

THE KERNEL

A publication of the Kentucky Public Retirees, Inc.

Issue 135

December 2021



President's Perspective

by Larry Totten

Let's Try This Again

As I began to write this piece approaching the end of another year, I thought back to last year's December issue – did I look ahead to 2021 after the year that was 2020? Answer: Not really, and it was probably a good thing. On one hand, we knew vaccines were coming to help us through COVID-19 but, on the other, we did not know what the Delta Variant would do to a country so divided on their values. Were there indications that pointed to the supply and employee shortages that seem to plague almost everything we do today? How long would we be closed? What would another round of stimulus check(s) do?

Last year I talked about disliking drive-throughs. Twelve months later they are still with us, some now more optional than mandatory, and I still dislike them. Last year I said that my family was "relatively safe." By the time that issue was published, most of us had caught COVID-19 with my wife getting the worst of it. Now, we've recovered, all vaxed out, and looking to the boosters.

You may notice that this issue of *The Kernel* has arrived a little earlier than usual – we had a November 1 deadline for articles so that this issue could be produced before the end of the year. This was due, in part, by potential supply chain issues, but also with the holidays late in the month, and the fact that our mailing company is moving. As a result, with FY 21 actuarial information not yet released, I can't yet provide a complete picture on the funding status of our pension and insurance plans.

David Eager, CEO of the Kentucky Public Pension Authority (KPPA), told members of the Public Pension Oversight Board (PPOB) at its October meeting that it looked like KERS NH would come in at about 17 percent funded as of June 30, 2021, (14.2 percent on June 30, 2020) and CERS NH would come in at about 52 percent (as opposed to 49 percent last year). These are small, but not insignificant, improvements in the funded status of our two largest pensions. While funding levels were already projected to improve, once-in-a-lifetime investment returns last year provided an additional boost. In three years, we have bounced back from historic lows. Although there is still 25+ years to try to hit that mystical "100% funding level," we're at least moving in the right direction.

As we move into 2022, where is KPR? I have to hope that regular chapter meetings all across the state can begin anew. We have our thrice-delayed Annual Meeting scheduled for mid June. However, there is also the precipitous drop in membership during this past year. Our Lincoln Trail Chapter has become inactive. How do we fix both of these? Your ideas are welcome.

I hope that KPR has been a value-added proposition for each of you, whether it's by getting together monthly for lunch and camaraderie, through AMBA product availability, or even just being part of like-minded individuals with the goal of protecting your pension benefit. When our legislative agents talk to legislators, it's the number of us behind them that makes us a credible organization. Even with the improvement in our pension financials and incredible investment returns this year, the Legislature providing the funds the actuaries say must be provided remains key. Remember, we are on a now 27-year track to achieve full-funding. The only way this will happen is if our legislators meet their obligations to us. We must stick together to make sure that they do. (Cont'd Page 2)



June 2022 will be here before we know it. Mark June 15-17, 2022, on your calendar and plan to attend the 37th Annual Meeting of KPR in Bowling Green. Preparations will start to ramp up in January so more information will be coming in the next *Kernel*. If you have ideas on topics that you'd like to see presented, please forward these to Carol Douglas, president of the Barren River Chapter, at douglas_353@msn.com.

President's Perspective (Cont'd)

Remember what happened 20 years ago when no one was watching? Speaking of legislators, the General Assembly convenes once again in Frankfort on January 4, beginning the 2022 Session. This is a budget-writing session in a split government so we can expect lots of conversation about how to spend – or not spend – historically high budget reserves which, by the way, are predicted to increase again by the end of this fiscal year on June 30, 2022. Right now, there is every reason to believe that the full Actuarially Determined Employer Contribution (ADEC) will be provided for again in the budget. There also is not any indication of changes to our pension plans themselves although there will likely be some “housekeeping” once again.

One item in the budget discussions will be COLAs for both retirees and active employees. We are all aware that we last received 1.5 percent on July 1, 2011. Active employees last received 1 percent in FY 2016, some five years ago. We see retiree numbers increase, active employees decrease as Tier 1 and 2 employees leave the state workforce, and turnover is pretty steep in the Tier 3 group with stagnant pay at least a partial driver.

There are calls to use either some of the investment gains earned by KPPA last year or some of the budget surplus to fund retiree COLAs. Legislative members of the PPOB seem supportive but generally non-committal. We'll see if a recommendation makes it in their year-end report to the Legislature. KPPA will not be taking a position one way or the other on COLAs, instead providing legislators with information upon which to base a decision. By statute, this is solely the Legislature's call either way it falls.

