



# Teachers' Retirement System of the State of Kentucky



**Fall Workshops 2024**

**Gary L. Harbin, CPA**  
Executive Secretary

# Kentucky's Olympic Medals

**GOLD MEDALS**

**SYDNEY MCLAUGHLIN-LEVRONE**  
GOLD - 400M HURDLES  
GOLD - 4x400M RELAY  
TEAM USA

**ALEXIS HOLMES**  
GOLD - 4x400M RELAY  
TEAM USA

**MASAI RUSSELL**  
GOLD - 100M HURDLES  
TEAM USA

**LEE KIEFER\***  
GOLD - WOMEN'S INDIVIDUAL FOIL  
GOLD - WOMEN'S TEAM FOIL  
TEAM USA

**BAM ADEBAYO • ANTHONY DAVIS • DEVIN BOOKER**  
GOLD - 5x5 BASKETBALL  
TEAM USA

\*UK College of Medicine (competed collegiately for Notre Dame)

**UK Olympians**  
MADE HERE



**BAM ADEBAYO • ANTHONY DAVIS • DEVIN BOOKER**  
GOLD - 5x5 BASKETBALL  
TEAM USA

# Behind the Medals

## Every Olympian Had Teachers



Fayette County  
Public Schools

### Alumni Spotlight



**Lee Kiefer**  
Paul Laurence Dunbar High

# Behind the Medals

## Every Olympian Had Teachers



# Doing It Right

## What That Means at TRS



Providing security for Kentucky's retired teachers using a long-term investing process proven and refined over decades to achieve top returns on investments at the lowest costs.

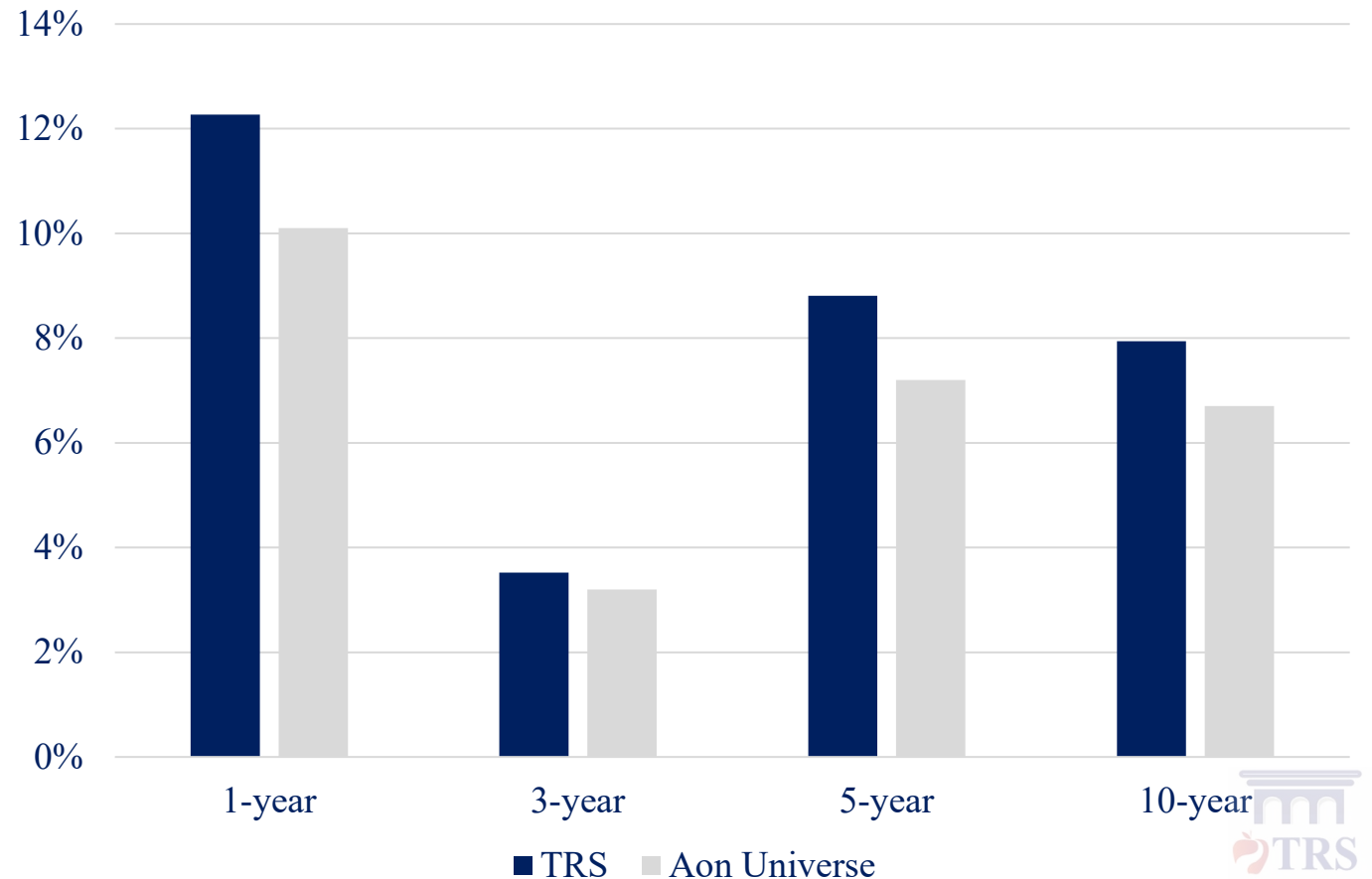


# Investment Performance

## Retirement Annuity Trust Gross Returns as of June 30, 2024

	TRS	Aon Rank
1-year	12.27%	Top 10%
3-year	3.52%	Top 41%
5-year	8.81%	Top 12%
10-year	7.94%	Top 8%
20-year	7.57%	N/A

