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Newsletter for Kentucky's Government Officials

A KENTUCKY RETIREMENT SYSTEMS E-PUBLICATION

VOLUME 1, No. 2

Kentucky Retirement Systems is responsible for the investment of funds and administration of pension and health insurance benefits for over 379,000 active and retired state and local government employees, state police officers, and nonteaching staff of local school boards and regional universities.

In This Issue

Clicking on these links will take you directly to the specific content area:

- [Governance and Transparency](#)
- [Investments and Funding](#)
- [Legislation News](#)
- [Service Initiatives](#)
- [Other KRS News](#)

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Governance and Transparency

KRS strives to be a highly transparent organization. **Please click on the highlighted links below** to learn more about the governance of the Systems.

Board of Trustees Meetings:

The KRS Board of Trustees met for their most recent [Quarterly meeting on September 13, 2018](#). [Board Chair David Harris](#) led the discussion.

Key topics of the September 13 meeting included:

1. **Retiree Health Plan Committee report and recommendation:** the Committee reviewed the proposals for Plan Year 2019. Open Enrollment information is available on the KRS website [HERE](#).
2. **Investment Committee:** [The Systems' investments earned more than \\$1.4 billion in FY 2018](#). Annualized investment returns were 8.57% for pensions and 9.05% for insurance. Chairman Harris noted that KRS pension investment performance now ranks in the 21st percentile (as opposed to the 70th percentile three years ago) and insurance investment performance ranks in the 17th percentile, according to a ranking of 112 state pension systems provided by KRS investment consultant Wilshire Associates.
3. **Auditor of Public Accounts Fiscal Year 2018 audit continues:** Per [KRS 61.645 \(12\)\(b\)](#), at least once every five years, the APA shall perform an audit of the Systems. The Information Technology portion of the audit has been completed, and a draft of the financial statement audit is currently scheduled to be presented to the KRS Audit Committee on November 8, 2018.

Board Committee Meetings:

The Board Chair appoints Trustees to [various standing and ad hoc committees](#) that are tasked with overseeing different aspects of the Systems. [CLICK HERE](#) to review Committee Agendas.

SPRS 2019 Board Member Election Update:

The term of office for [Mr. Keith Peercy](#), current [Vice Chair of the Board](#) and SPRS Trustee, expires on March 31, 2019. Requests for applications for this Trustee position were sent to SPRS members in May 2018, and one application (that of Mr. Peercy) was received by the July 31, 2018 deadline.

[Ballots will be mailed to the SPRS membership on January 19, 2019](#). The new term of office will begin on April 1, 2019 and end on March 31, 2023.

[In the most recent election](#), KERS Trustees [Sherry Lynn Kremer](#) and [Raymond Campbell Connell](#)

joined the Board in April, 2018 for a term ending on March 31, 2022.

Facebook Livestream:

KRS continues to [Livestream Board and Committee meetings](#) on our Facebook page. Five Board meetings have been livestreamed since December 2017 and have currently been viewed over 21,300 times.

We invite you to join us for future meetings by going to the [KRS FACEBOOK](#) page on the date and time of the meeting and clicking on the live feed.

Here is a [list of upcoming meetings](#) that are scheduled to be livestreamed in the next few weeks (all times Eastern):

INVESTMENT COMMITTEE: November 7, 2018 at 9 a.m.

BOARD OF TRUSTEES MEETING: November 8, 2018 at 10 a.m.

RETIREE HEALTH PLAN COMMITTEE: November 13, 2018 at 10 a.m.

BOARD OF TRUSTEES MEETING: December 6, 2018 at 10 a.m.

Investments and Funding

Kentucky Retirement Systems Investments [earned more than \\$1.4 billion in Fiscal Year 2018](#).

The chart below shows how the Pension and Insurance Fund Assets have grown over the past three years.

Total System Assets as of June 30, 2018 were \$17.42 Billion.

PENSION AND INSURANCE FUND ASSETS (FY 2016 - FY 2018)

(Expressed in Billions)

	June 2016	June 2017	June 2018
PENSION FUND ASSETS	\$10.87	\$11.92	\$12.29
INSURANCE FUND ASSETS	\$ 4.23	\$ 4.78	\$ 5.13
TOTAL ASSETS	\$15.10 Billion	\$16.70 Billion	\$17.42 Billion

PENSION AND INSURANCE FUND INVESTMENT RETURNS (FY 2016 - FY 2018)

	June 2016	June 2017	June 2018
PENSION FUND RETURN	-0.52%	13.47%	8.57%
INSURANCE FUND RETURN	-0.09%	13.72%	9.05%

[VIEW INVESTMENT COMMITTEE MINUTES](#)

For more information about KRS investments, please visit the [INVESTMENTS](#) section of our website, where you can find information about our diverse holdings, review manager contracts and fees, and read monthly and quarterly investment reports.

[Legislation News](#)

Senate Bill 151 and House Bill 362:

Throughout the summer, KRS has been [working on plans to administer Senate Bill 151](#) if it is upheld by the Kentucky Supreme Court. We have also been asked by the General Assembly to [propose an alternative to the existing "opt-out" provision in state law](#) and those originally passed in House Bill 362 (2018 RS) that allows participating employers to voluntarily cease participation with the Systems. The alternative plan is necessary because the voluntary cessation sections of HB 362 (Sections 1 and 3) were repealed by House Bill 487 (2018 RS).

Public Pension Oversight Board meetings:

KRS Officials also testified at three [Public Pension Oversight Board meetings](#) since the end of the 2018 Regular Session:

[JUNE 4, 2018 PPOB PRESENTATION](#)

[JUNE 25, 2018 PPOB PRESENTATION](#)

[SEPTEMBER 24, 2018 PPOB PRESENTATION](#)

[Service Initiatives](#)

KRS is committed to providing the highest level of customer service to our members and retirees in a cost-effective and efficient manner. Here are some recent success stories:

[KRS Members Improving Their Health/Cost Savings Help Improve Insurance Funding Status](#)

[2018 PREP Sessions Conclude](#)

[DID YOU KNOW?](#) *KRS provides insurance benefits to:*

- 37,987 covered lives in the Kentucky Employees Health Plan (Non- Medicare eligible retirees)

- 57,380 covered lives in Medicare Plans

Other KRS News

Franklin Circuit Court Dismisses Ft. Wright Lawsuit Against KRS Board of Trustees

KRS Retirement Trends

Open Enrollment in the Kentucky Employees Health Plan (KEHP) for Non-Medicare Eligible Retirees Begins October 1, 2018

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