



Subscribe to updates from Kentucky Public Pe

Email Address  e.g. name@exar

Share Bulletin



## Government Officials Newsletter

Kentucky Public Pensions Authority sent this bulletin at 02/23/2022 11:09 AM EST



### Investment Returns, Insurance Savings Boost Bottom Lines

Pension and insurance funds for state and local government employees and the State Police collectively earned an investment return of 25% net of fees for the fiscal year ended June 30, 2021. The strong performance pushed total Kentucky Public Pensions Authority (KPPA) assets to \$22.7 billion. Last year's performance also marks the highest single-year investment return in the history of the organization, surpassing the 24% return recorded in 1997. The pension and insurance fund returns also beat their respective Investment Policy Statement Benchmarks by 68 (0.68%) basis points and 24 (0.24%) basis points for the fiscal year.

Also last year, KPPA received a refund of \$18.3 million from Humana, the Authority's Medicare Plan administrator, in recognition of lower-than-expected healthcare costs incurred during 2020. With the most recent refund, KPPA has received more than \$68 million in refunds since 2017.

[Learn More.](#)

### Funding

#### Actuarial Valuation Results

Actuarial valuations conducted by KPPA's actuary, GRS, show that the funded status of each of the 10 pension and insurance funds operated by KPPA improved in Fiscal Year (FY) 2021. Record investment returns well in excess of long-term expected rates of return across all funds helped drive asset growth. As a result, the recommended actuarially determined employer contribution rates for Fiscal Years 2023 and 2024 will be lower than the prior year for all systems except CERS Hazardous.

[Learn More.](#)

#### Annual Reports Now Available

KPPA has released its [Annual Comprehensive Financial Report \(ACFR\)](#) and [Summary Annual Financial Report \(SAFR\)](#) for FY 2021.

The ACFR is a detailed resource for understanding the structure, financial status, investments, and governance of the funds operated by KPPA. The SAFR emphasizes key points from the ACFR in an engaging, readable format. Other highlights not mentioned above include:

- KPPA paid a total of \$2.3 billion in monthly pension payments in FY 2021, 93% of which went to Kentucky residents. These payments represent a consistent revenue stream for local economies across the Commonwealth.
- Continued declining employment compared to the prior year:
  - KERS Hazardous fell 7.4% (the largest decline)
  - KERS Nonhazardous workforce shrunk by 4.7%
  - CERS Nonhazardous employment was down 3.7%
  - SPRS employment fell 2.9%
  - CERS Hazardous employment was down 2.3%.

#### Employer Contribution Rates

### CERS Separation

KPPA has substantially completed the separation of the CERS system from the KERS and SPRs systems, as mandated and outlined in House Bill 484 (2020) and House Bill 9 (2021). Together, the two bills made significant changes to the governance and administrative structure of the agency now known as KPPA. The [CERS Board of Trustees](#) is responsible for governance of the CERS plans. Governance of KERS and SPRs are the responsibility of the [KRS Board of Trustees](#). The [KPPA Board](#) includes four CERS and four KRS board representatives. [Learn More](#)

### KPPA Continues to Livestream Board and Committee Meetings

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

[View our meeting calendar.](#)

### Trustee Updates

[Pamela F. Thompson](#) has been appointed by the governor to the KRS Board of Trustees and serves on the KRS Investment Committee. Ms. Thompson is Managing Director and Senior Wealth Advisor at Mariner Wealth Advisors.

### KERS Election to Set KRS Board

As it did last year in the CERS election, KPPA is partnering with YesElections to provide KERS members with the ability to cast their ballots electronically. KPPA is already realizing cost savings through electronic voting, and that savings is expected to grow in future elections.

Employer contribution rates are recommended to the boards of trustees by KPPA's actuary, GRS, based on data in the annual actuarial valuation. The CERS and KRS Boards of Trustees adopted the actuary's recommended rates at their respective December 2021 meetings. The KERS and SPRS employer rates are subject to approval by the General Assembly through the adoption of the biennial Executive Branch Budget. The CERS Board sets CERS contribution rates, unless altered by legislation enacted by the General Assembly. [Learn More](#)

The FY 2023 rates established during the 2022 Regular Session will be effective July 1, 2022. KPPA will notify participating employers when rates are set.

## Legislative News

### House Bill 8 Implementation

**Contribution Rates:** House Bill 8 (2021 Regular Session) changed the calculation method for KERS Nonhazardous employer contributions from a percent of payroll to normal cost plus a dollar amount. The dollar amount represents each employer's assigned percentage of the unfunded liability for the KERS Nonhazardous fund over a closed period. The assigned percentage is based on the liability attributable to each employer's current and former employees as of June 30, 2019.

This legislation established a window for employers to submit an appeal for three specific scenarios based on the members associated with their assigned liability percentage. The appeals window closed July 1, 2021. Of the 178 employers eligible to appeal, 47 submitted appeals to KPPA.

Appeal Basis	No. of Employers	No. of Members
1. Agency was not the last employer	33	2,224
2. Hired under a contract with executive branch	23	404
3. Previous state mental health facility	3	2,563
Total	47*	5,191

*\*Some employers submitted multiple appeal types.*

An overview of the appeals process was presented to the KRS Board of Trustees at its December 2021 meeting. Following the meeting, KPPA notified employers regarding the status of their appeal.

