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Member and Retiree Newsletter

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Welcome to the fall edition of PENSION INSIGHTS, the official newsletter for members and retirees of CERS, KERS, and SPRS.

In this issue, you'll find articles about:

- Insurance Open Enrollment for Plan Year 2023;
- How to view your Member Annual Statement online;
- Investment returns;
- The upcoming SPRS Election;
- And much more!

FROM THE DESK OF DAVID EAGER, KPPA EXECUTIVE DIRECTOR

You may not realize it, but four separate bodies oversee the Kentucky Public Pensions Authority and the assets it administers.

In addition to the County Employees Retirement System and Kentucky Retirement Systems boards, and the KPPA, we are subject to legislative oversight by the [Public Pension Oversight Board \(PPOB\)](#). This statutory committee, comprising legislators and citizen members, assists the General Assembly with its review, analysis, and oversight of the administration, benefits, investments, funding, laws and administrative regulations, and legislation pertaining to the state's retirement systems.

The PPOB has alternating co-chairs: [Sen. Jimmy Higdon](#) (R-Lebanon) and [Rep. James Tipton](#) (R-Taylorsville).

KPPA executives regularly update the PPOB about investments, cash flows, and the funded conditions of the pension and insurance funds, and have also testified recently about capturing information from employers about contractor employees (House Bill 8 - 2021), retiree supplemental payments, proxy voting, Environmental, Social and Governance (ESG) issues in investing, and the effect on the retirement systems of salary increases for state workers and State Police.

Retirements Update

In addition to boosting morale and helping with recruiting, the 8% increase in pay for state workers and across-the-board \$15,000 per year boost for State Police that was included in the most recent Executive Branch budget bill (House Bill 1) appears to have slowed the rate of retirements. In the first three months of Fiscal Year 2023 (July-September), there were 600 retirements in the Kentucky Employees Retirement System (KERS) and two retirements in the State Police Retirement System (SPRS). During the same three months of Fiscal Year 2022, there were 904 KERS retirements and 37 SPRS retirements. In Fiscal Year 2021, there were 696 KERS retirements in the July-September period and 20 SPRS retirements. The slowdown makes sense as people likely want the 8% increase to be factored into their final compensation.

CFO Search and other Staffing Updates

Our search for a Chief Financial Officer continues. It is a new position to KPPA and will strengthen our financial management, reporting and controls.

As of the end of September, KPPA employed 245 people. Besides the CFO search, we have postings for eight (8) Retirement System Counselors within

Can the KPPA Board Authorize a Cost Of Living Adjustment?

We know people are very interested in the process for granting Cost of Living Adjustments (COLAs) for retirees. The CERS board and the KRS board both recognize the tremendous financial strain that the lack of a COLA is having on our retirees.

However, **COLAs cannot be granted by the KPPA board or the Trustees of the Systems**. Only the Kentucky General Assembly has the authority to grant retiree COLAs under [Kentucky Revised Statute 61.691](#) and [Kentucky Revised Statute 78.5518](#).

For more information about COLAs, please refer to the [Cost of Living Adjustments \(COLAs\) section on our FYI page](#), located in the About section of our website.

Counseling Services Update

Virtual and phone appointments are a convenient way for members across the Commonwealth to meet with KPPA counselors, all from the comfort of your own home or office. They also remain the most efficient way to access retirement counseling at KPPA.

However, in-person counseling appointments are available in our Frankfort office. [Please visit our](#)

the Office of Benefits that are open to state employees and the general public.

Beyond these positions, current state employees can always log into MyPurpose and click on "Open Opportunities" and use the search and filtering capabilities.

The general public can go to personnel.ky.gov and click on "Find a Job" and then "Search Jobs." The general public has the added ability to create alerts for job titles they want to be alerted of in the future.

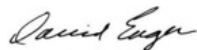
As a result of the COVID-19 pandemic, the governor shut down state office buildings in March of 2020.

Effective September 12, 2022, the Kentucky Personnel Cabinet updated its telecommuting policy to require most employees that had been telecommuting either full-time or part-time to now work from an Executive Branch office a minimum of three (3) days per week.

According to the Personnel Cabinet, 91% of state government employees are now working in the office three days per week or more.

Being able to work from home is a privilege. KPPA will work to ensure all employees meet the same high standards for service we had before the pandemic and that we maintained throughout the pandemic. We are still working for you every day.

Sincerely,
David L. Eager



KPPA Executive Director
david.eager@kyret.ky.gov

INSURANCE OPEN ENROLLMENT PLAN YEAR 2023 IMPORTANT INFORMATION

It's that time of year again! Please read the following information about the Insurance Open Enrollment periods for both Non-Medicare Eligible retirees and for Medicare Eligible retirees.

