



TEACHERS' RETIREMENT SYSTEM

of the State of Kentucky

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Education Commissioner

GARY L. HARBIN, CPA
Executive Secretary

Special Workshop Meeting of the TRS Board of Trustees

AGENDA

Monday, November 24, 2025

8:15	Continental Breakfast	
8:30	Introduction	Gary Harbin
9:00	A Closer Look at TRS Operations (includes break)	Grace Dotson Greg Hall Becky Niece Nate VanSickel Mark Whelan
11:00	Break	
11:15	TRS Portfolio Management	Tom Siderewicz
Noon	Lunch and Discussion of Retirement Issues	
1:00	Economic Outlook – Fort Washington	Maribeth Rahe Chris Shipley
1:45	Break	
2:00	Know Your Rx Coalition	Travis Albrecht Marissa Boelhauf
2:45	Kentucky Ethics Overview	Beau Barnes
3:15	Closing Remarks	Gary Harbin

The meeting will be in the Kentucky History Center Brown-Forman conference room
100 W. Broadway Street, Frankfort, Kentucky.



Teachers' Retirement System of the State of Kentucky

TRS Trustee Workshop

Nov. 24, 2025

Gary L. Harbin, CPA
Executive Secretary

Board of Trustees

Fiduciaries of TRS



**BRENDA
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**BEN
LITTLEPAGE, Ed.D**
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Louisville



**WILLIAM
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**MARK
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SCHNEIDER**
Walton



**LOUIS
STRAUB**
Louisville



**JOSH
UNDERWOOD**
Tollesboro



**ALISON
WRIGHT**
Georgetown

Fiduciary Requirements

KRS 161.430 (2)

Board members and investment counselors must use assets “solely in the interest of the members and beneficiaries” and to:

- Provide benefits and defray expenses of administration;
- Act as a prudent expert;
- Diversify investments to minimize risk of large losses, unless it is clearly prudent not to do so; and
- Follow laws, regulations and other instruments governing system.

Organizational Chart

Kaizen

Continuous improvement by everyone at all levels regardless of title or position



Organizational Chart

**Board of
Trustees**

**Internal
Auditor**

Administration

Accounting

Investments

**Information
Technology
Programming**

**Information
Technology
Security**

**Retiree
Health Care**

**Member
Services**

Administration

Executive Secretary

Gary L. Harbin, CPA

Deputy Executive Secretary, Finance

Eric Wampler, JD

Deputy Executive Secretary, Operations and General Counsel

Robert B. Barnes, JD

Internal Auditor

Brad Cook

Investments

Tom Siderewicz, CFA

Accounting

Mark Whelan, CPA

Retiree Health Care

Grace Dotson

Information Technology Programming

Angie Greenwell

Information Technology Security

Tony Potts

Member Services

Becky Niece

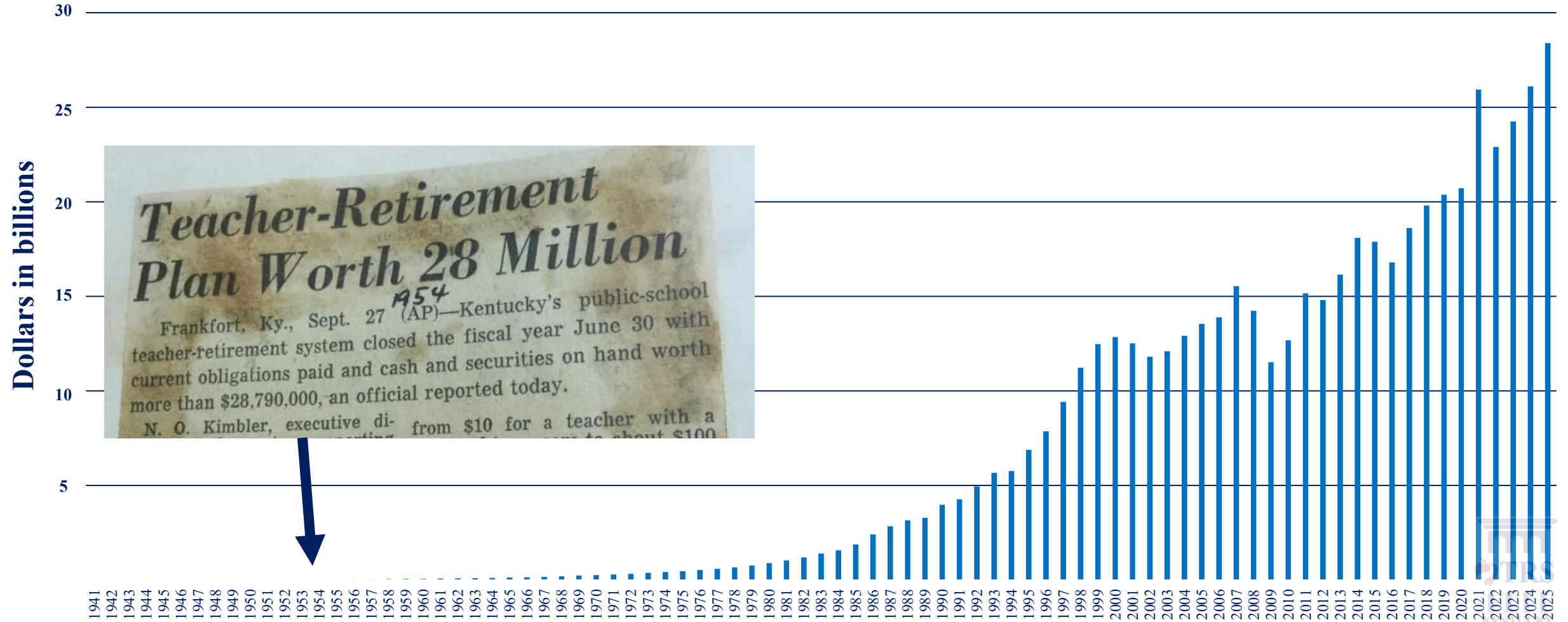
Business Operations

Nathan Van Sickel



TRS Growth Since 1941

\$28.4 Billion in Annuity Assets in 2025



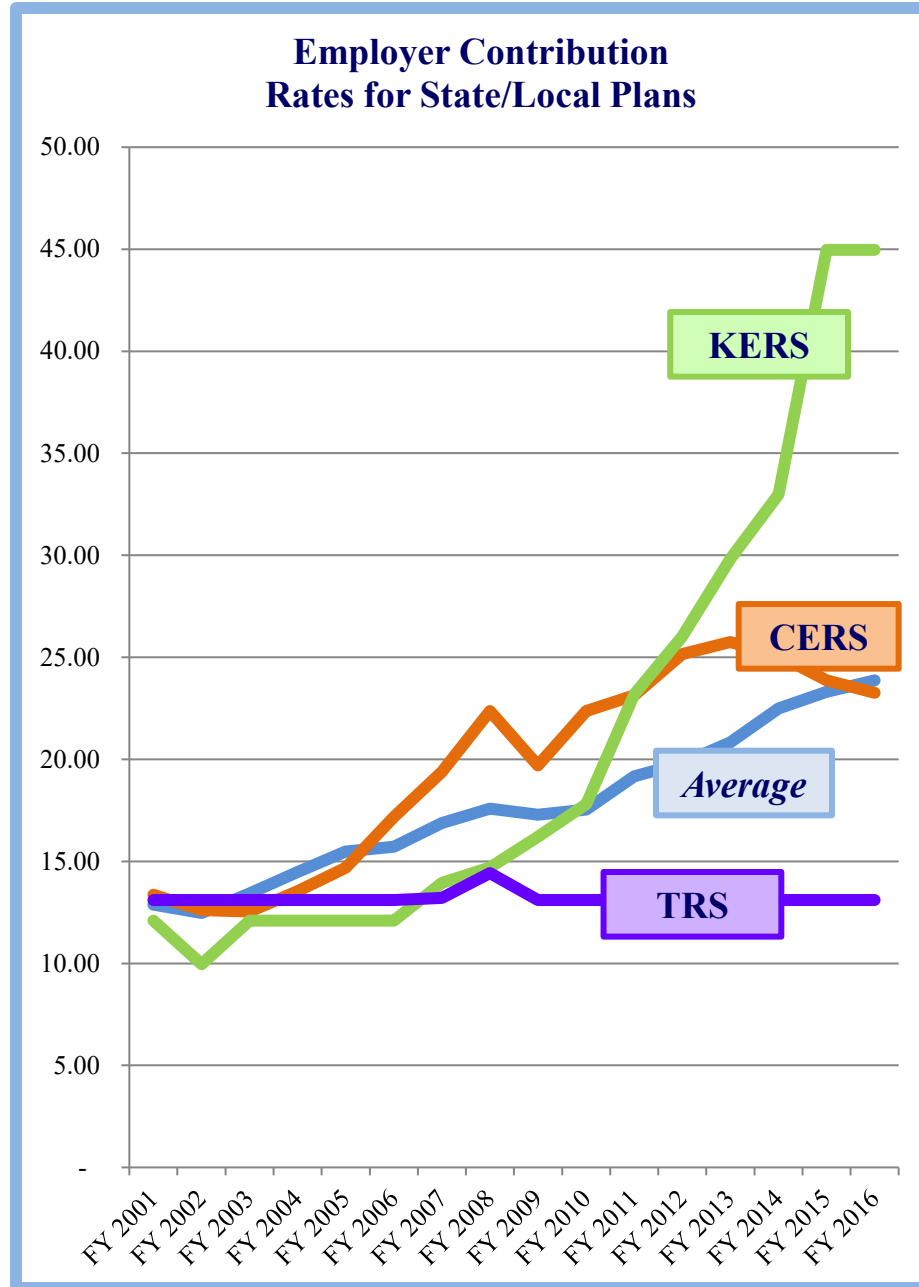
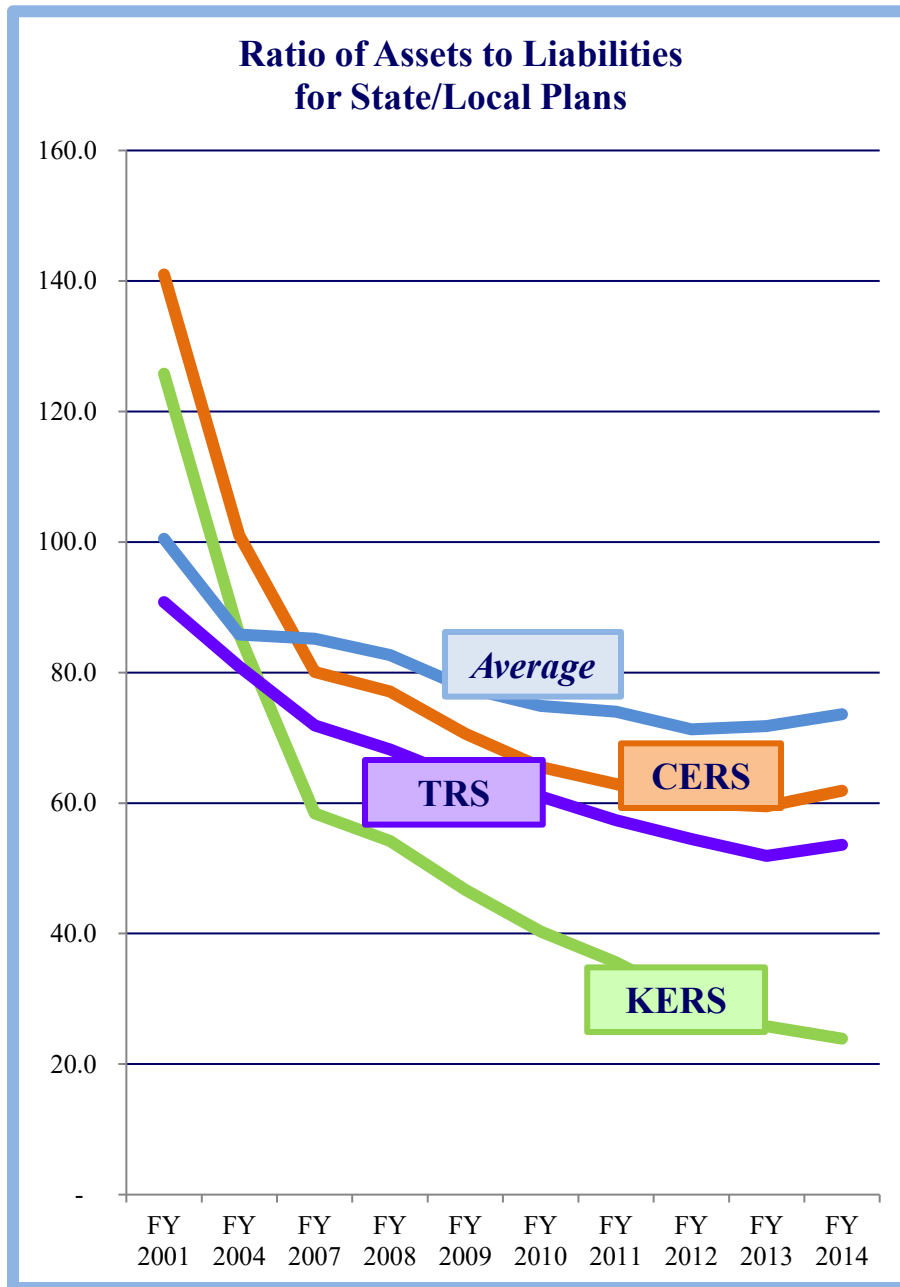
Importance of Investment Income

Schedule of Funds Available for Retirement Benefits



In billions

Beginning Balance as of July 1, 1985	\$ 1.8
Member & Other Contributions	9.7
Employer Contributions	22.2
Investment Income	40.1
Benefit Payments & Refunds	(45.1)
Administrative Expenses	(0.3)
Ending Balance as of June 30, 2025	\$28.4



Sources: (1) The Funding of State and Local Pensions: 2014-2018; Center for Retirement Research at Boston College, State and Local Pensions Plans, No. 45, June 2015. (2) KRS Schedule of KERS and CERS Nonhazardous Contribution Rates [on kyret.ky.gov](http://kyret.ky.gov). (Adjusted for employer contributions of 6.2% for Social Security.)

