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KRS Newsletter for Kentucky Government Officials - May 2020

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A KENTUCKY RETIREMENT SYSTEMS E-PUBLICATION

MAY 2020

Kentucky Retirement Systems is responsible for the investment of funds and administration of pension and health insurance benefits for over 386,000 active and retired state and local government employees, state police officers, and nonteaching staff of local school boards and regional universities.

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GOVERNANCE AND TRANSPARENCY

The Board and staff at KRS are committed to managing all aspects of KRS effectively and with complete transparency. We continuously examine every aspect of our procedures and policies striving for enhancements. Please click on the highlighted links below to learn more about the governance of the Systems.

WE'RE STILL WORKING FOR OUR MEMBERS

Although we are currently not providing in-person services due to COVID-19, we're still working for our members...

- Making sure benefit payments are sent out on time
- Processing new retirements, death and disability claims, and other essential benefit issues

- Handling the flow of U.S. Mail and imaging documents to member files
- Performing all other daily activities essential to managing our \$17 billion pension plan.

We've worked for members since 1956.

We're working for them now.

And when this crisis is over, we'll STILL be working... efficiently, effectively, proudly.

1. Board of Trustees Updates

The Board of Trustees has met four times since the last Government Officials Newsletter was issued on October 31, 2019. **Board materials for these meetings** can be viewed by clicking on the links below:

HIGHLIGHTS OF THE [NOVEMBER 14, 2019 REGULAR QUARTERLY MEETING:](#)

SUMMARY: [Mr. Joseph Grossman, a new Gubernatorial Appointee to the Board](#), was introduced. The Board was then given an overview of the Draft 2019 Actuarial Valuations and received reports from the Retiree Health Plan Committee, Investment Committee, and Audit Committee.

The Board also approved a new lease rate for PPW; received a Legislative Update from KRS Executives detailing legislative housekeeping bills and level dollar funding; and unanimously voted to approve an emergency administrative regulation regarding quasi-governmental employer cessation.

HIGHLIGHTS OF THE [DECEMBER 5, 2019 REGULAR QUARTERLY MEETING:](#)

SUMMARY: Ms. Janie Shaw from GRS Retirement Consulting, the Systems' independent Actuary, joined the meeting via telephone to provide an overview of the 2019 actuarial valuation report. The presentation begins on Page 6 of the Board Materials for this meeting.

In related business, the Board adopted the actuarially determined KERS and SPRS employer contribution rates for fiscal years 2020-2021 and 2021-2022 and voted to recommend those rates to the Kentucky General Assembly. The Board also adopted the CERS rates for fiscal year 2020-2021.

Also of note, Mr. Joseph Overhultz and Mr. Simon Keemer from Dean Dorton, the Systems' independent Auditor, provided a review of the financial statement audit for FY ending June 30, 2019 (the report begins on Page 35); and the Board approved the *Comprehensive Annual Financial Report (CAFR) for Fiscal Year Ending June 30, 2019*.

HIGHLIGHTS OF THE [FEBRUARY 20, 2020 REGULAR QUARTERLY MEETING:](#)

SUMMARY: During the Public Comment portion of the meeting Mr. Jim Carroll, President of Kentucky Government Retirees, addressed the Board regarding House Bill 484, the CERS separation bill. He also suggested that the Legislature's Public Pension Oversight Board (PPOB) hold a special called meeting to discuss the issues related to the bill.

In other business, Mr. Anthony Allen and Mr. Simon Keemer from Dean Dorton, the Systems' independent Auditor, provided a review of GASB 68 and 75 proportionate share audits; the Board received and approved various Committee reports; and the Board voted unanimously to approve the voluntary cessation of Gateway Children's Advocacy Center from participation in the Kentucky Employees Retirement System.

HIGHLIGHTS OF THE [APRIL 16, 2020 REGULAR QUARTERLY MEETING:](#)

This was **the first Board meeting in KRS history to be conducted remotely**, due to the COVID-19 health crisis.

SUMMARY: During the Board's annual meeting KRS recognized 38 employees who reached significant career milestones this past year. This annual event reminds us that our staff members are special people, loyal to our stakeholders and each other, and are a huge part of why KRS is a great place to work.

KRS Executive Director David Eager updated the Board on recent legislative news.

To review Board Materials from previous meetings please [click here](#).

OTHER BOARD NEWS:

A. **New Trustees Appointed to the Board.** Governor Andy Beshear appointed [Ms. Gerina Whethers, Secretary of the Kentucky Personnel Cabinet](#), to the KRS Board as the Governor Appointee - *Ex Officio*. Secretary Whethers is known for creating innovative programs and services during her more than 16 years in public service for the Commonwealth of Kentucky. She will serve as a member of both KRS Disability Appeals/Administrative Appeals Committees and the KRS Retiree Health Plan Committee.

