

Kentucky Teachers' Retirement System



Gary L. Harbin, CPA
Executive Secretary

Information for
KRTA
Workshops



Fall 2013

AGENDA...

1

**System
Statistics**

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•
•

2

**Investments
&
Legislation**

•
•

3

**YOUR
Defined
Benefit
Group Retirement
Plan**

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How **BIG** is KTRS Today?



**Membership of
OVER 140,250**

**OVER 15,000
Eligible to Retire**



**OVER 47,050
Receive a benefit
from KTRS**



<u>YEAR</u>	<u>RETIREEES</u>
2000	1,390
2001	1,284
2002	1,443
2003	1,089
2004	1,341
2005	1,167
2006	1,099
2007	971
2008	1,348
2009	993
2010	1,189
2011	1,139
2012	1,405
2013	1,354

Rate of Retirements

*Number of
retirements in
the months of
June & July*

1

*System
Statistics*

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-
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2

**Investments
&
Legislation**

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-

3

*YOUR Defined
Benefit Group
Retirement Plan*

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THE BOARD OF TRUSTEES

Are the Fiduciaries of the System

Members Elect the Seven Trustees to a Four-Year Term on the Board.



DR. TOM
SHELTON
Chair, Lexington



LAURA
ZIMMERMAN
Vice Chair, Lexington



ARTHUR
GREEN
Elkton



HOLLIS
GRITTON
Union



DR. JAY
MORGAN
Murray



RONALD L.
SANDERS
Hodgenville



RUTH ANN
SWEAZY
Taylorsville



TODD HOLLENBACH
State Treasurer



DR. TERRY HOLLIDAY
*Commissioner of the Dept.
of Education*

The Structure of the KTRS Investment Committee ...

- Exceeds current industry standards.
- Is leading “Best Practices” for Investment Committee Structure.
- Has been recommended for use in other States.



INVESTMENT PERFORMANCE

KTRS RETURNS

FISCAL YEAR ENDED JUNE 30, 2013

1-Year

14.1%

3-Year

12.4%

30-Year

8.3%



Over the last 5 years KTRS
returns have been in the
“TOP 7%”
of public pension plans
in the nation.