Actuarial Status

As of June 30, 2025



Dollars in billions

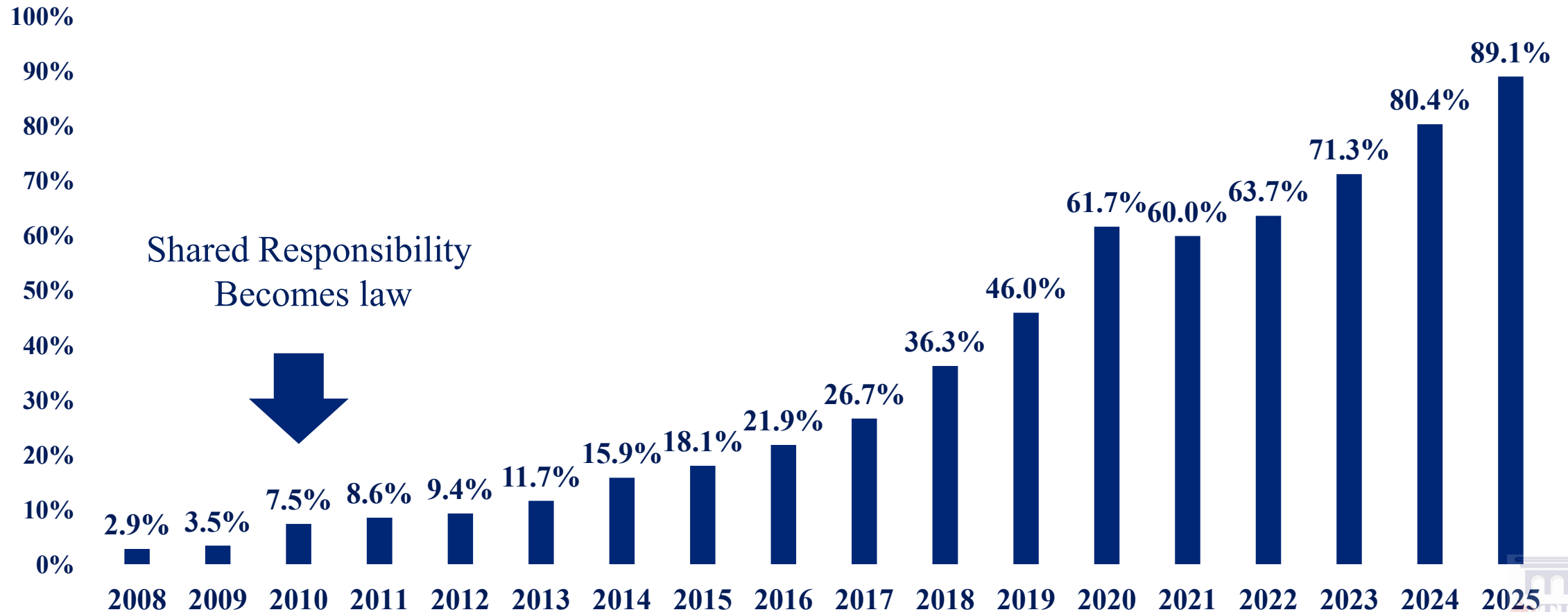
	Assets	Liabilities	Unfunded	Percent
Retirement Annuity Trust	\$ 27.4	\$ 44.9	\$ 17.5	61%

Actuarial values



TRS Health Insurance

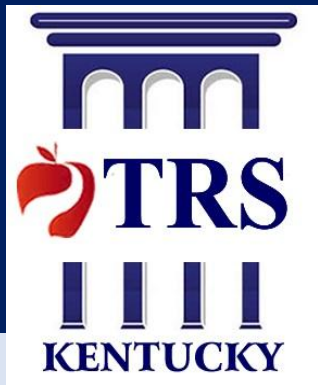
Funded Status



Retired Teachers Benefit Kentucky

- TRS pays retired teachers:
 - \$218.3 million in retirement annuity benefits (*July 2025*)
 - \$17.4 million in medical benefits (*monthly average*)
- 90% of TRS pension benefits stay in Kentucky
- 87% of TRS retirees live in Kentucky
- \$2.3 billion a year paid into Kentucky's economy because of pension benefits



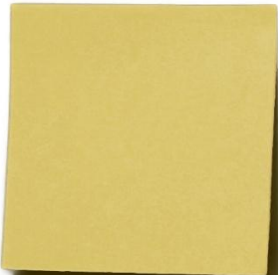
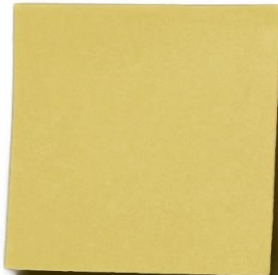
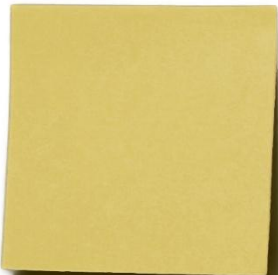
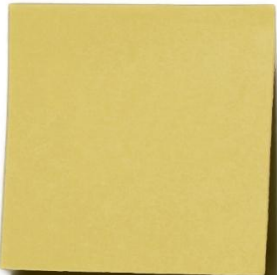


Teachers' Retirement System of the State of Kentucky

A Closer Look at TRS Operations

Nov. 24, 2025

Gary L. Harbin, CPA
Executive Secretary

SUBJECT	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	FOR WEEK _____ TO _____
____ Period						
____ Period						
____ Period						
____ Period						
____ Period						
____ Period						
____ Period						
____ Period						
____ Period						
____ Period						

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TRS Background

Non-university members (96% of TRS membership) do not pay and do not receive Social Security on TRS employment

- TRS benefits *replace* Social Security.

University members (4%) pay and receive Social Security

- TRS benefits *supplement* Social Security.
- Universities voted in 1950s to opt into Social Security with institutions now covering employer cost.
- TRS maintains distinct benefit formulas for university and non-university members. Since July 1, 1994, universities also have offered optional retirement plans in lieu of TRS.

TRS Account Types

TRS Has Four Account Types Set By Entry Date

TRS 1

Entry before
July 1, 2002

TRS 2

Entry on or
between
July 1, 2002, and
June 30, 2008

TRS 3

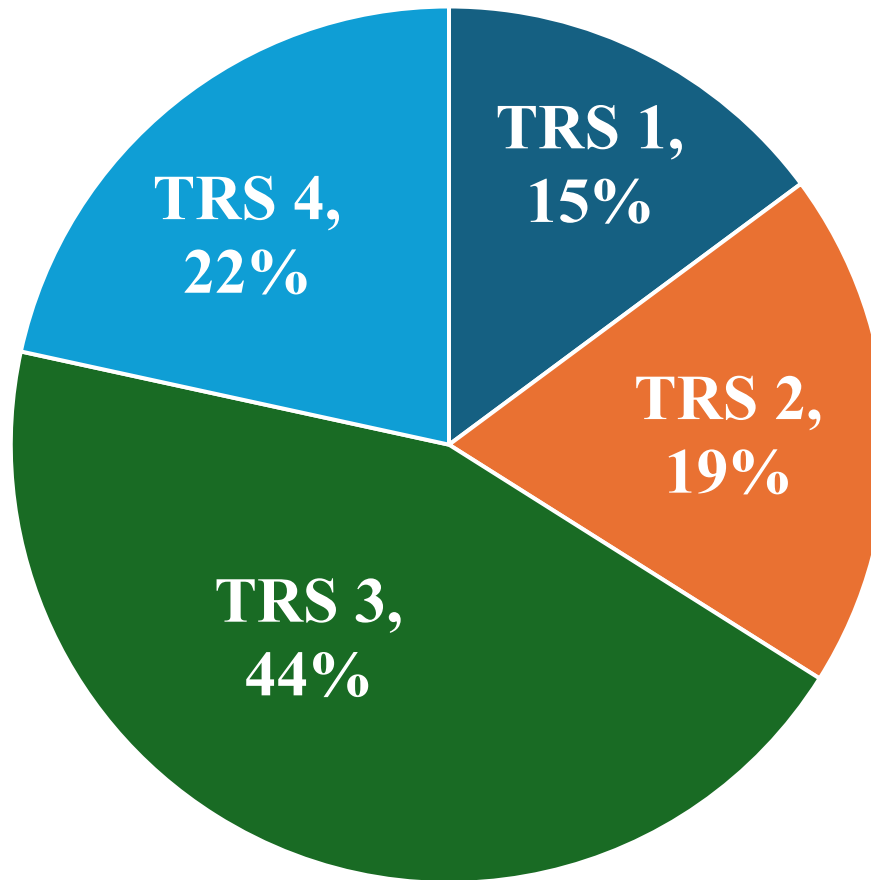
Entry on or
between
July 1, 2008, and
Dec. 31, 2021

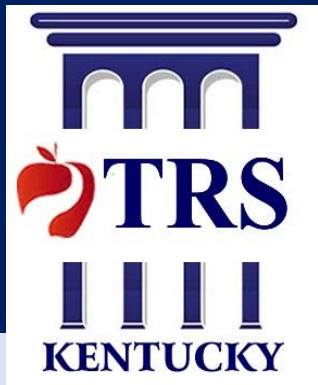
TRS 4

Entry on or after
Jan. 1, 2022

Membership Data

Fiscal 2025 Contributing Member Distribution





Teachers' Retirement System of the State of Kentucky

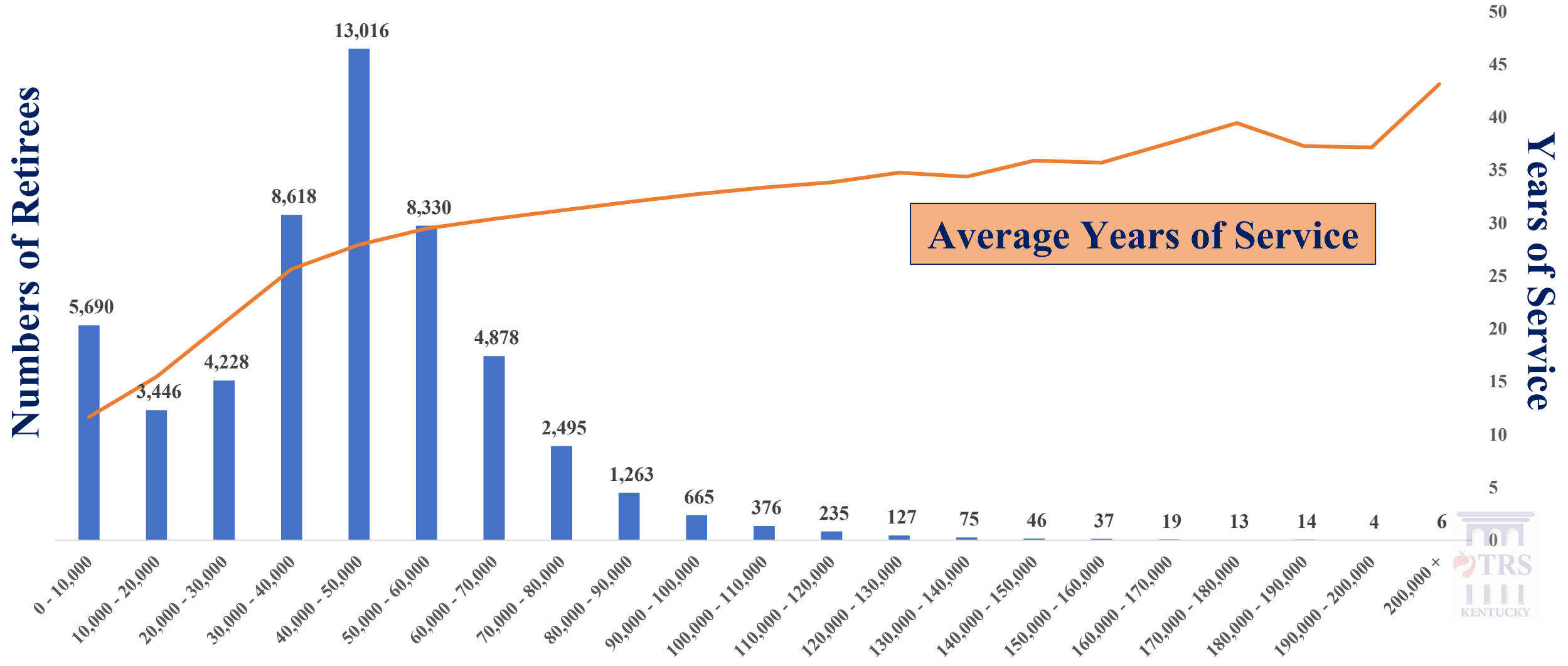
A Closer Look at TRS Operations

Nov. 24, 2025

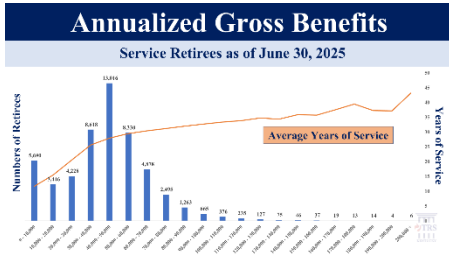
Gary L. Harbin, CPA
Executive Secretary

Annualized Gross Benefits

Service Retirees as of June 30, 2025



What the Chart Shows



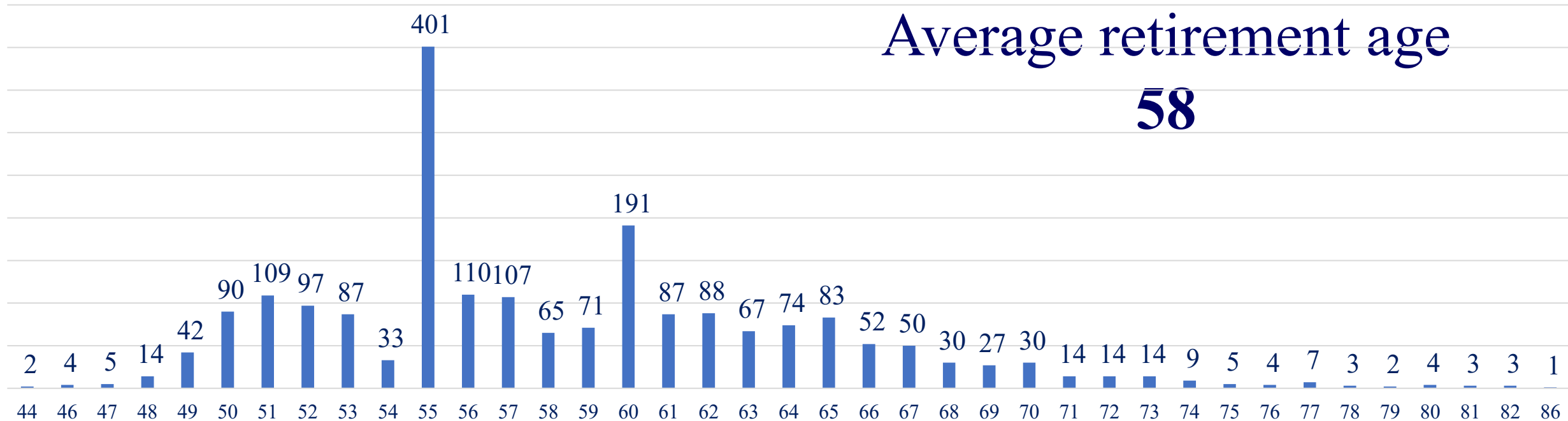
- 81% of retired teachers receive \$60,000 or less
- 1.8% of retirees receive more than \$100,000
On average worked a *decade* more than retirees receiving \$60,000 or less