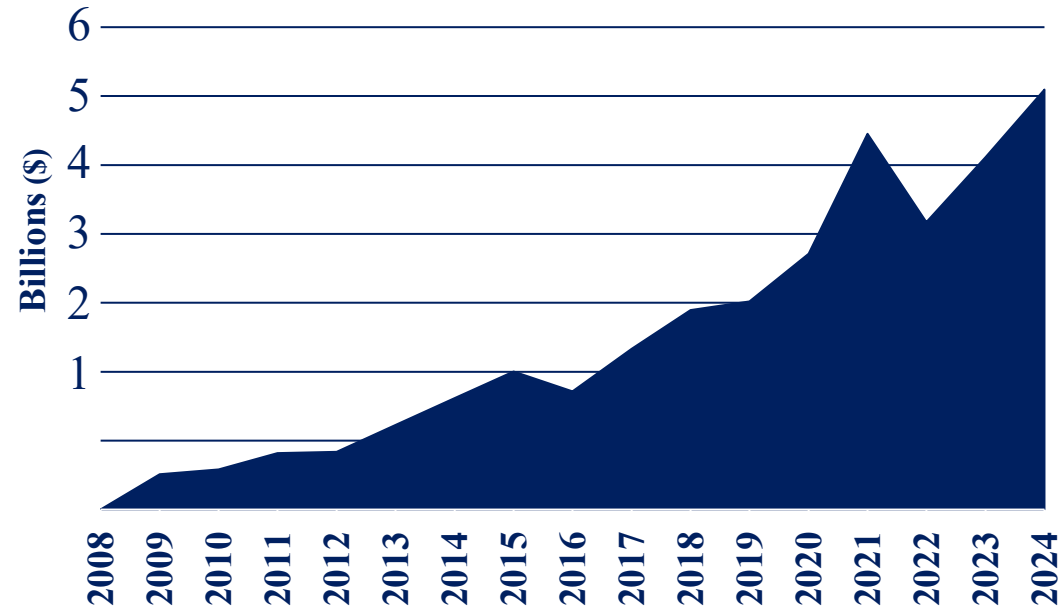
30-year compounded  
8.1%



# Investment Performance

## TRS vs. Average Retirement Plan

Cumulative Outperformance  
2008-2024



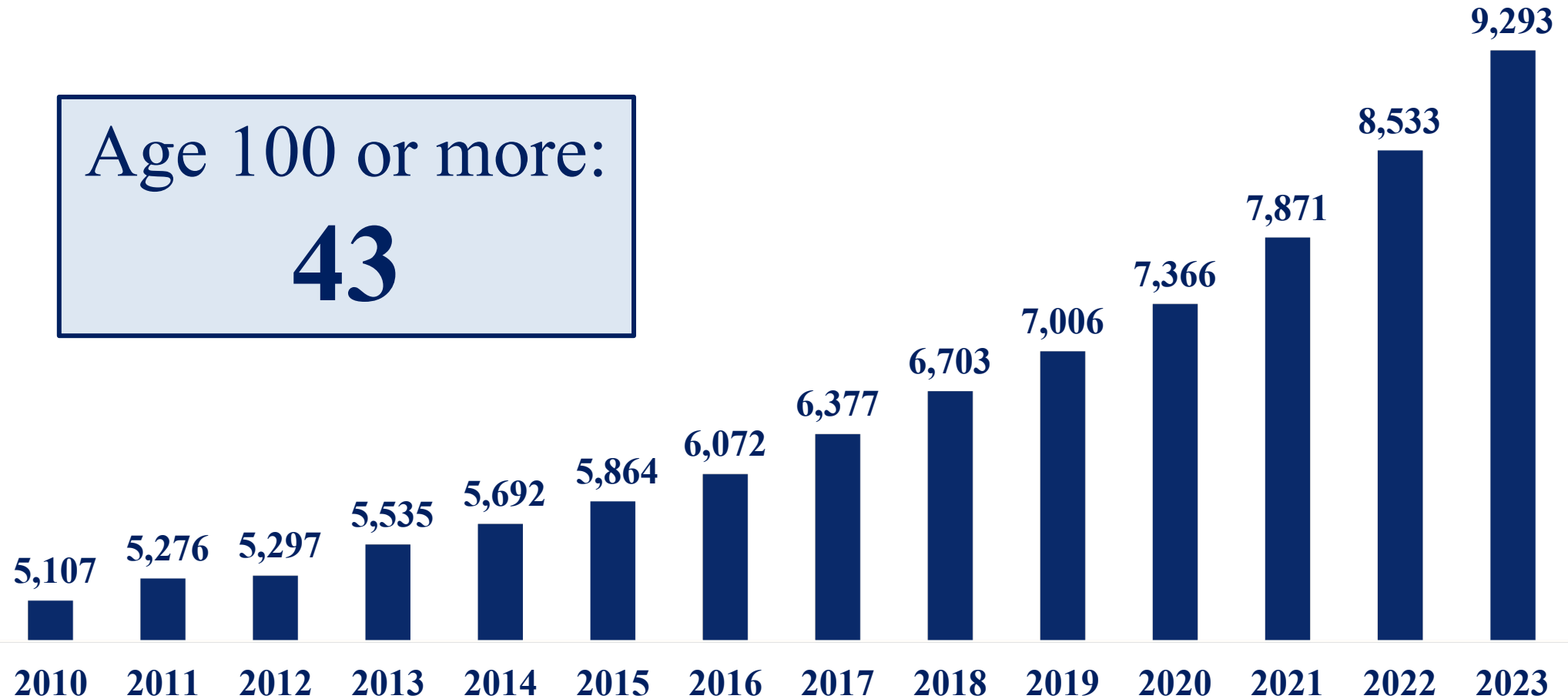
From 2008 to June 2024, TRS investment returns resulted in net assets of \$26.1 billion, compared to the average plan's \$20 billion.

This outperformance generated \$6.1 billion to the benefit of Kentucky's teachers and all taxpayers.

# TRS Benefits Protect Teachers

## Retirees Over 80 as of Dec. 31

Age 100 or more:  
**43**





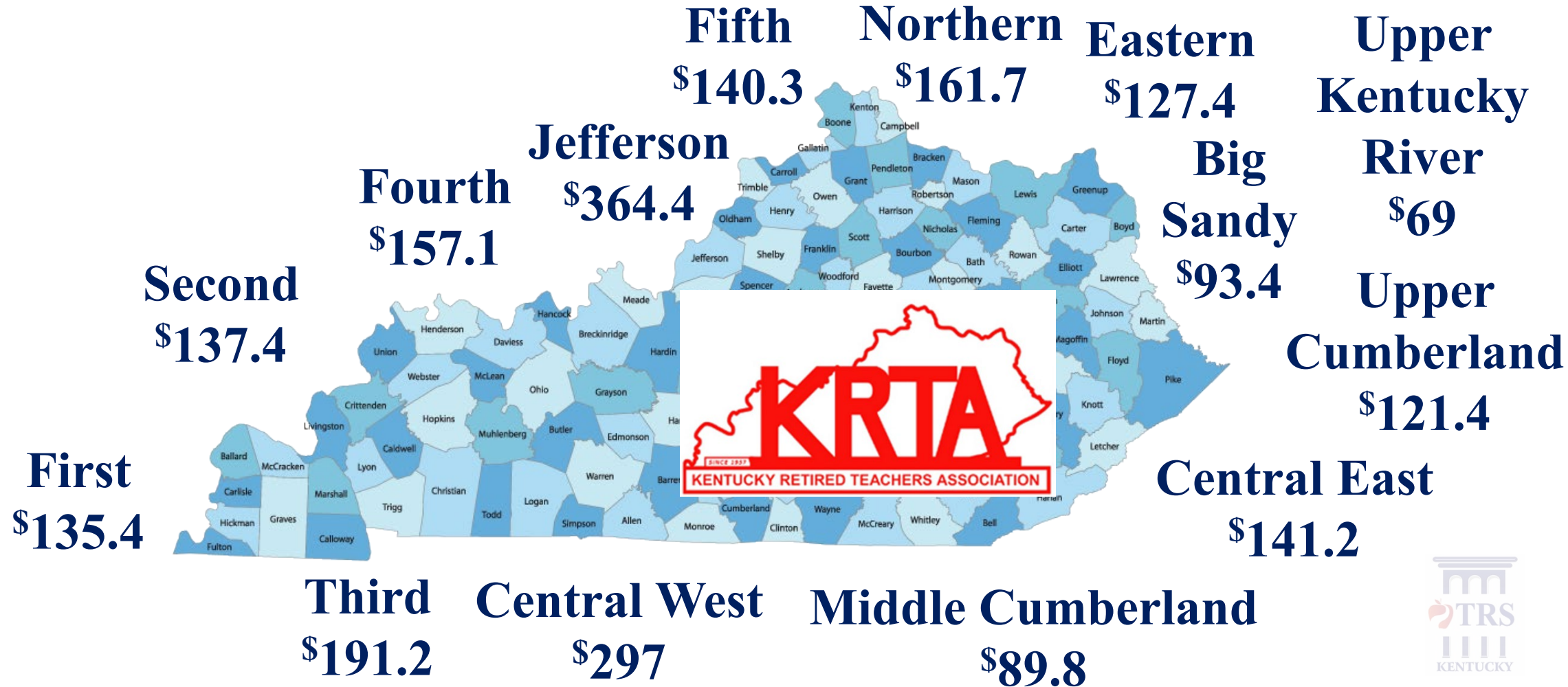
# Retired Teachers Benefit Kentucky

- TRS pays retired teachers:
  - \$211.3 million in retirement annuity benefits (*July 2024*)
  - \$17.1 million in medical benefits (*monthly average*)
- 90% of TRS pension benefits stay in Kentucky
- 87% of TRS retirees live in Kentucky
- \$2.2 billion a year paid into Kentucky's economy because of pension benefits



