

THE KERNEL

A publication of the Kentucky Public Retirees, Inc.

Issue 127

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President's Perspective By Larry P. Totten

With 2018 quickly coming to an end, I thought it might be good to look ahead to see what's out there waiting for us in the new year.

As you read this in mid-December, we should know the Supreme Court's decision on the constitutionality of SB 151. While a decision on this matter either way will not affect our membership directly, there will be ripples depending on exactly what they decide. If the Supreme Court's decision simply upholds the Circuit Court's ruling, then this case is over. If, however, the decision overrules the lower Court, future teachers will be placed into a new retirement plan, many current employees will be hit with a 1% deduction for health insurance, and there will be a cap on sick and compensatory time that can be used in computing final compensations (although not until 2023) among other items. One good thing would be the re-definition of how the state computes the amount of its contributions into KERS and SPRS. What hangs out there is the possibility that they remand the decision back to Circuit Court for a determination as to whether or not the details in the bill violates the inviolable contract (or maybe some other legal issue). If this happens, this court case drags on well into 2019.

We have a short legislative session next year which is split into two parts. The first beginning in January and traditionally is four days of organization as a new legislature takes their seats. The second part begins early in February with the whole thing concluded by the end of March. Whether the first part becomes a flurry of bill passing as happened in 2017 remains to be seen. As of this writing just after Thanksgiving, there are three issues with pre-filed bills that will affect either KRS or us as retirees – sports wagering and the pension exemption with two bills each. Whether or not we agree with expanded gaming or sanctioned wagering, each of these bills has some of the proceeds, after administrative expenses, going directly into the KERS NH pension. With all of the major sports leagues having hired lobbyists for this Session, legislators will surely be pressed to pass something. The second big deal for us are bills that would restore the pension exemption back to \$41,110, retroactive to January 1, 2018. The prospect for this one is as yet unknown. The third issue is a "housekeeping" bill that would allow for electronic balloting for KERS/CERS/SPRS Trustees and would consolidate the CERS Trustee elections in 2021. (Cont'd Page 2)



Looking Ahead



Legislative Chair Update By Larry Totten

The Public Pension Oversight Board (PPOB) has met three times since reported here last. In August, the three pension plans discussed their investment returns for FY18 just ended as well as how each System was working to comply with the provisions of SB 2/17RS. The September meeting had KRS's actuaries, Gabriel, Roeder, Smith, discuss trends in investment return assumptions. LRC staff also presented its 6-month review of investment returns. In October, there was a discussion on the fiduciary duties of trustees, including

specifics as to how KRS and TRS conduct trustee elections. There was also a review of the work done as of this meeting date of the KRS Administrative Subcommittee looking into the ramifications of CERS separation from KRS. Related to this Subcommittee, in September various interest groups were allowed to present their views on separation. I spoke on behalf of KPR and urged legislators to keep in mind the best interests of CERS employees and retirees and not the three lobbying groups that are advocating so strongly for the breakup.

(Cont'd Page 2)

President's Perspective (Cont'd)

I can't help but think there will continue to be bills filed to tweak our pensions for years to come. If SB 151 is struck down, we can be assured that its many details will show up in legislation in this Session. Changing the funding methodology for KERS and SPRS needs to be done as defined in 151. Level dollar funding should be a better way to address the unfunded liability regardless of the actual size of the state's payroll. We also have to be aware of the prospect of a pension "peeper" bill that would make the amount of your pension benefits public for anyone and everyone to see. There could also be another "tax modernization" bill filed that could, for example, expand the sales tax into more services. CERS separation may again pop up before a study is completed by the Public Pension Oversight Board due at the end of 2019.

