

**Eastern Kentucky University Retiree Association Meeting**  
**AUGUST 22, 2017**

Location: Golden Corral

Time: 11:30

Guest Speakers/Topics: Bob Wagoner, Tim Abrams – KRTA Executive Directors

Fawn Conley, president of EKURA, opened the meeting by welcoming about 38 members and guests to our August meeting at Golden Corral. Following a buffet lunch, Fawn conducted a brief business meeting. Jackie Vance, secretary, reported that minutes from June are available online at our website which is <http://retirees.eku.edu/> Minutes were approved as provided electronically. Jackie made available copies for perusal to those interested. In the absence of Pat Ridgley, treasurer, Fawn reported a balance of \$2,666.24. Jackie called for those present to complete the “white” card enrolling in the membership of KRTA, if not completed before. Dues of \$10.00 annually can be paid or mailed to Pat Ridgley OR sent with the information sheet requested in the letters mailed in the past week. An alternate to annual dues is the Lifetime membership for \$120 mailed to Pat Ridgley. Fawn requested that each member/retiree be sure we have a preferred email, as with the exception of the first mailing completed in August, all notifications and announcements will be communicated by email. Fawn announced that the Board will be working principally on three items during the membership year and will be asking for input from all members, active and potential; membership dues, scholarship criteria, and possible by-laws changes will be addressed. We are currently searching for a president-elect. Four Board members are attending the Central Kentucky, East meeting in Berea on August 28; one more ticket is available to someone interested. A sign-in sheet for emails was circulated.

Charles Hay circulated the sign-up sheet for the September trip to Claiborne Farm, Cane Ridge Revival, and ColorPoint tour. He explained the itinerary for the trip and encouraged attendance. Any questions regarding trips should be addressed to Hay or Conley.

Charles Hay introduced our guest speakers for the day. Dr. Bob Wagoner, retiring Executive Director of Kentucky Retired Teachers Association will be updating us on the state of pension reform. Mr. Tim Abrams, newly appointed Executive Director of KRTA, was introduced and will answer questions. Fawn Conley mailed out a synopsis of the remarks Dr. Wagoner made which follow as a record in these minutes:

Our speaker for the 22 August EKURA meeting was Kentucky Retired Teachers Association (KRTA) retiring Executive Director Dr. Bob Wagner. A summary of his remarks in regard to the TRS pension system is included below to keep you up to date on pension happenings. Please keep contacting your legislators about the pension funding - if you think our pensions are safe, I fear you may be mistaken given the current political atmosphere.

Our speaker for the 17 April 2018 meeting after the 2018 legislative session will be the new Executive Director, Tim Abrams. We are also trying to schedule Larry Totten, who is involved with the KRS pension system for the same meeting.

1. On Monday, 28 August at 1 pm., in the Capitol Annex, the PFM Group which Bevin hired to look at KY pension systems will give its final report to the Public Pension Oversight Committee which has studied the system (s) for 18 months. PFM will deliver its review of the systems and its recommendations for improving them. Dr. Wagoner is not expecting it to be a positive report.
2. KRS is currently 17 – 19% funded. TRS is 54% funded.

3. Dr. Wagoner is concerned about the 22 new representatives in the House who have no knowledge of the history of the pension funds, and who are listening to older representatives without doing any research of their own
4. Governor Bevin has put up a website on pensions on the State Treasurer's website. Bevin says the return on pension investments is 4%; Dr. Wagner feels the return is more likely over 15%, perhaps because the unfunded liability has been misquoted. Some causal factors may be that many functions at the state level are privatized and there are large amounts of money available for personal service contracts.
5. In 2016, Bevin included \$973 million in the budget for the pension systems. There has been 0% in previous cycles. This was 60% of what was asked for and would have to be repeated 14 more times. There is \$14B in unfunded liability. TRS is dependent on long term investments. It exists as a defined benefit program and because of lack of social security there are needed adjustments. The rule of 90 is employed (60 years of age plus 30 years of experience. In some cases, if sick leave is accrued, 30% of its value can be added to the last block of salary to compute the benefit.
6. Dr. Wagner believes there will be a push to steer new teachers into 401K accounts rather than TRS. The average 401K in the US is only \$45,000, nowhere near enough to fund a retirement
7. The average TRS pension in Kentucky is \$36,000 plus health insurance, \$12,000 of which is SS replacement.
8. There are currently 31,000 Kentucky Retired Teacher Association (KRTA) members
9. Question: It's been rumored that all retirement systems will be combined into one. Is that true? Dr. Wagner believes that Governor Bevin wants to combine all the pension system monies into one account under a "super board," rather than combine the systems themselves.
10. The underfunding of the pension systems began under Governor Paul Patton, who redirected pension funds into his "Bucks for Brains" program.
11. TRS and KRS have different investment companies. A Board of Trustees determines which company is hired.
12. Question: Will there be a move to tax pensions? According to Dr. Wagner, pensions up to \$41,000 are exempt. He believes there may be a push by the legislature to tax pensions, but they would also have to consider taxing private business pensions as well. Not expected to go forward.
13. TRS is considered actuarially sound at 80% funded.
14. K – 12 school systems do not contribute to the pension fund but do contribute to the health insurance pool.
15. Other than the state's Annual Required Contribution (ARC), 70% of pension funding comes from earnings, 30% comes from employee and employer contributions.
16. In Kentucky there are 15,000 teachers still teaching who could retire. There are simply NO replacements for these vacancies should they retire. This puts increasing pressure on an already burdened system, especially the school systems. When the system runs out of \$, checks stop coming.

The meeting adjourned at 2:30. Our next meeting will be at Golden Corral on October 17, with Jane Gilbert, KTRS Insurance Director. More information will follow by email.

Respectfully submitted, Jackie Vance, Secretary