

THE KERNEL

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President's Perspective

by Larry Totten

Drive-Throughs, Masks, and Membership, Oh My!

I dislike drive throughs; always have. I had this realization while sitting in yet another line the other day. Whether at a restaurant, bank, or pharmacy I just prefer to go into the store to do business. Of course, there's the whole thing about any exercise being better for you, but the face-to-face interaction with employees just feels better to me. Maybe this is from all the time I worked in Parks – no drive-up windows there for sure. And I do like to watch staff put together what I just bought, but that's probably some psychological thing that has a three-initial acronym. But being that we are nine months into this crisis, it's often drive throughs or nothing so there I will sit. What has come to be bright spots in my daily routine is heading to a store that allows you to shop. Who knew that Kroger's could be so interesting or that buying pants at Penney's could be so rewarding?

My wife and I are lucky that we do not have to go to work or school every day. I suspect – hope – that many of you are in this same situation as well. My family, though, is not with my son-in-law working retail every day. My granddaughter is doing COVID testing with her job at U of L Health while struggling a bit with sophomore classes on a 13 inch laptop screen. My grandson is doing first grade via virtual learning so how this will affect the second grade remains to be seen. The possibility of exposure is constant. I'm happy to wear my Humana green mask and find myself more aware of those around me, especially of those that don't/won't/can't. Our pod has perforations but is still, hopefully, relatively safe.

KPR has had to make serious adjustments this year. With no in-person meetings for any chapter since March, save for three of which I am aware (and two of these being outdoors), we've been handicapped in engaging with members. As I write this in mid-November, COVID cases in Kentucky are surging so our hope of resuming chapter meetings in January, February, or March may also fade away if this doesn't improve. We were able to move our Annual Meeting next year to September without penalty so we'll see if that still remains viable. With a vaccine on the horizon and our age group being high on the list to receive it early, I am hopeful that we can emerge from this crisis next year, wary and weary but also grateful and mindful of those who have been lost.

Likely due in part to this contagion and the disruptions it has imposed upon us, our membership has taken a serious hit; Betty has explained this better in her article. This is not good. I want KPR to be a value-added proposition for members whether it's through AMBA product availability, getting together once a month for lunch and camaraderie, or even just being part of like-minded individuals with similar goals. When our legislative agents talk with legislators, it's our numbers behind them that make us credible as an organization. The slight improvement in our pension financials, has only come about by the state budget providing the funds the actuaries say must be provided. Remember, we are now (once again) on a 30-year track to achieve full-funding. The only way this will happen is if our legislators meet their obligations to us. This would have been difficult even before COVID, but it is even more so today. Stay tuned.

Until we can see each other again, stay safe and stay well. We will get through this together. kycovid19@ky.

I want to again thank each of you for being members of KPR. I appreciate your participation in this adventure that none of us thought we would ever have to do. We could not do this as individuals. Remember, our public pension is not a handout. WE EARNED IT!

Retirement System Update

by Larry Totten

Since April, all of the KRS committee and board meetings have been conducted online with Zoom for them and Facebook streaming for the public. All face-to-face contact, from insurance sessions to retirement applications to administrative hearings are now all done online. KRS staff is working almost exclusively from their homes, and business seems to be getting done pretty much as normal. The electronic interactions between KRS and its members, now required, will likely continue after the lockdown is eased, a benefit to all especially those yet to retire.

A very noticeable change for members will be seen with the upcoming CERS trustee elections. New legislation is allowing KRS to conduct trustee elections via electronic balloting in addition to standard paper ballots. This could save KRS tens of thousands of dollars, money that comes out of our pension trust funds. CERS members have received postcards advising them of this new option and giving them three ways to request paper ballots if preferred. We'll see how this works with voting occurring early next year. If the recent general elections tell us anything, it's that more voting options increase participation. With trustee elections running at about 10 percent, this will be a good thing.

