

**2018-19 LEGISLATIVE PROGRAM**  
(Adopted by the Delegate Assembly – April 24, 2017)

**INTRODUCTION**

As KRTA members work to preserve the Teachers' Retirement System of Kentucky (TRS) these points are important to remember.

- Retired teachers are not covered by Social Security. There is no financial safety net for Kentucky's retired teachers.
- TRS was established in 1938 because Kentucky's retired teachers were not permitted by the Social Security Administration (SSA) to participate in the Social Security program.
- Approximately 52,000 retired teachers, beneficiaries and survivors receive annuity payments each month. Over 89% of these recipients live in Kentucky.
- Over \$1.55 million in annuity payments are distributed monthly providing a significant positive economic impact on all of Kentucky's local communities. Historically, approximately 70% of these payments come from TRS' diverse, conservative investment earnings.
- All public school educators must participate in TRS.

**ITEM I: SUPPORT LEGISLATION THAT WOULD IMPROVE THE ACTUARIAL SOUNDNESS OF TRS.**

**COMMENT:** The 2018-19 biennial budget should contain the full Annual Required Contribution (ARC).

**ITEM II: MAKE NO FURTHER CHANGES TO THE TRS BOARD OF TRUSTEES AS IT IS PRESENTLY CONSTITUTED AND OPPOSE EFFORTS TO TAKE FIDUCIARY DECISIONS AWAY FROM THE TRS BOARD.**

**COMMENT:** The General Assembly passed SB2 during the 2017 legislative session. SB2 adds two governor appointees to the TRS Board of Trustees. To-date the Board of Trustees, acting as a semi-independent state agency, has a record of 78 years of successful management that is unsurpassed in state government. Presently, TRS is ranked in the top 25% nationally in public pension fund investment returns. The current trustee election process has served the best interest of Kentucky's public school teachers and retirees for many years with marked success. The Board of Trustees (a majority of whom are elected by active and retired teachers) employs experienced, competent investment consultants to advise them on all matters pertaining to investments and its fiduciary responsibilities.

**ITEM III: MAINTAIN TRS AS A DEFINED BENEFIT GROUP RETIREMENT PLAN FOR ALL KENTUCKY PUBLIC SCHOOL TEACHERS.**

**COMMENT:** A retiree cannot outlive his/her pension under a Defined Benefit (DB) Group Retirement plan, unlike a Defined Contribution (DC) Individual Savings account even with a Social Security safety net. Since Kentucky's retired teachers do not have a Social Security safety net, it is vital that our DB group retirement plan continue. Also, research shows that DC plans are as much as 46 percent more costly than DB plans.

**ITEM IV: PROMOTE FULL FUNDING OF TRS' ANNUITY AND MEDICAL INSURANCE FUNDS.**

**COMMENT:** Full funding in a timely manner is required to keep the annuity fund in sound fiscal condition. Maintaining the medical insurance fund per HB 540 (Shared Responsibility [enacted in 2010]) requirements is essential to the financial well being of our members. TRS members are meeting their Shared Responsibility (HB 540) obligations. The Shared Responsibility plan is a national model for retiree health care funding.

**ITEM V: OPPOSE STATE TAX REFORM LEGISLATION THAT UNFAIRLY BURDENS KENTUCKY'S PRIVATE AND PUBLIC SECTOR RETIREES.**

**COMMENT:** Cutting retirement income by raising the amount of retirement income (all income over \$15,000) subject to state income tax, or reducing tax exemptions or increasing tax rates on Social Security income would be ill-timed and would be unfairly burden Kentucky's current retirees, who have no time to pivot their retirement strategy.

**ITEM VI: SUPPORT LEGISLATION REQUIRING LONG-TERM CARE (LTC) INSURANCE CARRIERS TO SUBMIT RATE INCREASES TO THE ATTORNEY GENERAL, AS WELL AS THE DEPARTMENT OF INSURANCE, AND ALLOW INTERVENTION BY THE ATTORNEY GENERAL.**

**COMMENT:** During the past nine (9) years, the Kentucky Department of Insurance (KDOI) has permitted huge rate increases (i.e., 111%) by long-term care insurance carriers. The increases are intolerable for individuals on fixed incomes. Unlike auto and homeowner policy holders, LTC policy holders do not have an option to change insurance companies. Copies of requests for other insurance proposed rate increases are forwarded to the Attorney General's Office when filed with the KDOI.

**ITEM VII: SUPPORT AN INCREASE IN THE AMOUNTS PAID TO SURVIVORS OF ACTIVE CONTRIBUTING MEMBERS AND DISABILITY RETIREES.**

**COMMENT:** Benefits paid to survivors of active teachers and disability retirees have not been increased for over eight years and have not kept pace with inflation. Special attention should be paid to the plight of teachers who become disabled in the line of duty (i.e., Fred Capps Memorial Act) with fewer than 27 years of service.

**ITEM VIII: OPPOSE EFFORTS AT THE FEDERAL LEVEL TO IMPOSE MANDATORY SOCIAL SECURITY ON TRS MEMBERS AND SUPPORT REPEAL OF THE WINDFALL ELIMINATION PROVISION (WEP) AND THE GOVERNMENT PENSION OFFSET (GPO) PENALTIES.**

**COMMENT:** If TRS contribution rates are reduced by 12.4% so that the combined TRS and social security rate is maintained at the present level, the benefit actuarial formula for active teachers would have to be reduced from 2.5% to less than 1.0%. The result would greatly reduce overall benefits for current and future teacher retirees. The WEP and GPO penalties are particularly harmful to individuals who make a midcareer decision to become a teacher in Kentucky.

**ITEM IX: SUPPORT THE 2018-19 LEGISLATIVE PRIORITIES OF THE NRTA/AARP STATE LEGISLATIVE COMMITTEE AND/OR OTHER GROUPS REPRESENTING SENIOR CITIZENS, WHICH ARE NOT IN CONFLICT WITH THE POSITION OF KRTA.**

**COMMENT:** Supporting issues of particular interest to retired teachers such as retirement security, predatory lending, increased home and community-based health and living services, and long-term care regulations benefit our members.