



# TEACHERS' RETIREMENT SYSTEM

## of the State of Kentucky

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### BOARD OF TRUSTEES

**ALISON WRIGHT**  
Chair, Georgetown

**HOLLIS GRITTON**  
Vice Chair, Union

**WILLIAM ALVERSON**  
Paris

**JOHN BOARDMAN**  
Lexington

**FRANK COLLECCHIA**  
Louisville

**BRENDA MCGOWN**  
Bowling Green

**LYNN PATTERSON, Ed.D.**  
Murray

**LAURA SCHNEIDER**  
Walton

**JOSH UNDERWOOD**  
Tollesboro

**ALLISON BALL**  
State Treasurer

**JASON GLASS, Ed.D.**  
Education Commissioner

**GARY L. HARBIN, CPA**  
Executive Secretary

Regular Quarterly Meeting

TRS Board of Trustees

### A G E N D A

June 20, 2022, 12:30 p.m. ET

- Board Called to Order
- Roll Call
- 1. Reports for Consent
  - 1.1. Consideration/Approval of Minutes
    - 1.1.1. Quarterly Meeting, Board of Trustees, March 21, 2022
    - 1.1.2. Special Meeting, Governance and Audit Committee, March 21, 2022
  - 1.2. Applications for Retirement and Annuity
  - 1.3. Survivor Benefits
  - 1.4. Life Insurance Benefits
  - 1.5. Refunds
  - 1.6. Interim Financial Statements
- 2. Standard Annual Board Actions
  - 2.1. Report of Results of Trustee Elections
  - 2.2. Election of 2022-2023 Board Chair and Vice Chair
  - 2.3. 2022-2023 Committee Appointments
  - 2.4. Board Appointment of Investment Committee
  - 2.5. Resolution Regarding Purchases or Sales of Investment Instruments
  - 2.6. Transfer of Interest
  - 2.7. Transfer of Reserve Funds
  - 2.8. 2022-2023 Administrative Expense Fund Budget
  - 2.9. Internal Revenue Code Section 415(b) Limit
  - 2.10. Personnel Matters
- 3. Report of the Investment Committee
- 4. Report on 2022 Regular Session of the General Assembly
- 5. Report of the Governance and Audit Committee
- 6. Executive Secretary's Observations and Comments
  - General Discussion
  - Adjournment

The meeting will be conducted by live video teleconference.  
Information on accessing the meeting will be provided on TRS's website at:  
<https://trs.ky.gov/administration>

TO: Board of Trustees of the Teachers' Retirement System of the State of Kentucky

FROM: Gary L. Harbin, CPA  
Executive Secretary

DATE: June 20, 2022

SUBJECT: Reports for Consent

1.1. Consideration/Approval of Minutes

1.1.1. Regular Quarterly Meeting of the Board of Trustees, March 21, 2022

1.1.2. Governance and Audit Committee Special Meeting, March 21, 2022

Recommendation: The board is requested to approve the minutes as presented.

1.2. Applications for Retirement and Annuity

The list of members who retired in March, April and May 2022 is included in the board materials. Attached is a summary of the payments and a comparison to the same period last year. Initial retirements for the period included 143 retirees with monthly payments totaling \$336,862.07. During the same period last year, 142 retirements resulted in monthly payments totaling \$373,179.39.

Recommendation: The board is requested to approve the initial payments as reported.

1.3. Survivor Benefits

The list of persons qualifying for survivor benefit payments for the quarter ended March 31, 2022, is included in the board materials. During the period, 25 survivor benefits commenced with a total monthly payment of \$6,299.14.

Recommendation: The board is requested to approve the survivor benefit payments as reported.

1.4. Life Insurance Benefits

The list of payments of life insurance benefits due to death of active and retired teachers for the quarter ended March 31, 2022, is included in the board materials. Sixteen payments to the estates or beneficiaries of active teachers and 379 payments to the estates or beneficiaries of retired teachers combined for total payments of \$1,927,000. During the same quarter in 2021, 431 payments amounted to \$2,116,000.

Recommendation: The board is requested to approve the payment of life insurance benefits as reported.

### 1.5. Refunds

The report of refunds for the quarter ended March 31, 2022, is included in the board materials. During the quarter, 577 refunds totaled \$6,500,865.78. The refunds are for the following categories:

Regular withdrawals	535	\$5,896,350.26
Deaths	<u>42</u>	<u>\$ 604,515.52</u>
Totals	577	\$6,500,865.78

During the same quarter in 2021, 649 refunds totaled \$6,204,751.59.

Recommendation: The board is requested to approve the payment of refunds as reported.

### 1.6. Interim Financial Statements

The Interim Financial Statements for the quarter ended March 31, 2022, are included in the board materials.

Recommendation: The Interim Financial Statements are provided for informational purposes only and require no action.

***Teachers' Retirement System of Kentucky***  
**Initial Applications for Retirement and Annuity**  
**2022**

	<b>March</b>	<b>April</b>	<b>May</b>	<b>Total</b>	<b>Same Period 2021</b>
<b>Handicapped Child</b>	<i>0</i> \$0.00	<i>0</i> \$0.00	<i>0</i> \$0.00	<i>0</i> \$0.00	<i>0</i> \$0.00
<b>Disability Retirement</b>	<i>6</i> \$19,452.52	<i>5</i> \$11,775.10	<i>5</i> \$11,260.26	<i>16</i> \$42,487.88	<i>17</i> \$55,444.18
<b>Service Retirement</b>	<i>44</i> \$113,173.33	<i>38</i> \$90,151.38	<i>42</i> \$84,454.94	<i>124</i> \$287,779.65	<i>122</i> \$313,601.47
<b>Beneficiary of Member Eligible to Retire</b>	<i>2</i> \$4,228.98	<i>1</i> \$2,365.56	<i>0</i> \$0.00	<i>3</i> \$6,594.54	<i>3</i> \$4,133.74
<b>TOTALS</b>	<i>52</i> \$136,854.83	<i>44</i> \$104,292.04	<i>47</i> \$95,715.20	<i>143</i> \$336,862.07	<i>142</i> \$373,179.39

**Reports for Consent**  
**Member Account Refunds**  
**For the period January 2022 - March 2022**

Active Refunds	Count	Net Refund	Taxes Withheld	Rollovers	Total
January	232	598,660.95	150,210.34	1,347,596.63	2,096,467.92
February	156	770,450.67	192,256.66	571,681.31	1,534,388.64
March	148	842,626.35	210,799.79	1,212,067.56	2,265,493.70
Total	535				5,896,350.26

Deceased Refunds	Count	Net Refund	Taxes Withheld	Rollovers	Total
January	16	145,726.11	30,338.77	65,855.87	241,920.75
February	15	165,517.59	7,016.94	0.00	172,534.53
March	11	26,252.86	6,563.20	157,244.18	190,060.24
Total	42				604,515.52

Total Refunds	Count	Net Refund	Taxes Withheld	Rollovers	Total
January	248	744,387.06	180,549.11	1,413,452.50	2,338,388.67
February	171	935,968.26	199,273.60	571,681.31	1,706,923.17
March	159	868,879.21	217,362.99	1,369,311.74	2,455,553.94
Total	577				6,500,865.78

# **TEACHERS' RETIREMENT SYSTEM**

**OF THE STATE OF KENTUCKY**



***INTERIM FINANCIAL STATEMENTS***

**QUARTER ENDED MARCH 31, 2022**

**(FAIR VALUE - UNAUDITED)**

**Statements of Changes in Plan Net Assets**  
**For the Nine Months Ended March 31, 2022 and 2021**  
(Fair Value - Unadjusted & Unaudited )

	Retirement Annuity Trust		Health Insurance Trust		Life Insurance Trust		Other Funds		TOTAL	
	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021
<b>ADDITIONS</b>										
<b>Contributions</b>										
Employer- State Paid	\$ 785,173,900	\$ 785,216,504	\$ 33,215,060	\$ 63,057,078	\$ 1,471,517	\$ 1,277,493	\$ -	\$ -	\$ 819,860,477	\$ 849,551,075
Employer- LSD, Other	77,760,911	54,043,618	80,691,813	78,987,987	383,929	231,123	2,281	365,866	158,838,934	133,628,594
Member- Active	244,272,760	239,055,692	99,327,794	97,505,031					343,600,554	336,560,723
Member- Retired			45,241,509	45,415,655					45,241,509	45,415,655
Recovery Income			112,148,524	83,969,152					112,148,524	83,969,152
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Total Contribution	1,107,207,571	1,078,315,814	370,624,700	368,934,903	1,855,446	1,508,616	2,281	365,866	1,479,689,998	1,449,125,199
<b>Investment Income/(Loss)</b>										
Net Appreciation/(Depreciation) in										
Fair Value of Investments	(442,138,381)	4,466,481,957	9,018,442	367,140,337	(4,664,135)	17,568,417	(1,217)	51,678	(437,785,291)	4,851,242,389
Interest	109,209,618	65,107,965	11,767,255	2,343,420	424,911	325,379	4,761	4,883	121,406,545	67,781,647
Dividends	190,411,494	157,104,112	2,164,520	6,959,455	565,404	490,082	5,182	4,782	193,146,600	164,558,431
Rental Income, Net	12,379,698	15,248,975							12,379,698	15,248,975
Securities Lending, Net	3,021,193	1,932,580			51,235	40,285	399	523	3,072,827	1,973,388
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Gross Investment Income	(127,116,378)	4,705,875,589	22,950,217	376,443,212	(3,622,585)	18,424,163	9,125	61,866	(107,779,621)	5,100,804,830
Less Investment Expense	(53,266,863)	(50,970,767)	(4,935,369)	(4,697,330)	(161,716)	(115,401)	-	-	(58,363,948)	(55,783,498)
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Net Investment Income	(180,383,241)	4,654,904,822	18,014,848	371,745,882	(3,784,301)	18,308,762	9,125	61,866	(166,143,569)	5,045,021,332
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Total Additions	926,824,330	5,733,220,636	388,639,548	740,680,785	(1,928,855)	19,817,378	11,406	427,732	1,313,546,429	6,494,146,531
<b>DEDUCTIONS</b>										
Benefits	1,731,064,943	1,676,869,647			4,850,303	4,771,289	128,173	129,416	1,736,043,419	1,681,770,352
Refunds of Contributions	21,206,494	20,457,168							21,206,494	20,457,168
Under 65 Insurance Expenses			75,807,156	77,333,171					75,807,156	77,333,171
Over 65 Insurance Expenses			154,411,994	154,066,922					154,411,994	154,066,922
Administrative Expense	11,153,095	10,367,155	-	-	-	-	-	-	11,153,095	10,367,155
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Total Deductions	1,763,424,532	1,707,693,970	230,219,150	231,400,093	4,850,303	4,771,289	128,173	129,416	1,998,622,158	1,943,994,768
<b>Net Increase ( Decrease )</b>										
	(836,600,202)	4,025,526,666	158,420,398	509,280,692	(6,779,158)	15,046,089	(116,767)	298,316	(685,075,729)	4,550,151,763
<b>NET ASSETS HELD IN TRUST FOR PENSION BENEFITS</b>										
Beginning of year	25,935,779,206	20,717,000,324	2,300,504,416	1,616,675,260	107,426,916	87,367,891	1,365,368	1,052,388	28,345,075,906	22,422,095,863
Ending of period	\$ 25,099,179,004	\$ 24,742,526,990	\$ 2,458,924,814	\$ 2,125,955,952	\$ 100,647,758	\$ 102,413,980	\$ 1,248,601	\$ 1,350,704	\$ 27,660,000,177	\$ 26,972,247,626
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**Statements of Plan Net Assets**  
**as of March 31, 2022 and 2021**  
(Fair Value - Unadjusted & Unaudited )