- ***DID YOU KNOW?*** KPPA provides access to group health insurance coverage through the Kentucky Employees Health Plan (KEHP) for recipients until they reach age 65 and/or become eligible for Medicare.

Non-Medicare: Eligible Open Enrollment: October 1 - October 31, 2022

This Open Enrollment window is for retirees who are NOT eligible for Medicare. General information for the Kentucky Employees' Health Plan has been mailed to retirees and detailed information is available on the [KPPA website](#). The KEHP plans have a 7% increase in premium for Plan Year 2023 and no benefits have changed.

FOR MORE INFORMATION:

Non-Medicare Plan Year 2023

- ***DID YOU KNOW?*** After a retired member becomes eligible for Medicare, coverage is available through a Medicare eligible plan offered by KPPA. A retired member's spouse and/or eligible dependents may also be covered on health insurance through KPPA.

A Medicare eligible retiree that has returned to work with a participating employer may be covered by a KPPA plan.

To determine if [Medicare Secondary Payer Act \(MSPA\)](#) impacts you, please email KPPAMedicareSecondaryPayer@kyret.ky.gov or call KPPA toll free at 1-800-928-4646.

Medicare Eligible Retirees Open Enrollment: October 24 – November 30, 2022

Retirees will receive Open Enrollment information from Humana in mid-October. Medicare Advantage plans will have the same premiums as last

[website to review the requirement for scheduling a pre-retirement appointment.](#)

Members can call our office at 1-800-928-4646 to schedule an appointment.

KPPA Staff News

[KPPA Names Steve Willer as Chief Investment Officer:](#)

[Anthony Chiu Named Deputy CIO](#)

On July 29, 2022, KPPA formally announced the promotion of [Steve Willer to Chief Investment Officer \(CIO\)](#) and [Anthony Chiu as Deputy CIO](#) in the KPPA Office of Investments. The Office of Investments oversees \$22 billion in assets for the 10 pension and insurance funds managed by KPPA.

Mr. Willer joined KPPA in April 2020 as Fixed Income Division Director. Since then, he has served as Deputy CIO and, most recently, as Interim CIO.

Mr. Chiu joined KPPA in August 2016 and since then has been Director of Private Equity and Alternative Investments. Prior to KPPA, Mr. Chiu was a Vice President at the Presidio Group, where he was responsible for asset allocation and researching equity, credit, and alternative investment strategies.

Security Briefs: Safe Online Shopping

Online shopping has become a convenient way to purchase a wide range of goods from groceries to birthday presents to even mattresses.

Unfortunately, there are criminals who want to part you from your money when you shop. Just as you protect your wallet when you shop in person, you need to be cautious online. Here are a [few tips](#) for safe online shopping.

plan year, and there are no benefit changes for Plan Year 2023.

FOR MORE INFORMATION:

Medicare Plan Year 2023

ENROLLMENT IS NOT REQUIRED FOR PLAN YEAR 2023

(This applies for all insurance plans - both *Medicare and Non-Medicare*)

If you do not submit an enrollment form, you will continue with the same health insurance benefit for 2023 as you have for 2022.*

PLEASE NOTE: The LivingWell Limited High Deductible plan will not be offered for Plan Year 2023. If you chose this option in Plan Year 2022 you WILL need to send in an enrollment form with your new choice for Plan Year 2023 or you will be defaulted into the LivingWell Basic Consumer Directed Health Plan without a Health Arrangement Account.

Questions? We're Here to Help

The KPPA Retiree Health Care team is available by appointment, email and phone. For additional information on Open Enrollment, visit the [Insurance Overview](#) page on the KPPA website.

Attention Hazardous Retirees!

Don't Forget This Annual Insurance Requirement

If you are a hazardous duty retiree, you must submit a [Form 6256](#) to receive insurance premium contributions for your spouse and eligible dependents. The form can be submitted with your online enrollment or you may upload the form using the Documents feature in [Self Service](#).

Form 6256 must be submitted to KPPA by November 30, 2022 for Plan Year 2023.

ANNUAL STATEMENTS

NOW AVAILABLE ONLINE

[Fiscal Year 2022 Annual Statements are now available in Member Self Service for all active and inactive members.](#) Your Annual Statement provides a snapshot of your account including contributions, interest, and estimated retirement benefits as of June 30.

SPRS BOARD OF TRUSTEES ELECTION VOTING BEGINS JANUARY 20, 2023

SPRS members and retirees will soon be able to cast their vote to elect a SPRS representative to the KRS Board of Trustees.

