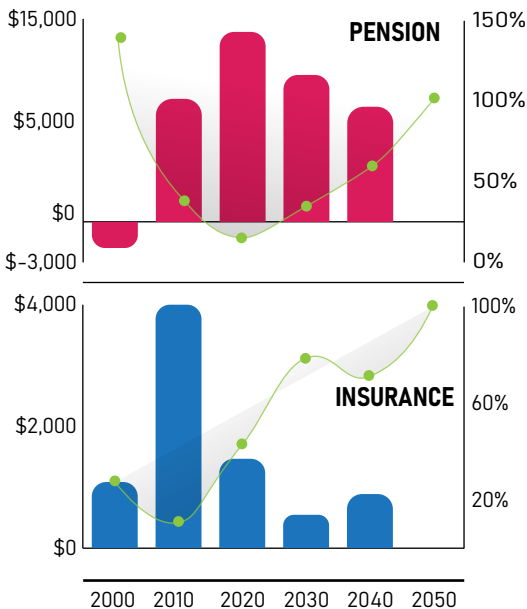
CERS HAZARDOUS

30 YEAR FUNDING PROJECTION (\$ in Millions)



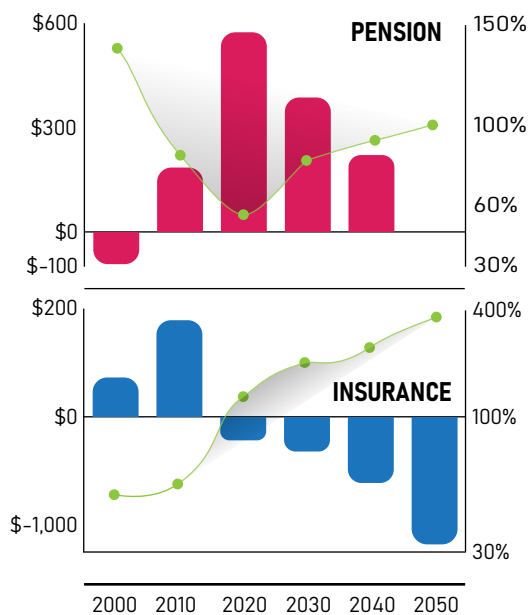
KERS NONHAZARDOUS

30 YEAR FUNDING PROJECTION (\$ in Millions)



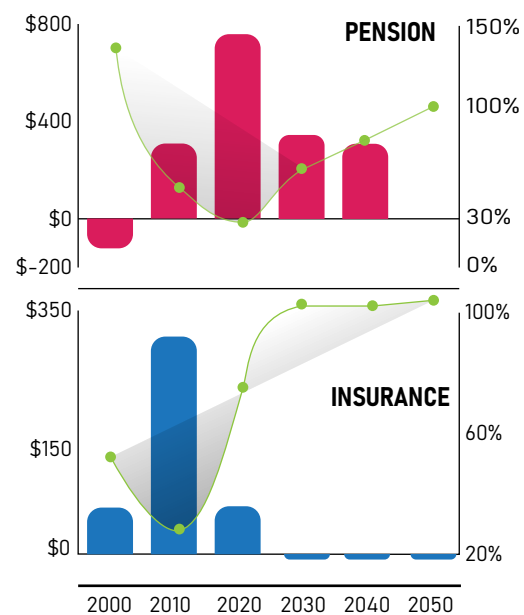
KERS HAZARDOUS

30 YEAR FUNDING PROJECTION (\$ in Millions)



SPRS State Police Retirement System

30 YEAR FUNDING PROJECTION (\$ in Millions)



ECONOMIC IMPACT FOR KENTUCKY

Pension benefits have a wide-ranging impact on the state's economic health. In addition to ongoing monthly pension payments, KPPA issued refunds, lump-sum payments, and paid toward insurance coverage for eligible retirees, beneficiaries, and their dependents during the Fiscal Year.

ONE-TIME PAYMENTS

KPPA issues three types of one-time payments to eligible members and beneficiaries: refunds, a \$5,000 death benefit, and a lump-sum payment if a retiring member chooses the Partial Lump Sum Payment Option.

MONTHLY INSURANCE PAYMENTS

KPPA pays a percentage of the monthly contribution rate or a dollar amount toward insurance coverage for eligible members. Any portion paid toward eligible dependent coverage is based on the member's hazardous service credit.

MONTHLY PENSION PAYMENTS

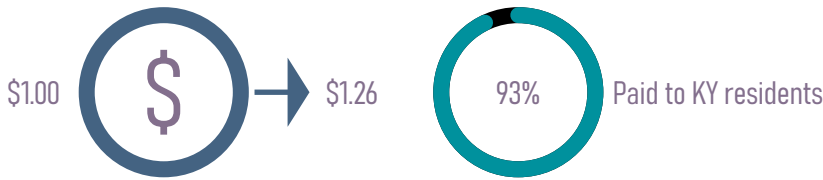
KPPA pays more than \$2 billion in monthly pension benefits to Kentucky residents.

ONE-TIME PAYMENTS	
Number	Amount
8,326	\$106 Million
INSURANCE PAYMENTS	
Number of Plan Holders	Amount
88,347	\$390 Million
KENTUCKY RECIPIENTS	
Number	Amount
117,969	\$2,239 Million

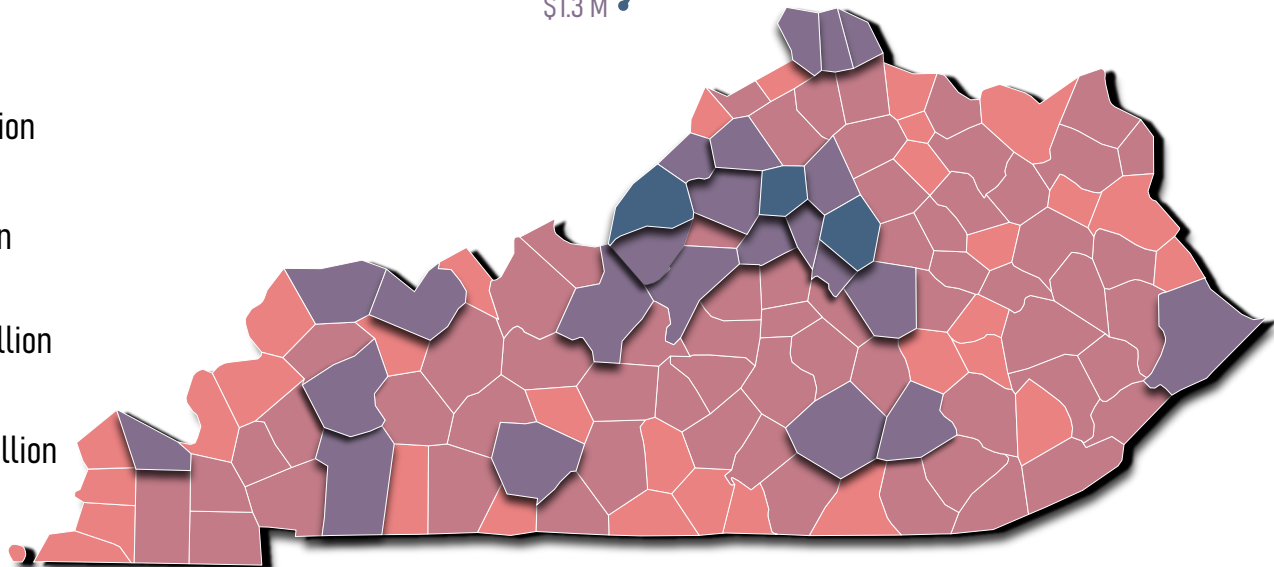
ECONOMIC IMPACT*

Pension payments support state economic activity, with 93% paid to in-state residents. Each \$1 in taxpayer contributions to Kentucky's state and local pension plans ultimately supported \$3.53 in total output in the state. Each \$1 in state and local pension benefits paid to Kentucky residents ultimately supported \$1.26 in total output in the state.

Pension Benefit Multiplier



- Less than \$5 Million
- \$5 - \$19.99 Million
- \$20.0 - \$79.99 Million
- More than \$80 Million



*Source: National Institute on Retirement Security, "Pensionomics 2025: Measuring the Economic Impact of DB Pension Expenditures" (nirsonline.org). For Kentucky figures, see State Fact Sheets; for methodology, see the Technical Appendix in the full report.

ECONOMIC IMPACT FOR KENTUCKY

In Fiscal Year 2024, KPPA paid over \$2 billion in ongoing pension benefits. Payments per county in the Commonwealth of Kentucky range from \$1.3 million to \$375 million annually providing a consistent revenue stream for all local economies.

