



JUDICIAL FORM RETIREMENT SYSTEM

BOARD OF TRUSTEE MEETING – OCTOBER 24, 2025



AGENDA



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

October 24, 2025 – 10:00 a.m. EST

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

- I. Call to Order.
- II. Adoption of the *Minutes* of the August 1, 2025 Meeting
- III. Election of Board and Committee Chairs
- IV. Investment Related Matters
Quarterly Investment Review by Baird Trust Company
- V. Actuarial Funding Valuation Results -- *Actionable Item*
Presentation by Gabriel Roeder & Smith (GRS)
- VI. Reports by Executive Director
 - A. Public Pension Oversight Board
 - B. 2026 Regular Session of General Assembly – *Actionable Item*
 - C. Blue and Co. Fiscal Year 2025 End Audit - *Verbal Update*
 - D. Disability Retirement Periodic Review – *Actionable Item*
 - E. Line of Duty Death – Tax Determination Follow Up – *Verbal Update*
- VII. January 23, 2026 Meeting

ITEM II- Adoption of Minutes

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

August 1, 2025

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 offices of Baird Trust Company, 500 West Jefferson Street, Louisville, KY 40202 on Friday, August 1, 2025, at 10:00 a.m. All board members were present with the exception of Judge Dodie George. JFRS staff present included Bo Cracraft, Executive Director. Guests joining the meeting included Don Asfahl, John Watkins, Derek Bonifer, and Andy Means of Baird Trust Company, along with Janie Shaw and Krysti Kiesel of Gabriel Roeder, Smith & Company (GRS).

Vice Chairman Allison called the meeting to order at 10:03 a.m.

The Trustees considered the adoption of the previously distributed *Minutes* of the April 25, 2025 meeting. Upon motion by Senator Jimmy Higdon, seconded by Representative Brad Montell, the board unanimously approved the *Minutes* of the April 25, 2025 meeting.

Mr. Allison recognized Mr. Cracraft, who informed the Board of a slight change in the agenda. Given some time constraints, staff was going to have the Board consider a few items of business to start the meeting. He began by referencing a *2025 Retiree Health Insurance – KEHP and Medicare Advantage Plan Premiums* staff memo that was included in the meeting materials and outlined proposed rates for the upcoming plan year.

Mr. Cracraft began with a discussion on the Kentucky Employees Health Plan (KEHP), in which retirees and dependents who are under the age of 65 participate. He informed the Board that as of the date of the meeting final rates had not been provided by the Department of Employee Insurance. After two years of seeing rates remaining level, the Department of Employee Insurance (DEI) had advised that increases were expected for the 2026 plan year and could be significant. Mr. Cracraft discussed the possible impact of rate increases on the funding level of staff. While difficult to estimate the actuarial impact any rate increase might have long term, staff did not expect increases would dramatically impact funding levels. First, the group of under 65 participants for both JRP and LRP were small relative to the Medicare side of benefits. Secondly, the most recent funding valuations, conducted as of July 1, 2023, did utilize 2024 rates and included a modest growth rate which would account for a portion of these increases. Mr. Cracraft noted that while the liability might increase, recent investment experience should serve to minimize the net actuarial impact.

Following a discussion, Representative Brad Montell made a motion, seconded by Mr. Stephen LeLaurin, 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, parent-plus, couple, family) equivalent to the Living Well PPO plan premium. 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 2025 Living Well promise, the \$40.00 monthly KEHP assessment will be the member's responsibility and deducted from their monthly allowance. The motion passed unanimously.

Chairman Justice Daniel Venters arrived and joined the meeting at 10:20 a.m.

Next, Mr. Cracraft reviewed the proposed premiums for the Humana Medicare Advantage plan, which retirees and dependents who have reached the age of 65 and older utilize. After a significant increase in 2025, which exceeded 44%, due to changes made on the Part D side by the Inflation Reduction Act (IRA), the proposed premium for 2026 was set to climb just under five percent to \$558.09. Mr. Cracraft noted this level of increase was very much in line with prior experience in 2022-2024. In addition to the renewal of 2025 benefits, staff asked Humana to also provide premium cost information for adding a basic hearing benefit to the Medicare plans. Mr. Cracraft acknowledged that increasing benefits at any level needed to be considered carefully but noted that vision and dental had been added in the past and other state sponsored plans had added similar benefits over the past couple of years. Regarding the potential impact of the premium increases on the funding level of staff, Mr. Cracraft did expect the plans would see a pretty significant increase in actuarial liability given the dramatic increase in premium, over 50% in total, since the plan's most recent valuation in 2023. However, much like the under 65 side, recent investment performance will definitely offset, but the ultimate impact won't be known until 2025 valuations are finished.

There was a discussion amongst the trustees regarding the Medicare plans and adding a hearing benefit. Following the discussion, Justice Laurance VanMeter made a motion, seconded by Mr. Stephen LeLaurin, to renew its hospital and medical insurance contract with Humana for the 2025 plan year, and to set the 2026 monthly contribution level at \$558.47, which would include a basic hearing benefit. The motion passed unanimously.