As for KPR, we may have an exciting new benefit plan to announce to our members. In our original incorporation documents, KPR was charged to "establish an authority through which its members may receive special group benefits, such as insurance, discounts, and travel opportunities." As far as I know, this has never happened. At its December 14 meeting, the board will hear a presentation by representatives from Association Member Benefits Advisors (AMBA). AMBA (www.amba.info) provides a host of benefits – insurance products and retail discounts – solely to members of retired teacher and public employee groups. I found this group by accident in September while looking for other organizations like ours across the country. The ad hoc Member Benefit Committee created by the board at its September meeting has met with them and came away with a positive response to their presentation. Recently, I was able to meet with the heads of nine other retired public employee groups, a mix of paid and volunteer "chiefs," and was able to assess their opinions about their own affiliations with AMBA – all were positive. Our members would have a wide spectrum of benefits to review; I believe there would be something of value for each of us. And, your dues will not change one penny if we decide to move forward with this affiliation. Besides offering member benefits, AMBA also brings to the table its substantial marketing strengths and would work alongside us to increase our membership.

In closing, and I've said this since our Rally back in January 2016, we must remember that, despite what others may say to the contrary, our pensions are not a handout – WE EARNED IT!

Legislative Chair Update (Cont'd)

In October, David Eager, KRS Executive Director, gave this Subcommittee a preliminary review of the costs – potentially millions of dollars and considerable administrative stress – of a breakup along with possible alternatives. As a reminder, any costs incurred in any type of split will be paid for out of the pension trust funds.

By the time this is being read, the fate of SB 151, the pension reform bill, should have been decided. How the Governor and legislature reacts to that decision is likely to have a major bearing on legislation considered in this

Session. With the KRS "housekeeping" bill having been pre-filed, hopefully it gets full consideration in this Session. It consolidates the CERS elections in 2021 but, more importantly, allows for electronic balloting for KERS/CERS/SPRS Trustees which saves KRS, and by extension, the pension trust funds – hundreds of thousands of dollars. The Legislature is scheduled to convene on January 8, 2019, for four days of organizational work, then recesses until February 5, 2019. The Session is scheduled to end by March 29, 2019.

No bill requests directly dealing with pensions have been prefiled as of mid-November. There are two bills prefiled that would establish sports wagering and assign 60% of the proceeds generated to the KERS NH and TRS pension systems, split by proportionality of members. With all major sports leagues registering lobbyists for this Session, advocacy for these bills is likely to be high. There have also been two bills that would restore the \$41,110 pension exclusion. There has also been a bill prefiled that would void an elected official's retirement if they were to be elected to the same position within 12 months of their retirement.

With the retirement of Joe Bowen, the Senate's State and Local Government Committee will now be chaired by Senator Wil Schroder who could also be named as the Senate Co-Chair of the Public Pension Oversight Board.

Retirement System Update by Larry Totten

There has been a full array of meetings out at KRS over the past few months. The Investment Committee continues to be active as its efforts continue to realign investments with the new asset allocations, and a few new investments have been approved. Divestiture of hedge funds continue. From an early estimate, the market turmoil in October could wipe out most or all of the investment gains made in the first quarter.

The Retiree Health Plan Committee met in September and November. At the earlier meeting, details of the insurance plan for the under-65 retirees were presented. Humana discussed its proposed rates for all the plans offered by KRS to over-65 retirees. Costs to KRS for both plans remain essentially unchanged for 2019. At the November meeting, Humana discussed formulary changes for 2019 without really discussing specific changes (refer to the KRS website) as well as some changes to the Go365 plan. KRS actuaries presented an overview of the various options available for Medicare recipients as preliminary work begins on the RFP for retiree health insurance for 2022 and beyond.

The Audit Committee met in August and November. Standard reports were reviewed at both meetings as was the work done by the Audit Division's staff. The release of the financial audit for FY18 being conducted by the Auditor of Public Accounts was to be delayed by about two weeks and is expected to be presented to the full Board at its December 17 special-called meeting. The special audit into some other areas is likely to be delayed until January/February. (Cont'd Page 3) Page 2

Retirement System Update (Cont'd)

A special-called Audit Committee meeting in late November was to have received the FY18 Financial Audit and review a draft copy of the FY18 KRS Comprehensive Annual Financial Report.