Former Governor Matt Bevin appointed [Mr. John Cheshire III, to the Board of Trustees](#) in December, 2019. Mr. Cheshire is the Chief Investment Officer and founding partner of Asio Capital, an employee-owned wealth management firm located in Lexington. Mr. Cheshire will represent members-at-large and will serve for a term expiring June 17, 2023.

B. **Board Re-elects Chair and Vice Chair.** David Harris and Keith Peercy were unanimously re-elected Board Chair and Vice Chair, respectively, by their fellow Trustees. [Mr. Harris is the Chief Executive Officer of MCF Advisors, LLC](#), a Kentucky-based comprehensive financial services firm; and [Mr. Peercy is the Board's elected representative from the State Police Retirement System \(SPRS\)](#).

C. **The next regularly-scheduled Board Meeting will be held remotely on Thursday, May 21, at 10 a.m. Eastern time.** The meeting will be livestreamed on Facebook Live, and a video of the meeting will be immediately available afterward on the [Systems' Facebook page under the "Video" tab](#).

2. 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.

[2020 Board Committee Membership list](#)

3. KRS Staff News

A. **Employee Service Recognition Awards.** During their Annual Meeting on April 16 the Board of Trustees formally recognized 38 employees who had reached significant milestones in their careers with KRS. Nine employees received their five-year service award; 6 employees received their ten-year service award; 4 employees received their fifteen-year service award; 13 employees received their twenty-year service award; five employees received their twenty-five-year service award; and one employee received their thirty-year service award.

[A full list of the employees is available on pages 2-10 of the April 16 Board Materials.](#)

B. **Kathy Rupinen was appointed Interim Executive Director, Office of Legal Services, effective December 8, 2019.** Ms. Rupinen replaces Mark Blackwell, who is leaving KRS for a two year assignment in Hong Kong. She joined KRS in January 2002 as a Staff Attorney I, progressed through the series, and was promoted to Assistant General Counsel in December 2013 and then to General Counsel, Division of Advocacy in 2016. In her roles, Ms. Rupinen has successfully argued in front of the Kentucky Supreme Court and the Kentucky Court of Appeals on multiple occasions.

C. **Former KRS Chief Benefits Officer Becky Stephens was appointed Interim Executive Director of the Judicial Form Retirement System (JFRS), effective April 20, 2020.** Ms. Stephens accepted the position upon the recent, unexpected passing of long-time JFRS Executive Director Donna Stockton Early.

D. **Rebecca Adkins has accepted the position of Executive Director, Office of Operations, as of January 16, 2020.** She has served as Interim Executive Director for the past twelve months. Ms. Adkins brings a wealth of KRS knowledge to the position after serving in various KRS Information Technology roles from 1987 through 1995. After leaving for a period of time, she rejoined KRS in 2001 and was an integral part of the multi-year START project and has worked to support all business areas in various ways during her tenure. In recent years she has served as a PMO Manager and as a Data Services Manager.

4. Transparency Efforts Continue with Facebook Livestreaming of Board and Committee Meetings

During this time of social distancing when it's not possible to attend meetings in person, our ongoing work to bring the meetings to you is even more important.

KRS continues to [Livestream Board and Committee meetings](#) and archive the videos on our Facebook page. Twenty Board meetings have been livestreamed since December 2017 and have currently been viewed more than 39,300 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 near future (all times Eastern):

BOARD OF TRUSTEES MEETING:	May 21, 2020 at 10 a.m.
INVESTMENT COMMITTEE:	August 25, 2020 at 9 a.m.
AUDIT COMMITTEE:	August 27, 2020 at 10 a.m.

Please check our website for any schedule changes.

INVESTMENTS AND FUNDING

1. Total KRS Assets are \$16.79 billion as of March 2020:

The first chart shows how the Pension and Insurance Fund Total Assets have grown or contracted over the past three years, and Total System Assets as of March 31, 2020:

PENSION AND INSURANCE FUND ASSETS				
<i>(Expressed in Billions)</i>				
	June 2017	June 2018	June 2019	March 2020
Pension Fund Assets	\$11.92	\$12.29	\$12.75	\$11.74
Insurance Fund Assets	4.78	5.13	5.44	5.05
Total Assets	\$16.70	\$17.42	\$18.19	\$16.79

The second chart shows the Pension and Insurance Fund Performance for Fiscal Year to Date (FYTD) and for 3, 5, and 10-Year periods:

PENSION AND INSURANCE FUND PERFORMANCE				
	FYTD (March 2020)	3 Year	5 Year	10 Year
Pension Fund	-7.14%	6.89%	5.87%	7.39%
Insurance Fund	-7.41%	6.90%	5.97%	7.24%

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

LEGISLATIVE NEWS

The 2020 Regular Session of the Kentucky General Assembly adjourned on Wednesday, April 15, 2020.