Remember: TRS replaces Social Security

Note: Excludes disability retirement payments

Retirees By Age At Retirement

Fiscal Year 2025: 2,099 Service Retirements



- Only 3% retire before age 50
- Five times as many people retire at 65 and over than retire under age 50
- Average career teacher retiring in FY 2025 worked 29 years



Teachers' Retirement System of the State of Kentucky

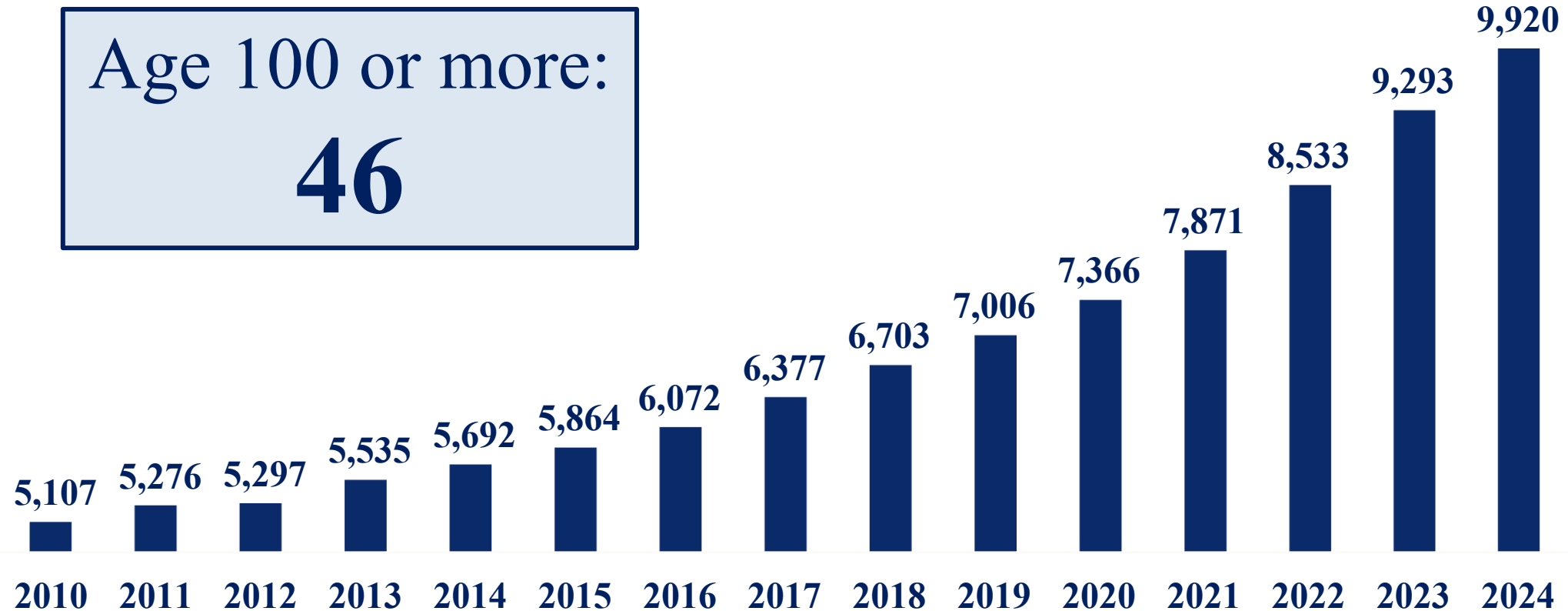
A Closer Look at TRRS Operations

Nov. 24, 2025

Gary L. Harbin, CPA
Executive Secretary

TRS Benefits Protect Teachers

Retirees Over 80 as of Dec. 31



Two Plans for TRS Health Benefits

KEHP **Kentucky** **Employees'** **Health Plan**

- Under 65 and not Medicare-eligible
- Same fund as active teachers and state employees
- Coverage options

MEHP **Medicare** **Eligible Health** **Plan**

- Medicare-eligible or 65 & over
- Exclusively TRS members
- One plan

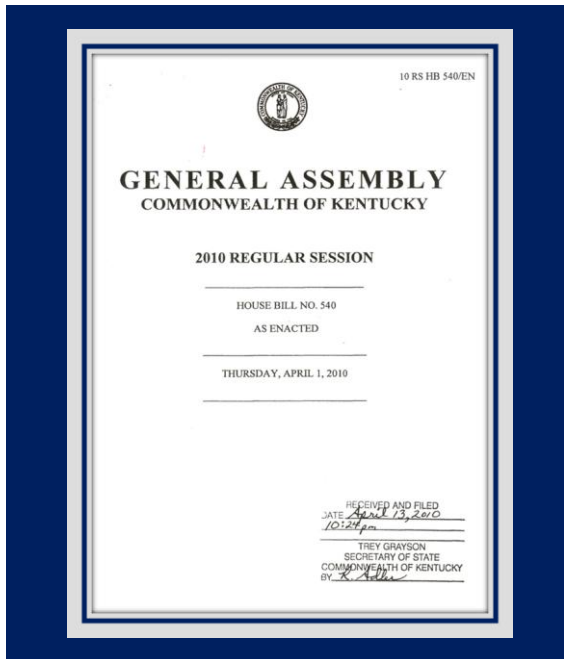
Insurance Details Can Change

Kentucky law guarantees retired teachers access to group coverage, but the details of that coverage – including costs, subsidy and level of coverage – can change.

Shared Responsibility

In Second Decade

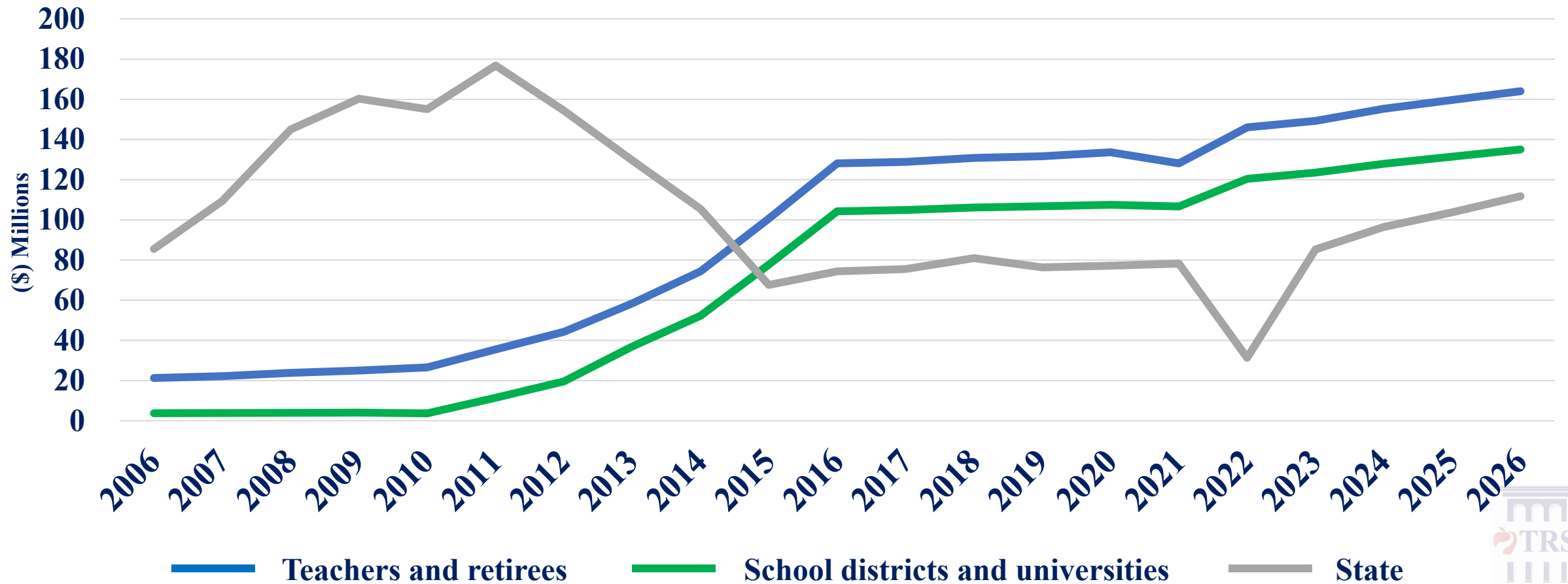
Shared solution providing permanent funding for retiree health care



Shared Responsibility

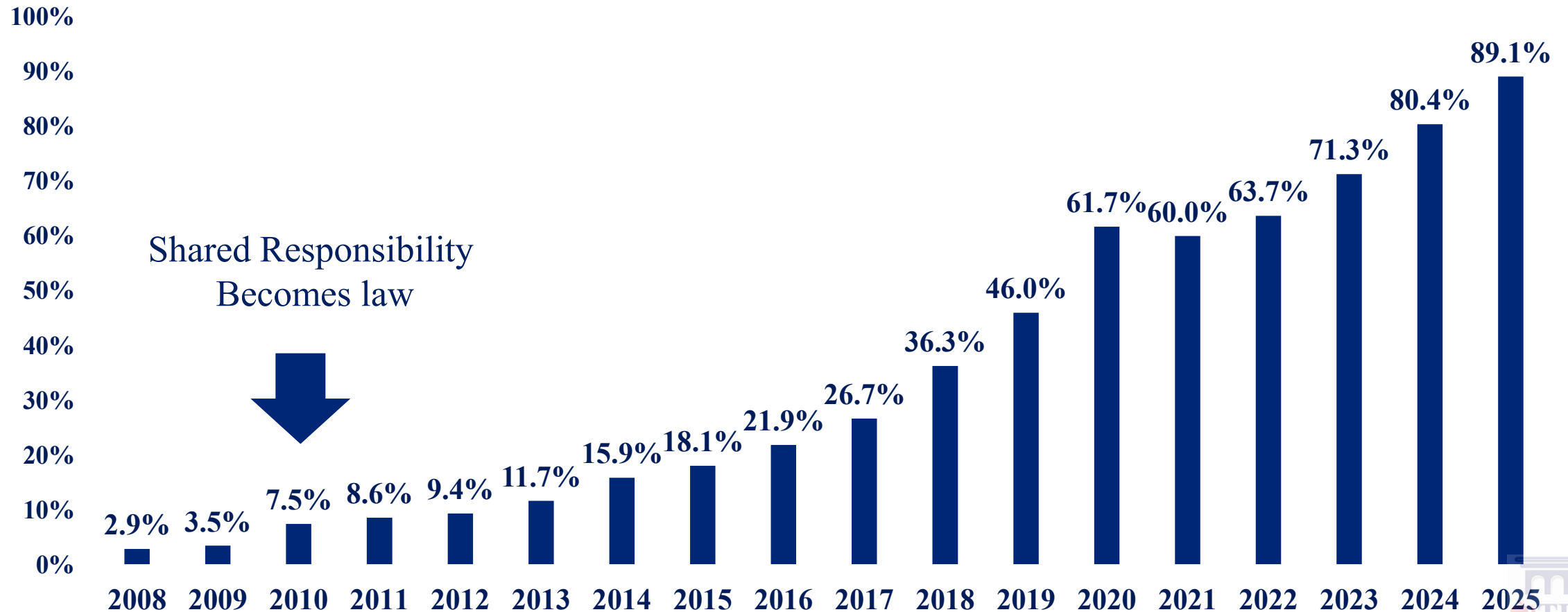
How the Cost Has Been Shared

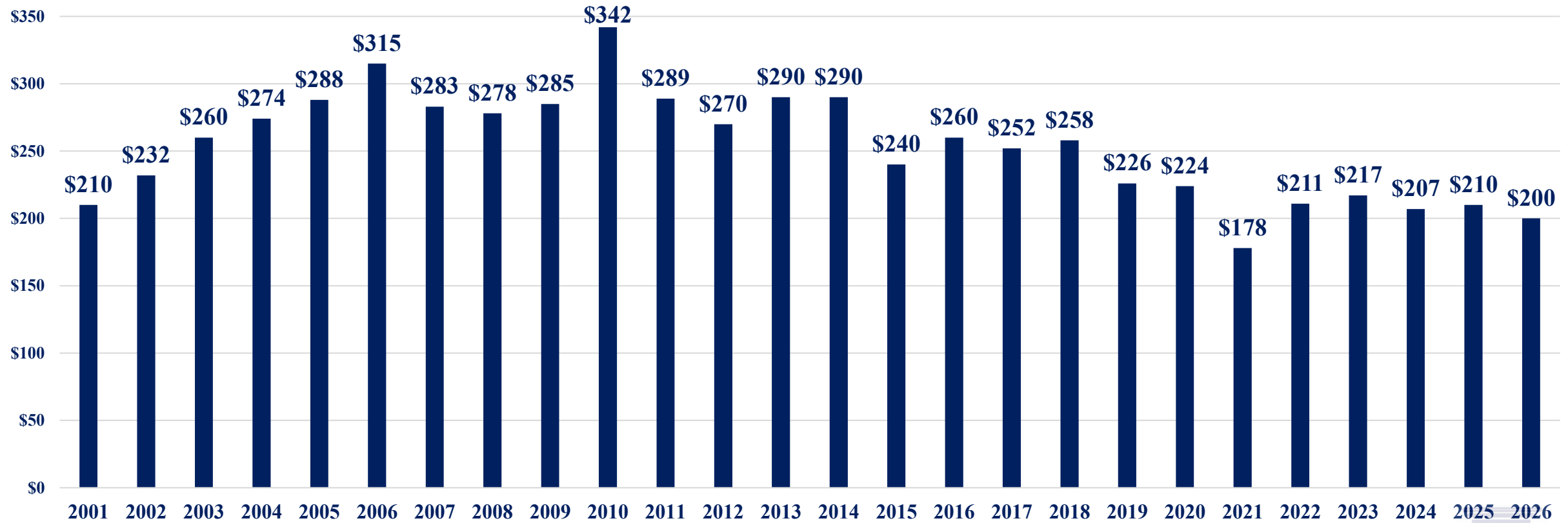
Retiree Health Care Funding 2006-2024, Budgeted through 2026