Fiscal Year 2024 Monthly Pension Benefits Paid by County (\$ in Millions)											
County	Payees	Total	County	Payees	Total	County	Payees	Total	County	Payees	Total
Adair	552	\$9.41	Edmonson	250	\$3.63	Knox	667	\$10.31	Nicholas	221	\$3.28
Allen	462	6.62	Elliott	192	2.94	Larue	410	6.54	Ohio	688	8.30
Anderson	1,454	36.68	Estill	473	6.56	Laurel	1,368	22.73	Oldham	1,434	31.42
Ballard	269	3.95	Fayette	5,761	125.03	Lawrence	364	4.59	Owen	536	12.45
Barren	1,198	18.36	Fleming	512	8.72	Lee	244	3.57	Owsley	221	3.30
Bath	414	6.62	Floyd	952	15.33	Leslie	279	4.21	Pendleton	402	6.94
Bell	707	11.62	Franklin	6,218	193.96	Letcher	641	9.25	Perry	847	12.39
Boone	2,114	45.60	Fulton	191	2.53	Lewis	356	4.87	Pike	1,334	20.28
Bourbon	576	9.51	Gallatin	137	2.48	Lincoln	726	9.97	Powell	384	5.42
Boyd	1,104	18.47	Garrard	475	7.12	Livingston	278	4.60	Pulaski	2,418	40.89
Boyle	910	16.06	Grant	675	13.12	Logan	700	9.94	Robertson	81	1.34
Bracken	240	3.51	Graves	992	15.99	Lyon	364	7.43	Rockcastle	430	6.27
Breathitt	526	8.34	Grayson	871	14.09	Madison	2,616	44.13	Rowan	943	16.30
Breckinridge	529	7.99	Green	360	5.23	Magoffin	395	5.61	Russell	628	9.83
Bullitt	1,835	35.54	Greenup	740	10.72	Marion	587	8.60	Scott	1,433	30.04
Butler	340	5.05	Hancock	239	3.41	Marshall	1,004	15.09	Shelby	1,723	43.92
Caldwell	555	8.88	Hardin	2,489	43.42	Martin	282	3.32	Simpson	311	4.07
Calloway	1,145	17.07	Harlan	649	9.92	Mason	437	7.33	Spencer	584	13.56
Campbell	1,656	32.85	Harrison	504	8.43	McCracken	1,626	30.34	Taylor	723	10.64
Carlisle	128	1.95	Hart	380	5.86	McCreary	425	4.58	Todd	286	4.0
Carroll	334	5.60	Henderson	1,201	20.42	McLean	316	4.76	Trigg	578	9.66
Carter	854	11.92	Henry	939	21.63	Meade	530	8.02	Trimble	295	4.96
Casey	388	5.19	Hickman	97	1.73	Menifee	232	3.53	Union	385	4.60
Christian	1,573	29.04	Hopkins	1,367	21.26	Mercer	837	15.47	Warren	3,133	56.84
Clark	914	16.67	Jackson	368	4.86	Metcalfe	328	4.41	Washington	363	6.13
Clay	621	9.26	Jefferson	16,708	374.54	Monroe	295	3.72	Wayne	603	8.78
Clinton	317	4.28	Jessamine	1,214	22.21	Montgomery	720	12.37	Webster	384	5.24
Crittenden	232	3.46	Johnson	652	10.12	Morgan	673	12.08	Whitley	1,227	17.64
Cumberland	203	3.0	Kenton	2,482	54.15	Muhlenberg	849	11.32	Wolfe	350	5.88
Daviess	2,911	\$53.22	Knott	480	\$7.46	Nelson	1,204	\$22.54	Woodford	1,125	\$28.39

This table represents all payees receiving a monthly payment during the Fiscal Year. Members receiving payments from multiple accounts are represented as one payee.

	Payees	%	Amount
Kentucky	117,969	93%	\$2,239
Out of State	10,022	7%	\$174
Grand Total	127,991	100%	\$2,413

FINANCIAL REPORT

2024 Financial Highlights

Fiduciary Net Position for the CERS, KERS, SPRS, and Insurance Plan increased 12%, with assets growing to a record \$28 billion due to strong investment returns, General Fund appropriations, and employer contributions.

⚠️ This is an overview of the financial activities for the Fiscal Year ended June 30, 2024. For more detailed information, refer to the Financial Section of the 2024 CERS and KRS Annual Comprehensive Financial Reports.

PENSION

Total Pension assets (CERS, KERS, and SPRS) **increased 13.6%** in Fiscal Year 2024.

- Up from \$17.46 billion at the beginning of the Fiscal Year to **\$19.84 billion as of June 30, 2024.**
- This **\$2.38 billion increase** was due in large part to the appreciation in the fair value of investments.

INSURANCE

The combined assets of the CERS Nonhazardous, CERS Hazardous, KERS Nonhazardous, KERS Hazardous, and SPRS Insurance plans **increased \$0.74 billion** in Fiscal Year 2024.

- The plans received almost \$1.10 billion in total contributions and net investment income, which offset \$351 million in deductions during the Fiscal Year.
- Total assets increased from \$7.43 billion at the beginning of the Fiscal Year to **\$8.17 billion as of June 30, 2024.**

INVESTMENTS

Fiscal Year 2024 investment performance was strong despite falling short of the benchmark while exceeding the actuarially assumed rates of return.

- The **Pension plans** earned a combined net return of 11.2% versus the 13.0% benchmark.
- All **Pension plans** outperformed their assumed rates of return: 6.50% for CERS, 6.25% for KERS Hazardous, and 5.25% for KERS Nonhazardous and SPRS.
- The **Insurance plans** earned a combined net return of 11.7%, versus the 13.5% benchmark.
- All **Insurance plans** outperformed the 6.50% assumed rate of return used for all plans.

CASH FLOWS

For Fiscal Year 2024, in aggregate, all funds combined had positive cash flow.

Pension: Cash flows were positive for all pension plans in Fiscal Year 2024. KERS Nonhazardous received full funding plus an **additional \$240 million appropriated** from the General Fund. In addition, investment income increased for all plans during the year.

Insurance: Cash flows were positive for KERS Nonhazardous and SPRS for Fiscal Year 2024. The contribution rates for both CERS plans were reduced, which was offset by an increase in payroll, and the KERS Hazardous contribution rate remained zero for the year. This resulted in negative cash flows for these plans.

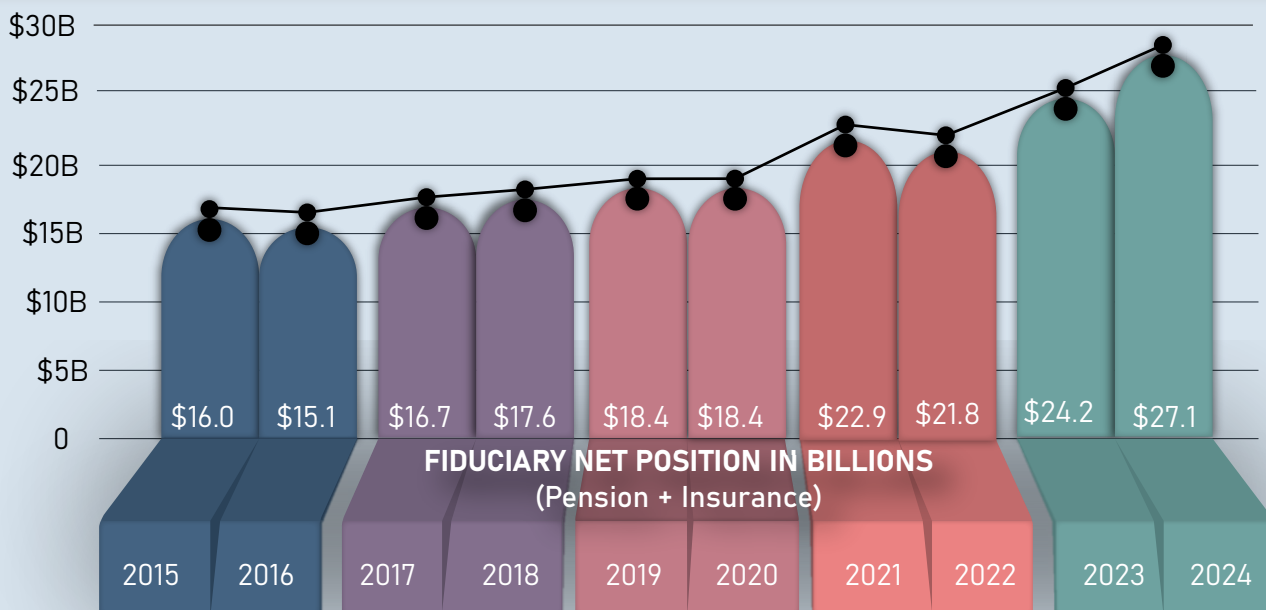


Table 1 - Assets and Liabilities

This table shows the assets and liabilities for the years ending June 30, 2024, and June 30, 2023. Total liabilities are composed of securities lending collateral, investment accounts payable (buys), and outstanding employer/member invoices. The Fiduciary Net Position represents the resources accumulated and held in trust to pay pension benefits for retirees, active and inactive members, and health care premiums for current and future retirees.

Table 1. Fiduciary Net Position (\$ in Millions)

Assets	Pension Funds		Insurance Fund		Total	
	2024	2023	2024	2023	2024	2023
Cash & Investments	\$19,515	\$17,097	\$8,107	\$7,339	\$27,622	\$24,436
Receivables	326	362	63	87	389	449
Total Assets	19,841	17,459	8,170	7,426	28,011	24,885
Total Liabilities	(703)	(519)	(223)	(194)	(926)	(713)
Fiduciary Net Position	\$19,138	\$16,940	\$7,947	\$7,232	\$27,085	\$24,172

Capital Assets include capital assets, intangible assets, depreciation and amortization.