As it always is, KRS investments have been of the utmost importance. In April, then-CIO Rich Robben reviewed efforts made to mitigate damage to KRS's portfolios with the collapse of the stock market to the Investment Committee. KRS was in a billion-dollar "hole" in the market value of assets at the end of March and by actively buying/selling equities and rebalancing that asset class at a profit, this was erased. The KRS Blended Index for all five pension plans ended FY20 at 1.15 percent - not good in relation to the assumed rates of return of 5.25 percent/6.25 percent, but far better than it might have been had KRS not been investing in a conservative, asset-protection mode. At its November meeting, and following a new Asset Allocation Study, the committee approved, and the board accepted, a small change that will increase KRS holdings in equities ranging from .5 percent to 6 percent, depending on the pension/insurance plan. Important to note here is that all hedge fund investments have been redeemed with funds being returned to KRS as they are unwound. A new Investment Policy Statement was also approved - nothing radical, more of just an update. The departure of CIO Rich Robben, along with another investment staffer, highlights the disparity in salaries for investment professionals between the public sector and the private sector. This has been an issue with most of the CIOs leaving over the past ten years and has been further complicated by salary restrictions on KRS personnel since going back under state Personnel's umbrella.

KRS will be seeking to have the salary cap waived in the 2021 Session for its new CIO and deputy CIO to be more competitive against the private sector. The search for a new CIO will continue into 2021.

Audit Committee meetings have focused on presenting reports on KRS operational performance, cash flows, audits concluded, etc. The November meeting saw the approval of a clean financial audit for FY20. In December, it will review the "audit of the auditor" and the latest experience study.

The biggest news out of the Retiree Health Committee has been that the 6-year contract for health insurance for 65+ retirees was extended by the Finance Cabinet for an additional year. We will have the existing Humana Medicare Advantage Plan through 2022. It was believed that the ongoing COVID situation would have made it too difficult for any insurance company to properly bid on our plan if they were asked to do so with a response date of April 21, 2021. Also, it was felt that the new CERS board, which will come into existence on April 1, 2021, should have some input on a multi-year insurance plan for CERS members.

Humana did have good news for the KRS health insurance trusts - they returned some \$30 million as a COVID-19 premium credit and \$12.8 million in gain share. (The former is a result of fewer services being utilized; the latter is a component of the contract for the insured - us - meeting certain preventive guidelines.)

The Board of Trustees voted to continue with the same economic assumptions that have been in place for a few years now. As has been its practice, recommendations from the various committees were ratified, some with more discussion than others including, significantly, the Investment Committee's adoption of a new Asset Allocation Study and a new Investment Policy Statement.

The report by the KRS actuaries for the year ending June 30, 2020, showed a slight but overall improvement in the financial outlook for the pension and insurance plans. As an example, KERS NH, the worst funded plan of all, improved to 14.1 percent from 13.4 percent last year. The unfunded liability for the pension plans, while still unimaginable at \$28.27 billion, also dropped from the previous year by some \$660 million. Again, small changes but at least in the right direction. Employer contribution rates will increase slightly for FY22 and will be approved at the Board's last meeting of the year in December.

The biggest issue on the horizon for KRS in 2021 remains the breakup of KRS into three new and distinct boards on April 1. Legislation will be introduced in January to allow these boards to be named and to begin operation before this date.

Legislative Chair Update

by Larry Totten

The Legislature has been meeting remotely since its abbreviated 2020 Session ended in the spring. This interim session has seen committees meet on a regular schedule but with only legislators, LRC staff, and lobbyists allowed in the meeting rooms. It's worth noting that many legislators have opted for remote attendance rather than in-person.

There's not been much discussed that looks to affect public pensions. The Public Pension Oversight Board (PPOB) has met most months, reviewing quarterly investment returns for all of the state's public pension plans. There was some follow-up to the CERS separation bill in July. In August during a presentation of the year-end financials, Board Chair David Harris accompanied Executive Director Dave Eager and then-CIO Rich Robben who together gave a broad presentation on the investment strategies used by KRS and how these worked to allow KRS to pull itself out of the billion-dollar hole it found itself at the end of March. The November meeting provided insights of the legislation for which KRS will be advocating in the 2021 General Assembly from both KRS and the various bill sponsors.