The next item of business was a review of the Board's fiduciary insurance and a new quote for the Board's annual policy, which was set to expire at the end of September. Mr. Cracraft referenced a copy of the quote, which was included in the materials distributed in advance of their meeting. He reminded the trustees this policy was last bid in 2022, during a period where the number of providers had dropped significantly, and none were willing to provide single policies exceeding \$10 million. JFRS had total coverage of \$20 million, however that coverage was split across two \$10 million policies, one serving as primary and the second known as "excess coverage," for those rare instances where a plan exceeded the primary \$10 million threshold. In 2022, the Board considered several options and ultimately chose to increase the policy deductible from \$5k to 50k, which resulted in much lower premiums annually and also

allowed for the agency to adopt a 3-year locked rate policy.

Mr. Cracraft noted the final year of that policy was set to expire in 2025. He had recently received a new quote, with the same deductible and another three year locked in rate. As expected, the total premium was increasing from three years ago, but just 6.4% in total.

Following a discussion among the trustees, Justice VanMeter made a motion, seconded by Representative Brad Montell, to renew the systems Fiduciary Insurance policy with Assured Partners at a cost of \$61,523.02 with an annual deductible of \$50,000 for the period of October 1, 2025 through October 1, 2028. The motion passed unanimously

The next item on the agenda was results from the 2025 Actuarial Experience Study. Mr. Cracraft referenced a presentation titled, *2025 Experience Study*, that was included in the material provided prior to the meeting. Mr. Cracraft reminded the Trustees that this study was required by Statute to be performed once every five years and was a formal review of both demographic and economic assumptions. He recognized Ms. Janie Shaw and Mrs. Krysti Kiesel from Gabriel Roeder & Smith (GRS) who were in attendance to present.

Mrs. Kiesel began by highlighting the importance of a plan's actuarial valuation to determine required contributions, the current financial condition, and a review of trends in data. Projecting a plan's liability relies on a number of assumptions, but over time those assumption will change or be revised along with the population of members and actual economic results. Over time, regardless of what assumptions are used, the true cost of benefits will be borne out of actual experience, but assumptions help develop reasonable decision making and budgeting over time.

Next, Mrs. Kiesel highlighted the primary economic and demographic assumptions that were reviewed during the study. She called attention to individual salary increase assumption as the most notable and stated it was the only suggested change that would materially impact the liability and required contribution. Given recent raises provided over the last four years, they suggested slightly revising the assumption upward, which means the plan would assume a slightly higher salary for members and thus a higher benefit at retirement. GRS was suggesting a few other changes to items such as the Cash Balance Interest Credit, Mortality, Retirement, and Termination rates, however the impact was very small and made not material impact.

Following a discussion, Mr. Ben Allison made a motion on behalf of the Investment Committee for the Judicial Retirement Fund, which was seconded by Mr. Stephen LeLaurin, and Representative Brad Montell made a motion on behalf of the Investment Committee for the Legislative Retirement Fund, which was seconded by Representative Scott Brinkman, to adopt the new proposed assumptions as recommended by GRS in response to the 2025 Experience Study. These new assumptions would be incorporated the July 1, 2025 biennial funding valuations. The motions passed both committees unanimously.

The meeting recessed for lunch at 11:25 a.m. and reconvened at 11:50 a.m. Mrs. Kiesel and Mrs. Shaw departed the meeting.

Chairman Venters welcomed Mr. Don Asfahl, Mr. Derek Bonifer, Mr. Andy Means, and Mr. John Watkins of Baird Trust Company, who joined the meeting. Mr. Cracraft referenced copies of Baird's *Investment Review for Kentucky Judicial Retirement Fund and Kentucky Legislators Retirement Fund* dated August 1, 2025, which were included in the materials distributed in advance.

Mr. Means began the review with a few comments regarding Baird's quarterly Market Commentary, titled "This Time It's Different, But Key Lessons Endure," which highlighted the difficult task of balancing new trends being employed in today's markets with traditional rules of investing that have been proven over long periods. Ignoring history completely will likely lead to peril, however some aspects of today's world do differ from the past, so recognizing which rules are foundation and which aren't is the difficult task of investors.

Mr. Means highlighted historic *reversion-to-the-mean* strategies as one example. During the pre-internet investment era, many successful investors bought companies when valuations were near the bottom of their historical ranges and sold when valuations approached the high end in a repeatable cycle. And this disciplined approach proved successful, largely due to an economy constrained by geography and limited communications. However, in a post-internet era, where geographic boundaries are shattered and global markets can be accessed by the click of a button, companies who can take advantage of the new reach can grow faster and longer and higher than ever before. Investors must recognize this difference and use it to their advantage. That said, investors can't ignore certain bedrock investing lessons from the past completely either. Having a long-term ownership mindset, practicing price discipline, relying on fundamental financial analysis, and trying to separate emotion and invest rationally are all fundamental principles that Baird believes still hold true in today's market.

Looking ahead, current markets are incredibly interesting, but also extremely challenging for investors. Artificial intelligence provides what many believe could be another transformative platform, similar to the internet, while heightened geopolitical tensions, historically high sovereign debt loads, substantial budget deficits in the U.S. serve as genuine risks.