Several significant bills and resolutions passed this Session that will have an impact on Kentucky Retirement Systems. Please refer to the separate, "SPECIAL EDITION Government Officials Newsletter" for a discussion of key retirement-related legislation.

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 of our latest initiatives:

1. Apply for Retirement Online

We are excited to announce that our **members may now apply for retirement online!** Our self service website is easy to use from your computer, smartphone or tablet.

1. Go to myretirement.ky.gov and log in to your Member Self Service account.
2. Click "**Apply for Retirement**" under **Services**.
3. Complete each step of the retirement module.

Note: A four digit, Personal Identification Number (PIN) is required to submit the retirement application online.

2. Members Can Now Upload Important Documents to Their Files

Upload your required documents online by signing in to Member Self Service. Follow these steps to submit birth certificates, driver's licenses, marriage certificates, and other retirement documents:

1. Go to myretirement.ky.gov and log in to your Member Self Service account.
2. Click "**Upload Documents**" under **Services**.
3. Click "**Upload Document**."

3. CERS Board of Trustees Election

[The Board of Trustees is seeking applications from members of CERS interested in being nominated to be a candidate for the position of Trustee.](#)

Each applicant must submit a completed application, a detailed résumé, and a signed release for a criminal background check. **All documents must be received at the KRS office by close of business on July 31, 2020.**

The upcoming election is the first time members will be able to cast their vote online.

4. Have You Registered on Self Service?

If you are a KRS member, remember that you can access your Online Retirement Account from your smartphone or tablet. Simply log in using your current User ID and Password, or register today to access your account online. [Click here to learn more about how to register.](#)

Once you log in, please review your contact information and make sure we have your correct email address on file so you can receive newsletters and announcements electronically and stay up-to-date with the latest happenings at KRS.

5. We Want to Hear From You!

If you or your constituents are a member or retiree of KRS and have not yet provided your email address to us, would you please take a moment to do so? [It only takes a minute on our Self Service page to update your contact information.](#)

Did You Know?

- For the first time in 18 years our most financially troubled plan, **KERS Nonhazardous, had positive cash flow** during fiscal year 2019.

- House Bill 490, which was passed in 2019, will **allow us to use electronic balloting** for electing Trustees.

- We began **town hall meetings to explain voluntary cessation provisions to quasi-governmental employers eligible to cease participation in KERS**. The meetings were held at Northern Kentucky University, as well as in Elizabethtown for members of the Kentucky Community and Technical College System and in London for nearly 100 managers of public health departments.

OTHER KRS NEWS

1. Retirement Counseling During State of Emergency

Executive Order 2020-215 declared a State of Emergency effective March 6, 2020 due to COVID-19. During this State of Emergency, our office is not open to the public. **KRS will not be scheduling in-person office appointments, and walk-in visitors will not be seen, until further notice.**

In place of in-person office appointments, KRS is offering appointments for retirement counseling by telephone. [Members are strongly encouraged to register for Member Self Service prior to scheduling an appointment.](#)

Telephone appointments are being offered to:

- Members within two years of retirement eligibility, and
- Members who are eligible to purchase service credit.

Members can access their retirement accounts online at myretirement.ky.gov or call 1-800-928-4646. Documents can be submitted to our office by using the upload feature in self service, by mail or by fax at 502-696-8822.

Our office will continue to operate in accordance with our internal Continuity of Operations Plan and any directives from Governor Beshear. Thank you for your understanding as we work to protect the safety of our members and employees.

2. 2020 PREP (Pre-Retirement Education Program) In-Person Sessions Canceled

Due to the COVID-19 health crisis, **the highly-popular Pre-Retirement Education Program (PREP) will not be offered in person this year.** [PREP Sessions are designed for Tier 1 and Tier 2 members within five \(5\) years of retirement to help them understand their KRS pension and medical insurance benefits.](#)

We are currently exploring other options, including webinars, as a possible replacement for the in-person sessions. Please check the KRS website and social media outlets for updates on these efforts.

3. Retirement Trends

Monthly retirement trends, from FY 2014 through present-day, are available here: [KRS Retirement Trends](#). This chart is updated every month.

A total of **6,001 people have retired thus far in Fiscal Year 2020** (July 2019 - May 2020).



Questions? [Contact us](#)

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