



PENSION INSIGHTS



WINTER 2025 ISSUE

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



From the Desk of Ryan Barrow Executive Director

Wishing You a Happy and Prosperous New Year!

As we welcome the start of a new year, I extend my warmest wishes to each of you for a year filled with success, health, and happiness.

Ratings Boost

Several factors directly influence credit ratings on state and local municipal debt, with the health of public pension systems being a significant consideration. This has improved in Kentucky in recent years due to the boards adopting actuarial assumptions that more accurately reflect the systems' conditions, a commitment to fully fund pension contributions, and strong investment returns.

All three major ratings agencies covering Kentucky, specifically Moody's, Standard & Poor's, and Fitch Ratings, have taken note of the progress.



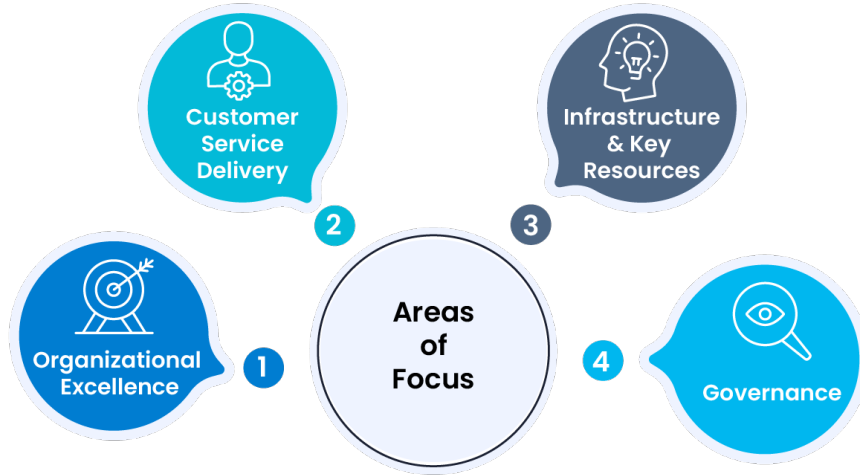
An Eye to the Future

By 2049, our actuarial target is to achieve fully funded pension systems, a crucial milestone that reflects our timeline to meeting the financial commitments. While we acknowledge that there is still much work ahead to reach this objective, we are making significant strides on our journey. Through diligent financial management and collaborative efforts among stakeholders, we are steadily improving our funding status.

Each step we take brings us closer to ensuring the long-term stability and security of the pension system for current and future recipients.

Strategic Planning Activities

In June 2024, KPPA established a [strategic planning process](#) that identified four key areas of focus:



Currently, small groups of KPPA employees and management meet to discuss specific business areas and how they could be enhanced. Examples include quality assurance, process documentation, member presentations and surveys. Each group dedicates several months to evaluate industry standards, make recommendations for enhancements, and implement the approved changes.

This initial phase of the strategic planning and enhancement process is expected to be completed by 2028.

Ryan Barrow, KPPA Executive Director

LEGISLATIVE SESSION



The 2025 Regular Session of the Kentucky General Assembly began on Tuesday, January 7, 2025. Part I of the session concluded January 10 and Part II begins on February 4. This is a 30-day session that is scheduled to end on March 28, 2025.

During the legislative session, KPPA reviews proposed bills and provides detailed information on how they could affect the systems. While KPPA's analyses are instrumental in supporting informed decision-making, the agency does not have the authority to enact legislation.

Visit [our website](#) and follow us on social media for the latest information about bills that may affect KPPA.

1099Rs and TAX INFORMATION

Form 1099R will be mailed by January 31, 2025, and can be accessed online at MyRetirement.ky.gov.



Federal Income Tax Withholding:

The Internal Revenue Service (IRS) updates tax brackets annually, which may affect the amount of federal tax withheld from your retirement payment. While KPPA cannot change your tax withholding status without a completed [Form 6017](#) or submission of the online form through [Self Service](#), adjustments are made automatically based on IRS updates. Your withholding choice remains in effect until a new tax withholding request is processed by KPPA.

To ensure these changes do not negatively impact your finances, KPPA encourages retirees to periodically review their withholdings and consider consulting a tax advisor. A tax estimator is available at MyRetirement.ky.gov to help evaluate and adjust withholding amounts as needed.