Finally, elections for the two KERS trustees on the KRS Board will be held January 20 – March 1, 2022, before the next *Kernel* comes out. However you choose to vote, by electronic or paper ballot, I hope every KPR member does vote. These elections are expensive to conduct, and a low response rate is not indicative of the real interest, at least among retirees. Review the six candidates carefully, please.

I want to again thank each of you for being members of KPR. Your participation in this endeavor, that none of us thought we would ever have to do, is critical. We could not do this as individuals. Remember, our public pension is not a handout –

WE EARNED IT!

Kentucky Public Pensions Authority Update

by Larry Totten

Committee and board meetings for KPPA/KRS/CERS continue to be conducted online, with ZOOM meetings for board members, and Facebook streaming to the public.

The Investment Division provided year-end information for FY 2021 for all three boards. (For the pension plans, KERS NH ended at 22.6 percent, KERS H ended at 25.2 percent, and SPRS had a 21.7 percent return. The insurance plans had similar returns.) The other major item dealt with the search and hiring of a new external manager for Non-US Small Cap Equities. It was thought this asset class needed more active management and Axiom Investors was selected to replace two existing firms in this area; there was no change in the overall investment value. A report from GRS (KPPA's actuary) discussed the stress test analysis performed on these pension plans, highlighting areas requiring diligence.

The Joint Audit Committee presented its update of their work (completed and in-process) and a review of FY 21 financials. A preview of the FY 21 audit was also presented. The Joint Retiree Health Plan Committee met and gave the necessary approvals for both the non-Medicare and Medicare-eligible health insurance plans for 2022.

Subsequent to this meeting, it was announced that Humana was returning \$18.3 million to the insurance trust funds because medical expenses were less than expected as part of the gain share provision in its Medicare Advantage plan contract. The timeline for procuring health insurance for 2023 and beyond was also presented.

The CERS Board has had several meetings over the past few months – two in closed session discussing litigation and a third receiving reports from various committees. The KRS Board conducted a selection of the six candidates who will appear on the KERS trustee ballot in January and also received similar reporting from various committees. The CEOs of both of these boards discussed items that were on their “to do” lists.

The KPPA Board also received the same reports as the other two boards but also covered other topics. Bylaws for this group were approved; three administrative regulations were presented but not acted upon. Potential issues with the investment policies and procedures enacted by both CERS and KRS as they pertain to KPPA's Investment Division were discussed by CIO Steven Herbert. An *ad hoc* committee was formed to work on these for reconciliation by their respective boards.



To keep up to date with current activities affecting our retirement sign up for our email bulletins at kentuckypublicretirees.org.

Legislative Chair Update

by Larry Totten

Legislative meetings covering public pension issues, outside of the Public Pension Oversight Board (PPOB), have not occurred through the end of October.

The PPOB has had three meetings through October. In August, the group first brought up the actuarial audits that it is required to have done every five years by HB 238 (16RS). The committee voted to ask the LRC for funds to pay for this work. (The retirement systems will eventually pay for this.) David Eager, KPPA CEO, discussed the implementation of HB 8 (21RS), which covers the methodology by which employers' contributions are computed, and updated the group on the status of appeals. During the September meeting, the main topic was the biennial budget requests from each pension system. Also briefly discussed were retiree COLAs. The October meeting brought a further discussion of possible scenarios for retiree COLAs and their estimated costs. Also brought back up were the actuarial audits to be conducted on each plan. An RFI will be issued followed up by a formal purchasing document. COLAs will likely be brought up again in November. December will see the committee's annual report finalized.

As of November 1, 2021, there have been two pension-related bills for the 2022 General Assembly which have been prefiled. BR 40 would exempt any overtime made by Kentucky National Guard members from the pension spiking provisions when they are called up for a local government emergency. BR 341 would require economic assumptions used by the pension plans to be done every two years (instead of five). All three pension plans would be required to provide 30-year projections on funding levels, unfunded liabilities, and actuarially determined employer contributions.

