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Member and Retiree Newsletter

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Message from Executive Director

We are now the Kentucky Public Pensions Authority (KPPA) as legislated by House Bill 484 effective April 1, 2021. Many hands have touched this project to bring it to fruition. Despite the new name and the new logos, we are the same people, carrying out the same mission for our Members, and we will continue to deliver the exceptional service our Members and other stakeholders have come to expect.

We are Team Kentucky. We are Team KPPA.

Important news regarding legislation...

House Bill (HB) 8 passed and is the final major step to making the KERS Nonhazardous plan on the road to being financially healthy again. HB 8 will require each participating employer to pay off its own unfunded pension liability over a set period regardless of payroll cuts. It also requires that the total unfunded liability of the KERS Nonhazardous plan, about \$14 billion as of June 30, 2020, be apportioned to each of the employers in the plan based on that employer's actuarially determined share of the unfunded liability. Each employer will now have to pay a set amount each year. It is an equitable method of paying off Kentucky's large pension liability.

Since early April 2020, KPPA has had more than 85% of its staff working from home. We made the swift transition almost seamlessly with members experiencing minimal disruption to services, and our various productivity metrics have remained strong throughout the period. We are awaiting the Governor's Executive Order(s) regarding returning to work in our offices before we take action.

An important aspect of improving our service is listening to our members. Please give me feedback on your experiences with KPPA. Our staff and I also ask you to share any ideas about service enhancements you would like to see and any concerns you may have. You can email me at david.eager@kyret.ky.gov.

Governance and Transparency

CERS BOARD	KPPA BOARD	KRS BOARD
<p>COUNTY EMPLOYEES RETIREMENT SYSTEM</p> <ul style="list-style-type: none"> • 3 trustees elected by members • 6 trustees appointed by the Governor selected from lists of candidates provided by KACo, KLC and KSBA 	<ul style="list-style-type: none"> • CERS Board Chair • KRS Board Chair • CERS Investment Committee Chair • CERS Trustee, Elected by Members* • CERS Trustee, Governor Appointee* • KRS Investment Committee Chair • KRS Trustee, Elected by Members** • KRS Trustee, Governor Appointee** <p><small>*Selected by the CERS Board Chair **Selected by the KRS Board Chair</small></p>	<p>KENTUCKY EMPLOYEES RETIREMENT SYSTEM & STATE POLICE RETIREMENT SYSTEM</p> <ul style="list-style-type: none"> • 3 trustees elected by members • 6 trustees appointed by the Governor

The boards of the governing bodies for KPPA, the County Employees Retirement System (CERS), and the Kentucky Retirement Systems (KRS), are largely set following the recent CERS Election, appointments by Governor Andy Beshear, and the inaugural meetings for all three bodies. Read our recent [press release](#) for more details. Visit our [Board Elections section](#) to learn more about open spots on the KRS and CERS Boards of Trustees.

2021 Legislative Highlights

CERS Board

- Betty Pendergrass – Chair
- Jerry Powell – Vice Chair
- Dr. Merl Hackbart – Investment Committee Chair
- William O'Mara – Finance Committee Chair
- J. Michael Foster – Actuarial Subcommittee Chair
- George Cheatham
- J.T. Fulkerson
- Joe Brothers

KRS Board

- Keith Peercy – Chair
- John Cheshire III – Vice Chair
- Prewitt Lane – Investment Committee Chair
- Campbell Connell
- John E. Chilton - Actuarial Subcommittee Chair
- Joseph L. Grossman
- Kelly Downard

KPPA Board

- Keith Peercy – Chair
- Betty Pendergrass – Vice Chair
- John Cheshire III
- Campbell Connell
- Dr. Merl Hackbart
- Prewitt Lane
- William O'Mara
- Jerry Powell

For more information about KPPA's governance structure, to read board member and administration bios, and to see a meeting schedule, visit our [About section](#).

Self Service

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Fast. Secure. Reliable.

- MEMBERS can:**
- View account details
 - Maintain contact information
 - Apply for retirement
 - Enroll in health insurance at retirement

The 2021 Regular Session of the Kentucky General Assembly adjourned on Tuesday, March 30, 2021.