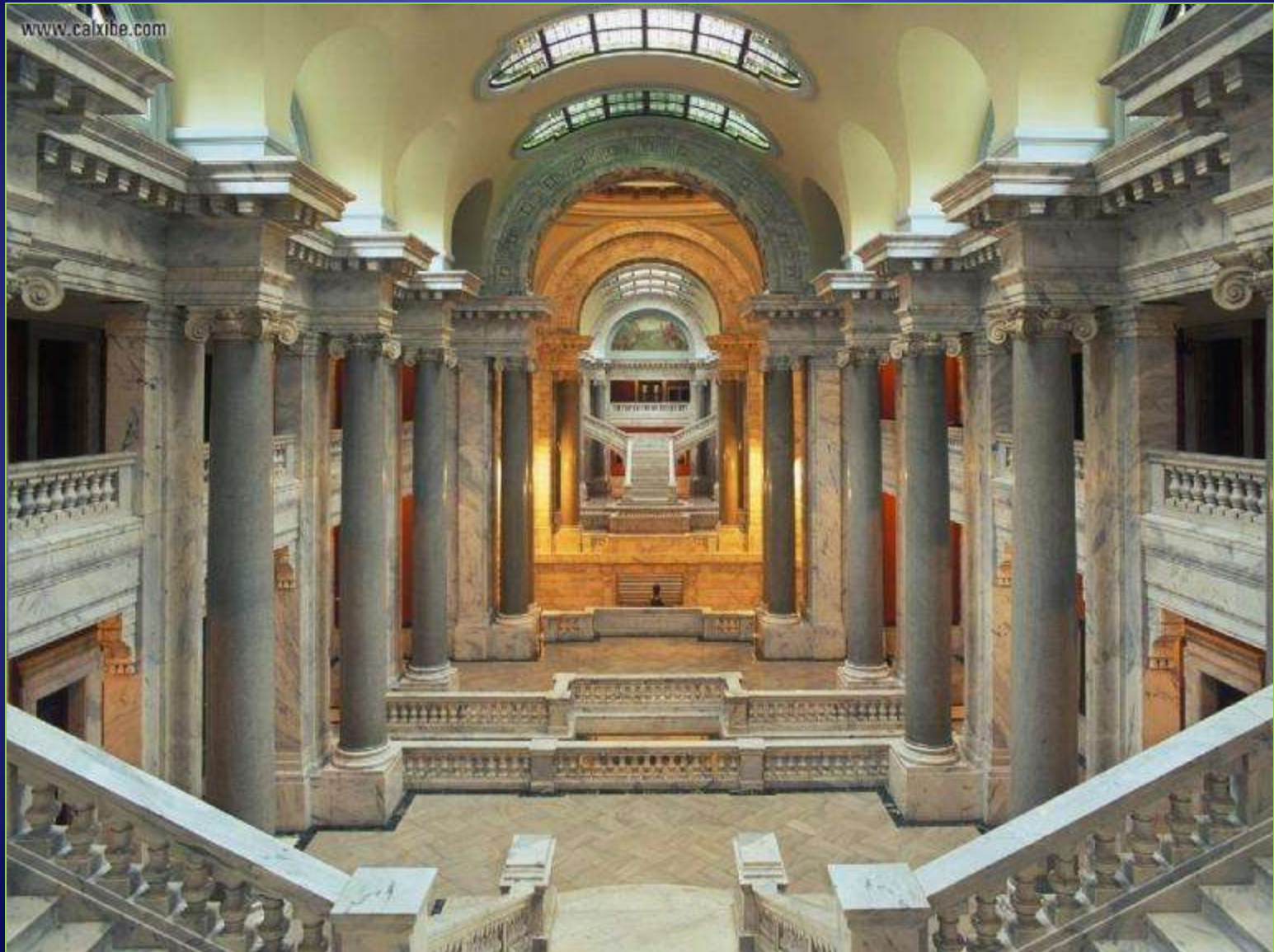
Recap of Actuarial Status of the System

as of June 30, 2012

In Millions of Dollars

<u><i>Pre-funded</i></u>	Assets	Liabilities	Unfunded	Percent
RETIREMENT Benefit Fund	14,691.4	26,973.9	12,282.5	54.5%
<u><i>Pre-funded*</i></u>	Assets	Liabilities	Unfunded	Percent
MEDICAL Benefit Fund	338.7	3,594.5	3,255.8	9.4%

What is the Focus for the 2014 Legislative Session?



KENTUCKY TEACHERS' RETIREMENT SYSTEM

Schedule of Budget Requests

Fiscal Year	Retirement Plan			Medical Plan					
	Requested	Paid	Not Paid	Permitted	Transition Funding	Ky Shared Responsibility	Paid	Total	Cumulative
FY 1998-99				30,600,000				30,600,000	30,600,000
FY 1999-00				32,600,000				32,600,000	63,200,000
FY 2000-01				75,300,000				75,300,000	138,500,000
FY 2001-02				77,600,000				77,600,000	216,100,000
FY 2002-03				58,400,000				58,400,000	274,500,000
FY 2003-04				33,800,000				33,800,000	308,300,000
FY 2004-05				27,400,000	29,169,700		29,169,700	27,400,000	335,700,000
FY 2005-06					62,294,800		62,294,800	-	335,700,000
FY 2006-07	0.11%	3,174,600	3,174,600	-	73,000,000		73,000,000	-	335,700,000
FY 2007-08	1.32%	38,965,900	38,965,900	-	125,000,000		125,000,000	-	335,700,000
FY 2008-09	1.88%	60,499,800	-	60,499,800	133,400,000		133,400,000	-	335,700,000
FY 2009-10	2.46%	82,331,200	-	82,331,200	134,200,000		134,200,000	-	335,700,000
FY 2010-11	3.59%	121,457,000	-	121,457,000	138,700,000	7,200,000	145,900,000	-	335,700,000
FY 2011-12	5.81%	208,649,000	-	208,649,000	108,100,000	14,400,000	122,500,000	-	335,700,000
FY 2012-13	7.27%	260,980,000	-	260,980,000	78,000,000	28,500,000		106,500,000	442,200,000
FY 2013-14	8.02%	299,420,000	-	299,420,000	45,900,000	38,700,000		84,600,000	526,800,000
FY 2014-15					-	51,200,000			
FY 2015-16					-	61,300,000			
				335,700,000	927,764,500		825,464,500	526,800,000	

KTRS is the Safety Net for K-12 Teachers

96% of KTRS members cannot participate in
Social Security.