All of the committee work was reviewed and approved by the Board at its meetings in September and November. At its September meeting, Keith Percy was approved as the only candidate for the SPRS Trustee position, pending petitions. Executive Director David Eager updated the Board on KRS progress with several legislative mandates. In November, KRS actuary Gabriel, Roeder, Smith presented its draft actuarial analysis for FY17 reviewing funded ratios and unfunded liabilities. They also outlined the work in progress pertaining to the experience study for 2013-2018. This will be available in Feb/Mar 2019 and recommendations made therein, depending on board action, will be used in preparing the FY19 valuations. Chair Eager discussed the KRS "housekeeping" bill expected to be filed in the next Session and also reviewed the presentation he made to the PPOB regarding CERS separation.

KPR members are encouraged to look for more extensive reporting these KRS meetings as they occur on our Facebook page.

Membership Article By Betty Hawkins

After reviewing the current membership contest numbers on the KPR website, it reflects that we have only recruited 71 new members statewide since the beginning of the contest (June 1, 2018). There are only six months left to recruit new members since the contest ends on May 31, 2019. Everyone needs to get busy.

During this same time period last year, we had recruited 246 new members. What has happened to cause such a decline? Are we all getting somewhat complacent thinking that nothing is going to happen which harms us since Senate Bill 151 actually didn't hurt those individuals who are already retired? What happens if the court determines this bill cannot be enacted? Where does that leave us? How can any of us, as KPR members, even begin to think or be sure everything is going to turn out favorably for us? We should all be concerned. You can't fight a war without the number of troops needed. We need more members to join. Membership numbers command the attention of the General Assembly.

You as a member can do something about increasing these membership numbers. Everyone knows someone to recruit. Who is your "one?" There are people you can convince to be members. Stop waiting for someone else to do it – get involved! Recruit a new member – friend, co-worker, or your spouse. If you need help or advice processing the paper work for the new member's information, please call me at 502-321-0649 or email me at betty.hawkins49@gmail.com.

As a reminder, we encourage you to pay your 2019 dues as soon as it is convenient. The official statements won't be mailed until the last week of December 2018. Dues statements will only be mailed to those individuals who owe 2019 dues. If you don't receive a bill, it is most likely that you have paid early or have made a multiple year payment. If you decide to pay prior to receiving a bill, you may pay online by going to the KPR website and clicking on the Pay Dues Tab. Dues are \$15 per year and may be made with a personal credit card or PayPal. Personal checks may be mailed to: KPR, P. O. Box 4082, Frankfort, KY 40604.



Plan to attend the next KPR Annual Meeting.
The dates are June 13-14, 2019, and the meeting will be at the Clarion Hotel in Lexington.

Chapter News

Barren River - At our August meeting we had, as a guest speaker, Vivian Gentry, who is a KPR member. Ms. Gentry spoke about budgeting and financial matters.



Robert and Connie Vincent

On September 17, we had guest speakers, Robert and Connie Vincent, from the Smiths Grove CPA Office, Vincent Group. Mr. Vincent discussed the new tax laws for 2019. He explained the changes in itemized exemptions at the federal level and the new standard deduction rates for 2018. He also addressed the new pension exemption decrease at the state level to \$31,100. He

did an excellent job answering questions. We had a large attendance of 27 members.

Our guest speaker was Representative Jason Petrie in October. He was very informative about his viewpoint on the past year and upcoming legislative session. At our November 19 meeting, our chapter held our annual Thanksgiving potluck and food drive for needy organizations. We filled three boxes of food to donate to the food pantry for Butler County.



Rep. Jason Petrie



Barren River Chapter members



Toni King

Bluegrass East - On September 12, the Bluegrass East Chapter hosted Toni King from Osher Lifelong Learning Institute (OLLI) at the University of Kentucky as part of a nationwide network of 120 programs. The University of Kentucky has sites in both Lexington and Morehead areas. OLLI at University of Kentucky offers educational and enrichment courses, forums, shared interest groups, and day trips for adults 50 years and older. Some of these programs are free while others have a fee for attendance. Areas of program interest are experiential learning and travel, computers and technology, culture, health and wellness, history and government, languages, literature and writing, performing arts, and visual arts.