	Retirement Annuity Trust		Health Insurance Trust		Life Insurance Trust		Other Funds		TOTAL	
	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021	FY 2022	FY 2021
<b>ASSETS</b>										
Cash	\$ 287,905,710	\$ 163,056,323	\$ 155,530,600	\$ 60,132,961	\$ 220,629	\$ 334,152	\$ 146,328	\$ 289,884	\$ 443,803,267	\$ 223,813,320
Receivables										
Contributions	49,630,590	53,939,286	10,344,680	25,205,437	47,267	13,058			60,022,537	79,157,781
State of Kentucky	-	-	-	-	-	87,931			-	87,931
Investment Income	45,254,996	42,747,821	3,441,069	2,942,288	263,725	273,122	2,645	2,682	48,962,435	45,965,913
Investment Sales Receivable	179,411,175	21,063,398	4,042,915	2,564,368	3,865	-			183,457,955	23,627,766
Installment Account Receivable	64,906	57,482							64,906	57,482
Other Receivables	33,756	42,845	37,955,663	31,412,112					37,989,419	31,454,957
Due from Other Funds	3,848,217	2,084,771							3,848,217	2,084,771
Total Receivables	278,243,640	119,935,603	55,784,327	62,124,205	314,857	374,111	2,645	2,682	334,345,469	182,436,601
Investments at Market Value										
Short Term Investments	951,056,561	1,203,436,899	77,929,225	128,609,992	7,741,312	11,045,789	341,289	343,849	1,037,068,387	1,343,436,529
Bonds and Mortgages	3,349,947,747	3,560,099,124	145,313,001	149,353,929	17,838,911	19,807,019	256,554	267,968	3,513,356,213	3,729,528,040
Stocks	14,819,568,725	15,090,151,029	1,320,096,924	1,181,082,960	62,181,677	63,412,821	504,277	447,875	16,202,351,603	16,335,094,685
Alternative Investments	1,944,010,373	1,565,129,041	195,366,299	145,585,547	2,780,203	685,305			2,142,156,875	1,711,399,893
Real Estate	1,618,990,493	1,353,236,374	138,936,914	103,821,974	6,896,799	4,443,825			1,764,824,206	1,461,502,173
Additional Categories	1,953,739,501	1,760,046,374	393,924,005	337,955,273	2,851,284	2,378,170			2,350,514,790	2,100,379,817
Total Investments	24,637,313,400	24,532,098,841	2,271,566,368	2,046,409,675	100,290,186	101,772,929	1,102,120	1,059,692	27,010,272,074	26,681,341,137
Capital Assets	10,255,925	12,072,094							10,255,925	12,072,094
( net of accumulated depreciation )										
Total Assets	25,213,718,675	24,827,162,861	2,482,881,295	2,168,666,841	100,825,672	102,481,192	1,251,093	1,352,258	27,798,676,735	27,099,663,152
<b>LIABILITIES</b>										
Liabilities										
Accrued Expenses and Other Liabilities	10,938,526	5,560,350	-	9,039,424					10,938,526	14,599,774
State of Kentucky			11,669,764	15,382,569	51,960				11,721,724	15,382,569
Investment Purchases Payable	84,981,066	62,653,272	6,867,655	13,381,861	3,318	3,547	-	-	91,852,039	76,038,680
Investment Fees Payable	18,620,079	16,422,249	1,643,815	2,859,798	52,158	27,685	-	-	20,316,052	19,309,732
Due to Other Funds	-	-	3,775,247	2,047,237	70,478	35,980	2,492	1,554	3,848,217	2,084,771
Total Liabilities	114,539,671	84,635,871	23,956,481	42,710,889	177,914	67,212	2,492	1,554	138,676,558	127,415,526
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	\$ 25,099,179,004	\$ 24,742,526,990	\$ 2,458,924,814	\$ 2,125,955,952	\$ 100,647,758	\$ 102,413,980	\$ 1,248,601	\$ 1,350,704	\$ 27,660,000,177	\$ 26,972,247,626

TO: Board of Trustees of the Teachers' Retirement System of the State of Kentucky

FROM: Gary L. Harbin, CPA  
Executive Secretary

DATE: June 20, 2022

SUBJECT: Report of Results of Trustee Elections

In accordance with KRS 161.260, the results of the elections of one active teacher trustee and one lay trustee, as certified by the Department of Education, will be announced at the board meeting.

TO: Board of Trustees of the Teachers' Retirement System of the State of Kentucky

FROM: Gary L. Harbin, CPA  
Executive Secretary

DATE: June 20, 2022

SUBJECT: Election of 2022-2023 Board Chair and Vice Chair

KRS 161.340 provides that the Board of Trustees annually shall elect from its membership a chair and a vice chair. Additionally, 102 KAR 2:010, Section 1 provides that the election will be conducted for the succeeding fiscal year at the last meeting of the current fiscal year (the June meeting).

A trustee is limited, under the amendments in House Bill 300 (2012 RS), to no more than four consecutive years serving as chair or vice chair. Chair Alison Wright is term limited under the law and not eligible to continue serving in fiscal year 2023.

Recommendation: The executive secretary recommends that the board elect a chair and vice chair consistent with KRS 161.340 and 102 KAR 2:010.

TO: Board of Trustees of the Teachers' Retirement System of the State of Kentucky

FROM: Gary L. Harbin, CPA  
Executive Secretary

DATE: June 20, 2022

SUBJECT: 2022-2023 Committee Appointments

The chair of the board identifies standing committees that are to report and make recommendations to the full board. The chair also appoints members of the board to the committees for terms that correspond to the term of the chair. The chair will make committee appointments for the coming year and will notify those appointed. If you have any particular interest in serving on a committee, please notify the chair. The current committees and their members are as follows:

**Administrative Appeals**

Lynn Patterson, Chair  
Hollis Gritton, Vice Chair  
Laura Schneider  
John Boardman, Alternate

**Governance & Audit**

Hollis Gritton, Chair  
William Alverson, Vice Chair  
Frank Collecchia  
Lynn Patterson, Alternate

**Insurance**

Brenda McGown, Chair  
Josh Underwood, Vice Chair  
John Boardman  
Laura Schneider, Alternate

**Investment**

Hollis Gritton, Chair  
Brenda McGown, Vice Chair  
William Alverson  
John Boardman  
Frank Collecchia  
Josh Underwood  
Alison Wright  
Lynn Patterson, Alternate  
Laura Schneider, Alternate

**Legislative**

Brenda McGown, Chair  
Alison Wright, Vice Chair  
Josh Underwood  
Hollis Gritton, Alternate

**Nominating**

Laura Schneider, Chair  
Alison Wright, Vice Chair  
Hollis Gritton  
William Alverson, Alternate

**Personnel**

Alison Wright, Chair  
Brenda McGown, Vice Chair  
William Alverson  
Hollis Gritton  
Lynn Patterson  
Frank Collecchia, Alternate

**Scholarship**

Josh Underwood, Chair  
Alison Wright, Vice Chair  
William Alverson  
Laura Schneider  
Brenda McGown, Alternate

**Benefits & Funding**

Alison Wright, Chair  
Allison Ball  
Brenda McGown

TO: Board of Trustees of the Teachers' Retirement System of the State of Kentucky

FROM: Gary L. Harbin, CPA  
Executive Secretary

DATE: June 20, 2022

SUBJECT: Board Appointment of Investment Committee

The Investment Committee is authorized under KRS 161.430, which provides that the board may appoint an investment committee to "... act for the board in all matters of investment, subject to approval of the board of trustees ... ."

On December 15, 2008, the board adopted recommendations concerning the TRS investment program, which were promoted by a coalition of constituency groups and others. At the same time, the board delegated authority to the Investment Committee to implement these recommendations.

Later, Senate Bill 2 (2017 RS) provided for two trustees with investment experience appointed by the governor.

1. The chair at the meeting will review recommendations for seven trustees and two alternates to serve on the Investment Committee for fiscal year 2023 and ask the board to act on those.

Recommendation: The chair will provide a recommendation at the meeting for the Investment Committee for fiscal year 2023.

For reference, the current membership of the committee is:

Hollis Gritton, Chair  
Brenda McGown, Vice chair  
William Alverson  
John Boardman  
Frank Collecchia  
Alison Wright  
Josh Underwood

Lynn Patterson, Alternate  
Laura Schneider, Alternate

2. Pursuant to the board's previously referenced recommendations, two nationally recognized, investment experts were appointed in 2009 to serve as non-voting members of the Investment Committee. Both investment experts have been reappointed annually.

Recommendation: The executive secretary recommends that the board ratify the appointment of Bevis Longstreth and George Philip to serve on the Investment Committee for fiscal year 2023.

TO: Board of Trustees of the Teachers' Retirement System of the State of Kentucky

FROM: Gary L. Harbin, CPA  
Executive Secretary

DATE: June 20, 2022

SUBJECT: Resolution Regarding Purchases or Sales of Investment Instruments

The laws and regulations governing the administration of TRS authorize the board to delegate authority to the executive secretary and chief investment officer to execute purchases and sales of investment instruments on the board's behalf.

KRS 161.430 reads as follows:

No investment or disbursement of funds shall be made unless authorized by the board of trustees, except that the board, in order to ensure timely market transactions, shall establish investment guidelines, by administrative regulation, and may permit its staff ... to execute purchases and sales of investment instruments within those guidelines without prior board approval.

102 KAR 1:175, Section 1. (1)(c) reads as follows:

To ensure a timely market transaction, the executive secretary and the chief investment officer may make a purchase or sale of an investment instrument without prior board approval if the action conforms to the provisions established in this administrative regulation.

The statute and regulation cover the retirement annuity and life insurance trusts, and, in accordance with KRS 161.677(3), the Health Insurance Trust is to be managed in the same general manner. Occasionally, TRS staff members must present proof that they are authorized to execute purchases and sales of investment instruments on the board's behalf. Historically, the board adopts a resolution annually for this purpose, which is copied into the board minutes. Staff presents a copy of the resolution to interested parties, when necessary, to execute purchases or sales of investment instruments on the board's behalf.

Recommendation: The executive secretary recommends that the board adopt the following resolution to confirm the authority granted to the executive secretary and the chief investment officer to execute purchases or sales of investment instruments on the board's behalf.

BE IT RESOLVED, by the Board of Trustees of the Teachers' Retirement System of the State of Kentucky, that the executive secretary or chief investment officer be, and they hereby are, authorized and empowered to execute purchases or sales of all investment instruments in the name of, or belonging to, the Teachers' Retirement System of the State of Kentucky, or in its nominee name "KENTRES," in any capacity and includes all investment instruments of the retirement system provided for in KRS 161.220 to 161.716 and KRS 161.990, whether designated retirement annuity, life insurance, health insurance trust or the Kentucky Teachers' Retirement System insurance trust.