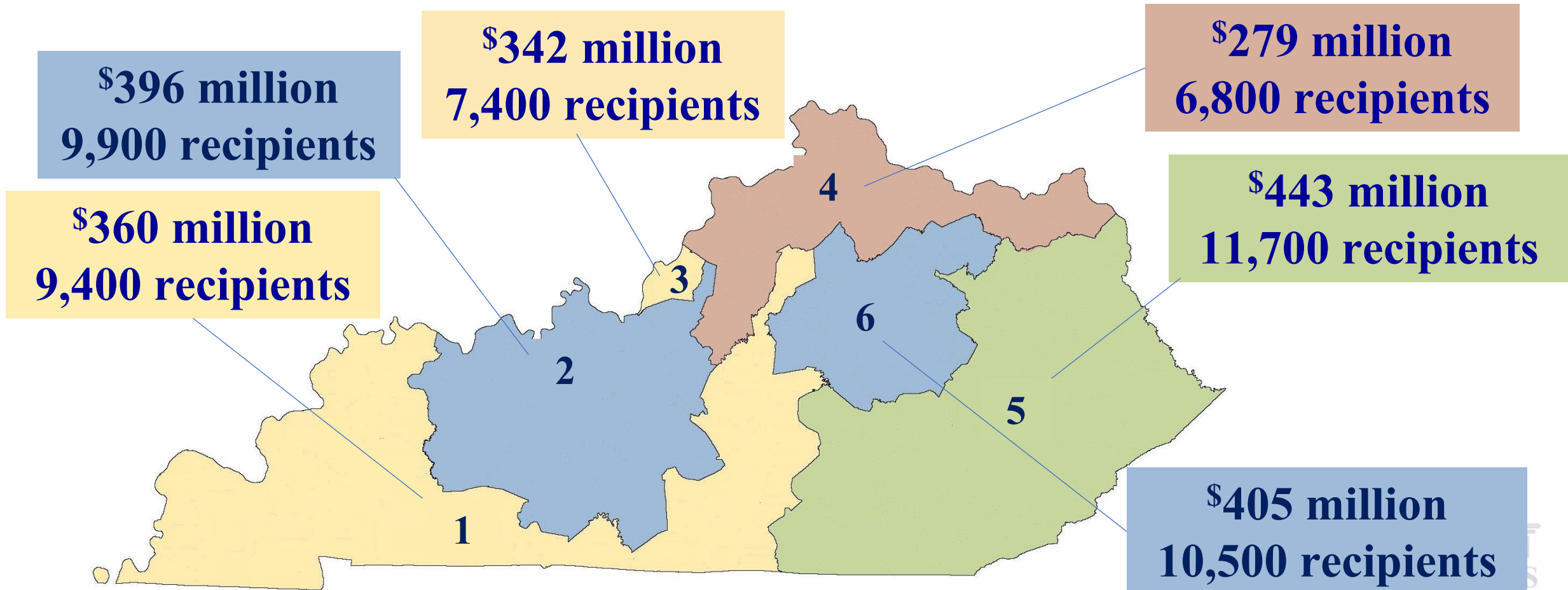
# Retired Teachers Benefit Kentucky

Fiscal Year 2024 Annuity Benefits (in millions) by KRTA District



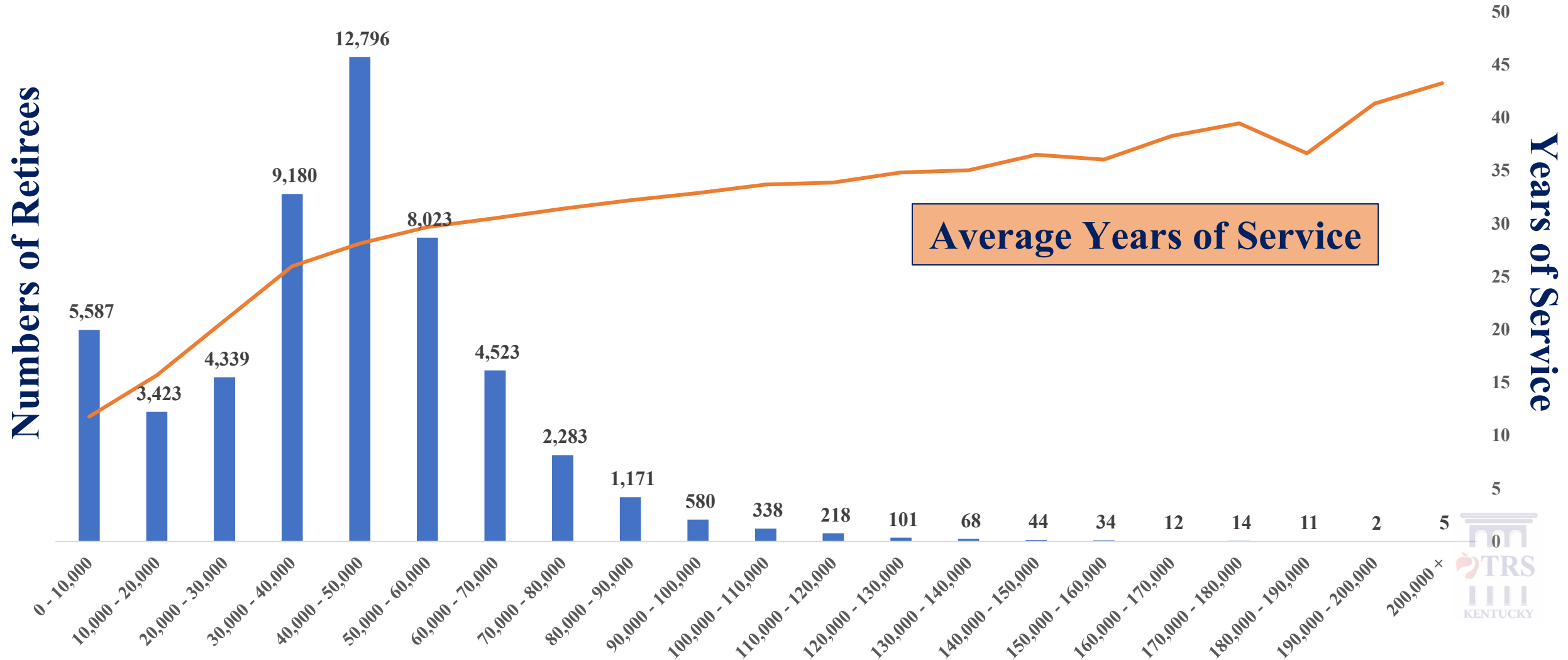
# Retired Teachers Benefit Kentucky

## FY 2024 Annuity Benefits by Congressional District (est.)

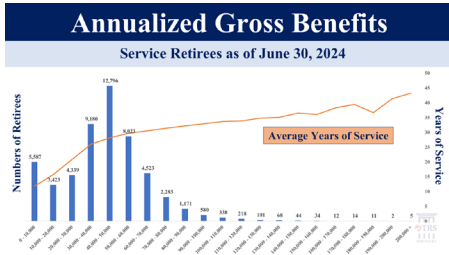


# Annualized Gross Benefits

## Service Retirees as of June 30, 2024



# What the Chart Shows



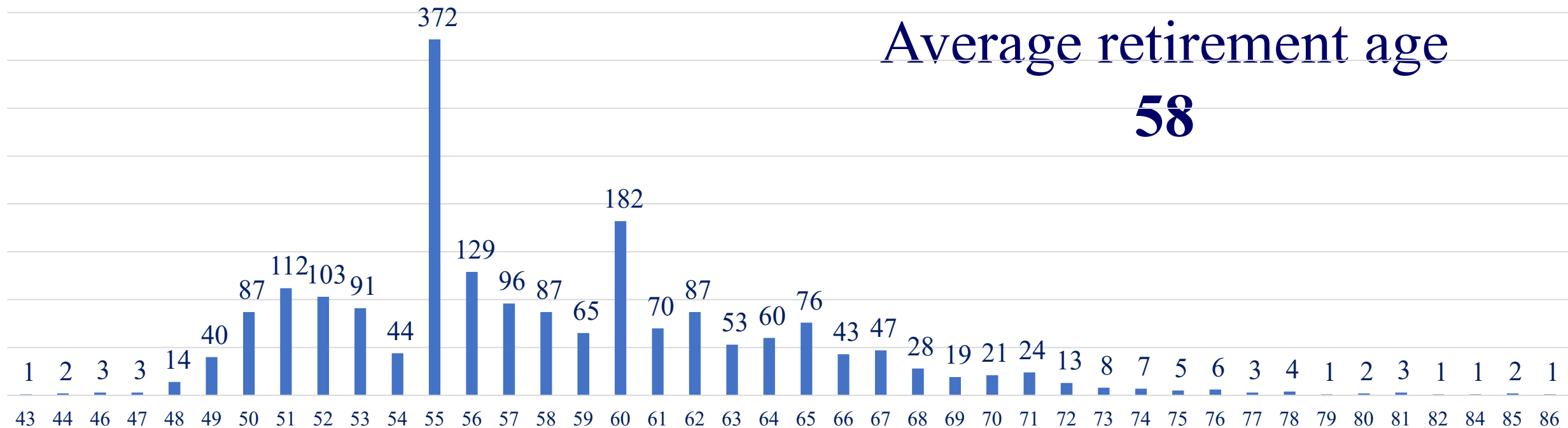
- 82% of retired teachers receive \$60,000 or less
- 1.6% of retirees receive more than \$100,000  
On average worked a *decade* more than retirees receiving \$60,000 or less

*Remember: TRS replaces Social Security*

Note: Excludes disability retirement payments

# Retirees By Age At Retirement

Fiscal Year 2024: 2,016 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 2023 worked 29 years