The Donovan Forum Series are held at the Lexington Senior Center, 195 Life Lane, located behind Southland Christian Church Richmond Road Campus. They are free and open to the public.

For more information, Call (859) 257-2656 / (800) 602-5856 or <https://www.uky.edu/olli>

Bluegrass West - The Bluegrass West Chapter met August 21, and our guest speaker was Blair Hecker, Franklin County solid waste administrator. She presented a very informative talk on how the solid waste is handled, what can be put in it, and what can't.



The annual picnic of Bluegrass West was held in September at Juniper Hills Park.

Bluegrass West (Cont'd) - Our guest speaker for the October meeting was Connie Pettyjohn, director of Retiree Health Care, KRS. She covered the provisions for the KRS Humana Medicare Advantage plans for 2019. Members are not required to submit a health insurance application unless making a plan change. The Medicare Advantage plan premiums are the same as 2018. New for 2019 is the requirement for co-pays for visits to primary care and specialist doctor's offices. These payments will not be counted toward your yearly deductible, but will be applied toward your out of pocket expenses. Leah Locknane presented the insurance information for retirees who are non-Medicare eligible (under age 65). There is a mandatory enrollment for 2019. Everyone must complete an application or can enroll online. There will be no premium increase for single plans. Couples and family plans will receive an \$8 to \$10 monthly increase. Participants must complete the living well promise between January 1 and July 1, 2019. New insurance cards will be mailed out from Anthem.



Jennifer Floyd Aranilla

Bluegrass West enjoyed a delicious Thanksgiving meal in November, with our speaker, Jennifer Floyd Aranilla, Behavioral Health Services program director at the Frankfort Regional Medical Center. This program serves patients throughout Central Kentucky and offers treatment for a wide variety of health behavioral conditions for patients 55 and older.

Covered Bridge - The Covered Bridge Chapter had as our August speaker John Sims, our state representative, and we had several in attendance. Heather Clary from the Better Business Bureau was our September speaker.



Heather Clary

Blue Licks State Park. We had three new guests - one joined and the other two are planning to join soon. Our attendance was 41.

Amy Saunders, Fleming circuit clerk, was our November speaker. Saunders shared new changes to Kentucky drivers licenses and handed out information sheets of the changes to members. Our next meeting will be December 13. The Fleming County High School Chorus will be our Christmas entertainment.

Our October speaker was Connie Pettyjohn from KRS who informed us of new health insurance information for 2019. The group met at

Cumberland Valley - Our August 14 meeting was held at David's Steak House in Corbin. The guest speakers were Stephanie Kingsley and Larry Totten. Stephanie was a Democratic candidate for the 82nd state representative seat presently held by Regina Huff. Larry Totten, KPR state president, was also in attendance. He swore in new officers and gave us a status report on what was going on with KPR.



Stephanie Kingsley



Regina Huff and David Cornett

The September 10 meeting of the Cumberland Valley Chapter was held in Barbourville at the Knox County Cooperative Extension Office. The meeting was our yearly picnic meeting. Our speaker was Regina Huff, current 82nd District state representative.



David Cornett, Mona Eldridge, Rep. Rocky Adkins

The October meeting was held at Golden Corral restaurant in London. Our guest speakers were Mona Eldridge and Representative Rocky Adkins. Mona is a Democratic candidate for the 85th District state representative seat currently held by Tommy Turner of Pulaski County. Rep. Adkins is currently the 99th District state representative and is expected to run for Governor in the 2019 election.

The November meeting was held at David's Steak House in Corbin. Our guest speaker was Shawn Sparks, director of communications for Kentucky Retirement Systems.

The December meeting will be held at David's Steak House in Corbin. Our guest speaker will be Representative Jim Stewart III, current state representative for the 86th District which covers Knox and part of Laurel County.