TO: Board of Trustees of the Teachers' Retirement System of the State of Kentucky

FROM: Gary L. Harbin, CPA  
Executive Secretary

DATE: June 20, 2022

SUBJECT: Transfer of Interest

KRS 161.440 requires that a transfer of interest be made from the Guarantee Fund to other funds, except the Expense Fund and Health Insurance Trust. The executive secretary requests authority from the board to make the required transfer of funds as of July 1, 2022.

Recommendation: The executive secretary recommends that the board issue a directive as follows:

In accordance with KRS 161.440, the executive secretary is authorized and directed to credit the required interest on average monthly balances to (1) the Teachers' Savings Fund, (2) the State Accumulation Fund and (3) the Allowance Reserve Fund, with such credits to be transferred from the Guarantee Fund and credited on July 1, 2022.

TO: Board of Trustees of the Teachers' Retirement System of the State of Kentucky

FROM: Gary L. Harbin, CPA  
Executive Secretary

DATE: June 20, 2022

SUBJECT: Transfer of Reserve Funds

KRS 161.420 requires TRS each year to transfer an amount equal to the accounts of members retiring on July 1, along with an equal amount from the State Accumulation Fund, to the Allowance Reserve Fund. In addition, sufficient sums must be transferred during the year at the time of retirement of individual teachers.

Recommendation: The executive secretary recommends that the board issue a directive authorizing the transfer of reserve funds and requests that the authorization cover the transfer of accounts of teachers who will retire during the 2023 fiscal year as follows:

The executive secretary is directed to determine the aggregate amount of the accumulated accounts of teachers retiring during fiscal year 2023 and to transfer from the Teachers' Savings Fund to the Allowance Reserve Fund a sum equal to that amount; and, further, to transfer a matching amount from the State Accumulation Fund to the Allowance Reserve Fund, both of which transfers are authorized by KRS 161.420(2) and (3).

TO: Board of Trustees of the Teachers' Retirement System of the State of Kentucky

FROM: Gary L. Harbin, CPA  
Executive Secretary

DATE: June 20, 2022

SUBJECT: 2022-2023 Administrative Expense Fund Budget

Administrative Expense Fund Budget: The state budget adopted by the legislature sets amounts that the retirement system may expend for administration during a fiscal year. The allowable budget of \$18,553,300 was approved by the legislature for the 2023 fiscal year. The amount approved was \$1,052,700 more than the proposed budget recommended by the board.

A copy of the proposed 2022-2023 administrative budget is attached. Also attached are additional materials comparing TRS's administrative expenses with those of other retirement systems and a schedule of actual administrative expenses during the current fiscal year through April 30, 2022.

Recommendation: The executive secretary recommends that the board approve the proposed 2022-2023 Administrative Expense Fund budget as presented.

**Teachers' Retirement System of the State of Kentucky**  
**Administrative Budget**

	Approved Budget <u>2021-2022</u>	Budget Amendment <u>HB 1 22 RS</u>	Final Budget <u>2021-2022</u>	Proposed Budget <u>2022-2023</u>
<b>PERSONNEL COSTS</b>				
Salaries & Wages	\$ 7,875,100	\$ 332,100	\$ 8,207,200	\$ 9,811,200
FICA/Medicare	248,700	7,900	256,600	306,800
Retirement	2,264,100	86,500	2,350,600	2,493,300
Health/Life Insurance	<u>877,800</u>	<u>76,600</u>	<u>954,400</u>	<u>1,020,600</u>
<b>SUB TOTAL PERSONNEL</b>	11,265,700	503,100	11,768,800	13,631,900
Worker's Compensation	5,900		5,900	10,500
Unemployment Compensation	4,600		4,600	5,000
Employee Training	59,500		59,500	59,500
Legal Services	127,300		127,300	162,300
Auditing	122,800		122,800	122,800
Medical Review	100,100		100,100	160,100
Consulting Services	102,000		102,000	102,000
Actuarial	333,100		333,100	288,100
Investigative Services	40,700		40,700	40,700
Janitorial Services	40,200		40,200	40,200
Other	<u>2,200</u>	<u>-</u>	<u>2,200</u>	<u>2,200</u>
<b>TOTAL PERSONNEL COSTS</b>	12,204,100	503,100	12,707,200	14,625,300
<b>OPERATING EXPENSES</b>				
Natural Gas	19,700		19,700	19,700
Electricity	90,200		90,200	90,200
Water & Sewage	12,800		12,800	12,800
Meeting Room Rentals	9,300		9,300	9,300
Copy Machine Rental	18,000		18,000	18,000
Motorpool Rental	5,700		5,700	5,700
Maintenance-Building & Grounds	100,900		100,900	100,900
Equipment Maintenance	13,800		13,800	13,800
Computer Maintenance	220,600		220,600	30,600
Postage & Delivery Services	474,900		474,900	474,900
Printing	198,900		198,900	198,900
Insurance	209,500		209,500	209,500
Other	10,500		10,500	10,900
Telephone	28,200		28,200	28,200
Computer Services	133,000		133,000	98,000
Office Supplies	63,900		63,900	63,900
Furniture under \$5000	14,100		14,100	14,100

**Teachers' Retirement System of the State of Kentucky**  
**Administrative Budget**

Computer Software	2,010,800		2,010,800	2,068,900
Storage	6,900		6,900	53,900
Travel-In State	28,600		28,600	28,600
Travel-Out-of-State	30,000		30,000	30,000
Subscriptions & Dues	177,000		177,000	157,000
Other	10,100		10,100	11,100
Computers (PC) Under \$5,000	<u>103,200</u>	<u>-</u>	<u>103,200</u>	<u>103,200</u>
<b>TOTAL OPERATING EXPENSES</b>	3,990,600	-	3,990,600	3,852,100
<b>CAPITAL OUTLAY</b>				
Furniture/Office Equipment	34,900		34,900	24,900
Computers over \$5,000	<u>91,000</u>	<u>-</u>	<u>91,000</u>	<u>51,000</u>
<b>TOTAL CAPITAL OUTLAY</b>	<u>125,900</u>	<u>-</u>	<u>125,900</u>	<u>75,900</u>
<b>TOTAL EXPENDITURES</b>	<u><u>\$ 16,320,600</u></u>	<u><u>\$ 503,100</u></u>	<u><u>\$ 16,823,700</u></u>	<u><u>\$ 18,553,300</u></u>

**TEACHERS RETIREMENT SYSTEM KENTUCKY**  
**ADMINISTRATIVE EXPENSES ANALYSIS**

Our actual expenses vs. Budget	Actuarial Liabilities End of Year	Actual Expenses	Basis Points	Budgeted Expenses	Percent Expended	Amount returned to Pension Fund at year end
<b><i>Through Current Year 4/30/22</i></b>		<b><i>12,524,832</i></b>		<b><i>13,600,501</i></b>	<b><i>92.09%</i></b>	
Fiscal Year 6/30/21	43,155,037,000	14,365,286	0.0333%	16,100,300	89.22%	1,173,492.52
Fiscal Year 6/30/20	38,462,097,000	14,251,423	0.0371%	15,439,000	92.31%	905,376.25
Fiscal Year 6/30/19	37,927,400,000	13,711,337	0.0362%	13,949,200	98.29%	168,176.39
Fiscal Year 6/30/18	37,325,775,194	13,168,116	0.0353%	13,515,000	97.43%	86,312.25
Fiscal Year 6/30/17	36,696,529,800	11,881,187	0.0324%	12,934,000	91.86%	799,722.32
Fiscal Year 6/30/16	35,768,359,000	10,960,754	0.0306%	12,196,600	89.87%	785,982.95
Fiscal Year 6/30/15	34,774,285,000	10,440,118	0.0300%	12,196,600	85.60%	2,020,284.36
Fiscal Year 6/30/14	33,476,447,000	9,078,009	0.0271%	12,030,300	75.46%	3,814,011.56
Fiscal Year 6/30/13	32,432,630,000	9,677,241	0.0298%	12,030,300	80.44%	5,179,859.68
Fiscal Year 6/30/12	30,659,792,000	8,987,875	0.0293%	12,030,300	74.71%	3,208,685.47
Fiscal Year 6/30/11	29,479,929,000	8,530,724	0.0289%	11,428,700	74.64%	3,104,778.23
Fiscal Year 6/30/10	27,643,213,000	8,830,054	0.0319%	10,851,000	81.38%	2,187,712.93
Fiscal Year 6/30/09	29,945,493,000	8,165,757	0.0273%	10,102,600	80.83%	2,118,883.81
Fiscal Year 6/30/08	28,979,091,000	7,551,936	0.0261%	9,453,500	79.89%	2,044,217.34
Fiscal Year 6/30/07	27,266,457,000	7,351,846	0.0270%	9,075,400	81.01%	1,877,948.70
Fiscal Year 6/30/06	24,666,744,000	6,839,859	0.0277%	8,613,500	79.41%	1,902,090.55
Fiscal Year 6/30/05	23,898,817,000	6,652,673	0.0278%	8,147,900	81.65%	1,751,527.21

Our expenses compared to similar size systems	Actuarial Liabilities End of Year	Actual Expenses	Basis Points
KPPA 6/30/21	47,666,900,704	36,789,000	0.0772%
New Mexico Public Employees 6/30/21	23,347,678,003	12,730,398	0.0545%
Indiana Public Employees 6/30/21	17,563,157,000	18,003,000	0.1025%
Georgia Employees 6/30/21	20,066,854,000	16,250,000	0.0810%
Kansas Public Employees 6/30/21	30,910,302,000	17,183,637	0.0556%
Louisiana Teachers 6/30/21	33,058,800,000	14,132,424	0.0427%
<b>Kentucky Teachers 6/30/21</b>	<b>43,155,037,000</b>	<b>14,365,286</b>	<b>0.0333%</b>
Ohio Teachers Retirement System 6/30/21	101,949,186,000	68,155,000	0.0669%

