



PENSION INSIGHTS



FALL 2024 ISSUE

The official newsletter for non-retired members of CERS, KERS, and SPRS.



From the Desk of Ryan Barrow Executive Director

In this edition of *Pension Insights* we have a wealth of valuable information to share with you but first let me introduce myself.

I began my current role in July after nearly a dozen years in the Finance and Administration Cabinet's Office of Financial Management (OFM), where I served as Executive Director. There I managed the state's debt portfolio, over \$14 billion in invested state funds and have long been involved with all the state's pension systems. Part of my responsibilities at OFM was to monitor issues affecting Kentucky's credit rating and pension obligations is a large component of that. Additionally, I served as the state's liaison for investors and for credit rating agencies.

Before joining OFM, I served as the Budget Director for the Lexington-Fayette Urban County Government and worked in the private sector. You can read more about my background [here](#).

In this newsletter, you can find updates on investment returns, a video explaining your custom annual statement, upcoming webinars, and a preview of the next CERS trustee election.

Investment Returns

The systems enjoyed another successful year in terms of returns. For the second consecutive year, portfolio returns approached or exceeded 10% across all funds. This positive performance provided upside sharing interest for Tier 3 members and will be reflected in the systems' funded statuses in our annual reports. While we do not focus too closely on a single year it is good to know the efforts by the CERS and KRS Trustees and the Office of Investments positioned our systems with our public peers. More importantly, this success benefits the members and taxpayers of the Commonwealth.

Strategic Plan Update

KPPA has been working with Provaliant Retirement Management and Consulting to develop a strategic plan. The process kicked off in the second quarter of 2023 and has continued with workgroups and information gathering. The result thus far has identified four key areas of focus: organizational excellence, customer service delivery, infrastructure and key resources and governance. Read the summary of our plan [here](#).

Thank You David Eager

A huge thank-you to former Executive Director David Eager. Dave, the staff, CEOs and the Trustees have put the organization on a path to having all systems fully funded by 2049. After eight years of service, he graciously extended his tenure, delaying his own retirement, to help ensure KPPA's transition went smoothly and "show me the ropes". Dave's impact on KPPA will be long-lasting, and his tenure serves as an example of effective leadership.

YOUR ANNUAL STATEMENT

Ever wonder when you can retire? Or how much your retirement payment will be? Your Annual Statement has the answer to these questions and more! Go to [Member Self Service](#) for your custom statement and find out:

- Your projected retirement date
- Your estimated benefit payment
- Your contributions and interest



Kentucky law provides for an annual interest credit based on benefit tier. *Tier 3 also receives upside sharing interest if requirements are met.



Participation Date
Prior to 9/1/08
Current Rate 2.5%



Participation Date
9/1/08-12/31/13
Current Rate 2.5%



Participation Date
1/1/14 and after
Current Rate 4.0%*

TIER 3 UPSIDE SHARING INTEREST

Every Tier 3 account is guaranteed to earn a minimum 4% at the end of each fiscal year. Additionally, if the five-year Geometric Average Net Investment Return (GANIR) exceeds 4%, Tier 3 accounts are credited with an amount equal to 75% of the excess, or "upside" interest over the guaranteed 4%. Learn more about upside sharing and the GANIR for all systems [here](#).

While the systems are long-term investors, and year-to-year fluctuations in returns are to be expected, you can see how returns affect your retirement. The current GANIR includes returns from fiscal years 2020-2024. Fiscal Year 2020 was not a particularly strong year for investment returns and 2022 saw investment losses across the portfolio.

Next fiscal year, 2020 will drop out of the five-year average, removing one of the underperforming investment years. If the systems' investment portfolios perform better in Fiscal Year 2025 than they did in Fiscal Year 2020, the upside sharing

interest for Tier 3 accounts should increase. Read more about investment returns below.

TRUSTEE ELECTIONS

Every four years, members of CERS, KERS and SPRS elect representatives to serve as trustee. In January, CERS members can begin casting votes for two CERS trustee positions. The next trustee election for KERS members is in 2026 and SPRS will elect a representative in 2027. Prior to each election, you can choose to vote online or submit a paper ballot to cast your vote.