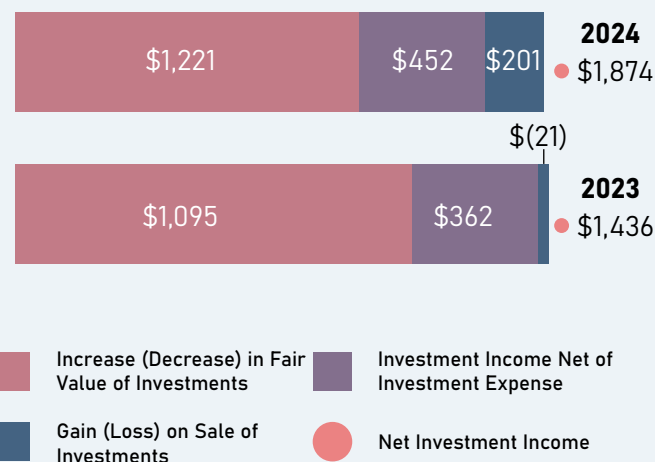
Table 2 - Income and Expenses

This table shows the annual additions (income) and deductions (expenses) for the plans. Investment earnings and contributions typically make up the majority of the income. Investment returns were positive in 2024 and 2023 for all plans. The deductions largely represent pension benefits, health insurance expenses, administrative costs, and refunds of contributions to inactive members.

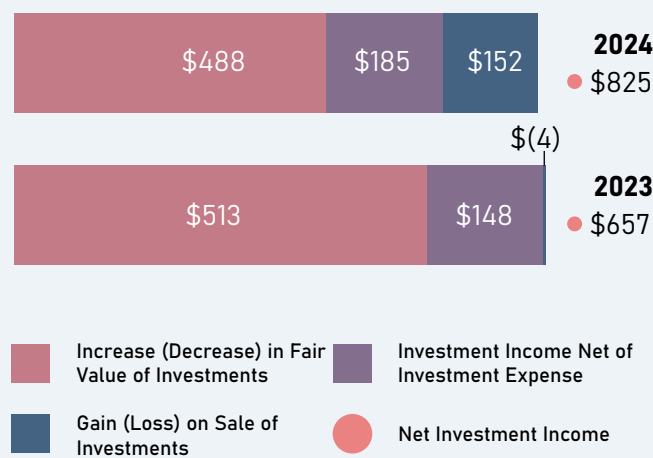
Table 2. Changes in Fiduciary Net Position (\$ in Millions)

Additions	Pension Funds		Insurance Fund		Total	
	2024	2023	2024	2023	2024	2023
Member Contributions	\$346	\$312	\$39	\$32	\$385	\$344
Employer Contributions	2,293	2,172	181	283	2,474	2,455
Other Contributions	240	240	22	26	262	266
Net Investment Income	1,874	1,436	825	657	2,699	2,093
Total Additions	\$4,753	\$4,160	\$1,067	\$998	\$5,820	\$5,158
Deductions						
Benefit payments	\$2,460	\$2,380	\$-	\$-	\$2,460	\$2,380
Refunds	50	46	-	-	50	46
Admin/Cap. Proj.	45	42	2	3	47	45
Healthcare Costs	-	-	349	360	349	360
Total Deductions	\$2,555	\$2,468	\$351	\$363	\$2,906	\$2,831
Total Change in Fiduciary Net Position	\$2,198	\$1,692	\$716	\$635	\$2,914	\$2,327
CERS Nonhazardous	936	719	296	308	1,232	1,027
CERS Hazardous	384	319	116	110	500	429
KERS Nonhazardous	690	531	227	164	917	695
KERS Hazardous	127	83	52	36	179	119
SPRS	61	40	25	17	86	57

Investment Income (Loss) for Pension Funds (\$ in Millions)



Investment Income (Loss) for Insurance Fund (\$ in Millions)




KPPA Administrative Expenses (\$ in Millions)

KPPA staff = 261 employees	2024	2023
Salaries	\$18.6	\$16.4
Benefits	17.2	16.6
Professional Services	3.6	3.2
Information Technology	3.3	2.7
Communication	0.8	0.6
Office & Equipment	1.0	1.1
Travel/Conference	0.1	0.1
Other Operating Expenses	0.3	1.2
Insurance Plans' Administration	2.4	2.4
Total	\$47.3	\$44.3

INVESTMENTS REPORT

Pension Results

For the Fiscal Year ended June 30, 2024, the Pension portfolio earned a net return of 11.2%, compared to the 13.0% benchmark index and the actuarial assumed rates of return of 6.50% for CERS Nonhazardous and CERS Hazardous, 6.25% for KERS Hazardous, and 5.25% for KERS Nonhazardous and SPRS.

 This is an overview of the investment activities for the Fiscal Year ended June 30, 2024. For more detailed information, refer to the Investments Section of the CERS and KRS Annual Comprehensive Financial Reports.

Net Returns - PENSION (\$ in Millions)

Plan	Fair Value (\$ in Millions)	% of Total Fair Value	1 Year (%)		3 Years (%)		5 Years (%)		10 Years (%)		Inception (%)	
			KPPA	Index	KPPA	Index	KPPA	Index	KPPA	Index	KPPA	Index
CERS Nonhazardous	\$9,628	50.9	11.6	14.1	5.0	5.4	8.0	8.1	6.9	6.8	8.9	9.0
CERS Hazardous	3,412	18.0	11.7	14.1	5.0	5.4	7.9	8.1	6.9	6.8	8.9	9.0
KERS Nonhazardous	4,208	22.2	9.5	10.1	3.6	3.9	6.9	6.5	6.1	6.0	8.7	8.8
KERS Hazardous	1,026	5.4	11.1	12.4	4.6	5.0	7.7	7.8	6.7	6.7	8.9	9.0
SPRS	651	3.5	9.6	10.1	4.0	3.9	7.0	6.5	6.0	5.9	8.7	8.8
Total*	\$18,925	100.0	11.2	13.0	4.7	5.1	7.7	7.8	6.8	6.7	8.9	9.0

*Each plan has a different asset allocation which results in different returns compared to the overall composite.

Net Returns by Asset Class - PENSION (\$ in Millions)

Note: Fair values are adjusted for accruals and expenses

Asset Class	Inception	Fair Value (\$ in Millions)	% of Total	1 Year (%)		3 Years (%)		5 Years (%)		10 Years (%)		Inception To Date		External FEES (\$ in Millions)
				KPPA	Index	KPPA	Index	KPPA	Index	KPPA	Index	KPPA	Index	
Total Fund	4/1/1984	\$18,925	100.0	11.2	13.0	4.7	5.1	7.7	7.8	6.8	6.7	8.9	9.0	\$163.3
Public Equity¹	4/1/1984	8,858	46.8	17.0	19.4	4.1	4.9	10.1	10.4	8.1	8.1	10.4	10.3	27.2
Private Equity	7/1/2002	1,127	5.9	3.8	3.8	7.8	7.8	12.3	12.3	11.5	15.5	11.4	12.7	13.0
Core Fixed Income	7/1/2013	2,699	14.3	5.1	2.6	0.2	-3.0	1.8	-0.2	2.4	1.4	2.6	1.6	4.5
Specialty Credit	7/1/2017	3,743	19.8	11.9	10.8	6.7	3.9	6.7	4.8	n/a	n/a	6.6	4.7	98.9
Cash Account²	1/1/1988	493	2.6	5.3	5.6	3.0	3.2	2.2	2.2	1.7	1.5	3.4	3.0	4.9
Real Return	7/1/2011	1,023	5.4	14.2	6.3	9.7	7.1	8.2	6.7	5.2	4.1	5.5	4.3	7.8
Real Estate	7/1/1984	\$982	5.2	-9.9	-12	3.9	2.5	6.3	2.6	7.8	5.8	6.2	6.0	\$7.0

¹ Public Equity includes trade commissions. ² The cash account includes custodian, consulting and miscellaneous investment expenses.

INVESTMENTS REPORT

Insurance Results

For the Fiscal Year ended June 30, 2024, the Insurance portfolio earned a net return of 11.7%, compared to the 13.5% benchmark index and the 6.50% actuarial assumed rate of return for all funds. In Fiscal Year 2024, the portfolio achieved a rate of return of 7.9% over the five-year period and a return of 6.9% over the 10-year period.



This is an overview of the investment activities for the Fiscal Year ended June 30, 2024. For more detailed information, refer to the Investments Section of the CERS and KRS Annual Comprehensive Financial Reports.

Net Returns - INSURANCE (\$ in Millions)

Plan	Fair Value (\$ in Millions)	% of Total Fair Value	1 Year (%)		3 Years (%)		5 Years (%)		10 Years (%)		Inception (%)	
			KPPA	Index	KPPA	Index	KPPA	Index	KPPA	Index	KPPA	Index
CERS Nonhazardous	\$3,581	45.2	11.8	14.1	5.3	5.4	7.9	7.8	6.9	6.8	7.5	7.7
CERS Hazardous	1,727	21.8	11.7	14.1	5.3	5.4	7.9	7.8	7.0	6.8	7.5	7.7
KERS Nonhazardous	1,678	21.2	11.1	12.4	4.6	5.2	7.7	7.7	6.5	6.7	7.4	7.7
KERS Hazardous	667	8.4	11.2	12.4	5.1	5.2	7.8	7.6	6.8	6.7	7.5	7.7
SPRS	271	3.4	11.0	12.4	5.1	5.2	7.9	7.6	7.0	6.7	7.5	7.7
Total*	\$7,924	100.0	11.7	13.5	5.2	5.5	7.9	7.8	6.9	6.9	7.5	7.8

*Each plan has a different asset allocation which results in different returns compared to the overall composite.

