

2012 LEGISLATIVE PROGRAM
(Adopted by Delegate Assembly April 19, 2011)

INTRODUCTION

As KRTA members work to preserve the Kentucky Teachers' Retirement System (KTRS) these points are important to remember.

- Retired teachers are not covered by Social Security. There is no financial safety net for Kentucky's retired teachers.
- KTRS was established in 1938 because Kentucky's retired teachers were not permitted by the Social Security Administration (SSA) to participate in the Social Security program.
- Approximately 43,000 retired teachers, beneficiaries and survivors receive annuity payments each month.
- Over \$1.6 billion in annuity and medical payments are distributed yearly providing a significant positive economic impact on all of Kentucky's local communities.
- Historically, approximately seventy (70) percent of the retirement allowance distributed annually comes from KTRS' investment earnings.

ITEM I: KEEP THE GOVERNANCE OF KTRS AS IT IS PRESENTLY CONSTITUTED.

COMMENT: The Board of Trustees acting as a semi-independent state agency has a record of seventy-two (72) years of successful management that is unsurpassed in state government. The present trustee election process has served the best interest of Kentucky's public school teachers and retirees for many years with marked success.

ITEM II: OPPOSE ANY LEGISLATION THAT WOULD ENDANGER THE ACTUARIAL SOUNDNESS OF KTRS.

COMMENT: KTRS must be operated in a manner that assures earned benefits are paid in a timely manner. Both present and future retirees must be considered in any and all decisions relating to benefits to be paid, the funding these benefits and the investment of the system's resources.

ITEM III: MAINTAIN KTRS AS A DEFINED BENEFIT GROUP RETIREMENT PLAN.

COMMENT: Unlike a Defined Contribution (DC) Individual Savings account even with a Social Security Safety net, a retiree cannot outlive his/her pension under a Defined Benefit (DB) Group Retirement plan. Since Kentucky's retired teachers do not have a Social Security safety net, it vital that our DB group retirement plan continue. Also, research shows that administrative costs are much higher for DC plans than for DB plans.

ITEM IV: PROMOTE FULL FUNDING OF KTRS AND MAINTAIN THE MEDICAL INSURANCE FUND.

COMMENT: Full funding in a timely manner is required to keep the annuity fund in sound fiscal condition. Maintaining the medical insurance fund per HB 540 requirements is essential to the financial well being of our members. HB 540 is a shared responsibility approach to funding.

ITEM V. OPPOSE ANY EFFORT TO NOT APPROPRIATE NEEDED FUNDS OR BORROW RETIREMENT SYSTEM FUNDS.

COMMENT: Efforts by the State to reduce or withhold contributions to KTRS and/or to direct the system's investments will be vigorously challenged.

ITEM VI. COUNTER EFFORTS TO TAKE FIDUCIARY DECISIONS AWAY FROM THE KTRS BOARD OF TRUSTEES.

COMMENT: The Board of Trustees (a majority whom are elected by the active and retired teachers) employs experienced, competent investment consultants to advise them on all matters pertaining to investments and its fiduciary responsibilities.

ITEM VII: MAINTAIN ADEQUATE AND ACCESSIBLE HEALTH INSURANCE COVERAGE FOR ALL RETIREES.

COMMENT: The current health insurance programs provided by KTRS must be continued as per agreements with retirees.

ITEM VIII: SUPPORT LEGISLATION REQUIRING LONG-TERM CARE (LTC) INSURANCE CARRIERS TO SUBMIT RATE INCREASES TO THE ATTORNEY GENERAL, AS WELL AS THE DEPARTMENT OF INSURANCE, AND ALLOW INTERVENTION BY THE ATTORNEY GENERAL.

COMMENT: During the past three (3) years, the Kentucky Department of Insurance (KDOI) has permitted huge rate increases (i.e., 111%) by long-term care insurance carriers. The increases are intolerable for individuals on fixed incomes. Unlike auto and homeowner policy holders, LTC policy holders do not have an option to change insurance companies. Copies of requests for other insurance rate increases are forwarded to the Attorney General's Office when filed with the KDOI.

ITEM IX: SUPPORT AN INCREASE IN THE AMOUNTS PAID TO SURVIVORS OF ACTIVE CONTRIBUTING MEMBERS AND DISABILITY RETIREES.

COMMENT: Benefits paid to survivors of active teachers and disability retirees have not been increased for many years and have not kept pace with inflation. Special attention should be directed to the plight of teachers who become disabled in the line of duty with less than 27 years of service.

ITEM X: OPPOSE EFFORTS AT THE FEDERAL LEVEL TO IMPOSE MANDATORY SOCIAL SECURITY ON MEMBERS OF KTRS.

COMMENT: If KTRS contribution rates are reduced by 12.4% so that the combined KTRS and social security rate is maintained at the present level, the benefit actuarial formula for teachers would have to be reduced from 2.5% to less than 1.0%. The result would greatly reduce overall benefits for current and future teacher retirees.

ITEM XI: SUPPORT THE 2012 LEGISLATIVE PRIORITIES OF THE AARP/NRTA STATE LEGISLATIVE COMMITTEE AND/OR OTHER GROUPS REPRESENTING SENIOR CITIZENS, WHICH ARE NOT IN CONFLICT WITH THE POSITION OF KRTA.

COMMENT: Supporting issues of particular interest to retired teachers such as predatory lending, increased home and community-based health and living services, and long-term care regulations benefit our members.