**ACTUAL SPENDING V. BUDGET  
FOR PERIOD ENDING APRIL 30, 2022**

		<b>ACTUAL</b>	<b>BUDGET</b>	<b>VARIANCE</b>
		<b>Y T D</b>	<b>Y T D</b>	
6111-10	Regular Salaries & Wages	\$ 6,705,077.19	\$ 6,562,583.30	(142,493.89)
6121-10	Employers FICA	150,624.17	207,250.00	56,625.83
6122-10	Employers Retirement Credit	1,659,303.45	1,886,750.00	227,446.55
6123-10	Employer Health Insurance	735,656.81	728,501.30	(7,155.51)
6124-10	Employer Life Insurance	1,047.00	3,000.00	1,953.00
6131-10	Worker's Compensation	7,237.74	4,916.60	(2,321.14)
6132-10	Unemployment Compensation	-	3,833.30	3,833.30
6133-10	Employee Training	6,055.40	49,583.30	43,527.90
6136-10	Employee Uniforms	-	833.30	833.30
6141-10	Legal Services	136,434.17	106,084.00	(30,350.17)
6142-10	Auditing Service	59,020.00	102,333.30	43,313.30
6144-10	Medical & Dental Services	128,651.00	83,418.00	(45,233.00)
6146-10	Consulting Services	85,000.00	85,000.00	-
6150-10	Misc. Services	43,625.65	33,916.60	(9,709.05)
6152-10	Court Reporting	-	1,000.00	1,000.00
6159-10	Actuarial Services	191,747.00	277,584.00	85,837.00
6163-10	Janitorial Services	33,250.00	33,500.00	250.00
6211-10	Natural Gas	12,316.78	16,416.70	4,099.92
6212-10	Electricity	50,197.01	75,166.60	24,969.59
6213-10	Water & Sewage	-	10,666.60	10,666.60
6221-10	Rent of Non-St Owned Build/Land	-	3,500.00	3,500.00
6222-10	Rent of State Owned Build/Land	-	3,833.30	3,833.30
6223-10	Rent of Equipment	171.00	416.70	245.70
6224-10	Copy Machine Rental	14,080.83	14,999.90	919.07
6226-10	State Carpool Rental	-	4,750.00	4,750.00
6231-10	Maintenance-Buildings & Grounds	64,929.83	84,084.70	19,154.87
6232-10	Maintenance of Equipment	1,236.00	6,166.60	4,930.60
6234-10	Computer Maintenance	25,501.16	183,832.00	158,330.84
6241-10	Postage & Postage Meters	317,925.29	390,333.30	72,408.01
6243-10	Other Parcel Delivery Services	574.23	5,416.70	4,842.47
6251-10	Printing Pd to State Agency	16,357.86	2,916.70	(13,441.16)
6252-10	Printing Pd to Vendor	87,250.61	162,833.30	75,582.69
6254-10	Insurance Premium	195,497.62	174,583.30	(20,914.32)
6256-10	Garbage Collection	1,236.87	2,500.00	1,263.13
6257-10	Service Not Otherwise Classified	4,210.31	6,250.00	2,039.69
6262-10	Telephone Paid to Vendor	20,676.22	23,500.00	2,823.78
6271-10	Dept Tech Serv Computer Charges	44,784.99	110,833.30	66,048.31
6279-10	Comp Modem-Line Chg	-	3,333.30	3,333.30
6294-10	Computer Equip Under \$5000	53,259.98	65,583.30	12,323.32
6300-10	MARS Charges	20,700.00	17,083.30	(3,616.70)
6321-10	Office Supplies	18,315.84	52,083.30	33,767.46
6333-10	Motor Vehicle Supplies & Parts	748.76	1,000.00	251.24
6334-10	Building Material & Supplies	413.08	2,583.30	2,170.22
6343-10	Motor Fuel & Lube	836.86	1,750.00	913.14
6346-10	Furn/Fixtures/Equip Under \$5000	-	11,750.00	11,750.00
6351-10	Books for Dept Use	426.75	1,166.70	739.95
6354-10	Computer Software	1,482,892.28	1,675,666.70	192,774.42
6357-10	Banking Service & Fees	-	-	-
6358-10	Storage	39,649.96	5,750.00	(33,899.96)
6361-10	In-State Travel	2,416.35	19,666.60	17,250.25
6362-10	Out-of-State Travel	1,009.43	25,000.00	23,990.57
6363-10	Travel Non-State Employees	-	4,166.60	4,166.60
6381-10	Dues & Subscriptions	105,557.57	147,498.70	41,941.13
6399-10	Other	(1,070.67)	8,416.70	9,487.37
6601-10	Furniture/Fixture/Equip Over \$5000	-	29,083.30	29,083.30
6610-10	Telephone/Telecom Equipment	-	-	-
6612-10	Computer Equip Over \$5000	-	75,833.30	75,833.30
		<u>\$ 12,524,832.38</u>	<u>\$ 13,600,501.80</u>	<u>\$ 1,075,669.42</u>

TO: Board of Trustees of the Teachers' Retirement System of the State of Kentucky

FROM: Gary L. Harbin, CPA  
Executive Secretary

DATE: June 20, 2022

SUBJECT: Internal Revenue Code Section 415(b) Limit

KRS 161.611 authorizes a retirement benefit plan for the sole purpose of enabling TRS to apply the same formula for determining benefits payable to all members whose benefits under the retirement system are limited by Section 415 of the Internal Revenue Code. This plan requires annual transfers from employer contributions to fund the limited benefit.

Recommendation: The executive secretary requests authorization to make necessary transfers from employer contributions sufficient to provide the benefits authorized in KRS 161.611 for fiscal year 2023.

TO: Board of Trustees of the Teachers' Retirement System of the State of Kentucky

FROM: Gary L. Harbin, CPA  
Executive Secretary

DATE: June 20, 2022

SUBJECT: Personnel Matters

KRS 161.340(2) provides that the board shall employ all personnel required to transact the business of the retirement system. The law also provides that "... the power over and the control for determining and maintaining an adequate complement of employees in the system shall be under the exclusive jurisdiction of the Board of Trustees ... ."

The personnel system established by the board for employees of the retirement plan is, in many respects, very different than the personnel system for other state employees. The board has established a different system because the board's duty is to attract and retain qualified employees to satisfy trustees' fiduciary obligations. The board's personnel system has helped TRS maintain high employee job satisfaction and very low levels of employee turnover. TRS also over time has exceeded common standards of state's personnel system. For example, TRS uses a 40-hour work week (compared to the state's 37.5-hour work week) because the 40-hour week is a better fit for TRS's obligations.

Although the TRS personnel system is separate and distinct from the state system, the board remains mindful of the state system. The TRS Employee Compensation Plan provides that all employees eligible for annual salary increments shall receive increments equal to the percent funding available for state employees that is provided in the budget approved by the General Assembly. The biennial budget passed in the 2022 Regular Session of the General Assembly provides for a first-year increase in salary of 8% for state employees effective July 1.

The executive secretary requests authorization from the board to approve salary advancements for all eligible TRS employees as provided by the TRS's Employee Compensation Plan consistent with the pay increase in the state budget for state employees during fiscal year 2023.

Recommendation: The executive secretary recommends that the board approve salary advancements for all eligible TRS employees as provided by TRS's Employee Compensation Plan consistent with the pay increase in the state budget for state employees during fiscal year 2023.

TO: Board of Trustees of the Teachers' Retirement System of the State of Kentucky

FROM: Gary L. Harbin, CPA  
Executive Secretary

DATE: June 20, 2022

RE: Report of the Investment Committee

1. Investment Committee Meeting and Actions: New investments approved at the May 26, 2022, Investment Committee meeting were as follows: a commitment to Apax XI of up to \$50 million from the Retirement Annuity Trust, up to \$10 million from the Health Insurance Trust and up to \$500 thousand from the Life Insurance Trust; a commitment to NGP Energy Technology Partners IV of up to \$30 million from the Retirement Annuity Trust and up to \$5 million from the Health Insurance Trust; a commitment to Carlyle Renewable and Sustainable Energy II of up to \$50 million from the Retirement Annuity Trust, up to \$10 million from the Health Insurance Trust and up to \$500 thousand from the Life Insurance Trust; a commitment to TRS Deerpath Capital Direct Lending of up to \$130 million from the Retirement Annuity Trust, up to \$20 million from the Health Insurance Trust and up to \$1 million from the Life Insurance Trust; a commitment to Blackstone Real Estate Partners X of up to \$65 million from the Retirement Annuity Trust, up to \$10 million from the Health Insurance Trust and up to \$500 thousand from the Life Insurance Trust.

TRS managers contract renewals for fiscal year 2023 were approved for Baillie Gifford, Fort Washington, Galliard, State Street, Todd, UBS and Wellington. For the internally managed real estate portfolio, the contract renewal for Bellwether was approved for fiscal year 2023. Contract renewals of service providers Aon Investments USA, Seyfarth Shaw and Reinhart Boerner Van Deuren were approved.

Outside manager State Street Asset Management presented on their portfolio.

2. Purchases and Disposals: The Report of the Investment Committee for the quarter ended March 31, 2022, is presented for review and approval. During this quarter, 2,256 purchases amounted to \$2,462,982,392.99 and 3,153 disposals amounted to \$2,488,016,864.81. Disposals consisted of 2,808 sales, 306 principal payments and 39 redemptions. While the TRS investment staff initiate these transactions, the custodian of securities is responsible for handling and securing each stock, bond or other type of investment. At the end of the quarter, TRS's invested securities had a book value of \$18,156,272,761.64 and a market value of \$24,637,617,548.33.

3. Staff's Comments on Economic and Market Conditions: Markets entered the year amid economic conditions characterized by high and rising inflation, a strong and improving labor market, and robust economic growth fueled by persistent consumer goods demand. With this backdrop, developed market central banks began the year signaling a willingness to gradually tighten financial conditions to prevent the economy from overheating. As markets began to discount this tightening into asset prices, volatility increased as both global equities and fixed

income instruments declined, while inflation sensitive assets, like commodities, generally moved higher.

The inflationary trends were exacerbated in late February and early March when the Russian Federation launched a full-scale military invasion of neighboring Ukraine. Russia is the world's largest exporter of natural gas, the second-largest exporter of crude oil, as well as an important global source of industrial metals and agricultural products. The invasion triggered a supply shock that roiled commodity markets and pushed central banks into increasingly hawkish stances on inflation, while raising the potential of a recession in Europe. Despite a brief rally in March, global equities finished the quarter down -5.4% as measured by the MSCI All Country World Index, and core bond prices fell -5.9%, the worst quarter for the Bloomberg US Aggregate Bond Index since 1980. By contrast, commodities produced outsized gains in the first quarter with the Bloomberg Commodity Index returning 25.5%. Though the Russian invasion of Ukraine grabbed headlines across traditional news outlets, inflation and global central banks were the principal drivers of market performance during the quarter.

Consumer prices accelerated, as inflation broadened out across a wider variety of goods and services. Headline CPI finished March at an annual rate of 8.5%, the highest level since 1981, while core inflation increased to 6.5%. Fundamental economic conditions in the US remained solid, though economic growth appeared to moderate significantly from the pace set in 2021. The Atlanta Fed's GDP Nowcast forecasted first quarter growth at around 1.0% throughout much of the quarter, far below the annualized rate of 6.9% in Q4 2021. The slowdown in headline numbers was largely due to significant inventory builds during the second half of 2021, while the underlying trend in consumer spending growth remained largely intact. Recent readings of Purchasing Managers' Indexes (PMI) indicate continued US economic expansion, though at levels somewhat below that of the prior 12 months. Specifically, the ISM Manufacturing PMI finished the quarter at 57.1, while the Services PMI ended at 58.3, both well above 50 and firmly in expansionary territory.

US equity markets declined in the first quarter, with each respective market cap and style index generating negative returns. The prospect of entering a rising rate environment for the first time since 2018, with multiple rate hikes expected by the end of the year, caused investors to revisit the elevated valuations within the equity market, especially among higher growth companies. Volatility expectations, as measured by the CBOE Volatility Index, remained elevated in the quarter due to concerns over the pace of central bank action and Russia's invasion of Ukraine. Growth stocks underperformed value stocks across all market capitalizations in the quarter. The disparity between value and growth was heightened in small and mid-cap stocks, with the Russell 2000 Value and Russell Mid-Cap Value outperforming their growth counterparts by 10.2% and 10.8%, respectively. The S&P 500 Index return of -4.6% marks just the seventh quarter in the last 10 years that the index has recorded a negative return. Active management had mixed results in the first quarter. Growth managers across the market cap spectrum struggled as top-performing stocks from previous years reversed sharply during the quarter. While value managers generally performed well, many small-cap value managers underperformed due to missing the rally among commodity-linked and energy companies that benefited from rising prices.