CERS Members have until November 30th to request a paper ballot. An electronic ballot will automatically be sent to all eligible voters with a valid email address on file.

[Read more](#)

OCTOBER WEBINAR SCHEDULE

PENSION



UNIVERSITY
Your Pathway to Retirement

KPPA staff hosts webinars for non-retired members each month. In October, topics include:

- Tier 1 Strategies for Retirement
- Retirement Payment Options
- School Board (Classified Staff)

We are offering our School Board webinar for classified staff at 6:30 PM ET to accommodate work schedules. Please take advantage of this opportunity to learn more about your benefits!

[Register for Webinars](#)



Working after Retirement

[Watch our webinar](#) to learn more about the



Member Self Service (MSS)

[Log in](#) to update your contact information,



Stay Connected with KPPA

[Go to MSS](#) to verify your contact information and

requirements and potential consequences of working after retirement for a participating employer.

generate benefit estimates, and apply for retirement. [Registration is easy](#) and gives you 24/7 access to your account.

[communication preference](#). Consider using your personal email address so we can reach you even if you change jobs.

SECURITY SPOTLIGHT

Protecting Your Data



Safeguard Your Email Account

Do you know how important the security of your email account is? Email accounts are one of the most popular hacks. Think about how much information you have in email. Your email account can give the bad guys access to see what other online accounts you have, which can lead to identity theft.

Pro Tips:

1. Change your email account password frequently.
2. Have a unique password for all your online accounts, including your email account.
3. If you see strange emails that look like a password reset or in response to something you did not initiate, you should immediately change the passwords for both your email and the account referenced in the suspicious email.



New Fake Website Scams

Hackers have introduced new scams to get your username and password by creating fake websites for companies that you may do business with.

For example, if you don't remember the web address, you may search for a website. When you click on the search results, you go to what appears to be the correct site. *Always take a closer look.* A fake website may have an extra letter or slight misspelling in the web address. If you go to the fake site and enter your username and password, the bad guys can now access your account.

Pro Tip: The safest way to make sure you are using the correct website is to get the address from a confirmed source using mailings, calling the business, or carefully reviewing the search results. Once you have confirmed a web address, bookmark the address in your browser for future use.

INVESTMENTS

CIO Recognition

[Steve Willer, KPPA's Chief Investment Officer](#), has been named to the Elite 100 list published by Markets Group, a financial forum and event producer. The list includes 100 CIOs from U.S. public and corporate pension funds, endowments, and foundations who have “navigated mission-driven mandates and unique investment challenges with wisdom and poise, often maintaining a steady course amid external pressures,” those who have “led their organizations through political and resource-constrained environments,” and “rising stars who have shown extraordinary potential.” Read more and see the full list [here](#).

Investment Returns

For the Fiscal Year (FY) ended June 30, 2024, the average composite return for pension assets under management was 10.7%, while insurance trust assets under management earned 11.4%.

Pension and insurance total assets increased to \$26.9 billion as of June 30, compared to \$23.9 billion at the end of FY 2023. For more detailed information about FY 2024 returns, read our press release [here](#).

Pension Investment Returns

	FY 2024	3-Year	5-Year	10-Year	30-Year
CERS NH	11.6%	5.0%	8.0%	6.9%	8.1%
CERS HAZ	11.7%	5.0%	7.9%	6.9%	8.1%
KERS NH	9.5%	3.6%	6.9%	6.1%	7.8%
KERS HAZ	11.1%	4.6%	7.7%	6.7%	8.0%
SPRS	9.6%	4.0%	7.0%	6.0%	7.8%

Insurance Investment Returns

	FY 2024	3-Year	5-Year	10-Year	30-Year
CERS NH	11.8%	5.3%	7.9%	6.9%	7.2%
CERS HAZ	11.7%	5.3%	7.9%	7.0%	7.3%
KERS NH	11.1%	4.6%	7.7%	6.5%	7.1%
KERS HAZ	11.2%	5.1%	7.8%	6.8%	7.2%
SPRS	11.0%	5.1%	7.9%	7.0%	7.3%

Do you find the tips and resources in our newsletter helpful?

YES

NO



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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