

21.440 Duties of investment committee -- Duties of board -- Actuarial valuations, investigations, and analyses -- Audit.

- (1) (a) The investment committee for the judicial retirement fund shall at least once in every two (2) year period procure an actuarial valuation of the judicial retirement fund. The valuation shall, at a minimum, include:
 1. A description of the actuarial assumptions used in the actuarial valuation, which shall be reasonably related to the experience of the fund and represent the actuary's best estimate of anticipated experience;
 2. A description of any funding methods utilized or required by state law in the development of the actuarial valuation results;
 3. A description of any changes in actuarial assumptions and methods from the previous year's actuarial valuation;
 4. The actuarially recommended contribution rate for employers for the upcoming budget periods;
 5. A twenty (20) year projection of the funding levels, unfunded liabilities, and actuarially recommended contribution rates for employers based upon the actuarial assumptions, funding methods, and experience of the system as of the valuation date; and
 6. A sensitivity analysis that evaluates the impact of changes in plan assumptions, including but not limited to the investment return assumption, payroll growth assumption, and medical inflation assumptions, on employer contribution rates, funding levels, and unfunded liabilities.
- (b) At least once in each five (5) year period, the board of trustees of the Judicial Form Retirement System shall cause an actuarial investigation to be made of all the relevant experience under the retirement plan relative to the actuarial assumptions and funding methods previously adopted by the board. The actuarial investigation shall include at a minimum a summary of the changes in actuarial assumptions and funding methods recommended in the investigation and the projected impact of the recommended changes on funding levels, unfunded liabilities, and actuarially recommended contribution rates for employers over a twenty (20) year period.
- (c) Pursuant to the investigation, the board shall from time to time revise the actuarial tables previously adopted by the board and shall thereupon revise the bases of the rates of contributions required under KRS 21.345 to 21.580.
- (d) For any change in actuarial assumptions, funding methods, retiree health insurance premiums and subsidies, or any other decisions made by the board that impact system liabilities and actuarially recommended contribution rates for employers and that are not made in conjunction with the actuarial investigation required by paragraph (b) of this subsection, an actuarial analysis shall be completed showing the projected impact of the changes on funding levels, unfunded liabilities, and actuarially recommended contribution rates for employers over a twenty (20) year period.

- (e) A copy of the valuation, the five (5) year actuarial investigation, and any analysis required by this subsection shall be forwarded electronically to the Legislative Research Commission within ten (10) days of receipt by the committee, and the Legislative Research Commission shall distribute the information received to the committee staff and co-chairs of any committee that has jurisdiction over the Judicial Form Retirement System. The actuarial valuation required by paragraph (a) of this subsection shall be submitted no later than November 15 following the close of the fiscal year.
 - (f) All the investigations and valuations shall be certified to the board by an actuary who shall be a fellow of the Conference of Consulting Actuaries or a member of the American Academy of Actuaries.
- (2) (a) The board of trustees of the Judicial Form Retirement System shall annually procure an audit of the system and each of the funds therein. The audit shall be conducted in accordance with generally accepted auditing standards. Except as provided by paragraph (b) of this subsection, the board may select an independent certified public accountant or the Auditor of Public Accounts to perform the audit. If the audit is performed by an independent certified public accountant, the Auditor of Public Accounts shall not be required to perform an audit pursuant to KRS 43.050(2)(a), but may perform an audit at his discretion. The board shall make copies of the audit required by this section available for examination by any member or beneficiary in the office of the manager of the system and in such other places as may be necessary to make the audit available to all members and beneficiaries. A copy of the audit shall be sent to the Legislative Research Commission within ten (10) days of receipt by the committee.
- (b) Once every five (5) years, the Auditor of Public Accounts shall perform the audit described by this subsection, and the system shall reimburse the Auditor of Public Accounts for all costs of the audit. The Auditor of Public Accounts shall determine which fiscal year during the five (5) year period the audit prescribed by this paragraph will be completed.

Effective: July 15, 2016

History: Amended 2016 Ky. Acts ch. 133, sec. 4, effective July 15, 2016. -- Amended 2012 Ky. Acts ch. 75, sec. 4, effective April 11, 2012. -- Amended 1990 Ky. Acts ch. 489, sec. 13, effective July 13, 1990. -- Amended 1984 Ky. Acts ch. 111, sec. 27, effective July 13, 1984. -- Amended 1980 Ky. Acts ch. 246, sec. 2, effective July 15, 1980. -- Created 1960 Ky. Acts ch. 84, Art. III, sec. 10.