Developed international markets experienced negative absolute performance for the quarter, relatively in line with domestic markets. Value stocks were slightly positive for the quarter, significantly outperforming growth stocks, which saw double-digit negative returns. Small-cap stocks underperformed large-cap stocks due to the risk-off atmosphere. Given the inflationary environment, cyclical sectors performed best, with energy, materials, and financials positive and all other sectors negative. Most developed international country returns were negative, except for more commodity-rich countries such as Norway, Canada, and Australia. Emerging markets underperformed developed markets during the quarter, with the invasion of Ukraine serving as a significant negative catalyst, as sentiment turned negative for the highest growth stocks within emerging markets. Value stocks outperformed growth stocks but were still in negative territory, and small-cap stocks lagged large-cap stocks. Cyclical stocks outperformed relative to most, although only financials and materials saw positive returns while energy was negative. Specific to Russia, the country started the quarter with a 3.6% weight in the MSCI Emerging Markets Index—its removal was announced on March 9th following a ban on foreign trading within the country. Generally, exposure to high growth companies or Russia were significant headwinds for active managers that held allocations to either.

During the first quarter, Treasury yields rose from 1.52% to 2.32% as measured by the 10-year US Treasury yield—an 80-basis point rise over a single quarter. The invasion of Ukraine represented an exogenous shock, which further heightened global inflationary concerns. In response to the changing economic conditions, the FOMC increased the federal funds rate by 25 basis points—the first of an anticipated series of rate hikes in 2022. These rate increases are in addition to its previously announced tapering of its bond purchasing program. The Bloomberg US Aggregate returned -5.9% for the quarter. US Investment Grade Credit declined -7.4% in the quarter, while US High Yield lost -4.8%, as measured by the Bloomberg US Credit Index and Bloomberg US High Yield Index, respectively. While lower quality issues marginally outperformed during the quarter, the increase in rates and widening spreads created headwinds for credit across the quality spectrum.

Core private real estate generated a positive 7.4% return in the quarter as reported by the NFI-ODCE Index, with the total return comprising 0.9% income and 6.4% price appreciation. While the income return is trending at the lower end of historical levels, the price appreciation return remains elevated. Investors in publicly traded real estate significantly underperformed their private market counterparts. Positive performance from the industrial and apartment sectors drove overall real estate returns, while retail and office sector returns were flat to negative. The longer-term impact to office demand remains uncertain, as the pandemic-induced adoption of remote and hybrid work appears unlikely to revert to pre-pandemic norms in the near-term. After two years of remote work, many employees remain reluctant to return to the office full-time and give up the flexible arrangements to which they have become accustomed. The national office vacancy rate is just below 15% and trending incrementally in a favorable direction, however public studies have shown that only approximately 40% of office space is occupied daily.

4. Performance: Investment performance was negative for the quarter ending March 31, 2022, with private assets doing very well and public assets producing declines. The Retirement Annuity Trust portfolio returned -4.8% and 5.03% for quarter and 12-month period respectively, underperforming the Policy Index which was -3.87% and 7.94%. TRS's domestic equities

returned -5.84%, underperforming the S&P 1500 Stock which decreased 4.64% for the quarter. TRS's international stocks returned -10.3% and trailed the MSCI All Country ex US index which had a return of -5.33% for the quarter. Alternatives and Real Estate made strong contributions in the quarter as Private Equity was up 3.72% while Real Estate was up 5.99%. TRS's Fixed Income declined 6.02%, outperforming the Bloomberg Barclays Gov/Credit Bond index which declined 6.33% for the quarter. Additional Categories returned -1.18% for the quarter.

Recommendation: The executive secretary recommends that the board accept and ratify the Report of the Investment Committee.

**Teachers' Retirement System of the State of Kentucky**  
**Retirement Annuity Trust**  
**Quarterly Investment Performance**  
**Gross Returns**  
**For the Period Ended March 31, 2022**

FINAL

	<b>Market Value</b>	<b>Last Qtr</b>	<b>FYTD</b>	<b>1-Year</b>	<b>3-Year*</b>	<b>5-Year*</b>	<b>10-Year*</b>	<b>20-Year*</b>
<b>TOTAL PLAN</b>	\$ 24,637,617,548.33	-4.83	-0.55	5.02	12.28	10.69	9.76	7.45
<b>Policy Benchmark</b>		-3.87	1.95	7.94	12.24	10.63	9.62	-
<b>Total Equity</b>	\$ 15,048,319,138.23	-7.24	-3.75	2.66	15.40	12.90	11.95	8.01
<b>Domestic Equity</b>	\$ 10,427,016,469.23	-5.84	1.68	9.59	18.56	15.08	14.19	9.23
<i>S&amp;P 1500 Index</i>		-4.64	5.95	14.57	18.49	15.53	14.43	9.22
<b>All-Cap Equities</b>	\$ 574,863,691.90	-4.71	3.22	10.79	20.89	16.07	-	-
<i>Russell 3000 Index</i>		-5.28	3.40	11.92	18.24	15.40	14.28	-
<b>Large-Cap Equities</b>	\$ 8,520,342,741.83	-5.62	2.63	11.37	19.31	15.60	14.38	-
<i>S&amp;P 500 Index</i>		-4.60	6.54	15.65	18.92	15.99	14.64	-
<b>Mid-Cap Equities</b>	\$ 803,062,040.83	-8.05	-4.74	-1.45	12.66	11.97	12.94	-
<i>S&amp;P 400 Index</i>		-4.88	0.92	4.59	14.14	11.10	12.20	-
<b>Small-Cap Equities</b>	\$ 528,747,994.67	-7.19	-4.59	-0.83	13.34	10.72	12.61	-
<i>S&amp;P 600 Index</i>		-5.62	-3.14	1.23	13.58	10.89	12.56	-
<b>International Equity</b>	\$ 4,621,302,669.00	-10.28	-14.39	-10.52	9.09	8.68	7.07	-
<i>MSCI AC World Ex US</i>		-5.33	-6.33	-1.04	8.01	7.26	6.04	-
<b>Fixed Income</b>	\$ 3,649,790,464.57	-6.02	-5.64	-3.01	2.48	2.82	2.96	4.79
<i>Bloomberg Barclays Govt/Credit Index</i>		-6.33	-6.13	-3.85	2.12	2.44	2.45	4.17
<b>Real Estate</b>	\$ 1,618,990,492.65	5.99	19.14	22.13	10.66	10.73	10.68	9.67
<b>In House Real Estate Equity</b>	\$ 402,120,071.65	0.77	3.05	4.48	3.82	6.92	7.57	8.18
<i>CPI plus 2%</i>		3.22	7.77	10.73	6.29	5.43	4.36	4.41
<b>Core Real Estate</b>	\$ 757,894,757.50	7.43	22.38	25.20	11.50	10.15	11.15	-
<i>NCREIF ODCE (VW) Index</i>		7.36	23.60	28.45	11.29	9.88	10.93	-
<b>Non-Core Real Estate</b>	\$ 458,975,663.50	8.58	31.04	36.34	16.62	15.15	17.02	-
<i>NCREIF Property Index</i>		5.33	17.65	21.87	9.60	8.54	9.61	-
<b>Private Equity</b>	\$ 1,732,083,634.98	3.72	22.32	36.98	20.93	19.20	15.01	-
<b>Mature Private Equity</b>	\$ 945,814,378.40	2.67	19.23	34.12	18.38	16.66	12.59	-
<i>S&amp;P 500 Index plus 3%</i>		-3.89	8.93	19.12	22.49	19.47	18.08	-
<b>Private Equity &lt; 5 Years</b>	\$ 786,269,256.58	5.31	27.50	41.89	24.94	22.36	-	-
<b>Timberland</b>	\$ 211,926,737.95	5.61	8.30	9.15	2.17	1.07	3.30	-
<i>NCREIF Timberland Index</i>		3.21	9.96	11.83	4.75	4.08	5.60	-
<b>Additional Categories</b>	\$ 1,990,724,688.38	-1.18	3.34	6.86	6.25	5.83	6.53	-
<i>B of A Merrill Lynch U.S. High Yield Master II Index</i>		-4.51	-3.00	-0.31	4.39	4.56	5.70	-
<b>Cash (Unallocated)</b>	\$ 385,782,391.57	0.04	0.06	0.06	0.66	1.06	0.62	1.38
<i>90 Day T-Bill</i>		0.04	0.07	0.06	0.81	1.13	0.62	1.22

**Total Trust Gross Return for 30-year period\***

**8.25**

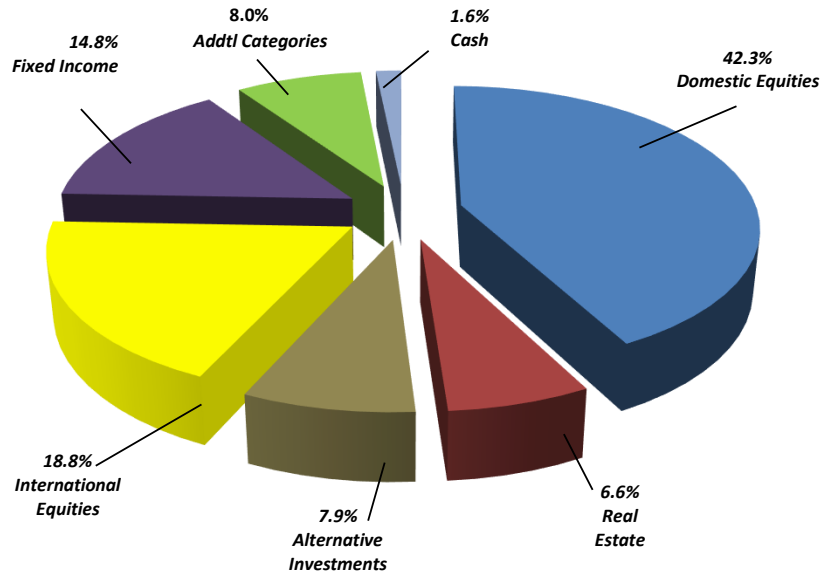
\*Returns are annualized for periods longer than one year

\*\* Prior to July 1, 2008, TRS did not benchmark overall fund performance. Effective July 1, 2008, the Board of Trustees approved a Policy Index that represents the returns of appropriate benchmarks for the various asset classes weighted by the mid-point of the strategic range for the current fiscal year.