Concerning pension legislation coming before the 2021 General Assembly, KRS is again seeking legislation that changes KRS funding to "level dollar" as opposed to "percent of payroll" (BR 424). This will be similar to that which passed the House but not the Senate in 2020. Executive branch staffing dropped another 3.5 percent in FY20 which only serves to exacerbate funding when it's based as it is now – the "death spiral" as Eager puts it. This will be an important piece of legislation for KPR to support as we've done in the past.

There will be another important proposal put forward relating to the upcoming breakup of KRS in April. While KRS has been studying the "how to" in complying with HB 484, having identified some 90 issues that needed a resolution, it became very obvious that no one would benefit from waiting until April 1 to have three new pension boards spring into existence. While nothing has yet been filed, KRS will push a proposal that would allow the new boards to be appointed before April 1 so that organizational work within each can be done prior. As a concept, KPR should support this effort; we'll see what's in the bill.

Also returning will be a bill that will allow beneficiaries to be changed after retirement (BR 411) as well as one mandating changes in actuarial reporting (BR 17).

This will likely be a lively session with the primary topics being the budget for FY22 and revisions to the statutes pertaining to a Governor's emergency powers. Hopefully, these KRS issues will make it to the Governor's desk this year.

Membership Update

by Betty Hawkins

As I research, reflect, and prepare for this article, I want to take this opportunity to express to each KPR member how valuable each is to our organization. The past few months have certainly been challenging for everyone as we all strive to keep our families safe and well. As most of you probably know, due to COVID-19 restrictions, local chapter activities have been discontinued until such time as the present health situation improves and restrictions for large gatherings are lifted. We are all certainly hopeful that the development of a vaccine is imminent, and we can soon resume some degree of normalcy.

Due to our restricted activities, it has been a while since we have prepared a newsletter communication to our entire membership. I thought it would be appropriate to update everyone and announce the winners of Martha's Membership Contest which began June 1, 2019, and ended May 31, 2020. During the contest period, KPR members recruited 185 new members. The \$125 first-place winner was John Engle (Lake Cumberland Chapter); \$100 second-place winner was Diann Cecil (Green River Chapter); \$75 third-place winner was Joe McManus (Purchase Chapter); and the \$50 fourth-place prize winner was David Cornett (Cumberland Valley Chapter). Bluegrass West Chapter recruited the largest number of new members, and Green River Chapter had the largest percentage increase in membership. Both chapters received \$70 as a cash award. Linda Branson (Bluegrass West Chapter), Joe Conway (North Central Chapter), and John Harris (Cumberland Valley Chapter) were the random drawing winners and received \$20 each. Any member recruiting at least one new member is automatically eligible to participate in the random drawing. (See contest winners on page 4.)

Since the date of the 2021 Annual Conference was moved from June to September, the KPR State Board voted to extend the membership contest period until August 31, 2021. This will give everyone an additional three months to recruit members during the contest period (June 1, 2020 through August 31, 2021). The contest winners will be recognized at our 2021 Annual Business Meeting which is scheduled to be held on September 24, 2021, at the Holiday Inn University Plaza in Bowling Green. You do not have to be present at the Annual Conference to participate in the contest. Any member reading this article should take note that we have some nice cash prizes ranging from \$50 up to \$125 available for those individuals who recruit the largest number of new members. Due to a sizable cash donation, we have been able to keep the 2021 cash prizes at the same level as the 2020 contest. (Cont'd page 4)

Membership Update (Cont'd)

It is now time to get busy and start recruiting new members. Any new member joining in 2021 will receive the entire year of membership free and will not owe the \$15 annual dues payment until January 2022.

