

**DRAFT
LEGISLATIVE PROGRAM
2022-23**

INTRODUCTION

As KRTA members work to preserve the Teachers' Retirement System of Kentucky (TRS) 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.
- TRS was established in 1938 because the Social Security Administration (SSA) did not permit Kentucky's retired teachers by to participate in the Social Security program.
- TRS pension benefits have a substantial economic impact in Kentucky.

ITEM I: PROMOTE FULL FUNDING OF TRS' ANNUITY AND MEDICAL INSURANCE FUNDS.

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 (aka Shared Responsibility as enacted in 2010) requirements is essential to the financial well-being of our members. TRS members are meeting their Shared Responsibility (HB 540) obligations as are others. The Shared Responsibility plan is a national model for retiree health care funding.

ITEM II: MAKE NO FURTHER CHANGES TO THE TRS BOARD OF TRUSTEES AS IT IS PRESENTLY CONSTITUTED AND OPPOSE EFFORTS TO TAKE FIDUCIARY DECISIONS AWAY FROM THE TRS BOARD.

COMMENT: The General Assembly passed SB2 during the 2017 legislative session. SB2 added two governor appointees to the TRS Board of Trustees. To date the Board of Trustees, acting as a semi-independent state agency, has a record of 78 years of successful management that is unsurpassed in state government. The Board of Trustees (a majority of whom are elected by active and retired teachers) employs experienced, competent investment consultants to advise them on all matters pertaining to investments and its fiduciary responsibilities.

ITEM III: MAINTAIN TRS AS A DEFINED BENEFIT GROUP RETIREMENT PLAN FOR ALL KENTUCKY PUBLIC SCHOOL TEACHERS.

COMMENT: A retiree cannot outlive his/her pension under a Defined Benefit (DB) Group Retirement plan, as is possible with a Defined Contribution (DC) Individual Savings account even with a Social Security safety net. Since Kentucky's retired teachers do not have a Social Security safety net, it is vital that our DB group retirement plan continues. Also, research shows that DC plans may be up to 46 percent more costly to manage and maintain than DB plans.

ITEM IV: OPPOSE STATE TAX REFORM LEGISLATION THAT UNFAIRLY BURDENS KENTUCKY'S PRIVATE AND PUBLIC SECTOR RETIREES.

COMMENT: Cutting retirement income by raising the amount of retirement income subject to state income tax or reducing tax exemptions would be ill-timed and would be unfairly burden Kentucky's current retirees who have no time to pivot their retirement strategy.

ITEM V: 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 eleven 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 the option of changing insurance companies.

ITEM VI: SUPPORT REPEAL OF THE WINDFALL ELIMINATION PROVISION (WEP) AND THE GOVERNMENT PENSION OFFSET (GPO) PENALTIES. OPPOSE EFFORTS AT THE FEDERAL LEVEL TO IMPOSE MANDATORY SOCIAL SECURITY ON TRS MEMBERS AND

COMMENT: If TRS contribution rates are reduced by 12.4% so that the combined TRS and social security rate is maintained at the present level, the benefit actuarial formula for active 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. The WEP and GPO penalties are particularly harmful to individuals who make a midcareer decision to become a teacher in Kentucky.

ITEM VII: SUPPORT THE 2021-22 LEGISLATIVE PRIORITIES OF THE NRTA/AARP 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 retirement security, predatory lending, increased home and community-based health and living services, and long-term care regulations benefit our members.