TRS Health Insurance

Funded Status





Premiums Held Almost Constant For 25 Years

KEHP

MEHP

Know Your Rx Coalition

Free counseling with live pharmacists

Know Your Rx Coalition *Pharm-Assist*

Hours: Monday to Friday, 8 a.m. to 6 p.m. ET

Phone: 855-218-5979

Email: KYRx@uky.edu

Website: www.KYRx.org



A GOVERNMENTAL PURCHASING COLLABORATIVE



KEHP

MEHP

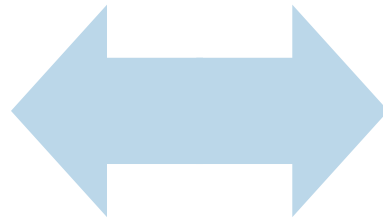
Personalized Medicine



TRS Solution: Personalized Medicine Partnership

CORIELL
LIFE SCIENCES

You
Your Doctor
Your Pharmacist



Personalized Medicine

Could Your Medication or Condition Benefit From DNA Test

20 Most Used Drugs By TRS Members

Atorvastatin calcium	Meloxicam
Metoprolol	Carvedilol
Rosuvastatin calcium	Pravastatin sodium
Omeprazole	Sertraline HCL
Pantoprazole sodium	Escitalopram oxalate
Metformin	Trazodone HCL
Hydrocodone-acetaminophen	Tramadol HCL
Simvastatin	Clopidogrel
Tamsulosin HCL	Oxycodone
Ondansetron	Duloxetine HCL

Top 20 Disease States For TRS Members

High blood cholesterol	Anxiety
Pain/inflammation	Alzheimer's disease
Heartburn/ulcer disease	Mental diseases
High blood press/heart disease	Skin infections
Depression	Seizures
Diabetes	Ophthalmic conditions
Urinary disorders	Glaucoma
Nausea/vomiting	Irregular heartbeat
Antiplatelets	Skin conditions
Sleep disorders	Anticoagulant

Source: Medications and disease states provided by Know Your Rx Coalition as of 2025

KEHP

MEHP

Personalized Medicine

How to Sign Up

MEHP

Contact Coriell at 888-454-9024
or <https://trs.coriell-services.com/>
to request free DNA kit.

KEHP

Discuss with your doctor whether
a DNA test could be covered
because of medical necessity.

or

Retirees on KEHP can contact
Coriell and use HRA funds to pay
any cost.

TRS Expenses vs. Other Systems

As of June 30, 2024

	Percentage of Liabilities
TRS Kentucky	0.0357%
Indiana Public Employees	0.0405%
Louisiana Teachers	0.0441%
Ohio Teachers Retirement System	0.0643%
Kansas Public Employees	0.0696%
New Mexico Public Employees	0.0706%
Georgia Employees	0.0908%
Kentucky Public Pensions Authority	0.1152%

TRS Trends – Major Trusts

Summary of Changes in Fiduciary Net Position

	(In millions)		
	2025	2024	2023
Additions			
Member contributions	\$ 565.5	\$ 541.2	\$ 516.0
Employer contributions	1,636.8	1,406.3	1,356.4
Net investment increase (decrease)	3,478.4	3,164.3	2,517.9
Total additions	5,680.7	5,111.8	4,390.3
Deductions			
Benefit payments	2,528.4	2,473.2	2,397.6
Refunds	32.4	32.9	26.9
Administrative expense	16.8	16.9	16.5
Insurance expenses	173.1	143.5	124.8
Total deductions	2,750.7	2,666.5	2,565.8
Net increase (decrease)	2,930.0	2,445.3	1,824.5
Fiduciary net position -- Beginning of year	\$ 29,527.3	\$ 27,082.0	\$ 25,257.5
Fiduciary net position -- End of year	\$ 32,457.3	\$ 29,527.3	\$ 27,082.0

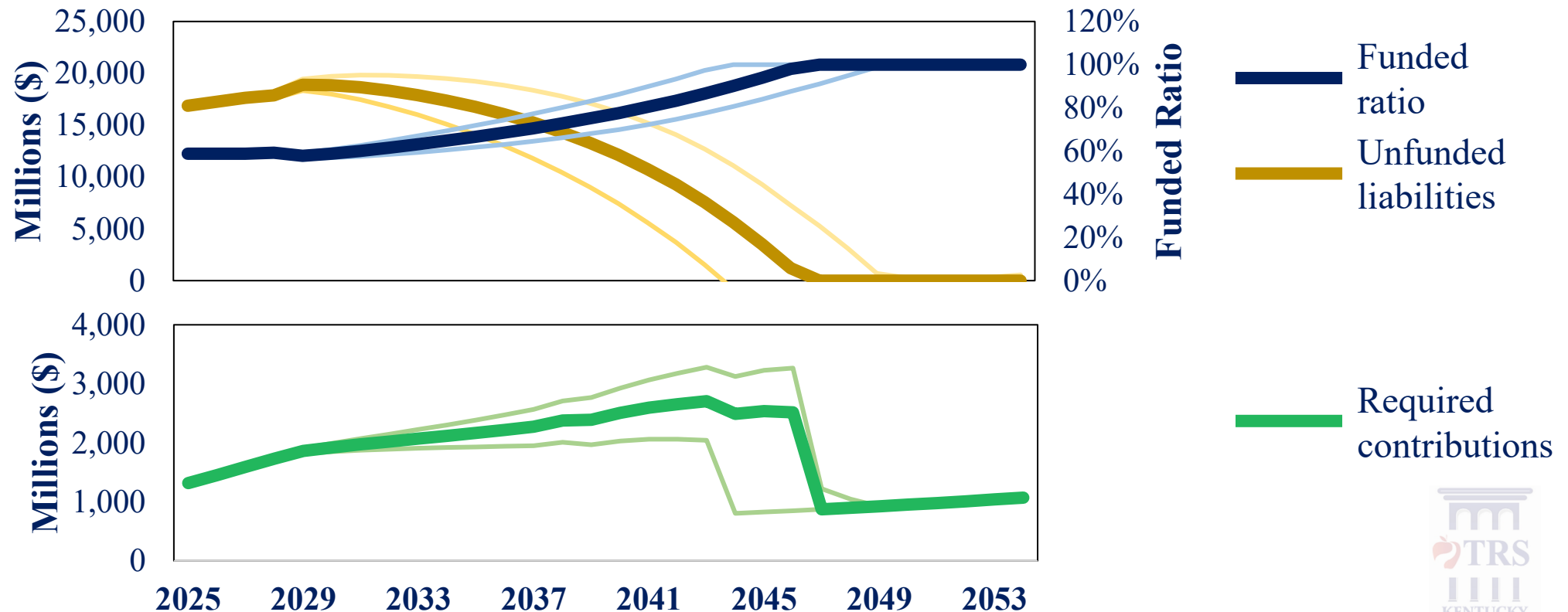
About \$1.2 billion of the \$1.6 billion is for the unfunded liability.

Actuarial 30-Year Projections

At Full Funding, TRS Required Contributions Decrease

Actuary's retirement annuity projections at assumed 7.1% investment return.

Thick lines show projections; thin lines show projections adjusted for investment returns 1% higher and lower.



2026-28 Budget Request

In millions

Pension

<i>FY 2027</i>	<i>FY 2028</i>
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<i>\$ 1,124.7</i>	<i>\$ 1,152.8</i>
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State's Shared Responsibility Portion

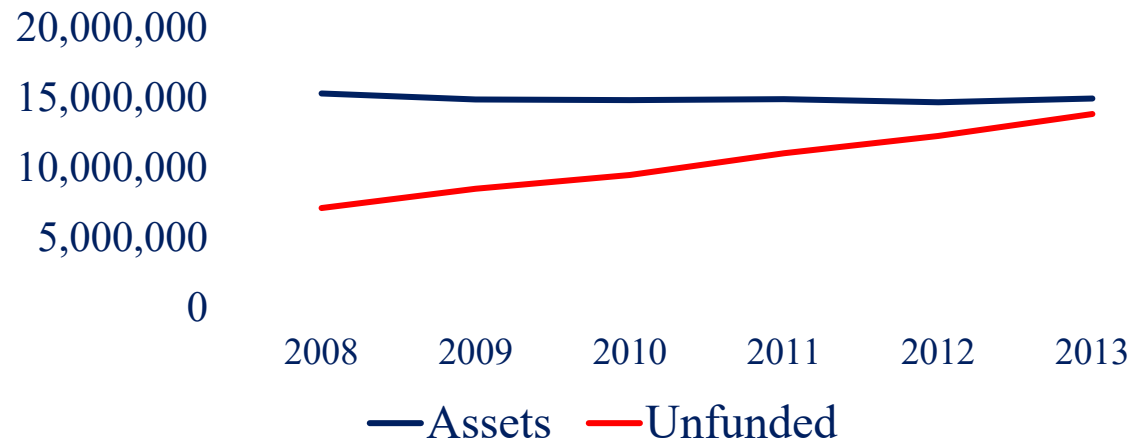
<i>\$ 106.8</i>	<i>\$ 118.2</i>
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KDE SEEK request (pension and health insurance)

<i>\$ 529.4</i>	<i>\$ 541.3</i>
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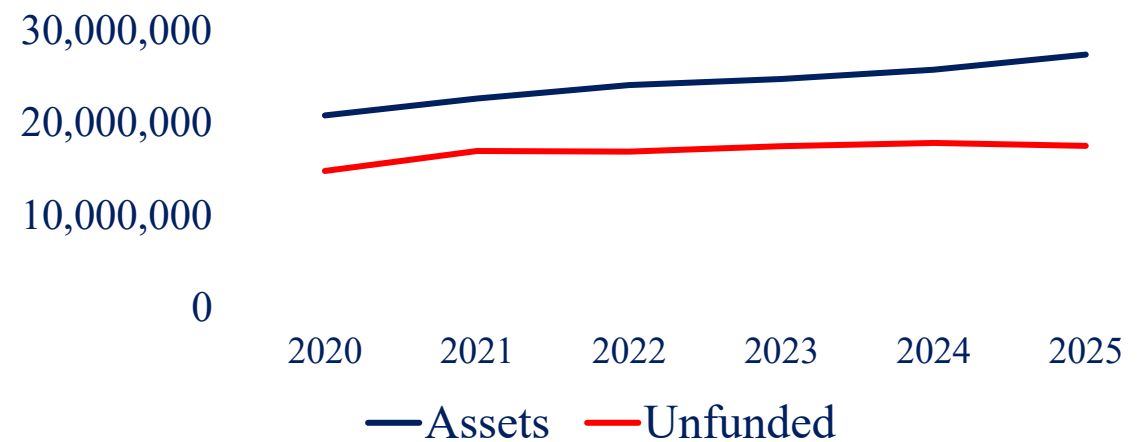
Funding Progress Trends

Then (2008-2013)



Year	Actuarial Asset Value	Unfunded Liability	Funded Ratio
2008	15,321,325	7,138,979	68.2
2009	14,885,981	8,514,445	63.6
2010	14,851,330	9,492,986	61.0
2011	14,908,138	11,060,554	57.4
2012	14,691,371	12,282,483	54.5
2013	14,962,758	13,854,474	51.9

Now (2020-2025)



Year	Actuarial Asset Value	Unfunded Liability	Funded Ratio
2020	20,796,494	14,785,756	58.4
2021	22,624,398	16,957,306	57.2
2022	24,090,355	16,880,086	58.8
2023	24,725,018	17,454,870	58.6
2024	25,728,190	17,817,562	59.1
2025	27,377,076	17,498,454	61.0