# Board of Trustees

## Fiduciaries of TRS



**BRENDA  
MCGOWN**  
*Chair, Bowling Green*



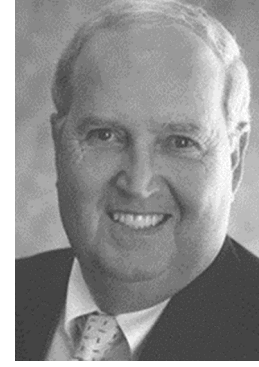
**BEN  
LITTLEPAGE, Ed.D**  
*Vice Chair, Murray*



**PAUL  
BRUCE**  
*Louisville*



**ROBBIE  
FLETCHER**  
*Education Commissioner*



**HOLLIS  
GRITTON**  
*Union*



**MARK  
METCALF**  
*State Treasurer*



**LAURA  
SCHNEIDER**  
*Walton*



**LOUIS  
STRAUB**  
*Louisville*



**JOSH  
UNDERWOOD**  
*Tollesboro*



**ALISON  
WRIGHT**  
*Georgetown*



**VACANT**



# Trustee Elections Each Spring

## By Pathway or Paper

### April

TEACHERS' RETIREMENT SYSTEM  
**PATHWAY**

TRS ID :  
User Name:

**Member Accounts**

- Home Page
- My Accounts
- Benefit Estimates
- Applications

**Related Tasks**

- Personal Information

**Active Member Home**

Welcome to the TRS Member Self Service (MSS). MSS is a secure website where you can view profile. If applicable, you can also perform retirement benefit estimates.

**Alerts & Messages**  
You have 0 new message(s)


**Board of Trustees Election**  
View Ballot and Vote

**Personal Information**

**Member Account**  
View Member Account Details

### May

Please complete the ballot below, tear on perforation and mail. NO POSTAGE NECESSARY.



**OFFICIAL BALLOT**  
Election of Board of Trustees Members per KRS 161.260  
Mail no later than May 31,

This year the membership will be selecting one lay trustee and one active teacher trustee.

**Please vote for ONLY ONE Lay Trustee and ONLY ONE Active Teacher Trustee.**

An extra line is provided if you prefer to vote for a write-in candidate.

**Candidates for Lay Trustee**

- 1.
- 2.
- 3. \_\_\_\_\_

**Candidates for Active Teacher Trustee**

- 1.
- 2.
- 3. \_\_\_\_\_

**TRS OFFICIAL BALLOT NUMBER: 12345**

All contributing members and retirees have the privilege to vote.





# TRS Expenses vs. Other Systems

As of June 30, 2023

	Percentage of Liabilities
<b>TRS Kentucky</b>	<b>0.0357%</b>
Louisiana Teachers	0.0425%
Indiana Public Employees	0.0427%
New Mexico Public Employees	0.0619%
Georgia Employees	0.0650%
Kansas Public Employees	0.0673%
Ohio Teachers Retirement System	0.0708%
Kentucky Public Pensions Authority	0.2326%

# Transparent Low Investment Fees

From Most Recent TRS Annual Report (pages 112-114)

## INVESTMENT SECTION

Retirement Annuity Trust Schedule of Investment Counselor Fees and Administrative Expenses For the Year Ended June 30, 2022	
<b>Investment counselor fees</b>	<b>Alternative investments</b>
<b>Fixed income</b>	Actis Global IV 694,021
Galliard Capital Core Fixed Income 339,347	Alinda Infrastructure II 79,671
Fort Washington Core Fixed Income 314,172	Alpine Investors Co-Investment VIII 624,125
<b>Total fixed income</b> 653,519	AlpInvest Secondaries VII 439,668
<b>Domestic equity</b>	Apax VIII 152,571
Baillie Gifford US Equity Growth 966,083	Apax IX 497,056
Fort Washington Focused Equity 1,948,412	Apax X 603,429
State Street US Premier Growth Equity 800,000	Apax Digital 541,619
Todd Asset Management 999,158	Audax Mezzanine III 33,829
UBS Global Asset Management 2,314,723	Audax Mezzanine IV 131,781
Wellington Management Company 4,362,255	Audax Private Equity IV —
<b>Total domestic equity</b> 11,390,631	Audax Private Equity V —
<b>International equity</b>	Audax Private Equity VI —
Baillie Gifford EAFE 5,018,638	Baillie Gifford Private Companies II 53,804
Barings All Country World ex US 3,038,453	CapitalSouth Partners III —
BlackRock MSCI ACWI Ex US IMI Index 303,039	CapitalSouth Partners IV —
Todd Asset Management 590,842	CapitalSouth Partners V —
UBS All Country World ex US Equity 1,320,000	CapitalSouth Partners VI —
<b>Total international equity</b> 10,180,972	CapitalSouth Partners VII —
<b>Real estate</b>	CapitalSouth Partners VIII —
Angelo Gordon Net Lease Realty III 1,042,154	CapitalSouth Partners IX —
Angelo Gordon Net Lease Realty IV 542,060	CapitalSouth Partners X —
Blackstone Partners VII 190,760	CapitalSouth Partners XI —
Blackstone Partners VIII 455,105	CapitalSouth Partners XII —
Blackstone Partners IX 750,000	CapitalSouth Partners XIII —
Carlyle Realty Partners VI 53,680	CapitalSouth Partners XIV —
Carlyle Realty Partners VII 223,542	CapitalSouth Partners XV —
Carlyle Realty Partners VIII 571,482	CapitalSouth Partners XVI —
Carlyle Property Investors 839,345	CapitalSouth Partners XVII —
Landmark Real Estate Partners VII 132,503	CapitalSouth Partners XVIII —
Landmark Real Estate Partners VIII 457,106	CapitalSouth Partners XIX —
Prudential PRISA 3,305,785	CapitalSouth Partners XX —
Rockwood Capital Real Estate IX 518,557	CapitalSouth Partners XXI —
Rockwood Capital Real Estate X 655,000	CapitalSouth Partners XXII —
Rockwood Capital Real Estate XI 693,075	CapitalSouth Partners XXIII —
TA Realty Core Property 1,559,606	CapitalSouth Partners XXIV —
The Realty Associates X 10,172	CapitalSouth Partners XXV —
The Realty Associates XI 693,046	CapitalSouth Partners XXVI —
The Realty Associates XII 886,040	CapitalSouth Partners XXVII —
<b>Total real estate</b> 13,579,018	CapitalSouth Partners XXVIII —

INVESTMENT SECTION			
KKR Americas XII 253,111	Lord Abbett High Yield Core 332,930		
KKR Health II 649,883	Marathon European Credit Opportunities II —		
Landmark Equity Partners XIV 48,060	Marathon European Credit Opportunities III 1,057,031		
Landmark Equity Partners XV 292,890	Marathon TRS Credit 978,420		
Landmark Equity Partners XVI 500,000	Oaktree European Capital Solutions 334,158		
Lexington Capital Partners VII 21,250	Oaktree European Dislocation 34,325		
Lexington Capital Partners VIII 276,464	Oaktree Opportunities IX 450,458		
Lexington Capital Partners IX 386,657	Oaktree Opportunities X 256,319		
Molpus Lake Superior Timberlands 787,696	Oaktree Opportunities Xb 783,280		
Molpus Seven States 419,495	Shenkman Capital Management 1,208,288		
NGP Natural Resources X 157,652	<b>Total additional categories</b> 7,262,039		
NGP Natural Resources XI 478,505	<b>Total investment counselor fees</b> 58,820,800		
NGP Natural Resources XII 728,482			
Oaktree European Principal III 308,459	<b>Administrative expenses</b>		
Oaktree European Principal IV 748,539	<b>Custodian</b>		
Oaktree European Principal V 592,161	Bank of New York Mellon 705,535		
Oaktree Mezzanine III —	<b>Legal and research</b>		
Oaktree Mezzanine IV 215,628	Ice Miller 102,691		
Oaktree Mezzanine V 106,170	<b>Other</b>		
Public Pension Capital 1,813,979	Other administrative and operational 3,874,572		
Riverstone/Carlyle Energy and Power IV 15,622	<b>Consultant</b>		
Riverstone Energy and Power V 142,635	Aon Hewitt 388,850		
Riverstone Energy and Power VI 354,932	Bevis Longstreth 50,000		
Silver Lake Alpine II 3,748	George Philip 30,000		
Stepstone Pioneer Capital III 75,675	<b>Total consultant</b> 468,850		
<b>Total alternative investments</b> 15,754,621	<b>Total administrative expenses</b> 5,151,648		
<b>Additional categories</b>			
Avenue Special Situations VI —	<b>Grand total</b> 63,972,448		
Barings European Loan 445,698			
Columbia High Yield Bond 764,365			
Fort Washington High Yield Bond 616,767			
Highbridge Specialty Loan III —			

**FY 2023**  
**Total \$78.9 M**  
**33/100 of 1%**  
**of annuity assets**



# Transparent Low Investment Fees

What Is 33/100 of 1%?