*KTRS must be funded to secure this
safety net for teachers.*





**Retired teachers have a significant economic impact
in every county in Kentucky.**

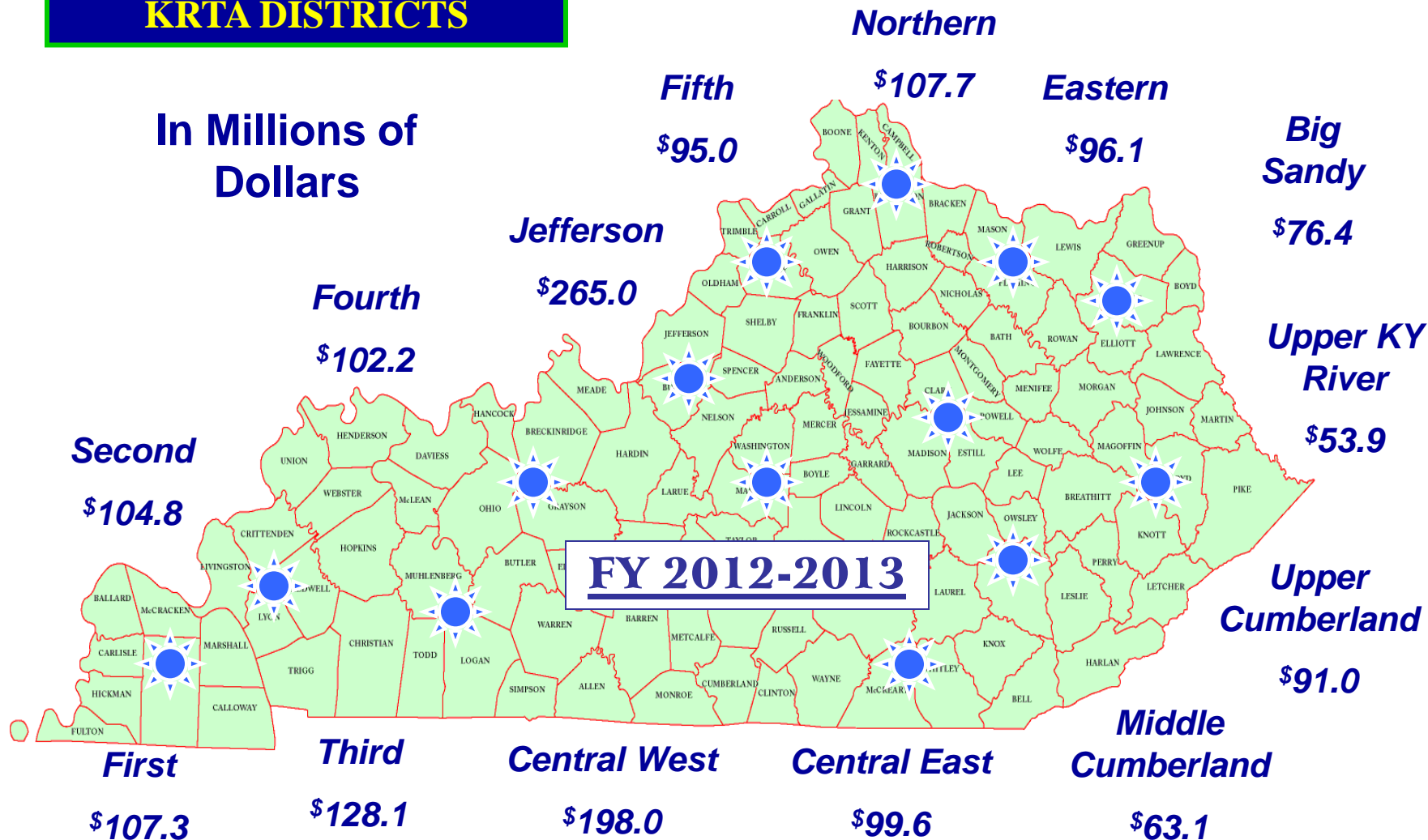
- **KTRS pays monthly (*July 2013*):**
 - \$136.9 million in retirement annuity benefits.
 - \$20.5 million in medical benefits.
- 48,214 retirees, beneficiaries & survivors.
- 90% of KTRS retirees live in Kentucky.