Teachers' Retirement System of the State of Kentucky

TRS Portfolio Management

Nov. 24, 2025

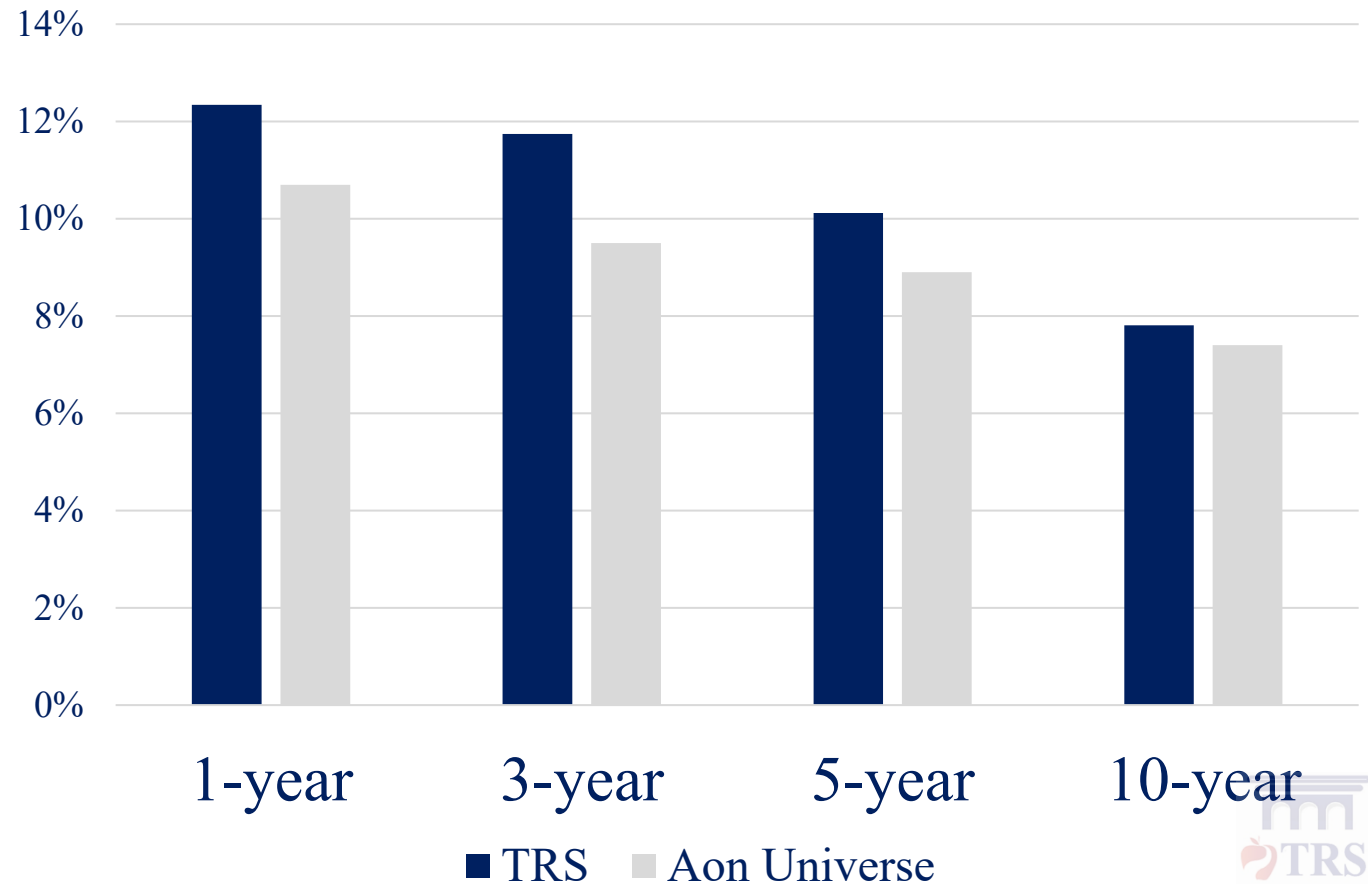
Gary L. Harbin, CPA
Executive Secretary

Investment Performance

Retirement Annuity Trust Gross Returns as of June 30, 2025

	TRS	Aon Rank
1-year	12.34%	Top 6%
3-year	11.74%	Top 6%
5-year	10.12%	Top 23%
10-year	8.67%	Top 6%
20-year	7.81%	N/A

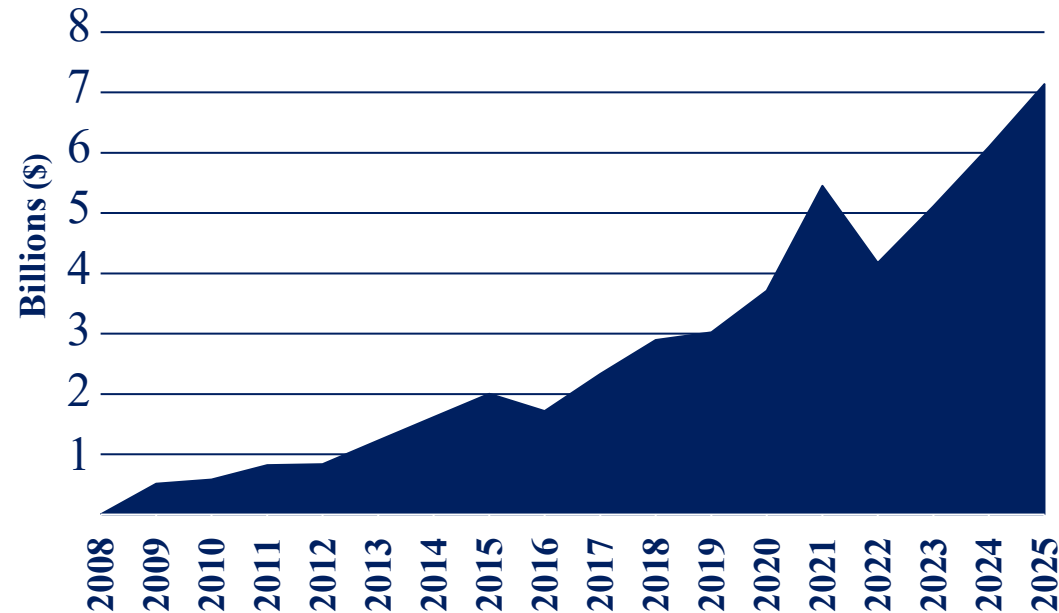
30-year compounded
7.95%



Investment Performance

TRS vs. Average Retirement Plan

Cumulative Outperformance
2008-2025



In the 17 years since the Great Recession, TRS's net annuity assets grew to \$28.4 billion, compared to average plan's \$21.3 billion.

TRS's investment return outperformance in that time added \$7.1 billion in assets to the benefit of Kentucky's teachers and all taxpayers.

What Investment Performance Does

\$5 Billion of Debt Eliminated in Three Years

**Actuary's 30-Year Projections
of State Additional Contribution
for Unfunded Liability
2022 vs. 2025
(Dollars in millions)**

Year	2022 Val	2025 Val
2028	1,188	1,160
2029	1,305	1,184
2030	1,351	1,184
2031	1,391	1,184
2032	1,426	1,184
2033	1,461	1,184
2034	1,493	1,208
2035	1,527	1,238
2036	1,564	1,271
2037	1,601	1,306
2038	1,688	1,391
2039	1,684	1,391
2040	1,783	1,486
2041	1,852	1,556
2042	1,894	1,599
2043	1,923	1,630
2044	1,686	1,398
2045	1,709	1,426
2046	1,666	1,359
2047	—	—
Totals	\$ 30,192	\$ 25,339

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2046	1,666	1,359
2047	—	—
Totals	\$ 30,192	\$ 25,339

Investment Approach

- Long-term view.
- TRS never has used placement agents.
- TRS has not used hedge funds.
- TRS invests solely in the best interest of membership using only pecuniary factors, not to further any nonpecuniary interest.
- TRS has fiduciary duty in procurement.
- Fees disclosed in annual report and quarterly on website.

Historical Market Returns

September 1926-2025

30-year Annualized Returns

	S&P 500	Long-term Corporate Bonds	60% S&P/ 40% Corporate Bonds
Average	11.1%	5.9%	9.1%
Median	10.8%	5.9%	8.9%
Minimum	8.5%	1.8%	6.6%
Maximum	13.7%	10.8%	12.1%

Historical Market Returns

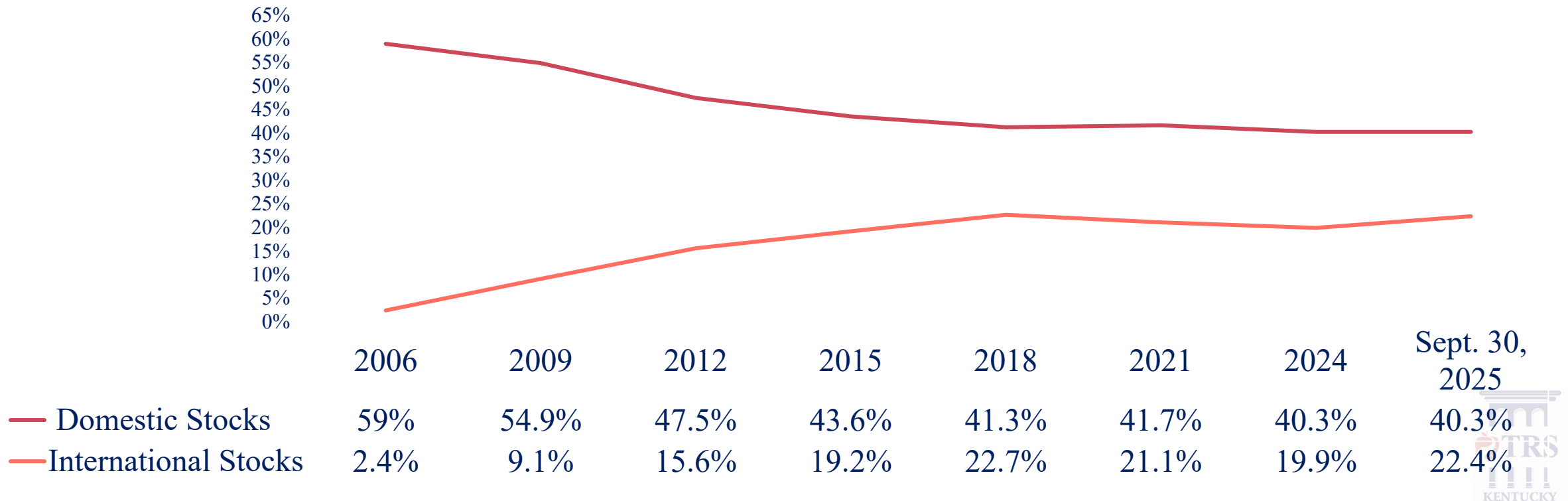
At Various Timeframes

Examples of S&P 500 show why consistency in equity investing is better than trying to time the market or drastically change asset allocations.

Asset Diversification

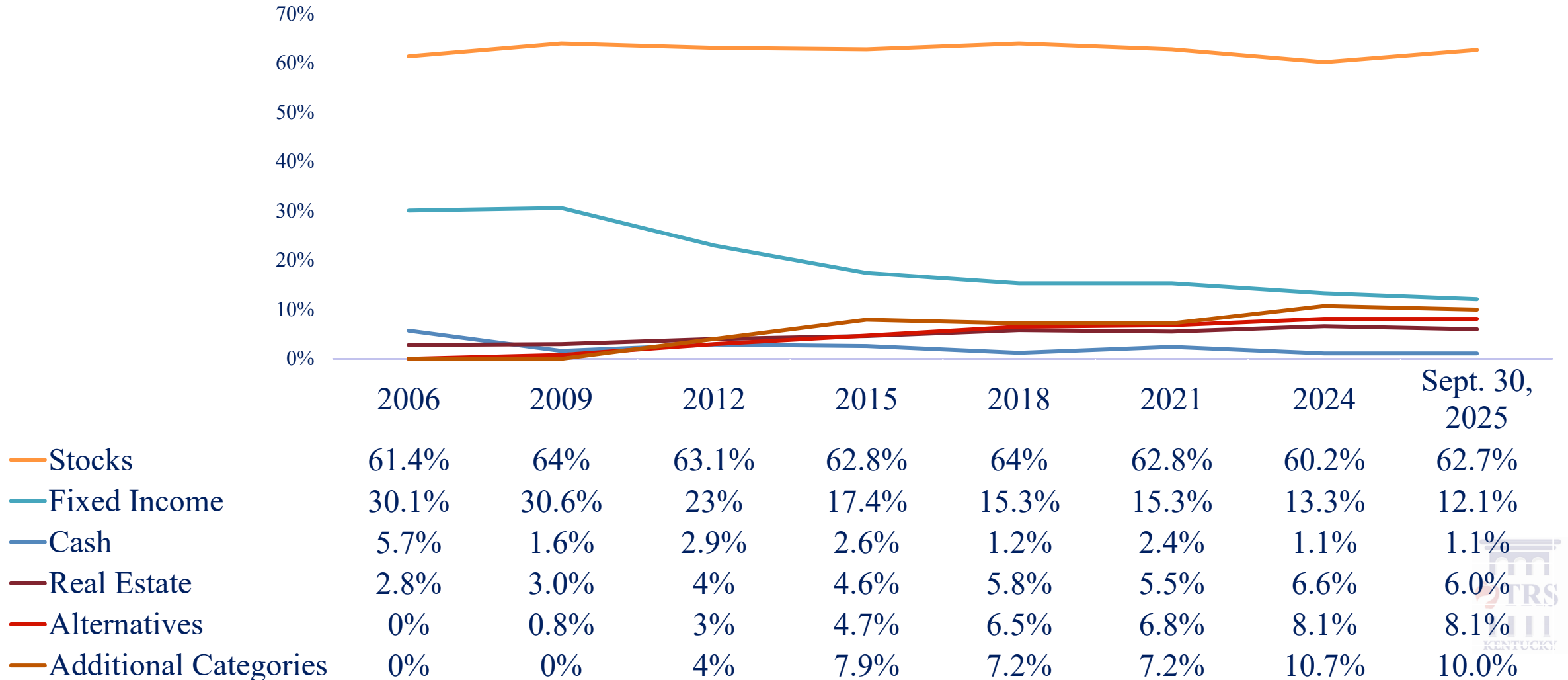
Retirement Annuity Trust

Equity holdings of about 60% of annuity assets has been steady, the makeup of that has shifted.