A 4-foot, 9-inch-tall child standing beside the Empire State Building.



# Actuarial Status

As of June 30, 2023



*Dollars in billions*

	<b>Assets</b>	<b>Liabilities</b>	<b>Unfunded</b>	<b>Percent</b>
<b>Retirement Annuity Trust</b>	<b>\$ 24.7</b>	<b>\$ 42.2</b>	<b>\$ 17.5</b>	<b>58.6%</b>

*Actuarial values*



# Funding

## 2024-26 Biennial Budget

- Means **10** straight years of full or nearly full annuity funding
- More than \$1.75 billion to meet actuarially required contribution for annuities
- \$161 million for state statutory contribution for under-65 health insurance under Shared Responsibility
- Beyond requested amounts appropriated in the budget (House Bill 6), House Bill 1 provides an additional \$80 million

# Funding

## A Tale of Two Different Decades

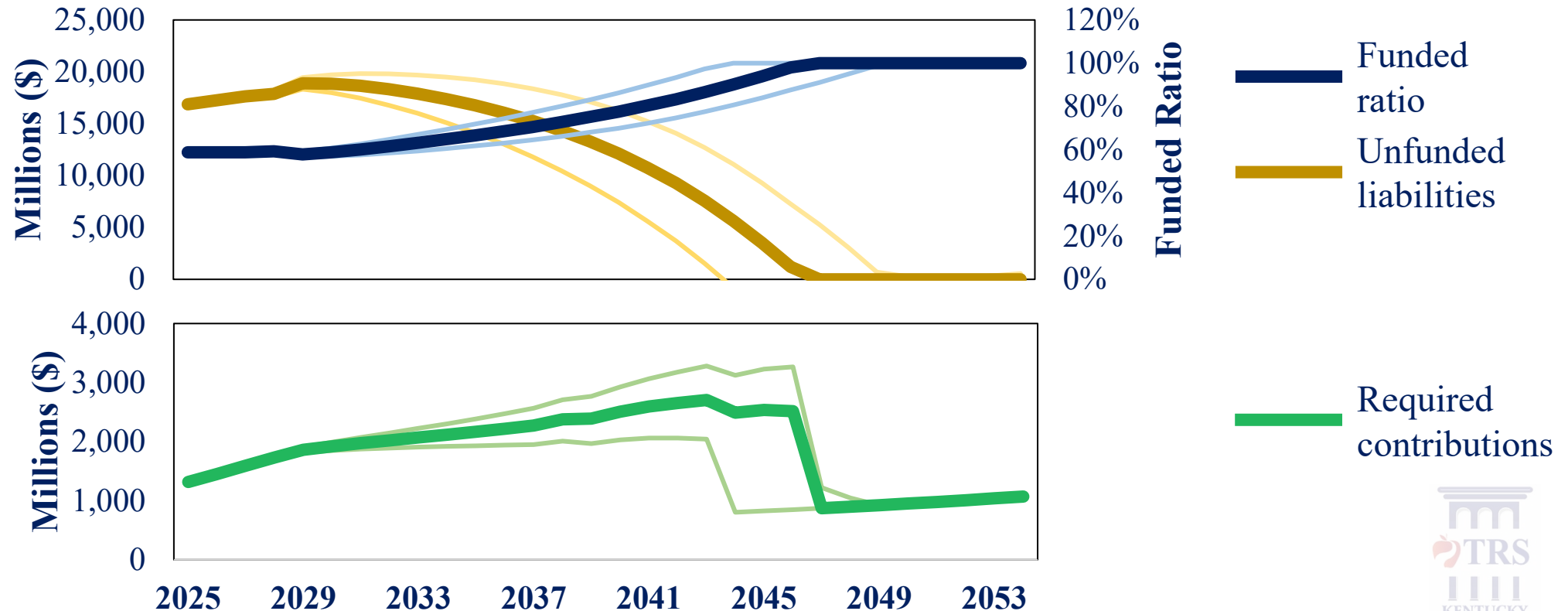
- A decade of full or nearly full funding appropriated
- Followed a decade of underfunding
- Funding progress is steady and on track with funding plan
- Impacts of underfunding take time to overcome and the higher contributions required as a result don't disappear when full funding starts

# 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.



# 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.

# KEHP

# Consists Of





## Ways to Pay

Either deducted automatically from a Social Security benefit check **or** billed quarterly.

Options if you are billed:

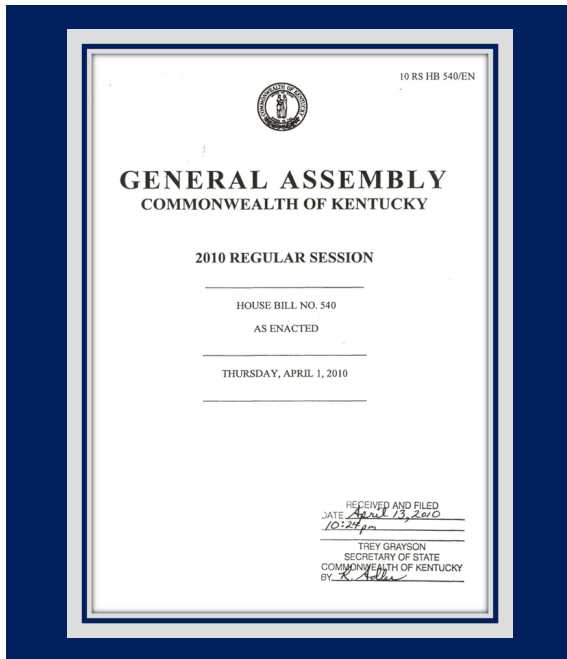
- **Medicare Easy Pay** – deducted from checking, automatic payment
- Mail
- Direct payment using your bank's website
- Credit card at [MyMedicare.gov](https://www.Medicare.gov)

Failure to pay the Part B premium results in termination of MEHP coverage.