Our new member recruitment activities have been severely limited due to COVID-19 restrictions, not being able to hold chapter meetings, and not being able to participate in statewide events relating to health insurance and KRS pre-retirement conferences. We are counting on each of you to do everything you can and help sign up new members. Participation in this contest is easy. To receive credit for the new member, your name must be listed in the referral section on the membership application. Anyone needing help or assistance, please feel free to call me at 502-321-0649 or email me at betty.hawkins49@gmail.com. I will be happy to assist you with the paperwork or answer any questions. Increasing and maintaining our present membership level is so important. Keep in mind that we have an upcoming legislative session and our membership numbers matter as we lobby to maintain our benefits and assure continued funding of the ARC.

I also feel it is necessary to remind all current members that our organization has offered the option of spousal membership since June of 2014. At the present time, our spousal membership number is 161. There are still many spouses out

there who could be recruited. Please talk to your spouse about considering this membership option. Joining and supporting KPR membership is just as important to spouses as it is to you since they are the likely beneficiaries of your retirement benefits.

Your one-on-one connection is by far the best tool to grow our membership. While we are all staying at home and observing social distancing, it is certainly a good opportunity to reach out to those people that we know – friends, former colleagues, relatives, and neighbors. Call them, email them, or you can even message them on Facebook. You might find it a true blessing to reconnect with some people.

We encourage you to pay your 2021 dues as soon as it is convenient especially if you spend your winters south. The official dues notices will not be mailed until the last week of December 2020. Dues statements will only be mailed to those individuals who owe 2021 dues. If you do not receive a bill, it is most likely that you have paid early or have made a multiple-year payment. If you want to pay prior to receiving your statement, you may go online at the KPR website and click on Pay Dues Online located under Membership. Dues are \$15 per year with a minimal processing fee of 25 cents if paid online. You may use a personal credit card or bank draft option when paying online. Personal checks may be mailed to KPR, P. O. Box 4082, Frankfort, KY 40604.



John Engle



Diann Cecil



Joe McManus



David Cornett



Linda Branson



Joe Conway



John Harris

Membership Contest Winners

Chapter News

Barren River - The March meeting of the Barren River Chapter was held at the Barren River Area Development District 18 (BRADD) Office on March 16, 2020, at 10:00 a.m. The meeting was called to order by President Carol Douglas. President Douglas led attendees in the Pledge of Allegiance. We had nine members attending the meeting.



Leyda Becker and Carol Douglas

President Douglas then introduced Leyda Becker, international communities liaison for the city of Bowling Green. Ms. Becker has served in this city-wide position since 2011. She coordinates the city's role in communicating and working effectively with the diverse international communities represented in Bowling Green and serves as an advocate for LEP (Limited English Proficient) persons.

Ms. Becker reported that there are 11,274 immigrants living in Warren County making up 9.3 percent of the population. She stated that there many different languages spoken in Warren County Schools.

Ms. Becker said the immigration system dictates how individuals come into the country and explained the specifics of the three categories: immigrants, visitors, and refugees. She established a program to recognize newly naturalized citizens and developed many avenues to provide various language interpreter services in Bowling Green. Ms. Becker than addressed questions from the group.

Bluegrass West - Our chapter held its last monthly meeting in February. Steve Stewart, the publisher of the Frankfort State Journal, was our speaker and made a very interesting presentation. He spoke on the somewhat bleak economic situation facing newspapers all over the country today. He advised us that it is very difficult for newspapers to stay in business because revenue from advertising has decreased significantly. It is more difficult to sell print advertising since many individuals are now reading their paper on line and not buying the printed copy. Because of the increasing number of internet readers, Facebook, Google, and other social media are able to offer advertising at a much cheaper rate than newspapers. Mr. Stewart also took questions from the audience.