The following is a list of the most significant bills and resolutions passed this Session that will have an impact on the systems operated by KPPA. Please click on the hyperlink to read each bill in its entirety. To read a more detailed highlight list, click [here](#).

1. Passage of House Bill 8 to Help Ensure Agencies Pay Their Fair Share of Unfunded Liability

[House Bill 8](#) (Rep. DuPlessis) changes the current method for calculating employer contributions from a percent of payroll model to a fixed allocation funding method. This is only a change for KERS nonhazardous employers. Beginning July 1, 2021 employers will pay the normal cost for all employees plus their actuarially-calculated portion of the unfunded liability.

2. CERS Separation Clean-Up Bill

[House Bill 9](#) (Rep. Webber) is the CERS separation (House Bill 484 - 2020 Regular Session) cleanup bill. Key elements of this bill include the creation of separate statutes for the CERS as provided by intent language included in HB 484 during the 2020 Regular Session. The bill also amends current statutes to allow KRS and CERS to use the existing registration of assets in order to avoid additional expenses. There were no changes to benefits as a result of this bill.

3. KPPA Housekeeping Bill Passes

[House Bill 87](#) (Rep. Decker), the KPPA Housekeeping bill, is effective June 29, 2021. This bill makes notable changes to current benefits procedures to improve efficiencies and provides eligible members with the flexibility to choose options best suited to their personal situation. In certain circumstances, this law change allows retired members to change their beneficiary and/or retirement payment option. The bill also provides that members dually employed in full-time hazardous and part-time nonhazardous positions may elect to opt out of nonhazardous participation if eligible; amends pension spiking to establish a \$25 monthly threshold; and makes conforming changes to reflect how KPPA currently administers benefits. **Please read below to learn more about how these changes may impact you.**

4. State Executive Branch Budget Bill, House Bill 192

Due to the COVID-19 crisis, the legislature only passed a one-year budget during the 2020 Regular Session rather than the customary two-year budget. Therefore, the General Assembly passed [House Bill 192](#) (Rep. Petrie) during the 2021 Session that will cover fiscal year 2021-2022.

A few important retirement-related items included in the budget bill were Employer Contribution rates, subsidies for Quasi-governmental agencies to cover anticipated increases in retirement costs for fiscal year 2021-22, and money from the state to assist with covering employer contribution rates for County Attorneys and most universities. The bill contained no raises for State employees, and no Cost of Living Adjustments (COLAs) for retirees. The bill does contain language establishing a process and procedures for State employee layoffs, furloughs, and reduced hours in the event that the Commonwealth or any agency determines it necessary.

5. Changes to Total and Permanent Disability Benefits

[Senate Bill 169](#) (Sen. McDaniel) increases the disability benefits for members who become "totally and permanently disabled" as a result of an act in the line of duty (hazardous) or a duty-related injury (nonhazardous) to be equal to 75% of the member's monthly average pay plus 10% of the member's monthly average pay for each dependent child. The combined benefit payable to both the member and dependent children while the member is alive is not to exceed 100% of the member's monthly average pay. Health insurance coverage will be available at 100% of the contribution rate for the member, the member's spouse, and the member's dependent children. The bill also provides for prospective adjustments in benefits for those eligible retirees who were already determined to be totally and permanently disabled in the line of duty or due to a duty-related injury.

Members experiencing a total and permanent disability due to a duty related injury in a nonhazardous participating position must meet additional requirements to be considered for these benefits.

6. Additional Requirements for the Actuarial Analysis Performed on Retirement-Related Legislation

Kentucky Revised Statute 6.350 requires an **actuarial analysis** to be performed on any bill that may increase or decrease benefits, the participation in benefits, or change the actuarial liability of any state-administered retirement system. An actuarial analysis is intended to show the anticipated economic impact of a bill on the retirement system funding status.

Upload documents
Register for seminars
Calculate retirement estimates and service purchase costs

RETIREES can:

Update tax withholdings
Update direct deposit
Upload documents
View payment history
Request income verification
Register for seminars
Enroll in health insurance during open enrollment

Your Email Address

As we offer more online services, we are asking our Members to provide KPPA with an email address using our [Self Service website](#). There are several advantages to having an email address for your retirement account. We've highlighted a few below:

- Personal Identification Number (PIN): We can immediately send you a new PIN when you need it.
- Correspondence: Rather than waiting for mail delivery, we can email account information.
- Vote Online: Eligible members can vote online in elections for representatives on the Boards of Trustees.
- KPPA Updates: Receive newsletters, announcements, and insurance reminders.

