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Fiscal Year	Debt Service	Bond Issue A August 2010	Bond Issue B March 2011	Bonds to be issued FY13	Total Debt Service Budgeted	Difference from FY 2016	Governor's Budget Proposal - Suggest future Governor's and Legislatures to Using Reduction in Bond Payments to Fund Amount Needed Per Actuary						
							Amount from difference in bond payments annually	Additional annual state contribution per Systems actuary (ARC)	Net annual shortfall				
		\$467,555,000	\$269,815,000	\$152,400,000									
2011		55,092,681			55,092,681								
2012		69,042,487	26,235,908	-	95,278,395								
2013		69,029,491	34,321,283		103,350,774								
2014		69,029,744	34,301,452	21,458,000	124,789,196								
2015		69,027,711	34,302,558	17,362,983	120,693,251		0	386,400,000	386,400,000	Requested / not in Governor's Budget			
2016		64,776,650	34,301,143	17,358,769	116,436,562		0	487,400,000	487,400,000	Requested / not in Governor's Budget			
2017		55,699,175	33,776,181	17,363,012	106,838,368	(9,598,194)	9,598,194	490,600,000	481,001,806				
2018		45,490,372	34,298,205	17,359,347	97,147,924	(19,288,638)	19,288,638	508,700,000	489,411,362				
2019		27,208,284	34,297,016	17,360,725	78,866,025	(37,570,537)	37,570,537	551,900,000	514,329,463				
2020		8,919,862	34,298,555	17,359,998	60,578,416	(55,858,146)	55,858,146	589,600,000	533,741,854				
2021			34,296,444	17,363,554	51,659,998	(64,776,564)	64,776,564	589,600,000	524,823,436	ARC Shortfall Estimated			
2022			15,653,375	17,362,474	33,015,849	(83,420,713)	83,420,713	589,600,000	506,179,287	ARC Shortfall Estimated			
2023				17,365,463	17,365,463	(99,071,099)	99,071,099	589,600,000	490,528,901	ARC Shortfall Estimated			
2024					0	(116,436,562)	116,436,562	589,600,000	473,163,438	ARC Shortfall Estimated			
							Current bienniums reduction will not be used						
							Future bienniums reductions are suggested to be used						

Contributions for Teachers' Pensions

Fiscal Year	Contribution Rates per Budget						Contribution Rates		Total Teachers' Rates
	Retirement System			Funded COLAs, Min Benefits, Sick Leave			Employer	Employee	
	Employer	Employee	Total	Employer	Employee	Total			
1998-99	13.105%	9.855%	22.96%	2.40%		2.40%	15.51%	9.86%	25.36%
1999-00	13.105%	9.855%	22.96%	2.40%		2.40%	15.51%	9.86%	25.36%
2000-01	13.105%	9.855%	22.96%	2.40%		2.40%	15.51%	9.86%	25.36%
2001-02	13.105%	9.855%	22.96%	2.97%		2.97%	16.07%	9.86%	25.93%
2002-03	13.105%	9.855%	22.96%	3.14%		3.14%	16.25%	9.86%	26.10%
2003-04	13.105%	9.855%	22.96%	3.29%		3.29%	16.40%	9.86%	26.25%
2004-05	13.105%	9.855%	22.96%	3.56%		3.56%	16.67%	9.86%	26.52%
2005-06	13.105%	9.855%	22.96%	3.59%		3.59%	16.70%	9.86%	26.55%
2006-07	13.215%	9.855%	23.07%	3.93%		3.93%	17.15%	9.86%	27.00%
2007-08	14.425%	9.855%	24.28%	4.17%		4.17%	18.60%	9.86%	28.45%
2008-09	13.105%	9.855%	22.96%	4.25%		4.25%	17.36%	9.86%	27.21%
2009-10	13.105%	9.855%	22.96%	4.28%		4.28%	17.39%	9.86%	27.24%
2010-11	13.105%	10.105%	23.21%	4.15%		4.15%	17.26%	10.11%	27.36%
2011-12	13.105%	10.355%	23.46%	3.88%		3.88%	16.99%	10.36%	27.34%
2012-13	13.105%	10.855%	23.96%	3.69%		3.69%	16.80%	10.86%	27.65%
2013-14	13.105%	11.355%	24.46%	3.50%		3.50%	16.61%	11.36%	27.96%
2014-15	13.105%	12.105%	25.21%	3.50%		3.50%	16.61%	12.11%	28.71%
2015-16	13.105%	12.855%	25.96%	3.50%		3.50%	16.61%	12.86%	29.46%