Jefferson Regional - The regular business meeting of Jefferson Regional Chapter was held on August 1, 2018. President Beverly Zehnder welcomed back Larry Totten, president of KPR. He spoke about SB 151, saying that pension reform is not finished and is still in the courts at this time. The decision that comes down could greatly affect the pension system. He also spoke on how important it is to get chapter members to assume leadership rolls.

At the meeting of Jefferson Regional Chapter held on September 5, 2018, Betty Hawkins, the state membership chair was our speaker for the day. Ms. Hawkins spoke on recruiting new members and said the best ways to reach an individual are by phone, through a personal contact, or email. She likes writing a personal note to the person and tries to convey the importance of joining, even including an envelope already addressed and stamped.

Our guest speaker for October was Connie Pettyjohn from KRS. She reviewed the main changes for the upcoming year on retiree health insurance with Humana. Everyone should receive a new insurance ID card for the 2019 plan year. KRS provides \$252.51 for the Medicare Advantage Premium Plan. She provided handouts defining the changes for 2019. This is also available on the KRS website: www.kyret.ky.gov. She also gave out a brochure on MDLIVE, a convenient option when you can't see your regular doctor for non-emergency conditions. Ms. Pettyjohn responded to questions about how prescription drug coverage works.

In November, our speaker was Angela McCoy, chief deputy director of the Office of Circuit Court Clerk Drivers, License Division, where she has worked for twenty years. She explained the changes coming to drivers licenses to be rolled out in early 2019. She explained that standard licenses will remain valid for general purposes until their expiration date. The new voluntary travel ID will be a license that meets federal security standards to board U.S. flights and enter restricted federal facilities, like military bases; and they will be good for 8 years. They will be convenient and more affordable than a passport.

Lincoln Trail - In September, the Lincoln Trail Chapter met at the Golden Corral in Elizabethtown. Our guest speaker was Darby Dugan, who is a distributor for CBD oil and hemp products which are extracted here in Kentucky. Ms. Dugan had samples for us to try topically for aches and pains. Also, she provided oil which can be taken orally and helps with a lot of health issues. She has had many of her clients able to get off their medications due to the help and healing effects of the oils. She did recommend that we need to make our physicians aware of the products if we choose to take them while under their care.

In October, we again met at the Golden Corral. Our guest speaker was Tom Williamson, candidate for representative in the 25th District. Mr. Williamson is a retired teacher. He said he decided to run for representative because he feels the elected official in this position do not represent the majority of the beliefs of the people in his district.

Mr. Williamson feels the working class and seniors need someone at the state level to represent their needs and interests. Chapter President Judith Leshner and other members gave updates on some of our members who are out due to health issues. President Leshner made the chapter aware of a proposal discussed at the state board meeting for delegates sent to the annual meeting to vote on matters presented instead of members voting at large. We will have more discussion at our next meeting.

North Central - The North Central Chapter had their monthly meeting Wednesday, September 12, 2018. Our speaker was James Prichard of the Filson Historical Society. He presented "Death Before Dishonor: Famous Kentucky Duels" followed by a question and answer session.



On Wednesday, October 10, 2018, our speaker was Connie Pettyjohn, director of retiree health care, Kentucky Retirement Systems, who spoke on our KRS health insurance benefits for 2019 for both Medicare-eligible retirees and non-Medicare retirees, followed by a question and answer session.

James Prichard

On Wednesday, November 14, 2018, our speaker was Attorney General Andy Beshear, who spoke about his legal opinions on Governor Bevin's recent actions and issues affecting seniors and retirees (especially Senate Bill 151 which affects public employee pensions). This was followed by a question and answer session.



Attorney General Andy Beshear

Northern Kentucky - In September, we met at the Golden Corral in Fort Wright. The program featured Betty Pendergrass, CERS representative to the board of Kentucky Retirement Systems. She discussed several issues facing the Board. In October, our speaker was Charles ("Buddy") Wheatley, Democratic candidate for state representative, 65th District.



Covered Bridge members John and Linda Miller arrive at their chapter meeting in style.

Thank
you!
FOR
YOUR
MEMBERSHIP

Help us recruit new members.
We need them!

