



JUDICIAL FORM RETIREMENT SYSTEM

BOARD OF TRUSTEE MEETING – OCTOBER 22, 2021



AGENDA



BOARD OF TRUSTEES, Judicial Form Retirement System INVESTMENT COMMITTEES, Judicial and Legislators Retirement Funds

October 22, 2021 – 10:00 a.m. EST

**Administrative Office of the Courts, Meeting Room B
1001 Vandalay Drive, Frankfort, Kentucky**

AND

Video Conference using Microsoft Teams

- I. Call to Order.
- II. Adoption of the *Minutes* of the July 23, 2021 Meeting.
- III. Election of Board and Committee Chairs.
- IV. Investment Related Matters.
 - A. Presentation by Lexington Investment Company.
 - B. Presentation by Hilliard Lyons Trust Company.
 - C. Investment Policy Statement Review
- V. Reports by Executive Director.
 - A. Public Pension Oversight Board
 - B. 2021 Actuarial Valuations – *Actionable Item*
 - C. 2022 Regular Session of Session – *Actionable Item*
 - i. Budget Request
 - ii. 2022 JFRS Housekeeping Bill
 - D. APA Fiscal Year 2021 End Audit Update
 - E. Medical/Fiduciary Liability Insurance Update
 - F. Pension Administration Software RFP Update
- VI. January 22, 2022 Meeting

Item II – Adoption of Minutes

- July 23, 2021

MINUTES OF THE JOINT MEETING
OF THE BOARD OF TRUSTEES OF
THE KENTUCKY JUDICIAL FORM RETIREMENT SYSTEM,
THE INVESTMENT COMMITTEE FOR THE
KENTUCKY JUDICIAL RETIREMENT FUND,
AND THE INVESTMENT COMMITTEE FOR THE
KENTUCKY LEGISLATORS RETIREMENT FUND

July 23, 2021

The Board of Trustees of the Kentucky Judicial Form Retirement System (JFRS), the Investment Committee for the Kentucky Judicial Retirement Fund, and the Investment Committee for the Kentucky Legislators Retirement Fund, convened at the Administrative Office of the Courts, 1001 Vandelay Drive, Frankfort, Kentucky 40601 on Friday, July 23, 2021, at 10:00 a.m. All Board members were present. JFRS staff present included Bo Cracraft, Executive Director, Rebecca Stephens, Retirement Programs Administrator, and Melissa Gilchrist, Retirement Programs Specialist. Guests joining the meeting included Don Asfahl, and Andy Means of Hilliard Lyons.

Chairman Grise called the meeting to order at 10:02 a.m. He recognized and introduced Representative Scott W. Brinkman, who was jointly appointed by the Speaker of the House and President of the Senate to the Board in late April.

The trustees considered the adoption of the previously distributed *Minutes* of the April 23, 2021 meeting. Upon motion by Mr. Stephen LeLaurin, seconded by Representative Brad Montell, the Board unanimously approved the *Minutes* of the April 23, 2021 meeting.

Chairman Grise recognized Mr. Cracraft, who notified the Board that Stan Kerrick, Lexington Investment Partners, was not going to make the meeting due to an illness. He noted for the record that *Lexington Investment's Report as of June 30, 2021* was included in Board materials distributed to the trustees in advance. In accordance with Board policy, the System maintains a copy of the *Report*. As stated on page one of the *Report*, each Plan is within its prescribed allocation guidelines.

Chairman Grise recognized Mr. Cracraft, who reported on several administrative matters. The trustees discussed the items, but none required action.

(A) Introduction of New Staff. Mr. Cracraft opened by recognizing and introducing Melissa Gilchrist as the newest staff member of the agency. Mrs. Gilchrist had joined JFRS in June and was able to spend several weeks in training with Ila Moody prior to her retirement.

(B) Public Pension Oversight Board (PPOB). Mr. Cracraft gave a summary of PPOB meetings since the April JFRS Board meeting.

May 24, 2021 – Each state-administered retirement system provided an investment and cash flow update as of December 31, 2020. Mr. Cracraft presented on behalf of JFRS.

June 24, 2021 – Teachers Retirement System provided a review of their recently completed Experience Study. Notably, they reduced their assumed Rate of Return to 7.1% and lowered their payroll growth assumption from 3.5% to 2.75%.

July 20, 2020 – Teachers Retirement System and the Kentucky Public Pensions Authority staff provided a review of sick leave accrual benefits and the impact on pensions

(C) District and Circuit Judicial Colleges. Mr. Cracraft informed the Board that JFRS staff had attended two Judicial Colleges during the Month of June. After a one-year break due to the global pandemic, Mr. Cracraft noted there was quite a bit of interest for member account reviews. Between the two colleges, staff met with over 45 judges and also hosted several virtual account reviews for judges unable to attend or meet with staff while onsite.

(D) APA Fiscal Year 2021 Audit. As confirmed during the April meeting, Mr. Cracraft noted the Auditor of Public Accounts was conducting the Fiscal Year 2021 Audit of JFRS. By statute, the APA must conduct the audit at least once every five years and their most recent audit was conducted for Fiscal Year 2016.

Mr. Cracraft reported that the process had begun and staff had welcomed the lead accountant, Adam Gordon, to their Frankfort offices multiple times. Mr. Gordon had already conducted initial narrative interviews, observed staff performing key administrative task, and had interviewed Chairman Grise as a part of their standard audit protocols.

Mr. Cracraft stated that member and service provider confirmation letters were due to be mailed in the next week and that staff had provided the initial financial data to MCM Advisors so the financial statements. Mr. Cracraft noted the target date for completion of the Audit was October and that he hoped to have the auditor provide an update during the October meeting, but no later than January of 2022.

(J) Pension Administration Software. Mr. Cracraft informed the Board that staff was in the final stages of developing a Request for Bid or Proposal to begin a search for a new Pension Administration System. Mr. Cracraft reported that staff had been working with the Administrative Office of the Courts to prepare and post the request on the Commonwealths' procurement website. Staff plans to begin the search by the end of August and will update the Board in October with any progress.

Chairman Grise welcomed Hilliard Lyons Trust Company, who arrived and joined the meeting at 11:01 a.m. Mr. Cracraft had previously distributed copies of Hilliard Lyons' *Investment Review for Kentucky Judicial Retirement Fund and Kentucky Legislators Retirement*

Fund dated July 23, 2021. In accordance with Board policy, the System maintains a copy of the *Investment Review*.

Prior to the quarterly review, Mr. Means and Mr. Asfahl updated the Board on a few organizational updates. First, Mr. Means informed the Board that John Watkins had recently been promoted to a co-portfolio manager of the Large Cap Equity team. Mr. Means emphasized that Mr. Watkins had been actively adding value and had a voice in managing the portfolios for some time, but now joined him as a true partner, with a 50% vote on what is added to or removed from the portfolio. Next, Mr. Asfahl announced that the team had moved into its' new office space in downtown Louisville and welcomed the Board to host a future meeting on site if possible. Lastly, Mr. Asfahl also informed the board that Hilliard Lyons Trust was going to assume the name of Baird Trust as of September 30, 2021.

Next, Mr. Means began the quarterly review with a few comments regarding Hilliard's quarterly Market Commentary, "Why all this talk about inflation?," which recognized that inflation was present and visible, but highlighted the reality that predicting inflation is very difficult and determining how much inflation is permanent versus transitory is very much up for debate. Mr. Means pointed out several drivers behind higher inflation, which included substantial government stimulus and unemployment insurance, leading to higher personal savings and income for consumers. As these consumer exit a global pandemic, they bring pent up demand for goods and services, yet at the same time global supply chains have been significant disrupted due to the shutdowns. Thus, a limited supply and excess demand is leading to rising prices. However, while evident, the bigger question is whether or not this current inflation is temporary or longer term. He noted that the Federal Reserve believes it will prove temporary, while many investment professionals believe inflation has yet to peak.

As for a path forward for the Hilliard Lyons team, Mr. Means readily admitted they did not have confidence in their ability to predict future inflation. Instead, they continue to focus on a portfolio they believe is well prepared for the uncertainty ahead. They have the types of businesses that have strong pricing power and can raise prices if need, but are also well managed companies with sustainable advantages.

Mr. Asfahl discussed several charts pointing to a recovering economy, which included consumer confidence, personal savings, growing GDP and employment levels. He noted that consumer balance sheets are stronger than ever, with both personal income and savings at historic highs. Lastly, Mr. Asfahl discussed current treasury yields, valuations, and earnings growth rates.

In response to a question from Justice Daniel Venters concerning personal savings, Mr. Means pointed to the unique situation where consumers had received multiple stimulus checks during a period of such economic downturn and limited ability to spend. This added income, along with an inability to spend, has led historic highs in consumer savings.

In response to a question from Representative Scott Brinkman with regards to any concern with the Federal Reserve shrinking their balance sheet and valuations above historic averages, Mr. Means stated the Fed would have to shrink and begin to make financial assets less attractive. They have to transition and begin to create dry powder in the event it is needed in the future. As for valuations, he did agree that current valuations were higher than average, but when compared to periods of similar volatility, higher valuations were evident.

Mr. Asfahl reviewed the current asset allocation, annual estimated income, and the current yield on the JRP legacy portfolio. He discussed the fixed income portfolio and schedule of maturities. Mr. Means reviewed a snapshot of the portfolio, which included relative sector weightings, top performers and largest holdings. He pointed the investment team's long-term goal is to significantly outperform the S&P 500, which means the portfolio will look quite a bit different than the index. He discussed current overweights to financials and communication services, while also pointing out the portfolio had zero holdings in five sectors. Lastly, he discussed the portfolios top 10 performers and largest holdings.

In response to a question from Judge John Grise regarding how the team was managing Microsoft, which was reaching a portfolio limit of 8% of the equity portfolio, Mr. Means stated the team was closely monitoring. He noted the policy does not require an immediate sell, but allows the team to trim as the stock continues to significantly exceed the 8% policy limit. Microsoft is a very attractive company with a great manager, so the team is comfortable with the stock close to the policy limit.

In response to a question from Judge Grise regarding how a single CEO can make such a difference in large, global organizations, Mr. Means agreed that one employee is not making all the important decisions, but what a CEO does is build a corporate culture that attracts, empowers, and influences smart and bright employees. Mr. Means compared it to a good coach, who has a significant impact on a team that has not recently experienced success. Mr. Means referenced Microsoft and how Satya Nadella had effectively rebranded the company's culture from an old, boring company that was not attracting young, entrepreneurial employees into a hip, cutting edge, attractive company.

In response to a question from Senator Bowen regarding the impact on the portfolio's exposure to financials in a rising interest rate market, Mr. Means stated two thirds of the financials exposure was in four distinct business, which all would be impacted differently by a rise in interest rates and ultimately what was driving the increase (such as inflation). For instance, a rise in rates would benefit JP Morgan Chase, which Hilliard believes is the finest bank, led by one of the brightest bankers in Jamie Dimon. Another holding, Berkshire Hathaway, while listed as a financial, is truly a conglomerate of holdings and led by another proven investor. He also referenced Progressive, which is an insurance company, and Schwab, which is a consumer centric asset gatherer, as the other larger financial holdings.

Mr. Asfahl concluded the presentation with a short review of the fixed income portion of the portfolios, a summary of risk statistics, as well as trailing period performance of the portfolios. He advised that the portfolios were well-positioned, continued to produce strong risk adjusted results, and had outperformed the blended index over each measured time period.

The meeting recessed for lunch at 12:00 and reconvened at 12:25 p.m.

Chairman Grise recognized Mr. Cracraft to discussing three additional investment related topics. First, Mr. Cracraft informed the Board that JFRS staff, in coordination with Hilliard Lyons, had completed the annual cash balance interest credit calculation. He reminded the trustees that annual interest is guaranteed at 4%, but the member and plan shared any upside at a 75/25 split, based on the plans trailing 5-year plan. For the period ending June 30, 2021, the annual interest credit (guarantee + upside sharing) was calculated as 11.13% for JRP and 11.10% for LRP.

Next, Mr. Cracraft informed the Board that JFRS staff had held discussions with Hilliard Lyons concerning proxy voting. He stated that the agency's current process is to manually vote the proxies internally, however given the lack of available research and formal proxy voting policy, he had asked Hilliard Lyons if the manager would be willing to handle given their discretion to invest the funds and more intimate knowledge of management teams and corporate policies. After a discussion and some research, Hilliard Lyons does have the ability to vote and is willing to do so on JFRS's behalf.

Mr. Don Ashalf discussed the Hilliard Lyons current practice of voting proxies and said the Large Cap team did vote proxies on behalf of other accounts. While he indicated the team almost always votes in line with management team, the firm also receives proxy voting research through a third-party provider, Glass Lewis, to supplement and support staff in their decisions.

After some discussion, Justice Daniel Venters made a motion, seconded by Mr. Stephen LeLaurin to authorized Hilliard Lyons Trust (also known as Baird Trust) to vote proxy proposals on behalf of the Judicial Form Retirement System in a manner consistent with their fiduciary duty to maximum returns in a risk aware and prudent manner.

Lastly, before departing the meeting Mr. Cracraft asked Hilliard Lyons if the management team would have any concern if the Board were to adopt a higher assumed rate of return for the cash balance portfolio of assets. He stated a current assumption of 4% was currently being utilized actuarially, but the Board was going to discuss a potential change to mirror the traditional defined benefit portfolio of assets, which assumed 6.5%. Mr. Means and Mr. Asfahl discussed current target allocations, historical performance, along with recent capital market assumptions and stated they did not believe any changes would be required to the portfolio's asset allocation to reach the proposed assumption change.

In a response to questions from Rep. Montell and Mr. LeLaurin regarding active management for the cash balance portfolios, Mr. Asfahl indicated that he believed the team could

begin to diversify the equity allocation, but the fixed income portfolios still would have to utilize exchange traded funds. There was a discussion regarding how active management could be incorporated into the portfolios and the Board asked Hilliard Lyons to begin researching options with an expected update during the October 2021 meeting.

Mr. Asfahl and Mr. Means departed the meeting at 12:46 p.m.

Chairman Grise recognized Mr. Cracraft to continue reports on administrative matters. The trustees discussed the items and took action as noted.

(E) 2021 Funding Valuations. Mr. Cracraft revisited a discussion from the April Board meeting concerning the 2021 actuarial valuations. He reviewed the memo *July 1, 2021 Biennial Funding Valuations* from staff that was included in the Board materials and distributed in advance of the meeting. Mr. Cracraft expressed a belief that producing a single actuarial valuation report for JRP and LRP was more consistent with how the plans were operating. Mr. Cracraft also pointed out that moving to a truly consolidated report would require a change to the assume rate of return used for the Cash Balance tier.

In response to several questions regarding the assumed rate of return, Mr. Cracraft noted the Board had discussed this topic with their actuary on several occasions in the past and did expect there would be a need to revisit as the new tier of benefits developed and matured. He referenced two factors the actuary had pointed out during the April meeting. First, beginning with the 2020 fiscal year, upside sharing had begun and active CB member accounts were receiving an interest credit beyond the 4% guarantee. Secondly, cash balance assets, while currently managed passively, shared the same policy asset allocation as legacy assets and actual performance has exceed the current assumption. Mr. Cracraft noted that active management would be added to the portfolios in the near future, but even with the passive approach, Hilliard Lyons did not express any concern with using the same assumption.

Following a healthy discussion, Mr. Stephen LeLaurin made a motion on behalf of the Investment Committee for the Judicial Retirement Fund, which was seconded by Justice Daniel Venters, and Senator Joe Bowen made a motion on behalf of the Investment Committee for the Legislative Retirement Fund, which was seconded by Mr. Stephen LeLaurin, to produce a single funding valuation report for JRP and LRP each, using a consolidated approach and adopting a revised targeted return assumption for the cash balance tier of benefits of 6.5% (from 4.0%) for use in the July 1, 2021 biennial funding valuations. The motions passed both committees unanimously.

(F) Special Circuit Judge Opinion. Mr. Cracraft referenced the *Special Circuit Judge Compensation* memo and legal opinion that was included in the Board materials. He quickly provided some background and what lead staff to request a legal opinion from Mr. Alan Pauw.

After a discussion of Mr. Pauw's opinion and review of several statutes, Judge Douglas George made a motion, which was seconded by Justice Daniel Venters, to adopt the opinion

provided by Mr. Alan Pauw with regards to how compensation earned by a Special Circuit Judge would be treated at retirement. The motion passed unanimously.

(G) Senate Bill 104 Implementation. Mr. Cracraft referenced the *Senate Bill 104 – Voluntary Election to Participate in Cash Balance* memo from staff that was included in the Board materials. Mr. Cracraft noted this was a follow up item from the April meeting and the memo represented staff's formal implementation plan for addressing the legislation.

After a short discussion, Senator Joe Bowen made a motion, which was seconded by Representative Brad Montell, to adopt staff's Senate Bill 104 Implementation plan as outline in the attached memo. The motion passed unanimously.

(H) Fiduciary Liability Insurance. Mr. Cracraft pointed out that the Board's current Fiduciary Liability Policy was set to expire on September 30, 2021. The current policy was the result of an extensive repricing process and request for bid issued by JFRS in 2020.

Mr. Cracraft indicated that a renewal application was completed and JFRS' independent insurance agent, Assured Partners, had initially advised to expect an increase of 5% to 15% from the prior year premium. He acknowledged the initial renewal bid was both a wide range of cost and potentially a significant increase. In response, Mr. Cracraft stated that he had reached out to the Commonwealth's State Risk and Insurance Service Division to gather some feedback concerning the insurance market and recent premium growth experience. The initial response was the global pandemic had disrupted the insurance industry quite a bit and like a lot of businesses, there has been a shrinking in providers. Mr. Cracraft discussed option, which were limited given the agency's size and the timing of the current policy.

After discussion, Representative Brad Montell made a motion, which was seconded by Judge Douglas George, to authorize Judge Grise and Mr. Cracraft to purchase fiduciary liability insurance for coverage equal to current coverage with variance in premium cost up to 15%. The motion passed unanimously.

(I) Retiree Health Insurance. Mr. Cracraft handed out a *Medicare Eligible Retiree Health Insurance – 2022 Renewal Rates and Coverage* memo that included Humana's 2022 Medicare Advantage Plan renewal information.

To avoid a conflict of interest, Justice Venters, Judge George, Representative Brinkman, and Senator Bowen did not participate in the discussion, consideration, or vote with regards to 2022 medical benefits provided to Medicare eligible members and recipients. Following a discussion among the remaining trustees, Representative Brad Montell made a motion, seconded by Mr. Stephen LeLaurin, to renew its hospital and medical insurance contract with Humana for calendar year 2022, and to set the 2022 monthly contribution level at \$323.43 for each JFRS Humana Medicare Advantage plan policyholder.

Next, Mr. Cracraft advised that staff had not received final rates for the Kentucky Employees Health Plan (KEHP), but had been advised premiums were expected to increase 3% to 4% from the 2021 plan year. He noted the Board had adopted the Living Well PPO plan as the maximum coverage in 2021, which had a maximum cost of \$1,841.08 for family coverage.

To avoid a conflict of interest, Representative Brad Montell and Representative Scott Brinkman did not participate in the discussion, consideration, or vote concerning 2022 medical benefits provided to non-Medicare eligible members and recipients.

Following a discussion among the remaining trustees, Mr. Stephen LeLaurin made a motion, seconded by Judge John Grise, to utilize the Kentucky Employees' Health Plan (KEHP) to provide non-Medicare eligible retirees and dependents health insurance coverage with a monthly contribution level for each classification (single, couple, family) equivalent to the Living Well PPO plan monthly contribution. The percentage of payment by the respective plan is dependent upon the retiree's years of service and any balance will be deducted from the retiree's monthly benefit. If a retiree failed to comply with the 2022 Living Well promise, the \$40.00 monthly KEHP assessment will be the member's responsibility and deducted from their monthly allowance.

The next agenda item was Executive Session. Upon motion by Justice Daniel Venters, seconded by Representative Brad Montell, the Board unanimously agreed to go into Executive Session for the purpose of discussing personnel and confidential member information of an employee. The motion passed unanimously.

Upon motion by Judge Douglas George, seconded by Mr. Stephen LeLaurin, the Board unanimously agreed to come out of Executive Session. No action was taken in Executive Session.

Upon motion by Judge Douglas George, seconded by Senator Joe Bowen, the Board unanimously authorized a raise in the salary of Carlos "Bo" Cracraft as the Executive Director of JFRS effective 08/01/2021 to an annual salary of \$120,000 per year, paid semi-monthly on the 15th and the 30th of each month. The Board of Trustees will conduct another review of Mr. Cracraft's performance at the quarterly meeting tentatively scheduled for January 21, 2022.

There being no further business, the meeting adjourned at 2:22 p.m.

Judge John R. Grise, Chairman
Judicial Form Retirement System Board of Trustees

Stephen F. LeLaurin, Chairman
Judicial Retirement Fund Investment Committee

Joe R. Bowen, Chairman
Legislators Retirement Fund Investment Committee

Bo Cracraft, Executive Director

Item IV – Investment Related Matters

A. Lexington Investment Company

LEXINGTON INVESTMENTS LLC

KENTUCKY JUDICIAL & LEGISLATORS RETIREMENT FUNDS

As of September 30, 2021

JUDICIAL

TIME-WEIGHTED RETURNS	1
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CASH RECONCILIATION (7/1/21 – 9/30/21)	7
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LEGISLATORS

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PORTFOLIO STATEMENT	10
CASH RECONCILIATION (7/1/21 – 9/30/21)	15
BROKERAGE FEES (7/1/21 – 9/30/21)	16

COMPLIANCE STATEMENT

As of September 30, 2021 equity allocations for the Judicial Fund (72.3%) and Legislator's Fund (73.4%) were within the guidelines established by the Board on October 25, 2019. More than 50% of each fund's equity positions have paid dividends for at least five consecutive years.

Individual equity market values exceeding 8% of total equity market values were:

Judicial Fund: Microsoft 8.5 %
Legislators Fund: Microsoft 8.4%

The Investment Manager will advise the Executive Director for each Fund at the time any individual equity value exceeds 8% of the fund's total equity market value.

October 22, 2021

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Performance Analysis

KENTUCKY JUDICIAL

<u>TOTAL PORTFOLIO</u>	<u>3 MO.</u>	<u>6 MO.</u>	<u>1 YR.</u>	<u>3 YR.</u>	<u>5 YR.</u>	<u>10 YR.</u>
Time Weighted (net)	0.44	6.29	27.30	14.81	14.76	14.45
Total Portfolio Target 70%--30%	0.41	6.73	20.88	12.82	13.33	13.81

<u>EQUITIES</u>	<u>3 MO.</u>	<u>6 MO.</u>	<u>1 YR.</u>	<u>3 YR.</u>	<u>5 YR.</u>	<u>10 YR.</u>
Time Weighted (net)	0.63	8.07	37.65	18.28	19.08	19.13
S&P 500 TOTAL RETURN	0.58	9.18	30.00	15.99	16.90	16.63

<u>CORPORATES & AGENCIES</u>	<u>3 MO.</u>	<u>6 MO.</u>	<u>1 YR.</u>	<u>3 YR.</u>	<u>5 YR.</u>	<u>10 YR.</u>
Time Weighted (net)	(0.09)	1.28	0.05	4.37	2.67	2.59
BARCLAYS INTER GOVT/CREDIT	0.02	1.00	(0.40)	4.63	2.60	2.52

<u>CASH AND CASH EQUIVALENTS</u>	<u>3 MO.</u>	<u>6 MO.</u>	<u>1 YR.</u>	<u>3 YR.</u>	<u>5 YR.</u>	<u>10 YR.</u>
Time Weighted (net)	0.00	0.00	(0.01)	1.49	1.34	..
BARCLAYS 3 MO.TSY BILL INDEX	0.01	0.02	0.06	1.05	1.12	..

Returns for periods exceeding 12 months are annualized
 All returns net of fees

Portfolio Statement

As of 09/30/2021

KENTUCKY JUDICIAL

<u>Weight</u>	<u>Description</u>	<u>Quantity</u>	<u>Trade Date</u>	<u>Unit Cost</u>	<u>Cost Basis</u>	<u>Current Price</u>	<u>Current Value</u>	<u>Unrealized Gain (Loss)</u>	<u>% G/L</u>	<u>Annual Income</u>	<u>Current Yield</u>	<u>Modified Duration</u>	<u>Market</u>
EQUITIES													
Equities													
4.6%	ALPHABET INC-	10,095	03/31/2015	550.22	5,554,470.52	2,665.31	26,906,304.45	21,351,833.93	384.4	0.00	0.00%		
4.5%	APPLE COMPUT	183,400	04/25/2013	19.90	3,649,462.50	141.50	25,951,100.00	22,301,637.50	611.1	161,392.00	0.62%		
1.5%	BANKAMERICA C	200,600	08/28/2019	26.92	5,399,556.13	42.45	8,515,470.00	3,115,913.87	57.7	168,504.00	1.98%		
4.0%	BERKSHIRE HAT	84,625	02/14/2003	117.02	9,903,115.68	272.94	23,097,547.50	13,194,431.82	133.2	0.00	0.00%		
2.3%	CARMAX INC.	103,750	01/28/2019	59.76	6,200,447.31	127.96	13,275,850.00	7,075,402.69	114.1	0.00	0.00%		
1.1%	CISCO SYSTEMS	113,850	06/03/2005	17.00	1,935,071.53	54.43	6,196,855.50	4,261,783.97	220.2	168,498.00	2.72%		
4.0%	DISNEY (WALT)	137,200	09/06/2000	51.97	7,129,556.30	169.17	23,210,124.00	16,080,467.70	225.5	241,472.00	1.04%		
1.9%	EXPEDITORS IN	93,800	03/20/2013	37.93	3,557,453.94	119.13	11,174,394.00	7,616,940.06	214.1	108,808.00	0.97%		
2.2%	FACEBOOK INC	37,600	05/04/2020	218.26	8,206,598.24	339.39	12,761,064.00	4,554,465.76	55.5	0.00	0.00%		
2.4%	FASTENAL CO.	272,500	02/12/2015	20.77	5,660,909.52	51.61	14,063,725.00	8,402,815.48	148.4	395,200.00	2.17%		
1.3%	GENERAL ELECT	73,250	02/12/2008	120.69	8,840,326.55	103.03	7,546,947.50	(1,293,379.05)	(14.6)	23,440.00	0.31%		
	Accrued Income						5,860.00						
4.8%	HOME DEPOT	84,550	06/03/2005	30.72	2,597,218.11	328.26	27,754,383.00	25,157,164.89	968.6	558,030.00	2.01%		
0.0%	iShares 1-3 YR T	1,560	06/23/2017	84.58	131,943.81	86.15	134,394.00	2,450.19	1.9	239.76	0.18%		
2.5%	JOHNSON & JOH	88,300	09/22/1995	40.95	3,615,831.25	161.50	14,260,450.00	10,644,618.75	294.4	374,392.00	2.63%		
4.7%	JP MORGAN	168,400	06/06/2008	50.65	8,529,704.70	163.69	27,565,396.00	19,035,691.30	223.2	606,240.00	2.20%		
6.1%	MICROSOFT CO	125,850	01/05/2006	25.74	3,239,606.50	281.92	35,479,632.00	32,240,025.50	995.2	281,904.00	0.79%		
1.1%	NORTHERN TRU	59,100	10/14/2010	49.44	2,921,872.53	107.81	6,371,571.00	3,449,698.47	118.1	168,480.00	2.60%		
	Accrued Income						41,370.00						
2.7%	O'REILLY AUTOM	25,600	07/11/2017	178.19	4,561,619.35	611.06	15,643,136.00	11,081,516.65	242.9	0.00	0.00%		
1.8%	OMNICOM GROU	140,000	06/24/2003	48.36	6,770,649.28	72.46	10,144,400.00	3,373,750.72	49.8	392,000.00	3.86%		
	Accrued Income						98,000.00						
1.9%	PFIZER INC	250,050	09/01/2011	25.20	6,300,151.51	43.01	10,754,650.50	4,454,498.99	70.7	390,078.00	3.63%		
3.7%	PROGRESSIVE C	240,750	05/23/2007	28.75	6,920,380.43	90.39	21,761,392.50	14,841,012.07	214.5	24,075.00	0.11%		
3.4%	SCHWAB (CHAS)	272,100	08/24/2020	35.35	9,617,510.55	72.84	19,819,764.00	10,202,253.45	106.1	195,912.00	0.99%		
2.9%	TE CONNECTIV	124,100	11/02/2007	28.47	3,533,221.65	137.22	17,029,002.00	13,495,780.35	382.0	248,200.00	1.46%		
1.8%	TJX COS INC NE	159,750	12/01/2004	6.36	1,015,477.39	65.98	10,540,305.00	9,524,827.61	938.0	166,140.00	1.58%		
2.1%	U S BANCORP	208,000	12/06/2000	25.95	5,398,177.93	59.44	12,363,520.00	6,965,342.07	129.0	382,720.00	3.10%		
	Accrued Income						95,680.00						
1.7%	UNION PACIFIC	50,200	07/24/2015	93.91	4,714,268.23	196.01	9,839,702.00	5,125,433.77	108.7	214,856.00	2.18%		
1.3%	WELLS FARGO	166,500	05/27/2011	27.29	4,542,967.87	46.41	7,727,265.00	3,184,297.13	70.1	133,200.00	1.72%		
72.3%		40.41			140,447,669.31		420,129,254.95	279,440,675.64	199.0	5,310,780.76	1.26%		

Portfolio Statement
As of 09/30/2021

KENTUCKY JUDICIAL

Weight	Description	Quantity	Trade Date	Unit Cost	Cost Basis	Current Price	Current Value	Unrealized Gain (Loss)	% G/L	Annual Income	Current Yield	Modified Duration
CORPORATES & AGENCIES												
Fixed Income												
0.3%	MCDONALDS CO 01/15/2022 2.625 Accrued Income	2,000,000	11/15/2012	101.37	2,027,392.44	100.71	2,014,180.00	(13,212.44)	(0.7)	52,500.00	2.61%	0.29
0.6%	HSBC HOLDINGS 03/30/2022 4.00 Accrued Income	3,500,000	01/05/2016	102.99	3,604,591.64	101.84	3,554,485.82	(40,105.82)	(1.1)	140,000.00	3.93%	0.50
0.3%	UNION PAC COR 07/15/2022 4.163 Call 04/15/2022, 1 Accrued Income	1,500,000	08/20/2018	102.99	1,544,872.30	102.08	1,531,245.06	(13,627.24)	(0.9)	62,445.00	4.08%	1.25
0.4%	BERKSHIRE HAT 05/15/2022 3.00 Accrued Income	2,000,000	05/25/2012	100.08	2,001,517.25	101.72	2,034,332.06	32,814.81	1.6	60,000.00	2.95%	0.62
0.6%	O REILLY AUTO 09/01/2022 3.80 Call 06/01/2022, 1 Accrued Income	3,500,000	11/14/2017	103.66	3,628,044.05	102.26	3,578,978.06	(49,065.99)	(1.4)	133,000.00	3.72%	1.38
0.5%	PNC BK N A PITT 07/25/2023 3.80 Call 06/25/2023, 1 Accrued Income	3,000,000	06/07/2018	100.55	3,016,556.04	105.67	3,170,110.83	153,554.79	5.1	114,000.00	3.60%	2.22
0.6%	CUMMINS INC 10/01/2023 3.65 Call 07/01/2023, 1 Accrued Income	3,500,000	12/21/2018	102.89	3,601,137.67	105.62	3,696,609.91	95,472.24	2.7	127,750.00	3.46%	2.36
0.6%	ORACLE CORP 07/15/2023 3.625 Accrued Income	3,500,000	06/08/2016	105.11	3,678,771.51	105.69	3,699,134.25	20,362.74	0.6	126,875.00	3.43%	1.74
0.6%	SCHLUMBERGE 12/01/2023 3.65 Call 09/01/2023, 1 Accrued Income	3,500,000	10/17/2016	104.91	3,671,993.23	106.00	3,709,887.62	37,894.39	1.0	127,750.00	3.44%	2.53
0.6%	MICROSOFT CO 12/15/2023 3.625 Call 09/15/2023, 1 Accrued Income	3,000,000	08/20/2018	101.39	3,041,667.90	106.40	3,192,050.88	150,382.98	4.9	108,750.00	3.41%	2.57
0.6%	HOME DEPOT IN 02/15/2024 3.75 Call 11/15/2023, 1 Accrued Income	3,000,000	11/14/2017	103.21	3,096,357.28	107.08	3,212,423.76	116,066.48	3.7	112,500.00	3.50%	2.73
							14,375.00					

Portfolio Statement

As of 09/30/2021

KENTUCKY JUDICIAL

<u>Weight</u>	<u>Description</u>	<u>Quantity</u>	<u>Trade Date</u>	<u>Unit Cost</u>	<u>Cost Basis</u>	<u>Current Price</u>	<u>Current Value</u>	<u>Unrealized Gain (Loss)</u>	<u>% G/L</u>	<u>Annual Income</u>	<u>Current Yield</u>	<u>Modified Duration Market</u>
CORPORATES & AGENCIES												
Fixed Income												
0.6%	U S BANCORP M 01/30/2024 3.70 Call 12/29/2023, 1 Accrued Income	3,500,000	03/02/2016	104.35	3,652,359.20	107.08	3,747,893.70	95,534.50	2.6	129,500.00	3.46%	2.24
0.7%	ALTRIA GROUP I 01/31/2024 4.00 Accrued Income	3,500,000	11/14/2017	105.19	3,681,626.54	107.67	3,768,308.85	86,682.31	2.4	140,000.00	3.72%	2.23
0.6%	INTERNATIONAL 02/12/2024 3.625 Accrued Income	3,500,000	11/07/2017	104.00	3,639,883.20	106.95	3,743,247.94	103,364.74	2.8	126,875.00	3.39%	2.28
0.6%	CISCO SYS INC 03/04/2024 3.625 Accrued Income	3,500,000	02/13/2017	103.94	3,638,019.92	107.51	3,762,975.30	124,955.38	3.4	126,875.00	3.37%	2.34
0.7%	APPLE INC NOTE 05/06/2024 3.45 Accrued Income	3,500,000	06/08/2016	104.79	3,657,590.41	107.42	3,759,805.00	92,214.59	2.5	120,750.00	3.21%	2.47
0.4%	AT&T INC 01/15/2025 3.95 Call 10/15/2024, 1 Accrued Income	2,000,000	06/13/2018	100.98	2,019,566.02	109.12	2,182,393.50	162,827.48	8.1	79,000.00	3.62%	3.52
0.7%	CVS HEALTH CO 07/20/2025 3.875 Call 04/20/2025, 1 Accrued Income	3,500,000	11/13/2017	101.92	3,567,108.60	109.45	3,830,576.26	263,467.66	7.4	135,625.00	3.54%	3.96
0.7%	INTEL CORP 07/29/2025 3.70 Call 04/29/2025, 1 Accrued Income	3,500,000	08/18/2017	105.15	3,680,115.94	109.41	3,829,442.02	149,326.08	4.1	129,500.00	3.38%	4.01
0.7%	SYSCO CORP 10/01/2025 3.75 Call 07/01/2025, 1 Accrued Income	3,500,000	11/08/2017	104.17	3,645,894.60	109.43	3,829,881.86	183,987.26	5.0	131,250.00	3.43%	4.10
0.7%	NORTHERN TR C 10/30/2025 3.95 Accrued Income	3,500,000	08/18/2017	105.70	3,699,570.78	111.62	3,906,550.73	206,979.95	5.6	138,250.00	3.54%	3.75
0.6%	OMNICO M GROU 04/15/2026 3.60 Call 01/15/2026, 1 Accrued Income	3,000,000	09/24/2019	105.89	3,176,700.00	109.37	3,280,988.61	104,288.61	3.3	108,000.00	3.29%	4.57
							49,800.00					

Portfolio Statement

As of 09/30/2021

KENTUCKY JUDICIAL

<u>Weight</u>	<u>Description</u>	<u>Quantity</u>	<u>Trade Date</u>	<u>Unit Cost</u>	<u>Cost Basis</u>	<u>Current Price</u>	<u>Current Value</u>	<u>Unrealized Gain (Loss)</u>	<u>% G/L</u>	<u>Annual Income</u>	<u>Current Yield</u>	<u>Modified Duration</u>
CORPORATES & AGENCIES												
Fixed Income												
0.8%	ABBVIE INC 05/14/2026 3.20 Call 02/14/2026, 1 Accrued Income	4,500,000	06/23/2020	110.29	4,962,900.00	107.86	4,853,624.94	(109,275.06)	(2.2)	144,000.00	2.97%	4.69
0.8%	JPMORGAN CHA 10/01/2026 2.95 Call 07/01/2026, 1 Accrued Income	4,500,000	06/23/2020	110.14	4,956,075.00	107.16	4,822,412.58	(133,662.42)	(2.7)	132,750.00	2.75%	5.03
0.8%	VERIZON COMM 08/15/2026 2.625 Accrued Income	4,500,000	01/27/2021	108.70	4,891,350.00	105.83	4,762,246.50	(129,103.50)	(2.6)	118,125.00	2.48%	4.57
0.8%	BANK AMER CO 10/21/2027 3.248 Call 10/21/2026, 1 Accrued Income	4,500,000	02/25/2021	109.38	4,922,050.00	107.93	4,856,677.88	(65,372.12)	(1.3)	146,160.00	3.01%	5.85
0.8%	WELLS FARGO C 10/23/2026 3.00 Accrued Income	4,500,000	05/10/2021	108.69	4,891,050.00	107.13	4,820,724.81	(70,325.19)	(1.4)	135,000.00	2.80%	4.66
0.8%	PEPSICO INC 03/19/2027 2.625 Call 01/19/2027, 1 Accrued Income	4,500,000	09/01/2020	110.27	4,962,100.00	106.64	4,798,881.63	(163,218.37)	(3.3)	118,125.00	2.46%	5.54
0.8%	JOHNSON & JOH 01/15/2028 2.90 Call 10/15/2027, 1 Accrued Income	4,500,000	05/10/2021	109.49	4,927,250.00	107.95	4,857,613.74	(69,636.26)	(1.4)	130,500.00	2.69%	6.16
0.9%	MERCK & CO. IN 03/07/2029 3.40 Call 12/07/2028, 1 Accrued Income	4,500,000	02/25/2021	111.73	5,027,850.00	110.71	4,981,743.86	(46,106.14)	(0.9)	153,000.00	3.07%	7.00
0.8%	BLACKROCK INC 04/30/2029 3.25 Call 01/30/2029, 1 Accrued Income	4,000,000	06/23/2021	111.73	4,469,200.00	109.69	4,387,762.60	(81,437.40)	(1.8)	130,000.00	2.96%	6.68
0.8%	3M CO 08/26/2029 2.375 Call 05/26/2029, 1 Accrued Income	4,500,000	02/03/2021	106.04	4,771,650.00	103.66	4,664,843.24	(106,806.76)	(2.2)	106,875.00	2.29%	7.60
0.8%	TEXAS INSTRUM 09/04/2029 2.25 Call 06/04/2029, 1 Accrued Income	4,500,000	01/27/2021	106.02	4,770,850.00	103.04	4,637,006.19	(133,843.81)	(2.8)	101,250.00	2.18%	7.65
							7,593.75					

Portfolio Statement
As of 09/30/2021

KENTUCKY JUDICIAL

Weight	Description	Quantity	Trade Date	Unit Cost	Cost Basis	Current Price	Current Value	Unrealized Gain (Loss)	% G/L	Annual Income	Current Yield	Modified Duration Market
CORPORATES & AGENCIES												
Fixed Income												
0.8%	COMCAST CORP 02/01/2030 2.65 Call 11/01/2029, 1 Accrued Income	4,500,000	09/01/2020	108.49	4,882,250.00	104.26	4,691,718.68	(190,531.32)	(3.9)	119,250.00	2.54%	7.84
0.8%	KIMBERLY-CLAR 03/26/2030 3.10 Call 12/26/2029, 1 Accrued Income	4,500,000	05/10/2021	109.41	4,923,450.00	109.40	4,922,829.95	(620.05)	0.0	139,500.00	2.83%	7.89
0.8%	PROGRESSIVE C 03/26/2030 3.20 Call 12/26/2029, 1 Accrued Income	4,500,000	02/25/2021	110.16	4,957,075.00	109.04	4,906,782.05	(50,292.95)	(1.0)	144,000.00	2.93%	7.47
0.8%	PFIZER INC 04/01/2030 2.625 Call 01/01/2030, 1 Accrued Income	4,500,000	06/24/2020	109.09	4,908,850.00	105.49	4,747,078.22	(161,771.78)	(3.3)	118,125.00	2.49%	7.93
0.8%	EXXON MOBIL C 10/15/2030 2.61 Call 07/15/2030, 1 Accrued Income	4,500,000	07/24/2020	108.60	4,886,950.00	104.65	4,709,137.28	(177,812.72)	(3.6)	117,450.00	2.49%	8.35
0.8%	DISNEY WALT C 01/13/2031 2.65 Accrued Income	4,500,000	07/24/2020	107.80	4,850,975.00	104.36	4,696,309.31	(154,665.69)	(3.2)	119,250.00	2.54%	8.19
26.7%				106.54	153,943,211.52		155,319,615.26	219,683.96	0.1	4,704,555.00	3.05%	4.70
CASH AND CASH EQUIVALENTS												
Cash and Money Funds												
0.9%	CASH			1.00	5,420,273.92		5,420,273.92			0.00	0.00%	
99.8%				104.98	299,811,154.75		579,471,514.35	279,660,359.60	93.3	10,015,335.76	1.73%	4.70
100.0%	Total Accrued Inc						1,397,629.78					
							580,869,144.13					

Cash Reconciliation Report
From 07/01/2021 to 09/30/2021

KENTUCKY JUDICIAL

Trade Date	Settlement Date	Trade Description	Net Amount	Daily Balance
07/01/2021		CASH Beginning Balance		656,277.45
07/01/2021		Dividend NORTHERN TRUST	41,370.00	697,647.45
07/08/2021		Dividend iShares 1-3 YR TSY ETF	20.57	697,668.02
07/09/2021		Dividend OMNICOM GROUP	98,000.00	795,668.02
07/13/2021		Interest DISNEY WALT CO	59,625.00	855,293.02
07/15/2021		Interest MCDONALDS CORP MTN BE	26,250.00	881,543.02
07/15/2021		Interest UNION PAC CORP	31,222.50	912,765.52
07/15/2021		Interest AT&T INC	39,500.00	952,265.52
07/15/2021		Interest ORACLE CORP	63,437.50	1,015,703.02
07/15/2021		Interest JOHNSON & JOHNSON	65,250.00	1,080,953.02
07/15/2021		Dividend PROGRESSIVE CORP-OHIO	24,075.00	1,105,028.02
07/15/2021		Dividend U S BANCORP	87,360.00	1,192,388.02
07/20/2021		Interest CVS HEALTH CORP	67,812.50	1,260,200.52
07/25/2021		Interest PNC BK N A PITTSBURGH	57,000.00	1,317,200.52
07/26/2021		Dividend GENERAL ELECTRIC NEW	5,860.00	1,323,060.52
07/28/2021		Dividend CISCO SYSTEMS INC	42,124.50	1,365,185.02
07/29/2021		Interest INTEL CORP	64,750.00	1,429,935.02
07/30/2021		Interest U S BANCORP MTNS BE	64,750.00	1,494,685.02
08/01/2021		Interest COMCAST CORP NEW	59,625.00	1,554,310.02
08/02/2021		Interest ALTRIA GROUP INC	70,000.00	1,624,310.02
08/02/2021		Dividend JP MORGAN	151,560.00	1,775,870.02
08/06/2021		Dividend iShares 1-3 YR TSY ETF	19.42	1,775,889.44
08/12/2021		Interest INTERNATIONAL BUS MACH	63,437.50	1,839,326.94
08/12/2021		Dividend APPLE COMPUTER	40,348.00	1,879,674.94
08/15/2021		Interest HOME DEPOT INC	56,250.00	1,935,924.94
08/15/2021		Interest VERIZON COMMUNICATIONS	59,062.50	1,994,987.44
08/24/2021		Dividend FASTENAL CO.	76,300.00	2,071,287.44
08/26/2021		Interest 3M CO	53,437.50	2,124,724.94
08/27/2021		Dividend SCHWAB (CHAS)	48,978.00	2,173,702.94
09/01/2021		Interest O REILLY AUTOMOTIVE IN	66,500.00	2,240,202.94
09/01/2021		Dividend WELLS FARGO	33,300.00	2,273,502.94
09/02/2021		Dividend TJX COS INC NEW	41,535.00	2,315,037.94
09/03/2021		Dividend TE CONNECTIVITY LTD	62,050.00	2,377,087.94
09/04/2021		Interest TEXAS INSTRUMENTS	50,625.00	2,427,712.94
09/04/2021		Interest CISCO SYS INC	63,437.50	2,491,150.44
09/07/2021		Interest MERCK & CO. INC	76,500.00	2,567,650.44
09/07/2021		Dividend JOHNSON & JOHNSON	93,598.00	2,661,248.44
09/07/2021		Dividend PFIZER INC	97,519.50	2,758,767.94
09/08/2021		Dividend iShares 1-3 YR TSY ETF	19.98	2,758,787.92
09/09/2021		Dividend MICROSOFT CORP	70,476.00	2,829,263.92
09/15/2021	09/15/2021	Sell TOYOTA MOTOR CRED MTN SR -2050000.0	2,050,000.00	4,879,263.92
09/15/2021		Interest TOYOTA MOTOR CRED MTN SR	34,850.00	4,914,113.92
09/16/2021		Dividend HOME DEPOT	139,507.50	5,053,621.42
09/19/2021		Interest PEPSICO INC	59,062.50	5,112,683.92
09/24/2021		Dividend BANKAMERICA CORP.	42,126.00	5,154,809.92
09/26/2021		Interest KIMBERLY-CLARK CORP	69,750.00	5,224,559.92
09/26/2021		Interest PROGRESSIVE CORP	72,000.00	5,296,559.92
09/30/2021		Interest HSBC HOLDINGS PLC	70,000.00	5,366,559.92
09/30/2021		Dividend UNION PACIFIC	53,714.00	5,420,273.92
09/30/2021		CASH Ending Balance		5,420,273.92

Brokerage Fees Report
From 07/01/2021 to 09/30/2021

KENTUCKY JUDICIAL

<u>Trade Date</u>	<u>Activity</u>	<u>Description</u>	<u>Quantity</u>	<u>Net Amount</u>	<u>Principal Amount</u>	<u>Broker Fee</u>	<u>Broke Fees per Unit</u>	<u>% of Principal</u>	<u>Asset Class Code</u>
Broker: No Broker									
09/15/2021	Sell	TOYOTA MOT	2,050,000	2,050,000.00	2,050,000.00	0.00	0.00	0.00%	CB

Performance Analysis

KENTUCKY LEGISLATORS

	<u>3 MO.</u>	<u>6 MO.</u>	<u>1 YR.</u>	<u>3 YR.</u>	<u>5 YR.</u>	<u>10 YR.</u>
<u>TOTAL PORTFOLIO</u>						
Time Weighted (net)	0.38	6.18	27.12	14.72	14.66	14.35
Total Portfolio Target 70%--30%	0.41	6.73	20.88	12.82	13.33	13.81
<u>EQUITIES</u>	<u>3 MO.</u>	<u>6 MO.</u>	<u>1 YR.</u>	<u>3 YR.</u>	<u>5 YR.</u>	<u>10 YR.</u>
Time Weighted (net)	0.61	8.04	37.64	18.26	19.03	19.03
S&P 500 TOTAL RETURN	0.58	9.18	30.00	15.99	16.90	16.63
<u>CORPORATES & AGENCIES</u>	<u>3 MO.</u>	<u>6 MO.</u>	<u>1 YR.</u>	<u>3 YR.</u>	<u>5 YR.</u>	<u>10 YR.</u>
Time Weighted (net)	(0.08)	1.30	0.03	4.24	2.61	2.71
BARCLAYS INTER GOVT/CREDIT	0.02	1.00	(0.40)	4.63	2.60	2.52
<u>CASH AND CASH EQUIVALENTS</u>	<u>3 MO.</u>	<u>6 MO.</u>	<u>1 YR.</u>	<u>3 YR.</u>	<u>5 YR.</u>	<u>10 YR.</u>
Time Weighted (net)	0.00	0.00	(0.02)	0.83	1.09	..
BARCLAYS 3 MO.TSY BILL INDEX	0.01	0.02	0.06	1.05	1.12	..

Returns for periods exceeding 12 months are annualized
 All returns net of fees

Portfolio Statement
As of 09/30/2021

KENTUCKY LEGISLATORS

Weight	Description	Quantity	Trade Date	Unit Cost	Cost Basis	Current Price	Current Value	Unrealized Gain/(Loss)	% G/L	Annual Income	Current Yield	Modified Duration
EQUITIES												
Equities												
4.7%	ALPHABET INC-	2,950	03/31/2015	548.50	1,618,087.08	2,665.31	7,862,664.50	6,244,577.42	385.9	0.00	0.00%	
4.5%	APPLE COMPUT	53,300	04/25/2013	26.15	1,393,745.51	141.50	7,541,950.00	6,148,204.49	441.1	46,904.00	0.62%	
1.5%	BANKAMERICA C	58,400	08/28/2019	26.92	1,571,954.53	42.45	2,479,080.00	907,125.47	57.7	49,056.00	1.98%	
4.1%	BERKSHIRE HAT	24,675	02/14/2003	122.16	3,014,243.11	272.94	6,734,794.50	3,720,551.39	123.4	0.00	0.00%	
2.3%	CARMAX INC.	29,600	01/28/2019	59.76	1,768,995.08	127.96	3,787,616.00	2,018,620.92	114.1	0.00	0.00%	
1.1%	CISCO SYSTEMS	33,275	12/09/2008	21.59	718,354.47	54.43	1,811,158.25	1,092,803.78	152.1	49,247.00	2.72%	
4.0%	DISNEY (WALT)	39,700	08/09/1999	59.62	2,367,038.20	169.17	6,716,049.00	4,349,010.80	183.7	59,872.00	1.04%	
1.9%	EXPEDITORS IN	27,000	03/20/2013	39.75	1,073,197.51	119.13	3,216,510.00	2,143,312.49	199.7	31,320.00	0.97%	
2.2%	FACEBOOK INC	11,000	05/04/2020	217.20	2,389,245.00	339.39	3,733,290.00	1,344,045.00	56.3	0.00	0.00%	
2.5%	FASTENAL CO.	78,950	02/12/2015	20.77	1,639,908.79	51.61	4,074,609.50	2,434,700.71	148.5	88,424.00	2.17%	
1.3%	GENERAL ELECT Accrued Income	21,350	12/07/2008	120.23	2,566,875.56	103.03	2,199,690.50	(367,185.06)	(14.3)	6,832.00	0.31%	
4.8%	HOME DEPOT	24,400	06/03/2005	54.86	1,338,675.46	328.26	8,009,544.00	6,670,868.54	498.3	161,040.00	2.01%	
0.1%	iShares 1-3 YR T	1,760	06/23/2017	84.58	148,859.67	86.15	151,624.00	2,764.33	1.9	270.48	0.18%	
2.5%	JOHNSON & JOH	25,600	07/01/1993	41.23	1,055,498.84	161.50	4,134,400.00	3,078,901.16	291.7	108,544.00	2.63%	
4.8%	JP MORGAN	48,550	06/06/2008	55.85	2,711,508.39	163.69	7,947,149.50	5,235,641.11	193.1	174,780.00	2.20%	
6.1%	MICROSOFT CO	36,150	01/05/2006	30.02	1,085,358.00	281.92	10,191,408.00	9,106,050.00	839.0	80,976.00	0.79%	
1.2%	NORTHERN TRU Accrued Income	18,025	10/14/2010	54.25	977,907.43	107.81	1,943,275.25	965,367.82	98.7	50,470.00	2.60%	
2.7%	O'REILLY AUTOM	7,400	07/11/2017	178.33	1,319,662.20	611.06	4,521,844.00	3,202,181.80	242.7	0.00	0.00%	
1.8%	OMNICOM GROU Accrued Income	40,750	10/05/2004	53.67	2,187,168.60	72.46	2,952,745.00	765,576.40	35.0	114,100.00	3.86%	
1.9%	PFIZER INC	72,200	09/01/2011	27.32	1,972,200.18	43.01	3,105,322.00	1,133,121.82	57.5	112,632.00	3.63%	
3.8%	PROGRESSIVE C	70,150	05/23/2007	29.61	2,077,251.18	90.39	6,340,858.50	4,263,607.32	205.3	7,015.00	0.11%	
3.4%	SCHWAB (CHAS)	78,750	08/24/2020	35.35	2,783,458.12	72.84	5,736,150.00	2,952,691.88	106.1	56,700.00	0.99%	
3.1%	TE CONNECTIV	37,000	11/02/2007	37.96	1,404,582.47	137.22	5,077,140.00	3,672,557.53	261.5	74,000.00	1.46%	
1.8%	TJX COS INC NE	46,400	12/01/2004	12.82	594,892.44	65.98	3,061,472.00	2,466,579.56	414.6	48,256.00	1.58%	
2.1%	U S BANCORP Accrued Income	58,500	12/07/2000	28.79	1,683,961.66	59.44	3,477,240.00	1,793,278.34	106.5	107,640.00	3.10%	
1.7%	UNION PACIFIC	14,575	07/24/2015	93.91	1,368,734.25	196.01	2,856,845.75	1,488,111.50	108.7	62,361.00	2.18%	
1.3%	WELLS FARGO	47,900	05/27/2011	32.97	1,579,170.57	46.41	2,223,039.00	643,868.43	40.8	38,320.00	1.72%	
73.4%		44.04			44,410,534.30		121,957,229.75	77,476,934.95	174.5	1,538,779.48	1.26%	

Portfolio Statement
As of 09/30/2021

KENTUCKY LEGISLATORS

Weight	Description	Quantity	Trade Date	Unit Cost	Cost Basis	Current Price	Current Value	Unrealized Gain (Loss)	% G/L	Annual Income	Current Yield	Modified Duration
CORPORATES & AGENCIES												
Fixed Income												
0.5%	INTEL CORP 10/01/2021 3.30 Accrued Income	750,000	12/04/2012	102.09	765,672.75	100.00	750,000.00	(15,672.75)	(2.0)	24,750.00	3.30%	0.00
0.6%	MCDONALDS CO 01/15/2022 2.625 Accrued Income	1,000,000	12/03/2012	100.80	1,007,984.73	100.71	1,007,090.00	(894.73)	(0.1)	26,250.00	2.61%	0.29
0.6%	BERKSHIRE HAT 01/31/2022 3.40 Accrued Income	1,000,000	06/07/2018	101.58	1,015,781.70	101.05	1,010,492.79	(5,288.91)	(0.5)	34,000.00	3.36%	0.33
0.6%	HSBC HOLDINGS 03/30/2022 4.00 Accrued Income	1,000,000	06/10/2015	102.80	1,028,045.68	101.84	1,018,424.52	(9,621.16)	(0.9)	40,000.00	3.93%	0.50
0.6%	O REILLY AUTO 09/01/2022 3.80 Call 06/01/2022, 1 Accrued Income	1,000,000	11/14/2017	103.64	1,036,433.21	102.26	1,022,565.16	(13,868.05)	(1.3)	38,000.00	3.72%	1.38
0.6%	PNC BK N A PITT 07/25/2023 3.80 Call 06/25/2023, 1 Accrued Income	1,000,000	06/07/2018	100.61	1,006,098.35	105.67	1,056,703.61	50,605.26	5.0	38,000.00	3.60%	2.22
0.6%	CUMMINS INC 10/01/2023 3.65 Call 07/01/2023, 1 Accrued Income	1,000,000	12/21/2018	102.72	1,027,230.39	105.62	1,056,174.26	28,943.87	2.8	36,500.00	3.46%	2.36
0.6%	ORACLE CORP 07/15/2023 3.625 Accrued Income	1,000,000	06/08/2016	105.13	1,051,308.99	105.69	1,056,895.50	5,586.51	0.5	36,250.00	3.43%	1.74
0.6%	SCHLUMBERGE 12/01/2023 3.65 Call 09/01/2023, 1 Accrued Income	1,000,000	10/17/2016	104.20	1,041,988.31	106.00	1,059,967.89	17,979.58	1.7	36,500.00	3.44%	2.53
0.6%	MICROSOFT CO 12/15/2023 3.625 Call 09/15/2023, 1 Accrued Income	1,000,000	11/07/2018	102.96	1,029,617.93	106.40	1,064,016.96	34,399.03	3.3	36,250.00	3.41%	2.57
0.6%	HOME DEPOT IN 02/15/2024 3.75 Call 11/15/2023, 1 Accrued Income	1,000,000	11/14/2017	105.20	1,052,037.57	107.08	1,070,807.92	18,770.35	1.8	37,500.00	3.50%	2.73
							4,791.67					

Portfolio Statement
As of 09/30/2021

KENTUCKY LEGISLATORS

Weight	Description	Quantity	Trade Date	Unit Cost	Cost Basis	Current Price	Current Value	Unrealized Gain (Loss)	% G/L	Annual Income	Current Yield	Modified Duration
CORPORATES & AGENCIES												
Fixed Income												
0.6%	U S BANCORP M 01/30/2024 3.70 Call 12/29/2023, 1 Accrued Income	1,000,000	03/02/2016	104.75	1,047,532.80	107.08	1,070,826.77	23,293.97	2.2	37,000.00	3.46%	2.24
0.7%	ALTRIA GROUP I 01/31/2024 4.00 Accrued Income	1,000,000	11/14/2017	105.18	1,051,833.80	107.67	1,076,659.67	24,825.87	2.4	40,000.00	3.72%	2.23
0.6%	INTERNATIONAL 02/12/2024 3.625 Accrued Income	1,000,000	11/07/2017	104.00	1,039,966.60	106.95	1,069,499.41	29,532.81	2.8	36,250.00	3.39%	2.28
0.6%	CISCO SYS INC 03/04/2024 3.625 Accrued Income	1,000,000	02/13/2017	103.89	1,038,928.24	107.51	1,075,135.80	36,207.56	3.5	36,250.00	3.37%	2.34
0.6%	APPLE INC NOTE 05/06/2024 3.45 Accrued Income	950,000	06/08/2016	104.59	993,598.44	107.42	1,020,518.50	26,920.06	2.7	32,775.00	3.21%	2.47
0.6%	AT&T INC 01/15/2025 3.95 Call 10/15/2024, 1 Accrued Income	900,000	06/13/2018	98.92	890,255.45	109.12	982,077.08	91,821.63	10.3	35,550.00	3.62%	3.52
0.7%	CVS HEALTH CO 07/20/2025 3.875 Call 04/20/2025, 1 Accrued Income	1,000,000	11/13/2017	101.85	1,018,524.20	109.45	1,094,450.36	75,926.16	7.5	38,750.00	3.54%	3.96
0.7%	SYSCO CORP 10/01/2025 3.75 Call 07/01/2025, 1 Accrued Income	1,000,000	11/08/2017	104.17	1,041,684.20	109.43	1,094,251.96	52,567.76	5.0	37,500.00	3.43%	4.10
0.7%	NORTHERN TR C 10/30/2025 3.95 Accrued Income	1,000,000	06/23/2017	105.51	1,055,087.20	111.62	1,116,157.35	61,070.15	5.8	39,500.00	3.54%	3.75
0.7%	OMNICOM GROU 04/15/2026 3.60 Call 01/15/2026, 1 Accrued Income	1,000,000	09/24/2019	105.89	1,058,900.00	109.37	1,093,662.87	34,762.87	3.3	36,000.00	3.29%	4.57
0.8%	JPMORGAN CHA 10/01/2026 2.95 Call 07/01/2026, 1 Accrued Income	1,250,000	02/26/2021	108.58	1,357,250.00	107.16	1,339,559.05	(17,690.95)	(1.3)	36,875.00	2.75%	5.03
							18,437.50					

Portfolio Statement
As of 09/30/2021

KENTUCKY LEGISLATORS

Weight	Description	Quantity	Trade Date	Unit Cost	Cost Basis	Current Price	Current Value	Unrealized Gain (Loss)	% G/L	Annual Income	Current Yield	Modified Duration Market
CORPORATES & AGENCIES												
Fixed Income												
0.8%	VERIZON COMM 08/15/2026 2.625 Accrued Income	1,250,000	01/27/2021	108.75	1,359,350.00	105.83	1,322,846.25	(36,503.75)	(2.7)	32,812.50	2.48%	4.57
0.8%	BANK AMER CO 10/21/2027 3.248 Call 10/21/2026, 1 Accrued Income	1,250,000	02/25/2021	109.38	1,367,275.00	107.93	1,349,077.19	(18,197.81)	(1.3)	40,600.00	3.01%	5.85
0.8%	WELLS FARGO C 10/23/2026 3.00 Accrued Income	1,250,000	05/10/2021	108.69	1,358,625.00	107.13	1,339,090.23	(19,534.77)	(1.4)	37,500.00	2.80%	4.66
0.8%	PEPSICO INC 03/19/2027 2.625 Call 01/19/2027, 1 Accrued Income	1,250,000	09/01/2020	110.34	1,379,225.00	106.64	1,333,022.68	(46,202.32)	(3.3)	32,812.50	2.46%	5.54
0.8%	JOHNSON & JOH 01/15/2028 2.90 Call 10/15/2027, 1 Accrued Income	1,250,000	05/10/2021	109.40	1,367,500.00	107.95	1,349,337.15	(18,162.85)	(1.3)	36,250.00	2.69%	6.16
0.8%	MERCK & CO. IN 03/07/2029 3.40 Call 12/07/2028, 1 Accrued Income	1,250,000	02/25/2021	111.89	1,398,625.00	110.71	1,363,817.74	(14,807.26)	(1.1)	42,500.00	3.07%	7.00
0.7%	BLACKROCK INC 04/30/2029 3.25 Call 01/30/2029, 1 Accrued Income	1,000,000	05/23/2021	111.73	1,117,300.00	109.69	1,096,940.65	(20,359.35)	(1.8)	32,500.00	2.96%	6.68
0.8%	3M CO 08/26/2029 2.375 Call 05/26/2029, 1 Accrued Income	1,250,000	02/03/2021	106.11	1,326,350.00	103.66	1,295,789.79	(30,560.21)	(2.3)	29,687.50	2.29%	7.60
0.8%	TEXAS INSTRUM 09/04/2029 2.25 Call 06/04/2029, 1 Accrued Income	1,250,000	01/27/2021	106.11	1,326,400.00	103.04	1,288,057.28	(38,342.72)	(2.9)	28,125.00	2.18%	7.65
0.8%	COMCAST CORP 02/01/2030 2.65 Call 11/01/2029, 1 Accrued Income	1,250,000	09/01/2020	108.87	1,360,900.00	104.26	1,303,255.19	(57,644.81)	(4.2)	33,125.00	2.54%	7.84
0.6%	UNION PACIFIC 02/05/2030 2.40 Call 11/05/2029, 1 Accrued Income	1,000,000	01/27/2021	107.31	1,073,100.00	102.61	1,026,113.11	(46,986.89)	(4.4)	24,000.00	2.34%	7.93
							3,733.33					

Portfolio Statement
As of 09/30/2021

KENTUCKY LEGISLATORS

Weight	Description	Quantity	Trade Date	Unit Cost	Cost Basis	Current Price	Current Value	Unrealized Gain (Loss)	% G/L	Annual Income	Current Yield	Modified Duration Market
CORPORATES & AGENCIES												
Fixed Income												
0.8%	PROGRESSIVE C 03/26/2030 3.20 Call 12/26/2029, 1 Accrued Income	1,250,000	02/25/2021	110.20	1,377,475.00	109.04	1,362,995.01	(14,479.99)	(1.1)	40,000.00	2.93%	7.47
0.8%	PFIZER INC 04/01/2030 2.625 Call 01/01/2030, 1 Accrued Income	1,250,000	01/27/2021	108.78	1,359,700.00	105.49	1,318,632.84	(41,067.16)	(3.0)	32,812.50	2.49%	7.93
0.8%	EXXON MOBIL C 10/15/2030 2.61 Call 07/15/2030, 1 Accrued Income	1,250,000	09/01/2020	108.56	1,357,000.00	104.65	1,308,093.69	(48,906.31)	(3.6)	32,625.00	2.49%	8.35
0.8%	DISNEY WALT C 01/13/2031 2.65 Accrued Income	1,250,000	09/01/2020	107.97	1,349,650.00	104.36	1,304,530.36	(45,119.64)	(3.3)	33,125.00	2.54%	8.19
25.8%				106.07	42,534,235.54		42,911,737.25	53,301.05	0.1	1,298,925.00	3.05%	4.49
CASH AND CASH EQUIVALENTS												
Cash and Money Funds												
0.8%	CASH			1.00	1,396,427.59		1,396,427.59			0.00	0.00%	
99.8%				104.55	88,341,197.43		165,871,433.43	77,530,236.00	87.8	2,837,704.48	1.71%	4.49
100.0%	Total Accrued Inc						393,961.16					
							166,265,394.59					

Cash Reconciliation Report

From 07/01/2021 to 09/30/2021

KENTUCKY LEGISLATORS

Trade Date	Settlement Date	Trade Description	Net Amount	Daily Balance
07/01/2021		CASH Beginning Balance		1,669,090.69
07/01/2021		Dividend NORTHERN TRUST	12,617.50	1,681,708.19
07/08/2021		Dividend iShares 1-3 YR TSY ETF	23.21	1,681,731.40
07/09/2021		Dividend OMNICOM GROUP	28,525.00	1,710,256.40
07/13/2021		Interest DISNEY WALT CO	16,562.50	1,726,818.90
07/15/2021		Interest MCDONALDS CORP MTN BE	13,125.00	1,739,943.90
07/15/2021		Interest AT&T INC	17,775.00	1,757,718.90
07/15/2021		Interest JOHNSON & JOHNSON	18,125.00	1,775,843.90
07/15/2021		Interest ORACLE CORP	18,125.00	1,793,968.90
07/15/2021		Dividend PROGRESSIVE CORP-OHIO	7,015.00	1,800,983.90
07/15/2021		Dividend U S BANCORP	24,570.00	1,825,553.90
07/20/2021		Interest CVS HEALTH CORP	19,375.00	1,844,928.90
07/25/2021		Interest PNC BK N A PITTSBURGH	19,000.00	1,863,928.90
07/26/2021		Dividend GENERAL ELECTRIC NEW	1,708.00	1,865,636.90
07/28/2021		Dividend CISCO SYSTEMS INC	12,311.75	1,877,948.65
07/30/2021		Interest U S BANCORP MTNS BE	18,500.00	1,896,448.65
08/01/2021		Interest COMCAST CORP NEW	16,562.50	1,913,011.15
08/02/2021		Interest BERKSHIRE HATHAWAY INC	17,000.00	1,930,011.15
08/02/2021		Interest ALTRIA GROUP INC	20,000.00	1,950,011.15
08/02/2021		Dividend JP MORGAN	43,695.00	1,993,706.15
08/05/2021		Interest UNION PACIFIC CORP	12,000.00	2,005,706.15
08/06/2021		Dividend iShares 1-3 YR TSY ETF	21.90	2,005,728.05
08/12/2021		Interest INTERNATIONAL BUS MACH	18,125.00	2,023,853.05
08/12/2021		Dividend APPLE COMPUTER	11,726.00	2,035,579.05
08/15/2021		Interest VERIZON COMMUNICATIONS	16,406.25	2,051,985.30
08/15/2021		Interest HOME DEPOT INC	18,750.00	2,070,735.30
08/18/2021		Withdrawal CASH	(1,750,000.00)	320,735.30
08/24/2021		Dividend FASTENAL CO.	22,106.00	342,841.30
08/26/2021		Interest 3M CO	14,843.75	357,685.05
08/27/2021		Dividend SCHWAB (CHAS)	14,175.00	371,860.05
09/01/2021		Interest O REILLY AUTOMOTIVE IN	19,000.00	390,860.05
09/01/2021		Dividend WELLS FARGO	9,580.00	400,440.05
09/02/2021		Dividend TJX COS INC NEW	12,064.00	412,504.05
09/03/2021		Dividend TE CONNECTIVITY LTD	18,500.00	431,004.05
09/04/2021		Interest TEXAS INSTRUMENTS	14,062.50	445,066.55
09/04/2021		Interest CISCO SYS INC	18,125.00	463,191.55
09/07/2021		Interest MERCK & CO. INC	21,250.00	484,441.55
09/07/2021		Dividend JOHNSON & JOHNSON	27,136.00	511,577.55
09/07/2021		Dividend PFIZER INC	28,158.00	539,735.55
09/08/2021		Dividend iShares 1-3 YR TSY ETF	22.54	539,758.09
09/09/2021		Dividend MICROSOFT CORP	20,244.00	560,002.09
09/15/2021	09/15/2021	Sell TOYOTA MOTOR CRED MTN SR -700000.00	700,000.00	1,260,002.09
09/15/2021		Interest TOYOTA MOTOR CRED MTN SR	11,900.00	1,271,902.09
09/16/2021		Dividend HOME DEPOT	40,260.00	1,312,162.09
09/19/2021		Interest PEPSICO INC	16,406.25	1,328,568.34
09/24/2021		Dividend BANKAMERICA CORP.	12,264.00	1,340,832.34
09/26/2021		Interest PROGRESSIVE CORP	20,000.00	1,360,832.34
09/30/2021		Interest HSBC HOLDINGS PLC	20,000.00	1,380,832.34
09/30/2021		Dividend UNION PACIFIC	15,595.25	1,396,427.59
09/30/2021		CASH Ending Balance		1,396,427.59

Brokerage Fees Report
From 07/01/2021 to 09/30/2021

KENTUCKY LEGISLATORS

<u>Trade Date</u>	<u>Activity</u>	<u>Description</u>	<u>Quantity</u>	<u>Net Amount</u>	<u>Principal Amount</u>	<u>Broker Fee</u>	<u>Broker Fees per Unit</u>	<u>% of Principal</u>	<u>Asset Class Code</u>
09/15/2021	Sell	TOYOTA MOT	700,000	700,000.00	700,000.00	0.00	0.00	0.00%	CB

Item IV – Investment Related Matters

B. Hilliard Lyons Trust Company



Investment Review
KY Judicial Retirement Fund
KY Legislator Retirement Fund
October 22, 2021

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The Hidden Cost of Overtrading

John C. Watkins III, CFA®
Vice President
Equity Portfolio Manager

In July of 2017, we wrote a piece titled “Our Favorite Holding Period is Forever.” In it, we discussed our business owner investment approach and why that naturally leads us to hold our equity investments for very long periods of time, in stark contrast to much of today’s investment industry. We stated:

“Quite simply, there is no better way to compound money at attractive rates of return than the long-term ownership of successful businesses run by talented people... investors should try to identify these sorts of enterprises and people, invest in them, and let those businesses compound their investment into the future.”