**General Assembly Subsidies:** House Bill 8 also provides that for Fiscal Year 2023 and after, the General Assembly intends to provide subsidies to KERS Nonhazardous employers who meet the required ratio of employees to contract non-participating employees. These employers are required to report non-participating contracted employees to KPPA on a form along with any additional documentation that may be required. KPPA compiles this information for the consideration of the General Assembly and the State Budget Director, but is not involved in determining the allocation of any subsidies.

## Service Initiatives

### Vote Now in the KERS Election

Voting is under way in the election to fill two vacancies on the KERS Board due to the term ending. The 9-member KRS board is composed of six trustees appointed by the governor, two elected by KERS members, and one elected by SPRS members. The election under way now is to fill the two KERS spots.

Through KPPA's partnership with [YesElections](#), KERS members with a valid email address on file with KPPA received an email from YesElections with instructions on how to cast their vote. Members who requested to vote by mail, or who do not have a valid email address on file with KPPA received their ballot in the mail. Voting closes at 11:59 p.m. ET on March 1, 2022. [Learn more.](#)

### 1099-R Tax Forms

KPPA issued 148,014 1099Rs in January representing \$2.3 billion in total payments during the 2021 Tax Year. Members can access their 1099R as soon as it is available using our [Self Service website](#).

### Open Enrollment Recap

During the 2021 Open Enrollment period, KPPA processed 11,398 enrollments, while taking 14,942 phone calls. This was not a mandatory Open Enrollment for our retirees, meaning the retiree did not have to submit a form unless they were making a change for the 2022 Plan

For example, the 2018 KERS election cost was \$121,873. This year's KERS election is estimated to cost \$118,154. While \$3,719 might not seem like a huge savings, this year's cost includes \$22,401 spent on a mailing to notify members about how to receive a paper ballot. It's a cost that's not expected to be incurred in future elections, as KPPA works to transition to electronic balloting. Without the mailing, the cost savings for the KERS election would have been closer to \$26,120.

Similarly, with CERS, the two 2017 elections cost KPPA \$327,775. The 2021 CERS election, which included hybrid paper-electronic balloting for the first time, cost \$242,005, an \$85,770 savings. Last year's CERS election also included a one-time mailing notifying members how to receive a paper ballot. That mailing cost \$69,775. Without it, the savings would have been \$155,545.

## Retirement Trends

Fiscal Year 2021 saw 6,544 retirements across CERS, KERS and SPRS. That's up from the prior fiscal year, but below the average of 7,086 retirements per year over the past eight years.

Generally, retirements across CERS, KERS, and SPRS in FY 2021 were below recent historical averages. For CERS, 4,618 people retired, compared with a 2014-2021 average of 4,702 per year. KERS saw 1,897 retirements in FY 2021, well below the 2014-2021 average of 2,331. Similarly the 20 SPRS retirements in FY 2021 trailed the eight-year average of 53. [View](#) a summary of retirement trends.

## Virtual and Phone Appointments

Due to the success and popularity of virtual and phone appointments, these options will continue to be the primary methods utilized for counseling services at this time.

KPPA continues to add new features to Self Service, and we encourage members to take advantage of this online option for quick, easy access to account information, benefit estimates, filing for retirement, and submitting documents to our office.

## Self Service

Year. In addition to supporting our retired population as they made important decisions regarding their health care options, KPPA staff was proactive in achieving significant print and postage savings for the non-Medicare group, moving to a hybrid online and direct mailing approach to disseminate plan information. This change resulted in a 51% decrease in mailing costs compared to the prior year.

**Did You Know?**

90% of CERS, KERS, and SPRS retirees receive \$40,000 per year or less in pension benefits. Of the \$2.3 billion in total pension benefit payments KPPA pays out, 93% – or about \$2.1 billion – went to Kentucky residents, meaning most of the pension benefits KPPA pays out each year stay in Kentucky and benefit local economies.

The average age of retired members across hazardous systems (CERS, KERS, and SPRS) is 63.77 years, while the average age of retired nonhazardous members is 70.45 years.

100,231 plan holders and dependents are covered on the insurance plans offered through KPPA. [Learn more.](#)

In 2021, KPPA's Procurement and Office Services Division scanned over 989,000 pages, indexed more than 647,000 documents and handled 77,572 cyber faxes.

**[MYRETIREMENT.KY.GOV](https://myretirement.ky.gov) Fast.**

**Secure. Reliable.**

**MEMBERS can:**

- Calculate retirement estimates and service purchase costs
- Apply for retirement
- View account details
- Maintain contact information
- Enroll in health insurance at retirement
- Upload documents
- Access secure message center

**RETIREES can:**

- Update tax withholdings
- Access 1099Rs
- Update direct deposit
- Upload documents
- View payment history
- Request income verification
- Access secure message center
- Enroll in health insurance during open enrollment

Questions? [Contact us](#)



**Kentucky Public Pensions Authority**  
1260 Louisville Road  
Frankfort, KY 40601

**Hours of Operation:** 8 a.m. - 4:30 p.m. Eastern  
**Phone:** 502-696-8800 (Main Office)  
**Toll Free:** 1-800-928-4646  
**Fax:** 502-696-8822

STAY CONNECTED:



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

Powered by



[Privacy Policy](#) | [Cookie Statement](#) | [Help](#)