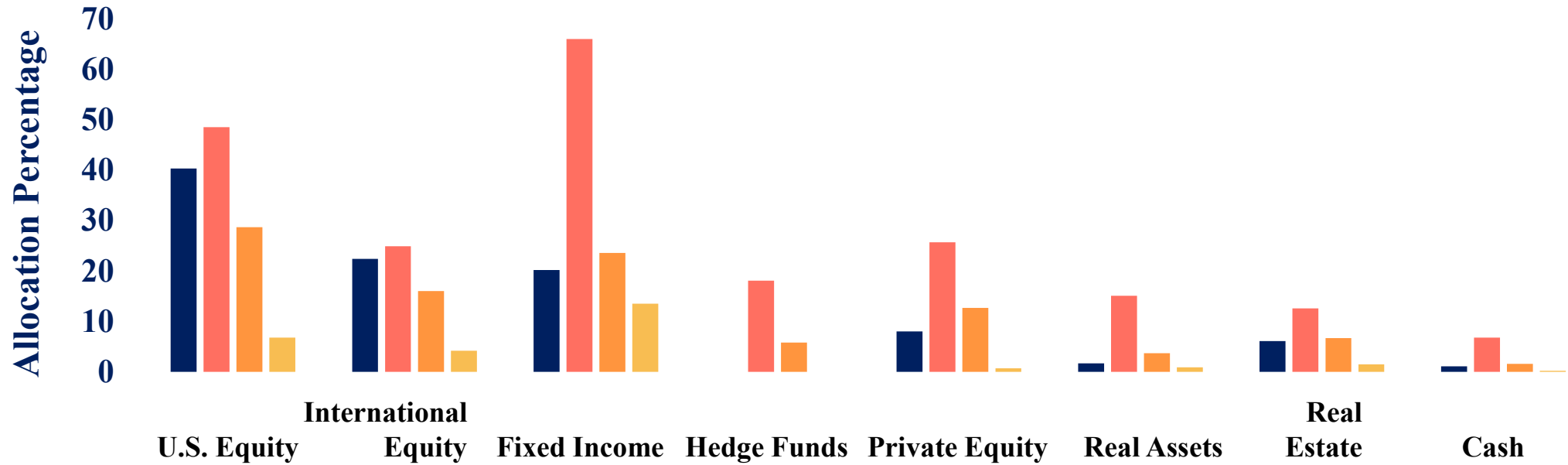
Asset Diversification

Retirement Annuity Trust



Asset Diversification

Aon Analysis



TRS Annuity

Trust Allocation

TRS Percentile rank

5th Percentile

Median

95th Percentile



Historical Market Cycles

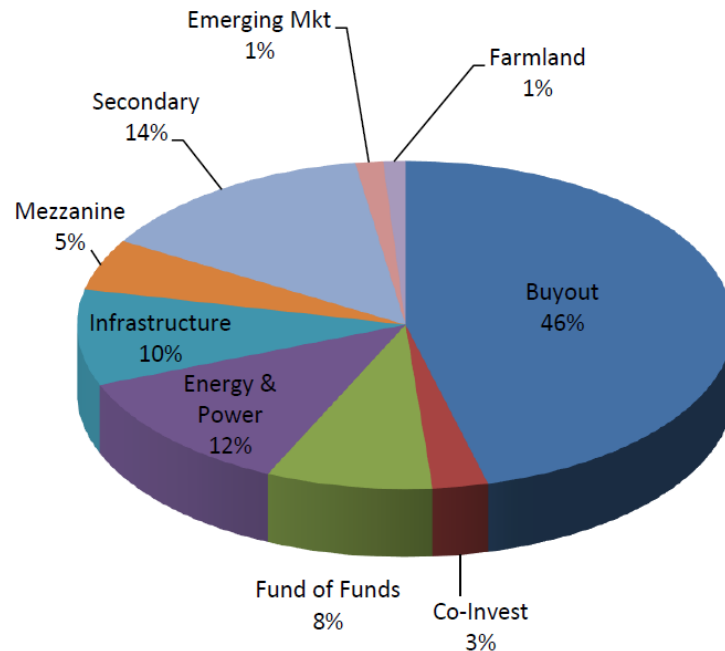
Alternating S&P 500 Highs and Lows 1929-2025

Period	Years	Annualized Return
1929-1941	13	-2.4%
1942-1965	24	15.7%
1966-1974	9	0.1%
1975-1999	25	17.2%
2000-2008	9	-3.6%
2009-2025	17	15.7%

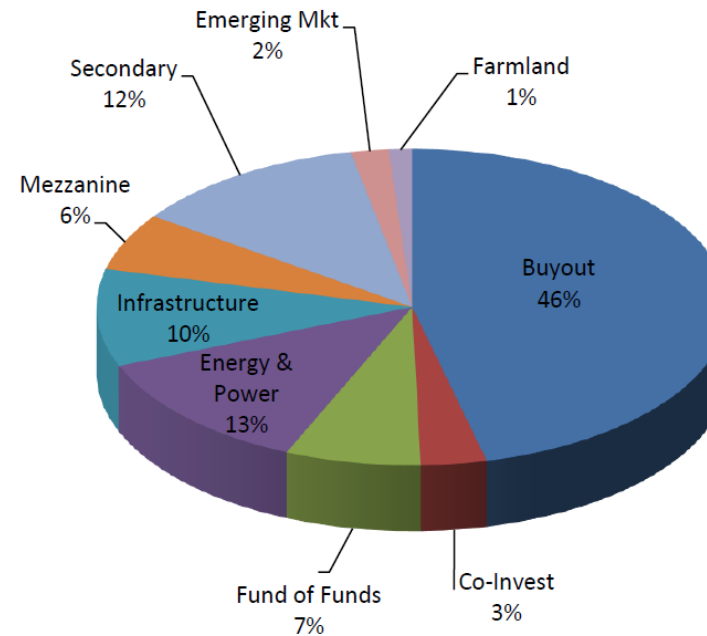
Private Equity

Committed vs. Funded

Committed
\$3.664 Billion



Funded
\$2.596 Billion



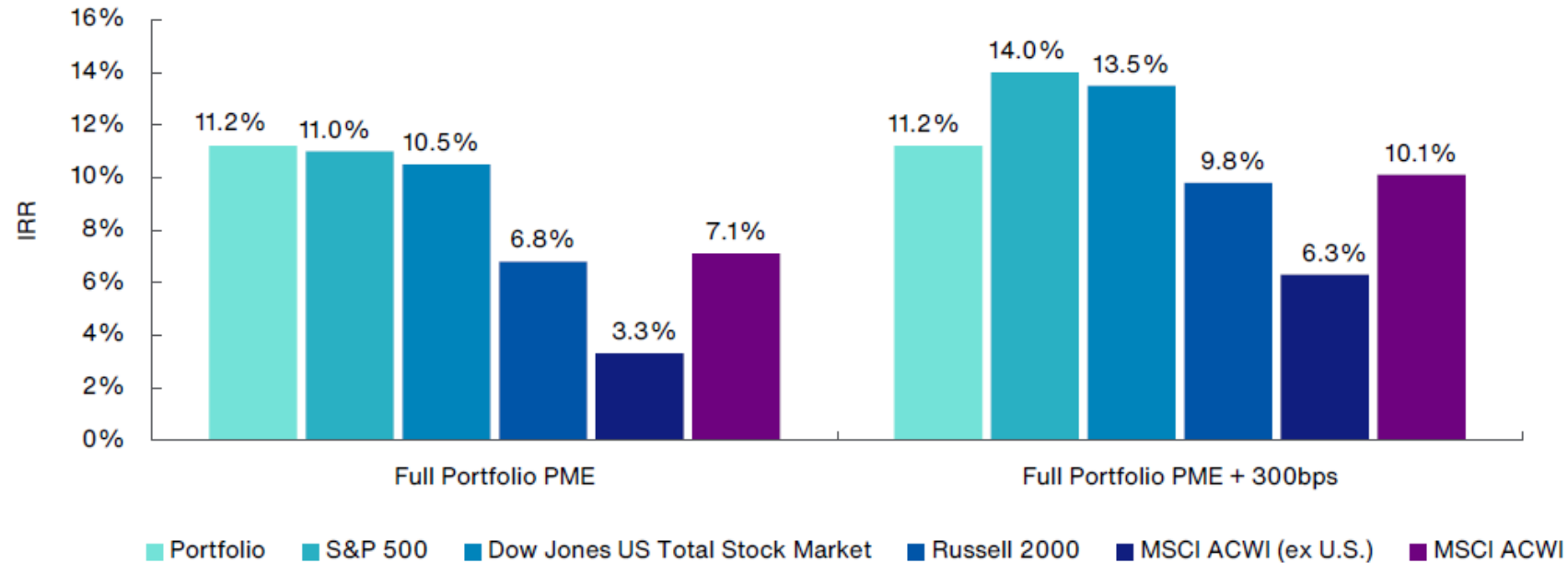
Does not include TRS Special Situations, Real Estate or Timber Portfolios

Private Equity

Performance vs. Public Market Equivalents

Public Market Comparison Performance by IRR

As of Jun 30, 2024

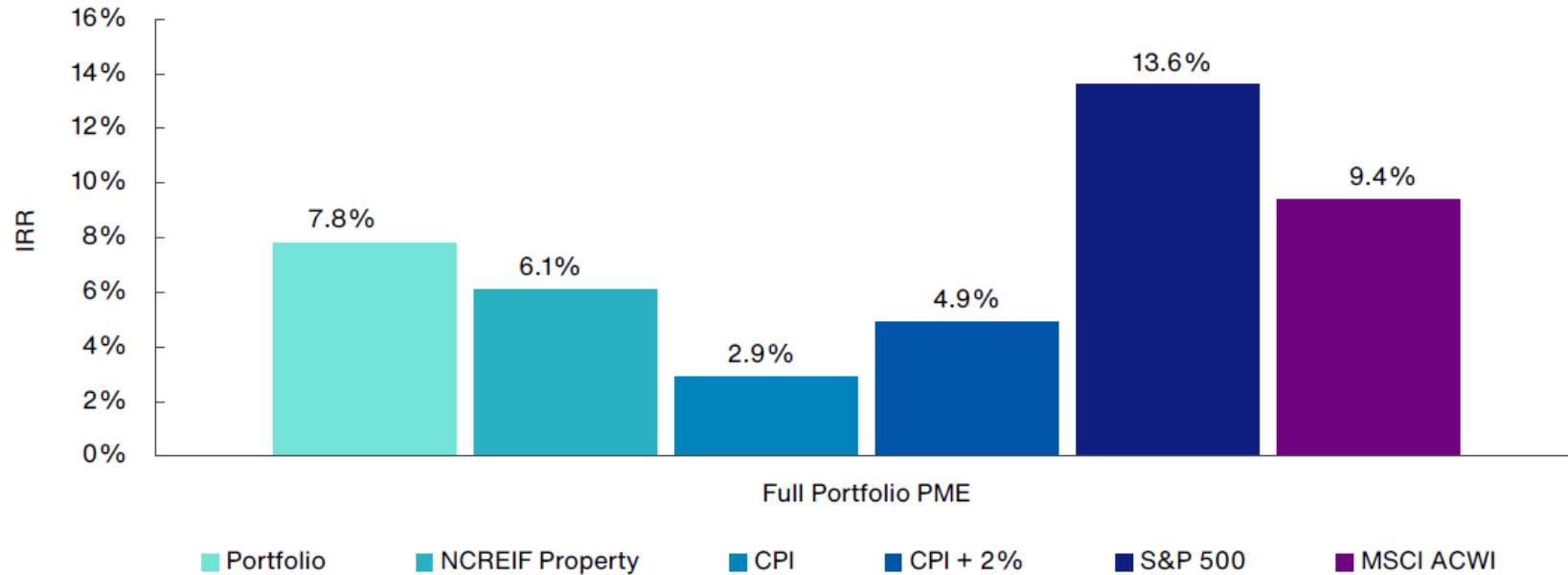


- The chart above shows a Public Market Equivalent (PME) analysis for the TRS private equity portfolio using a variety of public market benchmarks, including both domestic and international indices.

Real Estate

Performance vs. Public Market Equivalents

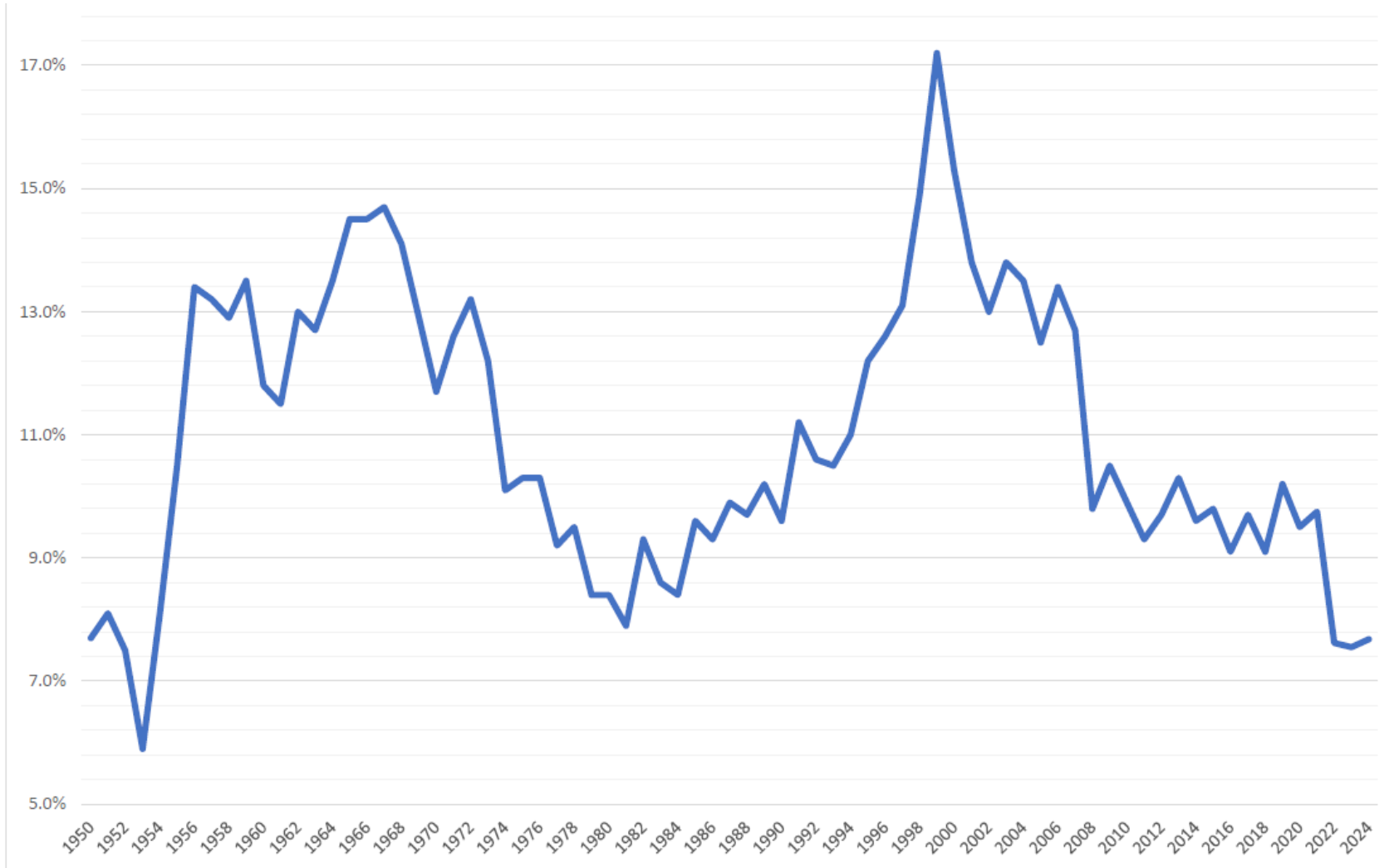
Public Market Comparison Performance by IRR
As of Jun 30, 2024



- The chart above shows a Public Market Equivalent (PME) analysis for the TRS real estate portfolio using a variety of public market benchmarks, including the NCREIF Property and CPI +2% benchmarks.