Since these opportunities don’t come around often, we spend much of our time preparing and waiting. There are often long periods of time with little or no trading activity in client accounts, but we always stand ready to act when opportunities appear. As Warren Buffett said, “You do things when the opportunities come along. I’ve had periods in my life when I’ve had a bundle of ideas come along, and I’ve had long dry spells. If I get an idea next week, I’ll do something. If not, I won’t do a thing.”

Our Approach is Tax Efficient

Although it isn't frequently discussed, one substantial benefit to this approach is that it is very tax efficient for our taxable clients. As Benjamin Franklin once said, "In this world nothing can be said to be certain, except death and taxes." We will leave the topic of death for another newsletter and instead focus on taxes.

Intuitively, most investors know that capital gains taxes negatively impact the growth of their wealth over time. However, this impact and its magnitude are typically not discussed explicitly or quantified. There is good reason for this – taxes are personal. Each person's tax situation is different so there is no easy, "one size fits all" formula to account for taxes. For this reason, the investment industry standard is to present portfolio returns on a pre-tax basis. This is a great starting point and allows for easy comparison against other investment strategies or funds.

Pre-tax vs. After-tax Returns

While the industry standard is pre-tax investment returns, an investor's after-tax return is much more important. Aside from charitable giving, it is nearly impossible to spend unrealized investment gains. The purest measure of monetary wealth is how much money is left after all taxes have been paid.

Unlike most other taxes, the timing of capital gains taxes is unique in that they are entirely within the investor's control. This is because a capital gains tax is only paid when a stock or bond is sold at a profit. Upon sale, this unrealized gain becomes a realized gain, and a tax is due.

Therefore, the main driver of the frequency and magnitude of capital gains taxes is the amount of trading activity in the investor's portfolio, also known as portfolio turnover. Turnover is often quoted in percentages, referring to the percentage of the dollar value of the portfolio that is traded annually. For example, a \$1 million portfolio with 100% turnover means that, in aggregate, there were \$1 million worth of purchases or sales within the portfolio in the last 12 months.

Assuming a positive investment return over time, a higher level of trading activity triggers more capital gains taxes and results in a lower after-tax return. This phenomenon can create a sizeable, but often unnoticed, headwind to long-term investment performance. I will use a hypothetical example to illustrate. Consider three equity portfolios:

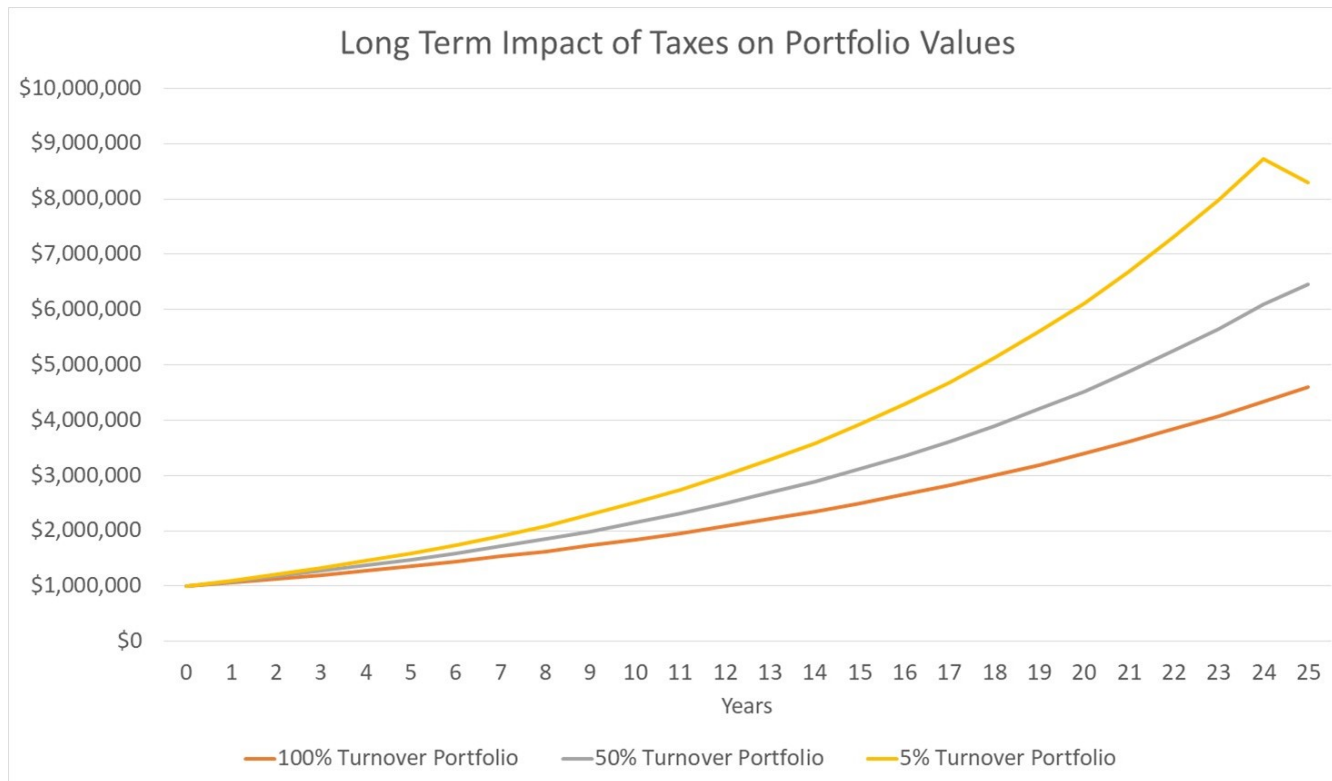
- 1. High Turnover (100%)** – A highly active, short-term trading strategy with 100% annual turnover, never holding a stock for more than one year. All capital gains are short-term in nature.
- 2. Moderate Turnover (50%)** – This portfolio typically holds stocks between six months and three years with annual turnover of 50%. There is a mix of long-term and short-term gains, with 75% long-term in nature and 25% short-term in nature.
- 3. Low Turnover (5%)** – This portfolio typically holds each of its stocks for more than 10 years with annual turnover of 5%. All capital gains are long-term in nature.

Let's assume each portfolio starts with \$1,000,000 today and achieves a pre-tax return of 10% annually over 25 years. For high income households, per the current federal tax code, short-term capital gains are taxed at 37% and long-term capital gains are taxed at 20%. For the sake of simplicity, we only focus on federal capital gains taxes. However, capital gains may also be subject to state and local taxes as well as a 3.8% federal tax surcharge for some investors. The inclusion of these would only further amplify the divergence among the three portfolios in this example. Finally, at the end of the 25-year period, any remaining unrealized gains are taxed in full at the long-term capital gains rate of 20%.

In this example, the low turnover portfolio performed the best, far outpacing the other portfolios. The values at the end of 25 years are:

- High Turnover: \$4,606,081 (6.3% annualized after-tax return)
- Moderate Turnover: \$6,449,918 (7.7% annualized after-tax return)
- Low Turnover: \$8,298,571 (8.8% annualized after-tax return)

In this simple hypothetical example, there is only one reason for the significant difference in ending values – the timing and magnitude of capital gains tax payments. While we must acknowledge the real world is a bit more complex than this example, the underlying point remains true. The more taxes an investor pays along the way, the less money they have in the end.



Tax Leakage Stifles the Magic of Compounding

Over the short term (less than 5 years), the differences are barely noticeable, but they become clear over time. The moderate and high turnover portfolios are constantly experiencing tax leakage through trading activity that results in tax charges. Over time, these tax charges add up and have a devastating impact on the rate of return. Alternatively, the low turnover portfolio has very minimal tax leakage, allowing its unrealized gains to compound tax-deferred.

Due to these tax headwinds, highly active short-term investors are at a fundamental disadvantage compared to more patient, long-term investors. More active investment strategies must generate a higher pre-tax return simply to stay even with less active investment strategies. How much higher? In the example on page 2, the low turnover portfolio's 10% pre-tax annual return resulted in an 8.8% after-tax annual return. To match that 8.8% annual after-tax return, the high turnover and moderate turnover portfolios must generate annual pre-tax returns of 14% and 11.4%, respectively. A tough task, indeed.

Our ultimate goal at Baird Trust is to help you compound your wealth over long periods of time while controlling for risk. We strongly believe our long-term business owner approach to investing is the best way to achieve this goal for both taxable and tax-exempt investors. But for investors with taxable accounts, our strategy's tax efficiency is an added long-term benefit. As always, we thank you for your relationship and continued trust you place in us as stewards of your financial assets.

To request a copy of the *Our Favorite Holding Period is Forever (2017)* please email BairdTrust-Info@rwbaird.com.

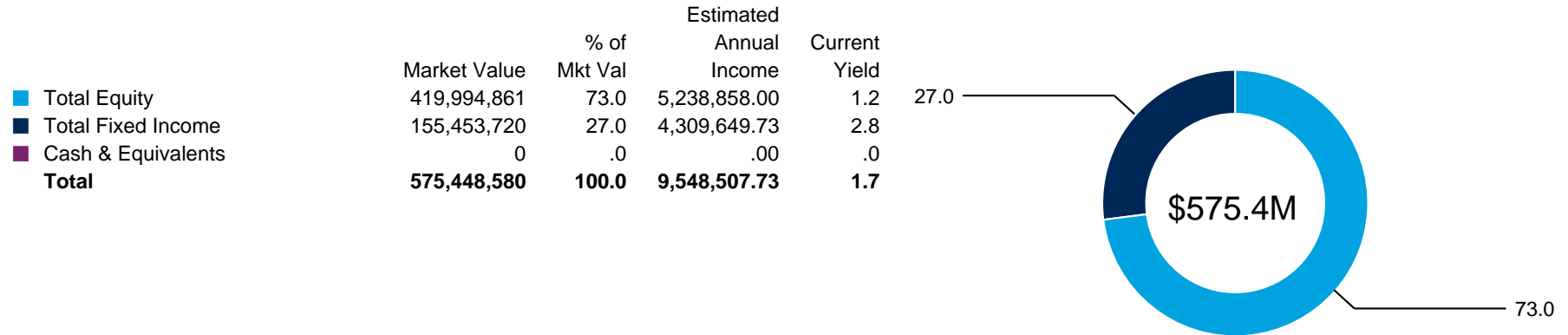
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- The U.S. added 194,000 jobs in September. The unemployment rate fell to 4.8% from 5.2%.
- The U.S. Producer Price Index rose 0.7% in August after rising 1.0% in July. The core, which excludes food and energy prices, rose 0.3% in August after rising 0.9% in July. PPI rose 8.3% year-over-year in August, the largest gain since the data was first calculated in November 2010. Core prices rose 6.3% from a year earlier, the largest gain since the data was first calculated in August 2014.
- The U.S. CPI rose 0.4% in August. The core rose 0.1%. The year-over-year CPI rose 5.3%. The core rose 4.0%. Gas prices rose 2.8%. Used car and truck prices fell 1.5%.
- 2Q GDP was revised upward to 6.7% from the previously estimated 6.6%. Consumer spending rose 12.0% and exports were revised to show a 7.6% increase instead of 6.6%.
- Retail sales rose 0.7% in August. Auto dealer sales fell 3.6%. Clothing store sales rose 0.1%. Online sales grew 5.3%. Bar and restaurant sales were flat.
- Consumer confidence fell to 109.3 in September, the third monthly decline and the lowest level since February. The index has fallen 19.6 points from a peak of 128.9 in June.
- Personal income rose 0.2% in August. Consumer spending rose 0.8%. Accounting for inflation, spending rose by half that amount. The savings rate fell to 9.4%. Americans have accumulated at least \$2.5 trillion in excess savings during the pandemic.

Client Investment Review

Investment activity through 09/30/2021

Asset Allocation Summary



Investment Summary

	Fiscal Year to Date (3 Months)
Beginning Account Value	577,640,628.47
Net Contributions/Withdrawals	-3,563,030.49
Income Earned	1,252,079.95
Market Appreciation	118,902.45
Ending Account Value	575,448,580.38

Total market value may differ slightly from your custodian statement due to processing lag of accruals in non-custody accounts.

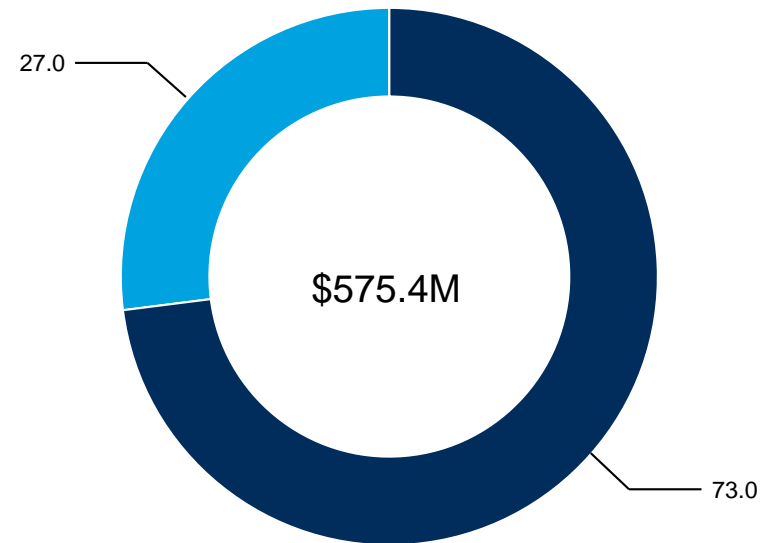
Market Value by Asset Class

Ending: September 30, 2021

KY JUDICIAL RET DEFINED BENEFIT AGT (920005014)

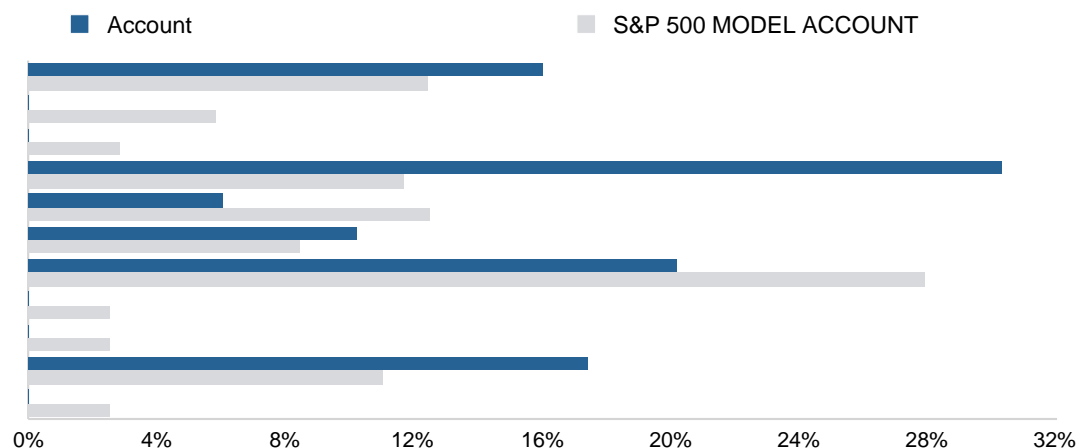
Managed since: January 01, 1993

	Market Value	% of Mkt Val
■ Core Equity	419,994,861	73.0
■ Taxable Fixed Income	155,319,326	27.0
■ Short Government	134,394	.0
■ Cash & Equivalents	0	.0
Total	575,448,580	100.0



Core Equity Allocation vs S & P 500 Model

	Account	Model
Consumer Disc	16.0	12.4
Consumer Staples	.0	5.8
Energy	.0	2.8
Financials	30.3	11.7
Health Care	6.0	12.5
Industrials	10.2	8.4
Information Tech	20.2	27.9
Materials	.0	2.5
Real Estate	.0	2.5
Communication Serv	17.4	11.0
Utilities	.0	2.5



Top 10 Performers

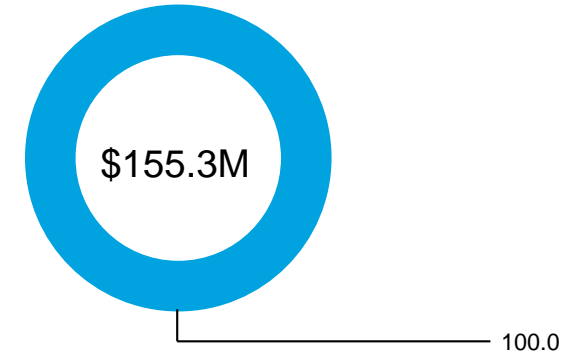
	Market Value	% of Mkt Val	Return
SCHWAB CHARLES CORP NEW C	19,819,764	3.4	102.72
WELLS FARGO & CO NEW COM	7,727,265	1.3	98.53
ALPHABET INC CAP STK CL C	26,906,304	4.7	81.53
BANK OF AMERICA CORP COM	8,515,470	1.5	78.46
JPMORGAN CHASE & CO COM	27,565,396	4.8	74.64
US BANCORP DEL COM NEW	12,459,200	2.2	70.64
OMNICOM GROUP INC COM	10,242,400	1.8	51.89
CISCO SYS INC COM	6,196,856	1.1	42.57
TE CONNECTIVITY LTD REG S	17,029,002	3.0	41.86
NORTHERN TR CORP COM	6,412,941	1.1	41.81

Largest 10 Holdings by Market Value

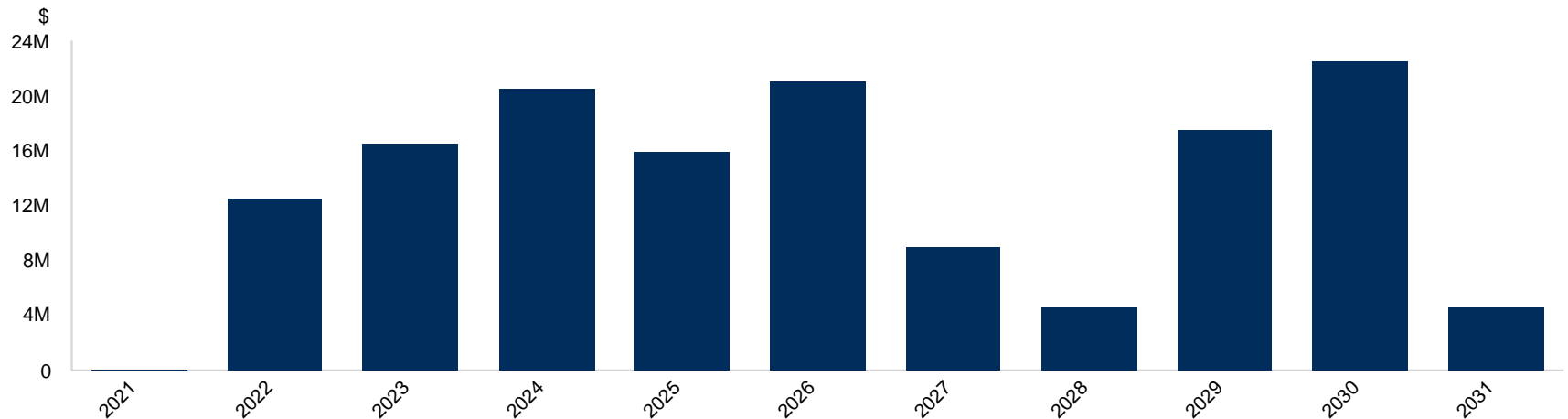
	Market Value	% of Mkt Val	Return
MICROSOFT CORP COM	35,479,632	6.2	34.98
HOME DEPOT INC COM	27,754,383	4.8	20.36
JPMORGAN CHASE & CO COM	27,565,396	4.8	74.64
ALPHABET INC CAP STK CL C	26,906,304	4.7	81.53
APPLE INC COM	25,951,100	4.5	23.19
DISNEY WALT CO COM	23,210,124	4.0	36.20
BERKSHIRE HATHAWAY INC DE	23,097,548	4.0	28.12
PROGRESSIVE CORP OH COM	21,761,393	3.8	.43
SCHWAB CHARLES CORP NEW C	19,819,764	3.4	102.72
TE CONNECTIVITY LTD REG S	17,029,002	3.0	41.86

Fixed Income Allocation

	Market Value	% of Mkt Val	Estimated Annual Income	Current Yield
■ Taxable Fixed Income	155,319,326	100.0	4,309,262.85	2.8
Total	155,319,326	100.0	4,309,262.85	2.8



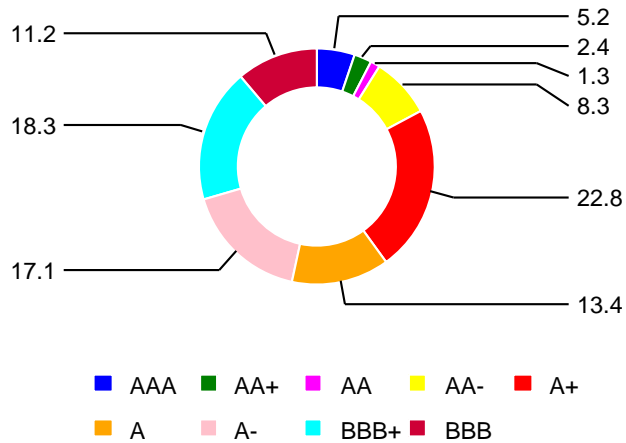
Fixed Income Maturity Schedule



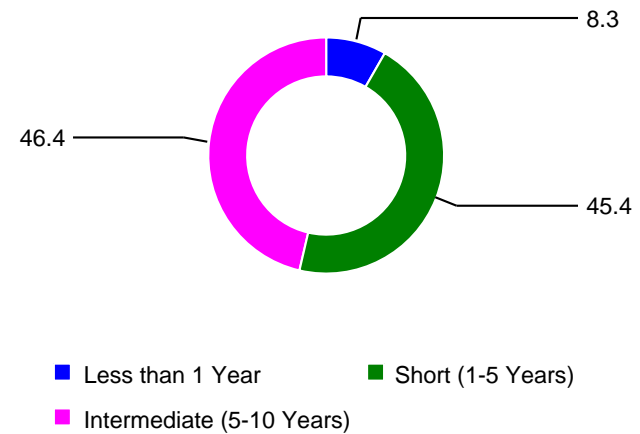
Fixed Income Analysis

	09/30/2021	Barclays Gov't/Credit Interm Bond Index
Coupon	2.98	1.95
Current Yield	2.80	1.89
Yield to Maturity	1.06	1.01
Maturity	4.92	4.45
Duration	4.58	4.17
Face Amount	144,500,000	
Market Value	154,162,995	
Cost	152,476,800	

Quality Allocation by Market Value



Maturity Allocation by Market Value



NR=Not rated by S&P

KY JUDICIAL RET DEFINED BENEFIT AGT (920005014)

Managed since: January 01, 1993

	Maturity Date	Units	Unit Cost	Current Price	Market Value	SP or Moody Rating	Call Date/Price	Put Date/Price	Annual Income
Matures 2031									
DISNEY WALT CO SR GLBL NT 2.650%01/13/2031	01/13/2031	4,500,000.000	107.230	104.362	4,722,127.50	BBB+			119,250.00
Total Matures 2031					4,722,127.50				119,250.00
Matures 2030									
EXXON MOBIL CORP SR GLBL COCO 2.610%10/15/2030	10/15/2030	4,500,000.000	107.950	104.648	4,763,317.50	AA-	07/15/2030		117,450.00
PFIZER INC GLBL NT 2.625%04/01/2030	04/01/2030	4,500,000.000	108.330	105.491	4,806,157.50	A+	01/01/2030		118,125.00
KIMBERLY CLARK CORP SR GLBL 3.100%03/26/2030	03/26/2030	4,500,000.000	109.260	109.396	4,924,757.50	A	12/26/2029		139,500.00
PROGRESSIVE CORP SR GLBL 3.200%03/26/2030	03/26/2030	4,500,000.000	109.830	109.040	4,908,800.00	A	12/26/2029		144,000.00
COMCAST CORP NEW GLBL NT 2.650%02/01/2030	02/01/2030	4,500,000.000	107.850	104.260	4,711,575.00	A-	11/01/2029		119,250.00
Total Matures 2030					24,114,607.50				638,325.00
Matures 2029									
TEXAS INSTRS INC SR GLBL NT 2.250%09/04/2029	09/04/2029	4,500,000.000	105.750	103.045	4,644,618.75	A+	06/04/2029		101,250.00
3M CO SR GLBL NT 2.375%08/26/2029	08/26/2029	4,500,000.000	105.780	103.663	4,675,225.63	A+	05/26/2029		106,875.00
BLACKROCK INC SR GLBL NT 3.250%04/30/2029	04/30/2029	4,000,000.000	111.710	109.694	4,442,287.78	AA-	01/30/2029		130,000.00
MERCK & CO INC SR GLBL 3.400%03/07/2029	03/07/2029	4,500,000.000	111.400	110.705	4,991,925.00	A+	12/07/2028		153,000.00
Total Matures 2029					18,754,057.16				491,125.00
Matures 2028									
JOHNSON & JOHNSON SR GLBL 2.900%01/15/2028	01/15/2028	4,500,000.000	109.350	107.947	4,885,165.00	AAA	10/15/2027		130,500.00
Total Matures 2028					4,885,165.00				130,500.00
Matures 2027									
BANK AMER CORP FR .032%10/21/2027	10/21/2027	4,500,000.000	108.970	107.926	4,921,630.00	A-	10/21/2026		1,461.60
PEPSICO INC SR NT .026%03/19/2027	03/19/2027	4,500,000.000	109.200	106.642	4,802,827.50	A+	01/19/2027 100.000		1,181.25
Total Matures 2027					9,724,457.50				2,642.85

KY JUDICIAL RET DEFINED BENEFIT AGT (920005014)

Managed since: January 01, 1993

	Maturity Date	Units	Unit Cost	Current Price	Market Value	SP or Moody Rating	Call Date/Price	Put Date/Price	Annual Income
Matures 2026									
WELLS FARGO CO NEW SR NT .030%10/23/2026	10/23/2026	4,500,000.000	108.470	107.127	4,879,965.00	BBB+			1,350.00
JPMORGAN CHASE & CO SR NT 2.950%10/01/2026	10/01/2026	4,500,000.000	108.980	107.165	4,888,800.00	A-	07/01/2026 100.000		132,750.00
VERIZON COMMUNICATIONS INC SR GLOBL 2.625%08/15/2026	08/15/2026	4,500,000.000	108.120	105.828	4,777,353.75	BBB+			118,125.00
ABBVIE INC SR GLOBL 3.200%05/14/2026	05/14/2026	4,500,000.000	109.020	107.858	4,908,410.00	BBB+	02/14/2026		144,000.00
OMNICOM GROUP INC SR GLOBL 3.600%04/15/2026	04/15/2026	3,000,000.000	104.300	109.366	3,330,780.00	BBB+	01/15/2026		108,000.00
Total Matures 2026					22,785,308.75				504,225.00
Matures 2025									
NORTHERN TR CORP SUB NT 3.950%10/30/2025	10/30/2025	3,500,000.000	103.900	111.616	3,964,548.20	A			138,250.00
SYSCO CORP SR NT 3.750%10/01/2025	10/01/2025	3,500,000.000	102.850	109.425	3,895,500.00	BBB	07/01/2025		131,250.00
INTEL CORP SR GLOBL 3.700%07/29/2025	07/29/2025	3,500,000.000	103.450	109.413	3,851,757.78	A+	04/29/2025		129,500.00
CVS HEALTH CORP SR GLOBL NT 3.875%07/20/2025	07/20/2025	3,500,000.000	101.290	109.445	3,857,323.26	BBB	04/20/2025		135,625.00
AT&T INC SR GLOBL NT 3.950%01/15/2025	01/15/2025	2,000,000.000	100.620	109.120	2,199,077.78	BBB	10/15/2024		79,000.00
Total Matures 2025					17,768,207.02				613,625.00
Matures 2024									
APPLE INC SR GLOBL NT 3.450%05/06/2024	05/06/2024	3,500,000.000	102.810	107.423	3,808,440.41	AA+			120,750.00
CISCO SYS INC SR NT 3.625%03/04/2024	03/04/2024	3,500,000.000	102.240	107.514	3,772,505.62	AA-			126,875.00
HOME DEPOT INC SR NT 3.750%02/15/2024	02/15/2024	3,000,000.000	101.890	107.081	3,226,805.01	A	11/15/2023		112,500.00
INTERNATIONAL BUSINESS MACHS SR GLOBL 3.625%02/12/2024	02/12/2024	3,500,000.000	102.280	106.950	3,760,519.10	A-			126,875.00
ALTRIA GROUP INC SR GLOBL NT 4.000%01/31/2024	01/31/2024	3,500,000.000	102.900	107.666	3,791,643.33	BBB			140,000.00
U S BANCORP MTNS BK ENT FR 3.700%01/30/2024	01/30/2024	3,500,000.000	102.460	107.083	3,769,848.05	A+	12/29/2023		129,500.00
Total Matures 2024					22,129,761.52				756,500.00

KY JUDICIAL RET DEFINED BENEFIT AGT (920005014)

Managed since: January 01, 1993

	Maturity Date	Units	Unit Cost	Current Price	Market Value	SP or Moody Rating	Call Date/Price	Put Date/Price	Annual Income
Matures 2023									
MICROSOFT CORP NT 3.625%12/15/2023	12/15/2023	3,000,000.000	100.770	106.402	3,224,080.83	AAA	09/15/2023		108,750.00
SCHLUMBERGER INVT SA SR NT 3.650%12/01/2023	12/01/2023	3,500,000.000	102.720	105.997	3,752,478.34	A	09/01/2023		127,750.00
CUMMINS INC SR GLBL NT 3.650%10/01/2023	10/01/2023	3,500,000.000	101.530	105.617	3,760,470.00	A+	07/01/2023		127,750.00
PNC BK N A PITTSBURGH PA SUB NT 3.800%07/25/2023	07/25/2023	3,000,000.000	100.280	105.670	3,191,000.00	A-	06/25/2023		114,000.00
ORACLE CORP SR NT 3.625%07/15/2023	07/15/2023	3,500,000.000	102.600	105.690	3,725,934.72	BBB+			126,875.00
Total Matures 2023					17,653,963.89				605,125.00
Matures 2022									
O REILLY AUTOMOTIVE INC NEW SR NT 3.800%09/01/2022	09/01/2022	3,500,000.000	101.340	102.257	3,590,078.33	BBB	06/01/2022		133,000.00
UNION PAC CORP SR NT 4.163%07/15/2022	07/15/2022	1,500,000.000	101.010	102.083	1,544,427.83	A-	04/15/2022		62,445.00
BERKSHIRE HATHAWAY FIN CORP SR NT 3.000%05/15/2022	05/15/2022	2,000,000.000	100.020	101.717	2,057,006.67	AA			60,000.00
HSBC HLDGS PLC SR NT 4.000%03/30/2022	03/30/2022	3,500,000.000	100.810	101.843	3,564,893.89	A-			140,000.00
MCDONALDS CORP MED TERM NT SR NT 2.625%01/15/2022	01/15/2022	2,000,000.000	100.290	100.709	2,025,263.33	BBB+			52,500.00
Total Matures 2022					12,781,670.05				447,945.00
Matures 2021									
TOYOTA MTR CRD CORP MTN FR 3.400%09/15/2021	09/15/2021	.000	.000	.000	.00	A+			.00
Total Matures 2021					.00				.00
No Maturity									
ISHARES 1-3 YEAR TREASURY BOND ETF		1,560.000	84.580	86.150	134,394.00	NR			
Total No Maturity					134,394.00				
Total					155,453,719.89				4,309,262.85

Portfolio Holdings by Asset Class

Ending: September 30, 2021

KY JUDICIAL RET DEFINED BENEFIT AGT (920005014)

Managed since: January 01, 1993

	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
Total Equity									
Communication Services									
ALPHABET INC CAP STK CL C	10,095.000	550.22	5,554,470.36	2,665.31	26,906,304.45	4.7	.00	.00	.000
DISNEY WALT CO COM	137,200.000	49.47	6,787,290.58	169.17	23,210,124.00	4.0	.00	.00	.000
FACEBOOK INC CL A	37,600.000	218.26	8,206,598.24	339.39	12,761,064.00	2.2	.00	.00	.000
OMNICOM GROUP INC COM	140,000.000	47.59	6,662,541.40	72.46	10,242,400.00	1.8	2.80	392,000.00	3.864
Total for Communication Services			27,210,900.58		73,119,892.45	12.7		392,000.00	.537
Consumer Disc									
CARMAX INC COM	103,750.000	59.76	6,200,447.31	127.96	13,275,850.00	2.3	.00	.00	.000
HOME DEPOT INC COM	84,550.000	30.58	2,585,953.74	328.26	27,754,383.00	4.8	6.60	558,030.00	2.011
O REILLY AUTOMOTIVE INC NEW COM	25,600.000	178.19	4,561,619.35	611.06	15,643,136.00	2.7	.00	.00	.000
TJX COS INC NEW COM	159,750.000	6.24	996,201.32	65.98	10,540,305.00	1.8	1.04	166,140.00	1.576
Total for Consumer Disc			14,344,221.72		67,213,674.00	11.7		724,170.00	1.077
Financials									
BANK OF AMERICA CORP COM	200,600.000	26.92	5,399,556.13	42.45	8,515,470.00	1.5	.84	168,504.00	1.979
BERKSHIRE HATHAWAY INC DEL CL B NEW	84,625.000	109.79	9,291,095.57	272.94	23,097,547.50	4.0	.00	.00	.000
JPMORGAN CHASE & CO COM	168,400.000	51.86	8,732,385.09	163.69	27,565,396.00	4.8	4.00	673,600.00	2.444
NORTHERN TR CORP COM	59,100.000	49.44	2,921,872.53	107.81	6,412,941.00	1.1	2.80	165,480.00	2.597
PROGRESSIVE CORP OH COM	240,750.000	29.51	7,103,835.49	90.39	21,761,392.50	3.8	.40	96,300.00	.443
SCHWAB CHARLES CORP NEW COM	272,100.000	35.35	9,617,510.55	72.84	19,819,764.00	3.4	.72	195,912.00	.988
US BANCORP DEL COM NEW	208,000.000	22.71	4,724,659.96	59.44	12,459,200.00	2.2	1.84	382,720.00	3.096
WELLS FARGO & CO NEW COM	166,500.000	27.29	4,542,967.87	46.41	7,727,265.00	1.3	.80	133,200.00	1.724
Total for Financials			52,333,883.19		127,358,976.00	22.1		1,815,716.00	1.427
Health Care									
JOHNSON & JOHNSON COM	88,300.000	29.28	2,585,563.29	161.50	14,260,450.00	2.5	4.24	374,392.00	2.625
PFIZER INC COM	250,050.000	25.19	6,298,363.81	43.01	10,754,650.50	1.9	1.56	390,078.00	3.627
Total for Health Care			8,883,927.10		25,015,100.50	4.3		764,470.00	3.056

Portfolio Holdings by Asset Class

Ending: September 30, 2021

KY JUDICIAL RET DEFINED BENEFIT AGT (920005014)

Managed since: January 01, 1993

	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
Industrials									
EXPEDITORS INTL WASH INC COM	93,800.000	37.93	3,557,453.94	119.13	11,174,394.00	1.9	1.16	108,808.00	.974
FASTENAL CO COM	272,500.000	20.77	5,660,909.52	51.61	14,063,725.00	2.4	1.12	305,200.00	2.170
GENERAL ELECTRIC CO COM NEW	73,250.000	109.86	8,047,057.98	103.03	7,552,807.50	1.3	.32	23,440.00	.311
UNION PAC CORP COM	50,200.000	93.91	4,714,268.23	196.01	9,839,702.00	1.7	4.28	214,856.00	2.184
Total for Industrials			21,979,689.67		42,630,628.50	7.4		652,304.00	1.530
Information Tech									
APPLE INC COM	183,400.000	19.90	3,649,462.50	141.50	25,951,100.00	4.5	.88	161,392.00	.622
CISCO SYS INC COM	113,850.000	17.37	1,977,862.18	54.43	6,196,855.50	1.1	1.48	168,498.00	2.719
MICROSOFT CORP COM	125,850.000	25.67	3,230,808.68	281.92	35,479,632.00	6.2	2.48	312,108.00	.880
TE CONNECTIVITY LTD REG SHS	124,100.000	31.39	3,895,537.57	137.22	17,029,002.00	3.0	2.00	248,200.00	1.458
Total for Information Tech			12,753,670.93		84,656,589.50	14.7		890,198.00	1.052
Total: Total Equity			137,506,293.19		419,994,860.95	73.0		5,238,858.00	1.248
Total Fixed Income									
Corporate Bonds									
AT& T INC SR GLBL NT 3.950% 01/15/2025	2,000,000.000	100.62	2,012,390.34	109.12	2,199,077.78	.4	3.95	79,000.00	3.620
ABBVIE INC SR GLBL 3.200% 05/14/2026	4,500,000.000	109.02	4,906,016.32	107.86	4,908,410.00	.9	3.20	144,000.00	2.967
ALTRIA GROUP INC SR GLBL NT 4.000% 01/31/2024	3,500,000.000	102.90	3,601,329.95	107.67	3,791,643.33	.7	4.00	140,000.00	3.715
APPLE INC SR GLBL NT 3.450% 05/06/2024	3,500,000.000	102.81	3,598,323.99	107.42	3,808,440.41	.7	3.45	120,750.00	3.212
BANK AMER CORP FR .032% 10/21/2027	4,500,000.000	108.97	4,903,510.81	107.93	4,921,630.00	.9	.03	1,461.60	.030
BERKSHIRE HATHAWAY FIN CORP SR NT	2,000,000.000	100.02	2,000,446.04	101.72	2,057,006.67	.4	3.00	60,000.00	2.949

Portfolio Holdings by Asset Class

Ending: September 30, 2021

KY JUDICIAL RET DEFINED BENEFIT AGT (920005014)

Managed since: January 01, 1993

	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
3.000% 05/15/2022									
BLACKROCK INC SR GLBL NT	4,000,000.000	111.71	4,468,217.73	109.69	4,442,287.78	.8	3.25	130,000.00	2.963
3.250% 04/30/2029									
CVS HEALTH CORP SR GLBL NT	3,500,000.000	101.29	3,545,260.35	109.44	3,857,323.26	.7	3.88	135,625.00	3.541
3.875% 07/20/2025									
CISCO SYS INC SR NT	3,500,000.000	102.24	3,578,499.64	107.51	3,772,505.62	.7	3.63	126,875.00	3.372
3.625% 03/04/2024									
COMCAST CORP NEW GLBL NT	4,500,000.000	107.85	4,853,306.19	104.26	4,711,575.00	.8	2.65	119,250.00	2.542
2.650% 02/01/2030									
CUMMINS INC SR GLBL NT	3,500,000.000	101.53	3,553,563.05	105.62	3,760,470.00	.7	3.65	127,750.00	3.456
3.650% 10/01/2023									
DISNEY WALT CO SR GLBL NT	4,500,000.000	107.23	4,825,574.74	104.36	4,722,127.50	.8	2.65	119,250.00	2.539
2.650% 01/13/2031									
EXXON MOBIL CORP SR GLBL COCO	4,500,000.000	107.95	4,857,881.62	104.65	4,763,317.50	.8	2.61	117,450.00	2.494
2.610% 10/15/2030									
HSBC HLDGS PLC SR NT	3,500,000.000	100.81	3,528,368.44	101.84	3,564,893.89	.6	4.00	140,000.00	3.928
4.000% 03/30/2022									
HOME DEPOT INC SR NT	3,000,000.000	101.89	3,056,795.26	107.08	3,226,805.01	.6	3.75	112,500.00	3.502
3.750% 02/15/2024									
INTEL CORP SR GLBL	3,500,000.000	103.45	3,620,596.70	109.41	3,851,757.78	.7	3.70	129,500.00	3.382
3.700% 07/29/2025									
INTERNATIONAL BUSINESS MACHS SR GLBL	3,500,000.000	102.28	3,579,771.22	106.95	3,760,519.10	.7	3.63	126,875.00	3.389
3.625% 02/12/2024									
JPMORGAN CHASE & CO SR NT	4,500,000.000	108.98	4,903,950.28	107.17	4,888,800.00	.8	2.95	132,750.00	2.753
2.950% 10/01/2026									
JOHNSON & JOHNSON SR GLBL	4,500,000.000	109.35	4,920,682.18	107.95	4,885,165.00	.8	2.90	130,500.00	2.687
2.900% 01/15/2028									
KIMBERLY CLARK CORP SR GLBL	4,500,000.000	109.26	4,916,915.28	109.40	4,924,757.50	.9	3.10	139,500.00	2.834
3.100% 03/26/2030									
MCDONALDS CORP MED TERM NT SR NT	2,000,000.000	100.29	2,005,756.99	100.71	2,025,263.33	.4	2.63	52,500.00	2.607
2.625% 01/15/2022									

Portfolio Holdings by Asset Class

Ending: September 30, 2021

KY JUDICIAL RET DEFINED BENEFIT AGT (920005014)

Managed since: January 01, 1993

	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
MERCK & CO INC SR GLBL 3.400% 03/07/2029	4,500,000.000	111.40	5,012,820.28	110.70	4,991,925.00	.9	3.40	153,000.00	3.071
MICROSOFT CORP NT 3.625% 12/15/2023	3,000,000.000	100.77	3,022,956.85	106.40	3,224,080.83	.6	3.63	108,750.00	3.407
NORTHERN TR CORP SUB NT 3.950% 10/30/2025	3,500,000.000	103.90	3,636,495.06	111.62	3,964,548.20	.7	3.95	138,250.00	3.539
O REILLY AUTOMOTIVE INC NEW SR NT 3.800% 09/01/2022	3,500,000.000	101.34	3,546,886.81	102.26	3,590,078.33	.6	3.80	133,000.00	3.716
OMNICOM GROUP INC SR GLBL 3.600% 04/15/2026	3,000,000.000	104.30	3,129,146.81	109.37	3,330,780.00	.6	3.60	108,000.00	3.292
ORACLE CORP SR NT 3.625% 07/15/2023	3,500,000.000	102.60	3,590,945.42	105.69	3,725,934.72	.6	3.63	126,875.00	3.430
PNC BK N A PITTSBURGH PA SUB NT 3.800% 07/25/2023	3,000,000.000	100.28	3,008,487.10	105.67	3,191,000.00	.6	3.80	114,000.00	3.596
PEPSICO INC SR NT .026% 03/19/2027	4,500,000.000	109.20	4,913,863.51	106.64	4,802,827.50	.8	.03	1,181.25	.025
PFIZER INC GLBL NT 2.625% 04/01/2030	4,500,000.000	108.33	4,874,850.53	105.49	4,806,157.50	.8	2.63	118,125.00	2.488
PROGRESSIVE CORP SR GLBL 3.200% 03/26/2030	4,500,000.000	109.83	4,942,133.37	109.04	4,908,800.00	.9	3.20	144,000.00	2.935
SCHLUMBERGER INVT SA SR NT 3.650% 12/01/2023	3,500,000.000	102.72	3,595,266.69	106.00	3,752,478.34	.7	3.65	127,750.00	3.443
SYSCO CORP SR NT 3.750% 10/01/2025	3,500,000.000	102.85	3,599,581.69	109.42	3,895,500.00	.7	3.75	131,250.00	3.427
TEXAS INSTRS INC SR GLBL NT 2.250% 09/04/2029	4,500,000.000	105.75	4,758,542.97	103.05	4,644,618.75	.8	2.25	101,250.00	2.184
3M CO SR GLBL NT 2.375% 08/26/2029	4,500,000.000	105.78	4,760,024.33	103.66	4,675,225.63	.8	2.38	106,875.00	2.291
UNION PAC CORP SR NT 4.163% 07/15/2022	1,500,000.000	101.01	1,515,181.32	102.08	1,544,427.83	.3	4.16	62,445.00	4.078
U S BANCORP MTNS BK ENT FR	3,500,000.000	102.46	3,586,048.69	107.08	3,769,848.05	.7	3.70	129,500.00	3.455

Portfolio Holdings by Asset Class

Ending: September 30, 2021

KY JUDICIAL RET DEFINED BENEFIT AGT (920005014)

Managed since: January 01, 1993

	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
3.700% 01/30/2024									
VERIZON COMMUNICATIONS INC SR GBLB	4,500,000.000	108.12	4,865,186.69	105.83	4,777,353.75	.8	2.63	118,125.00	2.480
2.625% 08/15/2026									
WELLS FARGO CO NEW SR NT	4,500,000.000	108.47	4,881,224.62	107.13	4,879,965.00	.8	.03	1,350.00	.028
.030% 10/23/2026									
Total for Corporate Bonds			152,476,799.86		155,319,325.89	27.0		4,309,262.85	2.795
Short Government									
ISHARES 1-3 YEAR TREASURY BOND ETF	1,560.000	84.58	131,943.81	86.15	134,394.00	.0	.25	386.88	.288
Total for Short Government			131,943.81		134,394.00	.0		386.88	.288
Total: Total Fixed Income			152,608,743.67		155,453,719.89	27.0		4,309,649.73	2.793
Total			290,115,036.86		575,448,580.84	100.0		9,548,507.73	1.663

KY JUDICIAL RET DEFINED BENEFIT AGT (920005014)

Managed since: January 01, 1993

	Market Value	Fiscal Year to Date (3 Months)	3 Years	5 Years	10 Years	20 Years	Inception to Date 01/01/1993
Total Portfolio - Gross	575,448,580	.22	14.86	14.84	14.56	8.69	9.31
Total Portfolio - Net	575,448,580	.20	14.76	14.74	14.50	8.63	9.26
70% SP500 30% Barclays Int Govt Cr		.45	12.88	12.70	12.44	8.03	8.97
Total Equity	419,994,861	.49	18.11	18.96	19.09	10.13	11.34
S P 500 Index		.58	15.99	16.90	16.63	9.51	10.45
Total Fixed Income	155,453,720	-.45	4.14	2.61	2.52	3.46	4.49
Barclays US Government/Credit Interm Bond		.02	4.63	2.60	2.52	3.82	4.76

KY JUDICIAL RET DEFINED BENEFIT AGT (920005014)

Managed since: January 01, 1993

	Total Portfolio - Gross	70% S&P 500 / 30% Barclays US Govt/Credit
Return	14.56	12.44
Standard Deviation	10.57	9.30
Beta	1.00	
Alpha	1.95	
R-Squared	.99	
Sharpe Ratio	10.84	12.09
Treynor Ratio	114.56	112.44
Tracking Error	2.86	
Information Ratio	.71	
Downside Deviation	6.16	5.34
Downside Standard Deviation	7.95	6.87
Sortino Ratio	2.47	2.42
Upside Capture	1.15	
Downside Capture	1.07	
Batting Average	.57	
Annualized Excess Return	2.12	
Cumulative Excess Return	66.40	
Turnover %	136.95	
M-Squared	.80	
Residual Risk	.97	
Risk-Free Benchmark (3 Mos Treasury Bill Rate)		

KY JUDICIAL RET DEFINED BENEFIT AGT (920005014)

Managed since: January 01, 1993

	Total Portfolio - Gross	70% S&P 500 / 30% Barclays US Govt/Credit
Return	8.69	8.03
Standard Deviation	9.95	10.21
Beta	.98	
Alpha	.77	
R-Squared	.98	
Sharpe Ratio	10.92	10.58
Treynor Ratio	110.91	108.03
Tracking Error	3.27	
Information Ratio	.18	
Downside Deviation	6.28	6.70
Downside Standard Deviation	7.45	7.77
Sortino Ratio	1.47	1.28
Upside Capture	.96	
Downside Capture	.90	
Batting Average	.52	
Annualized Excess Return	.66	
Cumulative Excess Return	60.74	
Turnover %	189.40	
M-Squared	11.53	
Residual Risk	1.01	
Risk-Free Benchmark (3 Mos Treasury Bill Rate)		

KY JUDICIAL RET DEFINED BENEFIT AGT (920005014)

Managed since: January 01, 1993

Purchases

Date	Amount	Security	Purchase Price	Total Cost
01/27/2021	500,000.00	COMCAST CORP NEW GLBL NT	107.89	539,450.00
01/27/2021	500,000.00	DISNEY WALT CO SR GLBL NT	108.65	543,250.00
01/27/2021	500,000.00	EXXON MOBIL CORP SR GLBL COCO	107.74	538,700.00
01/27/2021	500,000.00	PEPSICO INC SR NT	110.07	550,350.00
01/27/2021	500,000.00	PFIZER INC GLBL NT	109.69	548,450.00
01/27/2021	3,500,000.00	TEXAS INSTRS INC SR GLBL NT	106.95	3,743,250.00
01/27/2021	3,500,000.00	VERIZON COMMUNICATIONS INC SR GLBL	109.21	3,822,350.00
02/03/2021	3,500,000.00	3M CO SR GLBL NT	106.75	3,736,250.00
02/25/2021	3,500,000.00	BANK AMER CORP FR	109.41	3,829,350.00
02/25/2021	2,000,000.00	MERCK & CO INC SR GLBL	111.98	2,239,600.00
02/25/2021	3,500,000.00	PROGRESSIVE CORP SR GLBL	110.56	3,869,775.00
03/19/2021	500,000.00	PEPSICO INC SR NT	107.13	535,650.00
05/10/2021	1,500,000.00	ABBVIE INC SR GLBL	109.05	1,635,750.00
05/10/2021	1,000,000.00	BANK AMER CORP FR	109.27	1,092,700.00
05/10/2021	1,000,000.00	COMCAST CORP NEW GLBL NT	104.04	1,040,400.00
05/10/2021	1,000,000.00	EXXON MOBIL CORP SR GLBL COCO	103.70	1,037,000.00
05/10/2021	1,500,000.00	JPMORGAN CHASE & CO SR NT	108.42	1,626,300.00
05/10/2021	2,500,000.00	JOHNSON & JOHNSON SR GLBL	109.40	2,735,000.00
05/10/2021	4,500,000.00	KIMBERLY CLARK CORP SR GLBL	109.41	4,923,450.00
05/10/2021	2,500,000.00	MERCK & CO INC SR GLBL	111.53	2,788,250.00
05/10/2021	500,000.00	PEPSICO INC SR NT	108.38	541,900.00
05/10/2021	1,000,000.00	TEXAS INSTRS INC SR GLBL NT	102.76	1,027,600.00
05/10/2021	1,000,000.00	3M CO SR GLBL NT	103.54	1,035,400.00
05/10/2021	1,000,000.00	VERIZON COMMUNICATIONS INC SR GLBL	106.90	1,069,000.00
05/10/2021	4,500,000.00	WELLS FARGO CO NEW SR NT	108.69	4,891,050.00
05/10/2021	750,000.00	JOHNSON & JOHNSON SR GLBL	109.40	820,500.00
05/11/2021	1,000,000.00	DISNEY WALT CO SR GLBL NT	103.24	1,032,400.00
05/11/2021	1,000,000.00	PFIZER INC GLBL NT	105.12	1,051,200.00
05/11/2021	1,000,000.00	PROGRESSIVE CORP SR GLBL	108.73	1,087,300.00
06/23/2021	4,000,000.00	BLACKROCK INC SR GLBL NT	111.73	4,469,200.00
06/23/2021	1,250,000.00	JOHNSON & JOHNSON SR GLBL	109.74	1,371,750.00
				59,772,575.00

KY JUDICIAL RET DEFINED BENEFIT AGT (920005014)

Managed since: January 01, 1993

Sales

Date	Amount	Security	Sale Price	Proceeds	Acquisition Date	Purchase Price	Cost Basis	Gain/Loss
01/21/2021	-10,000.00	APPLE INC COM	135.91	1,359,091.95	04/25/2013	14.64	146,353.18	1,212,738.77
01/21/2021	-11,000.00	BANK OF AMERICA CORP COM	31.75	349,243.37	08/30/2019	26.92	296,087.32	53,156.05
01/21/2021	-4,600.00	BERKSHIRE HATHAWAY INC DEL CL B NEW	234.91	1,080,586.49	02/20/2003	40.76	187,502.96	893,083.53
01/21/2021	-6,050.00	CISCO SYS INC COM	44.84	271,306.85	09/07/2011	15.82	95,711.00	175,595.85
01/21/2021	-7,500.00	DISNEY WALT CO COM	171.89	1,289,193.00	03/17/1997	38.88	291,596.23	997,596.77
01/21/2021	-5,100.00	EXPEDITORS INTL WASH INC COM	94.31	480,999.43	03/25/2013	37.20	189,726.63	291,272.80
01/21/2021	-2,050.00	FACEBOOK INC CL A	272.35	558,315.40	05/06/2020	203.86	417,920.79	140,394.61
01/21/2021	-14,900.00	FASTENAL CO COM	48.08	716,411.91	02/12/2015	21.12	314,746.11	401,665.80
01/21/2021	-32,000.00	GENERAL ELEC CO COM	11.14	356,510.49	05/17/2018	15.07	482,209.60	-125,699.11
01/21/2021	-550.00	ALPHABET INC CAP STK CL C	1,908.19	1,049,505.17	10/05/2015	550.24	302,631.35	746,873.82
01/21/2021	-4,600.00	HOME DEPOT INC COM	278.57	1,281,443.35	03/21/2005	23.74	109,209.52	1,172,233.83
01/21/2021	-4,800.00	JOHNSON & JOHNSON COM	160.89	772,278.44	08/13/1993	18.39	88,260.00	684,018.44
01/21/2021	-9,200.00	JPMORGAN CHASE & CO COM	134.53	1,237,689.11	06/06/2008	40.49	372,531.00	865,158.11
01/21/2021	-5,650.00	CARMAX INC COM	120.63	681,535.39	01/30/2019	59.76	337,662.91	343,872.48
01/21/2021	-6,900.00	MICROSOFT CORP COM	224.92	1,551,935.08	01/05/2006	27.07	186,783.00	1,365,152.08
01/21/2021	-2,900.00	NORTHERN TR CORP COM	94.46	273,944.18	10/19/2010	49.08	142,337.80	131,606.38
01/21/2021	-7,650.00	OMNICOM GROUP INC COM	63.48	485,649.51	04/23/2003	36.52	279,339.37	206,310.14
01/21/2021	-1,400.00	O REILLY AUTOMOTIVE INC NEW COM	469.57	657,397.46	07/11/2017	174.94	244,918.41	412,479.05
01/21/2021	-13,650.00	PFIZER INC COM	36.25	494,785.17	03/21/2005	34.09	465,345.01	29,440.16
01/21/2021	-13,100.00	PROGRESSIVE CORP OH COM	95.29	1,248,241.27	05/23/2007	23.19	303,733.98	944,507.29
01/21/2021	-14,900.00	SCHWAB CHARLES CORP NEW COM	58.52	871,934.67	08/26/2020	35.35	526,647.95	345,286.72
01/21/2021	-6,900.00	TE CONNECTIVITY LTD REG SHS	130.24	898,661.66	11/07/2007	35.51	244,987.95	653,673.71
01/21/2021	-8,700.00	TJX COS INC NEW COM	68.25	593,815.80	12/06/2004	6.06	52,693.73	541,122.07
01/21/2021	-2,750.00	UNION PAC CORP COM	209.19	575,267.21	07/24/2015	93.91	258,251.75	317,015.46
01/21/2021	-11,400.00	US BANCORP DEL COM NEW	45.45	518,133.35	12/06/2000	19.65	223,972.15	294,161.20
01/21/2021	-9,100.00	WELLS FARGO & CO NEW COM	31.97	290,916.92	06/02/2011	28.21	256,704.63	34,212.29
01/22/2021	-1,950,000.00	FEDERAL HOME LOAN BKS CONS BDS	100.00	1,950,000.00	08/07/2019	1.03	1,999,335.00	-49,335.00
02/16/2021	-3,500,000.00	TENNESSEE VALLEY AUTH PWR BD	100.00	3,500,000.00	02/14/2014	1.02	3,575,651.74	0.00
04/01/2021	-2,000,000.00	WELLS FARGO CO MTN SR NT	100.00	2,000,000.00	05/31/2012	1.02	2,037,997.85	-37,997.85
04/28/2021	-9,200.00	TE CONNECTIVITY LTD REG SHS	133.64	1,229,457.80	11/07/2007	35.51	326,650.60	0.00
04/28/2021	-750.00	ALPHABET INC CAP STK CL C	2,317.49	1,738,118.91	10/05/2015	550.24	412,679.11	0.00
04/28/2021	-13,600.00	APPLE INC COM	134.89	1,834,489.20	04/25/2013	14.64	199,040.32	0.00

Portfolio Turnover

December 31, 2020 to September 30, 2021

KY JUDICIAL RET DEFINED BENEFIT AGT (920005014)

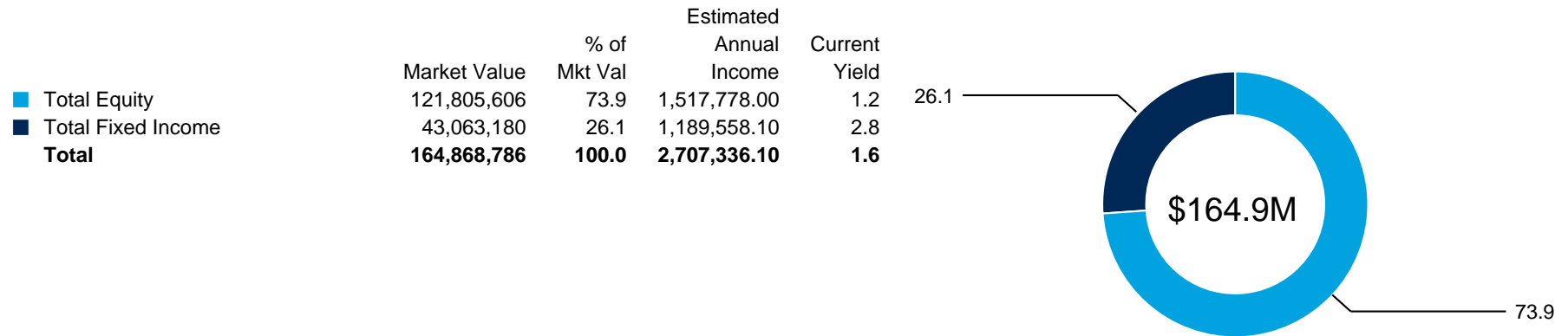
Managed since: January 01, 1993

Date	Amount	Security	Sale Price	Proceeds	Acquisition Date	Purchase Price	Cost Basis	Gain/Loss
04/28/2021	-14,900.00	BANK OF AMERICA CORP COM	39.16	583,533.17	08/30/2019	26.92	401,063.74	0.00
04/28/2021	-6,275.00	BERKSHIRE HATHAWAY INC DEL CL B NEW	271.76	1,705,312.91	02/20/2003	40.76	255,778.49	0.00
04/28/2021	-7,700.00	CARMAX INC COM	130.70	1,006,384.09	01/30/2019	59.76	460,177.78	0.00
04/28/2021	-8,450.00	CISCO SYS INC COM	51.91	438,647.40	09/07/2011	19.64	165,952.93	0.00
04/28/2021	-10,200.00	DISNEY WALT CO COM	183.43	1,870,961.15	03/17/1997	26.24	267,698.24	0.00
04/28/2021	-6,950.00	EXPEDITORS INTL WASH INC COM	110.96	771,196.56	03/25/2013	37.20	258,549.03	0.00
04/28/2021	-2,800.00	FACEBOOK INC CL A	301.32	843,707.37	05/06/2020	203.86	570,818.64	0.00
04/28/2021	-20,200.00	FASTENAL CO COM	52.37	1,057,959.50	02/12/2015	21.12	426,702.78	0.00
04/28/2021	-43,400.00	GENERAL ELEC CO COM	13.48	584,833.71	05/17/2018	4.32	187,500.42	0.00
04/28/2021	-6,250.00	HOME DEPOT INC COM	324.32	2,026,979.04	03/21/2005	32.93	205,841.17	0.00
04/28/2021	-12,500.00	JPMORGAN CHASE & CO COM	150.46	1,880,702.90	06/06/2008	40.49	506,156.25	0.00
04/28/2021	-6,550.00	JOHNSON & JOHNSON COM	165.66	1,085,045.85	08/13/1993	17.90	117,233.43	0.00
04/28/2021	-9,350.00	MICROSOFT CORP COM	260.80	2,438,474.11	01/05/2006	27.07	253,104.50	0.00
04/28/2021	-4,400.00	NORTHERN TR CORP COM	109.32	481,002.02	10/19/2010	49.08	215,960.80	0.00
04/28/2021	-1,900.00	O REILLY AUTOMOTIVE INC NEW COM	534.55	1,015,640.95	07/11/2017	174.94	332,389.27	0.00
04/28/2021	-10,400.00	OMNICOM GROUP INC COM	80.98	842,167.94	04/23/2003	33.27	346,032.36	0.00
04/28/2021	-18,500.00	PFIZER INC COM	38.65	715,012.10	03/21/2005	26.63	492,599.52	0.00
04/28/2021	-17,850.00	PROGRESSIVE CORP OH COM	100.59	1,795,479.50	05/23/2007	23.19	413,866.53	0.00
04/28/2021	-20,200.00	SCHWAB CHARLES CORP NEW COM	66.84	1,350,215.65	08/26/2020	35.35	713,979.10	0.00
04/28/2021	-11,850.00	TJX COS INC NEW COM	70.18	831,689.19	12/06/2004	6.06	71,772.49	0.00
04/28/2021	-15,400.00	US BANCORP DEL COM NEW	57.53	885,889.71	12/06/2000	19.65	302,558.86	0.00
04/28/2021	-3,700.00	UNION PAC CORP COM	223.51	826,977.23	07/24/2015	93.91	347,465.98	0.00
04/28/2021	-12,300.00	WELLS FARGO & CO NEW COM	43.91	540,150.51	06/02/2011	28.21	346,974.39	0.00
05/20/2021	-2,000,000.00	GOOGLE INC NT	100.00	2,000,000.00	07/20/2012	1.03	2,058,215.38	0.00
05/24/2021	-2,000,000.00	BLACKROCK INC SR NT	100.00	2,000,000.00	06/04/2012	1.02	2,040,607.00	-40,607.00
09/15/2021	-2,050,000.00	TOYOTA MTR CRD CORP MTN FR	100.00	2,050,000.00	06/29/2012	1.00	2,054,049.94	-4,049.94
				63,824,821.10			29,182,267.97	12,994,938.51

Client Investment Review

Investment activity through 09/30/2021

Asset Allocation Summary



Investment Summary

	Fiscal Year to Date (3 Months)
Beginning Account Value	165,612,710.28
Net Contributions/Withdrawals	-1,151,488.36
Income Earned	369,714.08
Market Appreciation	37,849.90
Ending Account Value	164,868,785.90

Total market value may differ slightly from your custodian statement due to processing lag of accruals in non-custody accounts.