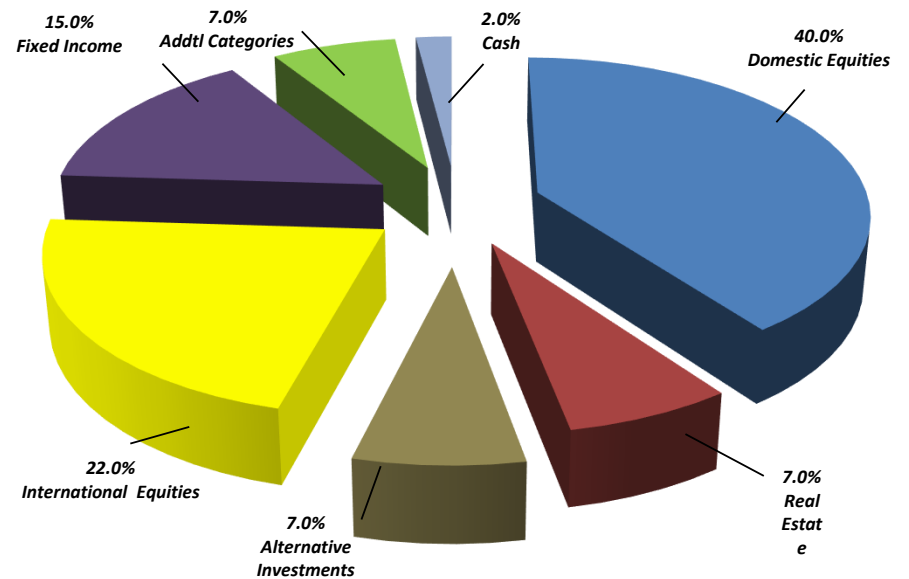
**Teachers' Retirement System of Kentucky**  
Quarterly Investment Update  
For the period ended March 31, 2022

(\$ in millions)	\$'s	3/31/2022 Actual %	12/31/2021 Actual %	Target %	Strategic Ranges
Domestic Equities	\$10,427.0	42.3%	42.5%	40.0%	34.0 - 48.0%
Real Estate	1,619.0	6.6%	5.9%	7.0%	4.0 - 10.0%
Alternative Inv.	1,944.0	7.9%	7.4%	7.0%	4.0 - 10.0%
International Equities	4,621.3	18.8%	19.6%	22.0%	18.0 - 25.0%
Fixed Income	3,649.8	14.8%	14.8%	15.0%	8.0 - 22.0%
Addtl Categories	1,990.7	8.0%	7.5%	7.0%	4.0 - 15.0%
Cash	385.8	1.6%	2.3%	2.0%	1.0 - 5.0%
<b>Total</b>	<b>\$24,637.6</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	

**ACTUAL %**



**TARGET %**



*Teachers' Retirement System of the State of Kentucky*  
*Health Insurance Trust*  
*Quarterly Investment Performance*  
*Gross Returns*  
*For the Period Ended March 31, 2022*

FINAL

	<u>Market Value</u>	<u>Last Qtr</u>	<u>FYTD</u>	<u>1-Year</u>	<u>3-Year*</u>	<u>5-Year*</u>	<u>10-Year*</u>	<u>20-Year*</u>
<b>TOTAL PLAN</b>	\$ 2,271,566,367.83	-3.77	1.03	7.50	12.08	10.32	8.47	-
<i>Policy Benchmark</i>		-3.91	1.48	7.75	11.76	10.06	-	-
<b>Total Equity</b>	\$ 1,322,850,557.86	-6.69	-3.73	3.87	14.02	11.80	10.38	
<b>Domestic Equity</b>	\$ 131,663,602.31	-16.91	-23.23	-13.76	15.68	12.61	-	-
<i>S&amp;P 500 Index</i>		-4.60	6.54	15.65	18.92	15.99	-	-
<i>Russell 3000</i>		-5.28	3.40	11.92	18.24	15.40		
<b>Global Equities</b>	\$ 1,191,186,955.55	-5.40	-0.90	6.26	13.74	11.66	10.34	-
<i>MSCI AC World IMI (Net)</i>		-5.47	-0.82	6.30	13.49	11.37	9.95	-
<b>Fixed Income</b>	\$ 182,343,382.61	-4.87	-4.94	-3.04	2.55	2.54	1.89	-
<i>Barclays Government Credit</i>		-6.33	-6.13	-3.85	2.12	2.44	2.45	-
<b>Real Estate</b>	\$ 138,936,913.49	8.81	29.76	34.38	16.22	14.08	-	-
<b>Core Real Estate</b>	\$ 69,209,821.33	8.52	25.63	28.85	13.50	11.35	-	-
<i>NCREIF ODCE (VW)</i>		7.36	23.60	28.45	11.29	9.88	-	-
<b>Non-Core Real Estate</b>	\$ 69,727,092.16	9.21	34.00	40.10	18.77	16.50	-	-
<i>NCREIF Property Index</i>		5.33	17.65	21.87	9.60	8.54	-	-
<b>Private Equity</b>	\$ 195,366,298.67	5.90	27.55	45.71	23.43	20.04	-	-
<b>Mature Private Equity</b>	\$ 77,279,238.69	5.87	27.86	48.51	20.97	19.50	-	-
<i>S&amp;P 500 plus 3%</i>		-3.89	8.93	19.12	22.49	19.47	-	-
<b>Private Equity &lt; 5 Years</b>	\$ 118,087,059.98	3.43	16.15	31.42	21.15	18.69	-	-
<b>Additional Categories</b>	\$ 406,023,670.82	-1.93	2.01	5.31	5.92	5.51	5.63	-
<i>B of A Merrill Lynch High Yield Master II</i>		-4.51	-3.00	-0.31	4.39	4.56	5.70	-
<b>Cash (Unallocated)</b>	\$ 26,045,544.38	0.23	0.25	0.26	0.73	1.14	0.66	-
<i>90 Day T-Bill</i>		0.04	0.07	0.06	0.81	1.13	0.62	-

\*Returns are annualized for periods longer than one year

\*\* Prior to July 1, 2015, TRS did not benchmark overall fund performance. Effective July 1, 2015, the Board of Trustees approved a Policy Index that represents the returns of appropriate benchmarks for the various asset classes weighted by the mid point of the strategic range for the current fiscal year.

# Teachers' Retirement System of Kentucky

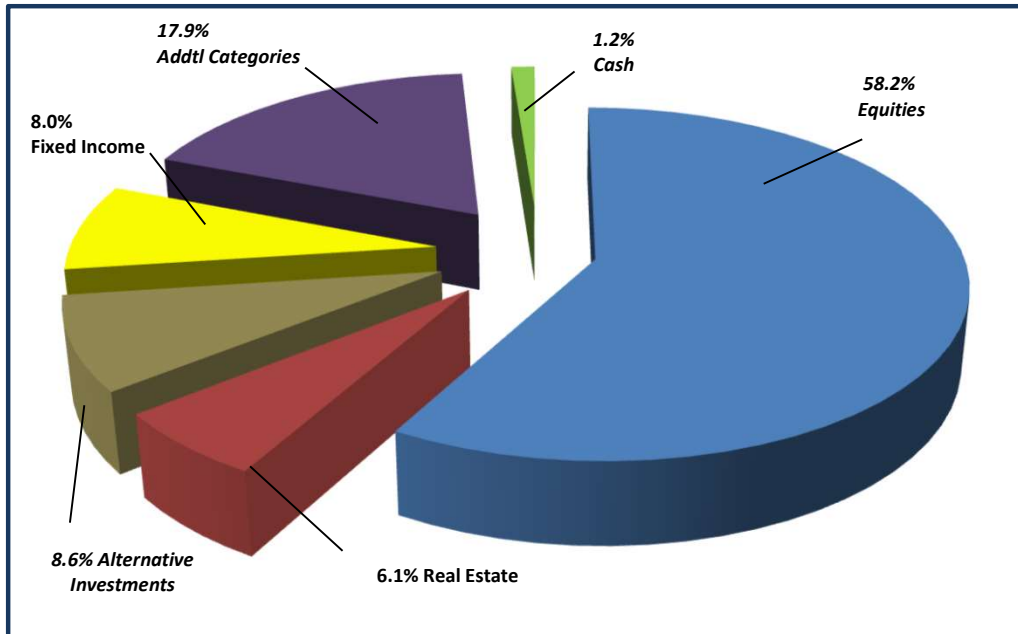
## Insurance Trust Fund

Quarterly Investment Update

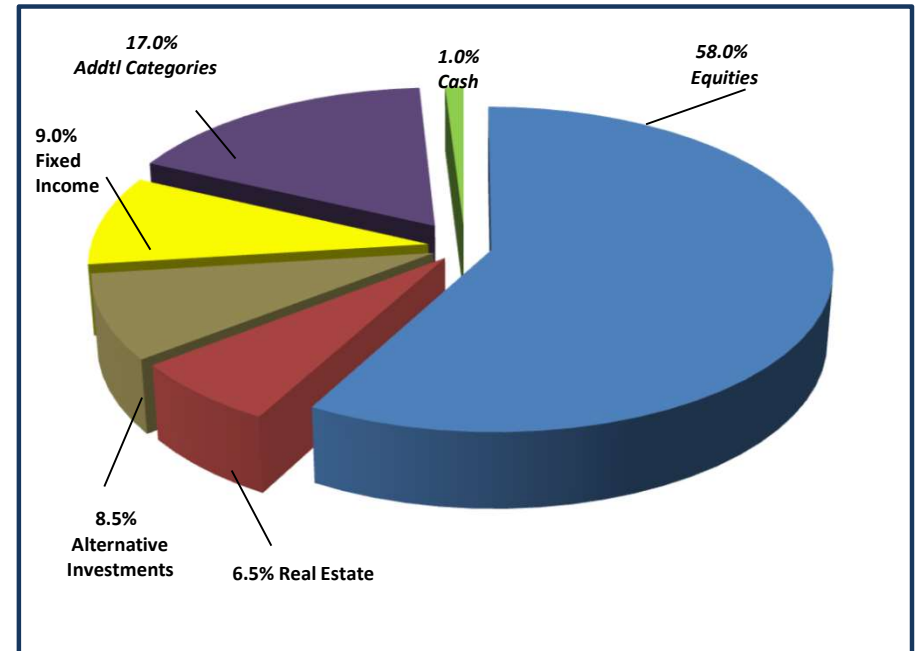
For the period ended March 31, 2022

<i>(\$ in thousands)</i>	<b>\$'s</b>	<b>3/31/2022 Actual %</b>	<b>12/31/2021 Actual %</b>	<b>Target %</b>	<b>Strategic Ranges</b>
Equities	\$1,322,850.6	58.2%	60.0%	58.0%	51.0 - 64.0%
Real Estate	\$138,936.9	6.1%	5.5%	6.5%	4.0 - 12.0%
Alternative Inv.	\$195,366.3	8.6%	8.3%	8.5%	5.0 - 12.0%
Fixed Income	\$182,343.4	8.0%	8.1%	9.0%	6.0 - 12.0%
Addtl Categories	\$406,023.7	17.9%	17.6%	17.0%	14.0 - 21.0%
Cash	\$26,045.5	1.2%	0.5%	1.0%	0.0 - 4.0%
<b>Total</b>	<b><u>\$2,271,566.4</u></b>	<b><u>100.0%</u></b>	<b><u>100.0%</u></b>	<b><u>100.0%</u></b>	

**ACTUAL %**



**TARGET %**



TOTAL BV INVESTED AT 12/31/21	\$ 18,181,307,233.46
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January Activity