Net Returns by Asset Class - INSURANCE (\$ in Millions)

Note: Fair values are adjusted for accruals and expenses

Asset Class	Inception	Fair Value (\$ in Millions)	% of Total	1 Year (%)		3 Years (%)		5 Years (%)		10 Years (%)		Inception To Date		External FEES (\$ in Millions)
				KPPA	Index	KPPA	Index	KPPA	Index	KPPA	Index	KPPA	Index	
Total Fund	4/1/1987	\$7,924	100.0	11.7	13.5	5.2	5.5	7.9	7.8	6.9	6.9	7.5	7.8	\$73.9
Public Equity ¹	7/1/1992	3,921	49.5	16.9	19.4	4.1	4.9	10.1	10.4	8.1	8.1	8.8	8.7	10.3
Private Equity	7/1/2002	567	7.2	6.6	6.6	12.3	12.3	12.4	12.4	12.9	15.5	10.8	12.3	8.8
Core Fixed Income	7/1/2013	824	10.4	4.9	2.6	.1	-3.0	1.7	-0.2	2.1	1.4	2.4	1.6	1.5
Specialty Credit	7/1/2017	1,650	20.8	12.1	10.8	6.9	3.9	6.7	4.8	n/a	n/a	6.5	4.7	44.1
Cash Account ²	7/1/1992	126	1.6	5.4	5.6	3.0	3.2	2.1	2.2	1.5	1.5	2.5	2.5	2.5
Real Return	7/1/2011	397	5.0	12.0	6.3	8.4	6.8	7.7	6.7	4.9	4.2	5.2	4.3	3.3
Real Estate	5/1/2009	\$439	5.5	-9.9	-12.0	3.7	2.5	6.2	2.6	7.9	5.8	8.2	4.9	\$3.4

¹Public Equity includes trade commissions. ²The cash account includes custodian, consulting and miscellaneous investment expenses.

Investment Managers & Assets Under Management (\$ in Thousands)



Actively Managed

These managers are either fully funded or are in the investment phase of the strategy.

Managers as of 6/30/2024	Assets Under Management
American Century Investments	\$704,066
Axiom	169,642
BlackRock ACWI Ex-US	1,359,106
Franklin Templeton	560,731
JP Morgan Emerging Markets	227,974
Lazard Asset Management	833,450
LSV Asset Management	870,099
Next Century	204,680
Northern Trust Global Inv.	517,523
Pzena Emerging Markets	286,732
River Road Asset Management	531,839
Westfield Capital	685,927
Internally Managed by KPPA	5,826,932
Middle Ground	205,586
New State	11,241
Strategic Value Partners	146,720
Internally Managed by KPPA	122,324
Loomis, Sayles & Company	1,130,786
NISA Investment Advisors	1,264,080
Cash	618
Internally Managed by KPPA	1,744,886
Adams Street	424,979
Arrowmark	918,533
Blue Torch	224,030
Benefit Street Partners	187,827
CapitalSpring	154,692
Cerberus	284,234
Columbia Asset Management	768,302
Manulife Financial	429,458
Marathon Bluegrass	738,931
Shenkman Capital	549,006
Waterfall Asset Management	485,128
White Oak Global Advisors	228,163
Barings	108,597
Harrison Street	404,879
Mesa West	76,912
Prologis	399,041
Stockbridge	159,241
Internally Managed by KPPA	72,366
Arctos Sports	83,858
IFM Infrastructure Debt Fund	104,472
Maritime Partners	185,239
Saba Capital	79,916
Tortoise Capital	357,443
Internally Managed by KPPA	338,960
Assets Under Management	\$25,169,149

In Redemption

These managers are in the process of liquidation or are in the final investment phase awaiting payout.

Managers as of 6/30/2024	Assets Under Management
Ares	\$30,193
Bay Hills	259,093
Black Diamond	98,224
Crestview	73,532
CVC	33,305
DAG	27,917
Harvest	57,481
Horsley Bridge	87,176
Kayne Anderson	56,442
Keyhaven	33,822
Leonard Green	99,415
Levine Leichtman	89,237
Vista	90,210
Fundamental	74,586
Lubert-Adler	30,733
Patron	59,347
AMERRA	71,626
BTG Pactual	34,638
Prisma	145,586
Other ²	227,965
Assets Under Management	\$1,680,528
TOTAL¹	\$26,849,677

¹Totals reflect assets under management and differ from Total Fair Values.

²Managers who are in runoff status or have been liquidated with a de minimis balance are reported as "Other"; see the Investments Section of the 2024 Annual Comprehensive Financial Report for a complete list.

External Investment Expenses as of June 30, 2024 (\$ in Millions)

Expense	Fees Paid	Share of Expenses
Portfolio Management		
Pension	\$140.8	59.4%
Insurance	66.0	27.8%
Securities Lending*		
Pension	19.6	8.3%
Insurance	6.3	2.7%
Custody		
Pension	1.8	0.7%
Insurance	1.1	0.5%
Consultants		
Pension	1.1	0.4%
Insurance	0.5	0.2%
Total Pension	\$163.3	68.8%
Total Insurance	\$73.9	31.2%
Total Expenses	\$237.20	100%

*Expenses are offset against income.

Fair Values by Fund - Pension as of June 30, 2024 (\$ in Millions)

Assets	CERS NONHAZARDOUS		CERS HAZARDOUS		KERS NONHAZARDOUS		KERS HAZARDOUS		SPRS		Total KPPA	
	Fair Value (FV)	% of Total FV	Fair Value (FV)	% of Total FV	Fair Value (FV)	% of Total FV	Fair Value (FV)	% of Total FV	Fair Value (FV)	% of Total FV	Fair Value (FV)	% of Total FV
Equity												
Public Equity	\$5,062	52.6%	\$1,784	52.3%	\$1,365	32.5%	\$438	42.6%	\$209	32.1%	\$8,858	46.8%
Private Equity	615	6.4%	219	6.4%	195	4.6%	66	6.4%	32	4.8%	1,127	5.9%
Fixed Income												
Core Fixed Income	967	10.0%	340	10.0%	1,108	26.3%	116	11.4%	168	25.8%	2,699	14.3%
Specialty Credit	1,929	20.0%	664	19.5%	793	18.8%	232	22.6%	125	19.3%	3,743	19.8%
Cash	152	1.6%	104	3.0%	177	4.2%	35	3.4%	25	3.9%	493	2.6%
Inflation Protected												
Real Return	395	4.1%	139	4.1%	352	8.4%	80	7.8%	57	8.7%	1,023	5.4%
Real Estate	508	5.3%	162	4.7%	218	5.2%	59	5.8%	35	5.4%	982	5.2%
TOTAL PORTFOLIO	\$9,628		\$3,412		\$4,208		\$1,026		\$651		\$18,925	

Fair Values by Fund - Insurance as of June 30, 2024 (\$ in Millions)

Assets	CERS NONHAZARDOUS		CERS HAZARDOUS		KERS NONHAZARDOUS		KERS HAZARDOUS		SPRS		Total KPPA	
	Fair Value (FV)	% of Total FV	Fair Value (FV)	% of Total FV	Fair Value (FV)	% of Total FV	Fair Value (FV)	% of Total FV	Fair Value (FV)	% of Total FV	Fair Value (FV)	% of Total FV
Equity												
Public Equity	\$1,887	52.7%	\$910	52.7%	\$719	42.9%	\$289	43.3%	\$116	42.8%	\$3,921	49.5%
Private Equity	247	6.9%	138	8.0%	112	6.7%	48	7.3%	22	8.0%	567	7.2%
Fixed Income												
Core Fixed Income	362	10.1%	163	9.5%	192	11.4%	77	11.5%	30	11.1%	824	10.4%
Specialty Credit	724	20.2%	332	19.2%	379	22.6%	153	22.8%	62	22.8%	1,650	20.8%
Cash	46	1.3%	19	1.1%	43	2.6%	12	1.9%	6	2.4%	126	1.6%
Inflation Protected												
Real Return	131	3.7%	64	3.7%	137	8.1%	46	6.9%	19	6.9%	397	5.0%
Real Estate	184	5.1%	101	5.8%	96	5.7%	42	6.3%	16	6.0%	439	5.5%
TOTAL PORTFOLIO	\$3,581		\$1,727		\$1,678		\$667		\$271		\$7,924	

Schedule of Commissions Paid for the Year Ended June 30, 2024 (in Millions)*

Assets	Total Shares	Commissions Paid	Cost per Share
U.S. Equities	40	\$0.8	\$0.02
Non-U.S. Equities	307	\$1.5	\$0.01
Total	347	\$2.3	

*Only applies to internally managed assets.

ACTUARIAL REPORT

2024 Actuarial Valuation Results

Each year the funding levels of the plans are determined by the annual actuarial valuation based on assumptions set by the Boards for the Fiscal Year ended June 30. In summary, total pension unfunded liabilities decreased by \$0.45 billion in Fiscal Year 2024 while the insurance plan's overfunding decreased by \$0.18 billion. Total unfunded liabilities across all funds decreased by \$0.27 billion.