In addition to providing information to you quickly, you can also help us spend less on printing and postage.

Kentucky Employees' Health Plan

Open Enrollment Online for 2022!

Online enrollment will be required for retirees not eligible for Medicare during the next Open Enrollment for Plan Year 2022.

Our [Self Service website](#) offers an efficient way to securely submit your insurance application online. KPPA will not mail detailed plan information this year due to the online option and the significant printing and postage cost. All vendors have telephone, email, and website access for any questions you may have and documents are available online. Follow us on social media and check our [website](#) for updates later this year.

2021 Living Well Promise Deadline

This is a friendly reminder that the deadline to complete the LivingWell Promise is July 1. In order to earn your 2022 premium discount, you must complete the Health Assessment or get a biometric screening. Don't wait until the

[House Bill 69](#) (Rep. J. Miller) establishes additional standards and requirements for information the actuarial analysis must contain, including lengthening the time period to 30 years from 20 years for certain projections/analysis.

7. House Bill 261 Provides Legal Protections Against False Pension Benefit Claims

[House Bill 261](#) (Rep. J. Miller) provides a new level of legal protection for KPPA against anyone who knowingly submits false or fraudulent claims to KPPA in order to obtain benefits.

8. State Senate Confirms Gubernatorial Appointments to CERS and KRS Boards

State law requires that gubernatorial appointments to the CERS and KRS Boards receive Senate approval. On March 30, four Senate Resolutions confirming Governor Beshear's recent appointments to the boards were unanimously adopted by a vote of 38-0:

1. [Senate Resolution 205](#) (Sponsor D. Givens) confirmed the appointment of **George Carlisle Cheatham II** to the CERS Board of Trustees for a term ending March 31, 2025;
2. [Senate Resolution 206](#) (Sponsor J. Adams) confirmed the appointment of **William Thomas O'Mara** to the CERS Board of Trustees for a term ending March 31, 2025;
3. [Senate Resolution 207](#) (Sponsor J. Adams) confirmed the appointment of **James Michael Foster** to the KRS Board of Trustees for a term ending July 1, 2021;
4. [Senate Resolution 209](#) (Sponsor J. Adams) confirmed the appointment of **Dr. Merl Hackbart** to the CERS Board of Trustees for a term ending March 31, 2025.

The Resolutions only required Senate confirmation and did not need to be adopted in the House.

How legislative changes impact members

Beneficiary Changes after Retirement House Bill 87 makes changes that will allow retired members to change their beneficiary after retirement under certain conditions. These are explained below. Please note that our staff is currently working to implement system changes to support this law change. Eligible members will submit their beneficiary change request online through Self Service once this new feature is available.

Non-Survivorship Payment Options Effective June 29, 2021, retired members may change their beneficiary if they selected a non-survivorship payment option. Members can verify their current payment option using [Self Service](#). After you log in, select Account Summary from the Account menu. Your retirement option is listed under benefit account information. If your retirement option is Basic, Annuity, Social Security Adjustment without Survivor Rights, or a life with period certain option (10, 15 or 20 years), you will have the option to change your beneficiary designation at any time.

Marriage or Remarriage Within 120 days of the date of marriage or remarriage, a retired member may name his/her new spouse as beneficiary and elect a new survivorship payment option. The survivorship payment option will be recalculated and must be actuarially equivalent to the retirement allowance at the original retirement date. This bill also establishes a window for retired members who married or remarried prior to June 29, 2021 to do the same if the beneficiary change and new survivorship payment option election is filed with KPPA on or before January 1, 2022. Members must provide a marriage certificate and date of birth verification to name their spouse as beneficiary and elect a survivorship payment option.

