

78.784 Board's administration of actuarial processes. (Effective April 1, 2021)

- (1) (a) As soon as practicable after its organization, the County Employees Retirement System board shall adopt the actuarial tables, assumptions, and methods necessary for the administration of the system and for the annual determination of actuarial assets, actuarial liabilities, and recommended employer contribution rates of the system as provided by KRS 61.702 and 78.635, for the pension and retiree health funds.
- (b) The board shall cause an actuarial valuation to be made annually. 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 system 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 system assumptions, including but not limited to the investment return assumption, payroll growth assumption, and medical inflation rates, on employer contribution rates, funding levels, and unfunded liabilities.
- (c) At least once in each five (5) year period, the board shall cause an actuarial investigation to be made of all the experience under the system 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.
- (d) Pursuant to the actuarial 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 employer contributions required under KRS 78.510 to 78.852.
- (e) 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 (c) 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.

- (f) All actuarial investigations, analyses, 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 copy of each five (5) year actuarial investigation, actuarial analysis, and annual valuation required by subsection (1) of this section shall be forwarded electronically to the Legislative Research Commission no later than ten (10) days after receipt by the board, 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 County Employees Retirement System. The actuarial valuation required by subsection (1)(b) of this section shall be submitted no later than November 15 following the close of the fiscal year. In addition, the County Employees Retirement System shall submit a summary of the actuarial valuation to the Public Pension Oversight Board by December 31 following completion of the actuarial valuation which shall include the employer contribution rates to be payable by participating employers in the upcoming fiscal year, key actuarial statistics and trends, any changes in assumptions or methods since the last valuation, and other pertinent actuarial data and information.

Effective: April 1, 2021

History: Created 2020 Ky. Acts ch. 79, sec. 7, effective April 1, 2021.