Retired teachers have a significant economic impact in every county in Kentucky.

KRTA DISTRICTS

In Millions of
Dollars



Retired Teachers Have a Significant Economic Impact All Across Kentucky

FY 2012/2013

Congressional District 3

\$ 265,033,692

6,353 Recipients

Congressional District 4

\$ 236,206,082

6,369 Recipients

Congressional District 1

\$ 266,929,622

7,453 Recipients

02

06

04

05

03

01

Congressional District 2

\$ 250,355,446

6,768 Recipients

Congressional District 6

\$ 273,033,106

7,747 Recipients

Congressional District 5

\$ 302,831,627

8,720 Recipients

**As Teachers, you
gave so much of
yourself during your
career ...**





You
EARNED YOUR
Retirement ...

And for this
reason...funding the
Kentucky Teachers'
Retirement System should
be a top priority of the
State.

1

*System
Statistics*

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YOUR
**Defined
Benefit**
*Group Retirement
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&
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Kentucky Teachers' Retirement System



The KTRS Defined Benefit “Group Retirement” Plan guarantees you a **LIFETIME** benefit.



KTRS provides “Retirement Security”
for Kentucky’s educators.

What Does it Mean to Have a **DB** or **DC** Plan??

Defined Benefit “Group Retirement” Plan (DB)

Example: **KTRS** DB Plan

- *Investments professionally managed for you.*
- *Disability, Survivor & Health Insurance benefits available.*
- *Payout based on set formula.*
- *Guaranteed lifetime benefit!!*



Defined Contribution “Individual Savings” Plan (DC)

Example: 401(k) Plan

- *Investment individually managed by you.*
- *Benefits depend on investment performance.*
- **NO** *guarantee of lifetime benefit.*



**Based on a
study conducted
in January 2013,
The top five
focuses of
today's retirees
are ...**



KTRS Responds to Concerns of Today's Retirees ...



1. HEALTH



2. MONEY

**LIFETIME
BENEFIT**

3. FAMILY



4. HOME



5. GUIDANCE



ADVICE • ASSISTANCE • SUPPORT

**KTRS has done the financial planning for you and
your association with KRTA offers you resources
for life planning!**

For Your Retirement Security ...

- ✓ The **Inviolable Contract** protects your KTRS Pension.
- ✓ **Shared Responsibility** protects your Medical Benefit.





Your on-line access for ...

A screenshot of the Pathway login page. The page has a dark red background with a faint image of a building. In the top left corner, there is a logo with a red apple and the text "KENTUCKY TEACHERS' RETIREMENT SYSTEM" and "PATHWAY". On the right side, there are two input fields: "USERNAME:" and "PASSWORD:". Below these fields is a "LOGIN" button. The entire screenshot is framed by a gold border.

Retired Members

Active Members

Employers

thank
you!



KTRS

+

KRTA

Working Together =

Great Accomplishments!

Over
40,000
RETIRED
MEMBERS

You are each one vote.
Our strength is in our numbers.

Over
75,000
Active
Members!

**Contact your Representative and Senator ...
YOU DO make a difference!**

Let your
voice
be
heard



E-MAILS
PERSONAL VISITS
LETTERS
PHONE CALLS



Teachers' Retirement System
of the State of Kentucky

*Our Members
Come First!*

1.800.618.1687

502.848.8500

www.ktrs.ky.gov

Protecting & Preserving Teachers' Retirement Benefits