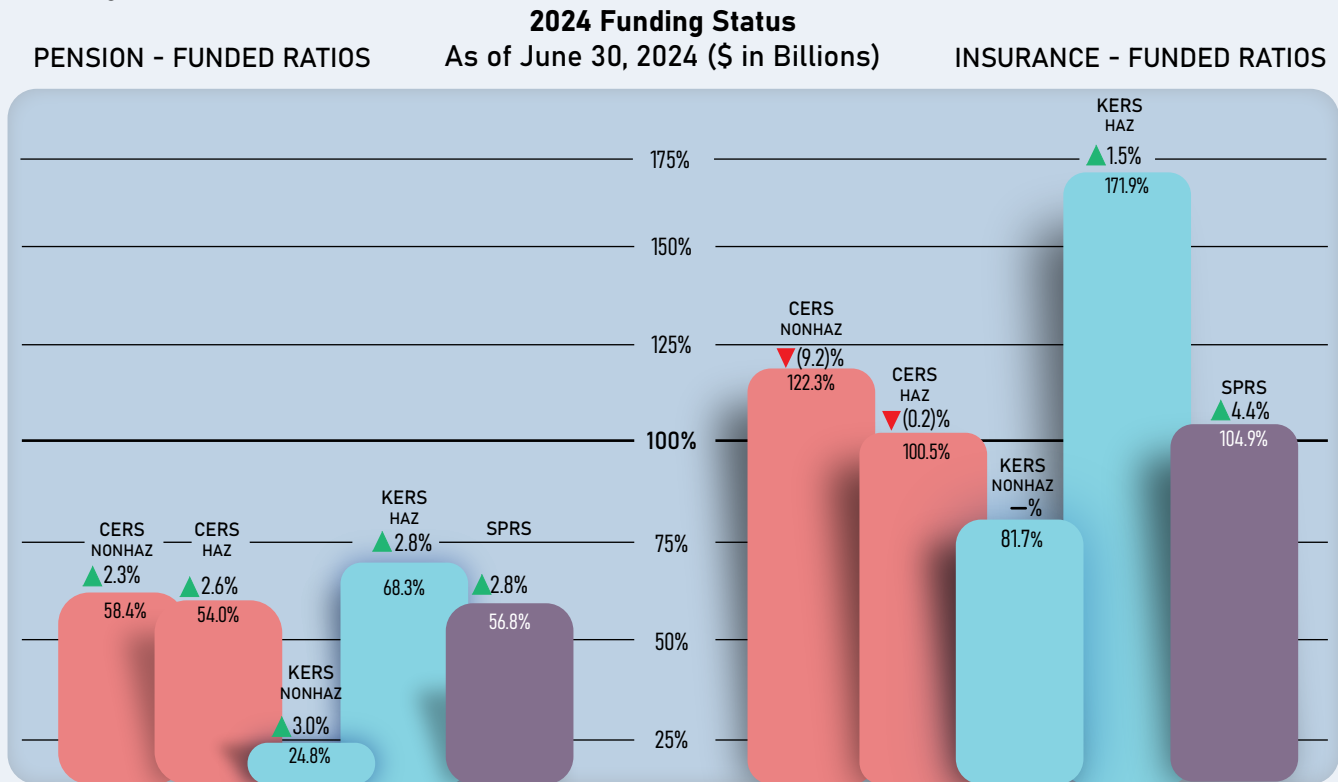
! This is an overview of the actuarial status for the Fiscal Year ended June 30, 2024. For more detailed information, refer to the Actuarial Section of the CERS and KRS Annual Comprehensive Financial Reports.

PENSION PLANS

The \$22.82 billion actuarial unfunded liability for CERS, KERS and SPRS reflects a decrease of \$0.45 billion from the prior fiscal year. At the same time, the actuarial value of assets increased by \$1.60 billion. The result was an increase in the funded ratio across all pension funds, primarily due to strong investment returns and an increase in contributions compared to the prior year. KERS Nonhazardous contributions increased as a result of the continued stabilization of employer contributions, attributable to the fixed allocation funding model, and additional funding from the General Assembly to pay down the unfunded liabilities.

INSURANCE PLAN

The Insurance Plan's overfunding decreased from \$0.74 billion last fiscal year to \$0.56 billion in Fiscal Year 2024. The CERS Hazardous and Nonhazardous funded ratios decreased due to higher than expected Medicare premiums, which were partially offset by lower than anticipated non-Medicare premiums. While KERS and SPRS also experienced these premium changes, KERS Hazardous and SPRS ended the year with an increase in overall funded status, while KERS Nonhazardous had no change from Fiscal Year 2023.



2024 UNFUNDED LIABILITY = \$22.26 Billion



2023 UNFUNDED LIABILITY = \$22.53 Billion



Summary of Actuarial Valuation Results as of June 30, 2024 (\$ in Millions)

	CERS NONHAZARDOUS	CERS HAZARDOUS	KERS NONHAZARDOUS	KERS HAZARDOUS	SPRS
ACTUARIALLY DETERMINED CONTRIBUTION RATES					
Pension Funds	18.62%	34.00%	6.85%	20.68%	57.91%
Insurance Funds	0.00%	1.73%	1.14%	0.00%	1.46%
Amortization Cost to be Allocated	N/A	N/A	\$866	N/A	N/A
Actuarially Determined Employer Contribution Rate ¹	18.62%	35.73%	7.99% ²	20.68%	59.37%
FUNDED STATUS AS OF VALUATION DATE					
PENSION FUNDS					
Actuarial Liability	\$15,776	\$6,070	\$16,648	\$1,443	\$1,112
Actuarial Value of Assets	\$9,212	\$3,280	\$4,122	\$985	\$631
Unfunded Liability on Actuarial Value of Assets	\$6,565	\$2,791	\$12,526	\$458	\$481
Funding Ratio on Actuarial Value of Assets	58.39%	54.03%	24.76%	68.28%	56.75%
Market Value of Assets	\$9,596	\$3,417	\$4,224	\$1,020	\$652
Unfunded Liability on Market Value of Assets	\$6,180	\$2,653	\$12,424	\$423	\$461
Funding Ratio on Market Value of Assets	60.83%	56.29%	25.37%	70.70%	58.60%
INSURANCE FUNDS					
Actuarial Liability	\$2,901	\$1,668	\$2,095	\$380	\$251
Actuarial Value of Assets	\$3,549	\$1,676	\$1,712	\$652	\$263
Unfunded Liability on Actuarial Value of Assets	(\$648)	(\$8)	\$383	(\$273)	(\$12)
Funding Ratio on Actuarial Value of Assets	122.34%	100.48%	81.73%	171.87%	104.85%
Market Value of Assets	\$3,707	\$1,752	\$1,766	\$678	\$274
Unfunded Liability on Market Value of Assets	\$(806)	\$(84)	\$329	\$(298)	\$(22)
Funding Ratio on Market Value of Assets	127.78%	105.05%	84.29%	178.61%	108.89%

¹The Kentucky General Assembly sets contribution rates for KERS and SPRS every two years through the adoption of the biennial Executive Branch Budget.

²All KERS Nonhazardous employers pay the normal cost plus a monthly invoice representing their fixed dollar allocation.

EXPERIENCE STUDY AND ECONOMIC ASSUMPTIONS

Regular actuarial experience studies help ensure the underlying economic and demographic assumptions (such as expected payroll growth, investment returns, and member life expectancy) accurately reflect plan experience. Accuracy is important because these assumptions are used to calculate the unfunded liability and annual employer contribution rates that will allow the systems operated by KPPA to pay for current and future retiree benefits.

Experience studies are performed by KPPA's independent actuary at least every two to five years to compare each plan's actual experience to what had been expected (the assumptions).

Economic Assumptions as of June 30, 2024

	CERS NONHAZARDOUS	CERS HAZARDOUS	KERS NONHAZARDOUS	KERS HAZARDOUS	SPRS
Assumed Investment Return - Pension	6.50%	6.50%	5.25%	6.25%	5.25%
Assumed Investment Return - Insurance	6.50%	6.50%	6.50%	6.50%	6.50%
Inflation Factor	2.50%	2.50%	2.50%	2.50%	2.50%
Payroll Growth	2.00%	2.00%	0.00%	0.00%	0.00%

CERS NONHAZARDOUS

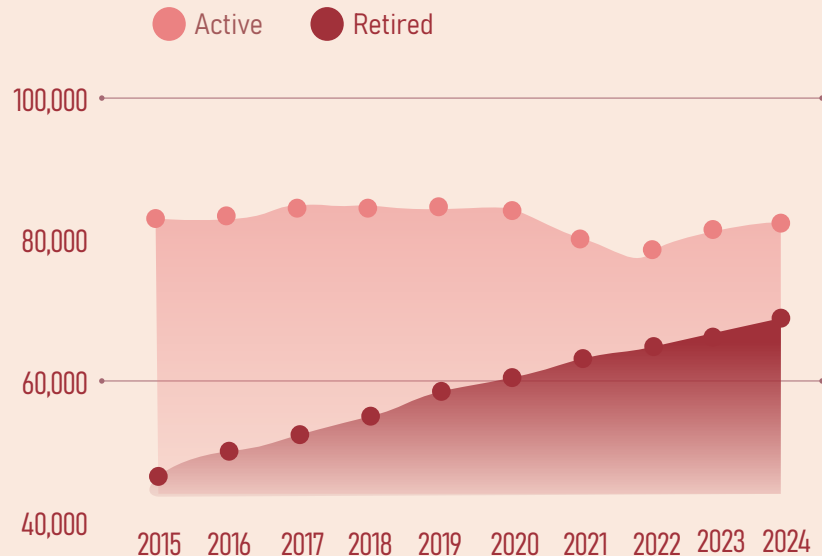
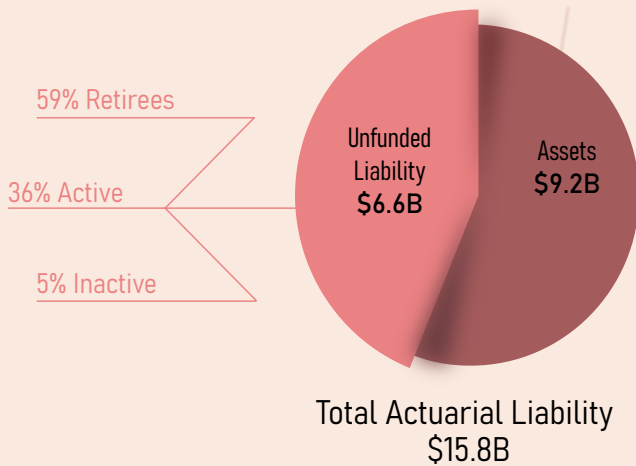
Established by the Kentucky General Assembly on July 1, 1958

CERS Nonhazardous is the largest system operated by KPPA, accounting for 61% of the total membership and 51% of the total assets within KPPA.

