

Employer Contribution Rates

Fund	Actuarially Determined Rates 2019 Valuation (after to SB 249)			Actuarially Determined Rates 2020 Valuation			FYE 2021 Certified Rates	FYE 2022 Certified Rates
	Pension	Insurance	Combined	Pension	Insurance	Combined		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
KERS Non-Hazardous	73.28%	11.15%	84.43%	75.32%	9.71%	85.03%	84.43%	85.03%
KERS Hazardous	36.00%	0.00%	36.00%	33.43%	0.00%	33.43%	36.00%	33.43%
CERS Non-Hazardous	23.81%	5.43%	29.24%	23.88%	4.17%	28.05%	24.06%	26.95%
CERS Hazardous	42.02%	9.86%	51.88%	43.23%	8.73%	51.96%	39.58%	44.33%
SPRS	123.79%	19.69%	143.48%	127.99%	18.07%	146.06%	143.48%	146.06%

NEWS

KRS BOARD SETS CERS FY 2022 RATES

News / December 3, 2020

The Kentucky Retirement Systems (KRS) Board of Trustees approved County Employees Retirement System (CERS) employer contribution rates for Fiscal Year 2022. The board met Thursday morning via teleconference. The new rates will take effect on July 1, 2021.

Employers will pay 26.95% for CERS nonhazardous and 44.33% for CERS hazardous. Those rates are below what employers would have paid without the phase-in that legislators passed in the 2018 session. The KLC initiative limits year-over-year increases to 12%.

KRS actuarial consultants GRS performed the 2020 valuation of the three systems KRS currently manages – CERS, the Kentucky Employees Retirement System (KERS) and the State Police Retirement System (SPRS). The unfunded liability for the CERS nonhazardous pension system improved from 49.1% funded in 2019 to 49.4% funded in 2020. The CERS hazardous pension went from 45.3% funded to 45.1% funded.

Trustees approved an agreement for a CERS Insurance Trust Fund and the application for a private letter ruling (PLR) from the Internal Revenue Service (IRS). House Bill 484, the top legislative priority for KLC that legislators passed in the 2020 session, requires KRS to transfer CERS assets to a separate CERS Insurance Trust. They are currently held in a sub-trust. The requested IRS ruling would establish the qualified tax status of the fund.

Some trustees questioned whether the current KRS Board should take such action at their November meeting. House Bill 484 establishes a separate CERS Board of Trustees on April 1, 2021, to manage the local pension systems' assets. "Folks who are not going to be responsible for implementing this document are voting to impose requirements on a board that will come in place either in February or April," CERS Trustee Betty Pendergrass stated.

CERS Trustee Jerry Powell voiced frustration over the timing of the vote and changes made to the draft after it was first presented in November. “The first I’m hearing about these changes is at 8:42 this morning,” he said. “To give us an opportunity to look at this an hour and 20 minutes before the board meeting is ridiculous.”

All three CERS elected trustees and Personnel Cabinet Secretary Gerina Whethers voted “no” on adopting the agreement; however, the motion passed 10–4.

KRS Executive Director of Operations Rebecca Adkins notified trustees that the system now has \$7.7 million in a contingency fund within KRS administrative expenses to cover unbudgeted costs, including implementation of legislation. The system has also spent around \$120,000 on COVID-related expenses, most related to technology needs to allow staff to work from home.

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CONTACT KLC

Bryanna Carroll

KLC Director of Public Affairs

1-800-876-4552 bcarroll@klc.org

Michele Hill

KLC Governmental Affairs Communications Specialist

1-859-977-4111 mhill@klc.org

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