

1 AN ACT relating to actuarial analysis on retirement bills.

2 ***Be it enacted by the General Assembly of the Commonwealth of Kentucky:***

3 ➔Section 1. KRS 6.350 is amended to read as follows:

4 (1) A bill which would increase or decrease the benefits or increase or decrease
5 participation in the benefits or change the actuarial accrued liability of any state-
6 administered retirement system shall not be reported from a legislative committee of
7 either house of the General Assembly for consideration by the full membership of
8 that house unless the bill is accompanied by an actuarial analysis.

9 (2) (a) An actuarial analysis required by this section shall show the economic effect
10 of the bill on the state-administered retirement system over a twenty (20) year
11 period, including:

- 12 1. An estimate of the effect on the unfunded actuarial accrued liabilities
13 and funding levels of the affected systems; and
- 14 2. A projection of the annual employer costs to the systems of
15 implementing the legislation over the **thirty (30)**~~twenty (20)~~ year
16 period. The annual employer cost projection shall include the effect on
17 the contributions of participating employers as a percentage of total
18 payroll and in total dollars of contributions.

19 (b) If a bill affects more than one (1) state-administered retirement system, the
20 actuarial analysis shall project costs for each affected state-administered
21 retirement system.

22 (c) A statement that the cost is negligible or indeterminable shall not be
23 considered in compliance with this section. If a cost cannot be determined by
24 the actuary in accordance with paragraph (a) of this subsection, then the
25 systems shall certify in writing:

- 26 1. The estimated number of individuals affected;
- 27 2. The estimated change in benefit payments;

1 3. The estimated change to employer costs; and

2 4. The estimated change to administrative expenses.

3 (d) An actuarial analysis shall state the actuarial assumptions and methods of
4 computation used in the analysis and shall state whether or not the bill or
5 resolution, if enacted, would, in the opinion of the actuary, make the affected
6 state-administered retirement system actuarially unsound or, in the case of a
7 system already actuarially unsound, more unsound. Actuarial cost methods
8 and assumptions that meet actuarial standards of practice established by the
9 Actuarial Standards Board shall be used in all cost projections.

10 (e) An actuarial analysis required by this section shall be prepared by an actuary
11 who is a fellow of the Conference of Consulting Actuaries or a member of the
12 American Academy of Actuaries.

13 (f) 1. If the General Assembly is not in session, and a member has pre-filed
14 a bill in accordance with KRS 6.245, a request for an analysis
15 required by this section shall not be transmitted to any state-
16 administered retirement system by the Legislative Research
17 Commission for completion by the system's actuary unless authorized
18 by the Speaker of the House of Representatives in the case of bills pre-
19 filed by House members or the President of the Senate in the case of
20 bills pre-filed by Senate members. The authorization shall be made on
21 a standardized form established by the director of the Legislative
22 Research Commission.

23 2. If the General Assembly is in session, the state-administered retirement
24 system or its consulting actuary shall not begin completion of an actuarial
25 analysis required by this section until the director of the Legislative
26 Research Commission or his or her designee notifies the state-administered
27 retirement system that a filed bill has been posted in committee under the

1 rules of the House or will be on a Senate committee agenda for a date
 2 certain.

3 (3) (a) An actuary commissioned to make an actuarial analysis that is required by this
 4 section, or for the purpose of seeking appropriations for a state-administered
 5 retirement system, shall include in the analysis a complete definition of each
 6 actuarial term used in the analysis and, either in the analysis or in a separate
 7 actuarial valuation report made available as a public record, an enumeration
 8 and explanation of each actuarial assumption used to complete the actuarial
 9 analysis.

10 (b) If the actuary commissioned to complete the actuarial analysis is relying upon
 11 assumptions that have not been previously established by the actuary in an
 12 actuarial valuation of the affected state-administered retirement system, the
 13 actuary shall clearly note and describe the new assumption and the basis for
 14 selecting the assumption.

15 (4) The actuarial analysis required by this section ~~shall be completed~~;

16 (a) Shall be completed by the actuary retained by the affected state-administered
 17 retirement system. The state-administered retirement systems shall provide the
 18 analysis without cost to the General Assembly; ~~and~~

19 (b) Shall be provided in a uniform format established by the Legislative
 20 Research Commission; and

21 (c) Shall include on the front page, a summary of relevant data from the
 22 analysis, including but not limited to:

23 1. The total nominal dollar savings or costs over the thirty (30) year
 24 period;

25 2. The net present value of saving or costs over the thirty (30) year
 26 period; and

27 3. The estimated change in the normal cost, if applicable.

1 (5) For purposes of this section, the terms:

2 (a) "State-administered retirement system" shall include:

3 1. The Kentucky Employees Retirement System, the County Employees
4 Retirement System, and the State Police Retirement System
5 administered by the Kentucky Retirement Systems and established under
6 the provisions of KRS 16.505 to 16.652, 61.510 to 61.705, and 78.510
7 to 78.852;

8 2. The Kentucky Teachers' Retirement System established under KRS
9 161.220 to 161.716;

10 3. The Judicial Retirement Plan established under KRS 21.345 to 21.580;
11 and

12 4. The Legislators' Retirement Plan established under KRS 6.500 to 6.577;
13 and

14 (b) "Funding level" means the actuarial value of assets divided by the actuarially
15 accrued liability expressed as a percentage.