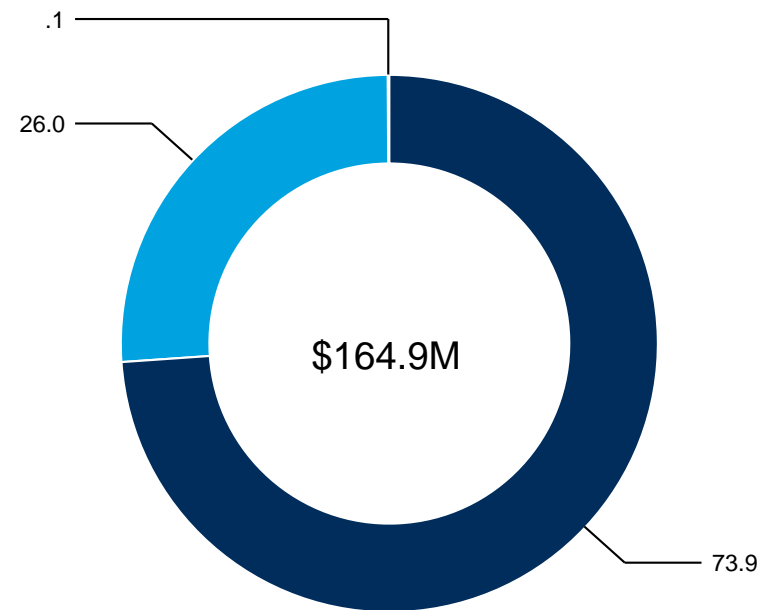
Market Value by Asset Class

Ending: September 30, 2021

KY LEGISLATORS RET DEFINED BEN AGT (920006012)

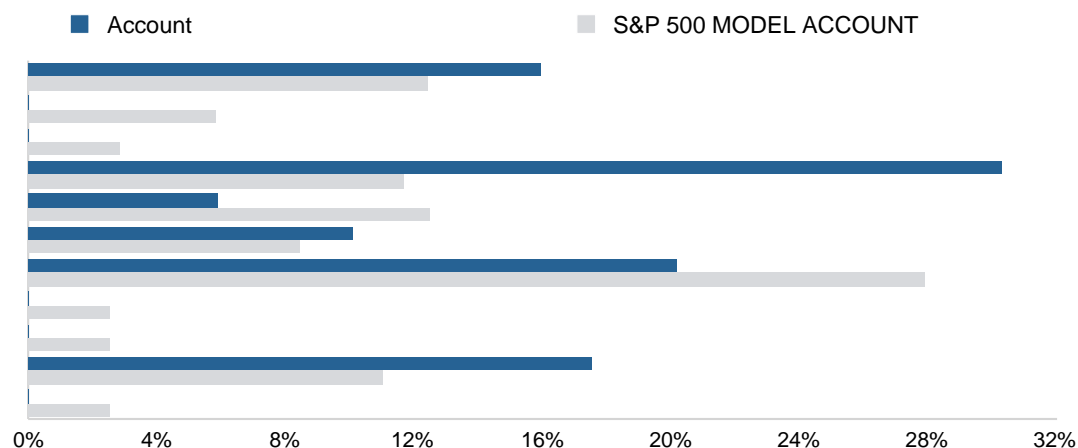
Managed since: January 01, 1993

	Market Value	% of Mkt Val
■ Core Equity	121,805,606	73.9
■ Taxable Fixed Income	42,911,556	26.0
■ Short Government	151,624	.1
Total	164,868,786	100.0



Core Equity Allocation vs S & P 500 Model

	Account	Model
Consumer Disc	15.9	12.4
Consumer Staples	.0	5.8
Energy	.0	2.8
Financials	30.3	11.7
Health Care	5.9	12.5
Industrials	10.1	8.4
Information Tech	20.2	27.9
Materials	.0	2.5
Real Estate	.0	2.5
Communication Serv	17.5	11.0
Utilities	.0	2.5



Top 10 Performers

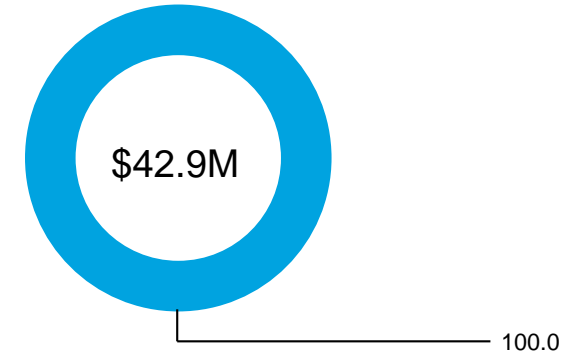
	Market Value	% of Mkt Val	Return
Schwab Charles Corp New C	5,736,150	3.5	103.15
Wells Fargo & Co New Com	2,223,039	1.4	98.82
Alphabet Inc Cap Stk Cl C	7,862,665	4.8	81.45
Bank of America Corp Com	2,479,080	1.5	78.60
JPMorgan Chase & Co Com	7,947,150	4.8	74.68
US Bancorp Del Com New	3,504,150	2.1	70.76
Omnicom Group Inc Com	2,981,270	1.8	51.97
Cisco Sys Inc Com	1,811,158	1.1	42.49
Northern Tr Corp Com	1,955,893	1.2	41.99
TE Connectivity Ltd Reg S	5,077,140	3.1	41.88

Largest 10 Holdings by Market Value

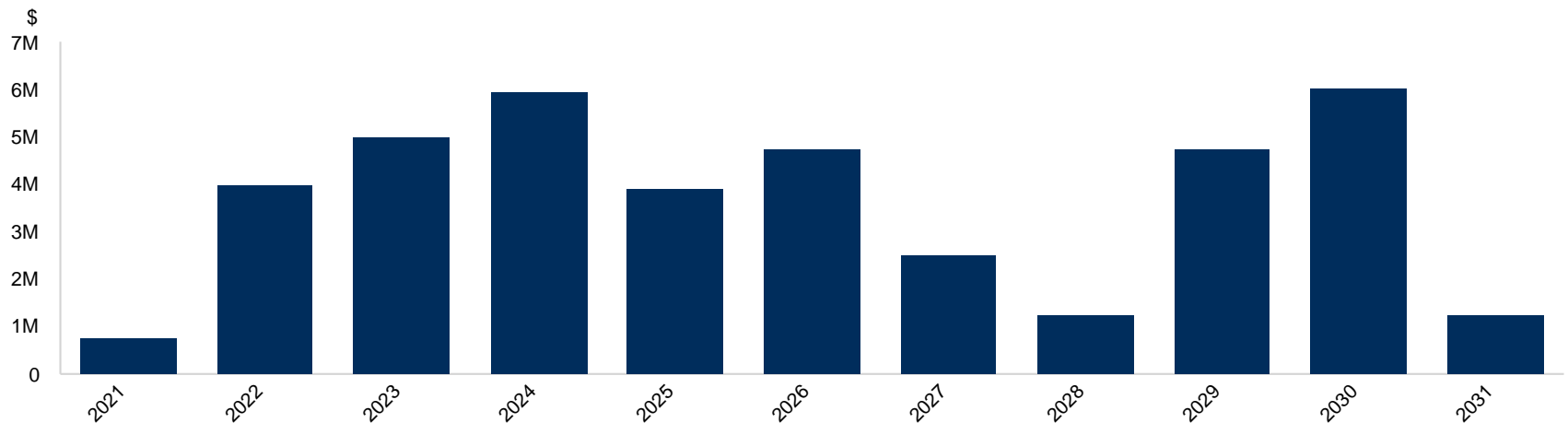
	Market Value	% of Mkt Val	Return
Microsoft Corp Com	10,191,408	6.2	35.00
Home Depot Inc Com	8,009,544	4.9	20.37
JPMorgan Chase & Co Com	7,947,150	4.8	74.68
Alphabet Inc Cap Stk Cl C	7,862,665	4.8	81.45
Apple Inc Com	7,541,950	4.6	23.21
Berkshire Hathaway Inc DE	6,734,795	4.1	28.21
Disney Walt Co Com	6,716,049	4.1	36.22
Progressive Corp OH Com	6,340,859	3.9	.41
Schwab Charles Corp New C	5,736,150	3.5	103.15
TE Connectivity Ltd Reg S	5,077,140	3.1	41.88

Fixed Income Allocation

	Market Value	% of Mkt Val	Estimated Annual Income	Current Yield
■ Taxable Fixed Income	42,911,556	100.0	1,189,121.63	2.8
Total	42,911,556	100.0	1,189,121.63	2.8



Fixed Income Maturity Schedule



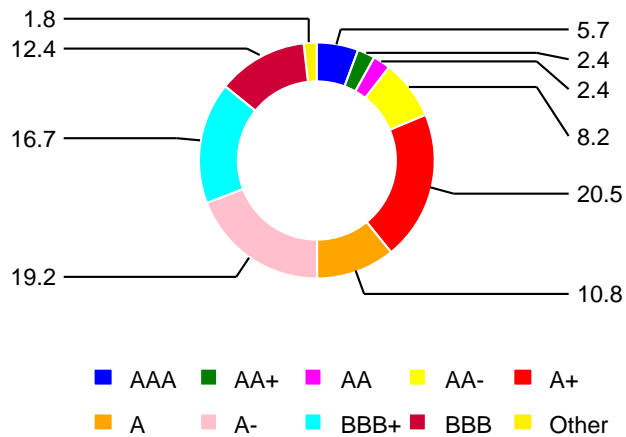
KY LEGISLATORS RET DEFINED BEN AGT (920006012)

Managed since: January 01, 1993

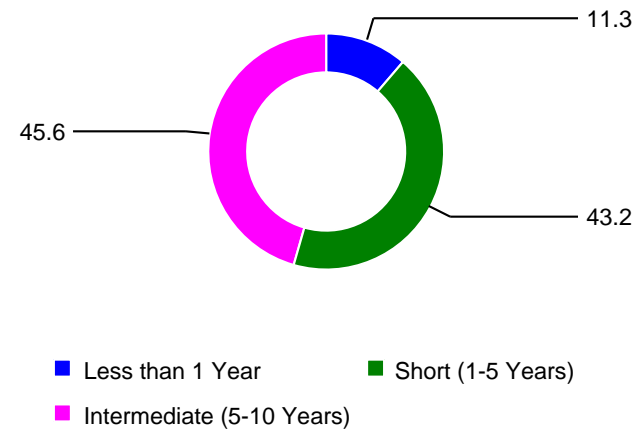
Fixed Income Analysis

	09/30/2021	Barclays Gov't/Credit Interm Bond Index
Coupon	2.97	1.95
Current Yield	2.79	1.89
Yield to Maturity	1.05	1.01
Maturity	4.70	4.45
Duration	4.38	4.17
Face Amount	40,100,000	
Market Value	42,587,561	
Cost	42,134,931	

Quality Allocation by Market Value



Maturity Allocation by Market Value



NR=Not rated by S&P

KY LEGISLATORS RET DEFINED BEN AGT (920006012)

Managed since: January 01, 1993

	Maturity Date	Units	Unit Cost	Current Price	Market Value	SP or Moody Rating	Call Date/Price	Put Date/Price	Annual Income
Matures 2031									
DISNEY WALT CO SR GLBL NT 2.650%01/13/2031	01/13/2031	1,250,000.000	107.380	104.362	1,311,702.09	BBB+			33,125.00
Total Matures 2031					1,311,702.09				33,125.00
Matures 2030									
EXXON MOBIL CORP SR GLBL COCO 2.610%10/15/2030	10/15/2030	1,250,000.000	107.910	104.648	1,323,143.75	AA-	07/15/2030		32,625.00
PFIZER INC GLBL NT 2.625%04/01/2030	04/01/2030	1,250,000.000	108.410	105.491	1,335,043.75	A+	01/01/2030		32,812.50
PROGRESSIVE CORP SR GLBL 3.200%03/26/2030	03/26/2030	1,250,000.000	110.200	109.040	1,363,555.55	A	12/26/2029		40,000.00
UNION PAC CORP SR GLBL 2.400%02/05/2030	02/05/2030	1,000,000.000	106.970	102.611	1,029,843.33	A-	11/05/2029		24,000.00
COMCAST CORP NEW GLBL NT 2.650%02/01/2030	02/01/2030	1,250,000.000	108.150	104.260	1,308,770.84	A-	11/01/2029		33,125.00
Total Matures 2030					6,360,357.22				162,562.50
Matures 2029									
TEXAS INSTRS INC SR GLBL NT 2.250%09/04/2029	09/04/2029	1,250,000.000	105.830	103.045	1,290,171.88	A+	06/04/2029		28,125.00
3M CO SR GLBL NT 2.375%08/26/2029	08/26/2029	1,250,000.000	105.840	103.663	1,298,673.79	A+	05/26/2029		29,687.50
BLACKROCK INC SR GLBL NT 3.250%04/30/2029	04/30/2029	1,000,000.000	111.710	109.694	1,110,571.94	AA-	01/30/2029		32,500.00
MERCK & CO INC SR GLBL 3.400%03/07/2029	03/07/2029	1,250,000.000	111.450	110.705	1,386,645.84	A+	12/07/2028		42,500.00
Total Matures 2029					5,086,063.45				132,812.50
Matures 2028									
JOHNSON & JOHNSON SR GLBL 2.900%01/15/2028	01/15/2028	1,250,000.000	109.210	107.947	1,356,990.28	AAA	10/15/2027		36,250.00
Total Matures 2028					1,356,990.28				36,250.00
Matures 2027									
BANK AMER CORP FR .032%10/21/2027	10/21/2027	1,250,000.000	108.960	107.926	1,367,119.45	A-	10/21/2026		406.00
PEPSICO INC SR NT .026%03/19/2027	03/19/2027	1,250,000.000	109.150	106.642	1,334,118.75	A+	01/19/2027 100.000		328.13
Total Matures 2027					2,701,238.20				734.13

KY LEGISLATORS RET DEFINED BEN AGT (920006012)

Managed since: January 01, 1993

	Maturity Date	Units	Unit Cost	Current Price	Market Value	SP or Moody Rating	Call Date/Price	Put Date/Price	Annual Income
Matures 2026									
WELLS FARGO CO NEW SR NT .030%10/23/2026	10/23/2026	1,250,000.000	108.470	107.127	1,355,545.83	BBB+			375.00
JPMORGAN CHASE & CO SR NT 2.950%10/01/2026	10/01/2026	1,250,000.000	108.130	107.165	1,358,000.00	A-	07/01/2026 100.000		36,875.00
VERIZON COMMUNICATIONS INC SR GLOBL 2.625%08/15/2026	08/15/2026	1,250,000.000	108.160	105.828	1,327,042.71	BBB+			32,812.50
OMNICOM GROUP INC SR GLOBL 3.600%04/15/2026	04/15/2026	1,000,000.000	104.300	109.366	1,110,260.00	BBB+	01/15/2026		36,000.00
Total Matures 2026					5,150,848.54				106,062.50
Matures 2025									
NORTHERN TR CORP SUB NT 3.950%10/30/2025	10/30/2025	1,000,000.000	103.770	111.616	1,132,728.06	A			39,500.00
SYSCO CORP SR NT 3.750%10/01/2025	10/01/2025	1,000,000.000	102.850	109.425	1,113,000.00	BBB	07/01/2025		37,500.00
CVS HEALTH CORP SR GLOBL NT 3.875%07/20/2025	07/20/2025	1,000,000.000	101.290	109.445	1,102,092.36	BBB	04/20/2025		38,750.00
AT&T INC SR GLOBL NT 3.950%01/15/2025	01/15/2025	900,000.000	99.300	109.120	989,585.00	BBB	10/15/2024		35,550.00
Total Matures 2025					4,337,405.42				151,300.00
Matures 2024									
APPLE INC SR GLOBL NT 3.450%05/06/2024	05/06/2024	950,000.000	102.700	107.423	1,033,719.55	AA+			32,775.00
CISCO SYS INC SR NT 3.625%03/04/2024	03/04/2024	1,000,000.000	102.210	107.514	1,077,858.75	AA-			36,250.00
HOME DEPOT INC SR NT 3.750%02/15/2024	02/15/2024	1,000,000.000	102.920	107.081	1,075,601.66	A	11/15/2023		37,500.00
INTERNATIONAL BUSINESS MACHS SR GLOBL 3.625%02/12/2024	02/12/2024	1,000,000.000	102.280	106.950	1,074,434.03	A-			36,250.00
ALTRIA GROUP INC SR GLOBL NT 4.000%01/31/2024	01/31/2024	1,000,000.000	102.900	107.666	1,083,326.67	BBB			40,000.00
U S BANCORP MTNS BK ENT FR 3.700%01/30/2024	01/30/2024	1,000,000.000	102.680	107.083	1,077,099.44	A+	12/29/2023		37,000.00
Total Matures 2024					6,422,040.10				219,775.00
Matures 2023									
MICROSOFT CORP NT	12/15/2023	1,000,000.000	101.630	106.402	1,074,693.62	AAA	09/15/2023		36,250.00

KY LEGISLATORS RET DEFINED BEN AGT (920006012)

Managed since: January 01, 1993

	Maturity Date	Units	Unit Cost	Current Price	Market Value	SP or Moody Rating	Call Date/Price	Put Date/Price	Annual Income
3.625%12/15/2023 SCHLUMBERGER INVT SA SR NT	12/01/2023	1,000,000.000	102.320	105.997	1,072,136.67	A	09/01/2023		36,500.00
3.650%12/01/2023 CUMMINS INC SR GLBL NT	10/01/2023	1,000,000.000	101.440	105.617	1,074,420.00	A+	07/01/2023		36,500.00
3.650%10/01/2023 PNC BK N A PITTSBURGH PA SUB NT	07/25/2023	1,000,000.000	100.310	105.670	1,063,666.67	A-	06/25/2023		38,000.00
3.800%07/25/2023 ORACLE CORP SR NT	07/15/2023	1,000,000.000	102.610	105.690	1,064,552.77	BBB+			36,250.00
3.625%07/15/2023									
Total Matures 2023					5,349,469.73				183,500.00
Matures 2022									
O REILLY AUTOMOTIVE INC NEW SR NT	09/01/2022	1,000,000.000	101.340	102.257	1,025,736.67	BBB	06/01/2022		38,000.00
3.800%09/01/2022									
HSBC HLDGS PLC SR NT	03/30/2022	1,000,000.000	100.760	101.843	1,018,541.12	A-			40,000.00
4.000%03/30/2022									
BERKSHIRE HATHAWAY INC DEL SR NT	01/31/2022	1,000,000.000	100.360	101.049	1,016,156.67	AA			34,000.00
3.400%01/31/2022									
MCDONALDS CORP MED TERM NT SR NT	01/15/2022	1,000,000.000	100.170	100.709	1,012,631.66	BBB+			26,250.00
2.625%01/15/2022									
Total Matures 2022					4,073,066.12				138,250.00
Matures 2021									
INTEL CORP SR NT	10/01/2021	750,000.000	100.230	100.000	762,375.00	WR			24,750.00
3.300%10/01/2021									
TOYOTA MTR CRD CORP MTN FR	09/15/2021	.000	.000	.000	.00	A+			.00
3.400%09/15/2021									
Total Matures 2021					762,375.00				24,750.00
No Maturity									
ISHARES 1-3 YEAR TREASURY BOND ETF		1,760.000	84.580	86.150	151,624.00	NR			
Total No Maturity					151,624.00				
Total					43,063,180.15				1,189,121.63

Portfolio Holdings by Asset Class

Ending: September 30, 2021

KY LEGISLATORS RET DEFINED BEN AGT (920006012)

Managed since: January 01, 1993

	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
Total Equity									
Communication Services									
ALPHABET INC CAP STK CL C	2,950.000	548.40	1,617,790.71	2,665.31	7,862,664.50	4.8	.00	.00	.000
DISNEY WALT CO COM	39,700.000	58.68	2,329,764.56	169.17	6,716,049.00	4.1	.00	.00	.000
FACEBOOK INC CL A	11,000.000	217.20	2,389,245.00	339.39	3,733,290.00	2.3	.00	.00	.000
OMNICOM GROUP INC COM	40,750.000	53.19	2,167,457.96	72.46	2,981,270.00	1.8	2.80	114,100.00	3.864
Total for Communication Services			8,504,258.23		21,293,273.50	12.9		114,100.00	.537
Consumer Disc									
CARMAX INC COM	29,600.000	59.76	1,768,995.08	127.96	3,787,616.00	2.3	.00	.00	.000
HOME DEPOT INC COM	24,400.000	58.36	1,424,052.37	328.26	8,009,544.00	4.9	6.60	161,040.00	2.011
O REILLY AUTOMOTIVE INC NEW COM	7,400.000	178.33	1,319,662.20	611.06	4,521,844.00	2.7	.00	.00	.000
TJX COS INC NEW COM	46,400.000	12.59	584,344.94	65.98	3,061,472.00	1.9	1.04	48,256.00	1.576
Total for Consumer Disc			5,097,054.59		19,380,476.00	11.8		209,296.00	1.080
Financials									
BANK OF AMERICA CORP COM	58,400.000	26.92	1,571,954.53	42.45	2,479,080.00	1.5	.84	49,056.00	1.979
BERKSHIRE HATHAWAY INC DEL CL B NEW	24,675.000	119.51	2,948,893.20	272.94	6,734,794.50	4.1	.00	.00	.000
JPMORGAN CHASE & CO COM	48,550.000	56.78	2,756,566.81	163.69	7,947,149.50	4.8	4.00	194,200.00	2.444
NORTHERN TR CORP COM	18,025.000	54.25	977,907.43	107.81	1,955,892.75	1.2	2.80	50,470.00	2.597
PROGRESSIVE CORP OH COM	70,150.000	30.18	2,117,125.13	90.39	6,340,858.50	3.8	.40	28,060.00	.443
SCHWAB CHARLES CORP NEW COM	78,750.000	35.35	2,783,458.13	72.84	5,736,150.00	3.5	.72	56,700.00	.988
US BANCORP DEL COM NEW	58,500.000	27.50	1,608,496.57	59.44	3,504,150.00	2.1	1.84	107,640.00	3.096
WELLS FARGO & CO NEW COM	47,900.000	32.97	1,579,170.57	46.41	2,223,039.00	1.3	.80	38,320.00	1.724
Total for Financials			16,343,572.37		36,921,114.25	22.4		524,446.00	1.422
Health Care									
JOHNSON & JOHNSON COM	25,600.000	32.14	822,713.33	161.50	4,134,400.00	2.5	4.24	108,544.00	2.625
PFIZER INC COM	72,200.000	27.31	1,971,641.16	43.01	3,105,322.00	1.9	1.56	112,632.00	3.627
Total for Health Care			2,794,354.49		7,239,722.00	4.4		221,176.00	3.055

Portfolio Holdings by Asset Class

Ending: September 30, 2021

KY LEGISLATORS RET DEFINED BEN AGT (920006012)

Managed since: January 01, 1993

	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
Industrials									
EXPEDITORS INTL WASH INC COM	27,000.000	39.75	1,073,198.52	119.13	3,216,510.00	2.0	1.16	31,320.00	.974
FASTENAL CO COM	78,950.000	20.77	1,639,908.80	51.61	4,074,609.50	2.5	1.12	88,424.00	2.170
GENERAL ELECTRIC CO COM NEW	21,350.000	113.92	2,432,288.16	103.03	2,201,398.50	1.3	.32	6,832.00	.311
UNION PAC CORP COM	14,575.000	93.91	1,368,734.25	196.01	2,856,845.75	1.7	4.28	62,381.00	2.184
Total for Industrials			6,514,129.73		12,349,363.75	7.5		188,957.00	1.530
Information Tech									
APPLE INC COM	53,300.000	26.15	1,393,745.51	141.50	7,541,950.00	4.6	.88	46,904.00	.622
CISCO SYS INC COM	33,275.000	22.00	732,029.17	54.43	1,811,158.25	1.1	1.48	49,247.00	2.719
MICROSOFT CORP COM	36,150.000	30.11	1,088,420.86	281.92	10,191,408.00	6.2	2.48	89,652.00	.880
TE CONNECTIVITY LTD REG SHS	37,000.000	39.94	1,477,801.83	137.22	5,077,140.00	3.1	2.00	74,000.00	1.458
Total for Information Tech			4,691,997.37		24,621,656.25	14.9		259,803.00	1.055
Total: Total Equity			43,945,366.78		121,805,605.75	73.9		1,517,778.00	1.247
Total Fixed Income									
Corporate Bonds									
AT& T INC SR GLBL NT 3.950% 01/15/2025	900,000.000	99.30	893,726.84	109.12	989,585.00	.6	3.95	35,550.00	3.620
ALTRIA GROUP INC SR GLBL NT 4.000% 01/31/2024	1,000,000.000	102.90	1,028,953.24	107.67	1,083,326.67	.7	4.00	40,000.00	3.715
APPLE INC SR GLBL NT 3.450% 05/06/2024	950,000.000	102.70	975,692.03	107.42	1,033,719.55	.6	3.45	32,775.00	3.212
BANK AMER CORP FR .032% 10/21/2027	1,250,000.000	108.96	1,362,048.44	107.93	1,367,119.45	.8	.03	406.00	.030
BERKSHIRE HATHAWAY INC DEL SR NT 3.400% 01/31/2022	1,000,000.000	100.36	1,003,604.22	101.05	1,016,156.67	.6	3.40	34,000.00	3.365
BLACKROCK INC SR GLBL NT	1,000,000.000	111.71	1,117,054.43	109.69	1,110,571.94	.7	3.25	32,500.00	2.963

Portfolio Holdings by Asset Class

Ending: September 30, 2021

KY LEGISLATORS RET DEFINED BEN AGT (920006012)

Managed since: January 01, 1993

	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
3.250% 04/30/2029									
CVS HEALTH CORP SR GLBL NT	1,000,000.000	101.29	1,012,931.54	109.44	1,102,092.36	.7	3.88	38,750.00	3.541
3.875% 07/20/2025									
CISCO SYS INC SR NT	1,000,000.000	102.21	1,022,129.61	107.51	1,077,858.75	.7	3.63	36,250.00	3.372
3.625% 03/04/2024									
COMCAST CORP NEW GLBL NT	1,250,000.000	108.15	1,351,916.41	104.26	1,308,770.84	.8	2.65	33,125.00	2.542
2.650% 02/01/2030									
CUMMINS INC SR GLBL NT	1,000,000.000	101.44	1,014,418.26	105.62	1,074,420.00	.7	3.65	36,500.00	3.456
3.650% 10/01/2023									
DISNEY WALT CO SR GLBL NT	1,250,000.000	107.38	1,342,255.25	104.36	1,311,702.09	.8	2.65	33,125.00	2.539
2.650% 01/13/2031									
EXXON MOBIL CORP SR GLBL COCO	1,250,000.000	107.91	1,348,900.66	104.65	1,323,143.75	.8	2.61	32,625.00	2.494
2.610% 10/15/2030									
HSBC HLDGS PLC SR NT	1,000,000.000	100.76	1,007,574.20	101.84	1,018,541.12	.6	4.00	40,000.00	3.928
4.000% 03/30/2022									
HOME DEPOT INC SR NT	1,000,000.000	102.92	1,029,237.88	107.08	1,075,601.66	.7	3.75	37,500.00	3.502
3.750% 02/15/2024									
INTEL CORP SR NT	750,000.000	100.23	751,718.45	100.00	762,375.00	.5	3.30	24,750.00	3.300
3.300% 10/01/2021									
INTERNATIONAL BUSINESS MACHS SR GLBL	1,000,000.000	102.28	1,022,791.79	106.95	1,074,434.03	.7	3.63	36,250.00	3.389
3.625% 02/12/2024									
JPMORGAN CHASE & CO SR NT	1,250,000.000	108.13	1,351,599.84	107.17	1,358,000.00	.8	2.95	36,875.00	2.753
2.950% 10/01/2026									
JOHNSON & JOHNSON SR GLBL	1,250,000.000	109.21	1,365,091.23	107.95	1,356,990.28	.8	2.90	36,250.00	2.687
2.900% 01/15/2028									
MCDONALDS CORP MED TERM NT SR NT	1,000,000.000	100.17	1,001,688.29	100.71	1,012,631.66	.6	2.63	26,250.00	2.607
2.625% 01/15/2022									
MERCK & CO INC SR GLBL	1,250,000.000	111.45	1,393,128.69	110.70	1,386,645.84	.8	3.40	42,500.00	3.071
3.400% 03/07/2029									
MICROSOFT CORP NT	1,000,000.000	101.63	1,016,308.36	106.40	1,074,693.62	.7	3.63	36,250.00	3.407
3.625% 12/15/2023									

Portfolio Holdings by Asset Class

Ending: September 30, 2021

KY LEGISLATORS RET DEFINED BEN AGT (920006012)

Managed since: January 01, 1993

	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
NORTHERN TR CORP SUB NT 3.950% 10/30/2025	1,000,000.000	103.77	1,037,735.51	111.62	1,132,728.06	.7	3.95	39,500.00	3.539
O REILLY AUTOMOTIVE INC NEW SR NT 3.800% 09/01/2022	1,000,000.000	101.34	1,013,354.93	102.26	1,025,736.67	.6	3.80	38,000.00	3.716
OMNICOM GROUP INC SR GBL 3.600% 04/15/2026	1,000,000.000	104.30	1,043,048.94	109.37	1,110,260.00	.7	3.60	36,000.00	3.292
ORACLE CORP SR NT 3.625% 07/15/2023	1,000,000.000	102.61	1,026,104.57	105.69	1,064,552.77	.6	3.63	36,250.00	3.430
PNC BK N A PITTSBURGH PA SUB NT 3.800% 07/25/2023	1,000,000.000	100.31	1,003,124.87	105.67	1,063,666.67	.6	3.80	38,000.00	3.596
PEPSICO INC SR NT .026% 03/19/2027	1,250,000.000	109.15	1,364,337.28	106.64	1,334,118.75	.8	.03	328.13	.025
PFIZER INC GBL NT 2.625% 04/01/2030	1,250,000.000	108.41	1,355,079.82	105.49	1,335,043.75	.8	2.63	32,812.50	2.488
PROGRESSIVE CORP SR GBL 3.200% 03/26/2030	1,250,000.000	110.20	1,377,475.00	109.04	1,363,555.55	.8	3.20	40,000.00	2.935
SCHLUMBERGER INVT SA SR NT 3.650% 12/01/2023	1,000,000.000	102.32	1,023,166.32	106.00	1,072,136.67	.7	3.65	36,500.00	3.443
SYSCO CORP SR NT 3.750% 10/01/2025	1,000,000.000	102.85	1,028,451.91	109.42	1,113,000.00	.7	3.75	37,500.00	3.427
TEXAS INSTRS INC SR GBL NT 2.250% 09/04/2029	1,250,000.000	105.83	1,322,899.94	103.05	1,290,171.88	.8	2.25	28,125.00	2.184
3M CO SR GBL NT 2.375% 08/26/2029	1,250,000.000	105.84	1,323,049.25	103.66	1,298,673.79	.8	2.38	29,687.50	2.291
UNION PAC CORP SR GBL 2.400% 02/05/2030	1,000,000.000	106.97	1,069,704.65	102.61	1,029,843.33	.6	2.40	24,000.00	2.339
U S BANCORP MTNS BK ENT FR 3.700% 01/30/2024	1,000,000.000	102.68	1,026,793.56	107.08	1,077,099.44	.7	3.70	37,000.00	3.455
VERIZON COMMUNICATIONS INC SR GBL 2.625% 08/15/2026	1,250,000.000	108.16	1,351,938.92	105.83	1,327,042.71	.8	2.63	32,812.50	2.480
WELLS FARGO CO NEW SR NT	1,250,000.000	108.47	1,355,895.73	107.13	1,355,545.83	.8	.03	375.00	.028

Portfolio Holdings by Asset Class

Ending: September 30, 2021

KY LEGISLATORS RET DEFINED BEN AGT (920006012)

Managed since: January 01, 1993

	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
.030% 10/23/2026									
Total for Corporate Bonds			42,134,930.86		42,911,556.15	26.0		1,189,121.63	2.792
Short Government									
ISHARES 1-3 YEAR TREASURY BOND ETF	1,760.000	84.58	148,859.68	86.15	151,624.00	.1	.25	436.48	.288
Total for Short Government			148,859.68		151,624.00	.1		436.48	.288
Total: Total Fixed Income			42,283,790.54		43,063,180.15	26.1		1,189,558.10	2.783
Total			86,229,157.32		164,868,785.90	100.0		2,707,336.10	1.646

KY LEGISLATORS RET DEFINED BEN AGT (920006012)

Managed since: January 01, 1993

	Market Value	Fiscal Year to Date (3 Months)	3 Years	5 Years	10 Years	20 Years	Inception to Date 01/01/1993
Total Portfolio - Gross	164,868,786	.23	14.84	14.78	14.58	8.72	9.25
Total Portfolio - Net	164,868,786	.21	14.75	14.69	14.52	8.66	9.21
70% SP500 30% Barclays Int Govt Cr		.45	12.88	12.70	12.44	8.03	8.97
Total Equity	121,805,606	.47	18.09	18.93	19.06	10.16	11.13
S P 500 Index		.58	15.99	16.90	16.63	9.51	10.45
Total Fixed Income	43,063,180	-.41	4.00	2.54	2.60	3.45	4.43
Barclays US Government/Credit Interm Bond		.02	4.63	2.60	2.52	3.82	4.76

KY LEGISLATORS RET DEFINED BEN AGT (920006012)

Managed since: January 01, 1993

	Total Portfolio - Gross	70% S&P 500 / 30% Barclays US Govt/Credit
Return	14.58	12.44
Standard Deviation	10.55	9.30
Beta	1.01	
Alpha	1.93	
R-Squared	.99	
Sharpe Ratio	10.86	12.09
Treynor Ratio	113.45	112.44
Tracking Error	2.84	
Information Ratio	.72	
Downside Deviation	6.14	5.34
Downside Standard Deviation	7.93	6.87
Sortino Ratio	2.48	2.42
Upside Capture	1.15	
Downside Capture	1.07	
Batting Average	.56	
Annualized Excess Return	2.15	
Cumulative Excess Return	67.18	
Turnover %	131.09	
M-Squared	1.00	
Residual Risk	.97	
Risk-Free Benchmark (3 Mos Treasury Bill Rate)		

KY LEGISLATORS RET DEFINED BEN AGT (920006012)

Managed since: January 01, 1993

	Total Portfolio - Gross	70% S&P 500 / 30% Barclays US Govt/Credit
Return	8.72	8.03
Standard Deviation	9.93	10.21
Beta	.99	
Alpha	.77	
R-Squared	.98	
Sharpe Ratio	10.95	10.58
Treynor Ratio	109.82	108.03
Tracking Error	3.26	
Information Ratio	.19	
Downside Deviation	6.24	6.70
Downside Standard Deviation	7.42	7.77
Sortino Ratio	1.48	1.28
Upside Capture	.97	
Downside Capture	.90	
Batting Average	.53	
Annualized Excess Return	.69	
Cumulative Excess Return	63.21	
Turnover %	184.76	
M-Squared	11.79	
Residual Risk	1.01	
Risk-Free Benchmark (3 Mos Treasury Bill Rate)		

KY LEGISLATORS RET DEFINED BEN AGT (920006012)

Managed since: January 01, 1993

Purchases

Date	Amount	Security	Purchase Price	Total Cost
01/27/2021	1,000,000.00	PFIZER INC GLOBL NT	109.69	1,096,900.00
01/27/2021	1,000,000.00	TEXAS INSTRS INC SR GLOBL NT	106.95	1,069,500.00
01/27/2021	1,000,000.00	UNION PAC CORP SR GLOBL	107.31	1,073,100.00
01/27/2021	1,000,000.00	VERIZON COMMUNICATIONS INC SR GLOBL	109.21	1,092,100.00
02/03/2021	1,000,000.00	3M CO SR GLOBL NT	106.75	1,067,500.00
02/25/2021	1,000,000.00	BANK AMER CORP FR	109.41	1,094,100.00
02/25/2021	1,000,000.00	MERCK & CO INC SR GLOBL	111.98	1,119,800.00
02/25/2021	1,000,000.00	PROGRESSIVE CORP SR GLOBL	110.56	1,105,650.00
02/26/2021	1,000,000.00	JPMORGAN CHASE & CO SR NT	108.62	1,086,200.00
02/26/2021	-1,000,000.00	JPMORGAN CHASE & CO SR NT	108.62	-1,086,200.00
02/26/2021	1,000,000.00	JPMORGAN CHASE & CO SR NT	108.62	1,086,200.00
03/19/2021	250,000.00	PEPSICO INC SR NT	107.13	267,825.00
05/10/2021	250,000.00	BANK AMER CORP FR	109.27	273,175.00
05/10/2021	250,000.00	COMCAST CORP NEW GLOBL NT	104.04	260,100.00
05/10/2021	250,000.00	EXXON MOBIL CORP SR GLOBL COCO	103.70	259,250.00
05/10/2021	250,000.00	JPMORGAN CHASE & CO SR NT	108.42	271,050.00
05/10/2021	1,250,000.00	JOHNSON & JOHNSON SR GLOBL	109.40	1,367,500.00
05/10/2021	250,000.00	MERCK & CO INC SR GLOBL	111.53	278,825.00
05/10/2021	250,000.00	TEXAS INSTRS INC SR GLOBL NT	102.76	256,900.00
05/10/2021	250,000.00	3M CO SR GLOBL NT	103.54	258,850.00
05/10/2021	250,000.00	VERIZON COMMUNICATIONS INC SR GLOBL	106.90	267,250.00
05/10/2021	1,250,000.00	WELLS FARGO CO NEW SR NT	108.69	1,358,625.00
05/11/2021	250,000.00	DISNEY WALT CO SR GLOBL NT	103.24	258,100.00
05/11/2021	250,000.00	PFIZER INC GLOBL NT	105.12	262,800.00
05/11/2021	250,000.00	PROGRESSIVE CORP SR GLOBL	108.73	271,825.00
06/23/2021	1,000,000.00	BLACKROCK INC SR GLOBL NT	111.73	1,117,300.00
				<u>16,834,225.00</u>

KY LEGISLATORS RET DEFINED BEN AGT (920006012)

Managed since: January 01, 1993

Sales

Date	Amount	Security	Sale Price	Proceeds	Acquisition Date	Purchase Price	Cost Basis	Gain/Loss
01/21/2021	-3,500.00	APPLE INC COM	135.91	475,682.18	04/25/2013	14.64	51,223.61	424,458.57
01/21/2021	-3,800.00	BANK OF AMERICA CORP COM	31.75	120,647.71	08/30/2019	26.92	102,284.71	18,363.00
01/21/2021	-1,600.00	BERKSHIRE HATHAWAY INC DEL CL B NEW	234.91	375,856.17	04/23/2015	40.76	65,218.42	310,637.75
01/21/2021	-2,150.00	CISCO SYS INC COM	44.84	96,414.83	06/03/2005	17.30	37,204.24	59,210.59
01/21/2021	-2,600.00	DISNEY WALT CO COM	171.89	446,920.24	04/23/2015	25.44	66,132.88	380,787.36
01/21/2021	-1,750.00	EXPEDITORS INTL WASH INC COM	94.31	165,048.83	03/25/2013	37.20	65,102.27	99,946.56
01/21/2021	-700.00	FACEBOOK INC CL A	272.35	190,644.28	05/06/2020	203.86	142,704.66	47,939.62
01/21/2021	-5,150.00	FASTENAL CO COM	48.08	247,618.88	02/12/2015	21.12	108,788.08	138,830.80
01/21/2021	-11,000.00	GENERAL ELEC CO COM	11.14	122,550.48	05/15/1994	15.07	165,759.55	-43,209.07
01/21/2021	-200.00	ALPHABET INC CAP STK CL C	1,908.19	381,638.24	10/05/2015	548.74	109,748.72	271,889.52
01/21/2021	-1,600.00	HOME DEPOT INC COM	278.57	445,719.42	04/23/2015	113.55	181,673.44	264,045.98
01/21/2021	-1,650.00	JOHNSON & JOHNSON COM	160.89	265,470.72	05/19/1993	10.23	16,881.56	248,589.16
01/21/2021	-3,150.00	JPMORGAN CHASE & CO COM	134.53	423,773.99	06/06/2008	40.49	127,551.37	296,222.62
01/21/2021	-1,900.00	CARMAX INC COM	120.63	229,188.89	01/30/2019	59.76	113,550.36	115,638.53
01/21/2021	-2,350.00	MICROSOFT CORP COM	224.92	528,557.60	01/05/2006	27.07	63,614.50	464,943.10
01/21/2021	-1,150.00	NORTHERN TR CORP COM	94.46	108,633.03	10/19/2010	49.08	56,444.30	52,188.73
01/21/2021	-2,650.00	OMNICOM GROUP INC COM	63.48	168,231.52	06/29/2020	51.93	137,603.63	30,627.89
01/21/2021	-500.00	O REILLY AUTOMOTIVE INC NEW COM	469.57	234,784.81	07/11/2017	174.94	87,470.86	147,313.95
01/21/2021	-4,700.00	PFIZER INC COM	36.25	170,365.59	08/30/2000	42.17	198,222.50	-27,856.91
01/21/2021	-4,550.00	PROGRESSIVE CORP OH COM	95.29	433,549.45	05/23/2007	23.19	105,495.39	328,054.06
01/21/2021	-5,100.00	SCHWAB CHARLES CORP NEW COM	58.52	298,447.43	08/26/2020	35.35	180,262.05	118,185.38
01/21/2021	-2,400.00	TE CONNECTIVITY LTD REG SHS	130.24	312,577.96	11/07/2007	35.51	85,213.20	227,364.76
01/21/2021	-3,000.00	TJX COS INC NEW COM	68.25	204,764.07	04/23/2015	33.17	99,510.15	105,253.92
01/21/2021	-950.00	UNION PAC CORP COM	209.19	198,728.67	07/24/2015	93.91	89,214.24	109,514.43
01/21/2021	-3,800.00	US BANCORP DEL COM NEW	45.45	172,711.11	12/07/2000	19.90	75,604.60	97,106.51
01/21/2021	-3,100.00	WELLS FARGO & CO NEW COM	31.97	99,103.56	06/02/2011	28.21	87,448.83	11,654.73
02/16/2021	-1,000,000.00	TENNESSEE VALLEY AUTH PWR BD	100.00	1,000,000.00	02/14/2014	1.02	1,021,582.37	0.00
04/01/2021	-670,000.00	WELLS FARGO CO MTN SR NT	100.00	670,000.00	06/15/2011	1.01	679,239.42	-9,239.42
04/27/2021	-2,200.00	TE CONNECTIVITY LTD REG SHS	133.64	294,000.78	11/07/2007	35.51	78,112.10	0.00
04/27/2021	-175.00	ALPHABET INC CAP STK CL C	2,317.49	405,561.08	10/05/2015	548.74	96,030.13	0.00
04/27/2021	-3,200.00	APPLE INC COM	134.89	431,644.51	04/25/2013	14.64	46,833.01	0.00
04/27/2021	-3,450.00	BANK OF AMERICA CORP COM	39.16	135,113.39	08/30/2019	26.92	92,863.75	0.00

Portfolio Turnover

December 31, 2020 to September 30, 2021

KY LEGISLATORS RET DEFINED BEN AGT (920006012)

Managed since: January 01, 1993

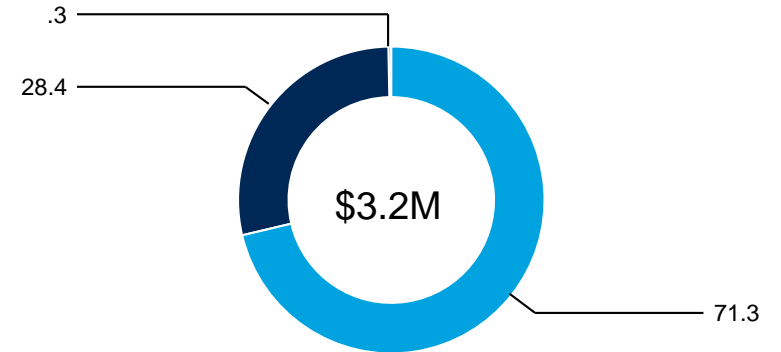
Date	Amount	Security	Price	Proceeds	Acquisition Date	Purchase Price	Cost Basis	Gain/Loss
04/27/2021	-1,475.00	BERKSHIRE HATHAWAY INC DEL CL B NEW	271.76	400,850.44	04/23/2015	40.76	60,123.23	0.00
			Sale		Acquisition	Purchase	Cost	
04/27/2021	-1,750.00	CARMAX INC COM	130.70	228,723.66	01/30/2019	59.76	104,585.86	0.00
04/27/2021	-1,975.00	CISCO SYS INC COM	51.91	102,524.09	06/03/2005	19.64	38,787.81	0.00
04/27/2021	-2,350.00	DISNEY WALT CO COM	183.43	431,054.78	04/23/2015	25.44	59,773.95	0.00
04/27/2021	-1,600.00	EXPEDITORS INTL WASH INC COM	110.96	177,541.65	03/25/2013	37.20	59,522.08	0.00
04/27/2021	-650.00	FACEBOOK INC CL A	301.32	195,860.64	05/06/2020	203.86	132,511.47	0.00
04/27/2021	-4,700.00	FASTENAL CO COM	52.37	246,158.89	02/12/2015	21.12	99,282.33	0.00
04/27/2021	-10,200.00	GENERAL ELEC CO COM	13.48	137,449.39	05/15/1994	13.94	142,144.05	0.00
04/27/2021	-1,450.00	HOME DEPOT INC COM	324.32	470,259.14	04/23/2015	39.91	57,874.28	0.00
04/27/2021	-2,900.00	JPMORGAN CHASE & CO COM	150.46	436,323.07	06/06/2008	40.49	117,428.25	0.00
04/27/2021	-1,500.00	JOHNSON & JOHNSON COM	165.66	248,483.78	05/19/1993	10.98	16,471.88	0.00
04/27/2021	-2,150.00	MICROSOFT CORP COM	260.80	560,718.65	01/05/2006	27.07	58,200.50	0.00
04/27/2021	-1,075.00	NORTHERN TR CORP COM	109.32	117,517.54	10/19/2010	49.08	52,763.15	0.00
04/27/2021	-450.00	O REILLY AUTOMOTIVE INC NEW COM	534.55	240,546.54	07/11/2017	174.94	78,723.77	0.00
04/27/2021	-2,400.00	OMNICOM GROUP INC COM	80.98	194,346.44	06/29/2020	36.51	87,635.88	0.00
04/27/2021	-4,300.00	PFIZER INC COM	38.65	166,192.00	08/30/2000	26.81	115,289.58	0.00
04/27/2021	-4,150.00	PROGRESSIVE CORP OH COM	100.59	417,436.41	05/23/2007	23.19	96,221.07	0.00
04/27/2021	-4,700.00	SCHWAB CHARLES CORP NEW COM	66.84	314,159.08	08/26/2020	35.35	166,123.85	0.00
04/27/2021	-2,750.00	TJX COS INC NEW COM	70.18	193,008.04	04/23/2015	6.06	16,656.06	0.00
04/27/2021	-3,500.00	US BANCORP DEL COM NEW	57.53	201,338.57	12/07/2000	19.90	69,635.82	0.00
04/27/2021	-850.00	UNION PAC CORP COM	223.51	189,981.26	07/24/2015	93.91	79,823.27	0.00
04/27/2021	-2,850.00	WELLS FARGO & CO NEW COM	43.91	125,156.83	06/02/2011	28.21	80,396.51	0.00
05/20/2021	-750,000.00	GOOGLE INC NT	100.00	750,000.00	07/20/2012	1.03	771,153.76	0.00
05/24/2021	-750,000.00	BLACKROCK INC SR NT	100.00	750,000.00	06/04/2012	1.02	768,521.50	-18,521.50
07/01/2021	0.00	SYSCO CORP SR NT	0.00	0.00	11/08/2017	0.00	13,232.29	-13,232.29
09/15/2021	-700,000.00	TOYOTA MTR CRD CORP MTN FR	100.00	700,000.00	06/29/2012	1.00	700,994.45	-994.45
				<u>17,849,580.31</u>			<u>8,678,465.55</u>	<u>4,255,713.88</u>

Client Investment Review

Investment activity through 09/30/2021

Asset Allocation Summary

	Market Value	% of Mkt Val	Estimated Annual Income	Current Yield
Total Equity	2,280,378	71.3	28,288.40	1.2
Total Fixed Income	907,224	28.4	13,790.00	1.5
Cash & Equivalents	10,004	.3	.60	.0
Total	3,197,606	100.0	42,079.00	1.3



Investment Summary

	Fiscal Year to Date (3 Months)
Beginning Account Value	2,949,477.10
Net Contributions/Withdrawals	235,441.30
Income Earned	6,677.92
Market Appreciation	6,010.12
Ending Account Value	3,197,606.44

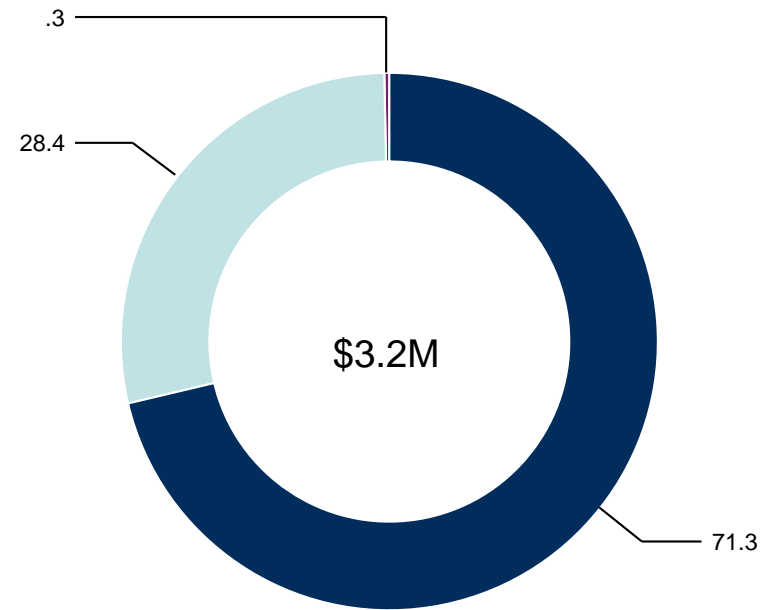
Market Value by Asset Class

Ending: September 30, 2021

KY JUDICIAL RET HYBRID CASH BAL AGT (920007010)

Managed since: June 01, 2015

	Market Value	% of Mkt Val
■ Core Equity	2,280,378	71.3
■ Taxable Bond Funds	907,224	28.4
■ Cash & Equivalents	10,004	.3
Total	3,197,606	100.0



Portfolio Holdings by Asset Class

Ending: September 30, 2021

KY JUDICIAL RET HYBRID CASH BAL AGT (920007010)

Managed since: June 01, 2015

	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
Cash & Equivalents									
Money Markets									
GOLDMAN SACHS FINANCIAL SQUARE	10,004.170	1.00	10,004.17	1.00	10,004.39	.3	.01	.60	.006
Total for Money Markets			10,004.17		10,004.39	.3		.60	.006
Total: Cash & Equivalents			10,004.17		10,004.39	.3		.60	.006
Total Equity									
Communication Services									
ALPHABET INC CAP STK CL C	55.000	2,737.58	150,566.95	2,665.31	146,592.05	4.6	.00	.00	.000
DISNEY WALT CO COM	755.000	177.16	133,754.59	169.17	127,723.35	4.0	.00	.00	.000
FACEBOOK INC CL A	210.000	359.52	75,498.44	339.39	71,271.90	2.2	.00	.00	.000
OMNICOM GROUP INC COM	765.000	75.24	57,556.84	72.46	55,967.40	1.8	2.80	2,142.00	3.864
Total for Communication Services			417,376.82		401,554.70	12.6		2,142.00	.534
Consumer Disc									
CARMAX INC COM	555.000	128.28	71,195.07	127.96	71,017.80	2.2	.00	.00	.000
HOME DEPOT INC COM	450.000	333.05	149,874.48	328.26	147,717.00	4.6	6.60	2,970.00	2.011
O REILLY AUTOMOTIVE INC NEW COM	140.000	598.12	83,737.18	611.06	85,548.40	2.7	.00	.00	.000
TJX COS INC NEW COM	785.000	70.19	55,096.95	65.98	51,794.30	1.6	1.04	816.40	1.576
Total for Consumer Disc			359,903.68		356,077.50	11.1		3,786.40	1.063
Financials									
BANK OF AMERICA CORP COM	1,100.000	41.03	45,132.01	42.45	46,695.00	1.5	.84	924.00	1.979
BERKSHIRE HATHAWAY INC DEL CL B NEW	470.000	288.90	135,784.31	272.94	128,281.80	4.0	.00	.00	.000
JPMORGAN CHASE & CO COM	960.000	158.10	151,772.45	163.69	157,142.40	4.9	4.00	3,840.00	2.444
NORTHERN TR CORP COM	310.000	115.88	35,922.40	107.81	33,638.10	1.1	2.80	868.00	2.597
PROGRESSIVE CORP OH COM	1,285.000	96.72	124,283.79	90.39	116,151.15	3.6	.40	514.00	.443
SCHWAB CHARLES CORP NEW COM	1,545.000	72.53	112,058.39	72.84	112,537.80	3.5	.72	1,112.40	.988

Portfolio Holdings by Asset Class

Ending: September 30, 2021

KY JUDICIAL RET HYBRID CASH BAL AGT (920007010)

Managed since: June 01, 2015

	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
US BANCORP DEL COM NEW	1,050.000	57.37	60,238.50	59.44	62,895.00	2.0	1.84	1,932.00	3.096
WELLS FARGO & CO NEW COM	870.000	49.31	42,898.74	46.41	40,376.70	1.3	.80	696.00	1.724
Total for Financials			708,090.59		697,717.95	21.8		9,886.40	1.418
Health Care									
JOHNSON & JOHNSON COM	465.000	177.19	82,392.56	161.50	75,097.50	2.3	4.24	1,971.60	2.625
PFIZER INC COM	1,270.000	48.00	60,959.87	43.01	54,622.70	1.7	1.56	1,981.20	3.627
Total for Health Care			143,352.43		129,720.20	4.1		3,952.80	3.047
Industrials									
EXPEDITORS INTL WASH INC COM	490.000	124.73	61,117.01	119.13	58,373.70	1.8	1.16	568.40	.974
FASTENAL CO COM	1,460.000	55.63	81,216.44	51.61	75,350.60	2.4	1.12	1,635.20	2.170
GENERAL ELECTRIC CO COM NEW	350.000	103.37	36,179.11	103.03	36,088.50	1.1	.32	112.00	.311
UNION PAC CORP COM	280.000	227.81	63,787.73	196.01	54,882.80	1.7	4.28	1,198.40	2.184
Total for Industrials			242,300.29		224,695.60	7.0		3,514.00	1.564
Information Tech									
APPLE INC COM	1,040.000	147.64	153,542.37	141.50	147,160.00	4.6	.88	915.20	.622
CISCO SYS INC COM	730.000	56.13	40,973.29	54.43	39,733.90	1.2	1.48	1,080.40	2.719
MICROSOFT CORP COM	690.000	291.04	200,815.94	281.92	194,524.80	6.1	2.48	1,711.20	.880
TE CONNECTIVITY LTD REG SHS	650.000	152.51	99,128.25	137.22	89,193.00	2.8	2.00	1,300.00	1.458
Total for Information Tech			494,459.85		470,611.70	14.7		5,006.80	1.064
Total: Total Equity			2,365,483.66		2,280,377.65	71.3		28,288.40	1.241
Total Fixed Income									
Taxable Bond Funds									
ISHARES INTERMEDIATE	7,880.000	114.96	905,888.35	115.13	907,224.40	28.4	175.00	13,790.00	1.520
Total for Taxable Bond Funds			905,888.35		907,224.40	28.4		13,790.00	1.520
Total: Total Fixed Income			905,888.35		907,224.40	28.4		13,790.00	1.520
Total			3,281,376.18		3,197,606.44	100.0		42,079.00	1.316

KY JUDICIAL RET HYBRID CASH BAL AGT (920007010)

Managed since: June 01, 2015

Performance Overview

	Market Value	Fiscal Year to Date (3 Months)	3 Years	5 Years	Inception to Date 06/01/2015
Total Portfolio - Gross	3,197,606	.58	13.34	13.10	11.05
Total Portfolio - Net	3,197,606	.56	13.25	13.01	10.97
70% SP500 30% Barclays Int Govt Cr		.45	12.88	12.70	10.84
Total Equity	2,280,378	.20	15.83	16.71	14.01
S P 500 Index		.58	15.99	16.90	14.15
Total Fixed Income	907,224	-.07	6.12	3.73	3.66
Barclays US Government/Credit Interm Bond		.02	4.63	2.60	2.66
Cash & Equivalents	10,004	.00	.96	1.03	.84
3 Mos Treasury Bill Rate		.01	1.05	1.13	.94

KY JUDICIAL RET HYBRID CASH BAL AGT (920007010)

Managed since: June 01, 2015

	Total Portfolio - Gross	70% SP500 30% Barclays Int Govt Cr
Return	13.10	12.70
Standard Deviation	11.10	10.68
Beta	1.00	
Alpha	.34	
R-Squared	1.00	
Sharpe Ratio	10.19	10.55
Treynor Ratio	113.10	112.70
Tracking Error	.64	
Information Ratio	.63	
Downside Deviation	6.88	6.57
Downside Standard Deviation	8.44	8.09
Sortino Ratio	2.00	2.03
Upside Capture	1.04	
Downside Capture	1.04	
Batting Average	.67	
Annualized Excess Return	.39	
Cumulative Excess Return	3.20	
Turnover %	.37	
M-Squared	8.82	
Residual Risk	.00	
Risk-Free Benchmark (3 Mos Treasury Bill Rate)		

iShares Intermediate Government/Credit Bond ETF (GVI)

	GVI	Barclays Intermediate Gov/Cr
Duration	4.11	4.17
Effective Maturity	4.39	4.45
Credit Rating	A	AA2/AA3
Weighted Coupon	2.10	1.95
Weighted Price	103.94	103.32
Yield to Maturity	1.00	1.01

Source: Morningstar

Fund as of Oct 12, 2021 | Category: Intermediate as of Sept 30, 2021 | Source: Manager-reported and holdings-based calculations.

iShares Intermediate Government/Credit Bond ETF (GVI)

Credit Rating (Subtotal Weight)	0-0.5Y	0.5-1	1-2	2-3	3-4	4-5	5-6	6-7
AAA (65.21)	—	0.07	16.49	11.49	8.61	9.15	5.38	8.18
AA (3.39)	—	0.08	0.56	0.42	0.73	0.58	0.36	0.17
A (14.11)	0.04	0.10	1.89	2.23	2.09	2.27	1.70	1.30
BBB (17.23)	0.00	0.24	1.91	2.27	2.94	2.90	2.11	1.81
BB (0.03)	—	—	—	0.02	—	0.01	—	—
B	—	—	—	—	—	—	—	—
Below B	—	—	—	—	—	—	—	—
Not Rated (0.03)	—	—	—	0.00	—	—	—	0.00

Source: Morningstar

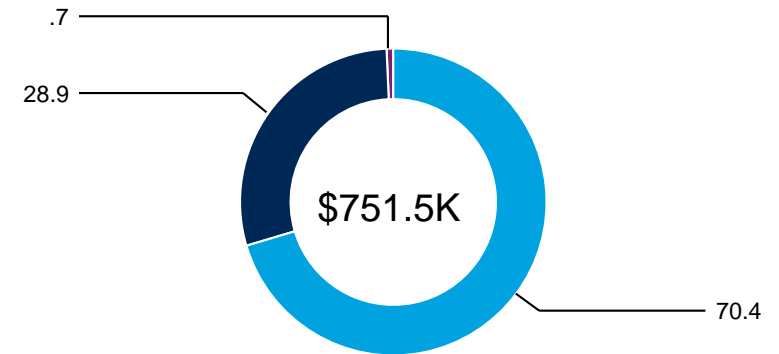
As of Oct 12, 2021 | Data is based on the long position of the holdings. Source: Holdings-based calculations..