Purchases	726,667,836.33	
Disposals	(553,798,826.40)	
Paydowns	(2,361,636.98)	
Redemptions	(8,051,878.28)	
Short-Term Pool Net	<u>4,300,392.96</u>	166,755,887.63

February Activity

Purchases	431,060,486.60	
Disposals	(374,383,082.06)	
Paydowns	(1,981,243.27)	
Redemptions	(12,975,926.18)	
Short-Term Pool Net	<u>(216,850,084.66)</u>	(175,129,849.57)

March Activity

Purchases	553,287,240.21	
Disposals	(645,195,251.87)	
Paydowns	(4,008,054.40)	
Redemptions	(1,866,021.10)	
Short-Term Pool Net	<u>81,121,577.28</u>	(16,660,509.88)

TOTAL BV INVESTED AT 03/31/22	<u><u>\$ 18,156,272,761.64</u></u>
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\* TRS recognizes investment transactions on the date they occur. Transaction settlements, generally, occur days following transactions. The interim period between transaction date and settlement date represents a "pending period". At the time this statement was produced, \$94,430,114.98 in net transactions had occurred but had not settled. The statement does not include either expected cash receipts or disbursements associated with these pending trades. Upon settlement of these pending transactions, the net effect would be as follows:

Total Short Term	\$ 951,360,710
+ Pending Receivable	<u>94,430,115</u>
Net	<u><u>\$ 1,045,790,825</u></u>

# INVESTMENT ACTIVITY

## January 1, 2022 -- March 31, 2022

**Total Book Value Invested @ 1/1/22** \$ 18,181,307,233.46

**Purchases:**

384	Cash Equivalents	\$	751,570,670.19	
171	Fixed Income Securities		429,304,604.93	
0	Principal Paydowns		-	
1	Additional Redemptions / Maturities		396,159.66	
1345	Equity Securities		792,038,664.06	
23	Real Estate		25,534,426.44	
95	Alternative Investments		180,588,289.59	
237	Additional Categories		283,549,578.12	
<u>2256</u>	<b>Total Purchases</b>			\$ 2,462,982,392.99

**Disposals:**

288	Cash Equivalents	\$	882,998,784.61	
100	Fixed Income Securities		361,036,621.12	
306	Principal Paydowns		8,350,934.65	
33	Redemptions / Maturities		19,384,786.04	
2089	Equity Securities		786,247,010.54	
36	Real Estate		24,169,516.15	
144	Alternative Investments		171,827,256.37	
151	Additional Categories		230,096,756.15	
0	Additional Principal Paydowns		-	
6	Additional Redemptions / Maturities		3,905,199.18	
<u>3153</u>	<b>Total Disposals</b>			\$ 2,488,016,864.81

**Total Book Value Invested @ 03/31/22** \$ 18,156,272,761.64

**Total Par Value Invested @ 03/31/22** \$ 18,154,783,888.80

**Total Market Value Invested @ 03/31/22** \$ 24,637,617,548.33

\* TRS recognizes investment transactions on the date they occur. Transaction settlements, generally, occur days following transactions. The interim period between transaction date and settlement date represents a "pending period". At the time this statement was produced, \$94,430,114.98 in net transactions had occurred but had not settled. The statement does not include either expected cash receipts or disbursements associated with these pending trades. Upon settlement of these pending transactions, the net effect would be as follows:

Total Short Term	\$	951,360,710
+ Pending Receivable		94,430,115
Net	\$	<u>1,045,790,825</u>

TO: Board of Trustees of the Teachers' Retirement System of the State of Kentucky

FROM: Gary L. Harbin, CPA  
Executive Secretary

DATE: June 20, 2022

SUBJECT: Legislative Update

During the meeting, staff will report on the 2022 Regular Session of the Kentucky General Assembly. This report will be provided for informational purposes.

TO: Board of Trustees of the Teachers' Retirement System of the State of Kentucky

FROM: Gary L. Harbin, CPA  
Executive Secretary

DATE: June 20, 2022

SUBJECT: Report of the Governance and Audit Committee

The Governance and Audit Committee met on June 20 to consider a procurement matter, an annual contract renewal and the annual report of the internal auditor.

1. Staff reported to the committee concerning issuing a request for proposals (RFP) for an incident response and digital forensic services consultant. The committee approved publishing the RFP as reported.

2. Staff reported to the committee concerning renewal of a contract with Vertosoft for software and related services for TRS's financial and other required reporting. The committee approved the contract renewal with Vertosoft for fiscal year 2023 as reported.

### 3. Internal Auditor's Report

A. Review of Fiscal Year 2022 Audit Summaries: The internal auditor reported to the committee on projects under the fiscal year 2022 audit plan. The report was informational, and the committee took no action.

B. Recommendation of Fiscal Year 2023 Audit Plan: The internal auditor presented a report on the proposed fiscal year 2023 audit plan. The committee approved the fiscal year 2023 audit plan.

Recommendation: The executive secretary recommends that the board accept the report of the committee.

TO: Board of Trustees of the Teachers' Retirement System of the State of Kentucky

FROM: Gary L. Harbin, CPA  
Executive Secretary

DATE: June 20, 2022

SUBJECT: Executive Secretary's Observations and Comments

1. Number of retirements: The preliminary number of retirements for June/July this year was 1,289. Since 2005, retirements for these two months have averaged 1,216 a year. The chart below lists the number of June/July retirements over the timeframe.

<u>School Year Ended</u>	<u>Number of Retirees</u>
2022	1,289
2021	1,058
2020	962
2019	1,043
2018	1,381
2017	1,269
2016	1,294
2015	1,699
2014	1,267
2013	1,310
2012	1,405
2011	1,159
2010	1,203
2009	1,010
2008	1,353
2007	979
2006	1,098
2005	1,100

2. Executive Secretary serving as president of Public Sector Healthcare Roundtable: I serve as the president of the Public Sector Healthcare Roundtable. The roundtable is a national coalition of public sector health care purchasers that has been formed to ensure the interests of the public sector are represented properly during the formulation and debate of federal health care reform initiatives. The roundtable is governed by a board of directors and is managed by a governmental affairs firm based in Alexandria, Virginia.

3. Executive Secretary's meetings: I have met with several groups recently listed below:

March 24, 2022	Attended meeting with Molpus Woodlands Group
April 19, 2022	Meeting with Rockwood Capital
April 26, 2022	Kentucky Retired Teachers' Association annual convention
April 28, 2022	Meeting with Ice Miller
April 28, 2022	Meeting with Fort Washington Capital Partners Group
May 3, 2022	Quarterly meeting with Todd Asset Management
May 4, 2022	Meeting with Fort Washington Capital Partners Group
May 19, 2022	Meeting with Coriell Institute
May 25, 2022	Meeting with Fort Washington Capital Partners Group
June 7, 2022	Know Your Rx Coalition June Board Meeting
June 15, 2022	Bluegrass Ingredients

4. Coronavirus response: On June 1, TRS resumed offering in-person counseling to members by appointment.

Employees are required to wear a mask during appointments. This is being done to minimize the risk of an outbreak among TRS counselors, who process benefit payments to retirees, that would endanger the timely payment of those benefits as required by law. Masks are not required for members.

The provision of services through electronic means such as video counseling, which proved popular for many members during the pandemic, continues.

5. Renew Active to replace Silver Sneakers: Renew Active is a wellness program administered by UnitedHealthcare. Effective January 1, 2023, Renew Active will replace the Silver Sneakers program currently offered to retirees in the TRS Medicare Eligible Health Plan. Attached are slides with background information on Renew Active. The transition to the new program will be discussed at the meeting.

6. Director of Retiree Health Care serving on Kentuckiana Health Collaborative board: Director of Retiree Health Care Jane Gilbert serves on the Kentuckiana Health Collaborative (KHC) board and also serves as the board's treasurer. The KHC is a non-profit coalition of businesses and health care stakeholders working to solve the complex health problems that face Greater Louisville and Kentucky. The KHC works to improve access to high-quality care and drive cost-efficient solutions, enhancing the economic competitiveness of the region.

7. Chief Financial Officer serving on GFOA and P2F2 committees: Chief Financial Officer Mark Whelan serves on the Government Finance Officers Association (GFOA) Special Review Executive Committee. This committee is responsible for setting program policy for the Certificate of Achievement for Excellence in Financial Reporting Program. Also, the CFO serves on GFOA's Education Advisory Council. The Council identifies learning gaps in GFOA's offering of educational resources. GFOA is a national organization with more than 21,000 members.

The CFO also serves on the board of the Public Pension Financial Forum (P2F2). The membership of P2F2 includes finance directors and professionals from all over the United States. P2F2 is an education and professional networking organization that promotes financial excellence for public pension plans. P2F2 works with the Governmental Accounting Standards Board (GASB), Government Finance Officers Association (GFOA) and the American Institute of Certified Public Accountants (AICPA) with the development and implementation of accounting standards that affect public pension plans.

8. GASB 68 and 75 Audit Reports: TRS's external auditor is finishing the audit reports used by employers to include cost allocations for pension and other postemployment benefits on their financial statements. TRS expects that the audit reports will be posted on the website by July 1.

9. Next Meeting: The board's next quarterly meeting will be September 19, 2022.

# Renew Active

by  UnitedHealthcare®

**Stay active.  
Stay focused.  
Stay you.**

Renew Active is the gold standard in  
Medicare fitness programs for body  
and mind



# What members are saying about Renew Active:

Making **social connections**

*"I am very happy with Renew Active. It is an excellent reminder that I have to take care of my health, it keeps me on point."*

*"It would be hard to improve Renew Active. It's just about perfect. I'm really happy with it."*

**Easy enrollment**

*"I'm just thrilled that I get this membership. I think it's made me stronger and healthier. Because of the membership."*

*"Make us more aware of the options. I didn't know anything about it other than the fitness center."*

Members value the **free gym membership** and **enhanced offerings**

Source: Renew Active research 2021  
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**Renew Active**  
by **UnitedHealthcare**

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# Renew Active Comparison to Competitors

Fitness Benefit Comparison for Medicare Advantage Plans				
Value	What Members Experience	Renew Active	Competitor 1	Competitor 2
Body	A free gym membership with access to a national network of gyms and fitness locations	X	X	X
	Provides the largest gym network of all Medicare fitness programs, including many premium gyms <+>	X		
	A personalized fitness plan including a yearly 30-minute session with a personal trainer to develop their customized fitness plan	X		
	Access to a wide variety of fitness classes	X	X	X
	Local and national reciprocity providing the ability to visit multiple gyms and fitness locations within a calendar month	X	X	
	Equipment orientation	X	X	X
	At home offering providing an at-home fitness kit instead of visiting a gym	X	X	X
	Digital workout videos	X	X	X
Mind	An online brain health program from AARP® Staying Sharp®, including a brain health assessment and exclusive content	X		
	Mindfulness sessions through Fitbit Premium™	X		
Social Connection	Connecting with others at local health and wellness events	X	X	
	Connecting with others through a Fitbit® Community	X		
Integrated Experience	Integrated into their personalized portal and app experience providing a single place to obtain all their plan information	X		
	Integrated within a customer service call center	X		
	Synchronized data utilization – real time eligibility verification	X		
	Provides the flexibility to customize the fitness program based on what's important to the member	X		

