



# GOVERNMENT OFFICIALS NEWSLETTER



*Designed for government officials and their staff*

## 2025 LEGISLATIVE UPDATE

Kentucky Public Pensions Authority (KPPA) has two priority bills this session:

1. **House Bill 30:** Kentucky Public Pensions Authority Pension Spiking Provisions. *Sponsored by Representatives John Blanton, Tom Smith, Chris Fugate, and Ashley Tacket Laferty.*
2. **House Bill 71:** Kentucky Public Pensions Authority Reorganization. *Sponsored by Representatives Robert Duvall and D.J. Johnson.*

**House Bill 30** allows KPPA to comply with a Kentucky Court of Appeals opinion regarding pension spiking. This bill amends the definition of bona fide promotion or career advancement to include increases in creditable compensation for all employees in a specified class due to an increase in rate of pay:

- Authorized or funded by the legislative or administrative body of an employer, or
- Mandated in a collective bargaining agreement approved by the legislative body of the employer.

**House Bill 71** provides that the current Chief Financial Officer (CFO) position at KPPA be elevated to the Executive Director level as has been advocated by the KPPA Board, with support from both the County Employees Retirement System (CERS) and the Kentucky Retirement Systems (KRS) trustees. This adjustment places the CFO role at the same organizational level as most public and private organizations, while promoting greater transparency by aligning the statute to reflect that the current CFO, hired in January 2023, who functionally serves in this structure.

KPPA staff is available to answer questions about information provided in this email. Please contact our Director of Communications, Amy Fields, at [Amy.Fields@kyret.ky.gov](mailto:Amy.Fields@kyret.ky.gov) for assistance. For any other inquiries, please [contact our office](#).

## FULLY FUNDED BY 2049

# 2049

All pension and insurance plans are projected to be fully funded by 2049, according to KPPA's actuary, Gabriel, Roeder, Smith & Company (GRS).

These projections are 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 (ADEC) each year and all actuarial assumptions are met.

## Funding Status as of June 30, 2024

The funded ratios improved for all pension funds during the fiscal year, continuing their recent upward trend. This was primarily due to investment returns (read more below), an increase in active member payroll resulting from salary increases and additional funding of \$240 million appropriated by the Kentucky General Assembly for KERS Nonhazardous.

### Pension Funded Ratio

	FY 2024	FY 2023
CERS NH	58.4%	56.1%
CERS H	54.0%	51.4%
KERS NH	24.8%	21.8%
KERS H	68.3%	65.4%
SPRS	56.8%	54.0%

### Insurance Funded Ratio

	FY 2024	FY 2023
CERS NH	122.3%	131.5%
CERS H	100.5%	100.7%
KERS NH	81.7%	81.7%
KERS H	171.9%	170.4%
SPRS	104.9%	100.5%

## SYSTEMS RECEIVE NATIONAL AWARDS

KPPA and the systems it operates have been recognized by two separate organizations for financial reporting, plan funding and administration.

For the 25<sup>th</sup> time, the Government Finance Officers Association (GFOA) awarded its Certificate of

## ANNUAL REPORTS AVAILABLE

Beginning with Fiscal Year 2024, separate Annual Comprehensive Financial Reports (ACFR) were produced for CERS and KRS, however, KPPA continues to publish one summary report. The summary report provides an overview of information in the CERS and KRS annual reports, as well as insights into the combined systems. [Learn More.](#)

Achievement for Excellence in Financial Reporting to KPPA for the Authority's Fiscal Year 2023 Annual Comprehensive Financial Report (ACFR). The GFOA also honored KPPA's Summary Annual Financial Report (SAFR) with the Award for Outstanding Achievement in Popular Annual Financial Reporting for the same period.

In addition, the Public Pension Coordinating Council (PPCC) named the CERS and the KRS as winners of its Public Pension Standards Award for Funding and Administration for 2024. [Learn More.](#)

These award-winning reports serve as resources for understanding the structure, financial status, investments, and governance of the retirement systems. As such they are critical components of KPPA's effort to maintain transparency for all stakeholders.

Each report is available on our website:

[Fiscal Year 2024 CERS Annual Comprehensive Financial Report](#)

[Fiscal Year 2024 KRS Annual Comprehensive Financial Report](#)

[Fiscal Year 2024 KPPA Summary Annual Financial Report](#)

## INVESTMENT RETURNS

### Investment Returns Contribute to Record Assets

The average composite return for pension assets under management at KPPA was 10.7% for the fiscal year ended June 30, 2024, while insurance assets under management earned 11.4%. All pension and insurance portfolios returned significantly more than their actuarial assumed rates of return which range from 5.25% to 6.50%.

The CERS pension and insurance portfolios returned an average of 11.7% during the fiscal year. The KERS and SPRS portfolios returned an average of 10.6%. That performance also bested 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 the year ended June 30, 2024.

### Pension Fund Performance

	FY 2024	3-Year	5-Year	10-Year	30-Year
CERS NH	11.60%	5.00%	7.98%	6.90%	8.08%
CERS H	11.73%	5.01%	7.93%	6.89%	8.07%
KERS NH	9.50%	3.55%	6.86%	6.08%	7.80%
KERS H	11.12%	4.58%	7.65%	6.71%	8.02%
SPRS	9.62%	3.99%	6.95%	6.04%	7.79%

### Insurance Fund Performance

	FY 2024	3-Year	5-Year	10-Year	30-Year
CERS NH	11.78%	5.26%	7.87%	6.93%	7.24%
CERS H	11.73%	5.34%	7.93%	6.99%	7.26%
KERS NH	11.07%	4.63%	7.68%	6.54%	7.09%
KERS H	11.15%	5.06%	7.75%	6.79%	7.20%
SPRS	11.02%	5.09%	7.92%	6.97%	7.25%

NH - Nonhazardous

H - Hazardous

### Assets (in billions)

	June 2024	June 2023	June 2022	June 2021
Pension assets	\$18.93	\$16.71	\$15.00	\$15.79
Insurance assets	\$7.92	\$7.20	\$6.61	\$6.94
Total assets	\$26.85	\$23.90	\$21.61	\$22.73

## SERVICE INITIATIVES

### CERS Trustee Election

CERS members may vote for one hazardous candidate and two nonhazardous candidates to serve a four-year term effective April 1, 2025. Ballots are mailed or available online January 21, and eligible members have until March 1, 2025, to vote. [Learn More.](#)

### Upcoming Trustee Elections

KERS will hold its next trustee election in 2026 and the SPRS will hold its next trustee election in 2027.

### 1099R Tax Forms

This year, KPPA prepared 156,547 tax forms for recipients. Form 1099R is mailed by January 31, 2025, and can be accessed online at [MyRetirement.ky.gov](https://myretirement.ky.gov).

### Paperless Service Implemented

In May 2024, KPPA debuted its paperless service for members. This new service provides members with quick, convenient access to their retirement documents. Members may opt-out of paperless if they prefer to receive account information by mail. Over time, this service will boost efficiency and reduce mailing and associated costs. [Learn more.](#)



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Kentucky Public Pensions Authority | 1260 Louisville Road | Hours of Operation: Monday through Friday, 8:00 a.m. to 4:30 p.m. ET. | Frankfort, KY 40601 US

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