Client Investment Review

Investment activity through 09/30/2021

Asset Allocation Summary

	Market Value	% of Mkt Val	Estimated Annual Income	Current Yield
Total Equity	529,373	70.4	6,626.20	1.3
Total Fixed Income	217,020	28.9	3,298.75	1.5
Cash & Equivalents	5,085	.7	.31	.0
Total	751,478	100.0	9,925.26	1.3



Investment Summary

	Fiscal Year to Date (3 Months)
Beginning Account Value	762,827.07
Net Contributions/Withdrawals	-16,152.57
Income Earned	1,612.94
Market Appreciation	3,190.63
Ending Account Value	751,478.07

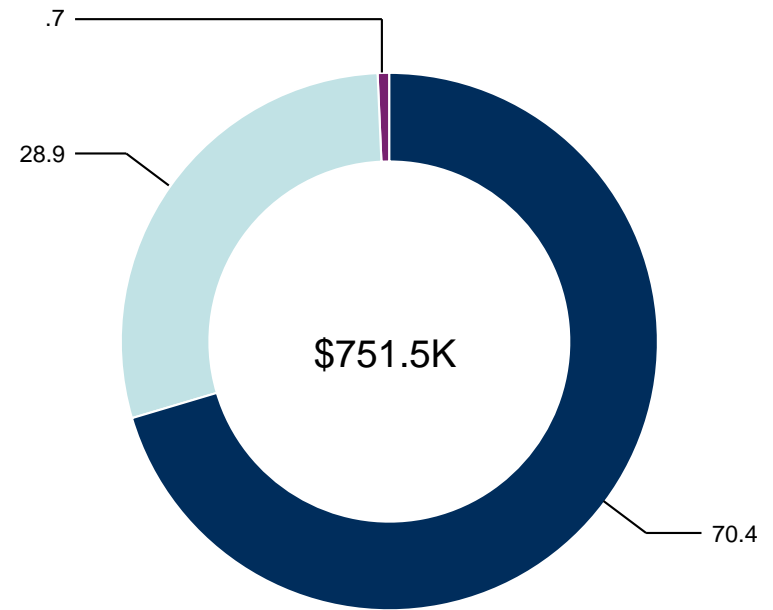
Market Value by Asset Class

Ending: September 30, 2021

KY LEGISLATORS RET HYBRID CSH BL AGT (920008018)

Managed since: June 01, 2015

	Market Value	% of Mkt Val
■ Core Equity	529,373	70.4
■ Taxable Bond Funds	217,020	28.9
■ Cash & Equivalents	5,085	.7
Total	751,478	100.0



Portfolio Holdings by Asset Class

Ending: September 30, 2021

KY LEGISLATORS RET HYBRID CSH BL AGT (920008018)

Managed since: June 01, 2015

	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
Cash & Equivalents									
Money Markets									
GOLDMAN SACHS FINANCIAL SQUARE	5,085.320	1.00	5,085.32	1.00	5,085.40	.7	.01	.31	.006
Total for Money Markets			5,085.32		5,085.40	.7		.31	.006
Total: Cash & Equivalents			5,085.32		5,085.40	.7		.31	.006
Total Equity									
Communication Services									
ALPHABET INC CAP STK CL C	12.000	2,737.58	32,850.97	2,665.31	31,983.72	4.3	.00	.00	.000
DISNEY WALT CO COM	175.000	177.16	31,002.72	169.17	29,604.75	3.9	.00	.00	.000
FACEBOOK INC CL A	50.000	359.52	17,975.82	339.39	16,969.50	2.3	.00	.00	.000
OMNICOM GROUP INC COM	180.000	75.24	13,542.79	72.46	13,168.80	1.8	2.80	504.00	3.864
Total for Communication Services			95,372.30		91,726.77	12.2		504.00	.550
Consumer Disc									
CARMAX INC COM	130.000	128.28	16,676.32	127.96	16,634.80	2.2	.00	.00	.000
HOME DEPOT INC COM	105.000	333.05	34,970.71	328.26	34,467.30	4.6	6.60	693.00	2.011
O REILLY AUTOMOTIVE INC NEW COM	30.000	598.12	17,943.68	611.06	18,331.80	2.4	.00	.00	.000
TJX COS INC NEW COM	180.000	70.19	12,633.70	65.98	11,876.40	1.6	1.04	187.20	1.576
Total for Consumer Disc			82,224.41		81,310.30	10.8		880.20	1.083
Financials									
BANK OF AMERICA CORP COM	260.000	41.03	10,667.57	42.45	11,037.00	1.5	.84	218.40	1.979
BERKSHIRE HATHAWAY INC DEL CL B NEW	110.000	288.90	31,779.31	272.94	30,023.40	4.0	.00	.00	.000
JPMORGAN CHASE & CO COM	225.000	158.10	35,571.67	163.69	36,830.25	4.9	4.00	900.00	2.444
NORTHERN TR CORP COM	75.000	115.88	8,690.90	107.81	8,138.25	1.1	2.80	210.00	2.597
PROGRESSIVE CORP OH COM	300.000	96.72	29,015.67	90.39	27,117.00	3.6	.40	120.00	.443
SCHWAB CHARLES CORP NEW COM	360.000	72.53	26,110.69	72.84	26,222.40	3.5	.72	259.20	.988

Portfolio Holdings by Asset Class

Ending: September 30, 2021

KY LEGISLATORS RET HYBRID CSH BL AGT (920008018)

Managed since: June 01, 2015

	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
US BANCORP DEL COM NEW	245.000	57.37	14,055.65	59.44	14,675.50	2.0	1.84	450.80	3.096
WELLS FARGO & CO NEW COM	200.000	49.31	9,861.78	46.41	9,282.00	1.2	.80	160.00	1.724
Total for Financials			165,753.24		163,325.80	21.7		2,318.40	1.421
Health Care									
JOHNSON & JOHNSON COM	110.000	177.19	19,490.71	161.50	17,765.00	2.4	4.24	466.40	2.625
PFIZER INC COM	300.000	48.00	14,399.97	43.01	12,903.00	1.7	1.56	468.00	3.627
Total for Health Care			33,890.68		30,668.00	4.1		934.40	3.047
Industrials									
EXPEDITORS INTL WASH INC COM	115.000	124.73	14,343.79	119.13	13,699.95	1.8	1.16	133.40	.974
FASTENAL CO COM	340.000	55.63	18,913.42	51.61	17,547.40	2.3	1.12	380.80	2.170
GENERAL ELECTRIC CO COM NEW	85.000	103.37	8,786.36	103.03	8,764.35	1.2	.32	27.20	.311
UNION PAC CORP COM	65.000	227.81	14,807.86	196.01	12,740.65	1.7	4.28	278.20	2.184
Total for Industrials			56,851.43		52,752.35	7.0		819.60	1.554
Information Tech									
APPLE INC COM	240.000	147.64	35,432.86	141.50	33,960.00	4.5	.88	211.20	.622
CISCO SYS INC COM	170.000	56.13	9,541.73	54.43	9,253.10	1.2	1.48	251.60	2.719
MICROSOFT CORP COM	160.000	291.04	46,566.02	281.92	45,107.20	6.0	2.48	396.80	.880
TE CONNECTIVITY LTD REG SHS	155.000	152.51	23,638.28	137.22	21,269.10	2.8	2.00	310.00	1.458
Total for Information Tech			115,178.89		109,589.40	14.6		1,169.60	1.067
Total: Total Equity			549,270.95		529,372.62	70.4		6,626.20	1.252
Total Fixed Income									
Taxable Bond Funds									
ISHARES INTERMEDIATE	1,885.000	114.86	216,513.89	115.13	217,020.05	28.9	175.00	3,298.75	1.520
Total for Taxable Bond Funds			216,513.89		217,020.05	28.9		3,298.75	1.520
Total: Total Fixed Income			216,513.89		217,020.05	28.9		3,298.75	1.520
Total			770,870.16		751,478.07	100.0		9,925.26	1.321

KY LEGISLATORS RET HYBRID CSH BL AGT (920008018)

Managed since: June 01, 2015

Performance Overview

	Market Value	Fiscal Year to Date (3 Months)	3 Years	5 Years	Inception to Date 06/01/2015
Total Portfolio - Gross	751,478	.59	13.26	13.06	11.04
Total Portfolio - Net	751,478	.57	13.17	12.97	10.95
70% SP500 30% Barclays Int Govt Cr		.45	12.88	12.70	10.84
Total Equity	529,373	.18	15.80	16.72	14.03
S P 500 Index		.58	15.99	16.90	14.15
Total Fixed Income	217,020	-.07	6.13	3.73	3.65
Barclays US Government/Credit Interm Bond		.02	4.63	2.60	2.66
Cash & Equivalents	5,085	.00	.94	.99	.81
3 Mos Treasury Bill Rate		.01	1.05	1.13	.94

KY LEGISLATORS RET HYBRID CSH BL AGT (920008018)

Managed since: June 01, 2015

	Total Portfolio - Gross	70% SP500 30% Barclays Int Govt Cr
Return	13.06	12.70
Standard Deviation	11.11	10.68
Beta	1.00	
Alpha	.30	
R-Squared	1.00	
Sharpe Ratio	10.18	10.55
Treynor Ratio	113.06	112.70
Tracking Error	.64	
Information Ratio	.58	
Downside Deviation	6.90	6.57
Downside Standard Deviation	8.45	8.09
Sortino Ratio	1.99	2.03
Upside Capture	1.04	
Downside Capture	1.04	
Batting Average	.65	
Annualized Excess Return	.36	
Cumulative Excess Return	2.93	
Turnover %	4.79	
M-Squared	8.68	
Residual Risk	.00	
Risk-Free Benchmark (3 Mos Treasury Bill Rate)		

This report is for informational purposes only and does not supersede confirmations and monthly client statements. The results reported should not be relied upon for tax information. Clients should consult tax documents for a complete summary of gain or loss history. The information has been derived from sources considered to be reliable but we cannot guarantee the accuracy.

This information represents past performance and is not indicative of future results. Principal value and investment return will fluctuate, and shares/units, when redeemed, may be worth more or less than the original amount. Returns assume reinvestment of dividends and other earnings.

Performance calculations are performed using the Daily Time Weighted Rate of Return (DTWRR) calculation method. This time-weighted rate of return method revalues the portfolio whenever a cash flow takes place, therefore significantly minimizing its impact on the return. Returns are measured from day-to-day and are then compounded or geometrically linked resulting in the time-weighted rate of return. Performance returns for time periods longer than 365 days have been annualized.

Performance calculations may also be performed using the Internal Rate of Return (IRR) Calculation method. The IRR is used to calculate the appropriate money-weighted rate of return. Cash flows are included based on their timing and size. The IRR is related to the time-value of money or present value formula. It calculates the discount rate which will take the starting value and all cash flows to result in the ending market value. Performance returns for time periods longer than 365 days have been annualized.

The inception date is the date on which performance calculations started. Your portfolio manager may or may not have begun executing security purchases and sales on the start date. Baird Trust may change the inception date to minimize the effect on performance when securities fund the account.

Account values on the Investment Summary page may not reflect the market value of holdings, due to the inclusion of accrued income. Accrued income is included when income has been earned as of the reporting end date, but not yet paid out.

Broad Index Descriptions

Barclays U.S. Intermediate Government Credit Bond Index: The index measures the performance of U.S. Dollar denominated U.S. Treasuries, government-related and investment grade U.S. corporate securities that have a remaining maturity of greater than one year and less than ten years.

S&P 500 Composite: The S&P 500 composite index is an unmanaged, market capitalization weighted index of 500 common stocks widely regarded to be representative of the market in general. Returns include reinvestment of dividends.

MSCI EAFE: The MSCI EAFE Index is a Morgan Stanley international index that includes stocks traded on 16 exchanges in Europe, Australia and the Far East, weighted by capitalization.

Index returns may not represent your portfolio and are provided only as a representation of broad market performance. It is not possible to invest directly in an index.

Glossary of Terms and Calculations

Cost Basis Information: All information with respect to cost information is derived from transactions in your account or information supplied by other sources. There is no guarantee as to the accuracy of this information or the corresponding gain and loss information. Certain transactions resulting from reorganization activity - including but not limited to mergers, acquisitions, exchanges, tenders, conversions, spin-offs, and stock distributions - may have complex tax ramifications that may require adjustments to the cost basis of the assets acquired and/or disposed. Please consult a tax advisor for guidance in handling these transactions. The cost basis for factorable securities, unit investment trusts, and certain limited partnerships may be reduced by the amount of principal payments returned. This cost information is displayed and the gain/loss information is calculated for these securities only if both the cost and principal payment information is deemed to be complete.

Inception Date: The inception date is the date on which performance calculations started.

Total Portfolio Net: Returns are calculated after the deduction of investment management fees and transaction expenses. In some cases, separate custodial fees may be assessed but are not deducted from the return. Some client accounts may see adjustments to their historical returns compared to statements from prior periods. The differences may occur in accounts with significant contributions or distributions. Additional information is available upon request.

Non-Performance Assets: Non-performance assets are assets on which performance is not calculated. These would include, but are not limited to, limited partnerships, annuities, and assets requested to be "unsupervised" (excluded from the performance calculation).

Valuations: The pricing of securities displayed in this report is derived from various sources, and in some cases may be higher or lower than the price you would actually receive in the market. For securities listed on an exchange or trading continually in an active marketplace, the prices reflect market quotations at the close of the reporting period. For securities trading less frequently, we rely on third party pricing services, or a computerized pricing model, which do not always reflect actual market prices. Valuation differences may be due to the different definitions of the closing market prices of securities.

The information contained herein, while not guaranteed, has been obtained from sources which we believe to be reliable and accurate. This material is not to be considered an offer or solicitation regarding the sale of any security.

Information contained in this report has been provided at your request. If you have questions regarding this information, please contact your Baird Financial Advisor or Baird Trust Portfolio Manager.

Baird Trust Company ("Baird Trust"), a Kentucky state chartered trust company, is owned by Baird Financial Corporation ("BFC"). It is affiliated with Robert W. Baird & Co. Incorporated ("Baird"), (an SEC-registered broker-dealer and investment advisor), and other operating businesses owned by BFC.

Investment Policy Statement (effective October 25, 2019)

This Investment Policy Statement amends and completely replaces the Investment Policy Statement of the **Investment Committees for the Kentucky Judicial Retirement Fund** and the **Kentucky Legislators Retirement Fund**, dated January 29, 2016.

The purpose of this ***Investment Policy Statement*** is to establish a clear understanding between the **Investment Committees for the Kentucky Judicial Retirement Fund** and the **Kentucky Legislators Retirement Fund**, hereinafter referred to as the “Committees,” and **Hilliard Lyons Trust Company, LLC**, hereinafter referred to as the “Manager,” of the investment policies and objectives of the Committees. This *Statement* will outline an overall philosophy that is specific enough for the Manager to know what is expected, but sufficiently flexible to allow for changing economic and securities markets. The Manager shall be responsible for individually managing the investments for the retirement plans administered by **Judicial Form Retirement System** (hereinafter referred to as JFRS), including the Defined Benefit Fund and the Hybrid Cash Balance Fund for the Kentucky Judicial Retirement Fund, and the Defined Benefit Fund and the Hybrid Cash Balance Fund for the Kentucky Legislators Retirement Fund.

OBJECTIVES

The assets of the two Defined Benefit Funds and the two Hybrid Cash Balance Funds (collectively the “Funds,” or individually a “Fund”) must be invested with the care, skill and diligence that a prudent person acting in this capacity would undertake. The Manager’s primary objective will be to provide growth of principal and income of each Fund’s assets. This objective should be pursued as a long-term goal designed to maximize portfolio results without exposure to undue risk, as defined herein. The Committees understand that fluctuating rates of return are characteristic of the securities markets, thus, the Manager’s greatest concern should be long-term appreciation of the Funds’ assets and consistency of total portfolio returns.

The Committees recognize that short-term market fluctuations may cause variations in performance in each Fund’s portfolios; however, over three-year rolling time periods, the Committees expect the total portfolios of each of the four Funds to achieve or exceed a total return equal to the composite performance of securities markets, as represented by broad market indexes similar to but not limited to the S&P 500 Index (Equity), and the Bloomberg Barclays Intermediate US Government/Credit Bond Index (Fixed Income).

POLICIES AND RESTRICTIONS

The Committees intend the investment policies and restrictions presented in this *Statement* to be used as a framework to help the Manager achieve the investment objectives of the Funds, at a level of risk the Committees deem acceptable. The Committees allow the Manager discretion in the asset allocation and diversification of the Funds, for the purposes of increasing investment

returns and/or reducing risk exposure in accordance with the policies and restrictions of this *Statement*. When appropriate and from time to time, the Committees may also give the Manager broad responsibility in writing to shift the commitment of any of the Funds' investments among asset classes, industry sectors, and individual securities or funds of securities to pursue opportunities presented by long-term secular changes within the capital markets.

All Fund investments shall be consistent with those permitted for Trust Funds by law in the Commonwealth of Kentucky. Investments shall be limited to readily marketable securities or funds of such securities, and no investment shall be made in mortgages.

ASSET ALLOCATION GUIDELINES

The Committees expect each of the four Fund's asset allocation policies to separately reflect, and be consistent with, the investment objectives and risk tolerances expressed throughout this *Statement*. These policies, developed after examining the historical relationships of risk and return among asset classes, are designed to provide the highest probability of maximizing the Committees' return objectives while minimizing risk. Although dynamic capital markets may cause fluctuating risk and return opportunities over a market cycle, the following standards and limits will be used to evaluate the asset allocation (as measured at market value) over a three-year moving time period.

Each of the Fund's investments shall be separately managed under allocation rules as follows:

1. Cash and cash equivalent balances will be held separately for each Fund as a liquidity reserve for the payment of certain Fund expenses, pension or qualified refund payments, and insurance premium requirements. Such liquidity reserve balances will be held separately from a Fund's overall investment portfolio as managed by the Manager.
2. Equities (generally, common stock investments) in each Fund's investment portfolio will have a target allocation of 70% of the total portfolio market value of such Fund. The Manager is granted discretion to vary from this portfolio allocation within a range of 60% to 80% (inclusive) of the Fund's portfolio market value, unless otherwise granted an exception by a Committee in writing.
3. Fixed income investments in each Fund's investment portfolio will have a target allocation of 30% of the total portfolio market value of such Fund. The Manager is granted discretion to vary from this portfolio allocation within a range of 20% to 40% (inclusive) of the Fund's portfolio market value, unless otherwise granted an exception by a Committee in writing.
4. If a Fund's portfolio allocation falls outside of its targeted range, the Manager will notify the applicable Investment Committee of the status of the Fund's portfolio allocation percentages. Such Committee may direct the Manager to, on a timely basis,

adjust the Fund's applicable allocation percentage to bring the Fund's portfolio back into its targeted range. If the Committee does not make a rebalancing recommendation, the Manager, at its discretion, may or may not adjust the Fund's portfolio allocations. The Committees' designee will review all of the Funds' portfolio allocations on a weekly basis and make quarterly or more frequent reports to the Committees, if the target portfolio allocations fall outside of the parameters above.

EQUITY GUIDELINES

The Committees expect the Manager to maintain each Fund's equity portfolio at a risk level approximately equivalent to that of the domestic equity markets as a whole, with the objective of exceeding its results. Equity investments shall be selected from any security listed on the New York, American and Regional Stock Exchanges, or at the NASDAQ markets.

At the Manager's discretion, equity allocations may be achieved by the purchase of individual securities, shares of one or more registered mutual funds invested substantially in equities, and/or shares of one or more registered exchange traded funds invested substantially in equities. Should the Manager elect to invest in mutual funds or exchange traded funds for a Fund's equity allocation, the aggregate of such funds' investments must be consistent with the Equity Guidelines herein for such Fund, and must in the aggregate generally comply with the underlying diversification characteristics, risk and limits in the Equity Guidelines for such Fund as described herein.

At its discretion, the Manager may select for either or both of the Hybrid Cash Balance Funds' equity portfolios one or more low cost registered equity mutual funds or exchange traded funds utilizing an indexing strategy, and/or utilizing a targeted sector or style strategy, and/or utilizing an actively managed strategy, provided that in the aggregate such selected funds are consistent with such Hybrid Cash Balance Fund's overall equity benchmark and Equity Guidelines for such Fund as described herein.

The Manager is prohibited from investment in private placements, unregistered securities, hedge funds, letter stock, uncovered options, common trust funds or collective investment funds, or from engaging in short sales, margin transactions or other specialized investment activities. The Manager may write covered options against common stocks held by the Funds to increase investment returns and/or reduce risk. No investments shall be made in proprietary funds of the Manager without written consent of the Committees.

Within the above guidelines, the Committees give the Manager discretion for equity security and fund selection, timing, turnover, and benchmark selection for each of the four Funds, subject to the following limitations:

1. Each Fund's investment in equities (generally, common stocks) shall be from those stocks that meet the statutory standards for investment of trust funds, except that 50% of the total equity portfolio of each Fund may not be invested in common stocks with a dividend payment history of less than five years.

2. Investment in an individual security at time of purchase shall not exceed 5% of a Fund's then current market value of such Fund's equity portfolio. At a time when a security's value reaches 8% of such Fund's equity portfolio market value, the Manager shall promptly notify the applicable Investment Committee. Upon notification of a security value reaching 8%, the Committee may recommend a course of action to the Manager; absent a Committee recommendation to reduce the equity holding, the Manager, at its discretion, may or may not reduce the equity holding.
3. Investment in a particular industry shall not exceed 25% of a Fund's market value of its equity portfolio.
4. Any equity benchmark selected by the Manager for any Fund must be a broad market benchmark and must reasonably reflect the nature and risk of the underlying investments of such Fund's equity portfolio.

Unless corrective actions are otherwise provided for in these Equity Guidelines, or unless a Committee provides corrective or rebalancing directions to the Manager, should any Fund's equity portfolio no longer comply with the Equity limits and requirements as described immediately above, the Manager shall take, with notice to the applicable Committee, reasonable steps to bring such Fund's equity investments into compliance with these Equity Guidelines.

FIXED INCOME GUIDELINES

The Committees expect the Manager to maintain each Fund's fixed income portfolio at a risk level approximately equivalent to that of the domestic fixed income markets as a whole, with the objective of exceeding its results.

At the Manager's discretion, fixed income allocations may be achieved by purchase of individual securities, shares of one or more registered mutual funds investing substantially in fixed income, and/or shares of one or more registered exchange traded funds investing substantially in fixed income. Should the Manager elect to invest in mutual funds or exchange traded funds for a Fund's fixed income allocation, the aggregate of such funds' investments must be consistent with the Fixed Income Guidelines herein for such Fund, and must in the aggregate generally comply with the underlying diversification characteristics, risk and limits in the Fixed Income Guidelines for such Fund as described herein.

At its discretion, the Manager may select for either or both of the Hybrid Cash Balance Funds' fixed income portfolios one or more low cost registered fixed income mutual funds or exchange traded funds utilizing an indexing strategy, and/or utilizing a targeted sector or style strategy, and/or utilizing an actively managed strategy, provided that in the aggregate such selected funds are consistent with the Hybrid Cash Balance Fund's overall fixed income benchmark and Fixed Income Guidelines for such Fund as described herein.

The Manager is prohibited from investing in private placements, from speculating in fixed income or interest rate futures, and from arbitrage or any other specialized investments. No investments shall be made in proprietary funds of the Manager without written consent of the Committees.

Investments in fixed income securities will be managed actively to pursue opportunities presented by changes in interest rates, credit ratings and maturity premiums. The Manager may select from appropriately liquid preferred stocks, corporate debt securities, obligations of the U.S. Government and its Agencies and issues convertible to equities.

Within the above guidelines, the Committees give the Manager discretion for fixed income security and fund selection, timing, turnover, and benchmark selection for each of the four Funds, subject to the following limitations:

1. No individual fixed income security (with the exception of those of the U.S. Government and its Agencies) may be purchased with a modified duration of more than 15 years at time of purchase.
2. Investments in individual fixed income securities of the U.S. Government and its Agencies may be purchased with a maturity of up to 30 years at time of purchase, but the weighted average maturity of those securities in each Fund shall not exceed ten years.
3. Investments for any Fund in an individual security at time of purchase of a single issuer (with the exception of U.S. Government and its Agencies) must not exceed 5% of the market value of such Fund's fixed income portfolio.
4. Only corporate debt issues that meet or exceed a credit rating of BBB from Standard & Poor's and/or a Baa rating from Moody's, may be purchased.
5. Preferred stocks must be rated A or better, by Moody's and/or Standard & Poor's at the time of purchase.
6. Investment in bonds will be limited to those eligible for purchase by national banks.
7. Bond maturities will be reasonably spaced with due consideration given to call provisions.
8. Each Fund's fixed income portfolio duration, defined as the weighted average of the modified durations of all of the Fund's fixed income investments, shall at all times be generally consistent with the duration of its fixed income benchmark, plus or minus one year.
9. Any fixed income benchmark selected by the Manager for any Fund must be a broad market benchmark and must reasonably reflect the nature and risk of the underlying investments of such Fund's fixed income portfolio.

Unless corrective actions are otherwise provided for in these Fixed Income Guidelines, or unless a Committee has provided corrective or rebalancing directions to the Manager, should any Fund's fixed income portfolio no longer comply with the Fixed Income limits and requirements described immediately above, the Manager shall take, with notice to the applicable Committee, reasonable steps to bring such Fund's fixed income investments into compliance with these Fixed Income Guidelines.

CASH AND CASH EQUIVALENT GUIDELINES

The Committees expect the Manager to invest each Fund's portfolios substantially in equity and fixed income investments as described in this *Statement*. As noted in the Asset Allocation Guidelines above, certain cash and cash equivalent balances will be held as liquidity reserves separately from each Fund's investment portfolios, as necessary to provide for certain Fund expenses, insurance premiums, and underlying plan participant cash flow and pension payment requirements. The Manager may also maintain cash and cash equivalent balances as part of a Fund's portfolio allocations in anticipation of liquidity reserve needs or as temporary Fund investments pending longer term portfolio investments.

Any cash and cash equivalent investments held in the liquidity reserves or within Fund portfolios may be made in the following types of short term investments, with limits and requirements as described below:

1. Treasury bills;
2. Commercial paper investments and marketable short-term money market securities, each with time of purchase ratings of as least A-2 or P-2 by Standard & Poor's or Moody's, respectively, and each with time of purchase maturities of no longer than 270 days;
3. Marketable short-term money market funds of marketable short term securities, under the following limits for each such fund:
 - a. fund ratings at least AAA or Aaa by Standard & Poor's or Moody's, respectively, at time of purchase;
 - b. final maturities of underlying fund investments of no longer than 13 months from dates of acquisition;
 - c. fund weighted average maturity of underlying fund investments of no longer than 60 days at all times;
4. Corporate cash equivalent investments with maturities no longer than one year, provided any such investment shall be restricted to not more than 7% per issuer;
5. Repurchase agreements relating to and consistent with the instruments described in these Cash and Cash Equivalent Guidelines provided such agreements have a maturity

deemed to be no longer than the scheduled maturity period remaining on the underlying securities covered by such agreement; and/or

6. All other cash and cash equivalent investments with maturities no longer than one year from their dates of acquisition.

Additionally, the Manager may invest no more than 10% of the market values of either of the two Defined Benefit Funds' portfolios, and no more than 5% of the market values of either of the two Hybrid Cash Balance Funds' portfolios, in cash or cash equivalents of a single government agency other than U.S Government agencies. Investment in obligations of the U.S. Government and its agencies are not restricted.

Unless corrective actions are otherwise provided for in these Cash and Cash Equivalent Guidelines, or unless a Committee has provided corrective or rebalancing directions to the Manager, should any Fund's portfolio no longer comply with the Cash and Cash Equivalent limits or requirements described immediately above, the Manager shall take, with notice to the applicable Committee, reasonable steps to bring such Fund's short term investments into compliance with these Cash and Cash Equivalent Guidelines.

OTHER ASSETS

The Manager will not purchase assets other than those described herein without the prior written consent of the Committees. Investments in contracts of financial futures, commodities and currency exchange are strictly prohibited. Investments not specifically addressed by this *Statement* are forbidden by the Committees without prior written consent.

SALES AND PURCHASES

All equity transactions shall be handled through the brokerage company selected by the Committees. The Manager shall have discretion in selecting the institution through which to purchase fixed income and cash equivalents. The Manager shall immediately notify the JFRS Executive Director of all transactions, with specific data as to settlement and delivery instructions. The JFRS Executive Director will in turn notify the custodian of the Funds to execute such sales and purchases.

COMMUNICATIONS AND COMPLIANCE

The JFRS Executive Director will maintain daily contact with the Manager to advise the Manager of available funds for reinvestment with respect to each of the Funds. The Manager is required to give the Committees monthly Fund portfolio appraisals, and to give the Committees promptly at the end of each quarter a quarterly account review. Such quarterly account reviews shall include but not limited to detail regarding each Fund's value and investment characteristics, each Fund's time-weighted investment performance and strategy, and each Fund's compliance

with investment guidelines. The Committees also must receive information about changes in the Manager's investment philosophy, management, ownership and key personnel in a timely fashion.

Meetings will be held on a quarterly basis between the Committees and the Manager to discuss:

1. Each Fund's holdings and characteristics, investment performance and risk levels in light of the stated objectives, policies, guidelines, and benchmarks.
2. A review of each Fund's portfolio investment positions during the prior quarter in comparison to the guidelines of this *Statement*, along with any exceptions. The Manager shall include an assessment of the financial effects of any compliance exceptions and proposals for corrective actions.
3. The Manager's view on any important recent or anticipated developments within the economy and the securities markets, and their potential effect on investment strategy and Fund performance.
4. The effects of any recent or anticipated changes within the Manager's organization on investment philosophy, strategy and performance.
5. Amendments to the policies and objectives presented in this *Statement* as desired by the Committees or recommended by the Manager.

In addition to requiring that the Manager provide compliance reporting as described above, JFRS may also engage an independent third party to provide the Committees with a periodic compliance assessment for each Fund.

The Committees may call more frequent meetings if significant concerns arise about the Manager's performance, strategy, personnel and organizational structure.

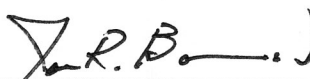
By **executing** this *Investment Policy Statement*, the Manager agrees to its terms and conditions. Should the Manager believe at any time that changes, additions or deletions to this *Statement* are advisable, it will be the Manager's full responsibility to recommend them to the Committees on a timely basis.

Executed on this, the 25th day of October, 2019.

**Investment Committee
Kentucky Judicial Retirement Plan**

By 
Stephen F. LeLaurin, Chairman

**Investment Committee
Kentucky Legislators Retirement Plan**

By 
Joe R. Bowen, Chairman

Hilliard Lyons Trust Company

By 
Donald L. Asfahl, Chairman



Board of Trustees Meeting Kentucky Judicial Form Retirement System July 1, 2021 Actuarial Valuation



Wesley J. Wickenheiser, FSA, EA, MAAA
Matthew Widick, FSA, EA, CERA, MAAA

October 22, 2021

Agenda

- Changes Since Last Valuation
- Valuation Process
- Current Actuarial Assumptions
- Current Actuarial Methods
- Review of 2020-2021 GASB Results
- Review of 2021 Valuation Results
- Questions

Changes Since Last Valuation

- Starting with 2021 actuarial valuations, Traditional and Hybrid tiers combined into one report and treated as parts of the same plan.
 - Traditional and Hybrid are treated as tiers of benefits in the same plan.
 - Liabilities are combined into single figure
 - Breakdown of the liability by tier provided in reports for information only
 - Assets are no longer separated.
 - Accounting and Funding results are prepared for the combined Pension and Medical plans.

Changes Since Last Valuation

- The following table shows the liability and normal cost split between the Traditional and Hybrid benefit tiers.

	Legislators		Judges	
	<u>Pension</u>	<u>Medical</u>	<u>Pension</u>	<u>Medical</u>
<u>Liability</u>				
Traditional	\$71,827,900	\$15,552,624	\$377,246,057	\$39,235,016
<u>Hybrid</u>	<u>\$740,255</u>	<u>\$115,374</u>	<u>\$2,288,507</u>	<u>\$154,881</u>
Total	\$72,568,155	\$15,667,998	\$379,534,564	\$39,389,897
<u>Gross Normal Cost</u>				
Traditional	\$337,222	\$81,826	\$3,796,687	\$614,255
<u>Hybrid</u>	<u>\$177,116</u>	<u>\$27,589</u>	<u>\$521,716</u>	<u>\$36,489</u>
Total	\$514,338	\$109,415	\$4,318,403	\$650,744

Changes Since Last Valuation

- 30-year projections are now required (increased from 20-year projections)
- Assumption Changes
 - Hybrid tier discount rate changed from 4.00% to 6.50% (now consistent with the rate used for the Traditional tier)
 - Medical Trend Rates change to 6.25% decreasing to 5.75% over 2 years then following the Getzen model to ultimate rate of 4.04% in 2075
 - Previously used 7.00% decreasing to 6.75% over 3 years then following the Getzen model to ultimate rate of 3.94% in 2075
 - Estimated administrative expenses included for contribution calculation (previously not reflected in valuation)
 - Additional assumption changes were made based on the Experience Study (October 23, 2020)
 - These changes are listed on the following pages and discussed in more detail in the Experience Study itself.

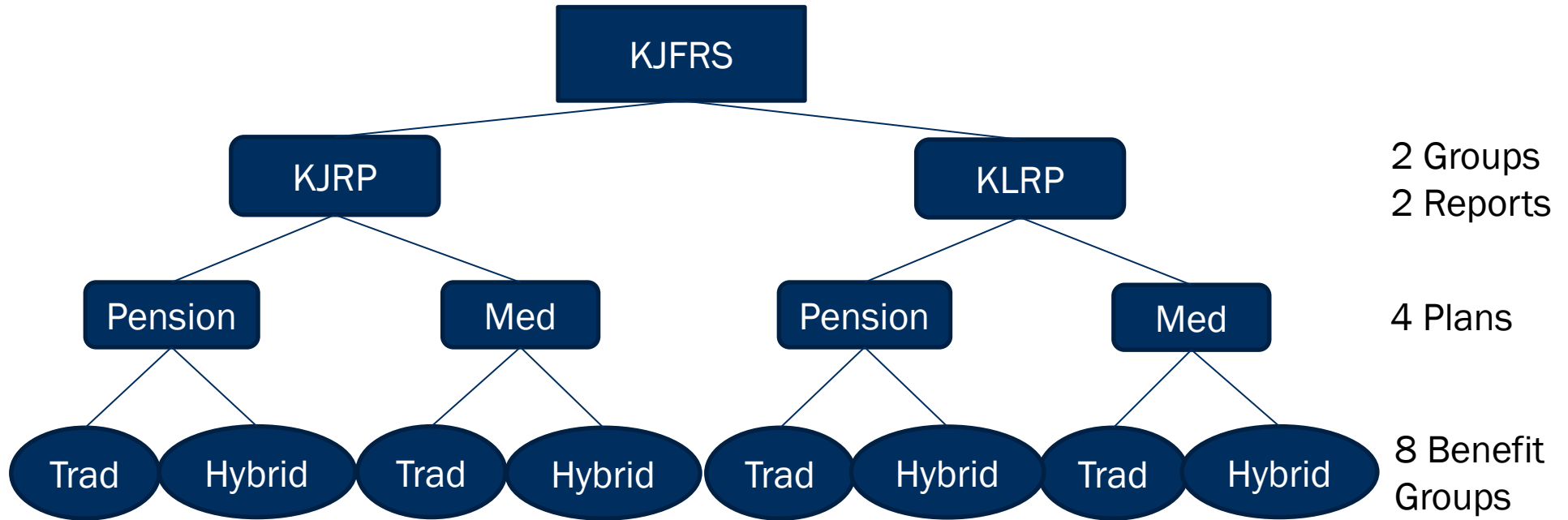
Changes Since Last Valuation

- Assumption Changes based on Experience Study:
 - Retirement Rates
 - Rates start 5 years prior to NRA. Now assumes 100% retirement at age 70 (previously assumed 100% at NRA). Prior rates changed based on study.
 - Additional 20% in Traditional Tier when reaching 27 years of service remains
 - Same assumption for Judges and Legislators
 - Turnover Rates
 - Judges: No rates (previously used Table T-3 for District Judges, none otherwise)
 - Legislators: 2003 SOA Turnover Basic Age Table (previously used Table T-4)

Changes Since Last Valuation

- Assumption Changes based on Experience Study (continued):
 - Percentage Assumed Married
 - 70% of plan participants are married (previously assumed 80%)
 - Same for Judges and Legislators
 - Mortality
 - PubG Above Median (PubG-2010 (A)) with fully generational improvements using Scale MP-2020 (previously used RP-2000 White Collar with Scale AA Improvements)
 - Headcount weighted version of table used for Medical plans
 - Same for Judges and Legislators

Valuation Process



4 separate actuarial valuations in 2 reports of the 8 different benefit groups

Valuation Process

- Traditional and Hybrid tiers combined into one report and treated as parts of the same plan.
- Funding valuations every odd year
- GASB reporting every year
- Report requirements:
 - 30-year projection of funding levels, unfunded liabilities and contribution rates
 - Sensitivity analysis – including investment return, payroll growth and medical inflation
 - Experience Analysis every 5 years
 - Next study to be completed in 2025

Valuation Process

- Post-retirement medical benefits
 - Contributions/Assets for medical cannot be used for pensions
 - Employee contributions for Judicial medical benefits under Hybrid Plan exceed annual cost of medical benefits
 - Requires 1% of pay contribution
 - Actual cost approximately 0.80% of pay

Actuarial Assumptions

- Long-Term Interest Rate – 6.50%
- Salary Increase
 - Rolling 1% next five years, 3.5% thereafter
- Mortality
 - PubG-2010 (A) with fully generational improvements using Scale MP-2020
 - OPEB plans use the headcount weighted version of the table

Actuarial Assumptions

Turnover/Terminations

- Judges: None assumed
- Legislators: 2003 SOA Turnover Basic Age Table

Retirement

- Rates identical for the two plans – assume rates of retirement starting 5 years prior to NRA and 100% at Age 70
- Traditional tiers - Extra 20% increase in retirement rate in 27th year

Percent Married - 70% married

Health Care Cost Trend Rates

- Getzen Model – SOA Long Term Healthcare Cost Trends

Actuarial Assumptions

COLA

- Future COLAs not assumed for statutory contribution

Load for Legislators Plan for Future Non-legislative Salary

- 40% load
- Significant impact and very speculative

Healthcare Aging Factors - 2013 SOA Yamamoto study

Actuarial Methods

Entry Age Normal Method

- Required for GASB calculations

Amortization of Unfunded Liability

- Interest plus 1% of UAAL
 - Equivalent to a “rolling” 25-year amortization
 - Barring huge unexpected gains, never fully amortizes liability
- Statutory
- Not actuarially sound

Actuarial Methods

Asset Valuation Method

- Market Value adjusted for 5-years phase-in of gains and losses
- Smoothing method keeps short-term market swings from immediately impacting funding requirements
- July 1, 2017 - adopted an 80%-120% “collar” around Market Value
- GASB disclosures are based on market values of assets

GASB Disclosures – Judicial Plan

June 30, 2020 and June 30, 2021

	2021		2020	
	<u>Pension</u>	<u>Medical</u>	<u>Pension</u>	<u>Medical</u>
Discount Rate				
Assumed Long-Term Rate	6.50%	6.50%	6.50%	6.50%
Muni-Bond Rate	N/A	N/A	2.89%	N/A
Blended Rate	N/A	N/A	6.47%	N/A
Year of Insolvency	N/A	N/A	2069	N/A
Hybrid Rate	6.50%	6.50%	4.00%	4.00%
Liability				
Traditional	\$377,246	\$39,235	\$371,002	\$48,821
<u>Hybrid</u>	<u>\$2,289</u>	<u>\$155</u>	<u>\$1,739</u>	<u>\$161</u>
Total	\$379,535	\$39,390	\$372,741	\$48,982
Assets	\$448,440	\$133,915	\$341,306	\$99,039
Funded Ratio	118.2%	340.0%	91.6%	202.0%
Expense for following year	(\$23,346)	(\$15,402)	(\$4,935)	(\$7,735)

Figures in thousands

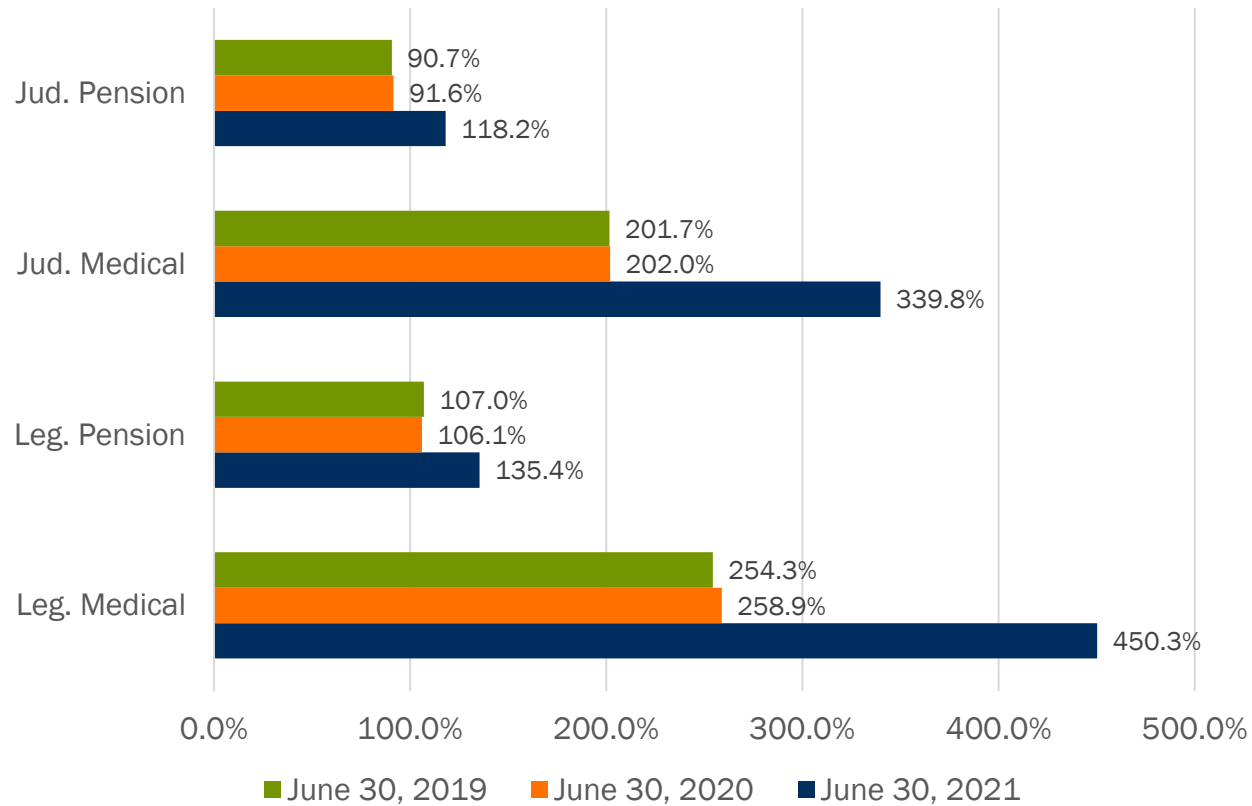
GASB Disclosures – Legislators Plan

June 30, 2020 and June 30, 2021

	2021		2020	
	<u>Pension</u>	<u>Medical</u>	<u>Pension</u>	<u>Medical</u>
Discount Rate				
Assumed Long-Term Rate	6.50%	6.50%	6.50%	6.50%
Muni-Bond Rate	N/A	N/A	2.89%	N/A
Blended Rate	N/A	N/A	6.50%	N/A
Year of Insolvency	N/A	N/A	N/A	N/A
Hybrid Rate	6.50%	6.50%	4.00%	4.00%
Liability				
Traditional	\$71,828	\$15,553	\$71,476	\$20,106
<u>Hybrid</u>	<u>\$740</u>	<u>\$115</u>	<u>\$493</u>	<u>\$139</u>
Total	\$72,568	\$15,668	\$71,969	\$20,245
Assets	\$98,292	\$70,661	\$76,410	\$52,249
Funded Ratio	135.4%	450.3%	106.1%	258.9%
Expense for following year	(\$5,929)	(\$8,326)	(\$1,363)	(\$3,078)

Figures in thousands

GASB Disclosures – Historical Funded Ratio



Contribution Requirements

	<u>Pension</u>	+	<u>OPEB</u>	=	<u>Total</u>
<u>Judges</u>					
1. Annual Required Contribution as of July 1, 2021	4,677,718			-	4,677,718
2. Annual Required Contribution for 2022-23 Fiscal Year [(1) * 1.065] – 1 year of interest	4,981,770			-	4,981,770
3. Annual Required Contribution for 2020-21 Fiscal Year [(1) * 1.065 * 1.065] – 2 years of interest	5,305,585			-	5,305,585
<u>Legislators</u>					
1. Annual Required Contribution as of July 1, 2021	27,008			-	27,008
2. Annual Required Contribution for 2022-23 Fiscal Year [(1) * 1.065] – 1 year of interest	28,764			-	28,764
3. Annual Required Contribution for 2020-21 Fiscal Year [(1) * 1.065 * 1.065] – 2 years of interest	30,634			-	30,634

Funded Position – July 1, 2021 Valuation

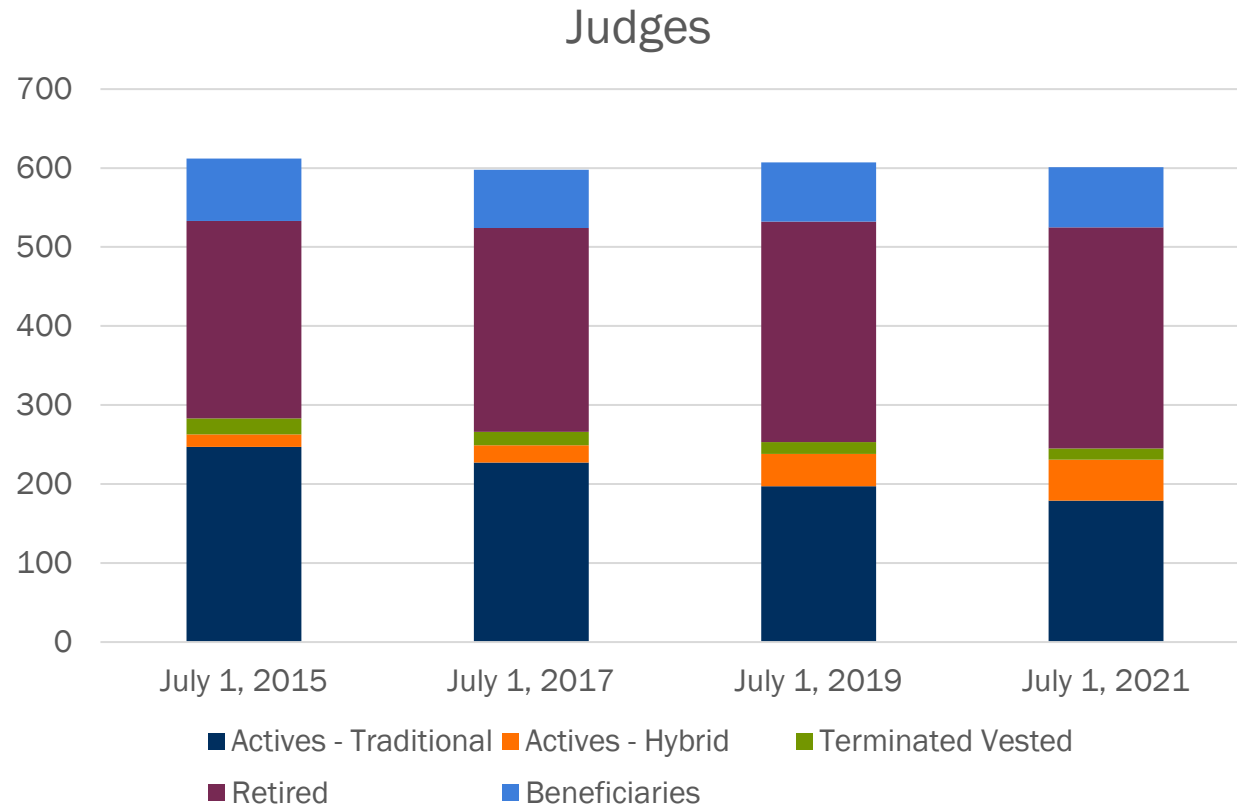
	<u>Legislators</u>	<u>Judicial</u>
Accrued Liability	\$88.24	\$418.92
Actuarial Assets	\$135.83	\$466.70
Unfunded Liability	(\$47.59)	(\$47.77)
Funded Ratio	153.9%	111.4%
Market Assets	\$168.95	\$582.36

Figures in millions

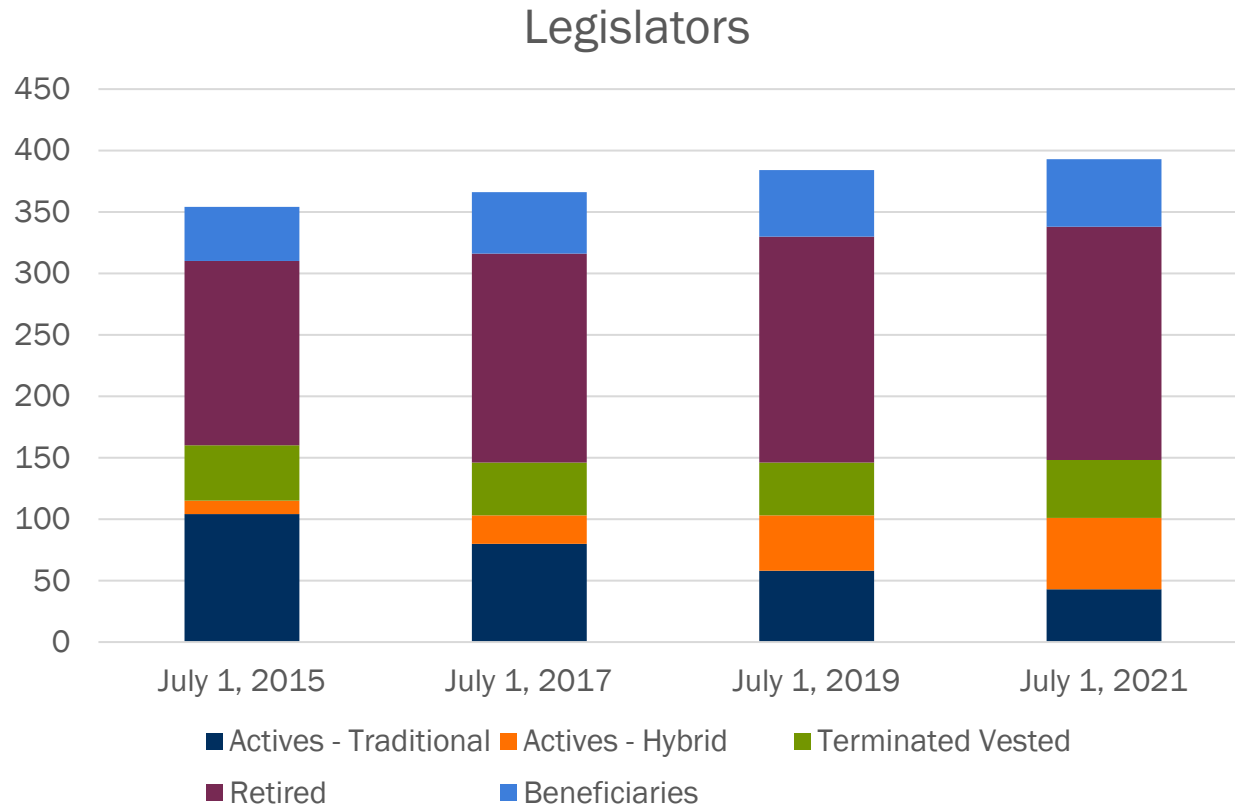
Historical Headcounts

	Plan Year Beginning			
	7/1/2021	7/1/2019	7/1/2017	7/1/2015
<u>Judges</u>				
Active – Traditional	179	197	227	247
Active – Hybrid	52	41	22	16
Terminated Vested	14	15	17	20
Retired	280	279	258	250
Beneficiaries	76	75	74	79
Total	601	607	598	612
<u>Legislators</u>				
Active – Traditional	43	58	80	104
Active – Hybrid	58	45	23	11
Terminated Vested	47	43	43	45
Retired	190	184	170	150
Beneficiaries	55	54	50	44
Total	393	384	366	354

Historical Headcounts



Historical Headcounts



Questions?

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Kentucky Judicial Retirement Plan

Actuarial Valuation and Report

as of July 1, 2021



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Introduction

An actuarial valuation of the Kentucky Judicial Retirement Plan (“KJRP”) has been performed as of July 1, 2021. Actuarial valuations are based on the integrity of employee data, plan asset data, plan provisions and an extensive set of assumptions regarding future events. There is necessary uncertainty with any actuarial calculation based on the accuracy of the data provided, the correct interpretation of plan provisions and the realization of the assumptions made. These results were based on participant data and asset information provided by the Kentucky Judicial Form Retirement System. This information was not audited but was reviewed for reasonableness.

Detailed explanations of the actuarial assumptions and methods used in the report are contained in later sections of this report. Also included in this report is a summary of provisions of the plan as we understand them.

This report provides details on the actuarial valuation underlying the required contribution to the KJRP for plan years commencing in 2022 and 2023. This determination was performed pursuant to Kentucky Revised Statute (“KRS”) §21.525 for the retirement system defined in KRS §21.350 to §21.580.

Governmental Accounting Standards Board Statement 67 (“GASB 67”) and Statement 74 (“GASB 74”) establish financial reporting standards for defined benefit pension plans and other postemployment benefit (OPEB) plans sponsored by employers that are subject to governmental accounting standards. Governmental Accounting Standards Board Statement 68 (“GASB 68”) and Statement (“GASB 75”) provide standards for reporting pension and OPEB expenditures and expense, and related liabilities and assets for such plans. The purpose of this report is to provide pertinent financial statement disclosure information for the fiscal year ending in 2021. Actuarial computations under Statements 67, 68, 74, and 75 are for purposes of fulfilling plan and employer governmental accounting requirements and may not be appropriate for other purposes. This report has been prepared on a basis consistent with our understanding of the statements and does not constitute legal, accounting, tax or investment advice.

Statements 68 and 75 set forth a methodology for the calculation of the annual Pension Expense for the upcoming fiscal year. GASB 68 and GASB 75 provide a method for reflecting prior gains and losses from asset and plan experience, as well as other areas including plan amendments. Amounts not reflected previously or in the upcoming year are reflected in the Deferred Outflows and Inflows of Resources shown.

Findley, A Division of USI does not have access to and is not providing information concerning liabilities other than benefits, such as for legal or accounting fees.

Findley, A Division of USI is not aware of any significant events subsequent to the current year’s measurement date that could materially affect the information contained in this report.

We are not aware of any relationship between the plan or plan sponsor and Findley, A Division of USI which would impair or appear to impair our objectivity.

To the best of our knowledge, all information provided in this report is complete and accurate and disclosures for GASB purposes have been determined in accordance with generally accepted accounting principles.

Consolidation of Traditional and Hybrid Tier Reports

Beginning with the July 1, 2021 valuation report, the traditional and hybrid tiers of KJRP have been treated as one plan for all calculations. All results prior to July 1, 2021 contained in this report have been combined from the results reported in the separate traditional and hybrid tier reports prepared in prior years. Effective July 1, 2021, separate valuation reports will not be prepared and all results contained will be calculated based on the full plan containing both tiers of benefits.

Summary of Report

An actuarial valuation of the Kentucky Judicial Retirement Plan (“KJRP”) was conducted as of July 1, 2021. The purpose of the valuation is to determine the cost implications of the plan including a determination of annual funding levels for the fiscal years beginning July 1, 2022 and July 1, 2023.

It is our understanding that this plan is a “governmental plan” as defined in Internal Revenue Code Section 414(d) and this report has been prepared on that basis.

On the basis of the valuation, it has been determined that the annual funding requirements for the State for the fiscal year beginning in 2022 for the plan, prior to adjusting with interest, as described in the Summary of Benefits section of this report, are as follows:

	Total Amount	Percent of Payroll
Annual Required Contribution	\$ 4,677,718	15.84%

The Annual Required Contribution is determined based on assumptions and methods set forth in the statute and established by the KJRP Investment Committee and is calculated using asset and liability values as of July 1, 2021. This amount is used to determine contributions for the fiscal years beginning July 1, 2022 and July 1, 2023.

Due to the lag period between the calculated date and the actual contributions, we have adjusted the Annual Required Contributions for the plan years 2022-2023 and 2023-2024 with one and two years of interest, respectively, at the interest rate assumption of 6.50%.

	2022-2023 (1 year of interest)	2023-2024 (2 years of interest)
Annual Required Contribution (with interest)	\$ 4,981,770	\$ 5,305,585

Summary of Selected Plan Information ¹

	Plan Year Beginning			
	7/1/2021	7/1/2019	7/1/2017	7/1/2015
Number of Participants				
Active	231	238	249	263
Terminated Vested	14	15	17	20
Retired	280	279	258	250
Beneficiaries	76	75	74	79
Total	601	607	598	612
<hr/>				
Average Age (for actives)	57.4	56.1	56.1	55.0
Average Service (for actives)	15.1	13.9	13.9	12.7
Annual Covered Payroll	\$ 29,536,690	\$ 30,565,661	\$ 30,287,212	\$ 31,945,082
Average Salary	127,864	128,427	121,635	121,464
Accrued Liability	418,924,461	416,530,326	414,877,786	411,888,613
Actuarial Asset Value	466,695,975	399,205,837	353,312,184	296,901,644
Market Asset Value	582,355,568	431,034,410	371,858,379	333,049,253
Unfunded Accrued Liability (UAL)	(47,771,514)	17,324,489	61,565,602	114,986,969
<hr/>				
Annual Funding Level ²				
State Portion of Normal Cost	\$ 3,378,976	\$ 2,615,810	\$ 3,285,125	\$ 3,968,888
Expected Employee Contributions	1,590,171	1,632,756	1,592,124	1,672,082
Total Normal Cost	4,969,147	4,248,566	4,877,249	5,640,970
State Annual Required Contribution	4,677,718	6,336,194	8,732,274	13,171,995
Percent of Covered Payroll	15.84%	20.73%	28.83%	41.23%

¹Our current understanding of IRS regulations is that they prohibit the use of surplus OPEB assets for retirement benefits. We recommend continuing discussions with plan council on possible options. Please refer to page 9 of this report for the asset and liabilities split between the Pension and OPEB plans.

²In accordance with KRS 21.405 (does not recognize cost of living increases effective after the most recent valuation date) and KRS 21.525 (legally prescribed funding method).

Legislative and Regulatory Background

State statutes were amended in 2013 such that all participants entering KJRP on or after January 1, 2014 will be covered under a hybrid cash balance/OPEB tier; those entering before that date will continue to be covered under the traditional defined benefit/OPEB tier. The legislation making this change also restricted the availability of future cost-of-living adjustments (COLA's) to plan benefits.

Actuarial Standard of Practice No. 51 (ASOP 51) is effective for actuarial valuations on or after November 1, 2018. This standard calls for explicit disclosure of risks associated with the pension plan and any recommended actions for better understanding the nature and impact of those risks. Please let us know if any additional analysis or information is desired.

Sensitivity analysis along with 30-year projections of results (before and after any assumption changes) have been included in this report pursuant to HB 238, passed in 2016.

Actuarial Soundness

A plan that has adopted a reasonable funding method, that adopts reasonable assumptions and which contributes at a rate at or above the recommended contribution rate (based on these reasonable methods and assumptions), could be considered to be actuarially sound.

In order to ensure KJRP is funded in an “actuarially sound manner”, we would recommend the following:

1. Reflect a 1.5% future COLA assumption when calculating the funding requirement for KJRP, to the extent future cost-of-living increases are expected to occur, or intended to be provided.
2. Revise the actuarial funding method to amortize all past unfunded as well as new liabilities over a period not more than 30 years (we suggest shorter periods for various sources of new liability) and amortize future gains and losses over a period not more than 15 years. (Note that GASB 68 may require the expensing of liabilities at a faster pace than these amortization periods.)
3. Contribute at least the recommended contribution each year.

Deviations from these recommendations may result in an “actuarially unsound” approach to funding KJRP and may eventually result in KJRP becoming insolvent – that is, exhausting assets at which time all future benefits would be provided on a pay as you go basis.

Although the Actuarial Standards of Practice 4 “Measuring Pension Obligations” allows for plan liabilities to be calculated under a legally prescribed method, the statement goes on to say,

“If, in the actuary’s professional judgment, such an actuarial cost method or amortization method is significantly inconsistent with the plan accumulating adequate assets to make benefit payments when due, assuming that all actuarial assumptions will be realized and that the plan sponsor or other contributing entity will make contributions when due, the actuary should disclose this.”