Pension Spiking When a member retires KPPA evaluates creditable compensation growth to determine if pension spiking, a 10% increase during the last five years of employment, has occurred. House Bill 87 amends the current statute to provide that the 10% cap on creditable compensation growth will not apply when it results in a benefit change of less than \$25 per month. If there is a benefit change of \$25 or more per month due to pension spiking, the member's creditable compensation will be reduced by the appropriate amount to meet the new \$25 monthly threshold. This provision of House Bill 87 will save money through reduced administrative and legal costs associated with pursuing these cases. This change is effective for retirement dates of July 1, 2021 and after.

last minute, [COMPLETE YOUR HEALTH ASSESSMENT NOW](#). It only takes a few minutes and it's really easy.

KPPA Employee Service Recognition Awards

Five Years

Pavielle Dick, Enterprise & Technology Services
David Boyd, Enterprise & Technology Services
Alyssa McKnight, Enterprise & Technology Services
Sherry Rankin, Legal Advocacy
Jillian Hall, Legal Non-Advocacy
Dessielyn Johnson, Member Services
Darren Heilman, Member Services
Tara Harris, Member Services
Marsha Robinson, Membership Support
Wesley Cook, Procurement & Office Services
William Miller, Procurement & Office Services

Ten Years

Deanna McDonald, Employer Reporting, Compliance & Education
Elisabeth Wilson, Enterprise & Technology Services
Christy Hooks, Member Services

Fifteen Years

Audrey Wilder, Disability & Survivor Benefits
Rosemary Bebe, Procurement & Office Services
Connie Pettyjohn, Retiree Health Care

Twenty Years

Shawn Sparks, Communications
Brooke Pulliam, Disability & Survivor Benefits
Nadine White, Employer Reporting, Compliance & Education
Karen Pierson, Enterprise & Technology Services
Jimmy Stout, Enterprise & Technology Services
Lisa Whitaker, Enterprise & Technology Services
Amy Fogle, Member Services
Marydyth Costigan, Quality Assurance
Peggy Hatter, Quality Assurance
Jennifer Tedesco, Retiree Health Care

Twenty-Five Years

Michael Bickers, Quality Assurance
Stephanie Aldridge, Retiree Services Payroll

Thirty Years

David Snyder, Enterprise & Technology Services

Retirement Counseling Appointments

In place of in-person office appointments, KPPA is currently offering telephone and virtual appointments via Zoom. Members are strongly encouraged to register for [Self Service](#) prior to scheduling an appointment.

Nonhazardous Opt Out Under House Bill 87, a member employed in a regular full-time hazardous position, who is simultaneously employed in a part-time nonhazardous position with a different employer, has the option to decline participation under the part-time nonhazardous position within 30 days of initial employment in the nonhazardous position. Eligible members will be required to submit a form to KPPA if they wish to decline participation. Once a member declines participation, they are never permitted to participate as long as they are employed with that employer, even if they change from part-time to full-time at a later date.

This change is prospective. It only applies to initial employment in a nonhazardous part-time position on or after June 29, 2021. Members who are dually employed currently cannot terminate and be rehired in order to decline participation under their nonhazardous position. In addition, if a member was previously employed in a participating position and reemploys with that same employer after June 29, 2021, the member will not be eligible to reject participation under the part-time nonhazardous position.

Investments and Funding

Combined Pension Fund and Insurance Fund Assets (Expressed in Billions)

	March 2021	June 2020	June 2019	June 2018
Pension assets	\$14.85	\$12.72	\$12.75	\$12.29
Insurance assets	\$6.55	\$5.49	\$5.44	\$5.13
Total assets	\$21.40	\$18.21	\$18.19	\$17.42

Combined Pension Fund and Insurance Fund Performance

This chart shows the pension fund and insurance trust fund performance for the fiscal year to-date through February 28, 2021 and for trailing 3, 5 and 10 year periods.

	FYTD (March 2021)	3-Year	5-Year	10-Year
Pension Fund	18.44%	8.52%	9.61%	7.47%
Insurance Fund	18.74%	8.37%	9.66%	7.07%

The actuarial assumed rate of return for the KERS Nonhazardous and State Police Retirement System pension funds is 5.25%; it is 6.25% for all other pension funds and all insurance trust funds.

For more information about investments, visit the [Investments section](#) of our website. There you can find more detailed information about performance, holdings, managers and manager contracts, fees, and read monthly and quarterly investment reports.