Sign up for the KPR Email Bulletins

**BREAKING
NEWS**

KPR regularly sends informative emails to members who have subscribed to our email bulletins. These bulletins are usually directly from President Larry Totten and are your best method of keeping informed of late-breaking news regarding issues of interest to all Kentucky public retirees.

The bulletins are a cost-effective means of communicating with our members because we can send an unlimited number of emails each month for a total cost of only \$15.00 per month. To receive *The Kernel* by email, you must subscribe to the new system. Although nearly 3,000 members have provided email addresses to KPR, only 898 members have subscribed to receive the bulletins. We do not send out unsolicited mass emails. We hope that everyone who regularly uses email will subscribe.

To subscribe, simply go to our webpage (www.kentuckypublicretirees.org) and select the tab at the top labeled "Email Subscription." Click the link to the subscription form and complete the form, then click on the "Subscribe to list" button at the bottom of the form. You will automatically be sent a confirmation email with a link that completes the subscription process. If you have any problems subscribing, just send your name, email address, chapter, and whether you want to receive the newsletter by email to kprmanager@gmail.com or leave a message on our hotline at (502) 437-9408. We will ensure that you are subscribed.



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Barren River 10 a.m. (CT), 3rd Monday BRADD Center 177 N. Graham Avenue (off Plum Springs Rd) Bowling Green, KY Contact Martha Parrish (270) 535-4985	Covered Bridge 11:00 AM (ET), 2nd Thursday Double 'S' Bowling 150 Foster St. Flemingsburg, KY Contact June Pugh (606) 849-2651	Jefferson Regional 11:30 AM (ET), 1st Wednesday Rooster's 5338 Bardstown Road Louisville, KY Contact Bev Zehnder (502) 553-1579	North Central 11:30 AM (ET), 2nd Wednesday Jumbo Buffet - back room (Stoneybrook Shopping Center) 2731 S. Hurstbourne Parkway Louisville, KY Contact Charles Klunder (502) 454-3493
Big Sandy 11:30 AM, 2nd Thursday Giovanni's 1236 N. Lake Drive Prestonsburg Contact Scott Hopkins (606) 433-1517	Cumberland Valley 11:30 a.m. (ET), 2nd Tuesday Meeting locations vary Contact David Cornett (606) 330-0924	Kentucky River 3rd Friday of each month Meeting locations vary Contact Paul Bailey (606) 884-6280	Northern Kentucky 11:45 AM (ET), 2nd Monday Golden Corral Orphanage Rd. at KY Rt. 17 Fort Wright, KY (I - 275, Exit 80) Contact Milton Mains (859) 512- 9881
Bluegrass East 12:00 PM (ET), 2nd Wednesday The Chop House 2640 Richmond Road Lexington, KY Contact Jerry Powell (502) 370-2805	Fivco 11:30 AM (ET), 3rd Monday Giovanni's on Greenup Avenue Ashland, KY Contact Morris Wells (606) 465-5784	Lake Cumberland 11:30 AM (ET), 3rd Monday The Mellow Mushroom 2520 Monticello St Somerset, KY Contact Bruce Brown (606) 305-9960	Pennyrile 11:30 AM (CT), 4th Thursday Country Cupboard Restaurant 518 McCoy Avenue Madisonville, KY Contact L. Peyton Adams (270) 871-9295
Bluegrass West 11:30 AM (ET), 3rd Tuesday VFW Franklin County Post 4075 104 E. Second St. Frankfort, KY Contact Larry Totten (502) 226-0273	Green River 12:00 p.m. (CT), 2nd Wednesday Giovanni's on Greenup Avenue Ashland, KY Contact Agnes Barron (270) 298-7151	Lincoln Trail 11:30 AM (ET), 2nd Monday Golden Corral 1835 N. Dixie Highway Elizabethtown, KY Contact Judith Leshner (270) 872-3497	Purchase Chapter 10:30 AM (CT), 1st Thursday Pizza Inn Joe Clifton Drive Paducah, KY Contact Tom Moore (270) 898-7289