It is our professional actuarial opinion that the current legally prescribed method, which requires contributions of normal cost plus interest on the unfunded liability plus 1% of the unfunded liability (per KRS 21.525) and which (per KRS 21.405) does not recognize cost of living increases effective after the most recent valuation (assuming future increases are expected), is inconsistent with the plan accumulating adequate assets to make benefit payments when due, assuming all actuarial assumptions are realized. The current method of amortizing unfunded liabilities will not result in the full amortization of those liabilities.

In addition, the total cost of the Medical Premium Supplement for the Hybrid Tier is approximately 0.75% of pay, compared to the required employee contribution of 1% of pay. As a result, members are paying approximately 0.25% of pay more than the benefits are expected to be worth. The Medical plan is currently significantly overfunded and, without any changes, is expected to be increasingly overfunded going forward.

Changes in Actuarial Assumptions

The following changes were made to the actuarial assumptions effective June 30, 2021:

	<u>Previous</u>	<u>Current</u>
Medical Trend Rates	7.00% decreasing to 6.75% over 3 years and following the Getzen model thereafter until reaching an ultimate rate of 3.94% in the year 2075	6.25% decreasing to 5.75% over 2 years and following the Getzen model thereafter until reaching an ultimate rate of 4.04% in the year 2075

The medical claims aging table change described above resulted in a decrease in liabilities and no change in the annual required contribution.

	<u>Previous</u>	<u>Current</u>
Expense Assumption	Estimated administrative expenses not reflected in the actuarial valuation	Estimated administrative expenses included

The expense assumption change described above resulted in no change in liabilities and an increase in the annual required contribution.

Additionally, the following changes were made to the actuarial assumptions as a result of the experience study completed in October 2020 and subsequently approved.

- > The mortality assumption was updated to the PubG-2010 (A) Public Retirement Plans Mortality Table with full generational projection under Scale MP-2020. For the OPEB Plan, the headcounted weighted version of this table was used.
- > Termination rates were updated to assume no terminations before retirement.
- > Retirement rates were updated to the rates shown in the Actuarial Assumptions section of this report.
- > The percentage of participants assumed married was updated from 80% to 70%.
- > The interest discount rate assumption for the hybrid tier was updated from 4.00% to 6.50%. The assumption for the traditional tier remained at 6.50%.

These changes resulted in an increase in liabilities and in the annual required contribution.

Summaries of the plan provisions, actuarial assumptions and methods can be found in the Basis of Valuation section of this report.

Actuarial Certification

The information contained in this document (including any attachments) is not intended by Findley, A Division of USI, to be used, and it cannot be used, for the purpose of avoiding penalties under the Internal Revenue Code that may be imposed on the taxpayer. The information and valuation results shown in this report are, to the best of our knowledge, complete and accurate and are based upon the following:

1. Employee census data as of July 1, 2021, submitted by the Kentucky Judicial Form Retirement System. This data was not audited by us but appears to be sufficient and reliable for purposes of the report.
2. Financial data as of June 30, 2021, submitted by the Kentucky Judicial Form Retirement System. This data was not audited by us but appears to be sufficient and reliable for purposes of the report.
3. Actuarial assumptions and methods as established either by statute or the KJRP Investment Committee. The actuarial assumptions currently adopted by the Committee appear to be reasonable, both individually and in aggregate. However, exclusion of retiree cost-of-living adjustments that can be reasonably anticipated to occur in future years (or for which there is an intent to provide in future years) does not reflect our best estimate of expected experience under the plan. As such, the valuation results presented in this report do not fully reflect the potential liability for future retiree cost-of-living adjustments. For purposes of the calculation of the Recommended Contribution, full future retiree cost-of-living adjustments have been reflected.
4. For purposes of GASB 67, 68, 74, and 75 disclosures, assets were split between pension and retiree medical liabilities on the basis of accrued liability as of July 1, 2008 and have been brought forward each year from that date based on actual cash flows and a prorata allocation of investment return. This methodology, initiated by the prior actuary, was based on guidance from the plan's auditor.

We believe the information is sufficiently complete and reliable. This report provides actuarial advice and does not constitute legal, accounting, tax or investment advice.

The actuarial valuation summarized in this report has been performed utilizing generally accepted actuarial principles. It is our opinion that the results fully and fairly disclose the actuarial position of the plan on the valuation date. We are senior consultants for Findley, A Division of USI, members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Certified by:



Matthew Widick, F.S.A., E.A., C.E.R.A., M.A.A.A.
Senior Consultant

September 30, 2021

Date



Joseph Meyers, F.S.A., E.A., M.A.A.A.
Senior Consultant
(OPEB Plan Only)

September 30, 2021

Date

Findley, A Division of USI
5301 Virginia Way, Suite 400
Brentwood, TN 37027

Annual Required Contribution

Determination of Annual Required Contribution as of July 1, 2021

1. Accrued Liability	<u>Pension</u>	+	<u>OPEB</u>	=	<u>Total</u>
Actives					
Actives	117,549,111		-		117,549,111
Medical Premium Supplement	-		16,911,856		16,911,856
Total Active Liability	<u>117,549,111</u>		<u>16,911,856</u>		<u>134,460,967</u>
Inactives					
Retired	227,686,703		-		227,686,703
Deferred Vested	3,662,970		-		3,662,970
Beneficiaries	30,635,780		-		30,635,780
Medical Premium Supplement	-		22,478,041		22,478,041
Total Inactive Liability	<u>261,985,453</u>		<u>22,478,041</u>		<u>284,463,494</u>
 Total Accrued Liability	 379,534,564		 39,389,897		 418,924,461
 2. Valuation Assets	 359,377,051		 107,318,924		 466,695,975
 3. Unfunded Past Service Liability	 20,157,513		 (67,929,027)		 (47,771,514)
 4. Gross Normal Cost					
Retirement Related	4,318,403		-		4,318,403
Medical Premium Supplement Related	-		650,744		650,744
Total Normal Cost	<u>4,318,403</u>		<u>650,744</u>		<u>4,969,147</u>
 5. Annual Covered Payroll	 29,536,690		 29,536,690		 29,536,690
 6. Estimated Employee Contributions for the Next 12 Months	 1,524,098		 66,073		 1,590,171
 7. Net Normal Cost (4 - 6)	 2,794,305		 584,671		 3,378,976
 8. Estimated Administrative Expenses	 371,600		 38,600		 410,200
 9. Interest plus 1% of Unfunded Past Service Liability	 1,511,813		 (5,094,677)		 n/a
 10. Preliminary Annual Required Contribution (max (0, 7 + 8 + 9))	 4,677,718		 -		 4,677,718
 11. Payment as a Percentage of Covered Payroll (10 / 5)	 15.84%		 0.00%		 15.84%

Liability Breakdown

	<u>Pension</u>	<u>OPEB</u>
Traditional Tier	\$ 377,246,057	\$ 39,235,016
<u>Hybrid Tier</u>	<u>2,288,507</u>	<u>154,881</u>
Total	\$ 379,534,564	\$ 39,389,897

Gross Normal Cost Breakdown

	<u>Pension</u>	<u>OPEB</u>
Traditional Tier	\$ 3,796,687	\$ 614,255
<u>Hybrid Tier</u>	<u>521,716</u>	<u>36,489</u>
Total	\$ 4,318,403	\$ 650,744

Estimated Employee Contribution Breakdown

	<u>Pension</u>	<u>OPEB</u>
Traditional Tier	\$ 1,193,734	\$ -
<u>Hybrid Tier</u>	<u>330,364</u>	<u>66,073</u>
Total	\$ 1,524,098	\$ 66,073

Estimated Cost of a One-Time COLA as of July 1, 2021

It is our understanding, effective July 1, 2013, that any future COLA's must be pre-funded (either by additional contributions or by excess assets). As of July 1, 2021, the plan has no available excess assets.

Approximate Cost of One Time 1.5% COLA

1. Liability In Payment	
a) Retired	227,686,703
b) Beneficiaries	30,635,780
Total Liability In Payment	<hr/> 258,322,483
2. Desired COLA Percentage	1.50%
3. Estimated Cost of One Time COLA for First Year (1 * 2)	3,874,837*
4. Estimated Cost of One Time COLA for Second Year (3 * 1.015)	3,932,960*

* Cost of 1.5% COLA increase applied to all members in pay status as of the valuation date.

Actuarial Asset Value

Determination of Actuarial Asset Value as of July 1, 2021

	2020-21 Plan Year	2019-20 Plan Year	2018-19 Plan Year	2017-18 Plan Year
Interest Return Assumption	6.5% (4.0% hybrid)	6.5% (4.0% hybrid)	6.5% (4.0% hybrid)	6.5% (4.0% hybrid)
Market Value at Beginning of Year				
Amount	\$ 440,345,549	\$ 431,034,410	\$ 397,381,006	\$ 371,858,379
Interest to End of Year	28,576,747	27,984,359	25,808,153	24,157,225
Employer Contributions				
Amount	6,770,812	8,732,300	8,732,300	13,172,000
Interest to End of Year	217,514	282,615	282,615	427,224
Member Contributions				
Amount	1,995,925	1,799,040	1,592,479	2,195,624
Interest to End of Year	60,941	55,048	48,561	68,941
Transfers from KERS				
Amount	-	-	-	633,475
Interest to End of Year	-	-	-	20,588
Benefits Paid				
Amount	26,215,094	26,389,189	26,229,715	25,155,782
Interest to End of Year	851,924	857,649	852,406	817,563
Expected End of Year Assets	450,900,470	442,640,934	406,762,993	386,560,111
Market Value at End of Year	582,355,568	440,345,549	431,034,410	397,381,006
Investment Gain (Loss)	131,455,098	(2,295,385)	24,271,417	10,820,895
Adjustment Percentage	80%	60%	40%	20%
Actuarial Asset Value				
Adjustment	(105,164,078)	1,377,231	(9,708,567)	(2,164,179)
Actuarial Asset Value (Market Value plus Adjustment)	\$466,695,975			

	Retirement	Medical Supplement
Market Value at Beginning of Year	\$341,306,128	\$99,039,421
State Contributions	6,770,812	-
Member Contributions	1,943,566	52,359
Transfers In Payments	-	-
Distributions	24,370,503	1,844,591
Allocated Investment Return	122,790,176	36,668,200
Market Value at End of Year	448,440,179	133,915,389
Allocation of Actuarial Asset Value	359,377,051	107,318,924

Summary of Benefits (Pension - Traditional Tier)

This summary is not a Summary Plan Description or a plan document. You should not rely solely on this summary in making a determination of eligibility of benefits. Liabilities and plan provisions are based on the plan data and provisions as of July 1, 2021.

Source

Sections 21.345-21.580 of the Kentucky Revised Statutes.

Eligibility for Membership

District, Circuit, Court of Appeals and Supreme Court Judges may, within 30 days after taking office, elect to make monthly contributions, and thereby become eligible for membership in the KJRP plan. Individuals commencing participation on or after January 1, 2014 will participate in the hybrid tier.

Employee Contributions

Members entering the plan on or after September 1, 2008 must contribute 6% of their “official salary”. Members entering the plan prior to September 1, 2008 must contribute 5% of their “official salary”. Once a member has earned sufficient service credit to have accrued a benefit of 100% of final average compensation, then employee contributions shall cease.

Normal Retirement

Condition

Members who have completed at least 8 years of service and have attained age 65. However, the age 65 requirement shall be reduced by one year for each five years of service, and one year for each year beyond the years of service needed to accrue a benefit of 100% of final average compensation, but with total reduction not to reduce the age requirement below 60. The full accrued benefit will also be payable upon completion of 27 years of service.

For purposes of determining years of service for vesting only, years of service under other authorized state systems will count.

Benefit Formula

The monthly retirement income, payable for the member’s lifetime, is based on the following formula:

Members who first participated before July 1, 1978, 5% of final average compensation multiplied by years of service, so long as his service continues without interruption. In no event shall the monthly retirement benefit exceed 100% of final average compensation. (Final average compensation means the average monthly compensation of the member for the 60 months of service immediately preceding retirement date, except for retirements occurring between January 1, 2003 and January 1, 2009, which shall use 36 months).

For an individual who first participated, or renewed former participation, between July 1, 1978 and June 30, 1980 the benefit shall be 4.15% of average compensation multiplied by years of service not to exceed 100% of average compensation.

For all other individuals, the benefit shall be 2.75% of average compensation multiplied by years of service not to exceed 100% of average compensation.

Early Retirement

Members who retire prior to normal retirement date with at least 8 years of service have two alternatives with regard to receiving retirement income as follows:

1. Upon reaching normal retirement age, the member may be vested with the right to receive a monthly service retirement allowance computed and payable on the basis of years of service and average salary for the 60 months prior to retirement, or
2. A member may elect to be paid, commencing as of the date of the election, a monthly service retirement allowance equivalent to the amount of monthly allowance that would have been paid had the member waited until reaching normal retirement age, but reduced in accordance with age at the time of election for each year under normal retirement age at the rate of 5% per year.

If the member has 27 or more years of service credit, there shall be no reduction for benefit commencement prior to normal retirement age. If the difference between the number of years of total governmental service and 27 is less than the difference between actual age and normal retirement age, the reduction shall be 5% for each year of service under 27.

Late Retirement

A judge may continue service beyond normal retirement age and continue to accrue service credits, but cannot receive a benefit in excess of 100% of final average compensation.

Disability Benefit

Condition

No service requirement.

Benefit

Upon determination of disability, a member will be eligible to receive $\frac{1}{2}$ of the monthly retirement income that would have been payable commencing at normal retirement date if this member had continued service until that date and then retired. In calculating the retirement income, average salary for the 5 years preceding disability will be used. When a disabled member reaches normal retirement date, the member may apply and start receiving the full amount of retirement income that would have been payable based upon the actual number of years of service and compensation, in lieu of the disability benefit.

Death Benefit

Upon the death of a member who at the time of death was receiving a retirement income (other than an actuarially reduced income), or was receiving a disability income, the surviving spouse (if married to the member at the time of retirement) is entitled to receive a monthly allowance equal to $\frac{1}{2}$ of what the member was receiving for his/her lifetime.

If a member dies after retirement, and was at the time receiving an actuarially reduced allowance, or was not receiving an allowance, but had acquired a vested right to have received an allowance upon reaching normal

retirement date, the surviving spouse (if married to the member at the time of retirement) is entitled to receive $\frac{1}{2}$ of the monthly allowance the member would have received at normal retirement date for his/her lifetime.

If an active member dies before retirement and before reaching normal retirement age, without regard to length of service, the surviving spouse is entitled to receive a monthly allowance payable for his/her lifetime equal to $\frac{1}{2}$ of the monthly retirement income the member would have received commencing at the member's normal retirement date as if the member had continued in service until that date and then retired, computed on the basis of final compensation at the time of death.

If a member dies before retirement and after reaching normal retirement date, the surviving spouse is entitled to receive a monthly allowance payable for his/her lifetime equal to $\frac{1}{2}$ of the monthly allowance the member would have been entitled to on the basis of years of service, had the member retired on his date of death, computed on the basis of final compensation at the time of death.

If a member is not married at the time of death, any death benefits described above to which a surviving spouse would have been entitled will be payable to the children of the deceased member until such time as the youngest child attains age 21, or for the life of a disabled child. Also, a member may designate that survivor benefits shall go in part or in total to minor children instead of the spouse.

If cumulative payments to the member and/or beneficiary do not exceed the member's total contributions to this plan, then the excess of such contributions over cumulative plan benefits paid shall be paid as an additional death benefit.

Termination Benefit

If a Judge ceases to be a member of the plan other than by death or disability without having completed at least 8 years of service, then the amount of the member's accumulated contributions shall be returned to the member. If, thereafter, this individual again becomes a holder of an office qualifying for membership in this plan then this individual shall not be entitled to credit for the prior period of service unless, at the time he again participates in the plan, the amount previously refunded is repaid with interest.

Cost-of-Living Adjustment

Ad hoc cost-of-living adjustments (COLA's) have been granted as noted below:

Effective Date of Increase	Percentage Increase	Increase Applies To Benefits Based on Service Prior To
7/1/1986	5%	6/30/1980
7/1/1988	5%	6/30/1982
7/1/1989	5%	6/30/1982
7/1/1990	5%	6/30/1990
7/1/1991	5%	6/30/1991
7/1/1993	3%	6/30/1993
7/1/1994	5%	6/30/1994
7/1/1995	5%	6/30/1995
7/1/1996	None	N/A
7/1/1997	None	N/A
8/1/1998	2.3%	N/A
7/1/1999	1.6%	N/A
7/1/2000	2.2%	N/A
7/1/2001	3.4%	N/A
7/1/2002	2.85%	N/A
7/1/2003	1.6%	N/A
7/1/2004	2.3%	N/A
7/1/2005	2.7%	N/A
7/1/2006	3.4%	N/A
7/1/2007	3.2%	N/A
7/1/2008	2.8%	N/A
7/1/2009 and later*	1.5%	N/A

*COLA's were suspended for fiscal years beginning in 2012 and later; COLA's after 7/1/2013 are not reflected in this valuation. No further COLA's will be granted until the plan is 100% funded, unless a one-time COLA is 100% prefunded.

In addition, a provision for an on-going cost-of-living adjustment is made by statute. Effective August 1, 1998 and each July 1 thereafter, a recipient of a monthly pension shall receive a cost-of-living adjustment keyed to the Consumer Price Index. This COLA is excluded from the inviolable contract and can be repealed by the General Assembly at any time. Beginning July 1, 2009, if granted, this cost-of-living adjustment will be 1.50% for all retirees who have been retired in excess of one year and prorated for those retired less than one year.

Pursuant to statutory requirements, COLA increases are not reflected in plan liabilities until actually granted, except for any anticipated COLA adjustments under the provision as in effect prior to August 1, 1998.

Summary of Benefits (Pension - Hybrid Tier)

Source

Sections 21.345-21.580 of the Kentucky Revised Statutes. {See 2013 Senate Bill 2}.

Eligibility for Membership

District, Circuit, Court of Appeals and Supreme Court Judges may, within 30 days after taking office, elect to make monthly contributions, and thereby become eligible for membership in the KJRP-HT plan. Individuals commencing participation before January 1, 2014 became participants in the KJRP.

Hypothetical Member Accounts

The Hypothetical Member Account for each member is credited monthly with 9% of “creditable compensation” (including a 5% employee credit and a 4% state credit), as well as interest as described below. The Hypothetical Member Account balance on June 30 each year is equal to the sum of all prior contribution credits and all prior interest credits.

Employee Contributions

All members contribute 5% of their “creditable compensation” to help fund their pension benefit. Additionally, all members contribute 1% of their “creditable compensation” towards the retiree medical benefit.

State Contributions

The state contributes actuarially determined amounts to finance benefits.

Creditable Compensation

Creditable compensation is based on actual compensation received during each year.

Interest on Hypothetical Member Accounts

The Hypothetical Member Account will be credited with 4% annually. The credit will be applied on each June 30 based upon the Hypothetical Member Account balance from the preceding June 30. No interest credit is provided for contribution credits made in the current year.

Additionally, if the geometric average net investment return for the prior five years (or years since the effective date of the hybrid plan, if less) exceed 4%, members who were active and participating in the prior year will have their hypothetical accounts credited with 75% of the amount of the return over 4%. This additional interest credit is applied in the same method as the interest credit in the prior paragraph.

Normal Retirement

Condition

Members who have attained age 65 and completed at least 5 years of service. However, for members who are at least age 57, members may retire if age plus service equals 87 years.

Benefit

A member will receive their accumulated Hypothetical Account as either a lump sum or as one of a variety of annuity options, calculated by dividing their accumulated Hypothetical Account by an actuarial factor.

Early Retirement

A member who retires prior to normal retirement date with at least 5 years of service is eligible for a full refund of their accumulated Hypothetical Account as a lump sum.

Termination Benefit

If a judge ceases to be a member of the plan prior to having 5 years of service, the amount of the member's accumulated contributions shall be returned to the member, including the member contributions and the interest applicable to this portion of the account. A member terminating with less than 5 years of service does not receive a refund of state contributions nor the interest applicable to this portion of the account.

Death Benefit

Upon the death of a member who at the time of death was receiving a retirement income, the named beneficiary shall receive survivor benefits based upon the form of retirement benefits being received.

If a member with at least 5 years of service dies before retirement, the named beneficiary is entitled to receive a full refund of the accumulated Hypothetical Member Account. If a member with less than 5 years of service dies before retirement, the named beneficiary is entitled to receive a refund of the member's accumulated contributions, including the member contributions and the interest applicable to this portion of the account.

Summary of Benefits (OPEB Plan)

Eligibility

For those hired prior to January 1, 2014, participants and their covered dependents are eligible under the same requirements as in the KJRP Traditional Tier. For those hired on or after January 1, 2014, participants and their covered dependents are eligible under the same requirements as in the KJRP Hybrid Tier.

Benefits

Retirees and their covered spouses are provided access to the State of KY group medical plan. Benefits for eligible retirees and their covered spouses are provided for life.

Contributions

Traditional Tier

Retiree and their covered spouses are required to pay a portion of the medical insurance premiums to receive coverage under the group medical plan. The percentage will vary based on the number of years of service credit as follows:

<u>Years of Service Credit at Retirement</u>	<u>Percentage of Medical Insurance Premium Paid by the Plan</u>
20 or more	100%
15, but less than 20	75%
10, but less than 15	50%
4, but less than 10	25%
Less than 4	0%

Hybrid Tier

Retired members with at least 15 years of service, in addition to actual retirement benefits, will receive a monthly medical insurance benefit of ten dollars per year of service. All members contribute 1% of creditable compensation during active service. In addition, during retirement members must contribute the difference between the premium rates in effect that year and their monthly medical insurance stipend.

Actuarial Assumptions

Interest

6.5% per annum – this rate was selected by the KJRP Investment Committee and Findley, A Division of USI, and the Fund Investment Manager believe this to be a reasonable long-term rate of return assumption.

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at the current statutory contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, 6.5% was used for the discount rate/long-term rate of return assumption for GASB calculations.

Mortality

PubG-2010 (A) Table with Pre and Post Commencement Rates with projected mortality improvements after year 2010 under Projection Scale MP-2020 (male and female scales); i.e., full generational mortality. For the OPEB Plan, the headcounted weighted version of this table was used.

Terminations

None assumed

Salary Increases

1% for the next 3 years and 3.5% thereafter.

Disability

None

Retirement Age

Retirements were assumed to occur as follow:

<u>Retirement Age</u>	<u>Percentage of Active Members Retiring</u>
NRA-5	15.00%
NRA-4	7.50%
NRA-3	7.50%
NRA-2	15.00%
NRA-1	20.00%
NRA	20.00%
Above NRA	33.33%*
Age 70	100.00%

NRA = Normal Retirement Age

In addition to these rates, for members of the traditional tier only, an extra 20% rate is assumed at the age a member reaches 27 years of service credit.

Post-Retirement Death Benefit

Assumption is that 70% of the judges would be married at retirement and the husband would be 3 years older than the wife on average.

Pre-Retirement Death Benefit

Assumption is that 70% of the judges would be survived by a spouse upon death prior to retirement and that the husband would be 3 years older than the wife on average.

Cost-of-Living Adjustment

Pursuant to statutory requirements, COLA increases are not reflected in plan liabilities until actually granted.

Expenses

Estimated administrative expenses (assumed to be \$410,200 effective for the 2021-22 plan year).

Medical Insurance Premium Supplement

Plan Participation

100% of future eligible retirees are assumed to elect coverage at retirement.

Marital Status

Current elections are assumed to persist each year in the future. For pre-Medicare 2021 data, we expect approximately 42% of those covered also cover a spouse. For post-Medicare participants, we expect 70% will cover a spouse.

Medical Claims Cost for 2021-22

The per contract medical claims cost for 2021-2022 is determined based on the group premium rates, weighted by tier of coverage, and applied on a per contract basis based on the member's life. Weighted premiums are aged from the average age of the covered group. The premiums for 2021-22 and the current tier elections are shown in the table below:

	Monthly Premium Rates	Current Tier Elections
<i>Pre-Medicare Coverage</i>		
Family	\$1,841.08	21.67%
Single	\$753.76	46.67%
Parent Plus	\$1,075.44	11.67%
Member and Spouse	\$1,653.10	20.00%
<i>Medicare Coverage</i>		
Medicare Advantage PPO	\$274.91	100.00%

Based on these weightings, the assumed annual claims cost per contract for a male, age 65 are:

<u>Pre-65 Cost</u>	<u>Post-65 Cost</u>
\$ 17,486	\$ 5,608

Age Variance

Claims were adjusted downward using the aging factors in the Dale Yamamoto study released by the Society of Actuaries in June 2013 for attained ages 55 to 65. No aging was applied to the Medicare Advantage premium rates.

Health Care Cost Trend Rate

6.25% grading to 5.75% over 2 years and following the Getzen model thereafter until reaching an ultimate rate of 4.04% in the year 2075.

Administrative Expenses

Administrative expenses are assumed to be included in the per capita claims cost.

Retiree Contributions

Traditional Tier

Retirees are required to pay a percentage of the premium rate in effect at retirement based on years of service, as described in the plan provisions section of the report. The premium rates for 2021-22 are based on a weighted average of the current tier elections shown in the medical claims cost section of this report. Per contract premiums for 2021-22 are assumed to be:

<u>Pre-65 Cost</u>	<u>Post-65 Cost</u>
\$ 14,481	\$ 5,608

Hybrid Tier

Retirees are required to contribute 1% of creditable compensation during active service. Upon retirement, retirees must contribution the difference between the premium rates in effect each year and their monthly stipend. Monthly stipends are \$10 per year of service. The total premium rates before the stipend for 2021-22 are based on a weighted average of the current tier elections shown in the medical claims cost section of this report. Per contract premiums for 2021-22 are assumed to be:

<u>Pre-65 Cost</u>	<u>Post-65 Cost</u>
\$ 14,481	\$ 5,608

Coordination with Medicare

Benefits for retirees are deemed to be similar to those benefits provided for actives. The retiree medical plan is assumed to be the primary plan of benefits prior to age 65. It is assumed to pay benefits secondary to Medicare after attaining age 65.

Non-members

Judges electing not to participate are assumed to continue as non-members in the future.

Actuarial Methods

Funding Method

Accrued liability and normal cost calculated based on Entry Age Normal funding method. The required contribution is calculated based on KRS 21.525, which requires contributions of normal cost plus interest on the unfunded liability plus 1% of the unfunded liability.

Asset Valuation Method

The determination of the actuarial value of assets is as follows:

1. Investment gains/losses are determined for each year by comparing the expected value of assets based on the assumed interest assumption to actual market value. Expected value of assets in each year shall be determined by projecting the market value of assets from the prior year using the assumed interest rate, plus contributions less benefit payments and plan expenses (adjusted with interest at the assumed rate). If the expected value of plan assets is different than the actual market value of plan assets then the difference is treated as a gain or loss for that year.
2. The amount of any gain or loss as determined above shall be recognized evenly over the subsequent five years.
3. The actuarial value of assets on any valuation date shall be equal to the market value of assets on that date adjusted as follows:
 - > Reduced by 80% of a gain or increased by 80% of a loss from the preceding year
 - > Reduced by 60% of a gain or increased by 60% of a loss from the 2nd preceding year
 - > Reduced by 40% of a gain or increased by 40% of a loss from the 3rd preceding year
 - > Reduced by 20% of a gain or increased by 20% of a loss from the 4th preceding year
4. In no event will the actuarial value of assets be less than 80% or greater than 120% of the current market value of assets

This asset valuation method is used in the determination of funding levels. The fair market value of assets is used for disclosure purposes under GASB Statement Nos. 67, 68, 74, and 75.

For purposes of GASB Statement Nos. 67, 68, 74, and 75, the market value of assets has been allocated between retirement related and medical premium supplement liabilities. This market value allocation is carried forward each year based on the following:

1. State and member contributions, as well as transfers for purchase of additional service, are allocated pro-rata reflecting the Annual Required Contribution for that year.
2. Benefits paid reflect actual benefits paid relative to retirement related benefits separately from medical premium supplements.
3. Preliminary assets are determined by adjusting beginning value for allocated State and member contributions and actual benefits paid.
4. Net investment return is allocated pro-rata based on the preliminary assets developed in the previous step.
5. Allocated assets as of the valuation date equal the preliminary balance plus the allocated share of investment income.

Actuarial value of assets is developed initially in total and then allocated between retirement related benefits and medical premium supplement benefits on a pro-rata basis reflecting allocated share of market value as of the valuation date.

GASB Statement No. 67

Statement of Changes in Fiduciary Net Position

	<u>June 30, 2021</u>
Additions	
Contributions:	
Employer	\$6,770,812
Employee	<u>1,943,566</u>
Total Contributions	8,714,378
Transfer In Payments	0
Investment Income	122,790,176
Other	<u>0</u>
Total Additions	131,504,554
Deductions	
Benefit Payments / Refunds	24,370,503
Administrative Expenses	0
Other	<u>0</u>
Total Deductions	<u>24,370,503</u>
Net Increase in Net Position	107,134,051
Net Position Restricted for Pensions	
Beginning of Year Market Value of Assets	<u>341,306,128</u>
End of Year Market Value of Assets	<u><u>\$448,440,179</u></u>

Net Pension Liability

Determination of Net Pension Liability

	June 30, 2021
Total Pension Liability (6.5%)	379,534,564
Plan Fiduciary Net Position (Market Value of Assets)	(448,440,179)
Net Pension Liability	(\$68,905,615)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	118.16%

Sensitivity of Net Pension Liability to Changes in the Discount Rate

	1% Decrease	Current Rate	1% Increase
	5.50%	6.50%	7.50%
Net Pension Liability	(\$30,909,803)	(\$68,905,615)	(\$101,198,896)

Schedule of Changes in the Net Pension Liability and Related Ratios (Dollar amounts in millions)

	fiscal year ending June 30									
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Total Pension Liability										
Service cost	\$5.0	\$5.0	\$5.0	\$4.9	\$4.1	\$4.1	\$3.5	\$3.6		
Interest	21.9	22.2	23.4	23.8	22.7	22.9	23.4	23.7		
Changes of benefit terms	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0		
Differences between expected and actual experience	0.0	4.4	0.0	(8.8)	0.0	(0.1)	0.0	(5.3)		
Changes of assumptions	29.1	(4.4)	0.0	(2.1)	0.0	(7.7)	0.0	9.1		
Benefit Payments / Refunds	(21.8)	(22.3)	(22.9)	(23.0)	(23.2)	(24.2)	(24.4)	(24.4)		
Net Change in Total Pension Liability	\$34.2	\$5.0	\$5.5	(\$5.3)	\$3.7	(\$4.9)	\$2.5	\$6.7		
Total Pension Liability - beginning	332.1	366.3	371.3	376.8	371.5	375.2	370.3	372.7		
Total Pension Liability - ending (a)	\$366.3	\$371.3	\$376.8	\$371.5	\$375.2	\$370.3	\$372.7	\$379.5		
Plan Fiduciary Net Position (Market Value of Assets)										
Contributions - employer	\$10.8	\$15.1	\$15.2	\$12.0	\$12.0	\$8.7	\$8.7	\$6.8		
Contributions - employee	2.8	1.9	1.8	1.6	2.0	1.5	1.7	1.9		
Transfer In Payments	1.6	0.2	0.1	0.0	0.6	0.0	0.0	0.0		
Net investment income	33.2	25.6	8.7	34.6	27.1	38.6	19.5	122.8		
Benefit Payments / Refunds	(21.8)	(22.2)	(22.9)	(23.0)	(23.2)	(24.2)	(24.4)	(24.4)		
Administrative expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Net Change in Plan Fiduciary Net Position	\$26.6	\$20.7	\$2.9	\$25.2	\$18.4	\$24.6	\$5.6	\$107.1		
Plan Fiduciary Net Position - beginning	217.3	243.9	264.6	267.5	292.7	311.1	335.7	341.3		
Plan Fiduciary Net Position - ending (b)	\$243.9	\$264.6	\$267.5	\$292.7	\$311.1	\$335.7	\$341.3	\$448.4		
Net Pension Liability - ending (a) - (b)	\$122.4	\$106.7	\$109.3	\$78.8	\$64.1	\$34.6	\$31.4	(\$68.9)		
Plan Fiduciary Net Position as a % of the Total Pension Liability	66.6%	71.3%	71.0%	78.8%	82.9%	90.7%	91.6%	118.2%		
Covered-employee payroll	\$32.9	\$30.0	\$30.0	\$27.6	\$27.9	\$25.4	\$25.6	\$29.5		
Net Pension Liability as a % of covered-employee payroll	371.7%	355.7%	364.3%	285.5%	229.7%	136.2%	122.7%	(233.6%)		
Discount Rate (traditional)	6.15%	6.41%	6.41%	6.24%	6.24%	6.47%	6.47%	6.50%		
Discount Rate (hybrid)	n/a	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	6.50%		

Schedule of Contributions

	fiscal year ending June 30									
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Actuarially determined contribution ¹	\$15.2	\$15.1	\$15.1	\$11.9	\$11.9	\$9.2	\$9.8	\$6.7		
Contributions in relation to the actuarially determined contribution	10.8	15.1	15.1	11.9	11.9	8.6	8.6	6.8		
Contribution deficiency (excess)	<u>\$4.4</u>	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.6</u>	<u>\$1.2</u>	<u>(\$0.1)</u>		
Covered-employee payroll	\$32.9	\$30.0	\$30.0	\$27.6	\$27.9	\$25.4	\$25.6	\$29.5		
Contributions as a percentage of covered-employee payroll	32.8%	50.3%	50.3%	43.1%	42.7%	33.9%	33.6%	23.1%		

¹ Starting with the Fiscal Year Ending June 30, 2019, due to the lag period between the calculated date and the actual contributions, the Actuarially Determined Contribution has been adjusted with interest at the funding interest rate assumption.

Additional Requirements Under GASB Statement No. 67

GASB Statement No. 67 also requires a Statement of Fiduciary Net Position (which includes a breakdown of current assets by type) and additional investment information, including the annual money-weighted rate of return. In order to satisfy GASB Statement No. 67, these required pieces will need to be provided by the Kentucky Judicial Form Retirement System. Findley, A Divisions of USI is prepared to assist the system as needed.

GASB Statement No. 68

Schedule of Changes in NPL, Deferrals, & Pension Expense

	Increase (Decrease)					
	Total Pension Liability (a)	Plan Net Position (Assets) (b)	Net Pension Liability (a) - (b)	Deferred Pension Outflows of Resources	Deferred Pension Inflows of Resources	Pension Expense
Balances--at 06/30/20	<u>\$ 372,741,124</u>	<u>\$ 341,306,128</u>	<u>\$ 31,434,996</u>	<u>\$ 9,188,482</u>	<u>\$ 18,037,006</u>	
Changes for the Year:						
Service cost	3,562,646		3,562,646			3,562,646
Interest expense	23,733,707		23,733,707			23,733,707
Benefit changes						
Experience losses (gains)	(5,262,350)		(5,262,350)	-	3,269,036	(1,972,037)
Changes of assumptions	9,129,940		9,129,940	5,671,629	-	3,457,550
Contributions--State		6,770,812	(6,770,812)			
Contributions--Members		1,943,566	(1,943,566)			(1,943,566)
Transfer In Payments		-	-			
Net investment income		122,790,176	(122,790,176)			
Expected return on plan investments						(21,563,793)
Current expense of asset gain/loss						(28,620,879)
Non expensed asset gain/loss				-	80,981,106	
Refunds of contributions	-	-	-			
Benefits paid	(24,370,503)	(24,370,503)	-			
Plan administrative expenses						
Recognition of Prior Post-measurement Contribution				(7,463,938)		
Post-measurement Contribution				7,177,846		
Other changes						
Amortization of or change in beginning balances				(435,074)	(8,790,161)	
Net Changes	<u>6,793,440</u>	<u>107,134,051</u>	<u>(100,340,611)</u>	<u>4,950,463</u>	<u>75,459,981</u>	<u>(23,346,372)</u>
Balances--at 06/30/21	<u>\$ 379,534,564</u>	<u>\$ 448,440,179</u>	<u>\$(68,905,615)</u>	<u>\$ 14,138,945</u>	<u>\$ 93,496,987</u>	<u>\$(23,346,372)</u>

Pension Expense & Deferred Outflows/Inflows of Resources

For the year ended June 30, 2022, the recognized pension expense will be (\$23,346,372). At June 30, 2022, the Kentucky Judicial Form Retirement System reported deferred outflows of resources and deferred inflows of resources in relation to pensions from the following sources:

	As of June 30, 2021			As of June 30, 2022		
	Deferred Outflows of Resources	Deferred Inflows of Resources	Recognized in Pension Expense	Deferred Outflows of Resources	Deferred Inflows of Resources	Remaining Amort. Period
Experience losses (gains)						
- 6/30/2017	55,463	-	5,354	50,109		9.360 years
- 6/30/2019	193,918	-	15,924	177,994		11.178 years
- 6/30/2021	-	5,262,350	(1,993,314)	-	3,269,036	1.640 years
subtotal	249,381	5,262,350	(1,972,037)	228,103	3,269,036	
Change of assumptions						
- 6/30/2017	-	7,881	(761)	-	7,120	9.360 years
- 6/30/2021	9,129,940	-	3,458,311	5,671,629	-	1.640 years
subtotal	9,129,940	7,881	3,457,550	5,671,629	7,120	
Net difference between projected and actual earnings on investments						
- 6/30/2017	-	3,270,187	(3,270,187)	-	-	0.000 years
- 6/30/2018	-	3,357,369	(1,678,684)	-	1,678,685	1.000 years
- 6/30/2019	-	11,341,560	(3,780,520)	-	7,561,040	2.000 years
- 6/30/2020	1,415,156	-	353,789	1,061,367	-	3.000 years
- 6/30/2021	-	101,226,383	(20,245,277)	-	80,981,106	4.000 years
subtotal	1,415,156	119,195,499	(28,620,879)	1,061,367	90,220,831	
Total	\$ 10,794,477	\$ 124,465,730	\$(27,135,366)	\$ 6,961,099	\$ 93,496,987	

Actual investment earnings above (or below) projected earnings are amortized over 5 years. Plan experience and changes of assumptions are amortized over the average remaining service period of actives and inactive (0 years of future service is assumed for inactive for this calculation).

Pension Expense & Deferred Outflows/Inflows of Resources (continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2023	(23,865,179)
2024	(22,713,896)
2025	(19,870,972)
2026	(20,224,758)
2027	20,516
Thereafter	118,401

In addition, Governmental Accounting Standards Board Statement 71 ("GASB 71") requires contributions between the measurement date (July 1, 2021) and the disclosure date (June 30, 2022) for GASB 68 be reported as a deferred outflow of resources.

Sources of Gains and Losses

Experience Losses (gains)	\$ (5,262,350)
Change of Assumptions Losses (gains)	9,129,940
<u>Asset Losses (gains)</u>	<u>(101,226,383)</u>
Total	\$ (97,358,793)

GASB Statement No. 74

Statement of Changes in Fiduciary Net Position

	<u>June 30, 2021</u>
Additions	
Contributions	
Employer	0
Employee	<u>52,359</u>
Total Contributions	52,359
Transfer In Payments	0
Investment Income	36,668,200
Other	<u>0</u>
Total Additions	<u>36,720,559</u>
Deductions	
Benefit Payments / Refunds	1,844,591
Administrative Expenses	0
Other	<u>0</u>
Total Deductions	<u>1,844,591</u>
Net Increase in Net Position	<u>34,875,968</u>
Net Position Restricted for OPEB	
Beginning of Year Market Value of Assets	<u>99,039,421</u>
End of Year Market Value of Assets	<u><u>\$133,915,389</u></u>

Net OPEB Liability

Determination of Net OPEB Liability

Total OPEB Liability	39,389,897
Plan Fiduciary Net Position (Market Value of Assets)	<u>(133,915,389)</u>
Net OPEB Liability	<u><u>(\$94,525,492)</u></u>

Plan Fiduciary Net Position as a Percentage of Total OPEB Liability 339.97%

Sensitivity of Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

	1% Decrease on Trend Assumption	Current Trend Assumption	1% Increase on Trend Assumption
Net OPEB Liability	(\$98,693,698)	(\$94,525,492)	(\$89,544,556)

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

	1% Decrease 5.50%	Current Rate 6.50%	1% Increase 7.50%
Net OPEB Liability	(\$89,719,406)	(\$94,525,492)	(\$98,540,671)

Schedule of Changes in the Net OPEB Liability and Related Ratios

(Dollar amounts in millions)

	fiscal year ending June 30									
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Total OPEB Liability										
Service cost	\$1.2	\$0.9	\$0.9	\$0.7	\$0.7					
Interest	4.6	3.3	3.6	3.0	3.2					
Changes of benefit terms	0.0	0.0	0.0	0.0	0.0					
Differences between expected and actual experience	(22.1)	0.0	(9.7)	0.0	(9.3)					
Changes of assumptions	5.6	0.0	0.1	0.0	(2.3)					
Benefit Payments / Refunds	(1.9)	(2.0)	(2.0)	(2.0)	(1.8)					
Net Change in Total OPEB Liability	(\$12.6)	\$2.2	(\$7.1)	\$1.8	(\$9.6)					
Total OPEB Liability - beginning	64.7	52.1	54.4	47.3	49.0					
Total OPEB Liability - ending (a)	\$52.1	\$54.4	\$47.3	\$49.0	\$39.4					
Plan Fiduciary Net Position (Assets)										
Contributions - employer	\$1.2	\$1.2	\$0.0	\$0.0	\$0.0					
Contributions - employee	0.1	0.2	0.0	0.0	0.1					
Transfer In Payments	0.0	0.1	0.0	0.0	0.0					
Net investment income	9.4	7.6	11.0	5.6	36.7					
Benefit Payments / Refunds	(1.9)	(2.0)	(2.0)	(2.0)	(1.8)					
Administrative expenses	0.0	0.0	0.0	0.0	0.0					
Other	0.0	0.0	0.0	0.0	0.0					
Net Change in Plan Fiduciary Net Position	\$8.8	\$7.1	\$9.1	\$3.7	\$35.0					
Plan Fiduciary Net Position - beginning	70.3	79.2	86.3	95.4	99.0					
Plan Fiduciary Net Position - ending (b)	\$79.2	\$86.3	\$95.4	\$99.0	\$133.9					
Net OPEB Liability - ending (a) - (b)	(\$27.0)	(\$31.9)	(\$48.0)	(\$50.1)	(\$94.5)					
Plan Fiduciary Net Position as a % of the Total OPEB Liability	152.0%	158.6%	201.7%	202.0%	339.8%					
Covered-employee payroll	\$30.3	\$30.6	\$30.6	\$30.9	\$29.5					
Net OPEB Liability as a % of covered-employee payroll	(89.1%)	(104.2%)	(156.9%)	(162.1%)	(320.3%)					
Discount Rate (traditional)	6.50%	6.50%	6.50%	6.50%	6.50%					
Discount Rate (hybrid)	4.00%	4.00%	4.00%	4.00%	6.50%					

Schedule of Contributions

	fiscal year ending June 30									
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Actuarially determined contribution ¹	\$1.2	\$1.2	\$0.0	\$0.0	\$0.0					
Contributions in relation to the actuarially determined contribution	1.2	1.2	0.0	0.0	0.0					
Contribution deficiency (excess)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0					
Covered-employee payroll	\$30.3	\$30.6	\$30.6	\$30.9	\$29.5					
Contributions as a percentage of covered-employee payroll	4.0%	3.9%	0.0%	0.0%	0.0%					

¹ Starting with the Fiscal Year Ending June 30, 2019, due to the lag period between the calculated date and the actual contributions, the Actuarially Determined Contribution has been adjusted with interest at the funding interest rate assumption.

Additional Requirements Under GASB Statement No. 74

GASB Statement No. 74 also requires a Statement of Fiduciary Net Position (which includes a breakdown of current assets by type) and additional investment information, including the annual money-weighted rate of return. In order to satisfy GASB Statement No. 74, these required pieces will need to be provided by the Kentucky Judicial Form Retirement System. Findley, A Division of USI is prepared to assist the system as needed.

GASB Statement No. 75

Schedule of Changes in NOL, Deferrals, & OPEB Expense

	Increase (Decrease)		Deferred OPEB Outflows of Resources	Deferred OPEB Inflows of Resources	OPEB Expense
	Total OPEB Liability (a)	Plan Net Position (Assets) (b)			
Balances--at 06/30/21	<u>\$ 48,982,286</u>	<u>\$ 99,039,421</u>	<u>\$ (50,057,135)</u>	<u>\$ 538,538</u>	<u>\$ 5,085,853</u>
Changes for the Year:					
Service cost	702,177		702,177		702,177
Interest expense	3,174,537		3,174,537		3,174,537
Benefit changes					
Experience losses (gains)	(9,283,144)		(9,283,144)	-	5,766,802
Changes of assumptions	(2,341,368)		(2,341,368)	-	1,454,486
Contributions--State		-	-		
Contributions--Members		52,359	(52,359)		(52,359)
Transfer In Payments		-	-		
Net investment income		36,668,200	(36,668,200)		
Expected return on plan investments					(6,439,485)
Current expense of asset gain/loss					(8,385,284)
Non expensed asset gain/loss				-	24,182,972
Refunds of contributions	-	-	-		
Benefits paid	(1,844,591)	(1,844,591)	-		
Plan administrative expenses					
Recognition of Prior Post-measurement Contribution				(91,217)	
Post-measurement Contribution				-	
Other changes					
Amortization of or change in beginning balances				(114,836)	(2,452,831)
Net Changes	<u>(9,592,389)</u>	<u>34,875,968</u>	<u>(44,468,357)</u>	<u>(206,053)</u>	<u>28,951,429</u>
Balances--at 06/30/22	<u>\$ 39,389,897</u>	<u>\$ 133,915,389</u>	<u>\$(94,525,492)</u>	<u>\$ 332,485</u>	<u>\$ 34,037,282</u>

OPEB Expense & Deferred Outflows/Inflows of Resources

For the year ended June 30, 2022, the recognized OPEB expense will be (\$15,402,096). At June 30, 2022, the Kentucky Judicial Form Retirement System reported deferred outflows of resources and deferred inflows of resources in relation to OPEBs from the following sources:

	As of June 30, 2021		Recognized in Pension Expense	As of June 30, 2022		
	Deferred Outflows of Resources	Deferred Inflows of Resources		Deferred Outflows of Resources	Deferred Inflows of Resources	Remaining Amort. Period
Experience losses (gains)						
- 6/30/2017	3,475	-	335	3,140	-	9.360 years
- 6/30/2019	13,269	-	1,090	12,179	-	11.178 years
- 6/30/2021	-	9,283,144	(3,516,342)	-	5,766,802	1.640 years
subtotal	16,744	9,283,144	(3,514,917)	15,319	5,766,802	
Change of assumptions						
- 6/30/2021	1,419	-	117	1,302	-	11.178 years
- 6/30/2021	-	2,341,368	(886,882)	-	1,454,486	1.640 years
subtotal	1,419	2,341,368	(886,765)	1,302	1,454,486	
Net difference between projected and actual earnings on investments						
- 6/30/2017	-	885,571	(885,571)	-	-	0.000 years
- 6/30/2018	-	970,989	(485,495)	-	485,494	1.000 year
- 6/30/2019	-	3,221,291	(1,073,763)	-	2,147,528	2.000 years
- 6/30/2020	421,152	-	105,288	315,864	-	3.000 years
- 6/30/2021	-	30,228,715	(6,045,743)	-	24,182,972	4.000 years
subtotal	421,152	35,306,566	(8,385,284)	315,864	26,815,994	
Total	\$ 439,315	\$ 46,931,078	\$(12,786,966)	\$ 332,485	\$ 34,037,282	

Actual investment earnings above (or below) projected earnings are amortized over 5 years. Plan experience and changes of assumptions are amortized over the average remaining service period of actives and inactive (0 years of future service is assumed for inactive for this calculation).

OPEB Expense & Deferred Outflows/Inflows of Resources (continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

Year ended June 30:	
2023	(11,901,394)
2024	(9,830,742)
2025	(5,938,913)
2026	(6,044,201)
2027	1,542
Thereafter	8,911

In addition, Governmental Accounting Standards Board Statement 71 (“GASB 71”) requires contributions between the measurement date (July 1, 2021) and the disclosure date (June 30, 2022) for GASB 75 be reported as a deferred outflow of resources.

Sources of Gains and Losses

Experience Losses (gains)	\$ (9,283,144)
Change of Assumptions Losses (gains)	(2,341,368)
<u>Asset Losses (gains)</u>	<u>(30,228,715)</u>
Total	\$ (41,853,227)

Risk Assessment

Risk Factor	Initial Risk Assessment Language
Investment	Due to the plan's substantial equity exposure, investment returns will likely be much more volatile than the measurements of plan liabilities. Therefore, there is a risk that the funded status of the plan, as well as required plan contributions, could be volatile.
Assumed Rate of Return	Due to the plan's estimated duration of 9 to 11, a 1% decrease in the assumed rate of investment return would increase the measurement of the liability by 9% to 11%.
Longevity	Since nearly all of the plan liability is projected to be paid as annuities, the plan is sensitive to changes in overall population longevity. As a result, the liabilities will fluctuate with changes in longevity. The ratio of retired life liability to total liability is 68%, suggesting there is less sensitivity to long-term changes in overall mortality improvement than a less mature plan.
Other demographic factors	Due to the eligibility for unreduced and subsidized retirement benefits, employees continuing in service for longer than expected will accrue additional benefits which may or may not result in larger liabilities. Conversely, employees retiring sooner than anticipated will accrue smaller benefits which may or may not result in smaller liabilities.
Lump sums	No significant known risks. However, as the Hybrid Tier becomes a larger percentage of the total liability, this risk will become more significant. Since lump sum benefits are equal to the cash balance for the Hybrid Tier, lump sum payments have a comparable effect on both assets and liabilities.
Inflation	Inflation is a component of future interest rates and investment returns over a long period. As a result, changes to inflation can affect funded percentages.
Other Factors	Due to recent and ongoing attempts to pass pension reform legislation at a state level, the plan could be modified in the future. Future legislation may affect benefit levels or future contribution levels and could result in increases or decreases in the plan liabilities or funding status.

Findley, A Division of USI can perform more detailed assessments of these risks as desired by the plan sponsor to provide a better understanding of the risks.

GASB Notes

Notes to GASB 67, 68, 74, and 75 Disclosures

1. Actuarial accrued liability is based on the entry age normal funding method.
2. Market value of assets as of July 1, 2007 was allocated between pension and OPEB obligations based on proportionate share of accrued liability on that date. Allocations in subsequent years are based on prior year allocated value adjusted for contributions and benefits paid during the year, with investment return (net of expenses) allocated proportionately between retirement and OPEB obligations. Actuarial value of assets is then allocated based on the market value of retirement and OPEB assets.
3. Actuarial value of assets uses a 5-year asset smoothing method.
4. Information used in preparing these exhibits has been extracted from past valuation reports.

Note: Above statements are partially based on information furnished by the prior actuary.

5. The tables in this report account for liabilities and assets only for the traditional defined benefit/OPEB tier under the plan; liabilities and assets pertaining to the hybrid cash balance/OPEB tier are presented in a separate report.
6. Covered payroll reflects payroll for all current plan members.
7. ADC based on full actuarial report (odd numbered years) immediately prior to each biennium. ADC amount shown is for basic valuation, without any future COLA reflected but with interest adjustment as appropriate.
8. The valuation date, disclosure date, and measurement date all fall on the same date for purposes of GASB 67.
9. It is assumed the measurement date for GASB 68 will be 12 months before the disclosure date. For the year ending June 30, 2022, the measurement date is July 1, 2021 (the valuation date).
10. The valuation date, disclosure date, and measurement date all fall on the same date for purposes of GASB 74.
11. It is assumed the measurement date for GASB 75 will be 12 months before the disclosure date. For the year ending June 30, 2022, the measurement date is July 1, 2021 (the valuation date).

Summary of Participant Data

Distribution of Active Participants with Average Compensation

Attained Age	Years of Credited Service										Total	
	Under 1	1 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 - 39	Over 39		
Under 25												
25 - 29												
30 - 34		1									1	
		\$118,372										\$118,372
35 - 39	1	2									3	
	\$118,372	\$124,649										\$122,557
40 - 44	3	11	2	7	1						24	
	\$126,741	\$126,361	\$131,581	\$119,556	\$132,235							\$125,103
45 - 49	1	6	3	8	5						23	
	\$130,926	\$126,741	\$129,098	\$124,311	\$124,628							\$125,926
50 - 54		5	4	15	11	5					40	
		\$123,867	\$128,115	\$124,628	\$126,472	\$124,628						\$125,388
55 - 59	4	1	3	10	11	11	5				45	
	\$131,253	\$130,926	\$130,926	\$127,163	\$128,766	\$127,363	\$128,518					\$128,453
60 - 64	1	2	3	10	8	9	4	2			39	
	\$118,372	\$124,649	\$131,362	\$129,586	\$128,924	\$127,465	\$129,036	\$138,515				\$128,958
65 - 69		1	5	5	5	14	6	2			38	
		\$132,235	\$128,939	\$133,388	\$131,054	\$130,971	\$127,024	\$140,535				\$130,946
Over 69	1	1	1	9		1	4			1	18	
	\$130,926	\$130,926	\$130,926	\$129,929		\$132,235	\$131,011			\$132,235		\$130,592
Total	11	30	21	64	41	40	19	4		1	231	
	\$127,621	\$126,027	\$129,781	\$126,634	\$128,040	\$128,429	\$128,680	\$139,525		\$132,235		\$127,864

Distribution of Inactive Participants with Average Annual Benefit

Attained Age	Retired and Beneficiaries	Terminated	Total
Under 50		2	2
		\$28,950	\$28,950
50 - 54	3	2	5
	\$127,284	\$75,861	\$106,715
55 - 59	19	4	23
	\$122,093	\$37,330	\$107,352
60 - 64	31	5	36
	\$152,278	\$48,974	\$137,930
65 - 69	73		73
	\$160,311		\$160,311
70 - 74	107	1	108
	\$131,512	\$266,268	\$132,760
75 - 79	70		70
	\$144,684		\$144,684
80 - 84	21		21
	\$120,346		\$120,346
85 - 89	15		15
	\$124,947		\$124,947
90 - 94	16		16
	\$78,073		\$78,073
Over 94	1		1
	\$58,646		\$58,646
Total	356	14	370
	\$137,736	\$58,013	\$134,719

Glossary of Terms

Amortization – The process of systematically recognizing prior gains and losses as a component of the Pension Expense.

Fiduciary Net Position – The market value of assets as of a specified measurement date.

Funded Status – The difference between the Fiduciary Net Position and the Total Pension Liability as of the measurement date.

Gain/Loss – A change in the value of either the Total Pension Liability or the plan assets resulting from experience different from that assumed or from a change in an actuarial assumption.

Interest Cost – The amount recognized in a period determined as the increase in the Total Pension Liability due to the passage of time.

Pension Expense – The sum of Service Cost, Interest Cost, Expected Return on Assets and amortizations of Actuarial Gain/Loss over the average remaining service period (or the life expectancy) of plan participants expected to receive plan benefits plus a 5-year amortization of Asset Gain/Loss.

Service Cost – is the actuarial present value of benefits attributed to services rendered by employees during the measurement.

Total Pension Liability – The Entry Age Normal Accrued Liability.

Sensitivity Analysis

In accordance with HB 238, we are providing the following sensitivity analysis of the valuation results to changes in certain plan assumptions. Specifically we have looked at the effect of a one percent increase and decrease to the discount rate, salary scale, and healthcare cost trend rate assumptions.

Discount Rate

	1% Decrease (5.5%)	Current Rate (6.5%)	1% Increase (7.5%)
Pension Plan			
Accrued Liability	\$417,530,376	\$379,534,564	\$347,241,283
Actuarial Value of Assets	359,377,051	359,377,051	359,377,051
Unfunded Past Service Liability	58,153,325	20,157,513	(12,135,768)
Funded Ratio	86.07%	94.69%	103.49%
Contribution as Percent of Salary	25.21%	14.58%	3.64%
OPEB Plan			
Accrued Liability	\$44,195,983	\$39,389,897	\$35,374,718
Actuarial Value of Assets	107,318,924	107,318,924	107,318,924
Unfunded Past Service Liability	(63,122,941)	(67,929,027)	(71,944,206)
Funded Ratio	242.83%	272.45%	303.38%
Contribution as Percent of Salary	0.00%	0.00%	0.00%
Total ¹			
Accrued Liability	\$461,726,359	\$418,924,461	\$382,616,001
Actuarial Value of Assets	466,695,975	466,695,975	466,695,975
Unfunded Past Service Liability	(4,969,616)	(47,771,514)	(84,079,974)
Funded Ratio	101.08%	111.40%	121.98%
Contribution as Percent of Salary	25.21%	14.58%	3.64%

¹Our current understanding of IRS regulations is that they prohibit the use of surplus OPEB assets for retirement benefits. We recommend continuing discussions with plan council on possible options. Please refer to page 9 of this report for the asset and liabilities split between the Pension and OPEB plans.

Salary Scale

	1% Decrease 0% for five years, 2.5% thereafter	Current Rate 1% for five years, 3.5% thereafter	1% Increase 2% for five years, 4.5% thereafter
Pension Plan			
Accrued Liability	\$378,326,758	\$379,534,564	\$380,660,839
Actuarial Value of Assets	359,377,051	359,377,051	359,377,051
Unfunded Past Service Liability	18,949,707	20,157,513	21,283,788
Funded Ratio	94.99%	94.69%	94.41%
Contribution as Percent of Salary	13.06%	14.58%	16.19%
OPEB Plan			
Accrued Liability	\$39,399,149	\$39,389,897	\$39,380,855
Actuarial Value of Assets	107,318,924	107,318,924	107,318,924
Unfunded Past Service Liability	(67,919,775)	(67,929,027)	(67,938,069)
Funded Ratio	272.39%	272.45%	272.52%
Contribution as Percent of Salary	0.00%	0.00%	0.00%
Total ¹			
Accrued Liability	\$417,725,907	\$418,924,461	\$420,041,694
Actuarial Value of Assets	466,695,975	466,695,975	466,695,975
Unfunded Past Service Liability	(48,970,068)	(47,771,514)	(46,654,281)
Funded Ratio	111.72%	111.40%	111.11%
Contribution as Percent of Salary	13.06%	14.58%	16.19%

¹Our current understanding of IRS regulations is that they prohibit the use of surplus OPEB assets for retirement benefits. We recommend continuing discussions with plan council on possible options. Please refer to page 9 of this report for the asset and liabilities split between the Pension and OPEB plans.

Healthcare Cost Trend Rate

	1% Decrease in Trend Assumption	Current Rate in Trend Assumption	1% Increase in Trend Assumption
Pension Plan			
Accrued Liability	\$379,534,564	\$379,534,564	\$379,534,564
Actuarial Value of Assets	359,377,051	359,377,051	359,377,051
Unfunded Past Service Liability	20,157,513	20,157,513	20,157,513
Funded Ratio	94.69%	94.69%	94.69%
Contribution as Percent of Salary	14.58%	14.58%	14.58%
OPEB Plan			
Accrued Liability	\$35,221,691	\$39,389,897	\$44,370,833
Actuarial Value of Assets	107,318,924	107,318,924	107,318,924
Unfunded Past Service Liability	(72,097,233)	(67,929,027)	(62,948,091)
Funded Ratio	304.70%	272.45%	241.87%
Contribution as Percent of Salary	0.00%	0.00%	0.00%
Total ¹			
Accrued Liability	\$414,756,255	\$418,924,461	\$423,905,397
Actuarial Value of Assets	466,695,975	466,695,975	466,695,975
Unfunded Past Service Liability	(51,939,720)	(47,771,514)	(42,790,578)
Funded Ratio	112.52%	111.40%	110.09%
Contribution as Percent of Salary	14.58%	14.58%	14.58%

¹Our current understanding of IRS regulations is that they prohibit the use of surplus OPEB assets for retirement benefits. We recommend continuing discussions with plan council on possible options. Please refer to page 9 of this report for the asset and liabilities split between the Pension and OPEB plans.

Projections

Pension Plan

In accordance with HB 238, we are also providing the following 30 year projection under the current plan assumptions and, if applicable, before any assumptions changes effective at the valuation date. For a list of assumptions changes effective as of July 1, 2021, please see page 7.

Year Beginning July 1	Contribution Requirement (\$M)*		Contribution (%)		Accrued Liability (\$M)		Unfunded Liability (\$M)		Funded Ratio (Assets/Liabilities)	
	Prior		Prior		Prior		Prior		Prior	
	Assumptions	Current	Assumptions	Current	Assumptions	Current	Assumptions	Current	Assumptions	Current
2021	\$ 7.2	\$ 7.2	24.4%	24.4%	\$ 370.4	\$ 379.5	\$ 11.1	\$ 20.2	97%	95%
2022	\$ 2.9	\$ 5.0	16.5%	20.8%	\$ 365.0	\$ 379.8	\$ (24.4)	\$ (13.5)	107%	104%
2023	\$ 3.2	\$ 5.3	20.5%	25.2%	\$ 358.7	\$ 378.0	\$ (54.9)	\$ (44.4)	115%	112%
2024	\$ 0.2	\$ 0.0	1.4%	0.0%	\$ 351.5	\$ 374.9	\$ (82.4)	\$ (72.6)	123%	119%
2025	\$ 0.2	\$ 0.0	1.5%	0.0%	\$ 343.7	\$ 370.6	\$ (108.1)	\$ (96.8)	131%	126%
2026	\$ 0.2	\$ 0.0	1.7%	0.0%	\$ 334.9	\$ 365.1	\$ (113.8)	\$ (101.1)	134%	128%
2027	\$ 0.2	\$ 0.0	1.8%	0.0%	\$ 325.7	\$ 358.8	\$ (120.0)	\$ (105.9)	137%	130%
2028	\$ 0.2	\$ 0.0	2.0%	0.0%	\$ 315.9	\$ 351.7	\$ (126.6)	\$ (111.1)	140%	132%
2029	\$ 0.2	\$ 0.0	2.3%	0.0%	\$ 305.6	\$ 343.9	\$ (133.7)	\$ (116.8)	144%	134%
2030	\$ 0.2	\$ 0.0	2.5%	0.0%	\$ 294.6	\$ 335.4	\$ (141.3)	\$ (122.9)	148%	137%
2031	\$ 0.2	\$ 0.0	2.8%	0.0%	\$ 283.0	\$ 326.3	\$ (149.6)	\$ (129.5)	153%	140%
2032	\$ 0.2	\$ 0.0	3.1%	0.0%	\$ 271.0	\$ 316.5	\$ (158.4)	\$ (136.6)	158%	143%
2033	\$ 0.2	\$ 0.0	3.4%	0.0%	\$ 258.6	\$ 306.2	\$ (167.8)	\$ (144.3)	165%	147%
2034	\$ 0.2	\$ 0.0	3.6%	0.0%	\$ 246.2	\$ 295.3	\$ (177.8)	\$ (152.5)	172%	152%
2035	\$ 0.2	\$ 0.0	4.0%	0.0%	\$ 233.3	\$ 283.9	\$ (188.3)	\$ (161.3)	181%	157%
2036	\$ 0.1	\$ 0.0	2.2%	0.0%	\$ 220.4	\$ 272.2	\$ (199.6)	\$ (170.7)	191%	163%
2037	\$ 0.1	\$ 0.0	2.5%	0.0%	\$ 207.5	\$ 260.0	\$ (211.5)	\$ (180.8)	202%	170%
2038	\$ 0.1	\$ 0.0	2.7%	0.0%	\$ 194.9	\$ 247.1	\$ (224.3)	\$ (191.6)	215%	178%
2039	\$ 0.1	\$ 0.0	3.0%	0.0%	\$ 182.2	\$ 234.0	\$ (237.7)	\$ (203.1)	230%	187%
2040	\$ 0.1	\$ 0.0	3.4%	0.0%	\$ 169.6	\$ 220.6	\$ (252.0)	\$ (215.3)	249%	198%
2041	\$ 0.1	\$ 0.0	4.0%	0.0%	\$ 157.3	\$ 206.8	\$ (267.2)	\$ (228.3)	270%	210%
2042	\$ 0.1	\$ 0.0	5.1%	0.0%	\$ 144.9	\$ 192.7	\$ (283.2)	\$ (242.2)	295%	226%
2043	\$ 0.1	\$ 0.0	6.7%	0.0%	\$ 133.0	\$ 178.6	\$ (300.2)	\$ (256.9)	326%	244%
2044	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 121.8	\$ 165.3	\$ (318.3)	\$ (272.5)	361%	265%
2045	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 111.0	\$ 152.5	\$ (337.3)	\$ (289.0)	404%	290%
2046	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 100.9	\$ 140.3	\$ (357.6)	\$ (306.6)	454%	319%
2047	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 91.7	\$ 128.5	\$ (379.0)	\$ (325.1)	513%	353%
2048	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 83.3	\$ 117.5	\$ (401.6)	\$ (344.8)	582%	393%
2049	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 75.3	\$ 107.2	\$ (425.6)	\$ (365.6)	665%	441%
2050	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 67.8	\$ 97.2	\$ (451.0)	\$ (387.7)	765%	499%
2051	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 60.9	\$ 87.9	\$ (478.0)	\$ (411.0)	885%	568%
Sum of Contributions	\$ 16.5	\$ 17.5								

* The Contribution Requirement above is the full projected contribution requirement, adjusted with interest. The projection results are based on the assumption that 96.5% of the requirement is contributed, the average percentage of the contribution requirement that was made over the past 5 years.