- On average, a retired CERS Nonhazardous member in 2024 is 72 years old and receives \$1,036 per month in pension benefits (\$12,435 annually). This represents the lowest average monthly benefit payment of all systems administered by KPPA.
- There are more active employees paying into the plan (82,505) than retirees drawing benefits (68,407).
- The Combined Pension and Insurance Fiduciary Net Position was \$13.3 billion as of June 30, 2024, compared to \$12.1 billion in 2023.

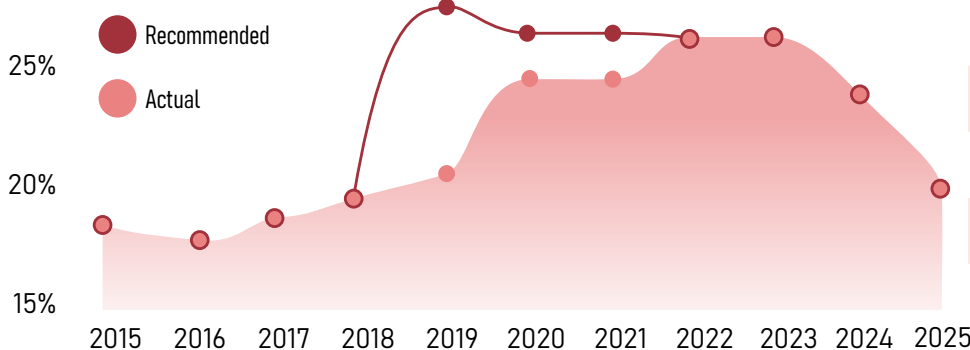
As of the June 30, 2024 Valuation, retirees and beneficiaries account for 59% of the pension fund unfunded liability.

Active member covered payroll continued to increase, adding 1,288 new active members (1.6%) in Fiscal Year 2024.



Senate Bill 2 (2013 Regular Session) required the General Assembly to pay the Actuarially Determined Employer Contribution and established Tier 3 benefits. Based on current assumptions, the Pension and Insurance funds are projected to be 100% funded by Fiscal Year 2049.

Employer Contribution Rates



Membership As of June 30, 2024

	Active	Inactive	Retired	Total
Tier 1	20,541	46,622	66,340	133,503
Tier 2	10,192	17,812	1,831	29,835
Tier 3	51,772	48,176	236	100,184
Total	82,505	112,610	68,407	263,522

CERS HAZARDOUS

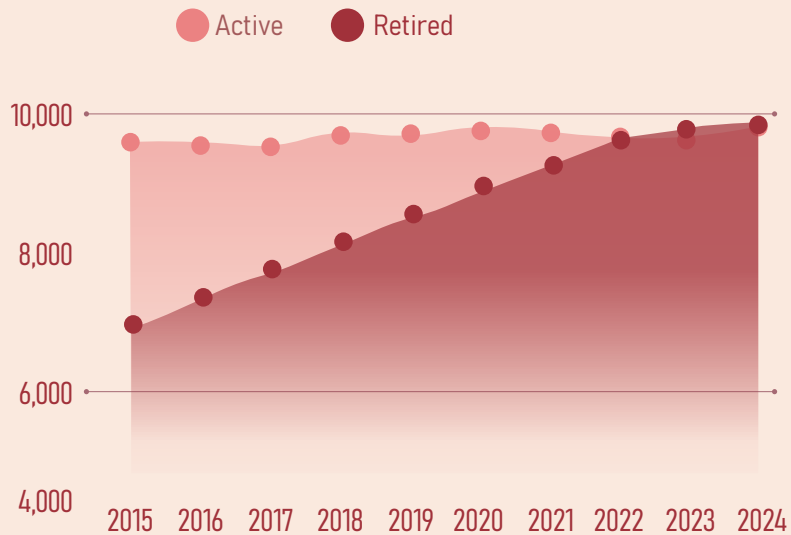
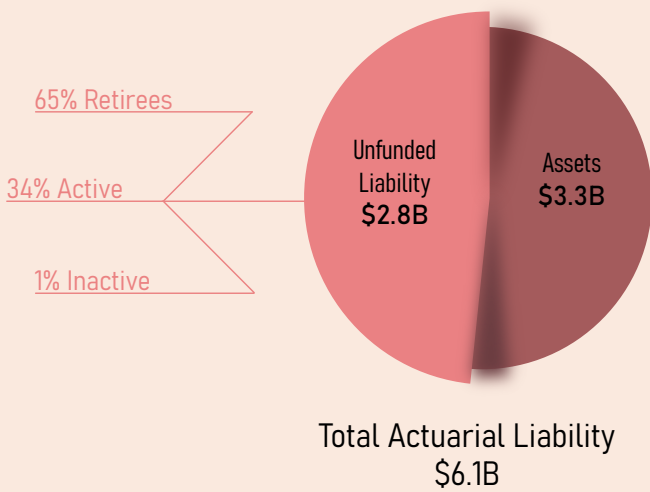
Established by the Kentucky General Assembly on July 1, 1958

CERS Hazardous members include, but are not limited to, active law enforcement, probation and parole officers, detectives, pilots, paramedics, and emergency medical technicians, with job duties that require frequent exposure to a high degree of danger and also require a high degree of physical conditioning.

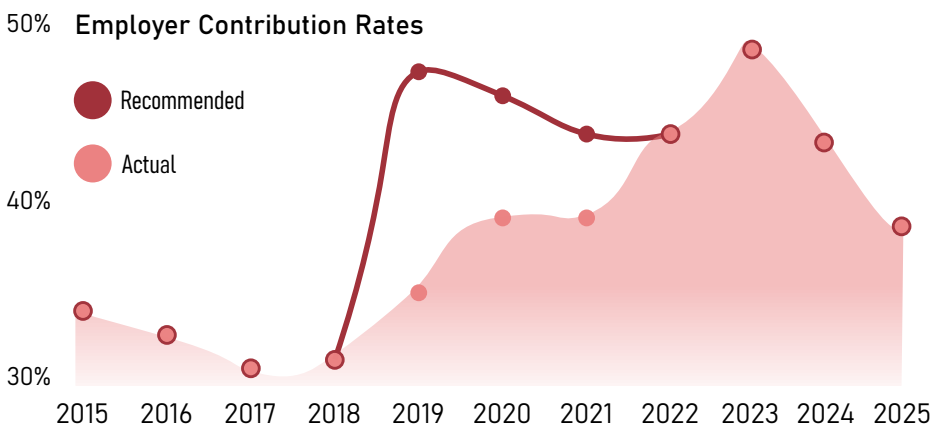
- On average, a retired CERS Hazardous member in 2024 is 63 years old and receives \$2,507 per month in pension benefits (\$30,078 annually). This represents the lowest average age for retirees and the second-highest average monthly benefit payment of all systems operated by KPPA.
- The number of active employees paying into the plan (9,674) is almost equal to the number retirees drawing benefits (9,671).
- The Combined Pension and Insurance Fiduciary Net Position was \$5.2 billion as of June 30, 2024, compared to \$4.7 billion in 2023.

As of the June 30, 2024 Valuation, retirees and beneficiaries account for 65% of the pension fund unfunded liability.

Active member covered payroll continued to increase, adding 493 new active members (5.4%) in Fiscal Year 2024.



Senate Bill 2 (2013 Regular Session) required the General Assembly to pay the Actuarially Determined Employer Contribution and established Tier 3 benefits. Based on current assumptions, the Pension and Insurance funds are projected to be 100% funded by Fiscal Year 2049.



	Active	Inactive	Retired	Total
Tier 1	2,522	1,324	9,617	13,463
Tier 2	1,687	591	41	2,319
Tier 3	5,465	1,906	13	7,384
Total	9,674	3,821	9,671	23,166

KERS NONHAZARDOUS

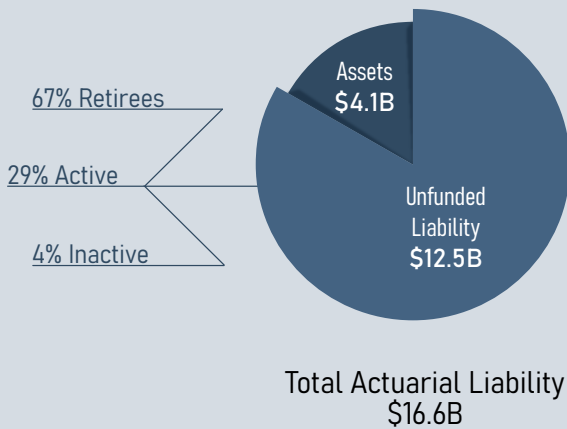
Established by the Kentucky General Assembly on July 1, 1956

KERS Nonhazardous is the second-largest plan operated by KPPA in terms of both membership and financial resources, accounting for 30% of the total membership and 22% of the total assets. Although KERS Nonhazardous has the lowest funded ratio (24.8%) of all pension funds administered by KPPA, due to the sustained efforts of the Kentucky General Assembly, the Governor's Office, and the KRS Board of Trustees, the plan is improving. The funded status increased by 3% from the previous year, moving the funded ratio to its highest level since 2013.

