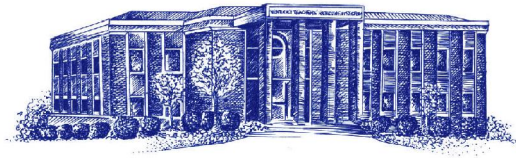


KENTUCKY

TEACHERS' RETIREMENT SYSTEM

ACTIVE MEMBER
EDITION



MAY
2016

Headlines

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Budget "Major Step Forward" for Teachers' Pensions

by Gary L. Harbin, CPA
Executive Secretary

Your phone calls, emails and personal communications with Kentucky lawmakers have paid off for teachers' pensions. The General Assembly and Gov. Matt Bevin approved a two-year state spending plan that includes nearly \$1 billion in additional funding – about 94 percent of the amount called for by the actuary for the Kentucky Teachers' Retirement System.

The \$973 million appropriation is a major step forward in addressing the unfunded liability and shows teachers past and present that the promise made to them by the state for their service to the commonwealth will be honored. Additional money also could be available from the new permanent pension fund after an expected performance review, the details of which are still being worked out as of this writing.

At a minimum, the additional \$973 million helps lessen the negative cash flow problem that forced KTRS to sell assets, to meet retiree payroll, at times when those sales haven't been advantageous. That negative cash flow required \$2.365 billion of assets to be sold in the last five years, according to a recent analysis by KTRS Chief Investment Officer Tom Siderewicz. The analysis showed that, had those assets been left in the investment

portfolio, KTRS's returns would have led to a profit of \$319 million – meaning the investment account is without \$2.684 billion that it would have had to invest. KTRS now, with nearly \$1 billion in additional funding, can avoid many of those sales and their compounded negative impact.

I extend my thanks to everyone involved – from Gov. Bevin and his tone-setting initial proposal to the 138 legislators who arrived at the final product. At every step, this was a serious effort to fund pensions in Kentucky, something that hadn't been accomplished in almost a decade. Our many constituent groups also provided invaluable assistance delivering the message of funding need to elected officials. Without a doubt, thanks also are due to you, the members, who have kept this issue at the forefront of legislators' minds for years. This achievement wouldn't have been reached without each of you.

Addressing the underfunding that built up over time, as legislators have noted, will take time and continued diligence. So be sure to thank your legislators for the funding they provided for the upcoming budget in the hope that this momentum continues forward into future budgets.

479 Versailles Road, Frankfort, Kentucky 40601-3800 Toll Free 800-618-1687

BOARD of Trustees

The Kentucky Teachers' Retirement System is governed by a nine-member Board of Trustees, comprised of the state's education commissioner and treasurer and seven trustees elected by the retired and active membership.

The next such election is May, and you are encouraged to vote. The candidates for the active teacher trustee are Keri Meador of Louisville and Josh Underwood of Tollesboro.

Terms are four years.

In early May, ballots, with short biographies of the candidates, are mailed to each KTRS member. Retired members receive a yellow ballot and active members receive a blue ballot. Please select a candidate, tear along the perforation and mail the ballot. Postage is prepaid, so no stamp is needed. Ballots must be postmarked by May 31. The education commissioner is responsible for counting ballots.

All members are encouraged to review the qualifications of each candidate and vote for the candidate the voter believes is best suited to serve in the fiduciary role as a trustee.

The election results will be announced in the next KTRS newsletter, on the website and through KTRS social media channels.

Did You Know: KTRS Reports to Federal Securities Regulators

Among the many ways that the Kentucky Teachers' Retirement System's operations are an open book, a portion of investment transactions are reported each quarter to the U.S. Securities and Exchange Commission.

This report, which is linked from the Financials, Reports & Quarterly Investments page of the KTRS website, is required for most institutional investment managers, including pension funds, investment advisers, banks, insurance companies, broker-dealers and corporations.

The report covers investments in publicly listed companies.



Security Dos and Don'ts

As KTRS encourages members to do more with their accounts online, some pointers are in order to ensure the security of your account. First, know that KTRS knows your login information. KTRS will never ask you for your password over the telephone or by email. Don't give this information to anyone, even if they claim to be a representative of KTRS. The following tips are gleaned from a variety of websites.

DO

- Create different passwords so that a criminal who hacks your account doesn't then have access to other accounts of yours.
- Make passwords hard to guess using uppercase and lowercase letters, numbers and special characters.
- Keep your computer and device software up to date as security fixes frequently are included in the updates.
- Consider getting anti-malware software.
- Use a password or personal ID number on your mobile phone.