Bluegrass West Picnic

Bluegrass West had our annual picnic in September at Lakeview Park. Social distancing and masks were required, and a pizza lunch was enjoyed by members in attendance. A brief business meeting was held with the Nominating Committee giving their report for the new officers for the upcoming year. Since our by-laws require a quorum of 40 members to be present to conduct business, and we did not have that many attending, the candidates were announced and introduced, but there was no voting. We have conducted our election electronically by emailing the ballots to our members. The new officers are: president, Jean Henning; vice president, Sandi Whitaker; secretary, Lexie Southworth; and treasurer, Ben McCray. After the election has been completed, the new officers will be sworn in at the next in-person meeting.



The 2021 KPR Annual Conference is scheduled for September 22-24 in Bowling Green. Plan to attend.

Covered Bridge - Since we have not met since early in the year, there is not much to report other than we have lost three members recently, and that's not good news. We send out messages to our members, but get very little response. We hope to start meetings early next year, but our members are afraid to get out, so we probably won't be meeting the first of the year as we had planned.



GR President Agnes Barron

Ms. Smith-Wright spoke of her many accomplishments during her nearly ten years as a city commissioner, including vast improvements to downtown Owensboro and other areas of the city. She shared some information about the Real ID identification system. She said you can obtain one in Owensboro in the McAtee Building at the corner of Second and Daviess Streets. For identification purposes, you can take your passport, Social Security card, a recent piece of mail that has your name and address on it, and birth certificate.



Lewis Jean

Green River - The March meeting of the Green River Chapter was held at the Briarpatch Restaurant in Owensboro. The guest speaker, Owensboro City Commissioner Pam Smith-Wright, is a candidate for Owensboro mayor.

The business meeting followed. Lewis Jean gave the legislative report. He discussed HB484 and HB137. Regarding the budget bill, he said the Governor's budget fully funded our retirement systems. For the income tax pension exclusion, he reminded us

to be sure to complete a Schedule P when doing income taxes.

There was discussion regarding the recent death of Norma Berryman Collier. Norma was instrumental in getting our KPR chapter started, was our charter president, and also a Waterfield Award recipient. A motion was made by Janet Leslie for our chapter to make a donation of \$100 to the Humane Society in Norma's memory. The Humane Society was one of Norma's favorite charities. The motion was seconded by Ed Cecil and the motion carried.

North Central - In July, the board of the North Central Chapter held a meeting at a covered pavilion at Beckley Creek Park. The main focus of the meeting was to discuss whether the chapter could safely hold meetings in the near future. And if we did, what measures would we take to ensure safety. Among the issues decoded was a general agreement that holding a future chapter meeting at an outdoor covered pavilion would not be practical. The restaurant meeting space where we had been having our meetings would not be big enough to safely distance.

While we could find some hotels that would be big enough to meet safely, these hotels would not be providing food because of COVID. We could consider a box lunch provider, but the consensus was that providing food was impractical and possibly unsafe.

At the same July board meeting we discussed how to keep our members connected to the chapter when we are not having meetings. It was decided that each month we would send out an email newsletter to our members that would include such things as announcements and updates from Larry Totten, membership and financial reports, board meeting reports, legislative updates, and various miscellaneous items. So far, we have sent out newsletters for August, September, and October. The one for November is being prepared.

Although it seems like it took place about two years ago, it was in March of 2020 when we last met at the Jumbo Buffet. Our speaker was Dee Pregliasco of the Kentucky League of Women Voters. She spoke in support of House Bill 326 of the 2020 legislative session. Briefly, the bill addressed a new way to redraw voting districts in a fairer way. Unfortunately, the bill was assigned to committee, and it never got a hearing though they pushed hard for one.

The main sponsor of the bill was Representative Joe Graviss of House District 56, and he has prefiled the bill for 2021. Rep. Graviss will not be a representative for the upcoming year, so hopefully the bill will be presented by another legislator.

Northern Kentucky - Our March meeting began with Karen Shickle introducing guest speaker Megan Ackerman from Holly Hill. Ms. Ackerman spoke on the five areas of self-care: social, physical, spiritual, psychological, and moral.