OPEB Plan

Year Beginning July 1	Contribution Requirement (\$M)*		Contribution (%)		Accrued Liability (\$M)		Unfunded Liability (\$M)		Funded Ratio (Assets/Liabilities)	
	Prior		Prior		Prior		Prior		Prior	
	Assumptions	Current	Assumptions	Current	Assumptions	Current	Assumptions	Current	Assumptions	Current
2021	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 41.7	\$ 39.4	\$ (65.6)	\$ (67.9)	257%	272%
2022	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 42.6	\$ 40.6	\$ (78.6)	\$ (81.0)	285%	300%
2023	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 43.1	\$ 41.6	\$ (91.5)	\$ (93.9)	312%	326%
2024	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 43.6	\$ 42.4	\$ (103.7)	\$ (106.2)	338%	350%
2025	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 44.0	\$ 43.1	\$ (116.5)	\$ (119.1)	365%	376%
2026	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 44.2	\$ 43.6	\$ (123.7)	\$ (126.4)	380%	390%
2027	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 44.0	\$ 43.9	\$ (131.4)	\$ (134.2)	399%	406%
2028	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 43.9	\$ 44.1	\$ (139.6)	\$ (142.6)	418%	423%
2029	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 43.6	\$ 44.2	\$ (148.4)	\$ (151.5)	440%	443%
2030	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 43.2	\$ 44.1	\$ (157.8)	\$ (161.0)	465%	465%
2031	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 42.6	\$ 44.0	\$ (167.9)	\$ (171.2)	494%	489%
2032	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 41.9	\$ 43.7	\$ (178.5)	\$ (182.1)	526%	517%
2033	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 40.9	\$ 43.2	\$ (190.0)	\$ (193.6)	565%	548%
2034	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 39.9	\$ 42.6	\$ (202.1)	\$ (206.0)	607%	584%
2035	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 38.9	\$ 41.9	\$ (215.2)	\$ (219.2)	653%	623%
2036	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 37.9	\$ 41.1	\$ (228.9)	\$ (233.3)	704%	668%
2037	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 36.6	\$ 40.2	\$ (243.7)	\$ (248.3)	766%	718%
2038	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 35.4	\$ 39.2	\$ (259.4)	\$ (264.2)	833%	774%
2039	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 34.2	\$ 38.1	\$ (276.1)	\$ (281.2)	907%	838%
2040	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 32.8	\$ 37.0	\$ (293.9)	\$ (299.4)	996%	909%
2041	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 31.6	\$ 35.7	\$ (312.9)	\$ (318.7)	1090%	993%
2042	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 30.1	\$ 34.3	\$ (333.0)	\$ (339.2)	1206%	1089%
2043	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 28.8	\$ 33.0	\$ (354.5)	\$ (361.1)	1331%	1194%
2044	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 27.3	\$ 31.6	\$ (377.3)	\$ (384.4)	1482%	1316%
2045	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 25.8	\$ 30.1	\$ (401.7)	\$ (409.2)	1657%	1459%
2046	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 24.5	\$ 28.7	\$ (427.5)	\$ (435.6)	1845%	1618%
2047	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 23.0	\$ 27.3	\$ (455.0)	\$ (463.7)	2078%	1799%
2048	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 21.7	\$ 25.9	\$ (484.4)	\$ (493.7)	2332%	2006%
2049	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 20.3	\$ 24.5	\$ (515.6)	\$ (525.5)	2640%	2245%
2050	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 19.0	\$ 23.0	\$ (548.8)	\$ (559.5)	2988%	2533%
2051	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 17.6	\$ 21.6	\$ (584.1)	\$ (595.6)	3419%	2857%
Sum of Contributions	\$ 0.0	\$ 0.0								

* The Contribution Requirement above is the full projected contribution requirement, adjusted with interest. The projection results are based on the assumption that 96.5% of the requirement is contributed, the average percentage of the contribution requirement that was made over the past 5 years.

Kentucky Legislators Retirement Plan

Actuarial Valuation and Report

as of July 1, 2021



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Introduction

An actuarial valuation of the Kentucky Legislators Retirement Plan (“KLRP”) has been performed as of July 1, 2021. Actuarial valuations are based on the integrity of employee data, plan asset data, plan provisions and an extensive set of assumptions regarding future events. There is necessary uncertainty with any actuarial calculation based on the accuracy of the data provided, the correct interpretation of plan provisions and the realization of the assumptions made. These results were based on participant data and asset information provided by the Kentucky Judicial Form Retirement System. This information was not audited but was reviewed for reasonableness.

Detailed explanations of the actuarial assumptions and methods used in the report are contained in later sections of this report. Also included in this report is a summary of provisions of the plan as we understand them.

This report provides details on the actuarial valuation underlying the recommended contribution to the KLRP for plan years commencing in 2022 and 2023. This determination was performed pursuant to Kentucky Revised Statute (“KRS”) §21.525 for the retirement system defined in KRS §6.500 to §6.577. KRS §21.525, as well as other statutes found in KRS Chapter 21 cited hereafter, are made applicable to KLRP by KRS §6.525.

Governmental Accounting Standards Board Statement 67 (“GASB 67”) and Statement 74 (“GASB 74”) establish financial reporting standards for defined benefit pension plans and other postemployment benefit (OPEB) plans sponsored by employers that are subject to governmental accounting standards. Governmental Accounting Standards Board Statement 68 (“GASB 68”) and Statement (“GASB 75”) provide standards for reporting pension and OPEB expenditures and expense, and related liabilities and assets for such plans. The purpose of this report is to provide pertinent financial statement disclosure information for the fiscal year ending in 2019. Actuarial computations under Statements 67, 68, 74, and 75 are for purposes of fulfilling plan and employer governmental accounting requirements and may not be appropriate for other purposes. This report has been prepared on a basis consistent with our understanding of the statements and does not constitute legal, accounting, tax or investment advice.

Statements 68 and 75 sets forth a methodology for the calculation of the annual Pension Expense for the upcoming fiscal year. GASB 68 and GASB 75 provides a method for reflecting prior gains and losses from asset and plan experience, as well as other areas including plan amendments. Amounts not reflected previously or in the upcoming year are reflected in the Deferred Outflows and Inflows of Resources shown.

Findley, A Division of USI does not have access to and is not providing information concerning liabilities other than benefits, such as for legal or accounting fees.

Findley, A Division of USI is not aware of any significant events subsequent to the current year’s measurement date that could materially affect the information contained in this report.

We are not aware of any relationship between the plan or plan sponsor and Findley, A Division of USI which would impair or appear to impair our objectivity.

To the best of our knowledge, all information provided in this report is complete and accurate and disclosures for GASB purposes have been determined in accordance with generally accepted accounting principles.

Consolidation of Traditional and Hybrid Tier Reports

Beginning with the July 1, 2021 valuation report, the traditional and hybrid tiers of KLRP have been treated as one plan for all calculations. All results prior to July 1, 2021 contained in this report have been combined from the results reported in the separate traditional and hybrid tier reports prepared in prior years. Effective July 1, 2021, separate valuation reports will not be prepared and all results contained will be calculated based on the full plan containing both tiers of benefits.

Summary of Report

An actuarial valuation of the Kentucky Legislators Retirement Plan (“KLRP”) was conducted as of July 1, 2021. The purpose of the valuation is to determine the cost implications of the plan including a determination of annual funding levels for the fiscal years beginning July 1, 2022 and July 1, 2023.

It is our understanding that this plan is a “governmental plan” as defined in Internal Revenue Code Section 414(d) and this report has been prepared on that basis.

On the basis of the valuation, it has been determined that the annual funding requirements for the State for the fiscal year beginning in 2022 for the plan, prior to adjusting with interest, as described in the Summary of Benefits section of this report, are as follows:

	Total Amount	Percent of Payroll
Annual Required Contribution	\$ 27,008	0.64%

The Annual Required Contribution is determined based on assumptions and methods set forth in the statute and established by the KJRP Investment Committee and is calculated using asset and liability values as of July 1, 2021. This amount is used to determine contributions for the fiscal years beginning July 1, 2022 and July 1, 2023.

Due to the lag period between the calculated date and the actual contributions, we have adjusted the Annual Required Contributions for the plan years 2022-2023 and 2023-2024 with one and two years of interest, respectively, at the interest rate assumption of 6.50%.

	2022-2023 (1 year of interest)	2023-2024 (2 years of interest)
Annual Required Contribution (with interest)	\$ 28,764	\$ 30,634

Summary of Selected Plan Information ¹

	Plan Year Beginning			
	7/1/2021	7/1/2019	7/1/2017	7/1/2015
Number of Participants				
Active	101	103	103	115
Terminated Vested	47	43	43	45
Retired	190	184	170	150
Beneficiaries	55	54	50	44
Total	393	384	366	354
Average Age (for actives)	56.3	56.7	56.9	56.7
Average Service (for actives)	9.9	10.5	11.6	11.6
Annual Covered Payroll	\$ 4,201,280	\$ 4,325,106	\$ 4,403,681	\$ 4,886,431
Average Salary	41,597	41,991	42,754	42,491
Accrued Liability	88,236,153	91,606,035	95,323,591	102,079,601
Actuarial Asset Value	135,825,827	117,958,055	105,059,586	86,872,044
Market Asset Value	168,952,342	127,018,375	110,399,622	97,289,431
Unfunded Accrued Liability (UAL)	(47,589,674)	(26,352,020)	(9,735,995)	15,207,557
Annual Funding Level ²				
State Portion of Normal Cost	\$ 383,826	\$ 442,244	\$ 742,333	\$ 1,132,095
Expected Employee Contributions	239,927	241,669	240,094	262,969
Total Normal Cost	623,753	683,913	982,427	1,395,064
State Annual Required Contribution	27,008	362,691	1,086,237	2,405,493
Percent of Covered Payroll	0.64%	8.39%	24.67%	49.23%

¹Our current understanding of IRS regulations is that they prohibit the use of surplus OPEB assets for retirement benefits. We recommend continuing discussions with plan council on possible options. Please refer to page 9 of this report for the asset and liabilities split between the Pension and OPEB plans.

²In accordance with KRS 21.405 (does not recognize cost of living increases effective after the most recent valuation date) and KRS 21.525 (legally prescribed funding method).

Legislative and Regulatory Background

State statutes were amended in 2013 such that all participants entering KLRP on or after January 1, 2014 will be covered under a hybrid cash balance/OPEB tier; those entering before that date will continue to be covered under the traditional defined benefit/OPEB tier. The legislation making this change also restricted the availability of future cost-of-living adjustments (COLA's) to plan benefits.

Actuarial Standard of Practice No. 51 (ASOP 51) is effective for actuarial valuations on or after November 1, 2018. This standard calls for explicit disclosure of risks associated with the pension plan and any recommended actions for better understanding the nature and impact of those risks. Please let us know if any additional analysis or information is desired.

Sensitivity analysis along with 30-year projections of results (before and after any assumption changes) have been included in this report pursuant to HB 238, passed in 2016.

Actuarial Soundness

A plan that has adopted a reasonable funding method, that adopts reasonable assumptions and which contributes at a rate at or above the recommended contribution rate (based on these reasonable methods and assumptions), could be considered to be actuarially sound.

In order to ensure KLRP is funded in an “actuarially sound manner”, we would recommend the following:

1. Reflect a 1.5% future COLA assumption when calculating the funding requirement for KLRP, to the extent future cost-of-living increases are expected to occur, or intended to be provided.
2. Revise the actuarial funding method to amortize all past unfunded as well as new liabilities over a period not more than 30 years (we suggest shorter periods for various sources of new liability) and amortize future gains and losses over a period not more than 15 years. (Note that GASB 68 may require the expensing of liabilities at a faster pace than these amortization periods.)
3. Contribute at least the recommended contribution each year.

Deviations from these recommendations may result in an “actuarially unsound” approach to funding KLRP and may eventually result in KLRP becoming insolvent – that is, exhausting assets at which time all future benefits would be provided on a pay as you go basis.

Although the Actuarial Standards of Practice 4 “Measuring Pension Obligations” allows for plan liabilities to be calculated under a legally prescribed method, the statement goes on to say,

“If, in the actuary’s professional judgment, such an actuarial cost method or amortization method is significantly inconsistent with the plan accumulating adequate assets to make benefit payments when due, assuming that all actuarial assumptions will be realized and that the plan sponsor or other contributing entity will make contributions when due, the actuary should disclose this.”

It is our professional actuarial opinion that the current legally prescribed method, which requires contributions of normal cost plus interest on the unfunded liability plus 1% of the unfunded liability (per KRS 21.525) and which (per KRS 21.405) does not recognize cost of living increases effective after the most recent valuation (assuming future increases are expected), is inconsistent with the plan accumulating adequate assets to make benefit payments when due, assuming all actuarial assumptions are realized. The current method of amortizing unfunded liabilities will not result in the full amortization of those liabilities.

Changes in Actuarial Assumptions

The following changes were made to the actuarial assumptions effective June 30, 2021:

	<u>Previous</u>	<u>Current</u>
Medical Trend Rates	7.00% decreasing to 6.75% over 3 years and following the Getzen model thereafter until reaching an ultimate rate of 3.94% in the year 2075	6.25% decreasing to 5.75% over 2 years and following the Getzen model thereafter until reaching an ultimate rate of 4.04% in the year 2075

The medical trend rates change described above resulted in a decrease in liabilities and no change in the annual required contribution.

	<u>Previous</u>	<u>Current</u>
Expense Assumption	Estimated administrative expenses not reflected in the actuarial valuation	Estimated administrative expenses included

The expenses assumption change described above resulted no change in liabilities and an increase in the annual required contribution.

Additionally, the following changes were made to the actuarial assumptions as a result of the experience study completed in October 2020 and subsequently approved.

- > The mortality assumption was updated to the PubG-2010 (A) Public Retirement Plans Mortality Table with full generational projection under Scale MP-2020. For the OPEB Plan, the headcounted weighted version of this table was used.
- > Termination rates were updated to the rates in the 2003 SOA Turnover Basic Age Table.
- > Retirement rates were updated to the rates shown in the Actuarial Assumptions section of this report.
- > The percentage of participants assumed married was updated from 80% to 70%.
- > The interest discount rate assumption for the hybrid tier was updated from 4.00% to 6.50%. The assumption for the traditional tier remained at 6.50%.

These changes resulted in an increase in liabilities and no change in the annual required contribution.

Summaries of the plan provisions, actuarial assumptions and methods can be found in the Basis of Valuation section of this report.

Actuarial Certification

The information contained in this document (including any attachments) is not intended by Findley, A Division of USI, to be used, and it cannot be used, for the purpose of avoiding penalties under the Internal Revenue Code that may be imposed on the taxpayer. The information and valuation results shown in this report are, to the best of our knowledge, complete and accurate and are based upon the following:

1. Employee census data as of July 1, 2021, submitted by the Kentucky Judicial Form Retirement System. This data was not audited by us but appears to be sufficient and reliable for purposes of the report.
2. Financial data as of June 30, 2021, submitted by the Kentucky Judicial Form Retirement System. This data was not audited by us but appears to be sufficient and reliable for purposes of the report.
3. Actuarial assumptions and methods as established either by statute or the KLRP Investment Committee. The actuarial assumptions currently adopted by the Committee appear to be reasonable, both individually and in aggregate. However, exclusion of retiree cost-of-living adjustments that can be reasonably anticipated to occur in future years (or for which there is an intent to provide in future years) does not reflect our best estimate of expected experience under the plan. As such, the valuation results presented in this report do not fully reflect the potential liability for future retiree cost-of-living adjustments. For purposes of the calculation of the Recommended Contribution, full future retiree cost-of-living adjustments have been reflected.
4. For purposes of GASB 67, 68, 74, and 75 disclosures, assets were split between pension and retiree medical liabilities on the basis of accrued liability as of July 1, 2008 and have been brought forward each year from that date based on actual cash flows and a prorata allocation of investment return. This methodology, initiated by the prior actuary, was based on guidance from the plan's auditor.

We believe the information is sufficiently complete and reliable. This report provides actuarial advice and does not constitute legal, accounting, tax or investment advice.

The actuarial valuation summarized in this report has been performed utilizing generally accepted actuarial principles. It is our opinion that the results fully and fairly disclose the actuarial position of the plan on the valuation date. We are senior consultants for Findley, A Division of USI, members of the American Academy of Actuaries and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

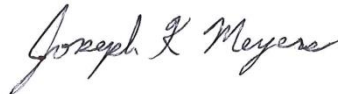
Certified by:



Matthew Widick, F.S.A., E.A., C.E.R.A., M.A.A.A.
Senior Consultant

September 30, 2021

Date



Joseph Meyers, F.S.A., E.A., M.A.A.A.
Senior Consultant
(OPEB Plan Only)

September 30, 2021

Date

Findley, A Division of USI
5301 Virginia Way, Suite 400
Brentwood, TN 37027

Annual Required Contribution

Determination of Annual Required Contribution as of July 1, 2021

1. Accrued Liability	<u>Pension</u>	+	<u>OPEB</u>	=	<u>Total</u>
Actives					
Actives *	14,662,033		-		14,662,033
Medical Premium Supplement	-		3,529,997		3,529,997
Total Active Liability	14,662,033		3,529,997		18,192,030
Inactives					
Retired	46,489,957		-		46,489,957
Deferred Vested *	5,563,393		-		5,563,393
Beneficiaries	5,852,772		-		5,852,772
Medical Premium Supplement	-		12,138,001		12,138,001
Total Inactive Liability	57,906,122		12,138,001		70,044,123
Total Accrued Liability	72,568,155		15,667,998		88,236,153
2. Valuation Assets	79,019,547		56,806,280		135,825,827
3. Unfunded Past Service Liability	(6,451,392)		(41,138,282)		(47,589,674)
4. Gross Normal Cost					
Retirement Related *	514,338		-		514,338
Medical Premium Supplement Related	-		109,415		109,415
Total Normal Cost	514,338		109,415		623,753
5. Annual Covered Payroll	4,201,280		4,201,280		4,201,280
6. Estimated Employee Contributions for the Next 12 Months	216,876		23,051		239,927
7. Net Normal Cost (4 - 6)	297,462		86,364		383,826
8. Estimated Administrative Expenses	213,400		46,100		259,500
9. Interest plus 1% of Unfunded Past Service Liability	(483,854)		(3,085,371)		n/a
10. Preliminary Annual Required Contribution (max (0, 7 + 8 + 9))	27,008		-		27,008
11. Payment as a Percentage of Covered Payroll (10 / 5)	0.64%		0.00%		0.64%

* includes 40% loading for non-legislative salaries

Liability Breakdown

	<u>Pension</u>	<u>OPEB</u>
Traditional Tier	\$ 71,827,900	\$ 15,552,624
<u>Hybrid Tier</u>	<u>740,255</u>	<u>115,374</u>
Total	\$ 72,568,155	\$ 15,667,998

Gross Normal Cost Breakdown

	<u>Pension</u>	<u>OPEB</u>
Traditional Tier	\$ 337,222	\$ 81,826
<u>Hybrid Tier</u>	<u>177,116</u>	<u>27,589</u>
Total	\$ 514,338	\$ 109,415

Estimated Employee Contribution Breakdown

	<u>Pension</u>	<u>OPEB</u>
Traditional Tier	\$ 101,622	\$ -
<u>Hybrid Tier</u>	<u>115,254</u>	<u>23,051</u>
Total	\$ 216,876	\$ 23,051

Estimated Cost of a One-Time COLA as of July 1, 2021

It is our understanding, effective July 1, 2013, that any future COLA's must be pre-funded (either by additional contributions or by excess assets). As of July 1, 2021, the plan has no available excess assets.

Approximate Cost of One Time 1.5% COLA

1. Liability In Payment	
a) Retired	46,489,957
b) Beneficiaries	5,852,772
Total Liability In Payment	<u>52,342,729</u>
2. Desired COLA Percentage	1.50%
3. Estimated Cost of One Time COLA for First Year (1 * 2)	785,141*
4. Estimated Cost of One Time COLA for Second Year (3 * 1.015)	796,918*

* Cost of 1.5% COLA increase applied to all members in pay status as of the valuation date.

Actuarial Asset Value

Determination of Actuarial Asset Value as of July 1, 2021

	2020-21 Plan Year	2019-20 Plan Year	2018-19 Plan Year	2017-18 Plan Year
Interest Return Assumption	6.5% (4.0% hybrid)	6.5% (4.0% hybrid)	6.5% (4.0% hybrid)	6.5% (4.0% hybrid)
Market Value at Beginning of Year				
Amount	\$ 128,659,045	\$ 127,018,375	\$ 117,928,814	\$ 110,399,622
Interest to End of Year	8,350,561	8,247,663	7,659,394	7,172,335
Employer Contributions				
Amount	-	-	-	2,405,500
Interest to End of Year	-	-	-	77,916
Member Contributions				
Amount	287,931	234,509	211,105	242,235
Interest to End of Year	7,815	6,235	5,903	7,163
Transfers from KERS				
Amount	-	-	-	-
Interest to End of Year	-	-	-	-
Benefits Paid				
Amount	5,963,934	5,843,788	5,495,456	5,285,983
Interest to End of Year	193,682	189,923	178,602	171,771
Expected End of Year Assets	131,147,736	129,473,071	120,131,158	114,847,017
Market Value at End of Year	168,952,342	128,659,045	127,018,375	117,928,814
Investment Gain (Loss)	37,804,606	(814,026)	6,887,217	3,081,797
Adjustment Percentage	80%	60%	40%	20%
Actuarial Asset Value Adjustment	(30,243,685)	488,416	(2,754,887)	(616,359)
Actuarial Asset Value (Market Value plus Adjustment)	\$ 135,825,827			

	Retirement	Medical Supplement
Market Value at Beginning of Year	\$76,409,564	\$52,249,481
State Contributions	-	-
Member Contributions	267,358	20,573
Transfers In Payments	-	-
Distributions	5,128,937	834,997
Allocated Investment Return	26,743,612	19,225,688
Market Value at End of Year	\$98,291,597	\$70,660,745
Allocation of Actuarial Asset Value	\$79,019,547	\$56,806,280

Summary of Benefits (Pension - Traditional Tier)

This summary is not a Summary Plan Description or a plan document. You should not rely solely on this summary in making a determination of eligibility of benefits. Liabilities and plan provisions are based on the plan data and provisions as of July 1, 2021.

Source

Sections 6.500-6.577 of the Kentucky Revised Statutes, and those statutes in KRS Chapter 21, specifically adopted by KRS 6.525.

Eligibility for Membership

Members of the General Assembly may elect to make monthly contributions within 30 days after taking office, and thereby become eligible for membership in the KLRP plan. Individuals commencing participation on or after January 1, 2014 will participate in the hybrid plan.

Employee Contributions

Members entering the plan on or after September 1, 2008 must contribute 6% of their "creditable compensation". Members entering the plan prior to September 1, 2008 must contribute 5% of their "creditable compensation". Once a member has earned sufficient service credit to have accrued a benefit of 100% of final average compensation, then employee contributions shall cease.

Creditable Compensation

Creditable compensation is based on actual compensation received during each year.

Normal Retirement

Condition

Members who have attained age 65 and completed at least 5 years of legislative service, or have additional service credit under other authorized state systems so that when added to legislative service credit equals at least 8 years of credit. However, the age 65 requirement shall be reduced by one year for each five years of service, and one year for each year served beyond the years of service needed to accrue a benefit of 100% of final average compensation, but with total reduction not to reduce the age requirement below 60. The full accrued benefit will also be payable upon completion of 27 years of service credit.

Benefit

A member will receive a retirement income at normal retirement date payable monthly for life equal to a percentage of final average compensation multiplied by years of service. In no event shall retirement income exceed 100% of final average compensation. (Beginning January 1, 2003, the final average compensation means the average monthly compensation of the member for his or her highest 36 months of State salary. Prior to 2003, final compensation was the average of the 60 months of legislative salary preceeding retirement).

The benefit rates vary according to date of legislative service begins, as follows:

1. If a legislator was a member of the plan on July 1, 1982, and entered legislative service prior to July 1, 1978, the benefit rate is 5.00% for all KLRP service.
2. If a legislator was a member of the plan on July 1, 1982 and entered legislative service between July 1, 1978 and June 30, 1980, the benefit rate is 4.15% for all KLRP service.
3. If a legislator was a member of the plan on July 1, 1982 and entered legislative service between July 1, 1980 and June 30, 1982, the benefit rate is 3.50% for all KLRP service.
4. For legislators entering KLRP service after June 30, 1982, the benefit rate is 2.75%.

Early Retirement

A member who retires prior to normal retirement date and has met the service requirement for normal retirement has two alternatives with regard to receiving retirement income as follows:

1. Upon reaching normal retirement age, the member may be vested with the right to receive a monthly service retirement allowance computed and payable on the basis of years of service and applicable average salary, or
2. A member may elect to be paid, commencing as of the date of the election, a monthly service retirement allowance equivalent to the amount of monthly allowance that would have been paid had the member waited until reaching normal retirement age, but reduced in accordance with age at the time of election for each year under normal retirement age at the rate of 5% per year.

If the member has 27 or more years of service credit, there shall be no reduction for benefit commencement prior to normal retirement age. If the difference between the number of years of total governmental service and 27 is less than the difference between actual age and normal retirement age, the reduction shall be 5% for each year of service under 27.

Late Retirement

A legislator may continue service past normal retirement age and will continue to accrue service credits, but cannot receive a benefit in excess of 100% of final average compensation.

Disability Benefit

Condition

No service requirement.

Benefit

Upon determination of disability, a member will be eligible to receive $\frac{1}{2}$ of the monthly retirement income that would have been payable commencing at normal retirement date if this member had continued service until that date and then retired. In calculating the retirement income, average salary for the 3 years preceding disability will be used. When a disabled member reaches normal retirement date, the member may apply and start receiving the full amount of retirement income that would have been payable based upon the actual number of years of service and compensation, in lieu of the disability benefit.

Death Benefit

Upon the death of a member who at the time of death was receiving a retirement income (other than an actuarially reduced income), or was receiving a disability income, the surviving spouse (if married to the member at the time of retirement) is entitled to receive a monthly allowance equal to $\frac{1}{2}$ of what the member was receiving for his/her lifetime.

If a member dies after retirement, and was at the time receiving an actuarially reduced allowance, or was not receiving an allowance, but had acquired a vested right to have received an allowance upon reaching normal retirement date, the surviving spouse (if married to the member at the time of retirement) is entitled to receive $\frac{1}{2}$ of the monthly allowance the member would have received at normal retirement date for his/her lifetime.

If an active member dies before retirement and before reaching normal retirement age, without regard to length of service, the surviving spouse is entitled to receive a monthly allowance payable for his/her lifetime equal to $\frac{1}{2}$ of the monthly retirement income the member would have received commencing at the member's normal retirement date as if the member had continued in service until that date and then retired, computed on the basis of final compensation at the time of death.

If a member dies before retirement and after reaching normal retirement date, the surviving spouse is entitled to receive a monthly allowance payable for his/her lifetime equal to $\frac{1}{2}$ of the monthly allowance the member would have been entitled to on the basis of years of service, had the member retired on his date of death, computed on the basis of final compensation at the time of death.

If a member is not married at the time of death, any death benefits described above to which a surviving spouse would have been entitled will be payable to the children of the deceased member until such time as the youngest child attains age 21, or for the life of a disabled child. Also, a member may designate that survivor benefits shall go in part or in total to minor children instead of the spouse.

If cumulative payments to the member and/or beneficiary do not exceed the member's total contributions to this plan, then the excess of such contributions over cumulative plan benefits paid shall be paid as an additional death benefit.

Termination Benefit

If a legislator ceases to be a member of the plan other than by death or disability prior to meeting the eligibility requirements for normal retirement, the amount of the member's accumulated contributions shall be returned to the member. If, thereafter, this individual again becomes a holder of an office qualifying for membership in this plan, this person shall not be entitled to credit for the prior period of service unless, at the time he again participates in the plan, the amount previously refunded is repaid, with interest.

Prior Service Credit

Credit in KERS or TRS, for legislative service prior to the creation of this plan on July 1, 1980, can be (and in many instances was) transferred to and become credit in this plan, upon transfer to this plan of the accumulated contributions plus interest (member's and state's) that were made to acquire the credit.

Cost-of-Living Adjustment

Ad hoc cost-of-living adjustments (COLA's) have been granted as noted below:

Effective Date of Increase	Percentage Increase	Increase Applies To Benefits Based on Service Prior To
7/1/1990	5%	6/30/1990
7/1/1991	5%	6/30/1991
7/1/1992	1%	6/30/1992
7/1/1993	1%	6/30/1993
7/1/1994	5%	6/30/1994
7/1/1995	5%	6/30/1995
7/1/1996	None	N/A
7/1/1997	None	N/A
8/1/1998	2.3%	N/A
7/1/1999	1.6%	N/A
7/1/2000	2.2%	N/A
7/1/2001	3.4%	N/A
7/1/2002	2.85%	N/A
7/1/2003	1.6%	N/A
7/1/2004	2.3%	N/A
7/1/2005	2.7%	N/A
7/1/2006	3.4%	N/A
7/1/2007	3.2%	N/A
7/1/2008	2.8%	N/A
7/1/2009 and later*	1.5%	N/A

*COLA's were suspended for fiscal years beginning in 2012 and later; COLA's after 7/1/2013 are not reflected in this valuation. No further COLA's will be granted until the plan is 100% funded, unless a one-time COLA is 100% prefunded.

In addition, a provision for an on-going cost-of-living adjustment is made by statute. Effective August 1, 1998 and each July 1 thereafter, a recipient of a monthly pension shall receive a cost-of-living adjustment keyed to the Consumer Price Index. This COLA is excluded from the inviolable contract and can be repealed by the General Assembly at any time. Beginning July 1, 2009, if granted, this cost-of-living adjustment will be 1.50% for all retirees who have been retired in excess of one year and prorated for those retired less than one year.

Pursuant to statutory requirements, COLA increases are not reflected in plan liabilities until actually granted, except for any anticipated COLA adjustments under the provision as in effect prior to August 1, 1998.

Summary of Benefits (Pension - Hybrid Tier)

Source

Sections 6.500-6.577 of the Kentucky Revised Statutes, and those statutes in KRS Chapter 21, specifically adopted by KRS 6.525. {See 2013 Senate Bill 2}.

Eligibility for Membership

Members of the General Assembly may elect to make monthly contributions within 30 days after taking office, and thereby become eligible for membership in the KLRP-HT plan. Individuals commencing participation before January 1, 2014 became participants in the KLRP.

Hypothetical Member Account

The Hypothetical Member Account for each member is credited monthly with 9% of “creditable compensation” (including a 5% employee credit and a 4% state credit), as well as interest as described below. The Hypothetical Member Account balance on June 30 each year is equal to the sum of all prior contribution credits and all prior interest credits.

Employee Contributions

All members contribute 5% of their “creditable compensation” to help fund their pension benefit. Additionally, all members contribute 1% of their “creditable compensation” towards the retiree medical benefit.

State Contributions

The state contributes actuarially determined amounts to finance benefits.

Creditable Compensation

Creditable compensation is based on actual compensation received during each year.

Interest on Hypothetical Member Account

The Hypothetical Member Account will be credited with 4% annually. The credit will be applied on each June 30 based upon the Hypothetical Member Account balance from the preceding June 30. No interest credit is provided for contribution credits made in the current year.

Additionally, if the geometric average net investment return for the prior five years (or years since the effective date of the hybrid plan, if less) exceed 4%, members who were active and participating in the prior year will have their hypothetical accounts credited with 75% of the amount of the return over 4%. This additional interest credit is applied in the same method as the interest credit in the prior paragraph.

Normal Retirement

Condition

Members who have attained age 65 and completed at least 5 years of legislative service. However, for members who are at least age 57, members may retire if age plus service equals 87 years.

Benefit

A member will receive their accumulated Hypothetical Account as either a lump sum or as one of a variety of annuity options, calculated by dividing their accumulated Hypothetical Account by an actuarial factor.

Early Retirement

A member who retires prior to normal retirement date with at least 5 years of service is eligible for a full refund of their accumulated Hypothetical Account as a lump sum.

Termination Benefit

If a legislator ceases to be a member of the plan prior to having 5 years of service, the amount of the member's accumulated contributions shall be returned to the member, including the member contributions and the interest applicable to this portion of the account. A member terminating with less than 5 years of service does not receive a refund of state contributions nor the interest applicable to this portion of the account.

Death Benefit

Upon the death of a member who at the time of death was receiving a retirement income, the named beneficiary shall receive survivor benefits based upon the form of retirement benefits being received.

If a member with at least 5 years of service dies before retirement, the named beneficiary is entitled to receive a full refund of the accumulated Hypothetical Member Account. If a member with less than 5 years of service dies before retirement, the named beneficiary is entitled to receive a refund of the member's accumulated contributions, including the member contributions and the interest applicable to this portion of the account.

Summary of Benefits (OPEB Plan)

Eligibility

For those hired prior to January 1, 2014, participants and their covered dependents are eligible under the same requirements as in the KLRP Traditional Tier. For those hired on or after January 1, 2014, participants and their covered dependents are eligible under the same requirements as in the KLRP Hybrid Tier.

Benefits

Retirees and their covered spouses are provided access to the State of KY group medical plan. Benefits for eligible retirees and their covered spouses are provided for life.

Contributions

Traditional Tier

Retirees and their covered spouses are required to pay a portion of the medical insurance premiums to receive coverage under the group medical plan. The percentage will vary based on the number of years of service credit as follows:

<u>Years of Service Credit at Retirement</u>	<u>Percentage of Medical Insurance Premium Paid by the Plan</u>
20 or more	100%
19, but less than 20	95%
18, but less than 19	90%
17, but less than 18	85%
16, but less than 17	80%
15, but less than 16	75%
14, but less than 15	70%
13, but less than 14	65%
12, but less than 13	60%
11, but less than 12	55%
10, but less than 11	50%
4, but less than 10	25%
Less than 4	0%

Hybrid Tier

Retired members with at least 15 years of service, in addition to actual retirement benefits, will receive a monthly medical insurance benefit of ten dollars per year of service. All members contribute 1% of creditable compensation during active service. In addition, during retirement members must contribute the difference between the premium rates in effect that year and their monthly medical insurance stipend.

Actuarial Assumptions

Interest

6.5% per annum – this rate was selected by the KLRP Investment Committee and Findley, A Division of USI, and the Fund Investment Manager believe this to be a reasonable long-term rate of return assumption.

The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at the current statutory contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, 6.5% was used for the discount rate/long-term rate of return assumption for GASB calculations.

Mortality

PubG-2010 (A) Table with Pre and Post Commencement Rates with projected mortality improvements after year 2010 under Projection Scale MP-2020 (male and female scales); i.e., full generational mortality. For the OPEB Plan, the headcounted weighted version of this table was used.

Terminations

2003 SOA Turnover Basic Age Table

Salary Increases

1% for the next three years and 3.5% thereafter;

Liabilities have been adjusted to reflect the potential impact of non-legislative salaries on future pension benefits in the traditional tier. The liabilities for members (including terminated members) who could be impacted by non-legislative salaries have been increased by 40% to recognize the potential increase in plan liability.

Disability

None

Retirement Age

Retirements were assumed to occur as follow:

<u>Retirement Age</u>	<u>Percentage of Active Members Retiring</u>
NRA-5	15.00%
NRA-4	7.50%
NRA-3	7.50%
NRA-2	15.00%
NRA-1	20.00%
NRA	20.00%
Above NRA	33.33%*
Age 70	100.00%

NRA = Normal Retirement Age

In addition to these rates, for members of the traditional tier only, an extra 20% rate is assumed at the age a member reaches 27 years of service credit.

Post-Retirement Death Benefit

Assumption is that 70% of the legislators would be married at retirement and the husband would be 3 years older than the wife on average.

Pre-Retirement Death Benefit

Assumption is that 70% of the legislators would be survived by a spouse upon death prior to retirement and that the husband would be 3 years older than the wife on average.

Cost-of-Living Adjustment

Pursuant to statutory requirements, COLA increases are not reflected in plan liabilities until actually granted.

Expenses

Estimated administrative expenses (assumed to be \$259,500 effective for the 2021-22 plan year).

Medical Insurance Premium Supplement

Plan Participation

100% of future eligible retirees are assumed to elect coverage at retirement.

Marital Status

Current elections are assumed to persist each year in the future. For pre-Medicare 2021 data, we expect approximately 41% of those covered also cover a spouse. For post-Medicare participants, we expect 70% will cover a spouse.

Medical Claims Cost

The per contract medical claims cost for 2021-2022 is determined based on the group premium rates, weighted by tier of coverage, and applied on a per contract basis based on the member's life. Weighted premiums are aged from the average age of the covered group. The premiums for 2021-22 and the current tier elections are shown in the table below:

	Monthly Premium Rates	Current Tier Election
<i>Pre-Medicare Coverage</i>		
Family	\$ 1,841.08	27.59%
Single	753.76	51.72%
Parent Plus	1,075.44	6.90%
Member and Spouse	1,653.10	13.79%
<i>Medicare Coverage</i>		
Medicare Advantage PPO	274.91	100%

Based on these weightings, the assumed claims cost for 2021-22 per contract for a male, age 65 are:

<u>Pre-65 Cost</u>	<u>Post-65 Cost</u>
\$ 17,594	\$ 5,608

Age Variance

Claims were adjusted downward using the aging factors in the Dale Yamamoto study released by the Society of Actuaries in June 2013 for attained ages 55 to 65. No aging was applied to the Medicare Advantage premium rates.

Health Care Cost Trend Rate

6.25% grading to 5.75% over 2 years and following the Getzen model thereafter until reaching an ultimate rate of 4.04% in the year 2075

Administrative Expenses

Administrative expenses are assumed to be included in the per capita claims cost.

Retiree Contributions

Legacy Plan:

Retirees are required to pay a percentage of the premium rate in effect at retirement based on years of service, as described in the plan provisions section of the report. The premium rates for 2021-22 are based on a weighted average of the current tier elections shown in the medical claims cost section of this report. Per contract premiums for 2021-22 are assumed to be:

<u>Pre-65 Cost</u>	<u>Post-65 Cost</u>
\$ 14,570	\$ 5,608

Hybrid Plan:

Retirees are required to contribute 1% of creditable compensation during active service. Upon retirement, retirees must contribution the difference between the premium rates in effect each year and their monthly stipend. Monthly stipends are \$10 per year of service. The total premium rates before the stipend for 2021-22 are based on a weighted average of the current tier elections shown in the medical claims cost section of this report. Per contract premiums for 2021-22 are assumed to be:

<u>Pre-65 Cost</u>	<u>Post-65 Cost</u>
\$ 14,570	\$ 5,608

Coordination with Medicare

Benefits for retirees are deemed to be similar to those benefits provided for actives. The retiree medical plan is assumed to be the primary plan of benefits prior to age 65. It is assumed to pay benefits secondary to Medicare after attaining age 65.

Non-members

Legislators electing not to participate are assumed to continue as non-members in the future.

Actuarial Methods

Funding Method

Accrued liability and normal cost calculated based on Entry Age Normal funding method. The required contribution is calculated based on KRS 21.525, which requires contributions of normal cost plus interest on the unfunded liability plus 1% of the unfunded liability.

Asset Valuation Method

The determination of the actuarial value of assets is as follows:

1. Investment gains/losses are determined for each year by comparing the expected value of assets based on the assumed interest assumption to actual market value. Expected value of assets in each year shall be determined by projecting the market value of assets from the prior year using the assumed interest rate, plus contributions less benefit payments and plan expenses (adjusted with interest at the assumed rate). If the expected value of plan assets is different than the actual market value of plan assets then the difference is treated as a gain or loss for that year.
2. The amount of any gain or loss as determined above shall be recognized evenly over the subsequent five years.
3. The actuarial value of assets on any valuation date shall be equal to the market value of assets on that date adjusted as follows:
 - > Reduced by 80% of a gain or increased by 80% of a loss from the preceding year
 - > Reduced by 60% of a gain or increased by 60% of a loss from the 2nd preceding year
 - > Reduced by 40% of a gain or increased by 40% of a loss from the 3rd preceding year
 - > Reduced by 20% of a gain or increased by 20% of a loss from the 4th preceding year
4. In no event will the actuarial value of assets be less than 80% or greater than 120% of the current market value of assets

This asset valuation method is used in the determination of funding levels. The fair market value of assets is used for disclosure purposes under GASB Statement Nos. 67, 68, 74, and 75.

For purposes of GASB Statement Nos. 67, 68, 74, and 75, the market value of assets has been allocated between retirement related and medical premium supplement liabilities. This market value allocation is carried forward each year based on the following:

1. State and member contributions, as well as transfers for purchase of additional service, are allocated pro-rata reflecting the Annual Required Contribution for that year.
2. Benefits paid reflect actual benefits paid relative to retirement related benefits separately from medical premium supplements.
3. Preliminary assets are determined by adjusting beginning value for allocated State and member contributions and actual benefits paid.
4. Net investment return is allocated pro-rata based on the preliminary assets developed in the previous step.
5. Allocated assets as of the valuation date equal the preliminary balance plus the allocated share of investment income.

Actuarial value of assets is developed initially in total and then allocated between retirement related benefits and medical premium supplement benefits on a pro-rata basis reflecting allocated share of market value as of the valuation date.

GASB Statement No. 67

Statement of Changes in Fiduciary Net Position

	<u>June 30, 2021</u>
Additions	
Contributions:	
Employer	\$0
Employee	<u>267,358</u>
Total Contributions	267,358
Transfer In Payments	0
Investment Income	26,743,612
Other	<u>0</u>
Total Additions	27,010,970
Deductions	
Benefit Payments / Refunds	5,128,937
Administrative Expenses	0
Other	<u>0</u>
Total Deductions	<u>5,128,937</u>
Net Increase in Net Position	21,882,033
Net Position Restricted for Pensions	
Beginning of Year Market Value of Assets	<u>76,409,564</u>
End of Year Market Value of Assets	<u><u>\$98,291,597</u></u>

Net Pension Liability

Determination of Net Pension Liability

	June 30, 2021
Total Pension Liability (6.5%)	72,568,155
Plan Fiduciary Net Position (Market Value of Assets)	(98,291,597)
Net Pension Liability	(\$25,723,442)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	135.45%

Sensitivity of Net Pension Liability to Changes in the Discount Rate

	1% Decrease (5.5%)	Current Rate (6.5%)	1% Increase (7.5%)
Net Pension Liability	(\$18,505,613)	(\$25,723,442)	(\$31,819,537)

Schedule of Changes in the Net Pension Liability and Related Ratios (Dollar amounts in millions)

	fiscal year ending June 30									
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Total Pension Liability										
Service cost	\$1.0	\$1.0	\$0.9	\$0.7	\$0.7	\$0.7	\$0.6	\$0.5		
Interest	4.9	\$5.1	\$5.2	\$5.3	\$4.6	\$4.6	\$4.5	4.6		
Changes of benefit terms	0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	0.0		
Differences between expected and actual experience	0.0	(\$3.4)	\$0.0	(\$6.4)	\$0.0	(\$2.8)	\$0.0	(2.0)		
Changes of assumptions	3.7	(\$1.5)	\$0.0	(\$0.2)	\$0.0	(\$0.3)	\$0.0	2.6		
Benefit Payments / Refunds	(3.5)	(\$3.7)	(\$4.0)	(\$4.2)	(\$4.5)	(\$4.7)	(\$5.0)	(5.1)		
Net Change in Total Pension Liability	\$6.1	(\$2.5)	\$2.1	(\$4.7)	\$0.8	(\$2.5)	\$0.1	\$0.6		
Total Pension Liability - beginning	72.6	\$78.7	\$76.2	\$78.4	\$73.6	\$74.4	\$71.9	72.0		
Total Pension Liability - ending (a)	\$78.7	\$76.2	\$78.4	\$73.6	\$74.4	\$71.9	\$72.0	\$72.6		
Plan Fiduciary Net Position (Market Value of Assets)										
Contributions - employer	\$1.8	\$3.4	\$3.4	\$2.4	\$2.4	\$0.0	\$0.0	\$0.0		
Contributions - employee	0.2	0.2	0.3	0.3	0.2	0.2	0.2	0.3		
Transfer In Payments	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0		
Net investment income	7.9	5.6	2.0	7.9	6.2	8.6	4.3	26.7		
Benefit Payments / Refunds	(3.5)	(3.7)	(4.0)	(4.2)	(4.5)	(4.7)	(5.0)	(5.1)		
Administrative expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Net Change in Plan Fiduciary Net Position	\$6.4	\$5.5	\$1.7	\$6.6	\$4.4	\$4.1	(\$0.5)	\$21.9		
Plan Fiduciary Net Position - beginning	48.2	54.6	60.1	61.9	68.4	72.8	76.9	76.4		
Plan Fiduciary Net Position - ending (b)	\$54.6	\$60.1	\$61.9	\$68.4	\$72.8	\$76.9	\$76.4	\$98.3		
Net Pension Liability - ending (a) - (b)	\$24.1	\$16.1	\$16.5	\$5.2	\$1.6	(\$5.0)	(\$4.4)	(\$25.7)		
Plan Fiduciary Net Position as a % of the Total Pension Liability	69.4%	78.9%	79.0%	92.9%	97.8%	107.0%	106.1%	135.4%		
Covered-employee payroll	\$5.0	\$4.9	\$4.9	\$4.4	\$4.4	\$4.3	\$4.3	\$4.2		
Net Pension Liability as a % of covered-employee payroll	483.2%	328.6%	336.7%	118.2%	36.4%	(116.3%)	(102.3%)	(611.9%)		
Discount Rate (traditional)	6.50%	6.85%	6.85%	6.45%	6.45%	6.50%	6.50%	6.50%		
Discount Rate (hybrid)	n/a	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	6.50%		

Schedule of Contributions

	fiscal year ending June 30									
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Actuarially determined contribution ¹	\$3.2	\$3.4	\$3.4	\$2.4	\$2.4	\$1.1	\$1.2	\$0.4		
Contributions in relation to the actuarially determined contribution	1.8	3.4	3.4	2.4	2.4	0.0	0.0	0.0		
Contribution deficiency (excess)	<u>\$1.4</u>	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$1.1</u>	<u>\$1.2</u>	<u>\$0.4</u>		
Covered-employee payroll	\$5.0	\$4.9	\$4.9	\$4.4	\$4.4	\$4.3	\$4.3	\$4.2		
Contributions as a percentage of covered-employee payroll	36.1%	69.3%	69.4%	54.9%	54.8%	0.0%	0.0%	0.0%		

¹ Starting with the Fiscal Year Ending June 30, 2019, due to the lag period between the calculated date and the actual contributions, the Actuarially Determined Contribution has been adjusted with interest at the funding interest rate assumption.

Additional Requirements Under GASB Statement No. 67

GASB Statement No. 67 also requires a Statement of Fiduciary Net Position (which includes a breakdown of current assets by type) and additional investment information, including the annual money-weighted rate of return. In order to satisfy GASB Statement No. 67, these required pieces will need to be provided by the Kentucky Judicial Form Retirement System. Findley, A Division of USI, is prepared to assist the system as needed.

GASB Statement No. 68

Schedule of Changes in NPL, Deferrals, & Pension Expense

	Increase (Decrease)					Pension Expense
	Total Pension Liability	Plan Net Position (Assets)	Net Pension Liability	Deferred Pension Outflows of Resources	Deferred Pension Inflows of Resources	
	(a)	(b)	(a) - (b)			
Balances--at 06/30/20	\$ 71,968,764	\$ 76,409,564	\$ (4,440,800)	\$ 1,018,882	\$ 4,012,673	
Changes for the Year:						
Service cost	525,441		525,441			525,441
Interest expense	4,559,324		4,559,324			4,559,324
Benefit changes						
Experience losses (gains)	(1,974,940)		(1,974,940)	-	1,209,163	(761,224)
Changes of assumptions	2,618,503		2,618,503	1,603,186	-	1,015,038
Contributions--State		-	-			
Contributions--Members		267,358	(267,358)			(267,358)
Transfer In Payments		-	-			
Net investment income		26,743,612	(26,743,612)			
Expected return on plan investments						(4,749,983)
Current expense of asset gain/loss						(6,250,334)
Non expensed asset gain/loss				-	17,594,903	
Refunds of contributions	-	-	-			
Benefits paid	(5,128,937)	(5,128,937)	-			
Plan administrative expenses						
Recognition of Prior Post-measurement Contribution				(580,008)		
Post-measurement Contribution				380,676		
Other changes						
Amortization of or change in beginning balances				(115,107)	(1,962,440)	
Net Changes	599,391	21,882,033	(21,282,642)	1,288,747	16,841,626	(5,929,096)
Balances--at 06/30/21	\$ 72,568,155	\$ 98,291,597	\$ (25,723,442)	\$ 2,307,629	\$ 20,854,299	(5,929,096)

Pension Expense & Deferred Outflows/Inflows of Resources

For the year ended June 30, 2022, the recognized pension expense/(income) will be (\$5,929,096). At June 30, 2022, the Kentucky Judicial Form Retirement System reported deferred outflows of resources and deferred inflows of resources in relation to pensions from the following sources:

	As of June 30, 2021		Recognized in Pension Expense	As of June 30, 2022		
	Deferred Outflows of Resources	Deferred Inflows of Resources		Deferred Outflows of Resources	Deferred Inflows of Resources	Remaining Amort. Period
Experience losses (gains)						
- 6/30/2017	11,926	-	1,497	10,429	-	6.970 years
- 6/30/2019	29,787	-	3,056	26,731	-	8.747 years
- 6/30/2021	-	1,974,940	(765,777)	-	1,209,163	1.579 years
subtotal	41,713	1,974,940	(761,224)	37,160	1,209,163	
Change of assumptions						
- 6/30/2018	-	2,221	(279)	-	1,942	6.970 years
- 6/30/2021	2,618,503	-	1,015,317	1,603,186	-	1.579 years
subtotal	2,618,503	2,221	1,015,038	1,603,186	1,942	
Net difference between projected and actual earnings on investments						
- 6/30/2017	-	732,817	(732,817)	-	-	0.000 years
- 6/30/2018	-	760,726	(380,363)	-	380,363	1.000 year
- 6/30/2019	-	2,501,891	(833,963)	-	1,667,928	2.000 years
- 6/30/2020	382,142	-	95,535	286,607	-	3.000 years
- 6/30/2021	-	21,993,629	(4,398,726)	-	17,594,903	4.000 years
subtotal	382,142	25,989,063	(6,250,334)	286,607	19,643,194	
Total	\$ 3,042,358	\$ 27,966,224	\$ (5,996,520)	\$ 1,926,953	\$ 20,854,299	

Actual investment earnings above (or below) projected earnings are amortized over 5 years. Plan experience and changes of assumptions are amortized over the average remaining service period of actives and inactive (0 years of future service is assumed for inactive for this calculation).

Pension Expense & Deferred Outflows/Inflows of Resources (continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	(5,263,703)
2023	(4,988,399)
2024	(4,298,915)
2025	(4,394,451)
2026	4,274
Thereafter	13,848

In addition, Governmental Accounting Standards Board Statement 71 (“GASB 71”) requires contributions between the measurement date (July 1, 2021) and the disclosure date (June 30, 2022) for GASB 68 be reported as a deferred outflow of resources.

Sources of Gains and Losses

Experience Losses (gains)	\$ (1,974,940)
Change of Assumptions Losses (gains)	2,618,503
<u>Asset Losses (gains)</u>	<u>(21,993,629)</u>
Total	\$ (21,350,066)

GASB Statement No. 74

Statement of Changes in Fiduciary Net Position

	<u>June 30, 2021</u>
Additions	
Contributions	
Employer	0
Employee	<u>20,573</u>
Total Contributions	20,573
Transfer In Payments	0
Investment Income	19,225,688
Other	<u>0</u>
Total Additions	<u>19,246,261</u>
 Deductions	
Benefit Payments / Refunds	834,997
Administrative Expenses	0
Other	<u>0</u>
Total Deductions	<u>834,997</u>
Net Increase in Net Position	<u>18,411,264</u>
 Net Position Restricted for OPEB	
Beginning of Year Market Value of Assets	<u>52,249,481</u>
End of Year Market Value of Assets	<u><u>\$70,660,745</u></u>

Net OPEB Liability

Determination of Net OPEB Liability

Total OPEB Liability	15,667,998
Plan Fiduciary Net Position (Market Value of Assets)	<u>(70,660,745)</u>
Net OPEB Liability	<u><u>(\$54,992,747)</u></u>
 Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	 450.99%

Sensitivity of Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

	1% Decrease on Trend Assumption	Current Trend Assumption	1% Increase on Trend Assumption
Net OPEB Liability	(\$56,485,021)	(\$54,992,747)	(\$53,223,029)

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

	1% Decrease 5.50%	Current Rate 6.50%	1% Increase 7.50%
Net OPEB Liability	(\$53,167,720)	(\$54,992,747)	(\$56,512,044)

Schedule of Changes in the Net OPEB Liability and Related Ratios

(Dollar amounts in millions)

	fiscal year ending June 30									
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Total OPEB Liability										
Service cost	\$0.4	\$0.3	\$0.3	\$0.1	\$0.2					
Interest	2.0	1.4	1.5	\$1.2	1.3					
Changes of benefit terms	0.0	0.0	0.0	\$0.0	0.0					
Differences between expected and actual experience	(10.6)	0.0	(4.4)	\$0.0	(4.8)					
Changes of assumptions	2.3	0.0	0.0	\$0.0	(0.4)					
Benefit Payments / Refunds	(0.7)	(0.8)	(0.8)	(\$0.8)	(0.8)					
Net Change in Total OPEB Liability	(\$6.6)	\$0.9	(\$3.4)	\$0.5	(\$4.5)					
Total OPEB Liability - beginning	28.6	22.0	23.1	\$19.7	20.2					
Total OPEB Liability - ending (a)	<u>\$22.0</u>	<u>\$23.1</u>	<u>\$19.7</u>	<u>\$20.2</u>	<u>\$15.7</u>					
Plan Fiduciary Net Position (Assets)										
Contributions - employer	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0					
Contributions - employee	\$0.0	\$0.0	\$0.0	\$0.0	0.0					
Transfer In Payments	\$0.0	\$0.0	\$0.0	\$0.0	0.0					
Net investment income	\$4.9	\$3.9	\$5.7	\$2.9	19.2					
Benefit Payments / Refunds	(\$0.7)	(\$0.8)	(\$0.8)	(\$0.8)	(0.8)					
Administrative expenses	\$0.0	\$0.0	\$0.0	\$0.0	0.0					
Other	\$0.0	\$0.0	\$0.0	\$0.0	0.0					
Net Change in Plan Fiduciary Net Position	\$4.2	\$3.1	\$4.9	\$2.1	\$18.4					
Plan Fiduciary Net Position - beginning	\$37.8	\$42.0	\$45.1	\$50.1	52.2					
Plan Fiduciary Net Position - ending (b)	<u>\$42.0</u>	<u>\$45.1</u>	<u>\$50.1</u>	<u>\$52.2</u>	<u>\$70.7</u>					
Net OPEB Liability - ending (a) - (b)	<u>(\$20.0)</u>	<u>(\$22.1)</u>	<u>(\$30.4)</u>	<u>(\$32.1)</u>	<u>(\$55.0)</u>					
Plan Fiduciary Net Position as a % of the Total OPEB Liability	190.9%	195.2%	254.3%	258.9%	450.3%					
Covered-employee payroll	\$4.4	\$4.4	\$4.3	\$4.3	\$4.2					
Net OPEB Liability as a % of covered-employee payroll	(454.5%)	(502.3%)	(707.0%)	(746.5%)	(1309.5%)					
Discount Rate (traditional)	6.50%	6.50%	6.50%	6.50%	6.50%					
Discount Rate (hybrid)	4.00%	4.00%	4.00%	4.00%	6.50%					

Schedule of Contributions

	fiscal year ending June 30									
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Actuarially determined contribution ¹	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0					
Contributions in relation to the actuarially determined contribution	0.0	0.0	0.0	\$0.0	0.0					
Contribution deficiency (excess)	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>					
Covered-employee payroll	\$4.4	\$4.4	\$4.3	\$4.3	\$4.2					
Contributions as a percentage of covered-employee payroll	0.0%	0.0%	0.0%	\$0.0	0.0%					

¹ Starting with the Fiscal Year Ending June 30, 2019, due to the lag period between the calculated date and the actual contributions, the Actuarially Determined Contribution has been adjusted with interest at the funding interest rate assumption.

Additional Requirements Under GASB Statement No. 74

GASB Statement No. 74 also requires a Statement of Fiduciary Net Position (which includes a breakdown of current assets by type) and additional investment information, including the annual money-weighted rate of return. In order to satisfy GASB Statement No. 74, these required pieces will need to be provided by the Kentucky Judicial Form Retirement System. Findley, A Division of USI, is prepared to assist the system as needed.

GASB Statement No. 75

Schedule of Changes in NOL, Deferrals, & OPEB Expense

	Increase (Decrease)			Deferred OPEB Outflows of Resources	Deferred OPEB Inflows of Resources	OPEB Expense
	Total OPEB Liability (a)	Plan Net Position (Assets) (b)	Net OPEB Liability (a) - (b)			
Balances--at 06/30/20	\$ 20,244,775	\$ 52,249,481	\$(32,004,706)	\$ 372,886	\$ 2,567,044	
Changes for the Year:						
Service cost	158,472		158,472			158,472
Interest expense	1,301,335		1,301,335			1,301,335
Benefit changes						
Experience losses (gains)	(4,799,669)		(4,799,669)	-	2,938,611	(1,859,625)
Changes of assumptions	(401,918)		(401,918)	-	246,075	(155,670)
Contributions--State		-	-			
Contributions--Members		20,573	(20,573)			(20,573)
Transfer In Payments		-	-			
Net investment income		19,225,688	(19,225,688)			
Expected return on plan investments						(3,414,711)
Current expense of asset gain/loss						(4,335,562)
Non expensed asset gain/loss				-	12,648,782	
Refunds of contributions	-	-	-			
Benefits paid	(834,997)	(834,997)	-			
Plan administrative expenses						
Recognition of Prior Post-measurement Contribution				(85,782)		
Post-measurement Contribution				25,907		
Other changes						
Amortization of or change in beginning balances				(72,326)	(1,244,086)	
Net Changes	<u>(4,576,777)</u>	<u>18,411,264</u>	<u>(22,988,041)</u>	<u>(132,201)</u>	<u>14,589,382</u>	<u>(8,326,334)</u>
Balances--at 06/30/21	<u>\$ 15,667,998</u>	<u>\$ 70,660,745</u>	<u>\$(54,992,747)</u>	<u>\$ 240,685</u>	<u>\$ 17,156,426</u>	<u>\$ (8,326,334)</u>

OPEB Expense & Deferred Outflows/Inflows of Resources

For the year ended June 30, 2022, the recognized OPEB expense/(income) will be (\$8,326,334). At June 30, 2022, the Kentucky Judicial Form Retirement System reported deferred outflows of resources and deferred inflows of resources in relation to OPEBs from the following sources:

	As of June 30, 2021		Recognized in Pension Expense	As of June 30, 2022		
	Deferred Outflows of Resources	Deferred Inflows of Resources		Deferred Outflows of Resources	Deferred Inflows of Resources	Remaining Amort. Period
Experience losses (gains)						
- 6/30/2017	4,804	-	603	4,201	-	6.970 years
- 6/30/2019	8,085	-	830	7,255	-	8.747 years
- 6/30/2021	-	4,799,669	(1,861,058)	-	2,938,611	1.579 years
subtotal	12,889	4,799,669	(1,859,625)	11,456	2,938,611	
Change of assumptions						
- 6/30/2019	1,686	-	173	1,513	-	8.747 years
- 6/30/2021	-	401,918	(155,843)	-	246,075	1.579 years
subtotal	1,686	401,918	(155,670)	1,513	246,075	
Net difference between projected and actual earnings on investments						
- 6/30/2017	-	461,161	(461,161)	-	-	0.000 years
- 6/30/2018	-	471,994	(235,996)	-	235,998	1.000 year
- 6/30/2019	-	1,630,440	(543,480)	-	1,086,960	2.000 years
- 6/30/2020	269,079	-	67,270	201,809	-	3.000 years
- 6/30/2021	-	15,810,977	(3,162,195)	-	12,648,782	4.000 years
subtotal	269,079	18,374,572	(4,335,562)	201,809	13,971,740	
Total	\$ 283,654	\$ 23,576,159	\$ (6,350,857)	\$ 214,778	\$ 17,156,426	

Actual investment earnings above (or below) projected earnings are amortized over 5 years. Plan experience and changes of assumptions are amortized over the average remaining service period of actives and inactive (0 years of future service is assumed for inactive for this calculation).

OPEB Expense & Deferred Outflows/Inflows of Resources (continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEBs will be recognized in OPEB expense as follows:

Year ended June 30:	
2022	(5,889,698)
2023	(4,804,584)
2024	(3,093,320)
2025	(3,160,591)
2026	1,606
Thereafter	4,939

In addition, Governmental Accounting Standards Board Statement 71 ("GASB 71") requires contributions between the measurement date (July 1, 2021) and the disclosure date (June 30, 2022) for GASB 75 be reported as a deferred outflow of resources.