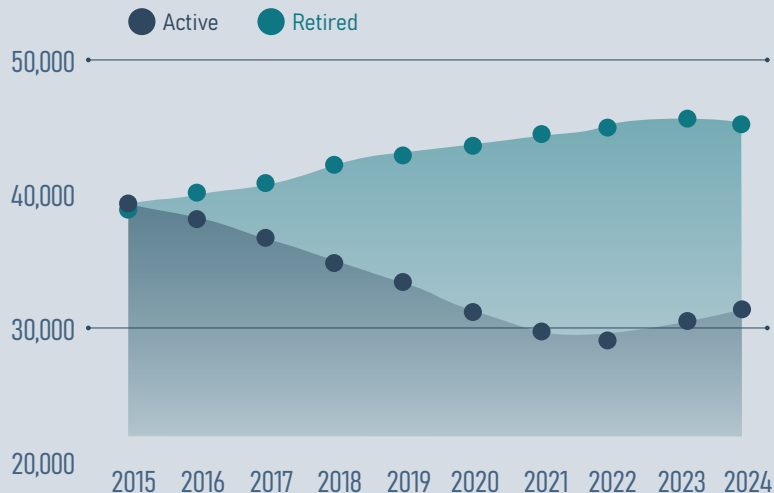
House Bill 8 (2021 Regular Session) adjusted the method for calculating employer contributions from a percent of payroll model to fixed allocation funding. Under the new method, a percentage of the Unfunded Accrued Liability Payment (UAL) is assigned to each employer based on total UAL as of June 30, 2019. The UAL dollar amount is determined annually based on the current year UAL, but always applies the same 2019 percentage. Beginning with Fiscal Year 2022, KERS Nonhazardous employers pay the normal cost plus a monthly invoice representing their fixed dollar allocation.

- On average, a retiree is 71 years old and received \$1,761 per month (\$21,131 annually).
- During the fiscal year, 1,483 members retired, roughly the same as the prior year, but down from the average of the prior five years of 1,756.
- The Combined Pension and Insurance Fiduciary Net Position was \$6.0 billion as of June 30, 2024, compared to \$5.1 billion in 2023.

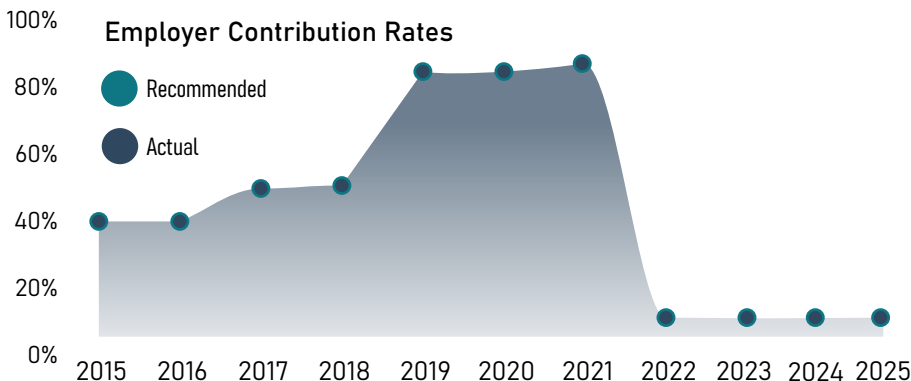
As of the June 30, 2024 Valuation, retirees and beneficiaries account for 67% of the pension fund unfunded liability.



Active member covered payroll continued to increase, adding 1,086 active members (3.5%) in Fiscal Year 2024.



Senate Bill 2 (2013 Regular Session) required the General Assembly to pay the Actuarially Determined Employer Contribution and established Tier 3 benefits. Based on current assumptions, the Pension and Insurance funds are projected to be 100% funded by Fiscal Year 2049.



Quasi-governmental agencies maintained the Fiscal Year 2018 rate for Fiscal Years 2019 - 2021. Beginning with Fiscal Year 2022, all employers pay the normal cost plus a monthly invoice representing their fixed dollar allocation.

Membership

As of June 30, 2024

	Active	Inactive	Retired	Total
Tier 1	11,370	29,156	44,400	84,926
Tier 2	4,579	8,451	556	13,586
Tier 3	15,991	14,136	85	30,212
Total	31,940	51,743	45,041	128,724

KERS HAZARDOUS

Established by the Kentucky General Assembly on July 1, 1956

The KERS Hazardous pension and insurance funds currently have the highest funding ratios (68.3% and 171.9%, respectively) among all systems administered by KPPA.

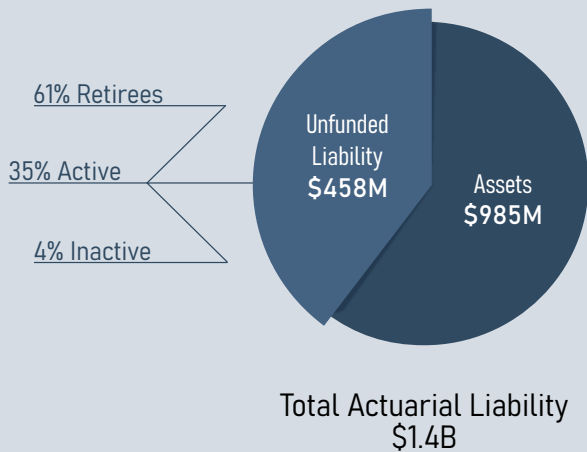
FUNDING RATIO CONSIDERATIONS

Ideally, the funding ratio of each plan will be 100%, where the system has enough assets on hand to meet all required obligations. This means the KERS Hazardous insurance fund is in the enviable position of having 71.9% more assets on hand than what is needed.

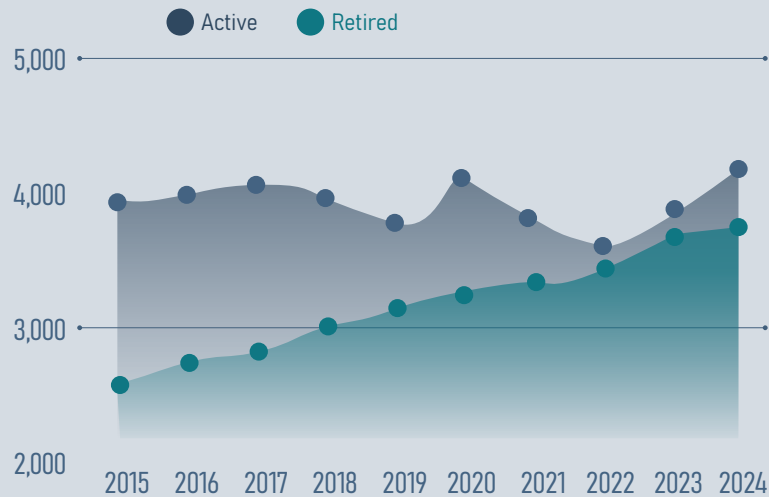
You may wonder why the surplus in the insurance fund can't simply be shifted to the pension fund to bring both to 100% funding. The reason is state and federal law requires the money in each fund to be accounted for separately and used to pay that specific liability, either pension or insurance.

Therefore, the solution lies on the front end: the system's actuary recommended allocating the employer's contribution entirely to the pension fund beginning July 1, 2020, with no additional money allocated to the insurance fund. This puts the money directly into the fund where it is needed most, while allowing the insurance fund's ratio to gradually lower to 100%. The allocation percentages are reviewed each year and will be adjusted as needed.

As of the June 30, 2024 Valuation, retirees and beneficiaries account for 61% of the pension fund unfunded liability.

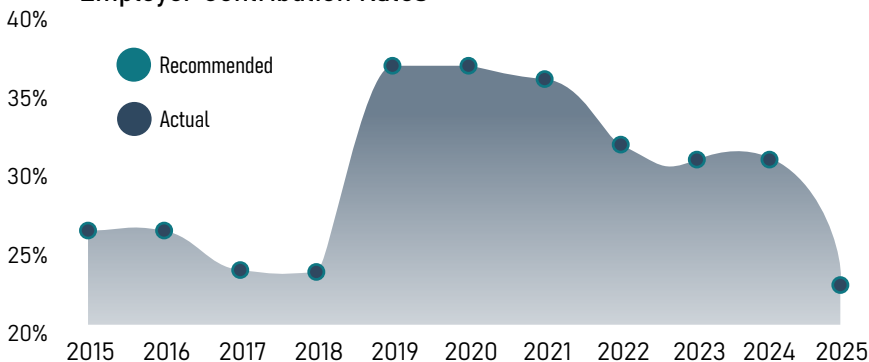


Active member covered payroll continued to increase, adding 270 active members (7.0%) in Fiscal Year 2024.



Senate Bill 2 (2013 Regular Session) required the General Assembly to pay the Actuarially Determined Employer Contribution and established Tier 3 benefits. Based on current assumptions, the Pension and Insurance funds are projected to be 100% funded by Fiscal Year 2049.

Employer Contribution Rates



Membership

As of June 30, 2024

	Active	Inactive	Retired	Total
Tier 1	796	1,727	3,417	5,940
Tier 2	554	1,228	65	1,847
Tier 3	2,795	4,590	10	7,395
Total	4,145	7,545	3,492	15,182

STATE POLICE RETIREMENT SYSTEM

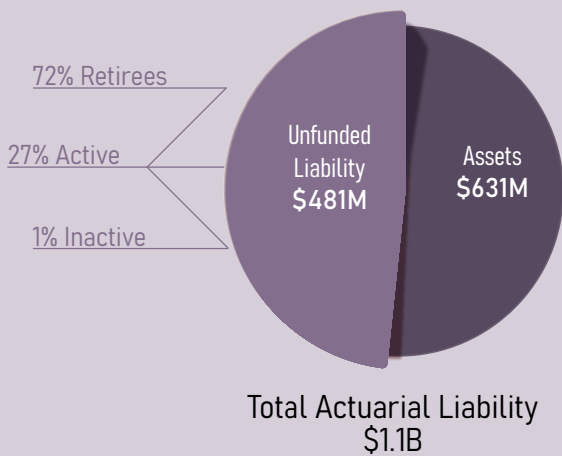
Established by the Kentucky General Assembly on July 1, 1958

Membership in SPRS, the smallest system operated by KPPA, consists solely of full-time state troopers employed in positions by the Kentucky State Police.