# Shared Responsibility

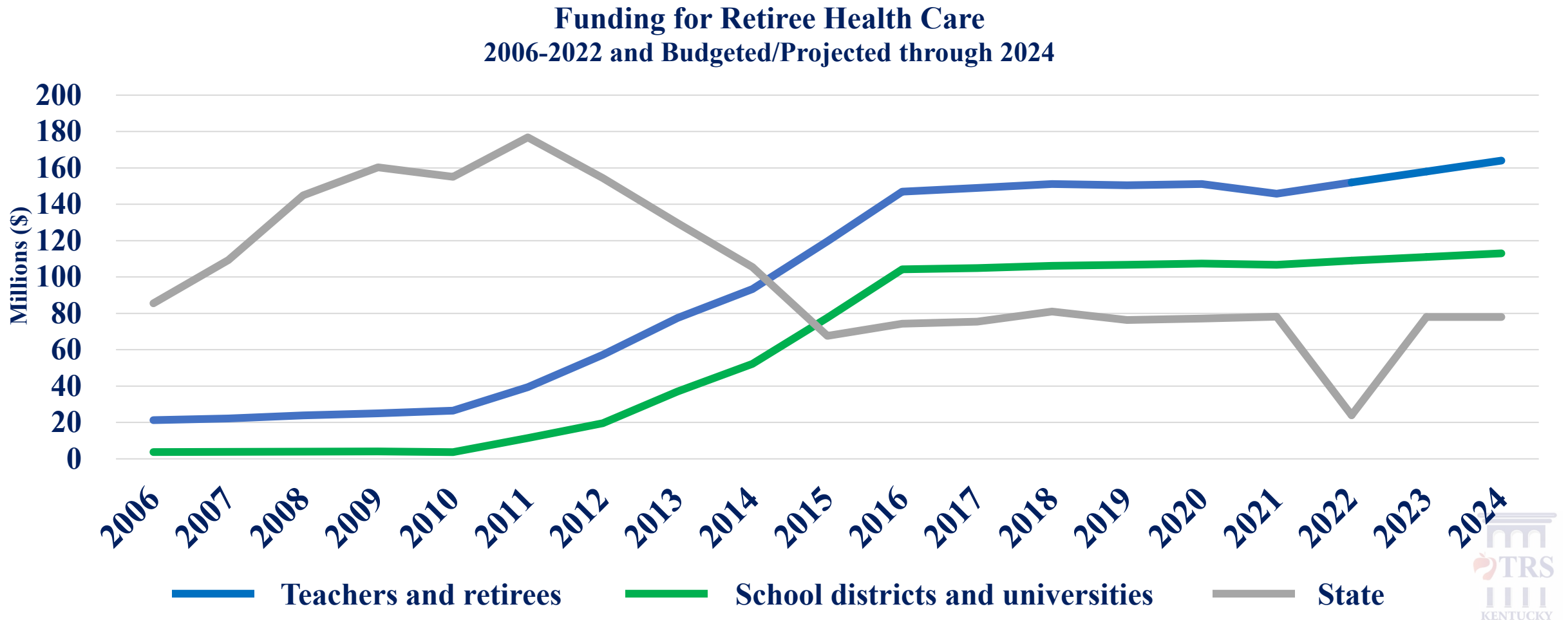
## In Second Decade

Shared solution providing permanent funding for retiree health care



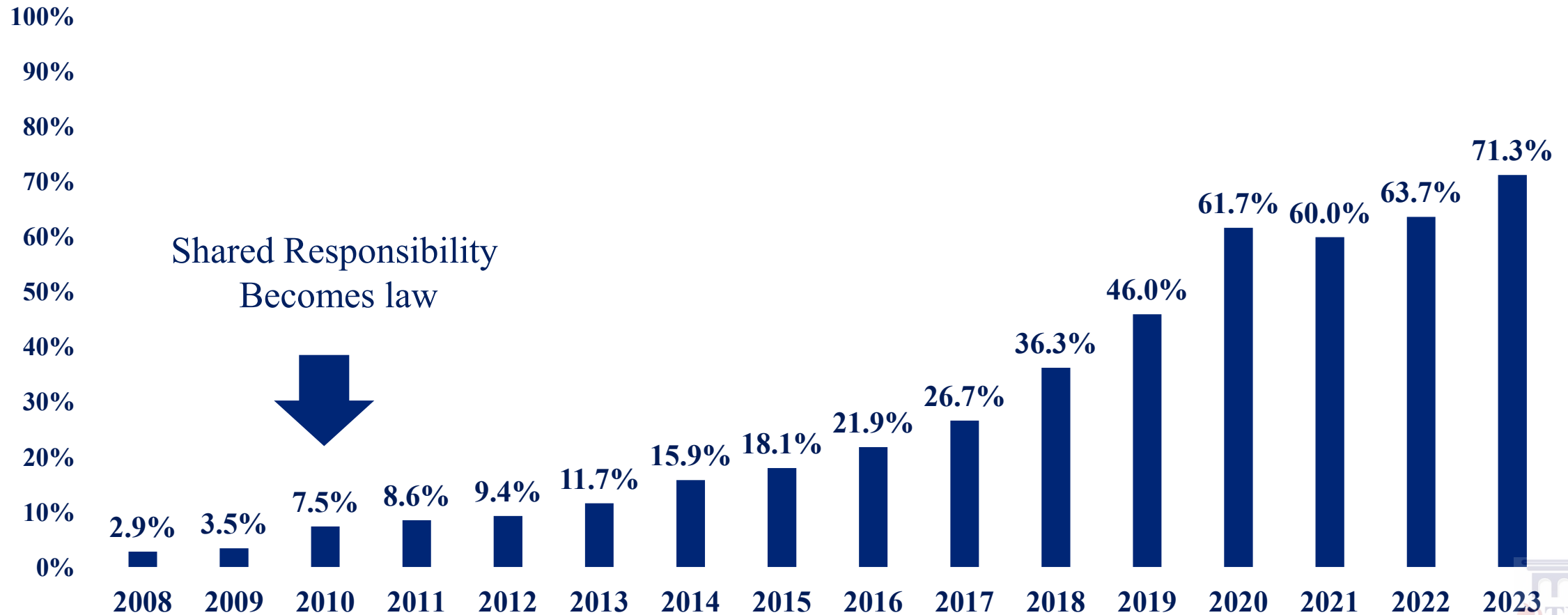
# Shared Responsibility

## How the Cost Has Been Shared



# TRS Health Insurance

## Funded Status





Premiums Held Almost Constant For 20 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](mailto:KYRx@uky.edu)

Website: [www.KYRx.org](http://www.KYRx.org)



**KEHP**

**MEHP**

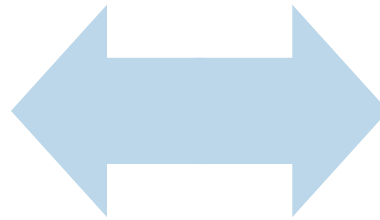
# Personalized Medicine



## TRS Solution: Personalized Medicine Partnership

CORIELL  
LIFE SCIENCES

You  
Your Doctor  
Your Pharmacist



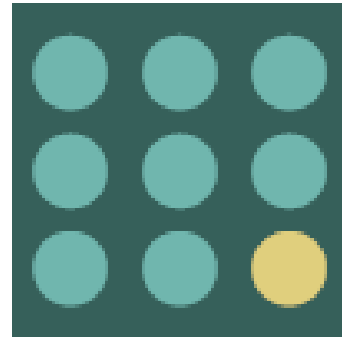
# Personalized Medicine

## Why It Works

- Helps avoid taking ineffective medications that even could be fatal
- Saves money for retirees and their insurance trust
- Uses DNA testing to help doctors making treatment decisions
- Results help make sure medications are beneficial from the start
- Avoids traditional trial-and-error process without DNA information

# Personalized Medicine

## Peer-Reviewed Initial Results Receive Attention



Journal of  
*Personalized  
Medicine*

- 66% had genetic risks detected in a current medication
- 14.9% reduction in inpatient visits
- 6.8% reduction in emergency room visits
- \$37 million savings in direct medical charges over 32 months

**KEHP**

**MEHP**

# Personalized Medicine

## How to Sign Up

**MEHP**

**KEHP**

Contact Coriell at 888-454-9024  
or [www.coriell.com/trs](http://www.coriell.com/trs) to request  
free DNA kit.

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

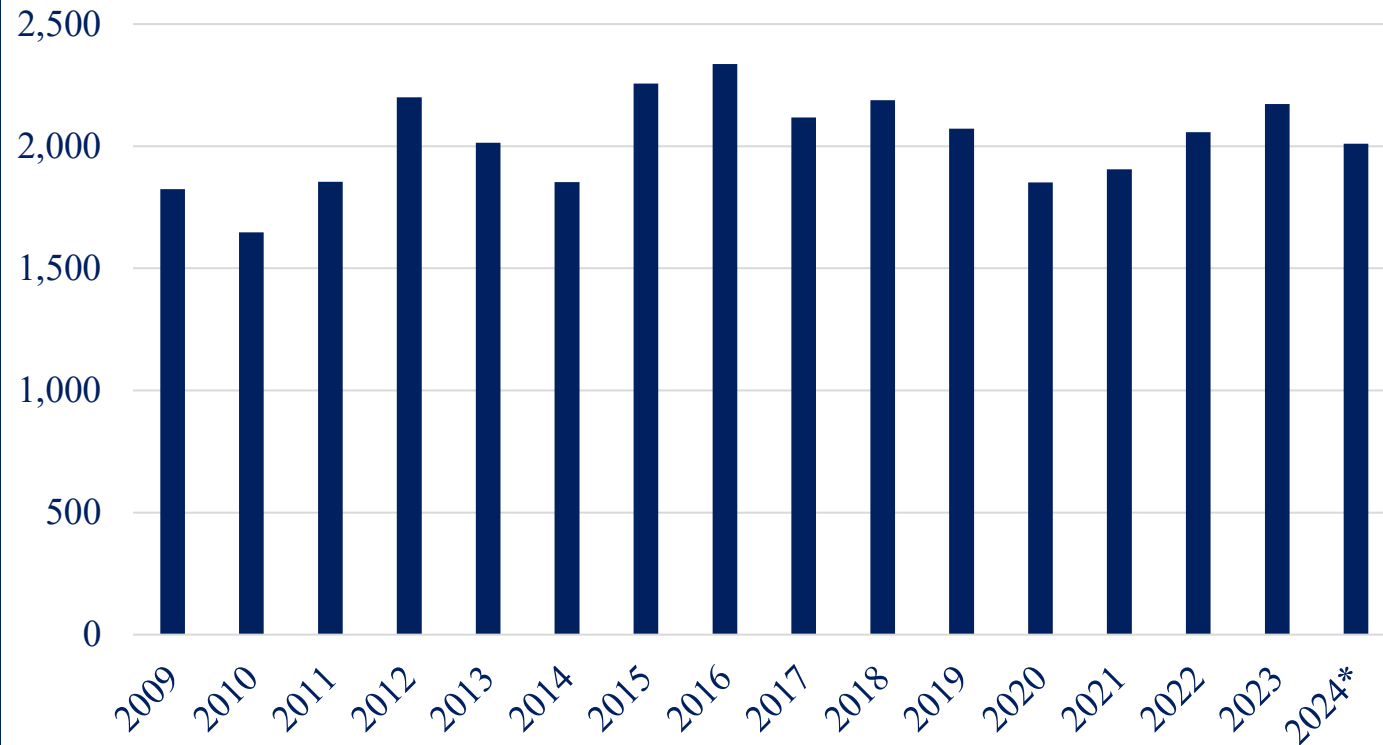
*or*

Retirees on KEHP can contact  
Coriell and use HRA funds to pay  
the \$360 cost.