DON'T

- Share passwords with others.
- Post information like credit card numbers or passwords on public sites.
- Click links, open mail or open attachments from an untrusted source. Links can be made to look like they're related to a reputable source (like the IRS) when they're not. The best practice for suspicious emails, and especially suspicious attachments, is to delete them without opening them.
- Respond to phone calls, letters or emails requesting confidential data.

REMINDER – Upon the Death of an Active or Retired Teacher

Eligible spouses have 30 days from the member's date of death to elect or decline health insurance coverage through KTRS. Be careful making that decision because it is permanent. Once coverage is declined or waived, no qualifying event will allow the surviving spouse to re-enroll.

Have You Tried Pathway's Self-Service Portal?

Please try the Pathway member self-service portal if you haven't already, and, if you haven't received an email asking you to sign up, make sure that your current email address is on file with KTRS.



The site contains benefit information, allows members to get benefit estimates and register for seminars, among other features.

The objective of Pathway is to make it easier for members to access information about their retirement and insurance accounts while streamlining retirement processes and improving staff efficiency.

The member portal is the final phase of a multiyear effort to modernize KTRS's information technology infrastructure.

The project is expected to be complete by May. Also, planning for a mobile application (app) is ongoing.

Reemployed Retirees

Retirees who return to the workforce often have to drop health insurance coverage through the Kentucky Teachers' Retirement System. So, if you become reemployed, please contact KTRS to determine your eligibility for health insurance.

If you return to work in an agency that participates in the Kentucky Employees' Health Plan (KEHP) where you are eligible for health insurance, you must terminate your coverage through KTRS, regardless of whether you're in the KEHP or the Medicare Eligible Health Plan (MEHP).

If you return to work somewhere that does not participate in the KEHP but does offer you health insurance, you must terminate KTRS coverage unless that new coverage is not as good as KTRS coverage. You may be asked to certify this information.

Additionally, once you leave a post-retirement job or lose eligibility for the active insurance that came with that job, you must contact KTRS to enroll in its coverage within the qualifying event period (usually 30 days) and provide the required documentation.



Upcoming Seminars & Workshops

The KTRS website, ktrs.ky.gov, is the best place to check and register for upcoming seminars. Click the Seminars/Workshops tab at the top of the homepage for up-to-date information and registration, which is required.

~ Retirement 101 ~

For KTRS members with many years to plan for retirement

June 28 – Elizabethtown

Registration: 8:30 a.m. ET

Workshop: 9-11 a.m.

Early College & Career Center

200 University Drive

Elizabethtown, KY 42701

~ Preretirement Seminars ~

For KTRS members within five years of retirement

June 25 – Cave City

Registration: 8:30 a.m. CT

Workshop: 9-11 a.m.

Cave City Convention Center

502 Mammoth Cave St.

Cave City, KY 42127

Moving?

Keeping your contact information current ensures that you receive important communications from the Kentucky Teachers' Retirement System, such as annual statements, newsletters, trustee election ballots, payment stubs and tax forms.

Even if you change your address with the school district where you work (or worked), the school district doesn't report that change to KTRS. So, KTRS needs to be notified of the change independently by members.

Besides your physical address, please keep email addresses and telephone numbers up to date.

To update your information, mail or fax a signed letter to KTRS with your name and identification number and the new information. A form also is available for download at ktrs.ky.gov.

The mailing address is: 479 Versailles Rd., Frankfort, KY 40601. The fax is 502-848-8599.



FACEBOOK

facebook.com/KyTeachersRS

TWITTER

@KyTeachersRS

WEBSITE

ktrs.ky.gov

**PATHWAY
SELF-SERVICE PORTAL**

<https://mss.ktrs.ky.gov/>

**KENTUCKY TEACHERS'
RETIREMENT SYSTEM**
479 Versailles Road
Frankfort, KY 40601
Monday through Friday
from 8 a.m. to 5 p.m. ET
Phone: 800-618-1687

**Deadlines for
Purchasing
Service Credit**

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

FY 2014-2015

Leaves of Absence

Deadline for purchase is

June 30

Contact your employer for required documentation confirming the leave of absence. An LOA-1 must be submitted to KTRS by your employer.

FY 2015-2016

Unpaid Days

Deadline for purchase is

Dec. 31

An LS-1 must be submitted to KTRS by your employer.

Employers can either complete the information on the KTRS employer's portal or download the forms from the KTRS website. Again, these forms must be completed and submitted by your employer.

MAY 2016

Frankfort, Kentucky 40601-3800
479 Versailles Road

KENTUCKY TEACHERS' RETIREMENT SYSTEM

