HI Shared Shared.

Fiscal		6	8	Total Debt						
Year Debt	Bond Issue A	Bond Issue B	Bonds to be	Service	Difference from					
Service	August 2010	March 2011	issued FY13	Budgeted	FY 2016				2	
	\$467,555,000	\$269,815,000	\$152,400,000			Governor's Budg	et Proposal - Suggest future	e Governor's and		
						Legislatures to Using	g Reduction in Bond Payme Needed Per Actuary	ents to Fund Amount		
2011	55,092,681			55,092,681		Amount from difference in bond	Additional annual state contribution per Systems Net annual shor			
2012	69,042,487	26,235,908	-	95,278,395		payments annually	actuary (ARC)			
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 Go	vernor'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 reduct	ion will not be used			
						Future bienniums reduction	ons are suggested to be used			

							•	
2014-2016 KTRS Budget Request - Benef	its (See note 1)							
					Agency (Note 1)	Agency (Note 1)	Governor's	Governor's
	Actual	Actual	Actual	Actual	Request	Request	Recommendation	Recommendation
	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2014-2015	2015-2016
Personal Payments (See Note 2)	\$ 2,285,900		\$ 2,348,000	\$ 2,563,900	\$ 1,938,900	\$ 1,959,800	\$ 1,938,900	\$ 1,959,800
1992-94 Increase in Survivor Benefits	1,398,800	1,458,500	1,483,000	1,507,900	1,525,100	1,542,500	1,525,100	1,542,500
Prior Service	640,000	640,000	640,000	640,000	640,000	640,000	640,000	640,000
Handicapped Child	582,900	608,000	621,900	648,100	617,300	640,800	617,300	640,800
Amortized Payments								
1998-2000 COLA	15,333,900	15,333,900	15,333,900	7,938,600				
2000-02 COLA	12,511,400	12,511,400	12,511,400	12,511,400	12,511,400	7,227,700	12,511,400	7,227,700
2002-04 COLA	21,405,700	21,405,700	21,405,700	21,405,700	21,405,700	21,405,700	21,405,700	21,405,700
2004-06 COLA	15,413,700	15,413,700	15,413,700	15,413,700	15,413,700	15,413,700	15,413,700	15,413,700
2006-08 COLA	15,730,200	15,730,200	15,730,200	15,730,200	15,730,200	15,730,200	15,730,200	15,730,200
2002-04 Min Benefit Adj (\$335-\$440)	3,375,900	3,375,900	3,375,900	3,375,900	3,375,900	3,375,900	3,375,900	3,375,900
Sick leave liability 1998-2000 (Note 3)	4,660,300	4,660,300	4,660,300	2,425,900				
Sick leave liability 2000-2002 (Note 3)	6,167,100	6,167,100	6,167,100	6,167,100	6,167,100	3,579,100	6,167,100	3,579,100
Sick leave liability 2002-2004 (Note 3)	5,337,000	5,337,000	5,337,000	5,337,000	5,337,000	5,337,000	5,337,000	5,337,000
Sick leave liability 2004-2006 (Note 3)	5,480,300	5,480,300	5,480,300	5,480,300	5,480,300	5,480,300	5,480,300	5,480,300
Sick leave liability 2006-2008 (Note 3)	5,814,400	5,814,400	5,814,400	5,814,400	5,814,400	5,814,400	5,814,400	5,814,400
Sick leave liability 2008-2010 (Note 3)	8,969,000	8,969,000	5,042,700	5,042,700	5,042,700	5,042,700	5,042,700	5,042,700
Sick leave liability 2010-2012 (Note 3)	6,516,600	13,674,800	9,632,400	9,632,400	5,198,100	5,198,100	5,198,100	5,198,100
Sick leave liability 2012-2014 (Note 3)			4,190,100	8,630,400	7,808,600	7,808,600	7,808,600	7,808,600
Sick leave liability 2014-2016 (Note 3)					4,527,300	9,448,000	4,527,300	9,448,000
Medical Insurance Stabilization Funding (Note 4)								
State Cost for new retirees starting 7/1/10 (Note 4)				38,700,000	50,200,000	61,300,000	50,200,000	61,300,000
Medical Insurance subsidy amortization 2008-10 Biennium	2,574,100	2,574,100	2,574,100	2,574,100	2,574,100	2,574,100	2,574,100	2,574,100
Medical Insurance subsidy amortization 2010-12 Biennium		1,564,500	3,363,200	3,363,200	3,363,200	3,363,200	3,363,200	3,363,200
Employer Contribution shortfall 2011-2013 KRS 161.550(6) (See Note 1)	SEEK Short	fall)	194,000		35,395,400	-	31,408,200	
Actuarial required employer contributions (See Note 5)					386,400,000	409,000,000		
TOTAL KTRS BUDGET REQUEST	\$ 164,389,900.00	\$ 143,355,800.00	\$ 141,319,300	\$ 174,902,900	\$ 596,466,400	\$ 591,881,800	\$ 206,079,200	<u>\$</u> 182,881,800
M. O. I. D. I. O. I. DOD. I. ODD. D. I.								
Memo Only - Debt Service on POB and OPEB Bond	55,100,000	05.500	100.000.000	104 700 200			120 602 200	116,436,600
Debt service paid to OFM included in enacted budget	55,102,000 219,491,900	95,281,200 238,637,000	103,350,800 244,670,100	124,789,200 299,692,100		591,881,800	120,693,300 326,772,500	299,318,400
Note(1): The state pays the matching employer contribution (not included in			2.7,0,0,100		2,2,123,700	,-3,,000		
Note (2) KRS 161.550 indicates that the state is required to appropriate funds		- North Control of the Control of th	nts					
to local school districts; KRS 161.507(3) Military leaves; KRS 161.545 Subsi		•	,	diustments.				
Note (3) The unfunded sick leave liability is to be paid over a 15 year period.								
Note (4) KRS 161.550(2) Amounts determined with actuarial analysis of HB:		,		J				
Note (5) KRS 161.550(6) The cumulative shortfall amount since 2006-2008 (10.42% for 2014-2015 m	ultiplied by estimated cover	ered payroll.				
1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1	of dolding to be			P-J				-

