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Government Officials Newsletter

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**KPPA NEWSLETTER FOR KENTUCKY GOVERNMENT OFFICIALS**



*The Kentucky pension system newsletter designed specifically for government officials and their staff members*

**September 2023**

**Investment Returns Improve**

Investment returns for assets in CERS, KERS, and SPRS were all positive for the Fiscal Year (FY) ended June 30, 2023, and all systems beat their respective benchmarks. Returns for all 10 pension and insurance funds also exceeded their long-term actuarial assumed rates of return, which are 5.25% for the KERS Nonhazardous and SPRS pension funds and 6.25% for all other pension and insurance funds. And they exceeded the median peer pension fund return of 7.64% according to Wilshire, KPPA's investment consultant. For July, the first month of FY 2024, returns were positive across the board. For more information about investments, and to see the systems' Investment Policy Statements, visit the [Investments section](#) of the KPPA website.

**TOTAL ASSETS BY YEAR (2020 - 2023)**

Assets are stated (\$ in millions).

	June 2023	June 2022	June 2021	June 2020
Pension assets	\$16.71	\$15.00	\$15.79	\$12.72
Insurance assets	\$7.19	\$6.61	\$6.94	\$5.49
<b>Total assets</b>	<b>\$23.90</b>	<b>\$21.61</b>	<b>\$22.73</b>	<b>\$18.21</b>

**COMPARISON OF INVESTMENT RETURNS  
(JUNE 2023 AND JUNE 2022)**

		Pension				
		CERS Nonhazardous	CERS Hazardous	KERS Nonhazardous	KERS Hazardous	SPRS
FY 2023		10.2%	10.3%	7.0%	9.5%	7.6%
FY 2022		-5.9%	-6.1%	-5.2%	-6.0%	-4.6%

  

		Insurance				
		CERS Nonhazardous	CERS Hazardous	KERS Nonhazardous	KERS Hazardous	SPRS
FY 2023		10.3%	10.1%	9.9%	9.3%	9.5%
FY 2022		-5.4%	-5.0%	-6.2%	-4.5%	-4.5%

## **GFOA Honors KPPA Excellence in Financial Reporting for 24th Consecutive Year**

[The Government Finance Officers Association of the United States and Canada \(GFOA\)](#) has awarded KPPA the Certificate of Achievement for Excellence in Financial Reporting for the Authority's Fiscal Year 2022 Annual Comprehensive Financial Report. The Certificate of Achievement is the highest form of recognition in governmental accounting and financial reporting.

This is the 24th consecutive year KPPA (formerly known as Kentucky Retirement Systems) has received the prestigious award.

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## **KPPA Receives \$21.56 Million from Humana**

Retirees have embraced the different wellness programs offered through Humana and are living healthier lives, resulting in lower health care costs for both Humana and the insurance trust. These cost efficiencies create savings that are shared between KPPA and Humana in accordance with the terms of the Authority's contract with the insurance provider.

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## **KPPA Announces Tier 3 Interest Earned and Credited**

In August, KPPA announced interest earned and credited to members in the Tier 3 Hybrid Cash Balance Plan for FY 2023. The [Tier 3 plan](#) is for members with a participation date on, or after January 1, 2014.

## Other KPPA News

### Humana Contract Negotiations

Baptist Health Medical Group (BHMG) and Humana, KPPA's Medicare Advantage provider, were unable to reach an agreement on a new contract before the September 22, 2023 deadline. **This means BHMG doctors and advanced practice clinicians are now considered out-of-network for Humana KPPA Medicare Advantage (MA) plans.** Baptist Health hospitals are unaffected and remain in-network for Humana.

Regardless of the outcome, the in-network and out-of-network benefits and out of pocket costs are the same, **meaning costs should NOT increase for KPPA members whose BHMG doctor or clinician accepts Medicare.**

KPPA will provide additional information as it becomes available.

### Insurance Open Enrollment Begins in October 2023

Open Enrollment is a window of time – limited to a few weeks each fall-- when retirees can sign up for health insurance, adjust their current plan or cancel their plan. Retirees who miss the window may have to wait until the next open enrollment period to make any changes to their insurance coverage.

KPPA hosts two separate Insurance Open Enrollment periods each year: one for our Medicare-eligible retirees and another for our non-Medicare eligible retirees. For more information about the insurance benefits available through KPPA, [click here](#).

### KPPA Offers Webinar Series for Non-retired Members

KPPA is hosting webinars for non-retired members each month. Webinar topics include a session on Retirement Payment Options (including the Partial Lump Sum Options effective January 2024) where staff will define each payment option and give a detailed explanation of how they work; retirement strategies for Tier 1 members (participation date prior to 9/1/2008); and a review of the Member Self Service portal.

Space is limited and registration is required. Please visit our website for the current schedule, webinar registration, and to watch recorded webinars.

### Retirement Trends

Total retirements from the systems administered by KPPA fell in Fiscal Year (FY) 2023 to their lowest level since 2020, the first year of the COVID-19 pandemic. Across CERS, KERS, and SPRS, 6,471 members retired, a 6% drop from the previous year. The downward trend was most noticeable in the two systems that saw pay increases as part of budgets recently approved by the General Assembly and signed by Governor Beshear: KERS and SPRS. For FY 2023, SPRS retirements fell 74% from the prior year, while KERS retirements fell 23%. More information about retirement trends can be found [here](#).

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Questions? [Contact us](#)



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