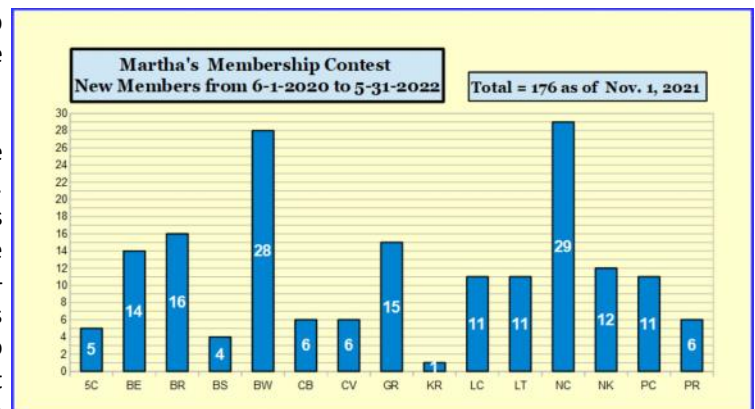
Membership Update

by Betty Hawkins

A special hello to all members. To view the latest membership numbers concerning Martha's Membership Contest and see how your chapter is doing, please review the graph.

To date (November 1, 2021) and since the beginning of the contest, members have recruited a total of 176 new members. The contest will end May 31, 2022. By the time you read this article, there will be fewer than six months remaining in the contest. We have some great cash prizes which will be awarded on June 17, 2022, at our Annual Business Meeting which is being held in Bowling Green. You do not have to be present to win any of these awards. Individuals recruiting the largest number of new members will receive the following awards:

first place - \$125; second place - \$100; third place - \$75; and fourth place - \$50.



We will also continue to have three \$20 random drawings. Any member recruiting at least one new member is eligible for these drawings. Start recruiting now and be eligible to receive one of these prizes. Don't forget to ensure your name is listed on the referral line on the membership application in order to receive credit for the new member referral.

I want to remind everyone that spouses of KPR members are also eligible for membership. At the present time our spousal membership number is 144. There are 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.

A \$70 cash prize will be awarded to the chapter which recruits the largest number of new members. As of this date, the top three chapters are: first place - North Central Chapter with 29 new members; second place - Bluegrass West Chapter with 28 new members; and third place - Barren River Chapter with 16 new members. As you can see, this is a very competitive race.

(Cont'd Page 4)

Membership Update (Cont'd)

Your one-on-one connection is by far the best tool to grow our membership. Reach out to those people you know – friends, former colleagues, relatives, and neighbors. Call them, email them, or you can even message them on Facebook. Why should you care about recruiting members? What's in it for you personally? You are still getting your retirement check, and thus far, the General Assembly has appropriated the amount required for the last three sessions. There are still twenty-seven years left to complete the cycle. So, our group needs to be vigilant for a very long time. It is important that we keep our core group of members assembled and ready to lobby when needed.

Members are encouraged to pay their 2022 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 2021. Paying your dues early saves us the expense of mailing your notice.

If you want to pay prior to receiving your statement, you may go online at the KPR website and click on "Membership" then "Pay Dues Online." Dues are \$15 per year with a minimal processing fee of 25 cents if paid online. You may also use a personal credit card or bank draft. You also have the option of subscribing for an automatic payment occurring at the same time each year. Personal checks may be mailed to KPR, P. O. Box 4082, Frankfort, KY, 40604. (See Page 7)

Please do not hesitate to call me at 502-321-0649 or email me at: betty.hawkins49@gmail.com if you have questions or need assistance with paperwork for your newly recruited members.

Chapter News

Bluegrass West - The chapter met at the VFW building July 20. Our guest speaker was Captain Scott Morgan with the Frankfort Police Department's Smart 911 Program. Captain Morgan oversees the Frankfort dispatch center. He said that as technology gets more advanced, it is helpful to have more information about local citizens.



Captain Scott Morgan

The information is beneficial in assisting the dispatcher when a critical situation occurs. Since more people are eliminating home phones and using cell phones, advance information such as physical impairments, medicines, allergies, and structures of the home such as fire escape saves time in an emergency. It is also very helpful if the names and phone numbers of family members are included. When you dial 911, time is of the essence, so the more information already known is of the utmost importance. He encouraged everyone to go to their website and set up a "personal profile" where they can enter their information.

You can also pick up a form at the Frankfort Police Department. This is a very important service throughout the state with many fire departments using the information.

Bluegrass West's speaker cancelled in August, and the annual picnic was held in September at the Juniper Hills Park Pavilion. The picnic was well attended and was enjoyed by all.



Bluegrass West Picnic

One of our longest serving and most involved members of KPR, Duane Ellis, passed away in September. Duane retired in 1987, and became a member of KPR shortly thereafter. He served as our Bluegrass West chapter president, vice president, treasurer, and audit chair during his tenure as a Bluegrass West member. He also served as our state president, vice president and state audit chair. He will be missed!