Voting starts on January 20 and extends through March 1, 2023. Ballots will be tabulated by March 15 and the newly elected candidate will begin a four-year term of office beginning April 1, 2023.

For your convenience, KPPA will again partner with [YesElections](#) to offer electronic voting for the SPRS election. **Online voting is highly encouraged** during the 2023 SPRS Board of Trustees election, as it is a secure and efficient way to cast your vote. Please verify or update your email address at [MyRetirement.ky.gov](#) to vote online.

If you prefer to vote by U.S. mail, you have three ways to **request a paper ballot by November 30, 2022:**

- 1. ONLINE:** Log in to your account at [myretirement.ky.gov](#).
- 2. IN WRITING:** The request must include your Name, KPPA Member ID or last 4 digits of your Social Security Number, and signature.

Mail your request to:

SPRS Election
ATTN: Internal Audit Division
Kentucky Public Pensions Authority
1260 Louisville Road
Frankfort, KY 40601

- 3. BY PHONE:** Call 1-800-928-4646.

Online Resources for Members and Retirees

We encourage members to take advantage of resources available on our website at [KYRET.KY.GOV:](#)

Members: Learn about [your benefits](#) and view [recorded webinars](#) on specific topics.

Retirees: Find the latest information about [insurance, beneficiary changes, reemployment after retirement](#), and view our [Transitioning to Medicare video](#).

Publications and Forms: Download [forms](#), access the [Retiree Handbook](#), [Member Newsletters](#), [Summary Annual Reports](#) and other publications.

About: Learn more about our [Boards](#) and view the [meeting calendar](#).

Legislative Updates: Read the [2022 highlights](#) and daily updates during legislative sessions.

Watch Board and Committee Meetings on Facebook Live

KPPA livestreams board and committee meetings on our Facebook page. We invite you to join us for future meetings by [going to the KPPA Facebook page](#) on the date and time of the meeting. You can also watch videos of prior meetings. [Click here](#) to view the meeting schedules.

KPPA Self Service

FAST. SECURE. RELIABLE.

KPPA continues to add new features to [Self Service](#), and we encourage members to take advantage of this online option.

[Registering is quick and easy.](#) After registering, just log into your Self Service account anytime to access benefit estimates instantly, apply for retirement online or complete your open enrollment application.

For more information about the 2023 SPRS Election, please visit our [Board Elections page](#).

INVESTMENT UPDATES

FY 2022 Investment Returns for KPPA Pension, Insurance Plans Down After Record 2021

The pension and insurance funds administered by KPPA finished fiscal year 2022 on June 30 collectively down -5.7%, for a total market value of \$21.6 billion. This represents a \$1.1 billion decrease in the record-high market value of fund assets from the previous fiscal year.

However, despite the negative overall returns, the pension portfolios managed by KPPA outperformed most of their peers, according to analysis by consultant Wilshire. KPPA also outperformed most of its peers in terms of risk-adjusted returns, or returns per unit of risk, also known as the Sharpe ratio. The Sharpe ratio is one of the most widely-used methods for measuring risk-adjusted returns.

Sharpe Ratio	1 Year	3 Year	5 Year
CERS Pension Fund	-0.75 (11)	0.59 (9)	0.66 (7)
CERS Insurance Fund	-0.73 (10)	0.59 (10)	0.67 (6)
KRS Pension Fund	-0.89 (22)	0.68 (5)	0.73 (4)
KRS Insurance Fund	-0.85 (19)	0.56 (11)	0.60 (13)

Parentheses contain percentile rankings

SOURCE: *Wilshire Consulting, periods ending 6/30/22*

"Protecting our systems' assets is paramount, and with volatile markets that caused many other funds' performance to be worse than ours, I am pleased in particular with our relative risk-adjusted returns," said David Eager, KPPA Executive Director. [READ MORE](#).

KPPA News

Briefs

[GFOA Honors KPPA for Excellence in Financial Reporting](#)

KPPA has received the Government Finance Officers Association (GFOA's) *Certificate of Achievement for Excellence in Financial Reporting* for the 23rd consecutive year. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting.

[State Awards KPPA Medicare Administration Contract to Humana](#)

Humana has been awarded a new three-year contract by the Kentucky Finance and Administration Cabinet to administer the KPPA's Medicare Advantage Plans. Humana has been KPPA's Medicare administrator since 2013, and the new agreement ensures continuity in plan administration.

[KPPA Announces Tier 3 Interest Earned and Credited](#)

The interest earned and credited to members in the [Tier 3 Hybrid Cash Balance Plan](#) exceeded 5% for all plans. As of June 30, 2022 more than 27.4% of the total KPPA membership is in Tier 3.

Questions? [Contact us](#)



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