The business meeting included reports from Treasurer Larry McClanahan, and Ralph Wolff reported that we currently have 256 members. There were 22 members present at the meeting. Melissa Artopoeus reported that she sent multiple articles to local papers. (Cont'd Page 7)

Northern Kentucky (Cont'd)

In July, we held our meeting at the shelter at Pioneer Park. Milton Mains opened the meeting with a discussion about where to have future meetings. The library, extension office, and various restaurants have restrictions about the size of gatherings. Milton stated that because of the current situation with the COVID-19, our meetings are suspended. More information about where to meet will be emailed to members at a later date. Twelve members attended the meeting. Milton suggested that the current officers for our local chapter remain the same for the time being. Ron Schneider motioned to pay for the lunch and shelter rental for the meeting, which totaled \$223.32, from the chapter treasury. The motion was seconded by Larry McClanahan. All agreed.

Pictures from the NK picnic



Purchase - We are very disappointed at not being able to meet since March 5. We miss the fellowship, sharing, and great meals. Even without meetings, KPR has not stopped working for retirees. We are still recruiting members and staying abreast of issues that might impact us through personal contacts, legislative agents, and our partner organization AMBA. Our chapter has received five new members this year through AMBA. We thank each of you for continuing to be members and for your support and encouragement.



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KENTUCKY PUBLIC RETIREES





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Frankfort, KY 40604
kprmanager@gmail.com



<p>Barren River 10 a.m. (CT), 3rd Monday BRADD Center 177 Graham Avenue (off Plum Springs Rd) Bowling Green, KY Contact Carol Douglas (270) 782-1791</p>	<p>Big Sandy 11:30 AM, 2nd Thursday Giovanni's 1236 N. Lake Drive Prestonsburg, KY Contact Thomas Hereford III (606) 226-1753</p>	<p>Bluegrass East 12:00 PM (ET), 2nd Wednesday Lexington Pasta Garage Italian Cafe' 962 Delaware Avenue Lexington, KY Contact Jerry Powell jwpowell211@gmail.com</p>	<p>Bluegrass West 11:30 AM (ET), 3rd Tuesday VFW Franklin County Post 4075 104 E. Second St. Frankfort, KY Contact Jean Henning (502) 223-5885</p>
<p>Covered Bridge 11:00 AM (ET), 2nd Thursday Double 'S' Bowling 150 Foster St. Flemingsburg, KY Contact June Pugh (606) 849-2651</p>	<p>Cumberland Valley 11:30 a.m. (ET), 2nd Tuesday Meeting locations vary Contact David Cornett (606) 260-0490</p>	<p>Fivco 11:30 AM (ET), 3rd Monday Giovanni's on Greenup Avenue Ashland, KY Contact Morris Wells (606) 465-5784</p>	<p>Green River 12:00 p.m. (CT), 2nd Wednesday Briarpatch Restaurant 2760 Veach Road Owensboro, KY Contact Agnes Barron ((270) 298-7151</p>
<p>Kentucky River 3rd Friday of each month Meeting locations vary Contact Paul Bailey (606) 884-6280</p>	<p>Lake Cumberland 11:30 AM (ET), 3rd Monday The Mellow Mushroom 2520 Monticello St Somerset, KY Contact Bruce Brown (606) 305-9960</p>	<p>Lincoln Trail 11:30 AM (ET), 2nd Monday Shoney's 1406 Executive Drive Elizabethtown, KY Contact Judith Leshner (270) 872-3497</p>	<p>North Central 11:30 AM (ET), 2nd Wednesday Jumbo Buffet - back room (Stoneybrook Shopping Center) 2731 S. Hurstbourne Parkway Louisville, KY Contact Steve Meschler (502) 741-0260</p>
<p>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</p>	<p>Pennyriile 11:30 AM (CT), 4th Thursday Country Cupboard Restaurant 518 McCoy Avenue Madisonville, KY Contact L. Peyton Adams (270) 871-9295</p>	<p>Purchase 10:30 AM (CT), 1st Thursday Pizza Inn Joe Clifton Drive Paducah, KY Contact Tom Moore (270) 898-7289</p>	