Sources of Gains and Losses

Experience Losses (gains)	\$ (4,799,669)
Change of Assumptions Losses (gains)	(401,918)
<u>Asset Losses (gains)</u>	<u>(15,810,977)</u>
Total	\$ (21,012,564)

Risk Assessment

Risk Factor	Initial Risk Assessment Language
Investment	Due to the plan's substantial equity exposure, investment returns will likely be much more volatile than the measurements of plan liabilities. Therefore, there is a risk that the funded status of the plan, as well as required plan contributions, could be volatile.
Assumed Rate of Return	Due to the plan's estimated duration of 8 to 10, a 1% decrease in the assumed rate of investment return would increase the measurement of the liability by 8% to 10%.
Longevity	Since nearly all of the plan liability is projected to be paid as annuities, the plan is sensitive to changes in overall population longevity. As a result, the liabilities will fluctuate with changes in longevity. The ratio of retired life liability to total liability is 72%, suggesting there is less sensitivity to long-term changes in overall mortality improvement than a less mature plan.
Other demographic factors	Due to the eligibility for unreduced and subsidized retirement benefits, employees continuing in service for longer than expected will accrue additional benefits which may or may not result in larger liabilities. Conversely, employees retiring sooner than anticipated will accrue smaller benefits which may or may not result in smaller liabilities.
Lump sums	No significant known risks. However, as the Hybrid Tier becomes a larger percentage of the total liability, this risk will become more significant. Since lump sum benefits are equal to the cash balance for the Hybrid Tier, lump sum payments have a comparable effect on both assets and liabilities.
Inflation	Inflation is a component of future interest rates and investment returns over a long period. As a result, changes to inflation can affect funded percentages.
Non-Legislative Salaries	Pension benefits can be increased by future non-legislative salaries and the liability for active and deferred vested participants has been increased by 40% to reflect his possibility. The effect of non-legislative salaries may have a larger or smaller impact than is reflected by the 40% load factor. Additionally, future legislation may eliminate or reduce the effect of this provision.
Other Factors	Due to recent and ongoing attempts to pass pension reform legislation at a state level, the plan could be modified in the future. Future legislation may affect benefit levels or future contribution levels and could result in increases or decreases in the plan liabilities or funding status.

Findley, A Division of USI can perform more detailed assessments of these risks as desired by the plan sponsor to provide a better understanding of the risks.

GASB Notes

Notes to GASB 67, 68, 74, and 75 Disclosures

1. Actuarial accrued liability is based on the entry age normal funding method.
2. Market value of assets as of July 1, 2007 was allocated between pension and OPEB obligations based on proportionate share of accrued liability on that date. Allocations in subsequent years are based on prior year allocated value adjusted for contributions and benefits paid during the year, with investment return (net of expenses) allocated proportionately between retirement and OPEB obligations. Actuarial value of assets is then allocated based on the market value share of retirement and OPEB obligations.
3. Actuarial value of assets uses a 5-year asset smoothing method.
4. Information used in preparing these exhibits has been extracted from past valuation reports.

Note: Above statements are based on information furnished by the prior actuary.

5. The tables in this report account for liabilities and assets only for the traditional defined benefit/OPEB tier under the plan; liabilities and assets pertaining to the hybrid cash balance/OPEB tier are presented in a separate report.
6. Covered payroll reflects payroll for all current plan members.
7. ADC based on full actuarial report (odd numbered years) immediately prior to each biennium. ADC amount shown is for basic valuation, without any future COLA reflected but with interest adjustment as appropriate.
8. The valuation date, disclosure date, and measurement date all fall on the same date for purposes of GASB 67.
9. It is assumed the measurement date for GASB 68 will be 12 months before the disclosure date. For the year ending June 30, 2022, the measurement date is July 1, 2021 (the valuation date).
10. The valuation date, disclosure date, and measurement date all fall on the same date for purposes of GASB 74.
11. It is assumed the measurement date for GASB 75 will be 12 months before the disclosure date. For the year ending June 30, 2022, the measurement date is July 1, 2021 (the valuation date).

Summary of Participant Data

Distribution of Active Participants with Average Compensation

Attained Age	Years of Credited Service										Total
	Under 1	1 - 4	5 - 9	10 - 14	15 - 19	20 - 24	25 - 29	30 - 34	35 - 39	Over 39	
Under 25											
25 - 29											
30 - 34	2	3									5
	\$42,289	\$39,472									\$40,599
35 - 39	1	2		1							4
	\$41,148	\$40,926		\$41,316							\$41,079
40 - 44		5	3	1	1						10
		\$41,601	\$46,349	\$36,189	\$43,958						\$42,720
45 - 49	5	1	2								8
	\$42,314	\$29,066	\$44,657								\$41,244
50 - 54	1	6	5	1	2	3					18
	\$42,032	\$40,989	\$41,871	\$45,615	\$51,772	\$43,219					\$43,119
55 - 59	3	8	1	1	1				1		15
	\$41,148	\$38,197	\$39,877	\$42,951	\$57,118				\$61,415		\$42,026
60 - 64	2	5	2	3		1	1	1			15
	\$41,779	\$37,078	\$41,782	\$40,640		\$40,922	\$44,510	\$53,838			\$40,914
65 - 69	1	3	2	3	2	4	1				16
	\$41,148	\$38,045	\$39,738	\$45,533	\$44,192	\$40,315	\$42,951				\$41,497
Over 69		2	2		2		1	3			10
	\$0	\$30,255	\$41,144		\$38,458		\$48,901	\$41,345			\$39,265
Total	15	35	17	10	8	8	3	5			101
	\$0	\$38,540	\$42,525	\$42,459	\$46,240	\$41,480	\$45,454	\$47,858			\$41,597

Distribution of Inactive Participants with Average Annual Benefit

Attained Age	Retired and Beneficiaries	Terminated	Total
Under 50		7	7
		\$14,108	\$14,108
50 - 54	4	11	15
	\$18,500	\$26,223	\$24,164
55 - 59	6	11	17
	\$45,995	\$17,036	\$27,257
60 - 64	18	10	28
	\$58,151	\$29,089	\$47,772
65 - 69	28	7	35
	\$50,158	\$8,999	\$41,926
70 - 74	67		67
	\$40,713		\$40,713
75 - 79	43		43
	\$36,963		\$36,963
80 - 84	44		44
	\$44,885		\$44,885
85 - 89	26	1	27
	\$35,286	\$96,902	\$37,568
90 - 94	7		7
	\$28,883		\$28,883
Over 94	2		2
	\$52,096		\$52,096
Total	245	47	292
	\$42,110	\$21,817	\$38,844

Glossary of Terms

Amortization – The process of systematically recognizing prior gains and losses as a component of the Pension Expense.

Fiduciary Net Position – The market value of assets as of a specified measurement date.

Funded Status – The difference between the Fiduciary Net Position and the Total Pension Liability as of the measurement date.

Gain/Loss – A change in the value of either the Total Pension Liability or the plan assets resulting from experience different from that assumed or from a change in an actuarial assumption.

Interest Cost – The amount recognized in a period determined as the increase in the Total Pension Liability due to the passage of time.

Pension Expense – The sum of Service Cost, Interest Cost, Expected Return on Assets and amortizations of Actuarial Gain/Loss over the average remaining service period (or the life expectancy) of plan participants expected to receive plan benefits plus a 5-year amortization of Asset Gain/Loss.

Service Cost – is the actuarial present value of benefits attributed to services rendered by employees during the measurement.

Total Pension Liability – The Entry Age Normal Accrued Liability.

Sensitivity Analysis

In accordance with HB 238, passed in 2016, we are providing the following sensitivity analysis of the valuation results to changes in certain plan assumptions. Specifically we have looked at the effect of a one percent increase and decrease to the discount rate, salary scale, and healthcare cost trend rate assumptions.

Discount Rate

	1% Decrease (5.5%)	Current Rate (6.5%)	1% Increase (7.5%)
Pension Plan			
Accrued Liability	\$79,785,984	\$72,568,155	\$66,472,060
Actuarial Value of Assets	79,019,547	79,019,547	79,019,547
Unfunded Past Service Liability	766,437	(6,451,392)	(12,547,487)
Funded Ratio	99.04%	108.89%	118.88%
Contribution as Percent of Salary	10.22%	0.00%	0.00%
OPEB Plan			
Accrued Liability	\$17,493,025	\$15,667,998	\$14,148,701
Actuarial Value of Assets	56,806,280	56,806,280	56,806,280
Unfunded Past Service Liability	(39,313,255)	(41,138,282)	(42,657,579)
Funded Ratio	324.74%	362.56%	401.49%
Contribution as Percent of Salary	0.00%	0.00%	0.00%
Total ¹			
Accrued Liability	\$97,279,009	\$88,236,153	\$80,620,761
Actuarial Value of Assets	135,825,827	135,825,827	135,825,827
Unfunded Past Service Liability	(38,546,818)	(47,589,674)	(55,205,066)
Funded Ratio	139.63%	153.93%	168.47%
Contribution as Percent of Salary	10.22%	0.00%	0.00%

¹Our current understanding of IRS regulations is that they prohibit the use of surplus OPEB assets for retirement benefits. We recommend continuing discussions with plan council on possible options. Please refer to page 9 of this report for the asset and liabilities split between the Pension and OPEB plans.

Salary Scale

	1% Decrease	Current Rate	1% Increase
	0% for five years, 2.5% thereafter	1% for five years, 3.5% thereafter	2% for five years, 4.5% thereafter
Pension Plan			
Accrued Liability	\$72,496,984	\$72,568,155	\$72,675,107
Actuarial Value of Assets	79,019,547	79,019,547	79,019,547
Unfunded Past Service Liability	(6,522,563)	(6,451,392)	(6,344,440)
Funded Ratio	109.00%	108.89%	108.73%
Contribution as Percent of Salary	0.00%	0.00%	0.00%
OPEB Plan			
Accrued Liability	\$15,709,188	\$15,667,998	\$15,623,374
Actuarial Value of Assets	56,806,280	56,806,280	56,806,280
Unfunded Past Service Liability	(41,097,092)	(41,138,282)	(41,182,906)
Funded Ratio	361.61%	362.56%	363.60%
Contribution as Percent of Salary	0.00%	0.00%	0.00%
Total ¹			
Accrued Liability	\$88,206,172	\$88,236,153	\$88,298,481
Actuarial Value of Assets	135,825,827	135,825,827	135,825,827
Unfunded Past Service Liability	(47,619,655)	(47,589,674)	(47,527,346)
Funded Ratio	153.99%	153.93%	153.83%
Contribution as Percent of Salary	0.00%	0.00%	0.00%

¹Our current understanding of IRS regulations is that they prohibit the use of surplus OPEB assets for retirement benefits. We recommend continuing discussions with plan council on possible options. Please refer to page 9 of this report for the asset and liabilities split between the Pension and OPEB plans.

Healthcare Cost Trend Rate

	1% Decrease in Trend Assumption	Current Rate in Trend Assumption	1% Increase in Trend Assumption
Pension Plan			
Accrued Liability	\$72,568,155	\$72,568,155	\$72,568,155
Actuarial Value of Assets	79,019,547	79,019,547	79,019,547
Unfunded Past Service Liability	(6,451,392)	(6,451,392)	(6,451,392)
Funded Ratio	108.89%	108.89%	108.89%
Contribution as Percent of Salary	0.00%	0.00%	0.00%
OPEB Plan			
Accrued Liability	\$14,175,724	\$15,667,998	\$17,437,716
Actuarial Value of Assets	56,806,280	56,806,280	56,806,280
Unfunded Past Service Liability	(42,630,556)	(41,138,282)	(39,368,564)
Funded Ratio	400.73%	362.56%	325.77%
Contribution as Percent of Salary	0.00%	0.00%	0.00%
Total ¹			
Accrued Liability	\$86,743,879	\$88,236,153	\$90,005,871
Actuarial Value of Assets	135,825,827	135,825,827	135,825,827
Unfunded Past Service Liability	(49,081,948)	(47,589,674)	(45,819,956)
Funded Ratio	156.58%	153.93%	150.91%
Contribution as Percent of Salary	0.00%	0.00%	0.00%

¹Our current understanding of IRS regulations is that they prohibit the use of surplus OPEB assets for retirement benefits. We recommend continuing discussions with plan council on possible options. Please refer to page 9 of this report for the asset and liabilities split between the Pension and OPEB plans.

Projections

Pension Plan

In accordance with HB 238, we are also providing the following 30 year projection under the current plan assumptions and, if applicable, before any assumptions changes effective at the valuation date. For a list of assumptions changes effective as of July 1, 2021, please see page 7.

Year Beginning July 1	Contribution Requirement (\$M)*		Contribution (%)		Accrued Liability (\$M)		Unfunded Liability (\$M)		Funded Ratio (Assets/Liabilities)	
	Prior	Current	Prior	Current	Prior	Current	Prior	Current	Prior	Current
	Assumptions	Assumptions	Assumptions	Assumptions	Assumptions	Assumptions	Assumptions	Assumptions	Assumptions	Assumptions
2021	\$ 0.4	\$ 0.4	9.5%	9.5%	\$ 69.9	\$ 72.6	\$ (9.1)	\$ (6.5)	113%	109%
2022	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 68.3	\$ 71.6	\$ (16.1)	\$ (13.2)	124%	118%
2023	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 66.6	\$ 70.5	\$ (22.7)	\$ (19.7)	134%	128%
2024	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 64.9	\$ 69.1	\$ (28.6)	\$ (25.4)	144%	137%
2025	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 63.1	\$ 67.5	\$ (34.8)	\$ (31.4)	155%	147%
2026	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 61.0	\$ 65.8	\$ (36.6)	\$ (33.1)	160%	150%
2027	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 58.9	\$ 63.9	\$ (38.5)	\$ (34.9)	165%	155%
2028	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 56.9	\$ 62.0	\$ (40.6)	\$ (36.8)	171%	159%
2029	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 54.8	\$ 60.0	\$ (42.9)	\$ (38.8)	178%	165%
2030	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 52.6	\$ 57.9	\$ (45.3)	\$ (40.9)	186%	171%
2031	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 50.5	\$ 55.8	\$ (47.7)	\$ (43.2)	194%	177%
2032	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 48.3	\$ 53.5	\$ (50.3)	\$ (45.6)	204%	185%
2033	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 46.0	\$ 51.2	\$ (53.1)	\$ (48.2)	215%	194%
2034	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 43.8	\$ 48.9	\$ (56.0)	\$ (50.9)	228%	204%
2035	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 41.5	\$ 46.5	\$ (59.2)	\$ (53.8)	243%	216%
2036	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 39.3	\$ 44.2	\$ (62.5)	\$ (56.8)	259%	229%
2037	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 37.1	\$ 41.9	\$ (66.0)	\$ (60.0)	278%	243%
2038	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 35.0	\$ 39.6	\$ (69.7)	\$ (63.3)	299%	260%
2039	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 32.7	\$ 37.3	\$ (73.5)	\$ (66.9)	325%	279%
2040	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 30.6	\$ 35.1	\$ (77.6)	\$ (70.6)	354%	301%
2041	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 28.5	\$ 32.8	\$ (82.0)	\$ (74.6)	388%	327%
2042	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 26.5	\$ 30.7	\$ (86.6)	\$ (78.8)	427%	357%
2043	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 24.7	\$ 28.6	\$ (91.4)	\$ (83.1)	470%	391%
2044	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 22.8	\$ 26.6	\$ (96.5)	\$ (87.8)	523%	430%
2045	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 21.0	\$ 24.6	\$ (101.9)	\$ (92.6)	585%	476%
2046	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 19.4	\$ 22.8	\$ (107.6)	\$ (97.8)	655%	529%
2047	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 17.9	\$ 21.0	\$ (113.6)	\$ (103.2)	735%	591%
2048	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 16.3	\$ 19.3	\$ (119.9)	\$ (108.8)	836%	664%
2049	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 15.0	\$ 17.7	\$ (126.6)	\$ (114.8)	944%	749%
2050	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 13.6	\$ 16.1	\$ (133.6)	\$ (121.1)	1082%	852%
2051	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 12.2	\$ 14.7	\$ (141.0)	\$ (127.7)	1256%	969%
Sum of Contributions	\$ 0.4	\$ 0.4								

* The Contribution Requirement above is the full projected contribution requirement, adjusted with interest. The projection results are based on the assumption that 40.0% of the requirement is contributed, the average percentage of the contribution requirement that was made over the past 5 years.

OPEB Plan

Year Beginning July 1	Contribution Requirement (\$M)*		Contribution (%)		Accrued Liability (\$M)		Unfunded Liability (\$M)		Funded Ratio (Assets/Liabilities)	
	Prior	Current	Prior	Current	Prior	Current	Prior	Current	Prior	Current
	Assumptions	Current	Assumptions	Current	Assumptions	Current	Assumptions	Current	Assumptions	Current
2021	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 16.1	\$ 15.7	\$ (40.8)	\$ (41.1)	353%	362%
2022	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 16.0	\$ 15.7	\$ (48.1)	\$ (48.5)	401%	409%
2023	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 16.1	\$ 15.8	\$ (55.4)	\$ (55.8)	444%	453%
2024	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 16.1	\$ 15.7	\$ (62.3)	\$ (62.8)	487%	500%
2025	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 15.9	\$ 15.7	\$ (69.6)	\$ (70.2)	538%	547%
2026	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 15.9	\$ 15.6	\$ (74.0)	\$ (74.6)	565%	578%
2027	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 15.8	\$ 15.4	\$ (78.7)	\$ (79.4)	598%	616%
2028	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 15.6	\$ 15.3	\$ (83.7)	\$ (84.4)	637%	652%
2029	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 15.5	\$ 15.1	\$ (89.0)	\$ (89.8)	674%	695%
2030	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 15.2	\$ 14.9	\$ (94.7)	\$ (95.5)	723%	741%
2031	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 14.9	\$ 14.6	\$ (100.7)	\$ (101.7)	776%	797%
2032	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 14.7	\$ 14.3	\$ (107.1)	\$ (108.1)	829%	856%
2033	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 14.4	\$ 14.0	\$ (113.9)	\$ (115.1)	891%	922%
2034	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 14.2	\$ 13.7	\$ (121.2)	\$ (122.4)	954%	993%
2035	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 13.8	\$ 13.3	\$ (128.9)	\$ (130.2)	1034%	1079%
2036	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 13.6	\$ 13.0	\$ (137.1)	\$ (138.6)	1108%	1166%
2037	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 13.2	\$ 12.6	\$ (146.0)	\$ (147.5)	1206%	1271%
2038	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 12.7	\$ 12.2	\$ (155.3)	\$ (156.9)	1323%	1386%
2039	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 12.3	\$ 11.8	\$ (165.3)	\$ (166.9)	1444%	1514%
2040	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 11.8	\$ 11.3	\$ (175.8)	\$ (177.6)	1590%	1672%
2041	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 11.1	\$ 10.8	\$ (187.1)	\$ (189.0)	1786%	1850%
2042	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 10.6	\$ 10.3	\$ (199.1)	\$ (201.1)	1978%	2052%
2043	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 10.1	\$ 9.8	\$ (211.8)	\$ (214.0)	2197%	2284%
2044	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 9.7	\$ 9.3	\$ (225.4)	\$ (227.7)	2424%	2548%
2045	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 9.1	\$ 8.8	\$ (239.8)	\$ (242.3)	2735%	2853%
2046	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 8.7	\$ 8.4	\$ (255.2)	\$ (257.9)	3033%	3170%
2047	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 8.1	\$ 7.9	\$ (271.5)	\$ (274.4)	3452%	3573%
2048	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 7.7	\$ 7.5	\$ (288.9)	\$ (292.0)	3852%	3993%
2049	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 7.2	\$ 7.0	\$ (307.4)	\$ (310.7)	4369%	4539%
2050	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 6.7	\$ 6.5	\$ (327.1)	\$ (330.6)	4982%	5186%
2051	\$ 0.0	\$ 0.0	0.0%	0.0%	\$ 6.3	\$ 6.1	\$ (348.0)	\$ (351.8)	5624%	5867%
Sum of Contributions	\$ 0.0	\$ 0.0								

* The Contribution Requirement above is the full projected contribution requirement, adjusted with interest. The projection results are based on the assumption that 40.0% of the requirement is contributed, the average percentage of the contribution requirement that was made over the past 5 years.

Item V – Administrative Reports

- A. Public Pension Oversight Board - *Update*
- B. 2021 Actuarial Valuations – *Materials Included*
- C. 2022 Regular Session of Session – *Memo Included*
 - i. Budget Request
 - ii. 2022 JFRS Housekeeping Bill
- D. APA Fiscal Year 2021 End Audit - *Update*
- E. Medical/Fiduciary Liability Insurance - *Update*
- F. Pension Administration Software RFP - *Update*



JUDICIAL FORM RETIREMENT SYSTEM

JUDICIAL RETIREMENT PLAN | LEGISLATORS RETIREMENT PLAN

John R. Grise, Chairman
Board of Trustees

Bo Cracraft
Executive Director

Memo

TO: Members of the Judicial Form Retirement System Board of Trustees
FROM: Bo Cracraft, Executive Director
DATE: October 22, 2021
SUBJECT: 2022 Regular Session – Budget Request and Housekeeping Bill

The 2022 Regular Session of the General Assembly is scheduled to begin on Tuesday, January 4, 2022. The 60-day session will include the passage of biennial budget bills for the executive, judicial, and legislative branches of government for Fiscal Years ending June 30, 2023 and 2024.

Staff expect the full 60-day session to be active with regards to pension legislation and would like to request the Board to also consider some proposed housekeeping measures.

Budget Request:

Judicial and Legislative branch budget requests are the result of July 1, 2021 funding valuations recently completed by Findley. In addition, with a change initiated during the 2021 budget process, JFRS is now incorporating expected administrative expense into the Actuarially Determined Contribution (ARC) calculation and paying all administrative expenses out of JRP and LRP trust funds on a prorated basis. As a result, staff must include a request for Restricted Funds as part of the budget request for authorization to spend during the upcoming fiscal years.

Below is a summary of proposed budget requests and supporting documents have been attached to provide additional detail with regards to the restricted fund requests. **Staff is asking for Board approval on both the legislative and Judicial Budget Requests.**

Plan	FY2023	FY2024
JRP Budget Request (ARC + Interest)	\$4,981,800	\$5,305,600
LRP Budget Request (ARC + Interest)	\$28,800	\$30,700
Restricted Fund Request (Admin Exp)	\$719,900	\$737,400

Proposed Housekeeping Legislation:

JFRS most recently pursued a housekeeping bill during the 2020 regular session, when House Bill 328 was filed. Unfortunately, the legislation did not move and during the shorten 2021 session staff did not seek to further pursue. In preparation for the 2022 Regular Session, staff is seeking approval from the Board to pursue a housekeeping bill. A few items staff would like to consider are:

- **Revise Current UAL Amortization Policy.** Per KRS 21.525, the ARC is defined as Normal Contributions, which represents Normal Cost, plus “an additional amount equal to one percent (1%) of the unfunded past service liabilities, plus annual interest accruing thereon at the actuarially assumed rate of interest adopted by the board to be known as the “past service contribution.”

The “1% plus interest” policy was created several decades ago, but has become dated in comparison to how most actuaries suggest a plan amortize unfunded liabilities. This item was the genesis of House Bill 329 in 2020, when JFRS suggested updating their amortization policy to a model similar to what KERS, CERS, and TRS were utilizing (i.e. closed period, level dollar or percent of pay, and a layered base approach).

If agreeable, staff would like to continue on the work from 2020 and would include language in the legislation to update and modernize our funding policy, which would mirror similar language found within KERS and TRS statutes.

Staff does expect this change will have an impact on the ARC calculation, but staff expects it to be minimum and in the case of LRP, where the plan currently has excess actuarial assets, it may result in further savings. Staff would seek an full analysis from Findley if legislation was filed.

- **Clean up/Technical Changes related to Senate Bill 151.** Both KRS Chapter 6 and 21 still have several sections that include language added during 2019 with SB 151. However, when a Supreme Court ruling voided that legislation, it has created a unique situation where there is language in the statutes that is not actually state law.

If agreeable, staff would like to revise those effected sections and clean up the voided language. This would have no financial impact, but would serve to clarify our governing statutes and allow for more efficient interpretation and administration.

- **Technical Change to address Payment of Administrative Expenses.** As noted above, beginning with the 2021 fiscal year, administrative expenses (payroll, operating, etc.) incurred by JFRS are being paid out of an administrative expense restricted fund account, which is funded by transfers from the JRP and LRP agency trust accounts. This process is very similar to how TRS and KPPA operate and is consistent with KRS 21.540(1).

If agreeable, staff would like to add some clarifying language around how JFRS requests the use of these restricted funds and add language similar to current TRS and KRS statutes. This change would have no financial impact, but would just give staff clearer direction and authority.

Staff is asking for Board approval to pursue a housekeeping bill for the 2022 Regular Session of the General Assembly. Pending a Board discussion and approval, staff have had initial conversations with a willing sponsor of the legislation. A goal would be to have the legislation pre-filed and considered by the Public Pension Oversight Board during their November meeting as a potential recommendation in their 2021 annual report.

Kentucky Judicial Form Retirement System
Financial Statements
Years Ended June 30, 2021 and 2020

**Kentucky Judicial Form Retirement System
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Years Ended June 30, 2021 and 2020**

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Kentucky Judicial Form Retirement System Management's Discussion and Analysis Years Ended June 30, 2021 and 2020

As management of the Kentucky Judicial Form Retirement System (the "System"), a component unit of the Commonwealth of Kentucky, we offer readers of the System's financial statements this narrative overview and analysis of the financial activities of the System for the fiscal years ending June 30, 2021 and 2020. The two retirement plans within the System are the Kentucky Judicial Retirement Plan and the Kentucky Legislators Retirement Plan (collectively, the "Plans"). We encourage readers to read it in conjunction with the System's financial statements and accompanying notes.

Using this Financial Report

Because of the long-term nature of a defined benefit pension plan, financial statements alone cannot provide sufficient information to properly reflect a plan's ongoing plan perspective. The Statements of Fiduciary Net Position and Statements of Changes in Fiduciary Net Position (on pages 5 through 8) provide information about the activities of the Plans as a whole. The Kentucky Judicial Retirement Plan is the fiduciary of funds held in trust for its members, and the Kentucky Legislators Retirement Plan is the fiduciary of funds held in trust for its members.

The Schedules of Changes in Net Pension Liability and Related Ratios (on pages 35 through 36) and the Schedules of Changes in Net OPEB Liability and Related Ratios (on pages 37 through 38) include information about the actuarially funded status of each defined benefit pension and OPEB plans, including the sources of changes in the net pension and OPEB liability and the components of the net pension and OPEB liability. The Schedule of Pension Contributions (on pages 39 through 40) and the Schedule of OPEB Contributions (on pages 41 through 42) include information about the actuarially determined contributions, contributions to each defined benefit and hybrid plan. The Schedule of Investment Returns (on page 43) include information on the rate of return on plan investments.

Medical Insurance

For purposes of disclosures required by Governmental Accounting Standards Board Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* ("OPEB"), assets have been allocated between pension and retiree medical liabilities on the basis of accrued liability as of July 1, 2007. This amount has been brought forward from that date based on actual cash flows and prorated allocation of investment return.

Financial Highlights

Judicial Retirement Plan

In the fiscal years ended June 30, 2021 and 2020, the Judicial Retirement Plan experienced:

- An increase in fiduciary net position of \$142.0 million, from \$440.5 million to \$582.5 million in fiscal year 2021 and an increase of \$9.3 million, from \$431.2 million to \$440.5 million in fiscal year 2020. The increase in both years is primarily due to investment earnings.
- There was a decline in employer contributions from fiscal year 2020 to 2021. There was no change in employer contributions from fiscal year 2019 to 2020.
- A \$134.7 million increase in net investment income from \$24.6 million in fiscal year 2020 to \$159.3 million in fiscal year in 2021. A \$24.9 million decrease in net investment income from \$49.5 million in fiscal year 2019, to \$24.6 million in fiscal year 2020. The change each year is due primarily to the amount of (depreciation) appreciation of investments held.

These financials statements have not been subjected to an audit, review, or compilation engagement, therefore, no assurance is provided.

**Kentucky Judicial Form Retirement System
Management's Discussion and Analysis (Continued)
Years Ended June 30, 2021 and 2020**

Financial Highlights (Continued)

Judicial Retirement Plan (Continued)

- A decrease of \$37,000 and an increase of \$493,000 in benefit payments during fiscal years 2021 and 2020 respectively, with aggregate benefit payments of \$24.4 million in fiscal years 2021 and 2020.

Summary of fiduciary net position	June 30,				
	2021	% Increase (decrease)	2020	% Increase (decrease)	2019
Cash and investments	\$ 580,597,461	32.24%	\$ 439,046,758	2.19%	\$ 429,627,364
Receivables	<u>1,796,353</u>	25.51%	<u>1,431,204</u>	-6.58%	<u>1,531,957</u>
Fiduciary net position	<u>\$ 582,393,814</u>	32.22%	<u>\$ 440,477,962</u>	2.16%	<u>\$ 431,159,321</u>
Summary of changes in fiduciary net position	2021	% Increase (decrease)	2020	% Increase (decrease)	2019
Additions					
Employer contributions	\$ 6,567,812	-24.79%	\$ 8,732,300	0.00%	\$ 8,732,300
Member contributions	2,129,688	10.26%	1,931,453	21.29%	1,592,479
Net investment income	159,210,160	547.26%	24,597,500	-50.28%	49,474,169
Appropriations for administrative expense	579,688	-30.87%	838,500	0.53%	834,100
Litigation proceeds	<u>1,502</u>	-100.00%	<u>37</u>	100.00%	<u>6,594</u>
Total additions	168,488,850	366.73%	36,099,790	-40.47%	60,639,642
Deductions					
Benefit payments	24,365,151	-0.15%	24,401,791	2.06%	23,908,942
Insurance premiums	1,844,591	-7.19%	1,987,397	1.05%	1,966,712
Administrative expenses	357,904	-8.69%	391,961	-53.01%	834,100
Refund of member contributions	<u>5,352</u>	0.00%	<u>-</u>	-100.00%	<u>330,838</u>
Total deductions	<u>26,572,998</u>	-0.78%	<u>26,781,149</u>	-0.96%	<u>27,040,592</u>
Change in fiduciary net position	<u>\$ 141,915,852</u>	1422.92%	<u>\$ 9,318,641</u>	-72.27%	<u>\$ 33,599,050</u>

These financial statements have not been subjected to an audit, review, or compilation engagement, therefore, no assurance is provided.

**Kentucky Judicial Form Retirement System
Management's Discussion and Analysis (Continued)
Years Ended June 30, 2021 and 2020**

Financial Highlights (Continued)

Legislators Retirement Plan

In the fiscal years ended June 30, 2021 and 2020, the Legislators Retirement Plan experienced:

- An increase in fiduciary net position of \$40.1 million, from \$128.9 million to \$169.0 million in fiscal year 2021 and an increase of \$1.7 million, from \$127.2 million to \$128.9 million in fiscal year 2020. The increase in both years is primarily due to investment earnings.
- An increase in net investment income of \$38.7 million, from \$7.2 million in fiscal year 2020 to \$46.0 million in fiscal year in 2021, and an decrease in net investment income of \$7.1 million, from \$14.3 million in fiscal year 2019 to \$7.2 million in fiscal year 2020. The change each year is due primarily to the amount of (depreciation) appreciation of investments held.
- An increase of \$83,000 and \$232,000 in benefit payments during fiscal years 2021 and 2020 respectively, with aggregate benefit payments \$5.0 million in fiscal years 2021 and 2020.

Summary of fiduciary net position	June 30,				
	2021	% Increase (decrease)	2020	% Increase (decrease)	2019
Cash and investments	\$ 168,499,097	31.12%	\$ 128,508,392	1.32%	\$ 126,838,870
Receivables	492,869	24.64%	395,440	-2.66%	406,263
Fiduciary net position	\$ 168,991,966	31.10%	\$ 128,903,832	1.30%	\$ 127,245,133
Summary of changes in fiduciary net position	2021	% Increase (decrease)	2020	% Increase (decrease)	2019
Additions					
Member contributions	\$ 303,989	21.81%	\$ 249,558	18.22%	\$ 211,105
Net investment income	45,973,559	535.37%	7,235,760	-49.55%	14,343,715
Appropriations for administrative expense	-	-100.00%	311,400	0.52%	309,800
Litigation proceeds	374	-100.00%	-	100.00%	3,596
Employer pay credit	-	-100.00%	-	100.00%	887
Total additions	46,277,922	493.56%	7,796,718	-47.56%	14,869,103
Deductions					
Benefit payments	5,117,304	3.15%	4,961,239	4.91%	4,728,939
Insurance premiums	834,997	2.96%	811,016	5.81%	766,517
Administrative expenses	225,851	-23.24%	294,231	112.07%	138,740
Refund of member contributions	11,635	100.00%	71,533	-100.00%	-
Total deductions	6,189,787	0.84%	6,138,019	8.94%	5,634,196
Change in fiduciary net position	\$ 40,088,135	2316.84%	\$ 1,658,699	-82.04%	\$ 9,234,907

These financials statements have not been subjected to an audit, review, or compilation engagement, therefore, no assurance is provided.

**Kentucky Judicial Form Retirement System
Management's Discussion and Analysis (Continued)
Years Ended June 30, 2021 and 2020**

Discussion of Currently Known Facts, Decisions, or Conditions

Accounting standards require that the Statement of Fiduciary Net Position state asset value at fair value and include only benefits and refunds due to plan members and beneficiaries and accrued investment and administrative expenses as of the reporting date. Information regarding the actuarial funding status of the defined benefit pension plans and the medical insurance plans is provided in the Schedules of Changes in Net Pension Liability and Related Ratios, the Schedules of Changes in Net OPEB Liability and Related Ratios, respectively.

Annual contributions of the Commonwealth are set by the Kentucky Revised Statutes. During the years ended June 30, 2015 through June 30, 2018, the General Assembly appropriated the statutorily required annual contributions to both the Judicial Plan and Legislators Plan. During the years ended June 30, 2011 through June 30, 2014, the General Assembly suspended state statutes so that contributions could be reduced. In the Judicial Plan, the reductions were: FY11, 44%; FY12, 48%; FY13, 69% and, FY14, 71%. In the Legislators Plan, the reductions were: FY11, 44%; FY12, 48%; FY13, 53% and, FY14, 57%. The Schedules of Pension Contributions and Schedules of OPEB Contributions (on pages 48 through 55) indicate the contributions that have been made while the statutes were suspended. During the year ended June 30, 2020 and 2019, the General Assembly appropriated the statutorily required annual contributions for the Judicial Plan only. The General Assembly suspended state statutes so that contributions could be reduced for the Legislators Plan. There were no contributions appropriated to the Legislative Plan in fiscal year 2021 or 2020.

Contacting the System

This financial report is designed to provide a general overview of the System's finances. If you have any questions concerning the information provided, contact the Kentucky Judicial Form Retirement System at 305 Ann Street, Frankfort, KY 40601.

These financials statements have not been subjected to an audit, review, or compilation engagement, therefore, no assurance is provided.

**Kentucky Judicial Form Retirement System
Statement of Fiduciary Net Position
Year Ended June 30, 2021**

	Kentucky Judicial Retirement Plan			Kentucky Legislators Retirement Plan			System total
	Pension	Medical insurance	Total	Pension	Medical insurance	Total	
Cash and cash equivalents	\$ 1,098,882	\$ 328,154	\$ 1,427,036	\$ 1,371,838	\$ 986,199	\$ 2,358,037	\$ 3,785,073
Receivables							
Accrued interest receivable	1,101,165	328,835	1,430,000	238,171	171,219	409,390	1,839,390
Dividend receivable	179,105	53,485	232,590	39,224	28,197	67,421	300,011
Members' contribution receivable	103,004	30,759	133,763	9,342	6,716	16,058	149,821
Total receivables	1,383,274	413,079	1,796,353	286,737	206,132	492,869	2,289,222
Investments at fair value							
State investment pool	221,296	66,085	287,381	147,886	106,314	254,200	541,581
Governmental securities	711,114	212,402	923,516	118,128	84,901	203,029	1,126,545
Mutual funds	1,629,256	486,640	2,115,896	318,804	229,128	547,932	2,663,828
Corporate notes	121,298,449	36,230,495	157,528,944	25,483,779	18,315,535	43,799,314	201,328,258
Common stock	322,105,395	96,209,293	418,314,688	70,597,334	50,739,251	121,336,585	539,651,273
Total investments	445,965,510	133,204,915	579,170,425	96,665,931	69,475,129	166,141,060	745,311,485
Fiduciary net position - restricted for pension and other post-employment benefits	\$ 448,447,666	\$ 133,946,148	\$ 582,393,814	\$ 98,324,506	\$ 70,667,460	\$ 168,991,966	\$ 751,385,780

These financial statements have not been subjected to an audit, review or compilation engagement, therefore, no assurance is provided.

See accompanying notes.

**Kentucky Judicial Form Retirement System
Statement of Fiduciary Net Position
Year Ended June 30, 2020**

	Kentucky Judicial Retirement Plan			Kentucky Legislators Retirement Plan			System total
	Pension	Medical insurance	Total	Pension	Medical insurance	Total	
Cash and cash equivalents	\$ 869,758	\$ 252,385	\$ 1,122,143	\$ 1,136,043	\$ 776,835	\$ 1,912,878	\$ 3,035,021
Receivables							
Accrued interest receivable	829,003	240,558	1,069,561	186,346	127,425	313,771	1,383,332
Dividend receivable	177,673	51,557	229,230	39,565	27,055	66,620	295,850
Members' contribution receivable	102,631	29,782	132,413	8,938	6,111	15,049	147,462
Total receivables	1,109,307	321,897	1,431,204	234,849	160,591	395,440	1,826,644
Investments at fair value							
State investment pool	18,286	5,306	23,592	111,605	76,316	187,921	211,513
Governmental securities	4,448,649	1,251,692	5,700,341	607,508	415,152	1,022,660	6,723,001
Corporate notes	75,585,699	21,972,489	97,558,188	16,450,504	11,241,764	27,692,268	125,250,456
Common stock	259,377,060	75,265,434	334,642,494	58,034,046	39,658,619	97,692,665	432,335,159
Total investments	339,429,694	98,494,921	437,924,615	75,203,663	51,391,851	126,595,514	564,520,129
Fiduciary net position - restricted for pension and other post-employment benefits	\$ 341,408,759	\$ 99,069,203	\$ 440,477,962	\$ 76,574,555	\$ 52,329,277	\$ 128,903,832	\$ 569,381,794

These financial statements have not been subjected to an audit, review or compilation engagement, therefore, no assurance is provided.

See accompanying notes.

**Kentucky Judicial Form Retirement System
Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2021**

	Kentucky Judicial Retirement Plan			Kentucky Legislators Retirement Plan			System total
	Pension	Medical insurance	Total	Pension	Medical insurance	Total	
Additions							
Contributions							
Employer	\$ 6,567,812	\$ -	\$ 6,567,812	\$ -	\$ -	\$ -	\$ 6,567,812
Member	2,077,329	52,359	2,129,688	283,416	20,573	303,989	2,433,677
Total contributions	8,645,141	52,359	8,697,500	283,416	20,573	303,989	9,001,489
Appropriations for administrative expenses	578,711	977	579,688	-	-	-	579,688
Litigation proceeds	1,157	345	1,502	218	156	374	1,876
Investments							
Net appreciation (realized and unrealized)	114,649,905	34,310,987	148,960,892	25,288,842	18,050,923	43,339,765	192,300,657
Interest	3,196,232	954,475	4,150,707	506,959	364,447	871,406	5,022,113
Dividends	5,089,867	1,519,961	6,609,828	1,110,744	798,502	1,909,246	8,519,074
Total investment income	122,936,004	36,785,423	159,721,427	26,906,545	19,213,872	46,120,417	205,841,844
Less investment expenses	393,699	117,568	511,267	85,438	61,420	146,858	658,125
Net investment income	122,542,305	36,667,855	159,210,160	26,821,107	19,152,452	45,973,559	205,183,719
Total additions	131,767,314	36,721,536	168,488,850	27,104,741	19,173,181	46,277,922	214,766,772
Deductions							
Benefit payments	24,365,151	-	24,365,151	5,117,304	-	5,117,304	29,482,455
Insurance premiums	-	1,844,591	1,844,591	-	834,997	834,997	2,679,588
Administrative expense	357,904	-	357,904	225,851	-	225,851	583,755
Refund of member contributions	5,352	-	5,352	11,635	-	11,635	16,987
Total deductions	24,728,407	1,844,591	26,572,998	5,354,790	834,997	6,189,787	32,762,785
Net increase in plan position	107,038,907	34,876,945	141,915,852	21,749,951	18,338,184	40,088,135	182,003,987
Fiduciary net position - restricted, beginning of year	341,408,759	99,069,203	440,477,962	76,574,555	52,329,277	128,903,832	569,381,794
Fiduciary net position - restricted, end of year	\$ 448,447,666	\$ 133,946,148	\$ 582,393,814	\$ 98,324,506	\$ 70,667,461	\$ 168,991,967	\$ 751,385,781

These financials statements have not been subjected to an audit, review or compilation engagement, therefore, no assurance is provided.

See accompanying notes.

**Kentucky Judicial Form Retirement System
Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2020**

	Kentucky Judicial Retirement Plan			Kentucky Legislators Retirement Plan			System total
	Pension	Medical insurance	Total	Pension	Medical insurance	Total	
Additions							
Contributions							
Employer	\$ 8,732,300	\$ -	\$ 8,732,300	\$ -	\$ -	\$ -	\$ 8,732,300
Member	1,885,843	45,610	1,931,453	231,072	18,486	249,558	2,181,011
Total contributions	10,618,143	45,610	10,663,753	231,072	18,486	249,558	10,913,311
Appropriations for administrative expenses	649,910	188,590	838,500	184,938	126,462	311,400	1,149,900
Litigation proceeds	30	7	37	-	-	-	37
Investments							
Net appreciation (realized and unrealized)	11,428,851	3,311,512	14,740,363	2,518,350	1,720,822	4,239,172	18,979,535
Interest	2,861,061	830,216	3,691,277	613,613	419,593	1,033,206	4,724,483
Dividends	5,121,743	1,486,215	6,607,958	1,166,217	797,469	1,963,686	8,571,644
Total investment income	19,411,655	5,627,943	25,039,598	4,298,180	2,937,884	7,236,064	32,275,662
Less investment expenses	342,664	99,434	442,098	181	123	304	442,402
Net investment income	19,068,991	5,528,509	24,597,500	4,297,999	2,937,761	7,235,760	31,833,260
Total additions	30,337,074	5,762,716	36,099,790	4,714,009	3,082,709	7,796,718	43,896,508
Deductions							
Benefit payments	24,401,791	-	24,401,791	4,961,239	-	4,961,239	29,363,030
Insurance premiums	-	1,987,397	1,987,397	-	811,016	811,016	2,798,413
Administrative expense	335,654	56,307	391,961	168,418	125,813	294,231	686,192
Refund of member contributions	-	-	-	71,533	-	71,533	71,533
Total deductions	24,737,445	2,043,704	26,781,149	5,201,190	936,829	6,138,019	32,919,168
Net increase in plan position	5,599,629	3,719,012	9,318,641	(487,181)	2,145,880	1,658,699	10,977,340
Fiduciary net position - restricted, beginning of year	335,809,130	95,350,191	431,159,321	77,061,736	50,183,397	127,245,133	558,404,454
Fiduciary net position - restricted, end of year	\$ 341,408,759	\$ 99,069,203	\$ 440,477,962	\$ 76,574,555	\$ 52,329,277	\$ 128,903,832	\$ 569,381,794

These financial statements have not been subjected to an audit, review or compilation engagement, therefore, no assurance is provided.

See accompanying notes.

Kentucky Judicial Form Retirement System
Notes to the Financial Statements
Years Ended June 30, 2021 and 2020

Note A - Description of the System

Under the provisions of the Kentucky Revised Statutes, the Kentucky Judicial Retirement Plan and the Kentucky Legislators Retirement Plan have the same Board of Trustees and are coordinated administratively as the Kentucky Judicial Form Retirement System (the "System"). As a result of the common governance, the financial statements for the respective plans are presented on a combined basis. The Board of Trustees of the System consists of eight members, three of whom are appointed by the Supreme Court, two by the Governor, one by the President of the Kentucky Senate, one by the Speaker of the Kentucky House of Representatives, and one by the President and Speaker jointly. Although the Plans share a common Board of Trustees, each Plan maintains its own investments and pays benefits to its members only from its own assets. Each Plan has a defined benefit and hybrid cash balance component which provide both pension and medical benefits to members.

The System is a component unit of the Commonwealth of Kentucky ("Commonwealth"). The System's fiduciary net position and the changes in the System's fiduciary net position are included in the Commonwealth's Comprehensive Annual Financial Report ("CAFR") as a pension trust fund in the fiduciary funds financial statement. Financial statements of the Commonwealth and its component units that form the Commonwealth reporting entity have been issued separately and are audited by the elected Auditor of Public Accounts.

Note B - Summary of Significant Accounting Policies

1. Basis of Accounting: The financial statements of the System have been prepared in accordance with generally accepted accounting principles ("GAAP") as it applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the standard setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Standards and Interpretations), constitute GAAP for governmental units.
2. Accounting Estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.
3. Subsequent Events: Subsequent events for the System have been considered through the date of the Independent Auditor's Report, which represents the date the financial statements were available to be issued.
4. Cash and Cash Equivalents: The System considers all cash and short-term investments with an original maturity of three months or less to be cash and cash equivalents.
5. Member Contributions: Member contributions to the plans are recognized when due to the System based on the provisions of the plans.
6. Benefit Payments and Refunds: Benefit payments and refunds are recognized when due and payable in accordance with the terms of the plans.
7. Investments: Plan investments are reported at fair value. Fair value is the amount that the Plan can reasonably expect to receive for an investment in a current sale between a willing buyer and a willing seller.

These financial statements have not been subjected to an audit, review, or compilation engagement, therefore, no assurance is provided.

Kentucky Judicial Form Retirement System
Notes to the Financial Statements (Continued)
Years Ended June 30, 2021 and 2020

Note B - Summary of Significant Accounting Policies (Continued)

8. Net Pension and OPEB Liabilities: The System obtains actuarial valuation reports to estimate the net pension and other post-employment benefits ("OPEB") liabilities on a bi-annual basis. The most recent actuarial valuation had a measurement date of July 1, 2021.
9. New Accounting Pronouncements: In June 2017, the GASB issued statement No. 87, *Leases*. The provisions of this statement are effective for fiscal years beginning after June 15, 2021. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about the government entity's leasing activities.

GASB Statement No. 96 - *Subscription-Based Information Technology Arrangements* provides guidance on the accounting and financial reporting for subscription-based information technology arrangements ("SBITAs") for governments. This Statement defines an SBITA, establishes that a SBITA results in a right-to-use subscription intangible asset and a corresponding subscription liability, provides the capitalization criteria for outlays other than subscription payments and requires note disclosures regarding an SBITA. The standards for SBITAs are based on the standards established in Statement No. 87 - *Leases*. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

The System is currently evaluating the impact that will result from adopting the GASB statement and is currently unable to disclose the impact of adoption of the standards on the financial position and operations.

Note C - Plan Description and Contribution Information

Kentucky Judicial Retirement Plan

Membership

Total membership in the Kentucky Judicial Retirement Plan consisted of the following at June 30, 2021 and 2020:

	2021		2020	
	Defined benefit	Cash balance	Defined benefit	Cash balance
Retirees and beneficiaries receiving benefits	356	-	352	-
Terminated plan members - vested	12	2	12	-
Active plan members	179	52	188	44
Total	547	54	552	44
Number of participating employers	1	1	1	1

These financials statements have not been subjected to an audit, review, or compilation engagement, therefore, no assurance is provided.

**Kentucky Judicial Form Retirement System
Notes to the Financial Statements (Continued)
Years Ended June 30, 2021 and 2020**

Note C - Plan Description and Contribution Information (Continued)

Kentucky Judicial Retirement Plan (Continued)

Plan Description - Defined Benefit Plan

The Kentucky Judicial Retirement Plan contains a single employer defined benefit plan that provides retirement benefits and medical insurance premium supplements, and covers the District, Circuit, Court of Appeals and Supreme Court judges.

The Judicial DB Plan provides retirement, disability, and death benefits to plan members and their beneficiaries. Prior to June 30, 2009, cost-of-living adjustments ("COLA"), keyed to the Consumer Price Index, were provided on July 1 of each year. Commencing in 2009, the COLA on July 1 of each year is 1.50%. The COLA created in 2009 was suspended by legislative action in 2012, and no COLA's have since been granted. By legislative action in 2013, the statute was amended to provide that each July 1, a recipient of a monthly pension benefit from the Judicial DB Plan shall receive a 1.50% cost-of-living adjustment (pro-rated for the first year, if the recipient has been retired for less than one year) if:

1. The funding level of the Judicial DB Plan is greater than 100% and subsequent legislation authorizes the use of any surplus actuarial assets to provide for the increase; and
2. The Kentucky General Assembly appropriates sufficient funds to fully prefund the increase.

Supplemental increases to the 1.50% cost-of-living adjustment will require prefunding, appropriation, and legislative action by the Kentucky General Assembly.

Additionally, legislation provides that a pension benefit shall be increased, if necessary, so that it equals an amount calculated by using a 1.5125% benefit rate and the current 60-month average earnings of the position held by the member at the time of retirement, subject to a 4.0% COLA annually.

As an additional retirement benefit, the Judicial DB Plan will pay a percentage, based on years of service, of the members' hospital and medical insurance coverage for the retirees and their qualified dependents.

Vesting is achieved when the member has five years of state governmental service credit. Former members who are not vested are entitled to a refund of their accumulated contributions.

There are special statutory provisions regarding disability benefits and death benefits in the line of duty.

As of January 1, 2014, participation in the Judicial DB Plan is closed to new members. All new members of the Judicial Plan participate in the Judicial HCB Plan. However, membership in the Judicial DB Plan is reactivated if a former participant of the Judicial DB Plan becomes eligible again to participate in the Judicial Plan.

Plan Description - Hybrid Cash Balance

The Judicial HCB Plan provides retirement benefits to a vested member electing to participate in the Judicial Plan after January 1, 2014, and to their beneficiaries, based on the member's accumulated cash balance account. The cash balance account consists of the member's personal contributions, the employer's current pay credit of 4.00% and applicable interest. The retiree has certain distribution options, including lifetime annuity, lump sum and optional survivor benefit payments.

These financials statements have not been subjected to an audit, review, or compilation engagement, therefore, no assurance is provided.

**Kentucky Judicial Form Retirement System
Notes to the Financial Statements (Continued)
Years Ended June 30, 2021 and 2020**

Note C - Plan Description and Contribution Information (Continued)

Kentucky Judicial Retirement Plan (Continued)

Plan Description - Hybrid Cash Balance (Continued)

Vesting is achieved either (a) at age 65 with accumulation of five years of active service credit in the Judicial HCB Plan and any other state-supported retirement system of the Commonwealth; or (b) at least age 65 and the member's accumulated active service credit in the Judicial HC Plan and other state-supported retirement system of the Commonwealth plus his/her age is at least 87.

A non-vested member (one with less than five years of service) is entitled to a refund of his/her personal contributions but forfeits the employer credit. A refund of the cash balance account for a member with five or more years of service includes his/her personal contributions, the employer credit, and applicable interest.

There are special statutory provisions regarding disability benefits and death benefits in the line of duty.

Any cost-of-living adjustment (pro-rated for the first year if the recipient has been retired for less than one year) will be granted providing the following statutory requirements occur:

1. The funding level of the Judicial HCB Plan is greater than 100% and subsequent legislation authorizes the use of any surplus actuarial assets to provide for the increase; and
2. The Kentucky General Assembly appropriates sufficient funds to fully prefund the increase.

As an additional retirement benefit, a recipient of a hybrid cash balance retirement allowance with at least 15 years of State service is eligible for a monthly health insurance benefit. The health insurance benefit of \$10.00 for each year of plan service is adjusted for inflation (1.5% per year). The minimum service requirement is waived for a member who is disabled in the line of duty or for the qualified survivor of a member who is killed in the line of duty.

Contributions - Defined Benefit Plan

Members electing to participate in the Plan prior to September 1, 2008, contribute 5% of their official salary, and members electing to participate in the Plan on or after September 1, 2008 contribute 6% of their official salary. Once a member has earned sufficient service credit to have accrued a benefit of 100% of final average compensation, then employee contributions shall cease. For the years ending June 30, 2021 and 2020, the Commonwealth made a normal contribution at the actuarially-determined rate calculated by utilizing the entry age normal method of funding, and a past service contribution equal to 1% of the unfunded past service liability and contributed interest on the unfunded past service liabilities at the actuarially-assumed interest rate of 6.5%, in an amount equal to 100% of the amount required by Kentucky Revised Statutes ("KRS") 21.515.

Additionally, the Commonwealth made an appropriation to cover administrative expenses of the Judicial DB Plan. Members may transfer qualified member and Commonwealth contributions into the Judicial DB Plan from other state funded retirement plans.

Contributions - Hybrid Cash Balance Plan

Members electing to participate in the Judicial HCB Plan contribute an amount equal to 6% of official salary. Of this, 1% is to be used to fund retiree health benefits and is not refundable. For each pay period that a personal contribution is made, the Commonwealth will apply an employer credit of 4% of official salary to the member's account. On June 30 of each year, interest, in accordance with KRS 21.402, will be credited to the account. As of June 30, 2021, and 2020, approximately \$3.0 million and \$1.6 million, respectively, of the fiduciary net position of the Systems relates to the Judicial HCB Plan.

These financials statements have not been subjected to an audit, review, or compilation engagement, therefore, no assurance is provided.

**Kentucky Judicial Form Retirement System
Notes to the Financial Statements (Continued)
Years Ended June 30, 2021 and 2020**

Note C - Plan Description and Contribution Information (Continued)

Kentucky Legislators Retirement Plan

Membership

Total membership in the Kentucky Legislators Retirement Plan consisted of the following at June 30, 2021 and 2020:

	2021		2020	
	Defined benefit	Cash balance	Defined benefit	Cash balance
Retirees and beneficiaries receiving benefits				
Terminated plan members - vested	245	-	241	-
Active plan members	39	8	38	-
	43	58	54	48
Total	327	66	333	48
Number of participating employers	1	1	1	1

Pla

n Description - Defined Benefit Plan

The Legislators DB Plan is a single employer defined benefit plan that provides retirement benefits and medical insurance premium supplements and covers the members of Kentucky's General Assembly.

The Legislators DB Plan provides retirement, disability, and death benefits to plan members and their beneficiaries. Prior to June 30, 2009, COLA, keyed to the Consumer Price Index, were provided on July 1 of each year. Commencing in 2009, the COLA on July 1 of each year is 1.50%. The COLA created in 2009 was suspended by legislative action in 2012, and no COLA's have since been granted. By legislative action in 2013, the statute was amended to provide that each July 1, a recipient of a monthly pension benefit from the Legislators DB Plan shall receive a 1.50% cost-of-living adjustment (pro-rated for the first year, if the recipient has been retired for less than one year) if:

1. The funding level of the Legislators DB Plan is greater than 100% and subsequent legislation authorizes the use of any surplus actuarial assets to provide for the increase; and
2. The Kentucky General Assembly appropriates sufficient funds to fully prefund the increase.

Supplemental increases to the 1.50% cost-of-living adjustment will require prefunding, appropriation and legislative action by the Kentucky General Assembly.

Additionally, legislation provides that a pension benefit shall be increased, if necessary, so that it equals an amount calculated by using a 1.5125% benefit rate and the current 60-month average earnings of the position held by the member at the time of retirement, subject to a 4.0% COLA annually.

These financials statements have not been subjected to an audit, review, or compilation engagement, therefore, no assurance is provided.

**Kentucky Judicial Form Retirement System
Notes to the Financial Statements (Continued)
Years Ended June 30, 2021 and 2020**

Note C - Plan Description and Contribution Information (Continued)

Kentucky Legislators Retirement Plan (Continued)

Plan Description - Defined Benefit Plan (Continued)

As an additional retirement benefit, the Legislators DB Plan will pay a percentage, based on years of service, of the members' hospital and medical insurance coverage for the retirees and their qualified dependents.

Vesting is achieved when the member has five years of legislative service or eight years of state governmental service credit. Former members who are not vested are entitled to a refund of their accumulated contributions.

There are special statutory provisions regarding disability benefits and death benefits in the line of duty.

As of January 1, 2014, participation in the Legislators DB Plan is closed to new members. All new members of the Legislators Plan participate in the Legislators HCB Plan. However, membership in the Legislators DB Plan is reactivated if a former participant of the Legislators DB Plan becomes eligible again to participate in the Legislators Plan.

Plan Description - Hybrid Cash Balance Plan

The Legislators HCB Plan provides retirement benefits to a vested member electing to participate in the Legislators Plan after January 1, 2014, and to their beneficiaries, based on the member's accumulated cash balance account. The cash balance account consists of the member's personal contributions, the employer's current pay credit of 4.00% and applicable interest. The retiree has certain distribution options, including lifetime annuity, lump sum and optional survivor benefit payments. Vesting is achieved either (a) at age 65 with accumulation of five years of active service credit in the Legislators HCB Plan and any other state-supported retirement system of the Commonwealth; or (b) at least age 57 and the member's accumulated active service credit in the Legislators HCB Plan and other state-supported retirement systems of the Commonwealth plus his/her age is at least 87.

A non-vested member (one with less than five years of service) is entitled to a refund of his/her personal contributions but forfeits the employer credit. A refund of the cash balance account for a member with five or more years of service includes his/her personal contributions, the employer credit, and applicable interest.

There are special statutory provisions regarding disability benefits and death benefits in the line of duty.

Any cost-of-living adjustment (pro-rated for the first year if the recipient has been retired for less than one year) will be granted providing the following statutory requirements occur:

1. The funding level of the Legislators HCB Plan is greater than 100% and subsequent legislation authorizes the use of any surplus actuarial assets to provide for the increase; and
2. The Kentucky General Assembly appropriates sufficient funds to fully prefund the increase.

As an additional retirement benefit, a recipient of a hybrid cash balance retirement allowance with at least 15 years of State service is eligible for a monthly health insurance benefit. The health insurance benefit is \$10.00 for each year of plan service. The minimum service requirement is waived for a member who is disabled in the line of duty or for the qualified survivor of a member who is killed in the line of duty.

These financials statements have not been subjected to an audit, review, or compilation engagement, therefore, no assurance is provided.

**Kentucky Judicial Form Retirement System
Notes to the Financial Statements (Continued)
Years Ended June 30, 2021 and 2020**

Note C - Plan Description and Contribution Information (Continued)

Kentucky Legislators Retirement Plan (Continued)

Contributions - Defined Benefit Plan

Members entering membership on or after September 1, 2008 must contribute 6% of their "creditable compensation," as defined. Members who first participate on or after July 1, 1978 and prior to September 1, 2008 contribute at a rate of 5% of their "creditable compensation". Once a member has earned sufficient service credit to have accrued a benefit of 100% of final average compensation, employee contributions shall cease. The actuary recommends that the Commonwealth make a normal contribution at the determined rate calculated by utilizing the entry age normal method of funding, and a past service contribution equal to 1% of the unfunded past service liability and contributed interest on the unfunded past service liabilities at the actuarially assumed interest rate of 6.5%, in an amount equal to 100% of the amount required by KRS 21.515. The Commonwealth made no contributions in 2021 or 2020.

Contributions - Hybrid Cash Balance Plan

Members electing to participate in the Legislators HCB Plan contribute an amount equal to 6% of official salary. Of this, 1% is to be used to fund retiree health benefits and is not refundable. For each pay period that a personal contribution is made, the Commonwealth will apply an employer credit of 4% of official salary to the member's account. On June 30 of each year, interest, in accordance with KRS 21.402 will be credited to the account. As of June 30, 2021 and 2020, approximately \$762,827 and \$399,000, respectively, of the fiduciary net position of the System relates to the Legislators HCB Plan.

Note D - Investments

Each plan has its own investment committee. The committee governing the Judicial Retirement Plan consists of the three judicial appointees and the two gubernatorial appointees to the System's Board of Trustees. The committee governing the Legislators Retirement Plan consists of the three legislative appointees and the two gubernatorial appointees to the System's Board of Trustees.

All investment decisions conform to the parameters established by KRS 386.010 and the System's policy statements enumerated below:

1. Cash and cash equivalent balances will be held separately for each fund as liquidity reserve for the payment of certain fund expenses, pension or qualified refund payments, and insurance premium requirements.
2. Equities will have a target allocation of 70% of the portfolio's market value (with a fluctuation tolerance of up to 10%.)
3. Fixed income securities and/or cash equivalents will have a target allocation of 30% of the portfolio's market value (with a fluctuation tolerance of up to 10%.)
4. If an allocation exceeds its targeted range, the applicable Investment Committee will be notified of the status of the Fund's portfolio allocation percentages. Such Committee may direct the fund manager to, on a timely basis, adjust the Fund's applicable allocation percentage to bring the Fund's portfolio back into its targeted range. If the Committee does not make a rebalancing recommendation, the fund manager, at its discretion, may or may not adjust the Fund's portfolio allocations.

These financials statements have not been subjected to an audit, review, or compilation engagement, therefore, no assurance is provided.

Kentucky Judicial Form Retirement System
Notes to the Financial Statements (Continued)
Years Ended June 30, 2021 and 2020

Note D - Investments (Continued)

Equities

1. Investments in common stocks shall be from those stocks that meet the statutory standards for investment of trust funds, except that 50% of the total portfolio of each Fund may not be invested in common stocks with a dividend payment history of less than 5 years.
2. Investments in an individual equity security shall not exceed 5% of the fund's then current market value of the equity portfolio. At a time when the security's value reaches 8% of the fund's market value of the equity portfolio, the Manager shall immediately notify the appropriate investment committee so that the investment committee may determine a course of action.
3. Equity investment in a particular industry shall not exceed 25% of the fund's market value of the equity portfolio.
4. Any equity benchmark selected by the manager for any fund must be a broad market benchmark and must reasonably reflect the nature and risk of the underlying investments of such fund's equity portfolio.
5. The fund manager is prohibited from investing in private placements, unregistered securities, hedge funds, letter stock, uncovered options, common trust funds or collective funds, or from engaging in short sales, margin transactions, or other specialized investment activities.

Fixed Income

1. No issues (with the exception of those of the U.S. Government and its Agencies) may be purchased with more than 15 years duration at the time of purchase.
2. Investments in securities of the U.S. Government and its Agencies may be purchased with a maturity of up to 30 years, but the weighted average maturity of those securities in each Fund shall not exceed 10 years.
3. Investments in securities of a single issuer (with the exception of U.S. Government and its Agencies) of each Fund must not exceed 5% of the Fund's market value of the fixed income portfolio.
4. Only corporate debt issues that meet or exceed a credit rating of BBB from Standard & Poor's and/or a BAA rating Moody's may be purchased.
5. Preferred stocks must be rated A or better by Moody's and/or Standard & Poor's at the time of purchase.
6. Investment in bonds will be limited to those eligible for purchase by national banks.
7. Bond maturities will be reasonably spaced with due consideration given to call provisions.
8. Any fixed income benchmark selected by the manager for any fund must be a broad market benchmark and must reasonably reflect the nature and risk of the underlying investments of such fund's fixed income portfolio.
9. Each Fund's fixed income portfolio duration, defined as the weighted average of the modified durations of all of the Fund's fixed income investments, shall at all times be generally consistent with the duration of its fixed income benchmark, plus or minus one year.
10. The fund manager is prohibited from investing in private placements, from speculating in fixed income or interest rate futures, and from arbitrage or any other specialized investments. No investments shall be made in proprietary funds of the fund manager without written consent of the Investment Committee.

These financial statements have not been subjected to an audit, review, or compilation engagement, therefore, no assurance is provided.