Covered Bridge - The Covered Bridge Chapter is back, and members enjoy being able to see each other and to listen to interesting and informative speakers. The group started back with an August meeting and had KPR President Larry Totten as our speaker.

In September the group heard retired Colonel Jim Clark's experience during the 9/11 attack while employed at The Pentagon.



Jim Clark and Doris Thoroughman



Rep. White (standing), Jane Davenport, David Muncy, and Rose Perkins

Our October speaker was State Representative from the 99th District Richard White. Rep. White is a local businessman in Rowan County and is well known for his wood products. We have had good attendance although we have lost several members while we were not meeting due to COVID-19. At our October meeting we were delighted to add two new members, Jane Davenport and David Muncy, both Rowan County residents.

Cumberland Valley - We held our July meeting at David's Steak House in Corbin. The 21st District State Senator Brandon Storm was our guest speaker. KPR President Larry Totten was also in attendance and swore in new officers. The officers are: David Cornett, president; John Harris, vice president; Carl Lawson, Jr., treasurer; and Dinah Presnell, secretary.

State Representative Tom Smith, who represents the 86th District, which includes Knox County as well as part of Laurel County, was our speaker in August.

The chapter did not meet in September or October.

Our next meeting will be held on Monday, November 29, at David's Steak House in Corbin. Our guest speaker will be 85th District State Representative Shane Baker, who represents parts of Pulaski and parts of Laurel counties.



Carl Lawson Jr., John Harris, Dinah Presnell, David E. Cornett, and Larry Totten

Green River - The Green River Chapter met August 11 at the Briarpatch Restaurant in Owensboro and was called to order by Agnes Barton, chapter president. Our guest speaker was State Trooper Corey King, who gave an excellent presentation regarding scammers. He explained the top ten tip-offs to a rip-off. He explained why seniors are more susceptible. He warned that these calls are often coming from other countries, and once you send money, there is nothing that can be done to recover it. Victims in this state lost \$93 million last year to scams, and likely more than that was lost, since many people don't report it because they are embarrassed about it. He is open to talking to groups who are interested, as it's so important for people to be cautious, aware, and informed. Some Green River members are pictured below. (Cont'd Page 6)



Sen. Brandon Storm and David Cornett



Agnes Barron



Ella King



Phil Fogle

Green River (Cont'd) - In August, Lewis Jean gave the legislative report. He said that KPPA is announcing a combined investment return of 25 percent net for all pension and insurance funds for the fiscal year which ended June 30, 2021. It is the highest single-year return in the history of the organization. The 25 percent investment return pushed total KPPA assets to \$22.7 billion as of June 30. The returns for each of the ten pension and insurance funds were significantly above their actuarial assumptions and will improve every plan's funded status and help reduce employer pension costs.

The September meeting was held at the Briarpatch Restaurant. Our speaker was Larry Conder who always has a wealth of information to share regarding local, state, and industrial issues. We had a very lively discussion on retaining our youth in the area, what's needed to draw industry, and what inhibits growth. Also discussed was the need for internet access for everyone.

Lewis Jean again gave the legislative report. He had spoken to one of our representatives who said it doesn't appear that a raise for retirees will be considered any time soon. The Governor had called a special legislative session which began the day before the meeting. This special session was called to deal with emergency measures during the COVID-19 pandemic. Lewis provided a very informative handout regarding HB 2 and explained many of the items being considered.



Rep. D.J. Johnson

Our guest speaker for our October meeting was Representative D.J. Johnson who represents the 13th District. Rep. Johnson said that the 2022 General Assembly will be working on a budget and will focus on infrastructure such as

roads and expanding broadband statewide. There was discussion about Kentucky's contingency or "rainy day" fund. He also said the retirement fund is receiving the full actuarially required contribution. During the business meeting, Lewis reported that Humana had refunded around \$18 million back into our insurance fund as there were fewer than expected medical expenses during the pandemic.

The chapter discussed how we could increase attendance at our local chapter meetings. Lewis Jean made a motion to have a drawing for \$50 for attendees at the meetings in November and December. At each meeting all names will be put in a container, and a name will be drawn.

Representative Scott Lewis will speak at the November 10, 2021, meeting. Senator Matt Castlen will speak at the December 8, 2021, meeting.

Northern Kentucky - The chapter held their August 9 meeting at the Log Cabin Inn, Covington, Kentucky. The program was John Hill sharing music from the big band and World War II eras. Everyone enjoyed it. Chapter President Milton Mains said there had been no legislation introduced for the 2022 Session that affects KPR. He pleaded to the members present to reach out to folks they used to work with and see if they could get them interested in becoming KPR members.