Contributions for Teachers' Pensions

				ates per Bud	lget		Contribut	ion Rates	
	Ret	irement Syst	tem	Funded COLA	As, Min Benefit	s, Sick Leave	Continuut	ion Rates	Total
Fiscal Year	Employer	Employee	Total	Employer	Employee	Total	Employer	Employee	Teachers' Rates
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%	2	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%	9	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

	Contribution Rates per Budget State Employees' Rates												
	Ret	tirement Syste	tem	S	Social Security	y	Jian	2 Employees Ra	iles	Total			
Fiscal Year	Employer	Employee	Total	Employer	Employee	Total	Employer	Employee	Total	Teachers' Rates			
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%		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%		10.89%	6.20%	6.20%	12.40%	12.09%	11.20%	23.29%	26.52%			
2005-06	5.89%												
2006-07	7.75%												
2007-08	8.50%		The state of the s										
2008-09	10.01%	1000,000,000,000,000,000		N90,000 100,000, 00 1000									
2009-10	11.61%												
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%					11.20%					
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.

	Catch-up Fur	ding to Teacl	Projected Contributions to Catch- up Funding by the		Catch-up Funding from State's Finances										
Fiscal Year (\$ in millions)	Different	Sources Availab				Gener	al Fund	Appropri	ations		GO Bonds		State Assets		
	Appropriations	GO Bonds	Timberland		State	Appropri	iations	Bond P	ayments	Т	otal (Ar	nount	Ar	nount
FY 14-15	\$ -	\$ 386	\$ -	\$	386	\$	-	\$	-	\$	-	\$	386	\$	
FY 15-16	92	395	-		487		92		29		121		395		-
FY 16-17	184	315	-	ő.	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		1-
FY 20-21	550	_	_		550		550		122		672		-		-
FY 21-22	564	-	-		564		564		122		686		-		-
FY 22-23	578	_	_		578		578		122	<u> </u>	700		-		-
FY 23-24	592	-	-		592		592		122		714		-		_

Assumptions:	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 i	n 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

	Age	Less Tha	n 80	Age	80 and A	bove	All Ages			
Benefit Type	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

	Age	Less Tha	n 80	Age	80 and A	bove	All Ages			
Benefit Type	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%	