**Kentucky Judicial Form Retirement System
Notes to the Financial Statements (Continued)
Years Ended June 30, 2021 and 2020**

Note D - Investments (Continued)

Cash and Cash Equivalents

1. The fund manager may maintain cash and cash equivalent balances as part of a Fund's portfolio allocations in anticipation of liquidity reserve needs or as temporary Fund investments pending longer term portfolio investments.
2. Any cash and cash equivalent investments held in the liquidity reserves or within Fund portfolios may be made in the following types of short-term investments, with limits and requirements as described below:
 - a. Treasury bills;
 - b. Commercial paper investments and marketable short-term money market securities, each with time of purchase ratings of as least A-2 or P-2 by Standard & Poor's or Moody's, respectively, and each with time of purchase maturities of no longer than 270 days;
 - c. Marketable short-term money market funds of marketable short term securities, under the following limits for each such fund: fund ratings at least AAA or Aaa by Standard & Poor's or Moody's, respectively, at time of purchase; final maturities of underlying fund investments of no longer than 13 months from dates of acquisition; and fund weighted average maturity of underlying fund investments of no longer than 60 days at all times;
 - d. Corporate cash equivalent investments with maturities no longer than one year, provided any such investment shall be restricted to not more than 7% per issuer;
 - e. Repurchase agreements relating to and consistent with the instruments described in these Cash and Cash Equivalent Guidelines provided such agreements have a maturity deemed to be no longer than the scheduled maturity period remaining on the underlying securities covered by such agreement; and/or
3. All cash and cash equivalents should have maturities no longer than one year from the date of their acquisition.
4. The fund manager may invest no more than 10% of the market values of either of the two Defined Benefit Funds' portfolios, and no more than 5% of the market values of either of the two Hybrid Cash Balance Funds' portfolios, in cash or cash equivalents of a single government agency other than U.S Government agencies. Investment in obligations of the U.S. Government and its agencies are not restricted.

Rate of Return

For the year ended June 30, 2021, the annual money-weighted rate of return on pension plan investments, net of investment expense, for the Judicial Plan and Legislators Plan ranged from 32.2% to 37.3%. For the year ended June 30, 2020, the annual money-weighted rate of return investments, net of investment expense, for the Judicial Plan and Legislators Plan was 6.0%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. More specifically, custodial credit risk is the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Investment Fees

All fees paid to the investment manager are paid directly from each Plan with the cost calculated as a percentage of the portfolio market value.

These financials statements have not been subjected to an audit, review, or compilation engagement, therefore, no assurance is provided.

Kentucky Judicial Form Retirement System
Notes to the Financial Statements (Continued)
Years Ended June 30, 2021 and 2020

Note D - Investments (Continued)

All investments held by the System are insured or registered and held by the System or by its agent in the System's name. The credit risk disclosures for the U.S. governmental securities and corporate notes within the Judicial Plan are as follows as of June 30:

Judicial	<u>S&P quality rating</u>	<u>2021</u>	<u>2020</u>
U.S. governmental securities	AA+	\$ -	\$ 5,565,229
	N/A	923,516	135,112
		<u>\$ 923,516</u>	<u>\$ 5,700,341</u>
Corporate notes	AAA	\$ 8,142,255	\$ 3,311,430
	AA+	3,790,955	5,919,505
	AA	2,047,300	2,097,860
	AA-	13,006,250	8,719,740
	A+	37,507,364	13,762,917
	A	20,827,740	20,807,335
	A-	26,575,075	15,229,815
	BBB+	28,310,600	9,675,640
	BBB	13,469,025	13,701,520
	BBB-	3,852,380	3,832,115
	Not Rated*	-	500,311
		<u>\$ 157,528,944</u>	<u>\$ 97,558,188</u>
Total		<u>\$ 158,452,460</u>	<u>\$ 103,258,529</u>

*Investment in iShares Intermediate Credit Bond ETF for the Hybrid Cash Balance Plan is a combination of securities and a single rating is not assigned.

These financials statements have not been subjected to an audit, review, or compilation engagement, therefore, no assurance is provided.

Kentucky Judicial Form Retirement System
Notes to the Financial Statements (Continued)
Years Ended June 30, 2021 and 2020

Note D - Investments (Continued)

The credit risk disclosures for the municipal securities, foreign governmental securities, and corporate notes within the Legislators Plan are as follows at June 30:

Legislative	<u>S&P quality rating</u>	<u>2021</u>	<u>2020</u>
U.S. governmental securities	AA+	\$ -	\$ 1,022,660
	N/A	<u>203,029</u>	<u>134,201</u>
		<u>\$ 203,029</u>	<u>\$ 1,156,861</u>
Corporate notes	AAA	\$ 2,440,697	\$ 1,103,810
	AA+	1,028,973	1,819,836
	AA	1,018,240	1,048,200
	AA-	3,518,685	1,889,028
	A+	10,290,233	3,692,821
	A	4,645,123	6,284,138
	A-	8,222,085	3,350,249
	BBB+	7,171,870	2,840,220
	BBB	4,211,085	4,282,444
	BBB-	1,100,680	1,094,890
	Not Rated*	<u>151,643</u>	<u>152,431</u>
			<u>\$ 43,799,314</u>
Total		<u>\$ 44,002,343</u>	<u>\$ 28,714,928</u>

* Investment in iShares Intermediate Credit Bond ETF for the Hybrid Cash Balance Plan is a combination of securities and a single rating is not assigned.

Concentration of Investments

Investments exceeded more than 5% of Plan fiduciary net position as follows: At June 30, 2021, Microsoft Corporation at 5.85% in the Judicial Plan; and Microsoft Corporation at 5.79% in the Legislators Plan. At June 30, 2020, Microsoft Corporation at 6.88%, Apple, Inc. at 6.41%, Home Depot, Inc. at 5.69%, and Progressive Corp at 5.18% in the Judicial Plan; and Microsoft Corporation at 6.89%, Apple, Inc. at 6.49%, Home Depot, Inc. at 5.73%, and Progressive Corp at 5.26% in the Legislators Plan.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The System manages its exposure to declines in fair value by purchasing a diverse combination of equity securities and debt securities with varying maturities.

These financials statements have not been subjected to an audit, review, or compilation engagement, therefore, no assurance is provided.

Kentucky Judicial Form Retirement System
Notes to the Financial Statements (Continued)
Years Ended June 30, 2021 and 2020

Note D - Investments (Continued)

Interest Rate Risk (Continued)

The debt securities and related maturities within the Judicial Plan are as follows at June 30, 2021:

	<u>Amount</u>	<u>Less than one year</u>	<u>1-5 years</u>	<u>6-10 years</u>
Governmental securities	\$ 923,516	\$ 923,516	\$ -	\$ -
Corporate notes	157,528,944	6,136,244	67,089,575	84,303,125
	<u>\$ 158,452,460</u>	<u>\$ 7,059,760</u>	<u>\$ 67,089,575</u>	<u>\$ 84,303,125</u>

The debt securities and related maturities within the Judicial Plan are as follows at June 30, 2020:

	<u>Amount</u>	<u>Less than one year</u>	<u>1-5 years</u>	<u>6-10 years</u>
Governmental securities	\$ 5,700,341	\$ 3,714,422	\$ -	\$ 1,985,919
Corporate notes	97,558,188	13,746,771	58,082,732	25,728,685
	<u>\$ 103,258,529</u>	<u>\$ 17,461,193</u>	<u>\$ 58,082,732</u>	<u>\$ 27,714,604</u>

The debt securities and related maturities within the Legislators Plan are as follows at June 30, 2021:

	<u>Amount</u>	<u>Less than one year</u>	<u>1-5 years</u>	<u>6-10 years</u>
Governmental securities	\$ 203,029	\$ 203,029	\$ -	\$ -
Corporate notes	43,799,314	4,669,786	18,219,038	20,910,490
	<u>\$ 44,002,343</u>	<u>\$ 4,872,815</u>	<u>\$ 18,219,038</u>	<u>\$ 20,910,490</u>

The debt securities and related maturities within the Legislators Plan are as follows at June 30, 2020:

	<u>Amount</u>	<u>Less than one year</u>	<u>1-5 years</u>	<u>6-10 years</u>
Governmental securities	\$ 1,156,861	\$ 1,156,861	\$ -	\$ -
Corporate notes	27,558,067	4,358,542	18,711,055	4,488,470
	<u>\$ 28,714,928</u>	<u>\$ 5,515,403</u>	<u>\$ 18,711,055</u>	<u>\$ 4,488,470</u>

These financial statements have not been subjected to an audit, review, or compilation engagement, therefore, no assurance is provided.

**Kentucky Judicial Form Retirement System
Notes to the Financial Statements (Continued)
Years Ended June 30, 2021 and 2020**

Note D - Investments (Continued)

Foreign Currency Risk

Foreign currency risk is defined as the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit.

Investments held by the Judicial Plan at June 30 include the following corporate notes subject to foreign currency risk:

	<u>Currency</u>	<u>2021</u>	<u>2020</u>
Schlumberger Limited	Euro	\$ 3,733,240	\$ 3,757,460
HSBC Holdings Note	British pound	<u>3,593,800</u>	<u>3,693,585</u>
		<u>\$ 7,327,040</u>	<u>\$ 7,451,045</u>

Investments held by the Legislators Plan at June 30 include the following corporate notes and governmental securities subject to foreign currency risk:

	<u>Currency</u>	<u>2021</u>	<u>2020</u>
Schlumberger Limited	Euro	\$ 1,026,800	\$ 1,073,560
HSBC Holdings Note	British pound	<u>1,066,640</u>	<u>1,055,310</u>
		<u>\$ 2,093,440</u>	<u>\$ 2,128,870</u>

The Plans invest in various investment securities. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect amounts reported in the Statements of Fiduciary Net Position and the Statements of Changes in Fiduciary Net Position.

Cash and Investments Held by State Treasury

The System's cash deposits are held in the Commonwealth's general depository and state investment pool.

These financials statements have not been subjected to an audit, review, or compilation engagement, therefore, no assurance is provided.

Kentucky Judicial Form Retirement System
Notes to the Financial Statements (Continued)
Years Ended June 30, 2021 and 2020

Note E - Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are described as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the entity has the ability to access.
- Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2021 and 2020.

- U.S. Government Securities: Value using pricing models maximizing the use of observable inputs for similar securities.
- State Investments Pool-investments and Cash Equivalents: Valued at cost which approximates fair value.
- Common Stocks: Valued at the closing price reported on the New York Stock Exchange.
- Corporate Notes: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, the bond is valued under a discounted cash flows approach that maximizes observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks or a broker quote if available.
- Foreign Government Securities: Valued using pricing for interactive data which offers daily evaluations and related data for international fixed income securities with embedded equity options including convertible and exchangeable bonds.

These financials statements have not been subjected to an audit, review, or compilation engagement, therefore, no assurance is provided.

Kentucky Judicial Form Retirement System
Notes to the Financial Statements (Continued)
Years Ended June 30, 2021 and 2020

Note E - Fair Value Measurements (Continued)

The following tables set forth by level, within the hierarchy, the System's assets and liabilities measured at fair value on recurring basis as of June 30, 2021 are as follows:

Judicial Retirement Plan

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
State investment pool	\$ 287,381	\$ -	\$ -	\$ 287,381
Common stocks	418,314,688	-	-	418,314,688
Mutual funds	2,115,896	-	-	2,115,896
Corporate notes and governmental securities	923,516	157,528,944	-	158,452,460
Total assets at fair value	<u>\$ 421,641,481</u>	<u>\$ 157,528,944</u>	<u>\$ -</u>	<u>\$ 579,170,425</u>

Legislators Retirement Plan

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
State investment pool	\$ 254,200	\$ -	\$ -	\$ 254,200
Common stocks	121,336,585	-	-	121,336,585
Mutual funds	547,932	-	-	547,932
Corporate notes and governmental securities	354,671	43,647,672	-	44,002,343
Total assets at fair value	<u>\$ 122,493,388</u>	<u>\$ 43,647,672</u>	<u>\$ -</u>	<u>\$ 166,141,060</u>

The following tables set forth by level, within the hierarchy, the System's assets and liabilities measured at fair value on recurring basis as of June 30, 2020 are as follows:

Judicial Retirement Plan

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
State investment pool and cash equivalents	\$ 23,592	\$ -	\$ -	\$ 23,592
Common stocks	334,642,494	-	-	334,642,494
Corporate notes and governmental securities	6,200,652	97,057,877	-	103,258,529
Total assets at fair value	<u>\$ 340,866,738</u>	<u>\$ 97,057,877</u>	<u>\$ -</u>	<u>\$ 437,924,615</u>

These financials statements have not been subjected to an audit, review, or compilation engagement, therefore, no assurance is provided.

**Kentucky Judicial Form Retirement System
Notes to the Financial Statements (Continued)
Years Ended June 30, 2021 and 2020**

Note E - Fair Value Measurements (Continued)

Legislators Retirement Plan

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
State investment pool and and cash equivalents	\$ 187,921	\$ -	\$ -	\$ 187,921
Common stocks	97,692,665	-	-	97,692,665
Corporate notes and governmental securities	<u>1,309,294</u>	<u>27,405,634</u>	<u>-</u>	<u>28,714,928</u>
Total assets at fair value	<u>\$ 99,189,880</u>	<u>\$ 27,405,634</u>	<u>\$ -</u>	<u>\$ 126,595,514</u>

The System's policy is to recognize transfers between levels as of the actual date of the event or change in circumstances. There were no transfers between levels during 2021 or 2020.

Note F - Net Pension Liability

Judicial Retirement Plan

The components of the net pension liability of the Judicial Plan were as follows:

	<u>2021</u>	<u>2020</u>
Total pension liability	\$ 379,534,564	\$ 372,741,124
Pension plan fiduciary net position	<u>(448,440,179)</u>	<u>(341,306,128)</u>
Plan's net position (asset) liability	<u>\$ (68,905,615)</u>	<u>\$ 31,434,996</u>
Plan fiduciary net position as a percentage of the total pension liability	118.2%	91.6%

Beginning with the July 1, 2021, valuation report, the traditional and hybrid tiers of KJFRS have been treated as one plan for all calculations. All results prior to July 1, 2021, contained in this report have been combined from the results reported in the separate traditional and hybrid tier reports prepared in prior years. Effective July 1, 2021, separate valuation reports will not be prepared, and all results contained will be calculated based on the full plan containing both tiers of benefits.

These financial statements have not been subjected to an audit, review, or compilation engagement, therefore, no assurance is provided.

**Kentucky Judicial Form Retirement System
Notes to the Financial Statements (Continued)
Years Ended June 30, 2021 and 2020**

Note F - Net Pension Liability (Continued)

Judicial Retirement Plan (Continued)

The following are the actuarial methods and assumptions used to develop the above liabilities at June 30, 2021 and 2020:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Valuation date	July 1, 2020	July 1, 2019
Actuarial cost method	Entry Age Normal funding method	Entry Age Normal funding method
Amortization method	Interest + 1% Unfunded Past Liability	Interest + 1% Unfunded Past Liability
Asset valuation method	Market Value	Market Value
Investment return	6.50%	6.50% for Defined and 4.00% for Hybrid
Inflation	3.00%	3.00%
Projected salary increases	1% for the next three years, and 3.5% thereafter	1% for the next five years, and 3.5% thereafter

Mortality rates were based on the PubG-2010 (A) Table with Pre and Post Commencement Rates with projected mortality improvements after year 2010 under Projected Scale MP-2020 (male and female scales); i.e., full generational mortality. Prior to June 30, 2021, mortality rates were based on the RP-2000 Mortality Tables with white-collar adjustment with Pre and Post Commencement Rates with projected mortality improvements after year 2000 under Projection Scale AA (male and females scales); i.e., full generational mortality.

The long-term expected rate of return on Judicial Retirement Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Judicial Retirement Plan's target asset allocation as of June 30, 2021 and 2020 (see the discussion of the Judicial Retirement Plan's investment policy) are summarized in the following table:

<u>Asset class</u>	<u>Long-term expected real rate of return</u>
Domestic equity	4.50%
International equity	2.50%
Fixed income	-0.55%
Cash	-2.00%

These financial statements have not been subjected to an audit, review, or compilation engagement, therefore, no assurance is provided.

**Kentucky Judicial Form Retirement System
Notes to the Financial Statements (Continued)
Years Ended June 30, 2021 and 2020**

Note F - Net Pension Liability (Continued)

Judicial Retirement Plan (Continued)

The discount used to measure the total pension liability as of July 1, 2021 was 6.50%. The discount used to measure the total pension liability as of July 1, 2020, was 6.47% for the Judicial Defined Benefit Plan and 4.00% for the Judicial Hybrid Cash Balance Plan. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at the current statutory contribution rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, 6.5% was used for discount rate/long-term rate of return assumption for GASB calculations.

The following presents the net pension liability of the Judicial Retirement Plan at June 30, 2021, calculated using the discount rate of 6.50%, as well as what the Judicial Defined Benefit Plan's pension liability would be if it was calculated using a discount rate that is 1% point lower (5.50%) or 1% point higher (7.50%) than the current rate:

	<u>1% decrease 5.50%</u>	<u>Current rate 6.50%</u>	<u>1% increase 7.50%</u>
Net pension asset	\$ (30,909,803)	\$ (68,905,615)	\$ (101,198,896)

Legislators Retirement Plan

The components of the net pension liability of the Legislators Defined Benefit Plan were as follows:

	<u>2021</u>	<u>2020</u>
Total pension liability	\$ 72,568,155	\$ 71,968,765
Pension plan fiduciary net position	<u>(98,291,597)</u>	<u>(76,409,564)</u>
Plan's net position asset	<u>\$ (25,723,442)</u>	<u>\$ (4,440,799)</u>
Plan fiduciary net position as a percentage of the total pension liability	135.5%	106.2%

Beginning with the July 1, 2021, valuation report, the traditional and hybrid tiers of KJRP have been treated as one plan for all calculations. All results prior to July 1, 2021, contained in this report have been combined from the results reported in the separate traditional and hybrid tier reports prepared in prior years. Effective July 1, 2021, separate valuation reports will not be prepared, and all results contained will be calculated based on the full plan containing both tiers of benefits.

These financials statements have not been subjected to an audit, review, or compilation engagement, therefore, no assurance is provided.

**Kentucky Judicial Form Retirement System
Notes to the Financial Statements (Continued)
Years Ended June 30, 2021 and 2020**

Note F - Net Pension Liability (Continued)

Legislators Retirement Plan (Continued)

The following are the actuarial methods and assumptions used to develop the above liabilities at June 30, 2021 and 2020:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Valuation date	July 1, 2020	July 1, 2019
Actuarial cost method	Entry Age Normal funding method	Entry Age Normal funding method
Amortization method	Interest + 1% Unfunded Past Liability	Interest + 1% Unfunded Past Liability
Asset valuation method	Market Value 6.50%	Market Value 6.50% for Defined and 4.00% for
Investment return		Hybrid
Inflation	3.00%	3.00%
Projected salary increases	1% for the next three years, and 3.5% thereafter	1% for the next five years, and 3.5% thereafter

Mortality rates were based on the PubG-2010 (A) Table with Pre and Post Commencement Rates with projected mortality improvements after year 2010 under Projected Scale MP-2020 (male and female scales); i.e., full generational mortality. Prior to June 30, 2021, mortality rates were based on the RP-2000 Mortality Tables with white-collar adjustment with Pre and Post Commencement Rates with projected mortality improvements after year 2000 under Projection Scale AA (male and females scales); i.e., full generational mortality.

The long-term expected rate of return on Legislators Retirement Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Legislators Retirement Plan's target asset allocation as of June 30, 2021 and 2020 (see the discussion of the Legislators Retirement Plan's investment policy) are summarized in the following table:

<u>Asset class</u>	<u>Long-term expected real rate of return</u>
Domestic equity	4.50%
International equity	2.50%
Fixed income	-0.55%
Cash	-2.00%

These financial statements have not been subjected to an audit, review, or compilation engagement, therefore, no assurance is provided.

**Kentucky Judicial Form Retirement System
Notes to the Financial Statements (Continued)
Years Ended June 30, 2021 and 2020**

Note F - Net Pension Liability (Continued)

Legislators Retirement Plan (Continued)

The discount used to measure the total pension liability as of July 1, 2021 was 6.5%. The discount used to measure the total pension liability as of July 1, 2020, was 6.5% for the Legislator Defined Benefit Plan and 4.00% for the Legislator Hybrid Cash Plan. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at the current statutory contribution rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, 6.5% was used for discount rate/long-term rate of return assumption for GASB calculations.

The following presents the net pension liability of the Legislators Retirement Plan at June 30, 2021, calculated using the discount rate of 6.5%, as well as what the Legislators Defined Benefit Plan's pension liability would be if it was calculated using a discount rate that is 1% point lower (5.5%) or 1% point higher (7.5%) than the current rate:

	1% decrease 5.50%	Current rate 6.50%	1% increase 7.50%
Net pension asset	\$ (18,505,613)	\$ (25,723,442)	\$ (31,819,537)

Note G - Net Other Post-Employment Benefits ("OPEB")

Judicial Retirement Plan

The components of the net OPEB liability of the Judicial Retirement Plan as of June 30, 2021 and 2020, were as follows:

	<u>2021</u>	<u>2020</u>
Total OPEB liability	\$ 39,389,897	\$ 48,982,286
Plan fiduciary net position	<u>(133,915,389)</u>	<u>(99,039,421)</u>
Plan's net OPEB asset	<u>\$ (94,525,492)</u>	<u>\$ (50,057,135)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	340.0%	202.2%

Beginning with the July 1, 2021, valuation report, the traditional and hybrid tiers of KJRP have been treated as one plan for all calculations. All results prior to July 1, 2021, contained in this report have been combined from the results reported in the separate traditional and hybrid tier reports prepared in prior years. Effective July 1, 2021, separate valuation reports will not be prepared, and all results contained will be calculated based on the full plan containing both tiers of benefits.

These financials statements have not been subjected to an audit, review, or compilation engagement, therefore, no assurance is provided.

**Kentucky Judicial Form Retirement System
Notes to the Financial Statements (Continued)
Years Ended June 30, 2021 and 2020**

Note G - Net Other Post-Employment Benefits ("OPEB") (Continued)

Judicial Retirement Plan (Continued)

The following are the actuarial methods and assumptions used to develop the above liabilities as of June 30, 2021 and 2020:

	June 30, 2021	June 30, 2020
Valuation date	July 1, 2020	July 1, 2019
Inflation	2.50%	2.50%
Salary increases	1% for the next five years, and 3.5% thereafter	1% for the next five years, and 3.5% thereafter
Investment rate of return	6.50%	6.50% for Defined Benefit and 4.00% for Hybrid Cash
Healthcare cost trend rates	6.25% level for 2 years, then 5.75% and following the Getzen model thereafter until reaching an ultimate rate of 4.04% in the year 2075	7.00% level for 3 years, then 6.75% and following the Getzen model thereafter until reaching an ultimate rate of 3.94% in the year 2075

Mortality rates were based on the PubG-2010 (A) Table with Pre and Post Commencement Rates with projected mortality improvements after year 2010 under Projected Scale MP-2020 (male and female scales); i.e., full generational mortality. For the OPEB Plan, the headcounted weighted average was used. Prior to June 30, 2021, mortality rates were based on the RP-2000 Mortality Tables with white-collar adjustment with Pre and Post Commencement Rates with projected mortality improvements after year 2000 under Projection Scale AA (male and female scales); i.e., full generational mortality.

The long-term expected rate of return on Judicial OPEB Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Judicial OPEB Plan's target asset allocation as of June 30, 2021 (see the discussion of the Judicial OPEB Plan's investment policy) are summarized in the following table:

Asset class	Long-term expected real rate of return
Domestic equity	4.50%
International equity	2.50%
Fixed income	-0.55%
Cash	-2.00%

The discount used to measure the total OPEB liability as of July 1, 2021 was 6.50%. The discount used to measure the total OPEB liability as of July 1, 2020, was 6.50% for the Judicial Defined Benefit Plan and 4.00% for the Judicial Hybrid Cash Balance Plan. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at the current statutory contribution rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, 6.5% was used for discount rate/long-term rate of return assumption for GASB calculations.

These financial statements have not been subjected to an audit, review, or compilation engagement, therefore, no assurance is provided.

**Kentucky Judicial Form Retirement System
Notes to the Financial Statements (Continued)
Years Ended June 30, 2021 and 2020**

Note G - Net Other Post-Employment Benefits ("OPEB") (Continued)

Judicial Retirement Plan (Continued)

The following presents the net OPEB liability of the Judicial DB Plan as of June 30, 2021, calculated using the discount rate of 6.50%, as well as what the Judicial DB Plan's OPEB liability would be if it was calculated using a discount rate that is 1% point lower (5.50%) or 1% point higher (7.50%) than the current rate:

	1% decrease 5.50%	Current rate 6.50%	1% increase 7.50%
Net OPEB asset	\$ (89,719,406)	\$ (94,525,492)	\$ (98,540,671)

The table below presents the OPEB liability of the Judicial Retirement Plan as of June 30, 2021, as well as what the Judicial Retirement Plan's OPEB liability would be if it was calculated using a healthcare cost trend that is 1% lower or 1% higher than the current rate. The 2021 OPEB liability is calculated using the healthcare cost trend of 6.25% level for 2 years then 5.75% and following the Getzen model thereafter until reaching an ultimate rate of 4.04% in the year 2075.

	1% decrease on trend assumption	Current rate on trend assumption	1% increase on trend assumption
Net OPEB asset	\$ (98,693,698)	\$ (94,525,492)	\$ (89,544,556)

Legislators Retirement Plan

The components of the net OPEB liability of the Legislators Retirement Plan as of June 30, 2021 and 2020, were as follows:

	2021	2020
Total OPEB liability	\$ 15,667,998	\$ 20,244,775
Plan fiduciary net position	<u>(70,660,745)</u>	<u>(52,249,481)</u>
Plan's net OPEB asset	<u>\$ (54,992,747)</u>	<u>\$ (32,004,706)</u>
Plan fiduciary net position as a percentage of the total OPEB liability	451.0%	258.1%

Beginning with the July 1, 2021, valuation report, the traditional and hybrid tiers of KJRP have been treated as one plan for all calculations. All results prior to July 1, 2021, contained in this report have been combined from the results reported in the separate traditional and hybrid tier reports prepared in prior years. Effective July 1, 2021, separate valuation reports will not be prepared, and all results contained will be calculated based on the full plan containing both tiers of benefits.

These financials statements have not been subjected to an audit, review, or compilation engagement, therefore, no assurance is provided.

Kentucky Judicial Form Retirement System
Notes to the Financial Statements (Continued)
Years Ended June 30, 2021 and 2020

Note G - Net Other Post-Employment Benefits ("OPEB") (Continued)

Legislators Retirement Plan (Continued)

The following are the actuarial methods and assumptions used to develop the above liabilities as of June 30, 2021 and 2020:

	June 30, 2021	June 30, 2020
Valuation date	July 1, 2020	July 1, 2019
Inflation	2.50%	2.50%
Salary increases	1% for the next five years, and 3.5% thereafter	1% for the next five years, and 3.5% thereafter
Investment rate of return	6.50%	6.50% for Defined Benefit and 4.00% for Hybrid Cash
Healthcare cost trend rates	6.25% level for 2 years, then 5.75% and following the Getzen model thereafter until reaching an ultimate rate of 4.04% in the year 2075	7.00% level for 3 years, then 6.75% and following the Getzen model thereafter until reaching an ultimate rate of 3.94% in the year 2075

Mortality rates were based on the PubG-2010 (A) Table with Pre and Post Commencement Rates with projected mortality improvements after year 2010 under Projected Scale MP-2020 (male and female scales); i.e., full generational mortality. For the OPEB Plan, the headcounted weighted average was used. Prior to June 30, 2021, mortality rates were based on the RP-2000 Mortality Tables with white-collar adjustment with Pre and Post Commencement Rates with projected mortality improvements after year 2000 under Projection Scale AA (male and females scales); i.e., full generational mortality.

The long-term expected rate of return on Legislators Retirement Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Legislators Retirement Plan's target asset allocation as of June 30, 2021 and 2020 (see the discussion of the Legislators Retirement Plan's investment policy) are summarized in the following table:

Asset class	Long-term expected real rate of return
Domestic equity	4.50%
International equity	2.50%
Fixed income	-0.55%
Cash	-2.00%

The discount used to measure the total OPEB liability as of July 1, 2021 was 6.50%. The discount used to measure the total OPEB liability as of July 1, 2020, was 6.50% for the Legislator Defined Benefit Plan and 4.00% for the Legislator Hybrid Cash Balance Plan. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at the current statutory contribution rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, 6.5% was used for discount rate/long-term rate of return assumption for GASB calculations.

These financial statements have not been subjected to an audit, review, or compilation engagement, therefore, no assurance is provided.

**Kentucky Judicial Form Retirement System
Notes to the Financial Statements (Continued)
Years Ended June 30, 2021 and 2020**

Note G - Net Other Post-Employment Benefits ("OPEB") (Continued)

Legislators Retirement Plan (Continued)

The following presents the net OPEB liability of the Legislators Retirement Plan as of June 30, 2021, calculated using the discount rate of 6.50%, as well as what the Legislators Retirement Plan's OPEB liability would be if it was calculated using a discount rate that is 1% point lower (5.50%) or 1% point higher (7.50%) than the current rate:

	1% decrease 5.50%	Current rate 6.50%	1% increase 7.50%
Net OPEB asset	\$ (53,167,720)	\$ (54,992,747)	\$ (56,512,044)

The following presents the OPEB liability of the Legislators Retirement Plan as of June 30, 2021, as well as what the Legislators Retirement Plan's OPEB liability would be if it was calculated using a healthcare cost trend that is 1% lower or 1% higher than the current rate: The 2020 OPEB liability is calculated using the healthcare cost trend of 6.25% level for 2 years then 5.75% and following the Getzen model thereafter until reaching an ultimate rate of 4.04% in the year 2075.

	1% decrease on trend assumption	Current rate on trend assumption	1% increase on trend assumption
Net OPEB asset	\$ (56,485,021)	\$ (54,992,747)	\$ (53,223,029)

Note H - Risk Management

Claims against the Board of Trustees of the System, or any of its staff, as a result of actual or alleged breach of fiduciary duty are insured with a commercial insurance policy. Coverage provided is limited to \$20,000,000. Claims for job-related illnesses or injuries are insured by the Commonwealth's self-insured workers' compensation program. Payments approved by the program are not subject to maximum limitations.

Note I - Income Tax Status

The Judicial Plan and Legislators Plan each received from the Internal Revenue Service favorable determination letters dated February 15, 2017, which state that the Plans constitute qualified plans under Section 401(a) of the Internal Revenue Code.

The System believes that the Plans are currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code. Any compensation deferred under either Plan, as well as income attributable to the deferrals, is not includable in federal and state taxable income until actually paid or otherwise made available to the participant or their named beneficiary.

These financials statements have not been subjected to an audit, review, or compilation engagement, therefore, no assurance is provided.

Kentucky Judicial Form Retirement System
Notes to the Financial Statements (Continued)
Years Ended June 30, 2021 and 2020

Note J - Risk and Uncertainties

In March 2020, the World Health Organization declared the global novel coronavirus disease 2019 ("COVID-19") outbreak a pandemic. Further, the United States Centers for Disease Control and Prevention confirmed the spread of the disease throughout the United States. As of the date the financial statements were available to be issued, the System's operations have not been significantly impacted by the COVID-19 outbreak. The System's operations could be adversely affected as a result of COVID-19, but the impact is not known at this point as the scale and severity of the outbreak, and resulting economic impact, is still largely unknown.

These financials statements have not been subjected to an audit, review, or compilation engagement, therefore, no assurance is provided.

Required Supplementary Information

Kentucky Judicial Form Retirement System
Schedules of Changes in Net Pension Liability and Related Ratios
Years Ended June 30

Kentucky Judicial Retirement Plan

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability								
Service cost	\$ 3,600,000	\$ 3,500,000	\$ 4,100,000	\$ 4,100,000	\$ 4,900,000	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000
Interest	23,700,000	23,400,000	22,900,000	22,700,000	23,800,000	23,400,000	22,200,000	21,900,000
Changes in benefit terms	-	-	-	-	-	-	100,000	-
Differences between expected and actual experience	(5,300,000)	-	(100,000)	-	(8,800,000)	-	4,400,000	-
Changes in assumptions	9,100,000	-	(7,700,000)	-	(2,100,000)	-	(4,400,000)	29,100,000
Benefit payments/refunds of member contributions	(24,400,000)	(24,400,000)	(24,200,000)	(23,200,000)	(23,000,000)	(22,900,000)	(22,300,000)	(21,800,000)
Net change in total pension liability	6,700,000	2,500,000	(5,000,000)	3,600,000	(5,200,000)	5,500,000	5,000,000	34,200,000
Total pension liability - beginning	372,700,000	370,300,000	375,200,000	371,500,000	376,800,000	371,300,000	366,300,000	332,100,000
Total pension liability - ending	<u>\$ 379,400,000</u>	<u>\$ 372,800,000</u>	<u>\$ 370,200,000</u>	<u>\$ 375,100,000</u>	<u>\$ 371,600,000</u>	<u>\$ 376,800,000</u>	<u>\$ 371,300,000</u>	<u>\$ 366,300,000</u>
Pension plan fiduciary net position								
Contributions - employer	\$ 6,800,000	\$ 8,700,000	\$ 8,700,000	\$ 12,000,000	\$ 12,000,000	\$ 15,200,000	\$ 15,100,000	\$ 10,800,000
Contributions - member	1,900,000	1,700,000	1,500,000	2,000,000	1,600,000	1,800,000	1,900,000	2,800,000
Transfer in payments	-	-	-	600,000	-	100,000	200,000	1,600,000
Net investment income	122,800,000	19,500,000	38,600,000	27,100,000	34,600,000	8,700,000	25,600,000	33,200,000
Benefit payments/refunds of member contributions	(24,400,000)	(24,400,000)	(24,200,000)	(23,200,000)	(23,000,000)	(22,900,000)	(22,200,000)	(21,800,000)
Administrative expenses	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	107,100,000	5,500,000	24,600,000	18,500,000	25,200,000	2,900,000	20,600,000	26,600,000
Pension plan fiduciary net position - beginning	341,300,000	335,700,000	311,100,000	292,700,000	267,500,000	264,600,000	243,900,000	217,300,000
Pension plan fiduciary net position - ending	<u>\$ 448,400,000</u>	<u>\$ 341,200,000</u>	<u>\$ 335,700,000</u>	<u>\$ 311,200,000</u>	<u>\$ 292,700,000</u>	<u>\$ 267,500,000</u>	<u>\$ 264,500,000</u>	<u>\$ 243,900,000</u>
Net pension (asset) liability - ending	<u>\$ (69,000,000)</u>	<u>\$ 31,600,000</u>	<u>\$ 34,500,000</u>	<u>\$ 63,900,000</u>	<u>\$ 78,900,000</u>	<u>\$ 109,300,000</u>	<u>\$ 106,800,000</u>	<u>\$ 122,400,000</u>
Pension plan fiduciary net position as a % of the total pension liability	118.2%	91.6%	90.7%	82.9%	78.8%	71.0%	71.3%	66.6%
Covered payroll	\$ 29,500,000	\$ 25,600,000	\$ 25,400,000	\$ 27,900,000	\$ 27,600,000	\$ 30,000,000	\$ 30,000,000	\$ 32,900,000
Net pension liability as a % of covered payroll	-233.6%	122.7%	136.2%	229.7%	285.5%	364.3%	355.7%	371.7%

Note: This schedule is intended to present 10 years of contributions and related ratios. Currently, only those years with information available are presented. The amounts presented above were determined as of the fiscal year ended above. Amounts rounded to nearest \$100,000.

These financial statements have not been subjected to an audit, review, or compilation engagement, therefore, no assurance is provided.

See accompanying independent auditor's report.

**Kentucky Judicial Form Retirement System
Schedules of Changes in Net Pension Liability and Related Ratios (Continued)
Years Ended June 30**

Kentucky Legislators Retirement Plan

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability								
Service cost	\$ 500,000	\$ 600,000	\$ 700,000	\$ 700,000	\$ 700,000	\$ 900,000	\$ 1,000,000	\$ 1,000,000
Interest	4,600,000	4,500,000	4,600,000	4,600,000	5,300,000	5,200,000	5,100,000	4,900,000
Changes in benefit terms	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(2,000,000)	-	(2,800,000)	-	(6,400,000)	-	(3,400,000)	-
Changes in assumptions	2,600,000	-	(300,000)	-	(200,000)	-	(1,500,000)	3,700,000
Benefit payments/refunds of member contributions	(5,100,000)	(5,000,000)	(4,700,000)	(4,500,000)	(4,200,000)	(4,000,000)	(3,700,000)	(3,500,000)
Net change in total pension liability	600,000	100,000	(2,500,000)	800,000	(4,800,000)	2,100,000	(2,500,000)	6,100,000
Total pension liability - beginning	72,000,000	71,900,000	74,400,000	73,600,000	78,400,000	76,200,000	78,700,000	72,600,000
Total pension liability - ending	<u>\$ 72,600,000</u>	<u>\$ 72,000,000</u>	<u>\$ 71,900,000</u>	<u>\$ 74,400,000</u>	<u>\$ 73,600,000</u>	<u>\$ 78,300,000</u>	<u>\$ 76,200,000</u>	<u>\$ 78,700,000</u>
Pension plan fiduciary net position								
Contributions - employer	\$ -	\$ -	\$ -	\$ 2,400,000	\$ 2,400,000	\$ 3,400,000	\$ 3,400,000	\$ 1,800,000
Contributions - member	300,000	200,000	200,000	200,000	300,000	300,000	200,000	200,000
Transfer in payments	-	-	-	-	100,000	-	-	-
Net investment income	26,700,000	4,300,000	8,600,000	6,200,000	7,900,000	2,000,000	5,600,000	7,900,000
Benefit payments/refunds of member contributions	(5,100,000)	(5,000,000)	(4,700,000)	(4,500,000)	(4,200,000)	(4,000,000)	(3,700,000)	(3,500,000)
Administrative expenses	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	21,900,000	(500,000)	4,100,000	4,300,000	6,500,000	1,700,000	5,500,000	6,400,000
Pension plan fiduciary net position - beginning	76,400,000	76,900,000	72,800,000	68,400,000	61,900,000	60,100,000	54,600,000	48,200,000
Pension plan fiduciary net position - ending	<u>\$ 98,300,000</u>	<u>\$ 76,400,000</u>	<u>\$ 76,900,000</u>	<u>\$ 72,700,000</u>	<u>\$ 68,400,000</u>	<u>\$ 61,800,000</u>	<u>\$ 60,100,000</u>	<u>\$ 54,600,000</u>
Net pension (asset) liability - ending	<u>\$ (25,700,000)</u>	<u>\$ (4,400,000)</u>	<u>\$ (5,000,000)</u>	<u>\$ 1,700,000</u>	<u>\$ 5,200,000</u>	<u>\$ 16,500,000</u>	<u>\$ 16,100,000</u>	<u>\$ 24,100,000</u>
Pension plan fiduciary net position as a % of the total pension liability	135.4%	106.1%	107.0%	97.8%	92.9%	79.0%	78.9%	69.4%
Covered payroll	\$ 4,200,000	\$ 4,300,000	\$ 4,300,000	\$ 4,400,000	\$ 4,400,000	\$ 4,900,000	\$ 4,900,000	\$ 5,000,000
Net pension (asset) liability as a % of covered payroll	-611.9%	-102.3%	-116.3%	36.4%	118.2%	336.7%	328.6%	483.2%

Note: This schedule is intended to present 10 years of contributions and related ratios. Currently, only those years with information available are presented. The amounts presented above were determined as of the fiscal year ended above. Amounts rounded to nearest \$100.

These financial statements have not been subjected to an audit, review, or compilation engagement, therefore, no assurance is provided.

See accompanying independent auditor's report.

Kentucky Judicial Form Retirement System
Schedules of Changes in Net OPEB Liability and Related Ratios
Years Ended June 30

Kentucky Judicial OPEB Plan

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability					
Service cost	\$ 700,000	\$ 700,000	\$ 900,000	\$ 900,000	\$ 1,200,000
Interest	3,200,000	3,000,000	3,600,000	3,300,000	4,600,000
Changes in benefit terms	-	-	-	-	-
Differences between expected and actual experience	(9,300,000)	-	(9,700,000)	-	(22,100,000)
Changes in assumptions	(2,300,000)	-	100,000	-	5,600,000
Benefit payments/refunds of member contributions	<u>(1,800,000)</u>	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>(1,900,000)</u>
Net change in total pension liability	(9,500,000)	1,700,000	(7,100,000)	2,200,000	(12,600,000)
Total pension liability - beginning	<u>49,000,000</u>	<u>47,300,000</u>	<u>54,400,000</u>	<u>52,100,000</u>	<u>64,700,000</u>
Total pension liability - ending	<u>39,500,000</u>	<u>49,000,000</u>	<u>47,300,000</u>	<u>54,300,000</u>	<u>52,100,000</u>
Plan fiduciary net position					
Contributions - employer	\$ -	\$ -	\$ -	\$ 1,200,000	\$ 1,200,000
Contributions - member	100,000	-	-	200,000	100,000
Transfer in payments	-	-	-	100,000	-
Net investment income	36,700,000	5,600,000	11,000,000	7,600,000	9,400,000
Benefit payments/refunds of member contributions	(1,800,000)	(2,000,000)	(2,000,000)	(2,000,000)	(1,900,000)
Administrative expenses	-	-	-	-	-
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	35,000,000	3,600,000	9,000,000	7,100,000	8,800,000
Pension plan fiduciary net position - beginning	<u>99,000,000</u>	<u>95,400,000</u>	<u>86,300,000</u>	<u>79,200,000</u>	<u>70,300,000</u>
Pension plan fiduciary net position - ending	<u>\$ 134,000,000</u>	<u>\$ 99,000,000</u>	<u>\$ 95,300,000</u>	<u>\$ 86,300,000</u>	<u>\$ 79,100,000</u>
Net pension (asset) liability - ending	<u>\$ (94,500,000)</u>	<u>\$ (50,000,000)</u>	<u>\$ (48,000,000)</u>	<u>\$ (32,000,000)</u>	<u>\$ (27,000,000)</u>
Pension plan fiduciary net position as a % of the total pension liability	339.8%	202.0%	201.7%	158.6%	152.0%
Covered payroll	\$ 29,500,000	\$ 30,900,000	\$ 30,600,000	\$ 30,600,000	\$ 30,300,000
Net pension (asset) liability as a % of covered payroll	-320.3%	-161.8%	-156.9%	-104.6%	-89.1%

These financial statements have not been subjected to an audit, review, or compilation engagement, therefore, no assurance is provided.

See accompanying independent auditor's report.

Kentucky Judicial Form Retirement System
Schedules of Changes in Net OPEB Liability and Related Ratios
Years Ended June 30

Note: This schedule is intended to present 10 years of contributions and related ratios. Currently, only those years with information available are presented. The amounts presented above were determined as of the fiscal year ended above. Amounts rounded to nearest \$100,000.

These financial statements have not been subjected to an audit, review, or compilation engagement, therefore, no assurance is provided.

See accompanying independent auditor's report.

Kentucky Judicial Form Retirement System
Schedules of Changes in Net OPEB Liability and Related Ratios (Continue7d)
Years Ended June 30

Kentucky Legislators OPEB Plan

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability					
Service cost	\$ 200,000	\$ 100,000	\$ 300,000	\$ 300,000	\$ 400,000
Interest	1,300,000	1,200,000	1,500,000	1,400,000	2,000,000
Changes in benefit terms	-	-	-	-	-
Differences between expected and actual experience	(4,800,000)	-	(4,400,000)	-	(10,600,000)
Changes in assumptions	(400,000)	-	-	-	2,300,000
Benefit payments/refunds of member contributions	<u>(800,000)</u>	<u>(800,000)</u>	<u>(800,000)</u>	<u>(800,000)</u>	<u>(700,000)</u>
Net change in total pension liability	(4,500,000)	500,000	(3,400,000)	900,000	(6,600,000)
Total pension liability - beginning	<u>20,200,000</u>	<u>19,700,000</u>	<u>23,100,000</u>	<u>22,000,000</u>	<u>28,600,000</u>
Total pension liability - ending	<u>\$ 15,700,000</u>	<u>\$ 20,200,000</u>	<u>\$ 19,700,000</u>	<u>\$ 22,900,000</u>	<u>\$ 22,000,000</u>
Plan fiduciary net position					
Contributions - employer	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions - member	-	-	-	-	-
Transfer in payments	-	-	-	-	-
Net investment income	19,200,000	2,900,000	5,700,000	3,900,000	4,900,000
Benefit payments/refunds of member contributions	(800,000)	(800,000)	(800,000)	(800,000)	(700,000)
Administrative expenses	-	-	-	-	-
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	18,400,000	2,100,000	4,900,000	3,100,000	4,200,000
Pension plan fiduciary net position - beginning	<u>52,100,000</u>	<u>50,000,000</u>	<u>45,100,000</u>	<u>42,000,000</u>	<u>37,800,000</u>
Pension plan fiduciary net position - ending	<u>\$ 70,500,000</u>	<u>\$ 52,100,000</u>	<u>\$ 50,000,000</u>	<u>\$ 45,100,000</u>	<u>\$ 42,000,000</u>
Net pension (asset) liability - ending	<u>\$ (54,800,000)</u>	<u>\$ (31,900,000)</u>	<u>\$ (30,300,000)</u>	<u>\$ (22,200,000)</u>	<u>\$ (20,000,000)</u>
Pension plan fiduciary net position as a % of the total pension liability	450.3%	258.9%	254.3%	195.2%	190.9%
Covered payroll	\$ 4,200,000	\$ 4,300,000	\$ 4,300,000	\$ 4,400,000	\$ 4,400,000
Net pension liability as a % of covered payroll	-1304.8%	-741.9%	-704.7%	-504.5%	-454.5%

These financials statements have not been subjected to an audit, review, or compilation engagement, therefore, no assurance is provided.

See accompanying independent auditor's report.

Kentucky Judicial Form Retirement System
Schedules of Changes in Net OPEB Liability and Related Ratios (Continue7d)
Years Ended June 30

Note: This schedule is intended to present 10 years of contributions and related ratios. Currently, only those years with information available are presented. The amounts presented above were determined as of the fiscal year ended above. Amounts rounded to nearest \$100,000.

These financials statements have not been subjected to an audit, review, or compilation engagement, therefore, no assurance is provided.

See accompanying independent auditor's report.

**Kentucky Judicial Form Retirement System
Schedules of Pension Contributions
Years Ended June 30**

Kentucky Judicial Retirement Plan

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarially determined contribution	\$ 6,700,000	\$ 9,800,000	\$ 9,200,000	\$ 11,900,000	\$ 11,884,797	\$ 15,171,300	\$ 15,142,300	\$ 15,219,761	\$ 15,219,761	\$ 10,302,430	\$ 10,302,430
Contributions in relation to the actuarially determined contribution	6,800,000	8,600,000	8,600,000	11,900,000	11,884,797	15,171,300	15,142,300	10,804,715	10,398,987	4,945,968	4,533,804
Contribution deficiency	(100,000)	1,200,000	600,000	-	-	-	-	4,415,046	4,820,774	5,356,462	5,768,626
Covered Payroll	29,500,000	25,600,000	25,400,000	27,900,000	27,590,586	30,009,000	30,009,000	32,930,076	32,930,076	33,175,215	33,175,215
Contributions as a percentage of covered payroll	23.1%	33.6%	33.9%	42.7%	43.1%	50.3%	50.3%	32.8%	31.6%	14.9%	13.7%
Investment return:	6.5%	6.50%	6.50%	6.24%	6.24%	6.41%	6.41%	6.15%	7.00%	7.00%	7.00%
Valuation Date:	July 1, 2020	July 1, 2019	July 1, 2019	July 1, 2017	July 1, 2015	July 1, 2013	July 1, 2013	July 1, 2011	July 1, 2011	July 1, 2009	July 1, 2009

Methods and assumptions used to determine contributions

Actuarial cost method	Entry Age Normal funding method. Prior to July 1, 2013, the actuarial accrued liability was calculated using the projected unit credit cost method.
Amortization method	Interest + 1% Unfunded Past Liability
Asset valuation method	Market value
Inflation	3.00%
Projected salary increases	1% for the next three years, and 3.5% thereafter. Prior to July 1, 2021, the future salary increase assumption was 1% for the next five years and 3.5% thereafter. Prior to July 1, 2013, the future salary increase assumption was 1% for the next year, 1% the following year and 3.5% thereafter.
Mortality	PubG-2010 (A) Table with Pre and Post Commencement Rates with projected mortality improvements after year 2010 under Projection Scale MP-2020 (male and female scales). Prior to July 1, 2021, RP-2000 Mortality Tables with white collar adjustment with Pre and Post Commencement Rates with projected mortality improvements after year 2000 under Projection Scale AA (male and female scales); i.e., full generational mortality. Prior to July 1, 2015, mortality rates were based on IRS 2008 Mortality Tables without collar adjustments with Pre and Post Commencement Rates with projected mortality improvements after year 200 under Projection Scale AA (male and female scales).

Note: Effective for the year ended June 30, 2008, medical insurance employer contributions have been segregated from defined benefit contributions.

These financial statements have not been subjected to an audit, review, or compilation engagement, therefore, no assurance is provided.

See accompanying independent auditor's report.

**Kentucky Judicial Form Retirement System
Schedules of Pension Contributions
Years Ended June 30**

Kentucky Legislators Retirement Plan

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ 400,000	\$ 1,200,000	\$ 1,100,000	\$ 2,400,000	\$ 2,384,500	\$ 3,414,500	\$ 3,408,800	\$ 3,214,854	\$ 3,214,854	\$ 2,140,019	\$ 2,140,019
Contributions in relation to the actuarially determined contribution	-	-	-	2,400,000	2,384,500	3,414,500	3,408,800	1,824,956	1,696,000	1,027,200	941,600
Contribution deficiency	400,000	1,200,000	1,100,000	-	-	-	-	1,389,898	1,518,854	1,112,819	1,198,419
Covered Payroll	4,200,000	4,300,000	4,300,000	4,400,000	4,400,000	4,919,000	4,919,000	4,987,823	4,987,823	5,192,619	5,192,619
Contributions as a percentage of covered payroll	0.0%	0.0%	0.0%	54.5%	54.2%	69.4%	69.3%	36.6%	34.0%	19.8%	18.1%
Investment return:	6.50%	6.50%	6.50%	6.45%	6.45%	6.85%	6.85%	6.50%	7.00%	7.00%	7.00%
Valuation Date:	July 1, 2020	July 1, 2019	July 1, 2019	July 1, 2017	July 1, 2015	July 1, 2013	July 1, 2013	July 1, 2011	July 1, 2011	July 1, 2009	July 1, 2009

Methods and assumptions used to determine contributions

Actuarial cost method	Entry Age Normal funding method. Prior to July 1, 2013, the actuarial accrued liability was calculated using the projected unit credit cost method
Amortization method	Interest + 1% Unfunded Past Liability
Asset valuation method	Market value
Inflation	3.00%
Projected salary increases	1% for the next three years, and 3.5% thereafter. Prior to July 1, 2021, the future salary increase assumption was 1% for the next five years and 3.5% thereafter. Prior to July 1, 2013, the future salary increase assumption was 1% for the next year, 1% the following year and 3.5% thereafter.
Mortality	PubG-2010 (A) Table with Pre and Post Commencement Rates with projected mortality improvements after year 2010 under Projection Scale MP-2020 (male and female scales). Prior to July 1, 2021, RP-2000 Mortality Tables with white collar adjustment with Pre and Post Commencement Rates with projected mortality improvements after year 2000 under Projection Scale AA (male and female scales); i.e., full generational mortality. Prior to July 1, 2015, mortality rates were based on IRS 2008 Mortality Tables without collar adjustments with Pre and Post Commencement Rates with projected mortality improvements after year 200 under Projection Scale AA (male and female scales).

Note: Effective for the year ended June 30, 2008, medical insurance employer contributions have been segregated from defined benefit contributions.

These financial statements have not been subjected to an audit, review, or compilation engagement, therefore, no assurance is provided.

See accompanying independent auditor's report.

**Kentucky Judicial Form Retirement System
Schedules of Pension Contributions
Years Ended June 30**

Kentucky Judicial OPEB Plan

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ 1,200,000	\$ 1,217,903	\$ 1,274,480	\$ 1,274,480	\$ 893,242	\$ 893,242	\$ 695,787	\$ 695,787
Contributions in relation to the actuarially determined contribution	-	-	-	1,200,000	1,217,903	1,274,480	1,274,480	634,125	610,313	334,032	306,196
Contribution deficiency	-	-	-	-	-	-	-	259,117	282,929	361,755	389,591
Covered payroll	29,500,000	30,900,000	30,600,000	30,600,000	30,300,000	31,945,000	31,945,000	32,930,000	32,930,000	33,775,000	33,175,000
Contributions as a percentage of											
covered payroll	0.0%	0.0%	0.0%	3.9%	4.4%	4.0%	4.0%	1.9%	1.9%	1.0%	0.9%
Investment return	6.50%	6.50%	6.50%	6.24%	6.24%	6.41%	6.41%	6.15%	7.00%	7.00%	7.00%
Valuation date	July 1, 2020	July 1, 2019	July 1, 2019	July 1, 2017	July 1, 2015	July 1, 2013	July 1, 2013	July 1, 2011	July 1, 2011	July 1, 2009	July 1, 2009

Methods and assumptions used to determine contributions

Actuarial cost method	Entry Age Normal funding method. Prior to July 1 2013, the actuarial accrued liability was calculated using the projected unit credit cost method.
Amortization method	Interest + 1% Unfunded Past Liability
Asset valuation method	Market value
Investment return	For July 1, 2021, an investment return of 6.5% was used for the Defined Benefit and Hybrid Tier. For July 1, 2020 and 2019 an investment return of 6.5% was used. For July 1, 2018 and 2017, an investment return of 6.24% was used. For July 1, 2016 and 2015, an investment return of 6.41% was used. For July 1, 2014, an investment return of 6.15% was used. Prior to July 1, 2013, an investment return of 7.0% was used. For July 1, 2020 through 2015 an investment return of 4.0% was used for the Hybrid Tier.
Inflation	3.00%
Projected salary increases	1% for the next three years, and 3.5% thereafter. Prior to July 1, 2021, the future salary increase assumption was 1% for the next five years, and 3.5% thereafter. Prior to July 1, 2013, the future salary increase assumption was 1% for the next year, 1% the following year and 3.5% thereafter.
Healthcare cost trend rates	6.25% level for 2 years, then 5.75% and following the Getzen model thereafter until reaching an ultimate rate of 4.04% in the year 2075
Mortality	PubG-2010 (A) Table with Pre and Post Commencement Rates with projected mortality improvements after year 2010 under Projection Scale MP-2020 (male and female scales); i.e., full generational mortality. For the OPEB Plan, the headcounted weighted version of this table was used. Prior to July 1, 2021, mortality rates were based on RP-2000 Mortality Tables with white collar adjustment with Pre and Post Commencement Rates with projected mortality improvements after year 2000 under Projection Scale AA (male and female scales); i.e., full generational mortality. Prior to July 1, 2015, mortality rates were based on IRS 2008 Mortality Tables without collar adjustments with Pre and Post Commencement Rates with projected mortality improvements after year 200 under Projection Scale AA (male and female scales).

Note: Effective for the year ended June 30, 2008, medical insurance employer contributions have been segregated from defined benefit contributions.

These financials statements have not been subjected to an audit, review, or compilation engagement, therefore, no assurance is provided.

See accompanying independent auditor's report.

**Kentucky Judicial Form Retirement System
Schedules of OPEB Contributions (Continued)
Years Ended June 30**

Kentucky Legislators OPEB Plan

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially determined contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the actuarially determined contribution		-	-	-	-	-	-	-	-	-	-
Contribution deficiency		-	-	-	-	-	-	-	-	-	-
Covered payroll	4,200,000	4,300,000	4,300,000	4,400,000	4,400,000	5,300,000	5,300,000	4,987,823	4,987,823	5,192,619	5,192,619
Contributions as a percentage of covered payroll	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Investment return	6.50%	6.50%	6.50%	6.45%	6.45%	6.85%	6.85%	6.45%	7.00%	7.00%	7.00%
Valuation date	July 1, 2020	July 1, 2019	July 1, 2019	July 1, 2017	July 1, 2015	July 1, 2013	July 1, 2013	July 1, 2011	July 1, 2011	July 1, 2009	July 1, 2009

Methods and assumptions used to determine contributions

Actuarial cost method	Entry Age Normal funding method
Amortization method	Interest + 1% Unfunded Past Liability
Asset valuation method	Market value
Investment return	For July 1, 2021, an investment return of 6.5% was used for the Defined Benefit and Hybrid Tier. For July 1, 2020 and 2019 an investment return of 6.5% was used. For July 1, 2018 and 2017, an investment return of 6.24% was used. For July 1, 2016 and 2015, an investment return of 6.41% was used. For July 1, 2014, an investment return of 6.15% was used.
Inflation	3.00%
Projected salary increases	1% for the next three years, and 3.5% thereafter. Prior to July 1, 2021, the future salary increase assumption was 1% for the next five years, and 3.5% thereafter.
Healthcare cost trend rates	6.25% level for 2 years, then 5.75% and following the Getzen model thereafter until reaching an ultimate rate of 4.04% in the year 2075
Mortality	PubG-2010 (A) Table with Pre and Post Commencement Rates with projected mortality improvements after year 2010 under Projection Scale MP-2020 (male and female scales); i.e., full generational mortality. For the OPEB Plan, the headcounted weighted version of this table was used. Prior to July 1, 2021, mortality rates were based on RP-2000 Mortality Tables with white collar adjustment with Pre and Post Commencement Rates with projected mortality improvements after year 2000 under Projection Scale AA (male and female scales); i.e., full generational mortality. Prior to July 1, 2015, mortality rates were based on IRS 2008 Mortality Tables without collar adjustments with Pre and Post Commencement Rates with projected mortality improvements after year 200 under Projection Scale AA (male and female scales).

Note: Effective for the year ended June 30, 2008, medical insurance employer contributions have been segregated from defined benefit contributions.

These financial statements have not been subjected to an audit, review, or compilation engagement, therefore, no assurance is provided.

See accompanying independent auditor's report.

**Kentucky Judicial Form Retirement System
Schedules of OPEB Contributions (Continued)
Years Ended June 30**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Kentucky Judicial Defined Benefit Pension Plan and Kentucky Judicial Hybrid Cash Balance Pension Plan								
Annual money-weighted rate of return, net of investment expense	37.2%	6.0%	12.9%	9.4%	12.8%	3.2%	10.2%	15.0%
Kentucky Legislative Defined Benefit Pension Plan and Kentucky Legislative Hybrid Cash Balance Pension Plan								
Annual money-weighted rate of return, net of investment expense	37.3%	6.0%	12.6%	9.4%	12.7%	3.6%	10.1%	16.7%
Kentucky Judicial Defined Benefit OPEB Plan and Kentucky Judicial Hybrid Cash Balance OPEB Plan								
Annual money-weighted rate of return, net of investment expense	32.2%	6.0%	12.9%	9.4%	12.8%	3.2%	10.2%	15.0%
Kentucky Legislative Defined Benefit OPEB Plan and Kentucky Legislative Hybrid Cash Balance OPEB Plan								
Annual money-weighted rate of return, net of investment expense	35.1%	6.0%	12.6%	9.4%	12.7%	3.6%	10.1%	16.7%

Note: This schedule is intended to present 10 years of contribution information. Currently, only those years with information available are presented.

These financials statements have not been subjected to an audit, review, or compilation engagement, therefore, no assurance is provided.

See accompanying independent auditor's report.

Legislators Retirement System - 2022-24 Biennial Budget Request

	FY2020 Actual	FY2021 Actual	2021-2022 Budgeted	2022-2023 Projected	2023-2024 Projected
General Fund Request	9,570,800	7,147,500	7,147,500	4,981,800	5,305,600
Personnel and Administrative	311,400	-	-	-	-
Personnel	311,400	-	-	-	-
<i>Operating</i>					
Legislators Retirement ARC (KRS 21.525)	-	-	-	28,800	30,700
Total General Fund Request	\$311,400	\$0	\$0	\$28,800	\$30,700

Judicial Retirement System - 2022-24 Biennial Budget Request

	FY2020 Actual	FY2021 Actual	2021-2022 Budgeted	2022-2023 Projected	2023-2024 Projected
General Fund Request	9,570,800	7,147,500	7,147,500	4,981,800	5,305,600
Personnel and Administrative	838,500	-	-	-	-
Personnel	838,500	-	-	-	-
<i>Operating</i>					
Judicial Retirement ARC (KRS 21.525)	8,732,300	7,147,500	7,147,500	4,981,800	5,305,600
Total General Fund Request	9,570,800	7,147,500	7,147,500	4,981,800	5,305,600
Restricted Fund Request (KRS 21.540(1))	9,570,800	7,147,500	7,147,500	4,981,800	5,305,600
Personnel	676,532	546,498	643,400	646,900	653,300
Salaries	425,347	376,688	347,800	374,700	378,300
Board Per Diems	6,281	10,131	10,100	10,200	10,200
Insurance (Worker Comp/Fidiciary)	50,015	50,087	50,000	52,000	52,600
Legal	40,738	16,301	75,000	75,000	75,800
Audit	33,836	17,750	45,500	20,000	20,200
Actuary	100,651	64,923	100,000	100,000	101,000
Custodian	19,664	10,618	15,000	15,000	15,200
Operating	35,388	36,363	56,300	73,000	84,100
Meeting/Travel Expense	4,396	4,387	3,300	3,300	3,400
Technology and Communications	14,951	17,035	30,000	30,000	30,300
Postage	1,113	1,356	1,900	1,900	2,000
Printing/Duplicating	372	432	400	400	500
Office Supplies	1,532	1,828	1,300	1,300	1,400
Subscriptions (LexisNexis, Newspapers, etc.)	1,749	2,036	2,500	2,500	2,600
Software (Tax, Pension Admin)		549	3,300	20,000	30,000
Office Equipment/Furnishings	31	-	1,100	1,100	1,200
Rental/Office Maintenance	8,615	6,765	10,000	10,000	10,100
1099 Preparation - Tax Software	2,630	1,976	2,500	2,500	2,600
Total Retriected Fund Request	711,920	582,860	699,700	719,900	737,400

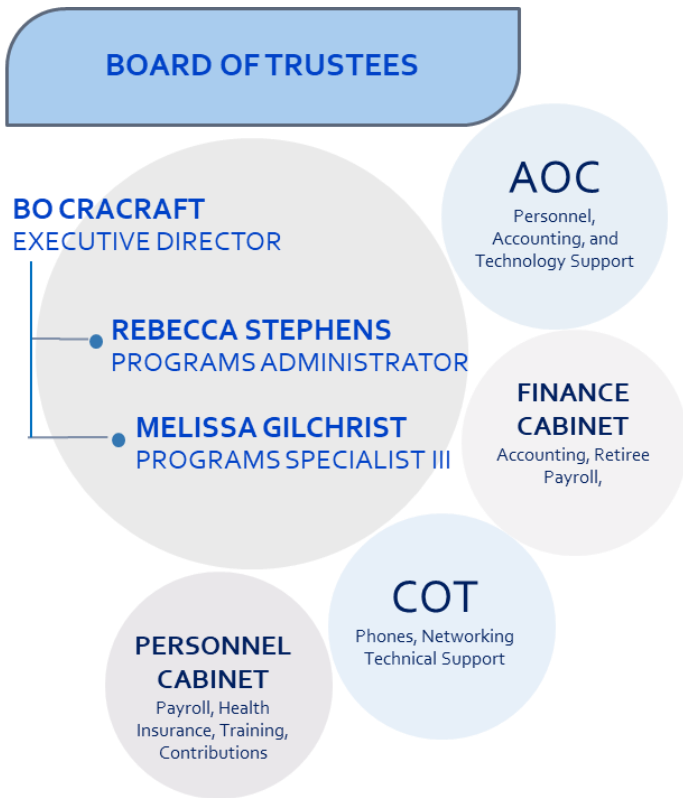
Appendix –

- Organization Chart & Service Providers



JUDICIAL FORM RETIREMENT SYSTEM

Organizational Structure



Service Providers