Our September meeting began with our chapter president asking everyone "What did you do on Labor Day when you were in high school?" Some members said, since school began the day after Labor Day, they were getting ready for that. Others mentioned having picnics; it was the last day at the pool before closing; and for Milton, it was the beginning of tobacco harvest.

In the business meeting, it was reported our Medicare insurance would remain the same for 2022. There were a few changes for those under 65.

Beginning in October, the members voted to move our future monthly meetings to the Golden Corral, 4770 Houston Road (Ky 842) in Florence. The time for the meeting was moved to 1 p.m. to take advantage of the current reduced senior price of \$8.49, including tax and beverage. The program will begin at 1:30 p.m., and adjournment will be no later than 3:00 p.m.

Purchase - Our guest speaker in March was Jessica Stolberg from Humana. Also, our State President Larry Totten was with us.



Jessica Stolberg

Notice for Medicare eligible retirees, spouses, and dependents on the Kentucky Public Pension Authority (KPPA) Humana Plans:

Humana will be issuing new ID cards this year due to the fact that our previous KRS name is on the cards. The new ID cards will reflect KPPA on the ID cards.



KEEP LIVING YOUR WAY.

You can, with these benefits and discounts from **KPR & AMBA:**

- Dental & Vision Insurance
- Long-Term Care
- Home Health Care
- MASA (Air and Ground Ambulance Plan)
- Cancer, Heart & Stroke Policy
- Accident Policy
- Medicare Supplement Policy
- Easy Issue Life Policy
- Tax Deferred Annuity
- Hearing Benefits
- Discounts on Travel, Dining & more

Learn more: 1-877-556-4582

myambabenefits.info/kpr

KENTUCKY PUBLIC RETIREES



Kentucky Public Retirees Membership Application

Date _____

Complete and mail application to: KPR Manager, P.O. Box 4082, Frankfort, KY 40604

I am:

A new member. Membership is free the first calendar year (until Dec. 31 of year joined.)

A new member and want to pay for my second year. Enclosed is \$15.00.

A current member and want to renew. Enclosed is \$15.00 for one year or \$30.00 for two years.

Applicants must be a member of one of these systems or the spouse of a KPR member.

Check all that apply: KERS CERS SPRS Spouse of KPR member

Name _____

Address _____

City _____ State _____ Zip _____ County _____

Phone _____ Email _____

Referred by _____ Chapter (if known) _____

Kentucky Public Retirees
P. O. Box 4082
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 (270-535-4023)</p>	<p>Big Sandy 11:30 a.m., 2nd Thursday Giovanni's 1236 N. Lake Drive Prestonsburg, KY Contact Thomas Hereford III (606) 226-1753</p>	<p>Bluegrass East 12:00 a.m. (ET), 2nd Wednesday Meetings are held via Zoom To join the online meeting: Contact Jerry Powell jwpowell211@gmail.com</p>	<p>Bluegrass West 11:30 a.m. (ET), 3rd Tuesday VFW Franklin County Post 4075 104 E. Second St. Frankfort, KY Contact Jean Henning (502) 682-6996</p>
<p>Covered Bridge 11:00 a.m. (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 a.m. (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 a.m. (ET), 3rd Monday The Mellow Mushroom 2520 Monticello St Somerset, KY Contact Bruce Brown (606) 305-9960</p>	<p>Lincoln Trail Currently Inactive Serving these counties: Breckinridge, Hardin, Meade Grayson, Larue, Marion, Nelson, and Washington. Contact Larry Totten 502-226-0273</p>	<p>North Central 11:30 a.m. (ET), 2nd Wednesday Jumbo Buffet 2731 S. Hurstbourne Pkwy Louisville Louisville, KY Contact Suzanne Bernert (502) 641-7720</p>
<p>Northern Kentucky 1:00 p.m. (ET), 2nd Monday Golden Corral 4770 Houston Rd (KY 842) Florence Contact Milton Mains (859) 512- 9881</p>	<p>Pennyrile 11:30 a.m. (CT), 4th Thursday Country Cupboard Restaurant 518 McCoy Avenue Madisonville, KY Contact L. Peyton Adams (270) 871-9295</p>	<p>Purchase 10:30 a.m. (CT), 1st Thursday Pizza Inn Joe Clifton Drive Paducah, KY Contact Tom Moore (270) 898-7289</p>	