

KENTUCKY

TEACHERS' RETIREMENT SYSTEM

ACTIVE
MEMBER EDITION



SEPTEMBER
2014

Headlines

◆
Members Elect
Trustees
to KTRS Board

◆
The Baby
Boom
Generation
Contemplates
Retirement
by the
Executive
Secretary

◆
KTRS Board of
Trustees
Chair &
Vice-Chair
Elected

◆
Deadlines for
Purchasing
Service Credit

◆
KTRS
Workshop 101 &
Pre-Retirement
Seminars

Members Elect Trustees to KTRS Board

The election for the two positions on the KTRS Board of Trustees, due to the expiring terms for a lay trustee and an active trustee position, was conducted during May 2014. Dr. Terry Holliday, Chief State School Officer, certified the results of the election to the KTRS Board of Trustees. Terms will end June 30, 2018.



HOLLIS GRITTON of Union, was elected to a four-year term as a lay trustee. Mr. Gritton has served as a trustee on the Kentucky Teachers' Retirement System Board of Trustees since September 2012.

Mr. Gritton is a graduate of Georgetown College, Georgetown, KY; the Kentucky School of Banking; and the Graduate School of Banking of the South, Louisiana State University, Baton Rouge, LA. From 1993 until his recent retirement, Mr. Gritton served as President and CEO of Heritage Bank in Burlington, KY. Prior to that, he served as Senior Vice President of Liberty National of Northern KY; President and CEO of Huntington National Bank of Boone County. Mr. Gritton is a former math teacher at Boone County High School. His civic involvement includes deacon and Sunday School teacher, board member Tri-City YMCA, charter member Boone County Businessmen Association, Northern KY Chamber of Commerce, Boone County treasurer, Boone County Police Merit Board, United Way, Fine Arts Fund, American Heart Association, and American Cancer Society.



LAURA ZIMMERMAN of Lexington, was elected to a four-year term as an active teacher trustee. Ms. Zimmerman has served as a trustee on the Kentucky Teachers' Retirement System Board of Trustees since September 2003.

Ms. Zimmerman teaches in Fayette County Public Schools' Family Care Center. She is a graduate of Eastern Kentucky University with a B.S. in Community Health Education, a B.S. Area of Concentration in Science, a Masters Degree in Biology Education and a Rank I in school counseling. She is active in the Kentucky Education Association and Fayette County Education Association, where she has served on the Board of Directors. She served as chair of the Fayette County Education Association-sponsored Hugh O'Brien Leadership Program. Ms. Zimmerman served on the Fayette County Public Schools' Benefits Committee, Teacher Evaluation Appeals Committee, Supplemental Pay Committee and School-Based Decision Making Council. In addition, she is active in the community, serving on the board at One Parent Scholar House and volunteering at Radio Eye. She is a recipient of the University of Kentucky's Teachers Who Made A Difference Award and the FCPS FAME award.

The Baby Boom Generation Contemplates Retirement

by Executive Secretary
Gary L. Harbin, CPA

TEN THOUSAND members of the baby boom generation celebrate their 65th birthday each and every day in the United States. By 2030, about 80 million baby boomers—one quarter of the total population of the country—will have crossed the age 65 threshold.¹ This enormous shift to what is commonly considered retirement age will have wide ranging implications for the country and KTRS over the coming years.

During June and July this year, 1,269 teachers retired from service. This was an average year compared to the last five years. However, KTRS is certainly experiencing a surge of activity related to baby boomers. The number of visitors to KTRS's offices has trended up for the last five years and reached a peak this summer. Baby boomers make up one-third of KTRS's active member population. Fifteen thousand members of this group are currently eligible for an annuity and will likely retire over the next 4 to 6 years. After this initial deluge, another 10,000 baby boomers will continue to transition into retirement through 2030. These retirements will double the workload of the retirement system.

The Board of Trustees of KTRS has been preparing for the wave of baby boomers for many years. KTRS has steadily hired and trained additional staff. Additionally, KTRS is in the final phases of a multi-year project to replace its legacy information technology and telephone systems.

KTRS's investment program is also helping the retirement system be ready for the retirement of the baby boomers. For the fiscal year ended June 30, 2014, KTRS added about \$1.9 billion in investment performance to the retirement portfolio and a return of 18.1%. KTRS has a long and consistent record of strong investment performance. The retirement system's 30 year return is 9.49%, which exceeds the long term assumed rate of return of 7.5%. KTRS is sustainable for the long term and remains one of the Commonwealth's best investments.

Unfortunately, unlike members of KTRS, many baby boomers are facing uncertainty as they approach retirement. According to the National Institute for

Retirement Security, many baby boomers have only a defined contribution savings account for retirement. For those baby boomers within 10 years of age 65, on average they have saved only \$12,000 for retirement. All of this adds up to a large retirement savings gap for baby boomers to maintain their current standard of living in retirement. Not surprisingly, 40% of those approaching retirement believe they will never be able to fully retire.²

Many baby boomers have not saved enough for retirement, which could lead to more tax dollars being spent on publicly funded assistance and social services. Having a defined benefit annuity plan like KTRS ensures teachers who work hard and contribute to the retirement system will have the certainty, security, and stability to meet their financial obligations today and into the future.

KTRS is a not for profit economic engine consistently delivering value to Kentucky and its largest professional workforce. KTRS is a vital and stable contributor to Kentucky's economy, distributing almost \$2 billion to retirees who live in every community in Kentucky.