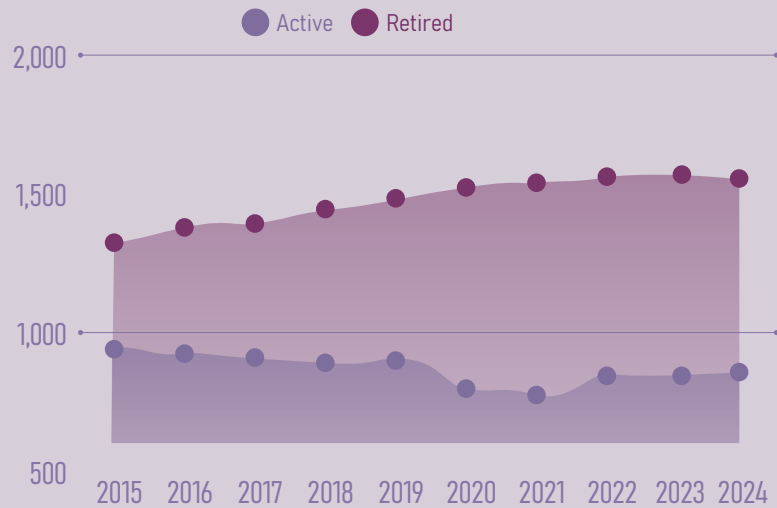
SPRS also has the highest employer contribution rate of all our systems. To help address this problem, in the 2022 Regular Session, the State Executive Branch Budget Bill included an additional \$215 million to be applied to the unfunded liability of the SPRS pension fund. This influx of money lowered the SPRS contribution rate for the biennium from the planned 146.06% to 99.43% and dramatically increased the funding ratio. The funding ratio continued to improve this fiscal year, increasing from 54.0% in 2023 to 56.8% in 2024.

- On average, a retired Kentucky state trooper in 2024 is 65 years old and receives \$3,300 per month (\$39,596 annually) in pension benefits. All trooper positions are considered to be hazardous.
- There are almost twice as many retirees currently drawing benefits (1,543) than active employees paying into the plan (872).
- SPRS experienced a slight increase in active members in Fiscal Year 2024 (from 868 actives in Fiscal Year 2023 to 872 in 2024).
- The Combined Pension and Insurance Fiduciary Net Position was \$925 million as of June 30, 2024, compared to \$840 million in 2023.

As of the June 30, 2024 Valuation, retirees and beneficiaries account for 72% of the pension fund unfunded liability.

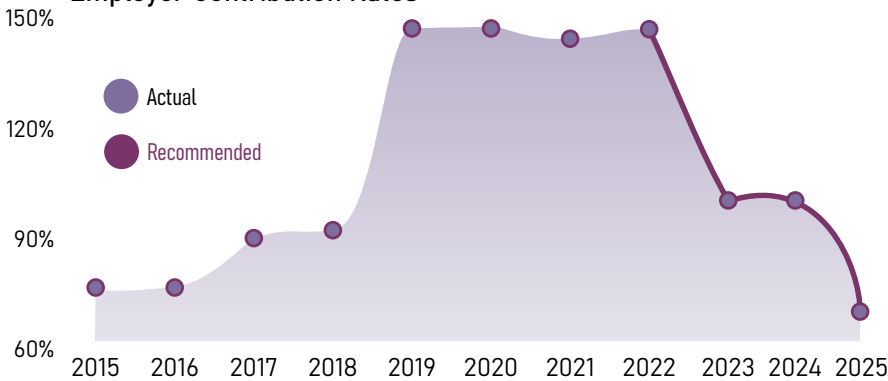


Active member covered payroll had a minimal increase, adding 4 active members in Fiscal Year 2024.



Senate Bill 2 (2013 Regular Session) required the General Assembly to pay the Actuarially Determined Employer Contribution and established Tier 3 benefits. Based on current assumptions, the Pension and Insurance funds are projected to be 100% funded by Fiscal Year 2049.

Employer Contribution Rates



SPRS received an additional \$215 million in the 2022 Regular Session, which significantly lowered the contribution rate in Fiscal Years 2023 and 2024. See above for details.

Membership

As of June 30, 2024

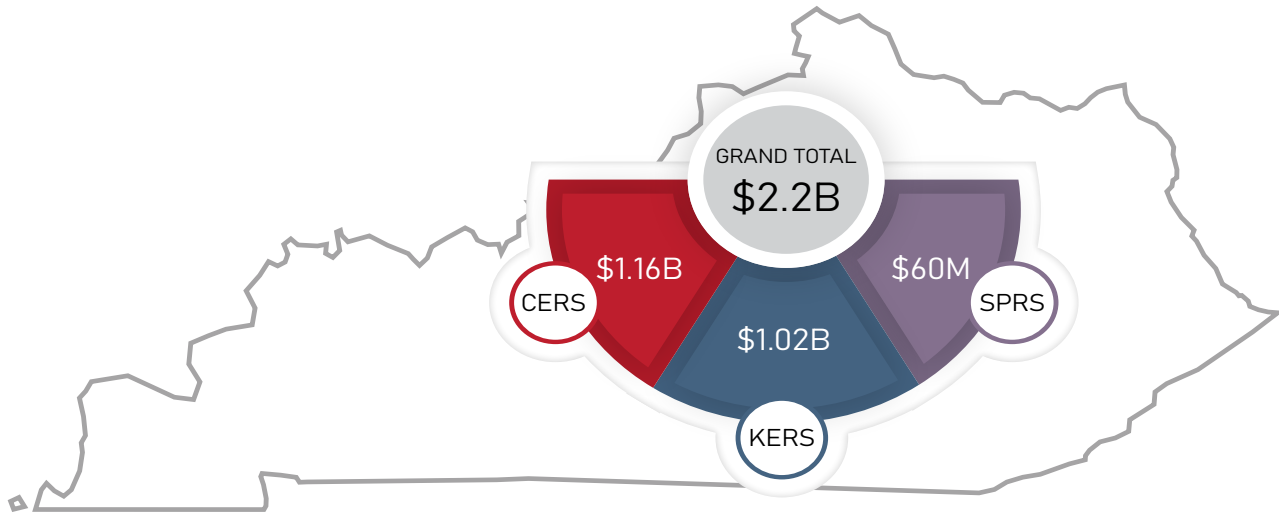
	Active	Inactive	Retired	Total
Tier 1	312	159	1,541	2,012
Tier 2	178	70	1	249
Tier 3	382	223	1	606
Total	872	452	1,543	2,867

ABOUT KPPA

KPPA is responsible for the investment of funds and administration of pension and health insurance benefits for over 433,000 active, inactive, and retired state and local government employees, state police officers, and non-teaching staff of local school boards and regional universities.

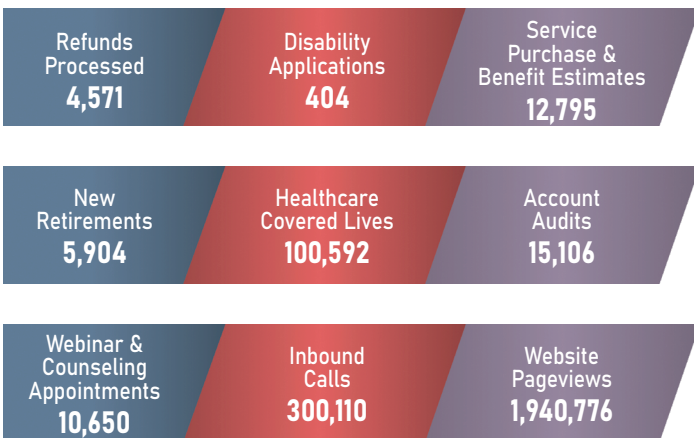
ECONOMIC IMPACT

In Fiscal Year 2024, KPPA paid over \$2 billion in ongoing pension benefits to Kentuckians. KPPA's pension payments support state economic activity, with 93% paid to in-state residents. Payments per Kentucky county range from \$1.3 million to \$375 million annually providing a consistent revenue stream for all local economies.



SERVING OUR MEMBERS

Daily system activities, including administrative support, investment management, benefits counseling, accounting and payroll functions, and legal services are performed by a staff of professional employees working as the KPPA.



FULLY FUNDED BY 2049

The systems' actuary projects that the pension and insurance funds will be fully funded by 2049 based on:

- The most recent actuarial valuation,
- The closed amortization period set in statute,
- The systems receiving the full Actuarially Determined Employer Contribution each year, and
- All actuarial assumptions are met.

2049



KENTUCKY PUBLIC PENSIONS AUTHORITY
1260 LOUISVILLE ROAD, FRANKFORT, KY 40601
KYRET.KY.GOV

The Kentucky Public Pensions Authority is responsible for the investment of funds and administration of pension and health insurance benefits for over 433,000 state and local government employees, state police officers, and nonteaching staff of local school boards and regional universities.



Photo, front cover: Overview of Frankfort, KY, dry brush stylized
Photo, back cover: Louisville, KY downtown skyline on the river, dry brush stylized.