

6.350 Actuarial analysis required for bill before General Assembly to increase benefits or participation in state-administered retirement system.

- (1) A bill which would increase or decrease the benefits or increase or decrease participation in the benefits or change the actuarial accrued liability of any state-administered retirement system shall not be reported from a legislative committee of either house of the General Assembly for consideration by the full membership of that house unless the bill is accompanied by an actuarial analysis.
- (2)
 - (a) An actuarial analysis required by this section must show the economic effect of the bill on the state-administered retirement system, including:
 1. An estimate of the effect on the actuarial accrued liabilities of the affected systems; and
 2. A projection of the annual cost to the systems of implementing the legislation for at least twenty (20) years. The annual cost projection shall include the effect on the contributions of participating employers as a percentage of total payroll and in total dollars of contributions.
 - (b) If a bill affects more than one (1) state-administered retirement system, the actuarial analysis shall project costs for each affected state-administered retirement system.
 - (c) An actuarial analysis shall state the actuarial assumptions and methods of computation used in the analysis and shall state whether or not the bill or resolution, if enacted, would, in the opinion of the actuary, make the affected state-administered retirement system actuarially unsound or, in the case of a system already actuarially unsound, more unsound. Actuarial cost methods and assumptions that meet actuarial standards of practice established by the Actuarial Standards Board shall be used in all cost projections.
 - (d) An actuarial analysis required by this section shall be prepared by an actuary who is a fellow of the Society of Actuaries, a member of the American Academy of Actuaries, or an enrolled actuary under the Employees' Retirement Income Security Act of 1974.
- (3)
 - (a) An actuary commissioned to make an actuarial analysis that is required by this section, or for the purpose of seeking appropriations for a state-administered retirement system, shall include in the analysis a complete definition of each actuarial term used in the analysis and, either in the analysis or in a separate actuarial valuation report made available as a public record, an enumeration and explanation of each actuarial assumption used to complete the actuarial analysis.
 - (b) If the actuary commissioned to complete the actuarial analysis is relying upon assumptions that have not been previously established by the actuary in an actuarial valuation of the affected state-administered retirement system, the actuary shall clearly note and describe the new assumption and the basis for selecting the assumption.
- (4) The actuarial analysis required by this section shall be completed by the actuary retained by the affected state-administered retirement system. The

state-administered retirement systems shall provide the analysis without cost to the General Assembly.

(5) For purposes of this section, the term "state-administered retirement system" shall include:

- (a) The Kentucky Employees Retirement System, the County Employees Retirement System, and the State Police Retirement System administered by the Kentucky Retirement Systems and established under the provisions of KRS 16.505 to 16.652, 61.510 to 61.705, and 78.510 to 78.852;
- (b) The Kentucky Teachers' Retirement System established under KRS 161.220 to 161.716;
- (c) The Judicial Retirement Plan established under KRS 21.345 to 21.580; and
- (d) The Legislators' Retirement Plan established under KRS 6.500 to 6.577.

Effective: June 27, 2008

History: Amended 2008 (1st Extra. Sess.) Ky. Acts ch. 1, sec. 1, effective June 27, 2008. -- Created 1980 Ky. Acts ch. 246, sec. 1, effective July 15, 1980.

Legislative Research Commission Note (10/19/2004). 2004 (1st Extra. Sess.) Ky. Acts ch. 1, sec. 19, provides, "The provisions of this Act shall be effective, KRS 6.350 to the contrary notwithstanding."