Confidential property of UnitedHealth Group. For Agent use only. Not intended for use as marketing materials for the general public. Do not distribute, reproduce, edit or delete any portion without express permission of UnitedHealth Group 06182020. Availability of Renew Active and some program features may vary by plan/area. <+><Renew Active gym and fitness location network size, based on internal market research conducted June 2020. The largest gym network of all Medicare fitness

**Renew Active**  
by UnitedHealthcare

**Renew Active**  
by UnitedHealthcare

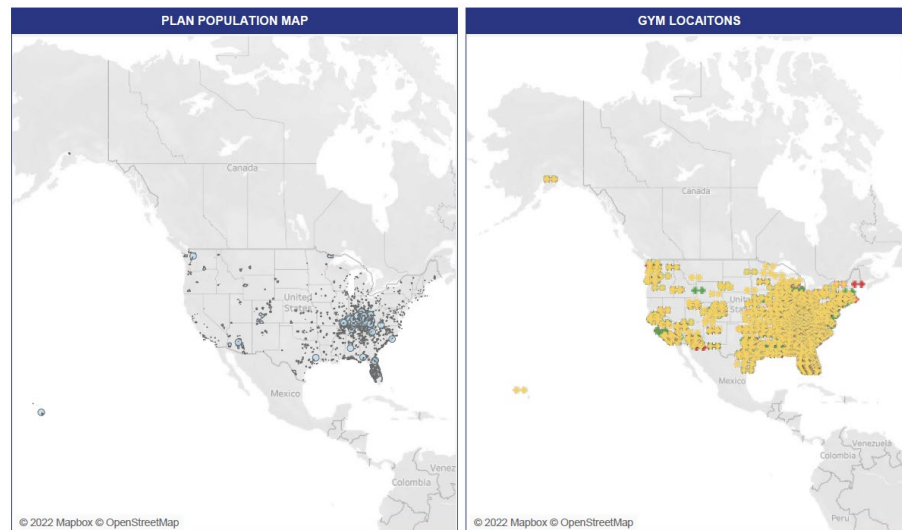
# TRS KY Geo Access Report

## MAPD based on 37,403 members

- **Renew Active has 2,052 more gyms** in a 3-mile radius to members than our direct competitor.

Renew Active network that are differentiators, meaning not with our competitor:

- **ATI Physical Therapy** – AL, AZ, DE, GA, IL, IN, MD, MI, MO, NM, OH, OR, PA, TN, TX, VA, WA, WI
- **Life Time** – National Partnership
- **YMCA** – AL, CA, DC, FL, GA, IL, IN, KY, LA, MA, MD, MO, MS, NC, NY, OH, OR, SC, TN, TX, VA, WA, WV
- **Nationwide partnership with Orangetheory**
- **Nationwide partnership with Exponential Fitness**
- **Nationwide partnership with Camp Gladiator**



# Gym Network Overview

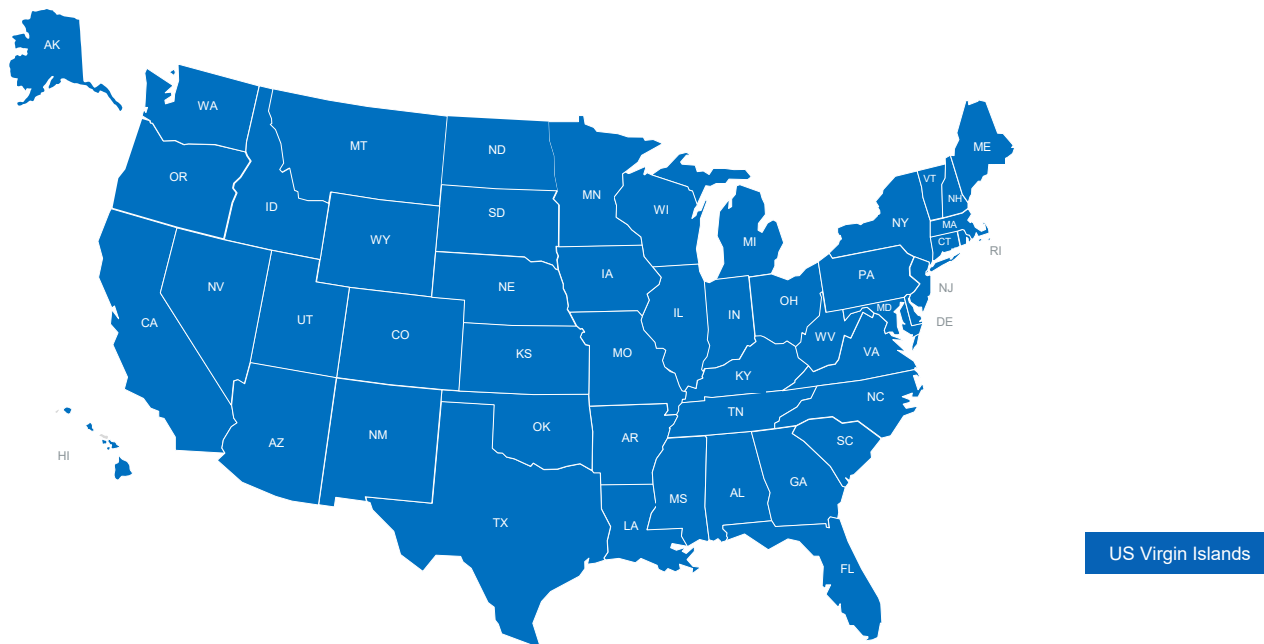
- Renew Active provides standard membership access to participating fitness locations
- Access to our nationwide network of gyms and fitness locations – the largest of all Medicare fitness programs
- High demand and premium locations, which may not be in competition's network
- National agreement with all LifeTime Fitness locations
- New gym and fitness locations continually being added



Other participating locations are available in our network.

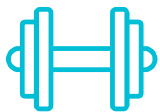
**Renew Active**

# Renew Active® Markets in 2022



# 2022 Product Features

# Renew Active in 2022



## Stay Fit

- A **free gym membership**
- Access to our **nationwide network** of gyms and fitness locations, the largest of all Medicare fitness programs, including premium locations
- Access to thousands of on-demand workout videos and live streaming fitness classes

New



## A Personalized Plan

- Work with a personal trainer to create an annual **personalized fitness plan**, set goals and make progress
- Access to a wide variety of **fitness classes** including classes outside of a gym setting
- Allows you to bring a family member or friend to the gym to assist in your workout, at no additional cost



## Stay Focused

- Options to keep the members' **mind and body active**
- An online brain health program from **AARP® Staying Sharp®**,<sup>1</sup> including exclusive content for Renew Active members
- Includes a brain health assessment, interactive brain health challenges, Guide to Music and Brain Health, videos, fun games and more.

<sup>1</sup> Staying Sharp is owned and operated by the AARP brand



## Stay Connected

- **Social connection** via exercise classes
- Connecting with others at local health and wellness events in their community including **Element3 activities**
- Digital social connection through the **Fitbit® Community for Renew Active members**<sup>2</sup>

<sup>2</sup> Members do not receive a Fitbit device as part of Renew Active and do not need a Fitbit device to be part of this community

# Digital Fitness Network

Members have the option to access the comprehensive digital fitness library only or complement their workouts at the gyms and boutique studios by also accessing the on-demand and live streaming fitness classes at days they are unable to workout at the gym or studio.

- Over 14,000 digital on-demand and live classes
- Unlimited member access – members can participate in as many classes as they want
- Use multiple platforms at one-time – no limit on what brands members or how many classes members have access to
- Access to gyms/ virtual class offerings (where available) – members can enjoy the virtual class offerings through our gym partners

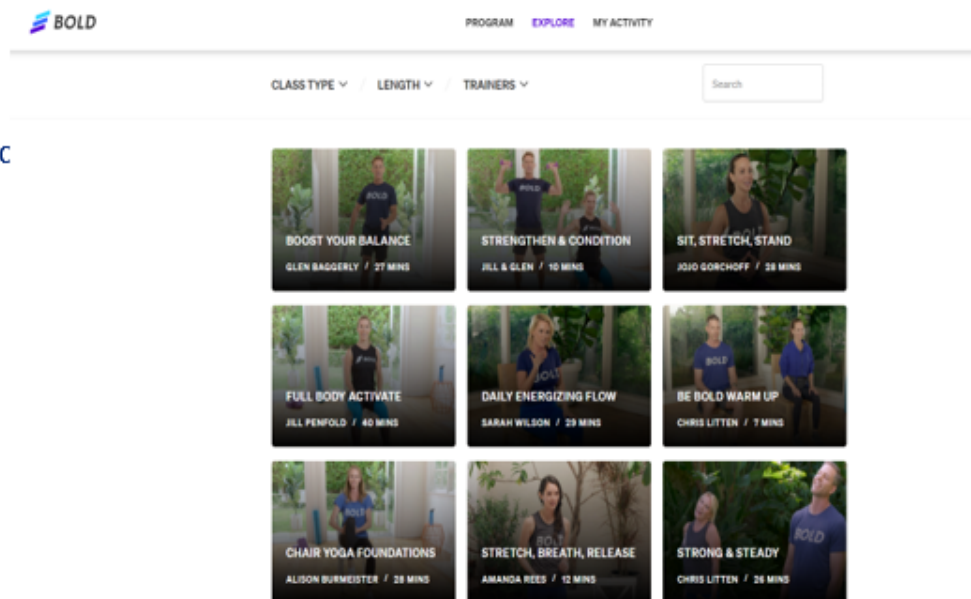


**Renew Active**

# Age Bold

Exercise for better aging. Improving balance strength & mobility from home.

- 300+ on-demand classes
- Small offering of weekly live classes & events
- 11 question assessment determines the personalized fitness plan member is placed in
- 12-week fitness programs
- Track progress anytime by taking 3 Bold Tests measuring strength, mobility & balance
- Chair/mat yoga
- Chair/standing tai chi
- Strength training
- Balance training
- Cardio & Pilates



# Thank you

Participation in the Renew Active® program is voluntary. Consult your doctor prior to beginning an exercise program or making changes to your lifestyle or health care routine. Renew Active includes standard fitness membership. Fitness membership equipment, classes, personalized fitness plans, caregiver access and events may vary by location. Certain services, discounts, classes, events, and online fitness offerings are provided by affiliates of UnitedHealthcare Insurance Company or other third parties not affiliated with UnitedHealthcare. Participation in these third-party services are subject to your acceptance of their respective terms and policies. [AARP Staying Sharp is the registered trademark of AARP.] UnitedHealthcare is not responsible for the services or information provided by third parties. The information provided through these services is for informational purposes only and is not a substitute for the advice of a doctor. The Renew Active program varies by plan/area. Access to gym and fitness location network may vary by location and plan. [Renew Active premium gym and fitness location network only available with certain plans.] [<Medicare's Biggest Gym Network/The largest gym network of all Medicare fitness programs> is based upon comparison of competitors' website data as of <March, 2021>.>] Renew Rewards are offered for participation in walking program, or other approved activity for members with limited mobility

**Renew Active**  
by  **UnitedHealthcare**