Contributions for State Employees' Pensions Compared to Teachers' Pensions

Fiscal Year	Contribution Rates per Budget						State Employees' Rates			Total Teachers' Rates
	Retirement System			Social Security			Employer	Employee	Total	
	Employer	Employee	Total	Employer	Employee	Total				
1998-99	8.03%	5.00%	13.03%	6.20%	6.20%	12.40%	14.23%	11.20%	25.43%	25.36%
1999-00	8.03%	5.00%	13.03%	6.20%	6.20%	12.40%	14.23%	11.20%	25.43%	25.36%
2000-01	5.89%	5.00%	10.89%	6.20%	6.20%	12.40%	12.09%	11.20%	23.29%	25.36%
2001-02	5.89%	5.00%	10.89%	6.20%	6.20%	12.40%	12.09%	11.20%	23.29%	25.93%
2002-03	3.76%	5.00%	8.76%	6.20%	6.20%	12.40%	9.96%	11.20%	21.16%	26.10%
2003-04	5.89%	5.00%	10.89%	6.20%	6.20%	12.40%	12.09%	11.20%	23.29%	26.25%
2004-05	5.89%	5.00%	10.89%	6.20%	6.20%	12.40%	12.09%	11.20%	23.29%	26.52%
2005-06	5.89%	5.00%	10.89%	6.20%	6.20%	12.40%	12.09%	11.20%	23.29%	26.55%
2006-07	7.75%	5.00%	12.75%	6.20%	6.20%	12.40%	13.95%	11.20%	25.15%	27.00%
2007-08	8.50%	5.00%	13.50%	6.20%	6.20%	12.40%	14.70%	11.20%	25.90%	28.45%
2008-09	10.01%	5.00%	15.01%	6.20%	6.20%	12.40%	16.21%	11.20%	27.41%	27.21%
2009-10	11.61%	5.00%	16.61%	6.20%	6.20%	12.40%	17.81%	11.20%	29.01%	27.24%
2010-11	16.98%	5.00%	21.98%	6.20%	6.20%	12.40%	23.18%	11.20%	34.38%	27.36%
2011-12	19.82%	5.00%	24.82%	6.20%	6.20%	12.40%	26.02%	11.20%	37.22%	27.34%
2012-13	23.61%	5.00%	28.61%	6.20%	6.20%	12.40%	29.81%	11.20%	41.01%	27.65%
2013-14	26.79%	5.00%	31.79%	6.20%	6.20%	12.40%	32.99%	11.20%	44.19%	27.96%
2014-15	38.41%	5.00%	43.41%	6.20%	6.20%	12.40%	44.61%	11.20%	55.81%	28.71%
2015-16	38.80%	5.00%	43.80%	6.20%	6.20%	12.40%	45.00%	11.20%	56.20%	29.46%

Framework of a Solution for Catching-up Funding by the State for Teachers

Since 2008 the state has not made the required annual contributions for teachers' pensions; as a result, the actuary has calculated assets for teachers' pensions will be exhausted by 2036. Unpaid contributions are teachers' compensation and an existing unpaid debt of the State compounding at 7.5%. THE FRAMEWORK OF THIS PLAN:

Adopts a long-term solution this biennium that would stop compounding the problem.

Makes required annual contributions by replacing the State's debt compounding at 7.5% with bond debt issued at historically low rates (now at 4.3%).

Establishes a minimum time-frame of stepping into required annual contributions from the general fund over the next six years.

Fiscal Year (<i>\$ in millions</i>)	Catch-up Funding to Teachers' Pensions			Projected Contributions to Catch- up Funding by the State	Catch-up Funding from State's Finances				
	Different Sources Available to State				General Fund Appropriations			GO Bonds	State Assets
	Appropriations	GO Bonds	Timberland		Appropriations	Bond Payments	Total	Amount	Amount
FY 14-15	\$ -	\$ 386	\$ -	\$ 386	\$ -	\$ -	\$ -	\$ 386	\$ -
FY 15-16	92	395	-	487	92	29	121	395	-
FY 16-17	184	315	-	499	184	59	243	315	-
FY 17-18	276	235	-	511	276	84	360	235	-
FY 18-19	368	156	-	524	368	103	471	156	-
FY 19-20	460	77	-	537	460	116	576	77	-
FY 20-21	550	-	-	550	550	122	672	-	-
FY 21-22	564	-	-	564	564	122	686	-	-
FY 22-23	578	-	-	578	578	122	700	-	-
FY 23-24	592	-	-	592	592	122	714	-	-

Assumptions:	
Annual increase in budget until state meets obligation	92
Assumed salary increase	2.50%
Actuarial contribution % of salary	10.42%
Estimated GO Bond Rates	4.3%
Average increase in borrowing costs	0.2%
Length of bond in years	20
GDP Growth	2.80%
Increase in GDP Growth	0.05%

Projected Growth in State Budget			
	KY GDP	Total Budget	Growth
FY14		9,700	
FY15	2.80%	10,000	300
FY16	2.85%	10,300	600
FY17	2.90%	10,600	900
FY18	2.95%	10,900	1,200
FY19	3.00%	11,200	1,500
FY20	3.05%	11,500	1,800
FY21	3.10%	11,900	2,200
FY22	3.15%	12,300	2,600
FY23	3.20%	12,700	3,000
FY24	3.25%	13,100	3,400

KTRS Benefit Payments For December 2013

Benefit Type	Age Less Than 80			Age 80 and Above			All Ages		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Normal Retirement	11,081	25,728	36,809	1,553	3,858	5,411	12,634	29,586	42,220
Disability Retirement	578	1,916	2,494	31	93	124	609	2,009	2,618
Survivor Payment	164	202	366	1	31	32	165	233	398
Beneficiary Payment	629	1,344	1,973	185	735	920	814	2,079	2,893
Adult Disabled Dependent	184	130	314	1	-	1	185	130	315
Other Recipient **	-	-	-	-	-	-	-	-	-
Total	12,636	29,320	41,956	1,771	4,717	6,488	14,407	34,037	48,444

** Includes Child Support and IRS Levy Payments - 19

Benefit Type	Age Less Than 80			Age 80 and Above			All Ages		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Normal Retirement	26.4%	61.3%	87.7%	23.9%	59.5%	83.4%	26.1%	61.1%	87.2%
Disability Retirement	1.4%	4.6%	5.9%	0.5%	1.4%	1.9%	1.3%	4.1%	5.4%
Survivor Payment	0.4%	0.5%	0.9%	0.0%	0.5%	0.5%	0.3%	0.5%	0.8%
Beneficiary Payment	1.5%	3.2%	4.7%	2.9%	11.3%	14.2%	1.7%	4.3%	6.0%
Adult Disabled Dependent	0.4%	0.3%	0.7%	0.0%	0.0%	0.0%	0.4%	0.3%	0.7%
Other Recipient **	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	30.1%	69.9%	100.0%	27.3%	72.7%	100.0%	29.7%	70.3%	100.0%