Please keep in mind that KPPA staff cannot advise you regarding withholding preferences. Your decision on income tax withholding is an important one and should be discussed with a qualified tax advisor.

Access Your Account Online

[Log in](#) and manage your account anytime, anywhere:

- Change your federal tax withholdings,
- Verify your contact information,
- Choose your communications preference,
- Upload documents, and more.



[Registration](#) is easy and gives you 24/7 access to your account.

TRUSTEE ELECTIONS



CERS Trustee Election

CERS members may vote for one hazardous candidate and two nonhazardous candidates to serve a four-year term effective April 1, 2025.

Ballots are mailed or available online January 21, and eligible members have until March 1, 2025, to vote. [Learn More](#).

Upcoming Trustee Elections

Kentucky Employees Retirement System (KERS) will hold its next trustee election in 2026 and the State Police Retirement System (SPRS) will hold its next trustee election in 2027.

SECURITY SPOTLIGHT

KPPA has layers of security protocols in place, but



you play a critical role in securing your personal information. Focusing on a few key things can have a positive impact on your cybersecurity wellness.

1. **Create Unique Passwords:** Use a different password for each online account. A password manager can help with this.
2. **Be Wary of Communications:** Be cautious with emails, calls, and texts, especially if they include links, attachments, or urgent messages. Scammers often use these tactics.
3. **Browse Safely:** Only visit secure sites (look for <https://> or a lock symbol). Close any site with urgent pop-up messages.
4. **Protect Personal Information:** Never share personal info via email, text, calls, or social media. Scammers can use it to steal your identity.

These simple steps can greatly improve the security of your personal information. Visit our [website for more tips](#).

FINANCIAL REPORTS



The [CERS](#) and the [KRS](#) reports for Fiscal Year ended June 30, 2024, are now on the KPPA website. These Annual Comprehensive Financial Reports (ACFRs) and the Summary Annual Financial Report (SAFR) explain the structure, financial status, investments, and governance of CERS, KERS and SPRS.

Starting with the 2024 ACFRs, separate annual reports for CERS and KRS are now published, as directed by their respective Boards of Trustees. KPPA continues to publish one SAFR providing an overview of all systems. The summary report will be available soon under the [Summary Annual Reports page](#).

INVESTMENT RETURNS

Investment Returns Contribute to Record Assets

The average composite return for pension assets under management was 10.7% for the fiscal year ended June 30, 2024, while insurance assets under management earned 11.4%. This resulted in record total assets of \$26.85 billion. All pension and insurance portfolios returned significantly more than their actuarial assumed rates of return which range from 5.25% to 6.50%.



The CERS pension and insurance portfolios returned an average of 11.7% during the fiscal year. The KERS and SPRS portfolios returned an average of 10.6%. That performance also bested the median return of an index of large public pension funds. The median return for the Wilshire Trust Universe Comparison Service (TUCS) peer group of public pension funds with more than \$1 billion in assets was 10.5% for the year ended June 30, 2024.

Pension Fund Performance

| | FY 2024 | 3-Year | 5-Year | 10-Year | 30-Year |
|---------|---------|--------|--------|---------|---------|
| CERS NH | 11.60% | 5.00% | 7.98% | 6.90% | 8.08% |
| CERS H | 11.73% | 5.01% | 7.93% | 6.89% | 8.07% |
| KERS NH | 9.50% | 3.55% | 6.86% | 6.08% | 7.80% |
| KERS H | 11.12% | 4.58% | 7.65% | 6.71% | 8.02% |
| SPRS | 9.62% | 3.99% | 6.95% | 6.04% | 7.79% |

Insurance Fund Performance

| | FY 2024 | 3-Year | 5-Year | 10-Year | 30-Year |
|---------|---------|--------|--------|---------|---------|
| CERS NH | 11.78% | 5.26% | 7.87% | 6.93% | 7.24% |
| CERS H | 11.73% | 5.34% | 7.93% | 6.99% | 7.26% |
| KERS NH | 11.07% | 4.63% | 7.68% | 6.54% | 7.09% |
| KERS H | 11.15% | 5.06% | 7.75% | 6.79% | 7.20% |
| SPRS | 11.02% | 5.09% | 7.92% | 6.97% | 7.25% |

NH - Nonhazardous

H - Hazardous

How did you like this email?



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