For 75 years, the independent Board of Trustees has successfully upheld its obligations to members, the education community, and the Commonwealth of Kentucky. KTRS benefits are reasonable and cost effective compared to other types of retirement plans. The KTRS investment program has performed well year after year, and the costs of administration of the retirement plan are some of the lowest in the country. KTRS's positive qualities are the result of many years of consistent control and oversight by the Board of Trustees.

¹ Social Security Administration, "Annual Performance Plan for FY 2012", at Page 36.

² Interview of NIRS Executive Director, Diane Oakley on C-SPAN, "Do you think you will retire on time" on January 2, 2014; NIRS, "The Retirement Savings Crisis: Is It Worse Than We Think?" by Nari Rhee, PhD, June 2013.



KTRS Board of Trustees Chair & Vice-Chair Elected



DR. TOM SHELTON, of Lexington, was re-elected chair of the Board of Trustees for the 2014-2015 fiscal year at the Board of Trustees meeting held June 16, 2014. Dr. Shelton has represented active members on the Board since 2008.



LAURA A. ZIMMERMAN of Lexington, was re-elected vice-chair of the Board of Trustees for the 2014-2015 fiscal year at the Board of Trustees meeting held June 16, 2014. She served as the Board's vice-chair in 2013-2014. Ms. Zimmerman has represented the membership as an active teacher trustee since 2003.

Deadlines for Purchasing Service Credit

Contact KTRS about eligibility to obtain full service and/or salary credit.

FY 2013-2014 LEAVES OF ABSENCE

DEADLINE for purchase is June 30, 2015

Contact your employer for required documentation confirming the leave of absence. Use form LOA-1*

FY 2013-2014 UNPAID DAYS

Have your employer complete Form LS-1* and submit to KTRS.

DEADLINE for purchase is December 31, 2014

* Employers can either complete the information on the KTRS Employer's Portal or download the forms at www.ktrs.ky.gov. **These forms must be completed and submitted by your employer.**

Membership in the Kentucky Teachers' Retirement System is Established in KRS161.250

KTRS membership is mandatory for all persons in eligible agencies occupying positions that require either certification or graduation from a four (4) year college or university as a condition of employment.

Additionally, any person providing part-time or substitute teaching services that are the same or similar to those teaching services provided by full-time, certified teachers shall be a member of the retirement system, regardless of whether certification or graduation from a four (4) year college or university is required. University employees, however, must be employed on a full-time basis (seven-tenths or more of normal full-time service measured by the contract days in the position for which they are employed) and must be filling a position requiring either certification or a four-year degree in order to be eligible for membership in KTRS. Positions subject to KTRS membership remain so even if the individual filling the position is hired as an independent contractor or under a third party contract or any other alternate employment arrangement.

Agencies eligible for participation in KTRS include public elementary and secondary schools, regional educational cooperatives, Eastern Kentucky University, Kentucky State University, Morehead State University, Murray State University, Western Kentucky University, the School for the Deaf, the School for the Blind, the Kentucky Community and Technical College System, the Department of Education, the Education Professional Standards Board and other agencies as specified by law.

Further detailed information may be found in your Summary Plan Description on our website in the "Publications" section.



Keeping your address current ensures your receipt of important mailings such as the Annual Statement, Newsletters, Trustee Elections and much more!



**TEACHERS' RETIREMENT SYSTEM
OF THE STATE OF KENTUCKY**

479 Versailles Road
Frankfort, Kentucky 40601-3800

Sept
2014

Retirement 101 Workshops

These workshops will increase your knowledge of the KTRS Defined Benefit "Group Retirement" Plan, ways to plan and increase your retirement, plus valuable information that will aid you with your future retirement decisions!

September 30, 2014

Registration 4:30 pm
Workshop: 5:00-7:00 pm
(Local Time)
Holiday Inn Express
4142 S Hwy 27
Somerset, KY

October 7, 2014

Registration 4:30 pm
Workshop 5:00 – 7:00 pm (Local
Time)
Grant County High School
715 Warsaw Rd
Dry Ridge, KY

November 17, 2014

Registration 4:30 pm
Workshop 5:00 – 7:00 pm
(Local Time)
Holiday Inn
2910 Fort Campbell Blvd
Hopkinsville, KY

December 8, 2014

Registration 4:30 pm
Workshop 5:00 – 7:00 pm
(Local Time)
The Corbin Center
222 Corbin Center Dr
Corbin, KY

Pre-Retirement Seminars

For those planning to retire within the next five years, this seminar will provide you with information on health insurance, resources you will need to help you map out your retirement plan plus much, much more!

October 18, 2014

Registration 8:30 am
Seminar 9:00 am – Noon
(Local Time)
Thelma B Johnson Early Learning
Center PDC -(6th street entrance)
631 North Green Street
Henderson, KY

November 20, 2014

Registration 5:00 pm
Seminar 5:30 pm – 7:30 pm
(Local Time)
Carter Caves SRP
344 Caveland Dr
Olive Hill, KY

December 4, 2014

Registration 5:00 pm
Seminar 5:30 pm – 7:30 pm
(Local Time)
Ramada Inn
624 James Trimble Blvd
Paintsville, KY

Please visit www.ktrs.ky.gov for ADDITIONAL DATES FOR FALL WORKSHOPS and for ALL workshop & seminar PRE-REGISTRATION. You MUST Register to Attend!