# Retirements and Counseling

Fiscal 2024

## Retirements



\*Unaudited

**7,468**

**Scheduled  
Visitors**

# Retiree Annual Statements

## Summarizes

- Personal information on file with TRS
- How to update that
- Annuity benefits received
- Federal and Kentucky state tax withholding
- How to change withholding
- Retiree health insurance
- Beneficiary information
- Annuity automatic deposit information
- Payment dates

**Teachers' Retirement System of the State of Kentucky**  
479 Versailles Road  
Frankfort, KY 40601-3800

This statement was prepared especially for:

**STATEMENT OF RETIREE BENEFIT ACCOUNT**

[This is an important financial document for your information, but it is not a tax record. For taxes, use the IRS Form 1099-R, which TRS mails at the end of each January. Account information is subject to correction by TRS upon discovery of any error or any conflict with state or federal law. Review all information on this statement and contact TRS regarding errors or other concerns.]

Personal Information			
Your personal information can be updated directly through Pathway ( <a href="https://mss.trs.ky.gov">https://mss.trs.ky.gov</a> ) or by printing the form from Pathway or the TRS website ( <a href="https://trs.ky.gov">https://trs.ky.gov</a> ) and mailing the completed form to TRS at the address shown above. It is important to keep your contact information on file with TRS updated.			
TRS ID	Date of birth	Phone	Email

Retirement Account Summary			
Service retirees are guaranteed a lifetime annuity with a 1.5% cost-of-living adjustment (COLA) each July. For retirement option descriptions, see the TRS website <a href="https://trs.ky.gov/active-members/retirement-planning/options/">https://trs.ky.gov/active-members/retirement-planning/options/</a>			
Benefit type	Retirement date	Retirement option	Gross monthly annuity

2020 Benefits Paid By TRS			2020 Annuity Deductions			
Annuity payments	Insurance premiums	Total	Insurance premiums	Federal tax	Kentucky tax	Other deductions

Through December 2020, TRS has paid you a cumulative lifetime annuity benefit of: \$

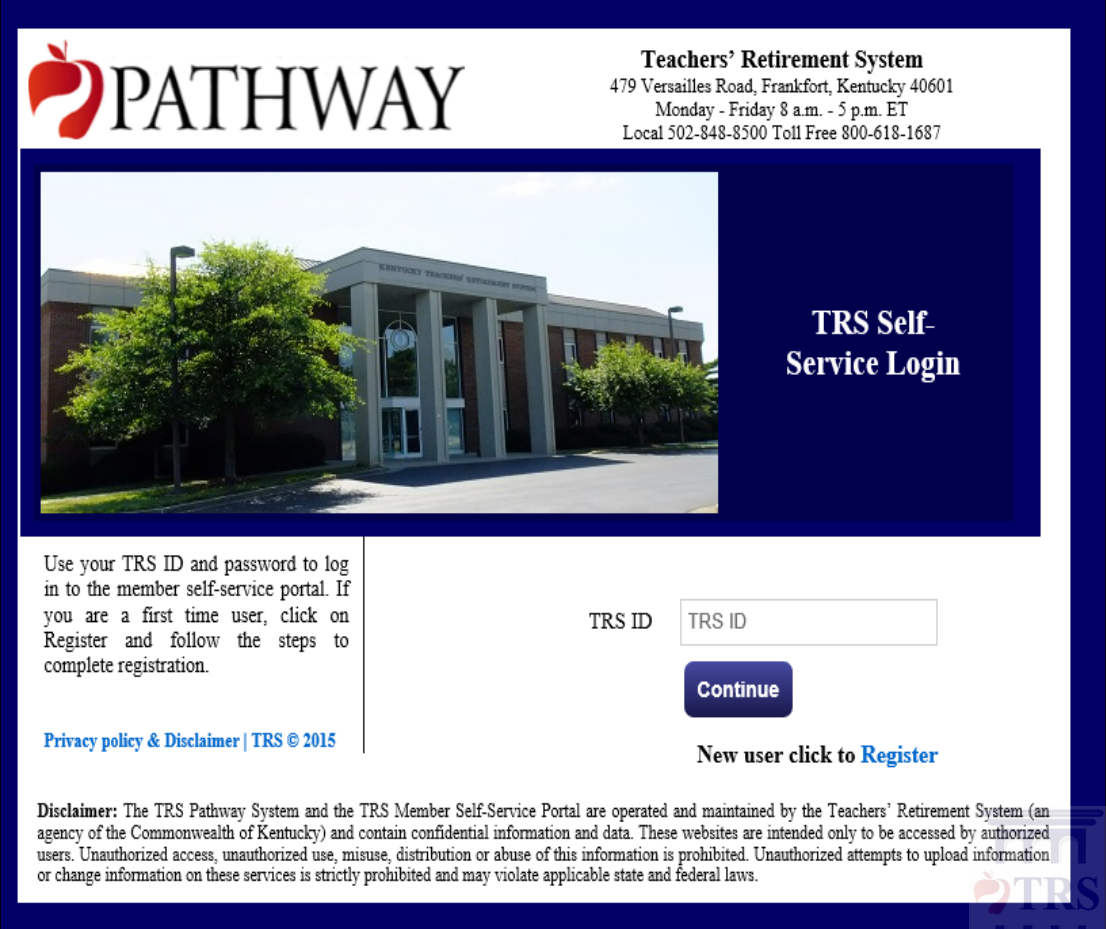
Account information is subject to correction upon discovery of any error or conflict with state or federal law.

Don't return with changes; using appropriate form or Pathway (<https://mss.trs.ky.gov>).



# What is Pathway?

Pathway provides secure online access for members and retirees to access their TRS account information in real time.



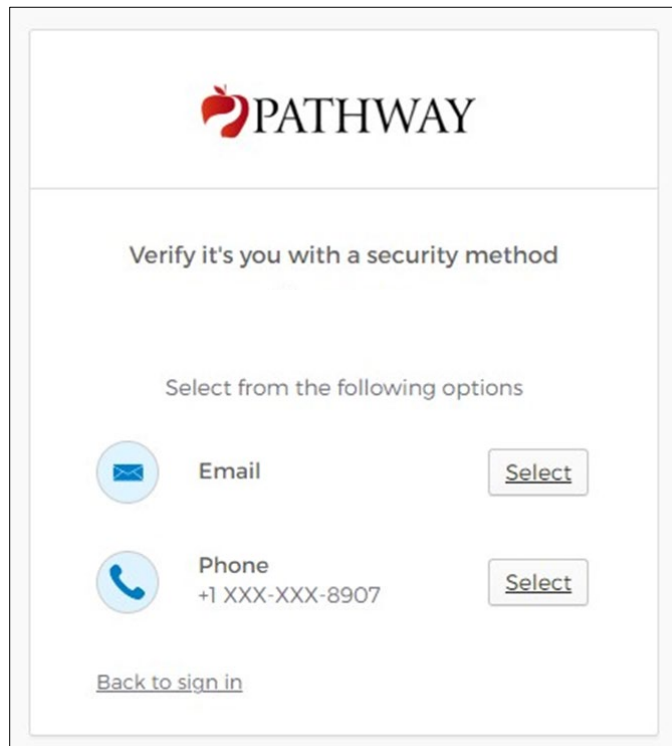
The screenshot shows the TRS Pathway Self-Service Login page. At the top left is the Pathway logo, which consists of a red apple icon and the word "PATHWAY" in black. To the right of the logo, the text reads "Teachers' Retirement System", "479 Versailles Road, Frankfort, Kentucky 40601", "Monday - Friday 8 a.m. - 5 p.m. ET", and "Local 502-848-8500 Toll Free 800-618-1687". Below this is a photograph of a modern building with a glass entrance. To the right of the photo is a dark blue box with the text "TRS Self-Service Login" in white. Below the photo and box, there is a login form with a "TRS ID" label and a text input field containing "TRS ID". Below the input field is a blue "Continue" button. To the left of the input field, there is a paragraph of instructions: "Use your TRS ID and password to log in to the member self-service portal. If you are a first time user, click on Register and follow the steps to complete registration." Below the instructions is a link for "Privacy policy & Disclaimer | TRS © 2015". At the bottom right, there is a link for "New user click to Register". At the bottom left, there is a "Disclaimer" paragraph: "Disclaimer: The TRS Pathway System and the TRS Member Self-Service Portal are operated and maintained by the Teachers' Retirement System (an agency of the Commonwealth of Kentucky) and contain confidential information and data. These websites are intended only to be accessed by authorized users. Unauthorized access, unauthorized use, misuse, distribution or abuse of this information is prohibited. Unauthorized attempts to upload information or change information on these services is strictly prohibited and may violate applicable state and federal laws." In the bottom right corner, there is a logo for "TRS KENTUCKY" with a stylized apple icon.