Annualized Return

S&P 500 Rolling 25-Year Periods



Three Valuation Case Studies

9/30/1987

S&P 500 Price	321.83
S&P 500 EPS	14.38
EPS Growth =	7.00%
S&P 500 P/E	22.39
S&P 500 Earnings Yield	4.47%
30 Year US Treasury Yield	9.75
Breakeven Year	20

12/31/1999

S&P 500 Price	1469
S&P 500 EPS	50.08
EPS Growth =	7.00%
S&P 500 P/E	29.34
S&P 500 Earnings Yield	3.41%
30 Year US Treasury Yield	6.48
Breakeven Year	18

Three Valuation Case Studies

11/7/2025

S&P 500 Price	6728
---------------	------

S&P 500 EPS	262
-------------	-----

EPS Growth =	7.00%
--------------	-------

S&P 500 P/E	25.68
-------------	-------

S&P 500 Earnings Yield	3.89%
------------------------	-------

30 Year US Treasury Yield	4.70
---------------------------	------

Breakeven Year	8
----------------	---

Value of a Dollar

Value of \$1 From Year One to Year 16

2009-2025 Bull Market	Average of 1942 and 1975 Bull Markets
\$12.24	\$12.22



Our Members Come First!

800-618-1687

**8 a.m. – 5 p.m. ET
Monday – Friday**

info@trs.ky.gov

<https://trs.ky.gov>

Protecting & Preserving Teachers' Retirement Benefits

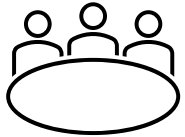
KNOW YOUR Rx[®]

Pharmacy Benefit Optimization



KNOW YOUR Rx[®]

Pharmacy Benefit Optimization



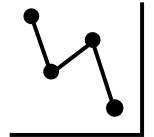
Purchasing Collaborative



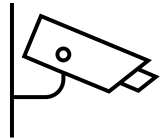
Pharm-Assist



Benefit Design



Custom Reporting



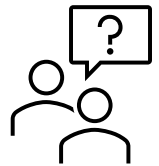
Fraud, Waste, & Abuse
Surveillance



Legislative Insight



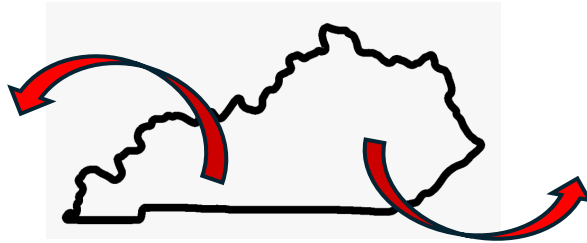
Pharmacogenomics



Customer Service

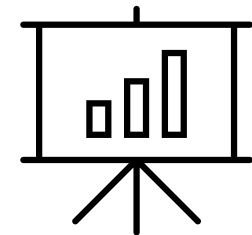
Mission

KYRx was born out of University of Kentucky as a means to extend efficiency of managing prescription benefits to other non-profit, public entities in the commonwealth (and beyond) through pharmacist provided clinical and benefit guidance.



Vision

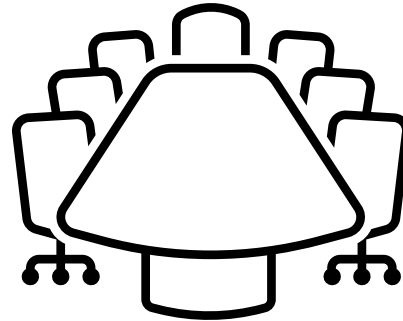
- Facilitate the cost-effective provision of prescription medication delivery to patients.
- Optimize prescription benefit plan design and utilization by patients
- Discover financial savings for participating entities
- Institution of best pharmacy benefit practices across the country



Structure and Guidance

KYRx is governed by a board of the coalition members that convene quarterly

- 1 Chairperson _(UK) / 3 Permanent Members _(TRS of KY, ECU, UofL) / 3 At Large _(3 year term)
- Board meetings present the opening for members to engage and review the performance of the KYRx.
- Voting items such as operational strategies and budget items provide an opportunity for members voice to be heard and count



Structure and Guidance

KYRx is staffed by pharmacist with vast experience in the retail pharmacy setting
This provides them the tools to treat the patients with understanding and allows them to have insight when assisting other pharmacists in the field



Prescription Benefit Structure and Operations



- Public Sector / Non-Profit
- Self Funded (ASO)
- Directly contract with the PBM
- Each groups retains their autonomy and decision making freedom
 - Copay Strx, Formulary, Network, Fertility, Weight Loss, Disease Management, Enhanced Benefit, etc...
- Combined volume of lives brings significant purchasing power leading to inherent savings to the plan.
 - 2025 1H Savings by TRS of KY on Drug costs alone: **\$4.7MM**
 - ROI for Coalition Participation: **13:1**

Coalition Membership

Services Offered to Patients and Clients	Coalition Membership
Additional unique clinical resources including management of <i>Pharm-Assist</i> offering	✓
Support to PBM account service model	✓
Fundamental advocacy for clients and members	✓
Day-to-day operational support	✓
Strategic planning and partnership	✓
Pharmacogenomics	✓
Custom Exclusion List	✓
PBM contract management	✓
Implementation	✓
RFP, Market Check, and Audit Funding	✓

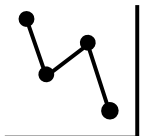
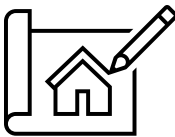
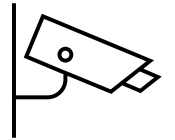
A Continuous Process: Data & Decision Analysis

Monthly Review of Data

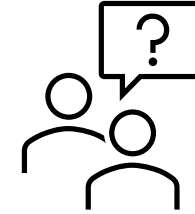
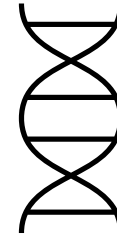
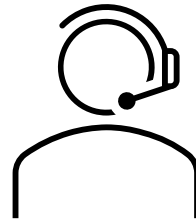
- Early detection of trends, unusual activity
- Opportunity to respond quickly to mitigate costs
- Share discovery/opportunities with all Coalition Entities

Ongoing Support

- Changes in the market
- Clinical program availability
- Changes in plan requirements that present decision points
- Legislative monitoring



Know Your Rx Patient Services



Outreach

- Annual
 - Formulary Changes
 - Plan Design Changes
- Monthly
 - Members with Copay > \$XX
 - Members Using Non-Preferred Drugs
 - Claims of “Interest”

Inbound Contacts

- Daily
 - Clinical Questions
 - Customer Service
 - General Benefit Info
 - Prior Auth Assistance

Ad Hoc

- PBM Program Offerings
- PBM Program Changes
- New Drugs to Market
- CEM Review

In-Person Support

- KRTA Workshops
- Local Presentations
- Patient Resources and Handouts
- Large Stage Presence with PSHCRT

Teachers' Retirement System of KY
Prescription Benefit

Prescription Benefit Structure	Retail Pharmacy	Express Scripts Mail Order Pharmacy (90 day supply)
Deductible**	\$100	N/A
Medications	(Tier 1)	
Preferred Generic Drugs	(Tier 2)	20%
Preferred Brand/Generics Drugs	(Tier 3)	20%
Non-Preferred Drugs	(Tier 4)	50%
Specialty Drug or Accrued (limited to 30 day fill)	NA	\$1.33 Generic/\$4.66 Brand
Maximum Out of Pocket		\$2,100

Deductible: The deductible is \$100 and resets every January 1. It only applies to the prescriptions filled at the retail pharmacy. Copay for medications filled through mail order pharmacy will not count towards the deductible at the retail pharmacy.
Tags: This refers to where the medication falls on the formulary. The tier level of a specific medication can be found on the formulary or by calling Know Your Rx Pharmacy Condition.
Out of Pocket Tag: Please notice the difference in coverage from retail pharmacy and mail order. The retail benefit is priced as a percentage of the drug cost so therefore it will change with the market price of the drug. The price at the mail order pharmacy is fixed.
Mail Order vs. Retail: When filling Express Scripts mail order, factors are usually cost and need a medication right as obtain the medication at the time to begin the medication as Second, most pain medication while in the deductible plus comparison to completing mail order about mail order pharmacy for any and all as long as their pharmacy is licensed. Some medication in 30 day supplies. The % Express Scripts Accrued tag and \$4.66 for brand specific medication or for further in Maximum Out of Pocket - capped at \$2,100 for the 44 medications totals \$2,100, network pharmacy. This is vitamins/supplements, not

Teachers' Retirement System of KY
Prescription Benefit

What Card... for what...?

Humana
Humana Medicare Advantage Plan
Effective 1/1/2025
Expect to receive card December 2025

Usually presented at doctors' appointments, hospital admissions, or ER visits. Present this information to your pharmacist for:
Vaccines - Flu, Pneumococcal, & COVID
Diabetic Testing Supplies
Brands: AccuChek, Dexcom, FreeStyle, True Metrix
Supplies: Test Strips, Lancets, Meters
Does NOT include: Needles, Pen needles, insulin

Present this card to your pharmacist, or go through Express Scripts Home Delivery, for most of your prescription medication needs:

Express Scripts
Maintenance Medications
- Antibiotics
- Vaccines - [View all vaccine info](#)
- Shingles (Shingrix)
- Typhoid (Injectable)
- Hepatitis A Vaccine (HepA)
- Hepatitis B Vaccine*
- RVZ
- Insulin
- Pen needles
- Meningitis B
- TB
- Yellow Fever
- MMR

Present this information to your pharmacist for...
Pharmacist administered COVID Tests
Currently this is the only situation to show the Red White and Blue Medicare card

Know Your Rx

Patient Services – By the Numbers

2025 - YTD

Member Communications

- 36k Member communications and interactions such as phone, email, letters, and fax and medication reviews
- 5,340 inbound calls = **25 calls per day from TRS of KY Members**

In-Person Patient Support

- 14 KRTA Workshops across the Commonwealth
- 2 Local Chapter Meeting

What are we talking about?

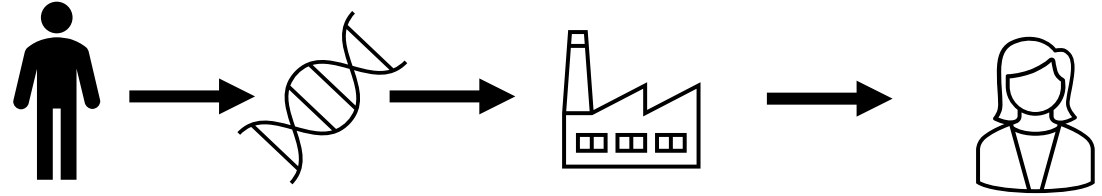
- Drug Information – **191**
- Therapeutic Intervention – **786**
- Rx Renewal/Logistic Assistance – **771**
- Mail Order Issues – **349**
- General Rx Benefit Information – **4,126**

Patient Savings

- Annual Projection of **\$425K** savings provided directly to the members by utilizing lower cost options and/or maximizing their benefit.

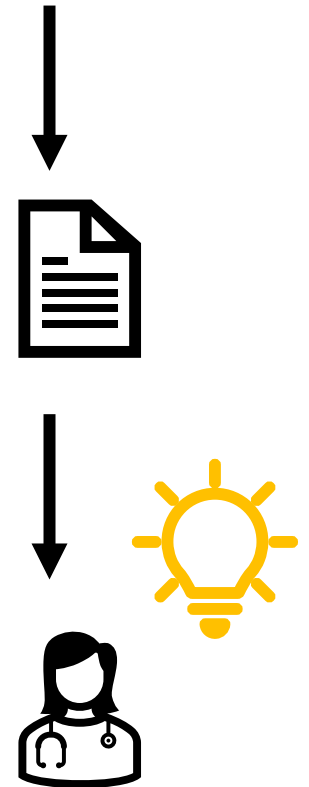
Know Your Rx Patient Services

**KNOW
YOUR Rx**
Pharmacy Benefit Optimization



- **Pharmacogenomics**

- Started in 2017, pilot for 300 invited members that has blossomed into over 13,000 genetic interpretations and reviews
- Published a keystone paper that is utilized by many other Pharmacogenomic institutions as proof of concept and support to run their own program.
- Program has provided a positive ROI that has provided millions of dollars in savings through medical cost avoidance.



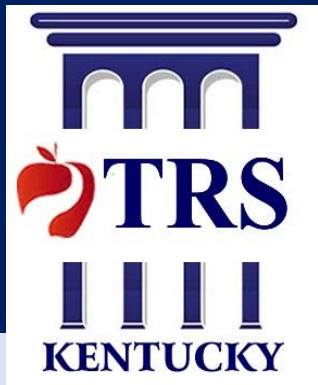
Know Your Rx & TRS of KY



- The relationship between TRS of KY and KYRx has been a prime example of teamwork to serve the members of the community that have served us.
- TRS has been a platform of innovation for plan sponsors and for the members that benefit from all the great offerings.
- KYRx will continue to support the TRS of KY group in its entirety

Thank you for your time, support and partnership

Any Questions?



Teachers' Retirement System of the State of Kentucky

Fiduciary and Ethics Overview

Nov. 24, 2025

Gary L. Harbin, CPA
Executive Secretary

Fiduciary Overview

Fiduciary training helps fiduciaries understand:

- What is a fiduciary?
- Sources and standards of fiduciary duties

What is a Fiduciary?

- Highest duty in law
- Undivided loyalty — Trustees must discharge duties solely in interest of plan participants and beneficiaries and for exclusive purpose of providing benefits to them.
- Trustees should avoid any conflict of interest in which the trustee's interests conflict with interests of plan participants and beneficiaries.