Security Spotlight: What is the Most Likely Way You Will Be Hacked?

Password Reuse

If you use the same password for multiple accounts, you are making it easy for the bad guys. Most companies which provide free email accounts have been hacked at some level. Perform an internet search on "Gmail compromised passwords" or Yahoo or Hotmail, you will see it has happened and is continuing to happen.

1. You should consider using a password manager to manage all your passwords, which allows you to know only one password, which is to the password manager.
2. If you do write your passwords on paper, keep them in a secure location such as a locked drawer, etc.
3. Use strong passwords and different passwords for each account.

Phishing Email

This is a favorite of thieves that involves them masquerading as a legitimate source such as a familiar company or someone you know. Phishing usually involves a variety of phony scenarios to convince you to either send money or provide your personal information such as Social Security number, credit card numbers, or online banking credentials. If you get an email or text that gets your emotions going such as "a late notice", "your bank account is overdrawn" or anything similar that urges you to take action, it very well could be a phish. Phishing is a big business right now that makes big money for cyber criminals.

How to Protect Yourself

Appointments are offered to members who are within two years of retirement eligibility and those who are eligible to purchase service credit.

Other KPPA News

Earlier this year, the Kentucky Public Pensions Authority hired [Steven M. Herbert as its Executive Director](#), Office of Investments. The role is equivalent to Chief Investment Officer.

Mr. Herbert began his career in institutional investment management in 1997 at Watson Wyatt Investment Consulting, where he consulted with institutional clients in the Southeastern United States and in South America. Following that, he spent seven years with Mercer, where he was the lead consultant for a number of the firm's larger retirement fund clients in the U.S. and in Europe. Mr. Herbert later led Mercer's development of its proprietary investment manager research product, the Global Investment Manager Database (GIMD).

Retirement Trends

Monthly retirement trends from fiscal year 2014 through April of this year are available by visiting our [FYI page](#) or by clicking here: [KPPA Retirement Trends](#).

A total of 5,774 people had retired during this fiscal year through April (July 2020-April 2021). That compares with 5,718 who had retired over the same time frame during the 2020 fiscal year.

Smart Tips for Safe Social Networking

Many of us do a great deal of socializing online as we catch up with old friends and make new ones using sites such as Facebook, Twitter, LinkedIn, and YouTube (to name a few).

While social networking sites are a convenient way for us to keep in touch, these sites are also an easy way for criminals to gather our personal information, which is then used to steal our identities, our money, or even our personal property. To make your social networking experience a safe one, we have listed a few tips to help you "out-smart" the cyber crooks and other evil doers:

1. Tighten your social networking account's privacy settings. Limit access to who can see your personal profile. Directions on how to do this varies by site with most sites providing FAQs or other modes of help for securing your account. Be aware that these actions will not guarantee your privacy, since many sites such as Facebook have experienced security breaches in the past.
2. Don't divulge too much information. Never post detailed

Never provide your personal information in response to unsolicited email requests. Generally, businesses do not request personal information such as online banking credentials or Social Security numbers via email and if they do reach out to them via a phone call using a known good number.

1. Do not open suspicious or unsolicited email, delete it instead.
2. Do not open email attachments or click on links in unsolicited email.
3. Install anti-virus, anti-spyware, and/or malware protection software and keep it updated.
4. Keep all of your computer's software updated with the latest security updates including the operating system, application software, and add-ons and plugins such as browser plug-ins.
5. Only share your primary email address with those you know.
6. Do not post your primary email address on social networking or job-posting sites.
7. Check a website's privacy policy before providing your email address to ensure that it will not be provided to third parties. Many sites allow you to opt out of sharing your personal information.

- information about: where you live or work, your children, your birth date, the state where you were born (could be used to guess the first 3 digits of your SSN), your telephone number, vacation plans/activities, any information about your job or current income.
3. Be careful whom you accept as friends.
4. Be very careful using public Wi-Fi. It is very easy for criminals to get access to your computer, mobile device and personal information via unsecure wireless networking.
5. Be cautious of third-party applications that gather your personal information or infect your computer with malware.
6. Never disclose personal or financial information to people you meet online.

Questions? [Contact us](#)



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