# Using Pathway

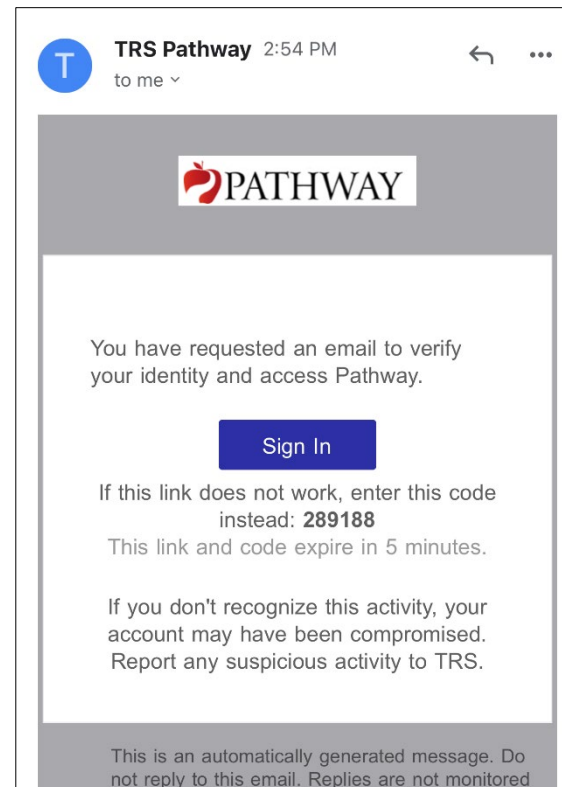
## Multifactor Authentication

### Select verification method



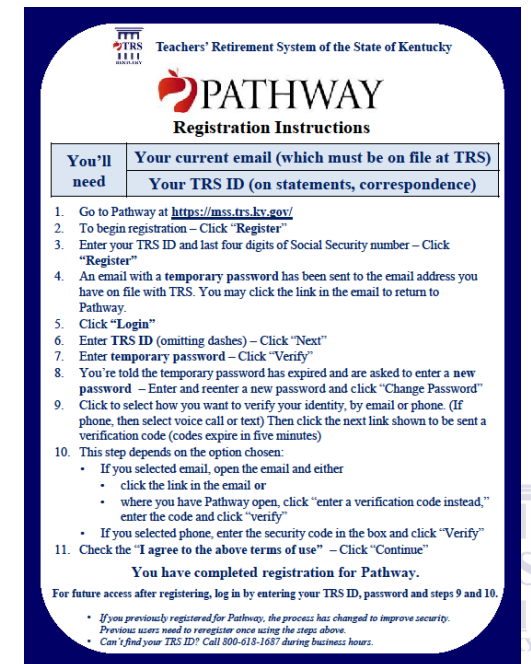
The screenshot shows the Pathway registration interface. At the top is the Pathway logo. Below it, the text reads "Verify it's you with a security method". Underneath, it says "Select from the following options". There are two options: "Email" with a blue envelope icon and a "Select" button, and "Phone" with a blue telephone icon, the number "+1 XXX-XXX-8907", and a "Select" button. At the bottom left, there is a link that says "Back to sign in".

### Receive code



The screenshot shows an SMS message from "TRS Pathway" at 2:54 PM. The message content includes the Pathway logo, the text "You have requested an email to verify your identity and access Pathway.", a blue "Sign In" button, and the code "289188". It also states "This link and code expire in 5 minutes." and "If you don't recognize this activity, your account may have been compromised. Report any suspicious activity to TRS." At the bottom, it says "This is an automatically generated message. Do not reply to this email. Replies are not monitored".

### Registration process handout



The handout is titled "Registration Instructions" and is for the Teachers' Retirement System of the State of Kentucky. It includes a table with two columns: "You'll need" and "Your TRS ID (on statements, correspondence)". The table lists "Your current email (which must be on file at TRS)" and "Your TRS ID (on statements, correspondence)". Below the table is a numbered list of 11 steps for registration. At the bottom, it states "You have completed registration for Pathway." and "For future access after registering, log in by entering your TRS ID, password and steps 9 and 10." There are also three footnotes at the bottom.

You'll need	Your TRS ID (on statements, correspondence)
Your current email (which must be on file at TRS)	Your TRS ID (on statements, correspondence)

- Go to Pathway at <https://mss.trs.ky.gov/>
- To begin registration – Click "Register"
- Enter your TRS ID and last four digits of Social Security number – Click "Register"
- An email with a temporary password has been sent to the email address you have on file with TRS. You may click the link in the email to return to Pathway.
- Click "Login"
- Enter TRS ID (omitting dashes) – Click "Next"
- Enter temporary password – Click "Verify"
- You're told the temporary password has expired and are asked to enter a new password – Enter and reenter a new password and click "Change Password"
- Click to select how you want to verify your identity, by email or phone. (If phone, then select voice call or text) Then click the next link shown to be sent a verification code (codes expire in five minutes)
- This step depends on the option chosen:
  - If you selected email, open the email and either
    - click the link in the email or
    - where you have Pathway open, click "enter a verification code instead," enter the code and click "verify"
  - If you selected phone, enter the security code in the box and click "Verify"
- Check the "I agree to the above terms of use" – Click "Continue"

You have completed registration for Pathway.

For future access after registering, log in by entering your TRS ID, password and steps 9 and 10.

\* If you previously registered for Pathway, the process has changed to improve security. Previous users need to re-register once using the steps above.  
\* Can't find your TRS ID? Call 800-618-1687 during business hours.

## If Some Old Quarterback Says You Need More Coverage ...

Tell Joe (and others like him),  
“No!”

If you are enrolled in the TRS Medicare Eligible Health Plan (MEHP), enrolling in another Medicare Advantage plan would “dynamite” your TRS MEHP coverage.

Watch video: [https://youtu.be/r07m\\_jwc-wY](https://youtu.be/r07m_jwc-wY)  
or <https://trs.ky.gov/videos>



# Don't Be Fooled

**Make Sure You're Talking to TRS**



**Beware**

Third-party solicitations are not from TRS, and nor does TRS offer counseling through third parties.

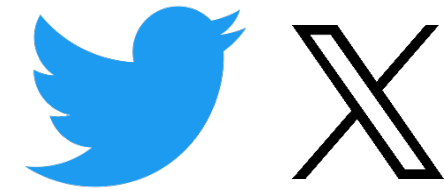
# TRS News and Information



<https://trs.ky.gov>



<https://mss.trs.ky.gov/>



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<https://www.youtube.com/@trskentucky>



# Doing It Right

## What That Means at TRS



Providing security for Kentucky's retired teachers using a long-term investing process proven and refined over decades to achieve top returns on investments at the lowest costs.



# Appreciation





***Our Members  
Come First!***

**800-618-1687**

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

**[info@trs.ky.gov](mailto:info@trs.ky.gov)**

**<https://trs.ky.gov>**

***Protecting & Preserving Teachers' Retirement Benefits***