Sources of Fiduciary Duty

Federal Law	Common Law
State Law	Plan and Plan- Related Documents

Fiduciaries have a duty to administer a plan in good faith in accordance with law and its written plan documents and procedures.

Fiduciary Duty in Brief

General Conduct

1. Honesty and Duty of Full Disclosure — Trustees must disclose any material fact that could influence in any way the trustee's decisions, actions or willingness to make decisions or to take action. Abstain from votes where trustee has a conflict.
2. Avoiding Appearance of Impropriety — “Front Page Test”
3. Due Care — The standard is: “What would a prudent public pension plan trustee do?”

Fiduciary Duty in Brief

Specific Duties Owed to Plan Participants and Beneficiaries

1. Providing due process.
2. Informing about the plan.
 - Summary plan description, newsletters, website and social media.
3. Protecting the fund.
 - Preventing incursions into fund for political objectives.
 - Requesting actuarially sound contributions to fund.
 - Requiring and collecting contributions when due.
4. Investing solely to provide legal benefits to plan participants and beneficiaries.
 - Trustees do not have to be investment experts. They do need to feel assured that they have employed competent investment staff and managers with adequate checks and safeguards.

Ethics Standards

Ethics training helps trustees understand:

- Duties under Code of Conduct for Members of a Pension Scheme Governing Body
- Kentucky Executive Branch Code of Ethics
- Teachers' Retirement System of the State of Kentucky (TRS) statutes and policies

Ethics Duties

Duties Under Code for Members of Pension Governing Body

CODE OF CONDUCT
FOR MEMBERS OF A
PENSION SCHEME
GOVERNING BODY



CFA Institute

Ethics Duties

Duties for Trustees Under Code of Conduct

1. Act in good faith and in the best interest of the scheme participants and beneficiaries.
2. Act with prudence and reasonable care.
3. Act with skill, competence and diligence.
4. Maintain independence and objectivity by, among other actions, avoiding conflicts of interest, refraining from self-dealing and refusing any gift that could reasonably be expected to affect their loyalty.
5. Abide by all applicable laws, rules and regulations, including the terms of the scheme documents.
6. Deal fairly, objectively and impartially with all participants and beneficiaries.
7. Take actions that are consistent with the established mission of the scheme and the policies that support that mission.
8. Review on a regular basis the efficiency and effectiveness of the scheme's success in meeting its goals, including assessing the performance and actions of scheme service providers, such as investment managers, consultants and actuaries.
9. Maintain confidentiality of scheme, participant, and beneficiary information.
10. Communicate with participants, beneficiaries, and supervisory authorities in a timely, accurate and transparent manner.

Executive Branch Code of Ethics

Statement of Public Policy

Prohibited Conflicts of Interest

When to Abstain

Prohibited Acts

Acceptance of Gifts

Statements of Financial Disclosure

Executive Branch Code of Ethics

Statement of Public Policy

The public policy of the commonwealth requires that:

- A public servant must be independent and impartial;
- Decisions and policies must be made through the established processes of government;
- A public servant should not use public office to obtain private benefits; and
- The public has confidence in the integrity of its government and public servants.

(KRS 11A.005)

Executive Branch Code of Ethics

Prohibited Conflicts of Interest

No public servant, by himself or through others, shall knowingly use or attempt to use his influence:

- In any matter that involves a substantial conflict between a personal/private interest and duties in public interest;
- To obtain financial gain
- To secure or create privileges, exemptions, advantages or treatment for himself or others in derogation of the public interest at large.

(KRS 11A.020)

Executive Branch Code of Ethics

When to Abstain

Some guidelines for determining whether to abstain:

- Does a personal interest create a substantial threat to independence of judgment;
- Is participation likely to have any significant effect on the disposition;
- Will the decision affect the public servant differently from the public or differently from others in similar positions (i.e., jobs);
- A public servant may request an advisory opinion from the Executive Branch Ethics Commission in accordance with the commission's rules of procedure.

(KRS 11A.030)

Executive Branch Code of Ethics

Prohibited Acts

Examples:

- Knowingly disclosing or using confidential information gained in duties.
- Knowingly undertaking, bidding on, negotiating, or enjoying any agreement or purchase made or awarded by the agency where the public servant is employed or supervises for himself or a business where he owns at least 5%.
- Knowingly accepting compensation, other than that provided by law, for performance of official duties without the prior commission approval.
- Violating employment restrictions.
- Lobbying and representation restrictions for one year.

(KRS 11A.040)

Executive Branch Code of Ethics

Acceptance of Gifts

Generally, Board Governance Manual says gifts should be avoided.

The Executive Branch Code provides:

“No public servant ... shall accept any gifts ... totaling more than \$25 in a calendar year from any person or business that does business with ... the agency in which the public servant is employed or which he or she supervises”

Not included: Gifts from family, campaign donations or prizes available to public.
(KRS 11A.010(5))

BUT: Even if otherwise allowed, gifts are a problem if made quid pro quo.

(KRS 11A.045)

Executive Branch Code of Ethics

Statement of Financial Disclosure

Each officer, each public servant listed in KRS 11A.010(9)(a) to (g), and each candidate shall file a statement of financial disclosure with the commission.

(KRS 11A.050)

TRS Conflict of Interest Statute

No trustee or employee of the board shall:

1. Have any interest, direct or indirect, in the gain or profits of any investment or transaction made by the board;
2. Use any TRS assets except to make payments authorized by the board;
3. Become endorser, surety or obligor for money loaned to or borrowed from board;
4. Have a contract with TRS individually or through a business;
5. Use his or her official position with TRS to obtain a financial benefit;
6. Use confidential TRS information to further personal economic interests; or
7. Generally, hold outside employment with any person or business that he or she has involvement as part of TRS position.

(KRS 161.460)

Policy & Form

BOARD GOVERNANCE MANUAL

APPENDIX 7 CONFLICT OF INTEREST AND CONFIDENTIALITY POLICY

INTRODUCTION

1. Adoption of Conflict of Interest and Confidentiality Policy

Pursuant to the provisions of KRS 161.250, the Board of Trustees (board) of the Teachers' Retirement System of the State of Kentucky (TRS) is vested with the responsibility for the general administration and management of the retirement system. The Board may adopt procedures necessary to conduct the business of the retirement system as needed. The law shall control if any inconsistency exists between the law and this policy.

2. Statement of Conflict of Interest and Confidentiality Policy

TRS recognizes the need to maintain the public's confidence and trust in the integrity of TRS and the Commonwealth of Kentucky. Individuals associated with TRS must not engage in activities that have the potential to become a conflict of interest in their association with TRS. Likewise, individuals associated with TRS must not release information about TRS or any of its members that would breach any duty to protect such information. TRS recognizes the need to establish procedures to prevent such conflicts or breaches.

3. Purpose

The purpose of this Conflict of Interest and Confidentiality Policy is to: establish which individuals are subject to TRS's conflict of interest provisions; establish the specific standards of conduct with regard to conflict of interest; establish standards with regard to the confidentiality of information; and establish procedures for obtaining written conflict of interest statements and confidentiality agreements from certain individuals.

4. Procedures Regarding Conflicts of Interest and Confidentiality

A. Application of Policy

- 1) This policy shall apply to all individuals who have a statutory, contractual or working relationship with TRS.
- 2) Individuals affected by this policy shall include, but are not limited to:
 - a) Employees of TRS;
 - b) The board;
 - c) Independent contractors of TRS;

- d) Vendors of TRS;
- e) Employees or Officers of the Commonwealth of Kentucky providing legal or expert advice at the request of TRS; and
- f) Any person acting in a fiduciary capacity for TRS.

B. Standards of Conduct Regarding Conflicts of Interest

- 1) Individuals have an obligation to diligently identify, disclose, avoid and manage conflicts of interest.
- 2) Potential conflicts of interest exist when an individual or an individual's family member is directly or indirectly financially impacted, by a decision made by TRS in which the individual has a financial interest.
- 3) Individuals and their family members should not be involved in any agency doing business with TRS for financial or other transaction with TRS, without full disclosure and satisfaction of interest in accordance with the Executive Branch Code of Ethics provided in KRS Chapter 11A.
- 4) Individuals should not be involved in the decision-making process of TRS as a member of their family as defined by the Executive Branch Code of Ethics provided in KRS Chapter 11A.
- 5) Individuals should not conduct business or participate in any agency in which the individual or family member has a financial interest.
- 6) Individuals should not accept campaign contributions, services or other compensation under any contract, without full disclosure and satisfaction of interest in accordance with the Executive Branch Code of Ethics provided in KRS Chapter 11A.
- 7) Individuals must avoid all conduct that in any way creates a conflict of interest with TRS or that the individual is using his or her position with TRS for political or private interest.
- 8) Individuals not covered by the conflict of interest statute must not violate any conflict of interest statute or other transaction with a trustee or other officer of TRS.

C. Standards of Conduct Regarding Confidentiality

- 1) Individuals associated with TRS may be granted access to confidential information in the course of being a TRS employee, board member or contractor.
- 2) This information may include, but is not limited to, investment trade data; individual member information, including but not limited to, Social Security numbers, names, addresses, phone numbers, birth dates, beneficiaries, health insurance information, member numbers; documents; records; programs; files; scientific or technical information; and other information made available to individuals for purposes of completing their obligations to TRS.
- 3) These individuals have a duty to keep confidential the information to which they are granted access as a result of their association with TRS.
- 4) TRS and these individuals shall also recognize that confidential member information is protected under KRS 161.585.

5. Written Statements of Conflict of Interest and Confidentiality

- A. On an annual basis, the Executive Secretary, Deputy Executive Secretaries, Chief Investment Officer, Director of Investment Strategies, Chief Financial Officer, the members of the board, independent contractors, vendors of TRS and other persons identified in Section 2 (2) shall file a written conflict of interest statement on the form(s) provided by TRS and adopted by the Board of Trustees.
- B. Upon proposal for contract and continuing on an annual basis, any independent contractors and vendors of TRS shall file a written confidentiality agreement on the form provided by TRS and adopted by the Board of Trustees. This form may be amended to conform to specific needs of the individual vendor or contractor as deemed necessary by general counsel or designee.
- C. Other employees of TRS also may be requested to file a written conflict of interest statement as needed or requested by the board.
- D. An individual who abstains from involvement in an official decision because of a personal or private interest must disclose that fact in writing to the executive secretary.

6. Ethics and Confidentiality

Individuals as set forth above shall conform to the Executive Branch Code of Ethics with regard to conflicts of interests as set forth in KRS Chapter 11A and this policy. Individuals as set forth above shall conform to the confidentiality requirements of KRS 161.585.

Conflict of Interest Statement

External Service Provider

TEACHERS' RETIREMENT SYSTEM OF THE STATE OF KENTUCKY

EXTERNAL SERVICE PROVIDER CONFLICT OF INTEREST STATEMENT

I, _____, in my role as _____
for the Teachers' Retirement System of the State of Kentucky
(TRS), recognize the need to maintain the public's confidence and trust in the integrity of TRS
and the Commonwealth of Kentucky.

I understand that I have the obligation to diligently identify, disclose, avoid and manage conflicts
of interest that may arise through my relationship with TRS.

I will conduct my activities with TRS so that I do not advance or protect my own interests or the
private interests of others with whom I have a relationship, in a way that is detrimental to the
interests of TRS.

In every instance in which I am acting on behalf of TRS, I will conduct my activities in a manner
to best promote the interests of TRS.

I agree not to attempt to influence TRS in disregard of the public interest at large.

In all matters where an official decision must be made that may favorably or detrimentally
impact my own financial interests or the financial interests of other individuals or organizations
with whom I have a relationship, I will reveal that relationship and abstain from involvement in
the official decision.

When a conflict of interest arises, or when a potential conflict of interest arises, I will disclose
that conflict or potential conflict to my contact person at TRS and seek resolution of that issue.

I agree not to violate any conflict of interest statute or principle by the performance of my duties
with TRS. I will not engage directly or indirectly in any financial or other transaction with a
trustee or employee of TRS that would violate the standards of the Executive Branch Ethics
provisions, as set forth in KRS Chapter 11A.

Agreed this the _____ day of _____, 20__.

Signature

Name

Title

Company

Read, sign & return to TRS

Conflict of Interest Statement

Board of Trustees and Employees

Read, sign & return to TRS

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

**BOARD OF TRUSTEES AND EMPLOYEES
CONFLICT OF INTEREST STATEMENT**

I, _____, in my role as _____
for the Teachers' Retirement System of the State of Kentucky
(TRS), recognize the need to maintain the public's confidence and trust in the integrity of TRS
and the Commonwealth of Kentucky.

I understand that I have the obligation to diligently identify, disclose, avoid and manage conflicts
of interest that may arise through my relationship with TRS.

I will conduct my activities with TRS so that I do not advance or protect my own interests or the
private interests of others with whom I have a relationship, in a way that is detrimental to the
interests of TRS.

In every instance in which I am acting on behalf of TRS, I will conduct my activities in a manner
to best promote the interests of TRS.

I agree not to attempt to influence TRS in disregard of the public interest at large.

In all matters where an official decision must be made that may favorably or detrimentally
impact my own financial interests or the financial interests of other individuals or organizations
with whom I have a relationship, I will reveal that relationship and abstain from involvement in
the official decision.

When a conflict of interest arises, or when a potential conflict of interest arises, I will disclose
that conflict or potential conflict to the TRS Executive Secretary, or his or her designee, and seek
resolution of that issue.

I agree not to violate any conflict of interest statute or principle by the performance of my duties
with TRS. I will not engage directly or indirectly in any financial or other transaction with a
trustee, employee of TRS or any other person or organization that would violate the standards of
the Executive Branch Ethics provisions, as set forth in KRS Chapter 11A.

Agreed this the _____ day of _____, 20__.

Signature

Name

Title

Summary

The provisions of the Executive Branch Code of Ethics and the TRS Conflict of Interest statute provide base guidelines for conduct. As always, it is important to be mindful that TRS needs to avoid not only any actual impropriety, but also even the appearance of impropriety. Just because the code or statute may not prohibit something does not mean that it is OK.



Our Members Come First!

800-618-1687

**8 a.m. – 5 p.m. ET
Monday – Friday**

info@trs.ky.gov

<https://trs.ky.gov>

Protecting & Preserving Teachers' Retirement Benefits