In response to a question from Representative Montell regarding AI and how Baird balances the increase in productivity versus the loss of jobs, Mr. Means acknowledged it was hard to tell just yet. He pointed to the past, where the loss of jobs has always been replaced by newer jobs, but that definitely did not happen over night given the need to educate and train. It's a good question that Baird continues to study and discuss.

In response to a question from Mr. Allison, regarding the post-internet era and if it had led the team to change their mindset a little on holding period and/or price targets, Mr. Means stated the team is cautious with regards to price, and they don't want to overpay, but in the

current digital economy, growth rates have increased and lasted longer than in the past so price targets have changed and valuations have grown.

Mr. Bonifer reviewed several economic statistics and discussed recent employment and consumer spending trends. He highlighted that investors had experienced several substantial revisions on the employment side, large enough to cause some concern on that front. He noted the Fed had met recently and decided to leave rates unchanged, however they were still wrestling with inflation, which was still above their two percent target.

Mr. Asfahl continued with a review of current asset allocation, annual estimated income, and the current yield on the JRP legacy portfolio. Mr. Watkins reviewed a snapshot of the equity portfolio, which included relative sector weightings, top, and largest holdings. He reminded the trustees that all sector weightings were the output of Baird's bottom-up process. The team was not making any macro-level decisions or bets. He drew attention to the portfolio's information technology holdings, which is pretty underweight to the index. He said this might look or feel like a bet, but that was not the case. He noted that the portfolio had significant investment in Apple, Microsoft, and TE Connectivity. In addition, the team holds Meta, Google, and Amazon, which a lot of folks might consider technology investments, but are actually considered Communication services and Consumer Discretionary by S&P. The underweight to IT was being driven almost entirely by the team's decision to not hold NVIDIA and Broadcom, which are two large holdings of the index.

In response to a question from Mr. LeLaurin regarding GE's recent strong performance and any pressure felt to exit the position when it struggled for close to a decade, Mr. Means acknowledged it was felt almost daily, both from clients but also internally. He noted the team doesn't mind being questioned and it forces the team to have conviction, continually evaluate the business, and really believe in what they are saying about the company. They don't always get it right, but in the case of GE it has really benefited client portfolios.

Mr Watkins closed out his comments with a review of recent sector attribution and individual contributors to portfolio returns. He noted over the shorter, 1-year period, the team's decision to not hold NVIDIA had significantly detracted from performance relative to the benchmark. He acknowledged the company had performed extremely well, but noted semiconductors were historically very volatile and something the team generally did not hold. He drew attention to the longer term, 5-year results and noted that all sectors in which the team had a zero weight to had added value. Lastly, as it related to individual stock contributions, Mr. Watkins pointed out a few of the bottom contributors were Amazon and Danaher, which were both recent additions to the portfolio. The only long term holding with a negative return was Carmax, which continued to face a pretty stiff headwind with high rates and used car prices still at above average levels. Baird still believes in the leadership team and believes the business has a great culture and business model. They just happen to be stuck in the midst of a significant macro event that has definitely impacted price.

Mr. Asfahl continued the presentation with a short review of the fixed income portion of the portfolio. He highlighted a few recent maturities July that the team had reinvested. The team remains committed to their philosophy of staying a on the shorter end of the maturity spectrum, which gives investors approximately 95% of the return with about half the risk.

Mr. Asfahl continued the presentation with a review of recent performance and the portfolios' risk statistics. Mr. Asfahl also quickly highlighted the cash balance plans, which currently have a very similar risk and return profile. He reminded the trustees that all account held identical equity portfolios, while the two cash balance portfolios utilized a basket of ETFs to try and best mirror the fixed income allocations.

Justice Laurance VanMeter departed the meeting at 12:30 p.m.

In response to a few questions with regards to the number of companies the equity team was currently following, Mr. Means stated the teams probably has research on about 200 or so companies. He indicated the team generally wouldn't considered companies with a market cap lower than 10-15 billion. And in most cases, the team has followed the company for years before investment occurs. He pointed to Danaher as a recent example. The team had been tracking for close to 5 years and liked the business model, management team, but from a price point it didn't make sense until recently when an opportunity arose.

Chairman Venters recognized Mr. Cracraft to discuss one additional investment related topic. Mr. Cracraft informed the Board that JFRS staff, in coordination with Baird, had completed the annual cash balance interest credit calculation. He reminded the trustees that the base annual interest rate is 4%, but the member and plan shared any upside at a 75/25 split based on the 5-year trailing return of each plan. For the period ending June 30, 2024, the annual interest credit (guarantee + upside sharing) was calculated as 11.52% for JRP and 11.45% for LRP.

Next, Chairman Venters recognized Mr. Cracraft, who reported on several administrative matters. The trustees discussed the following items and took action where noted.

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

April 28, 2025 – Each state-administered retirement system was on the agenda and provided an investment update. Mr. Cracraft noted a copy of staff's presentation was included in meeting materials.

July 29, 2025 – JFRS was not on the agenda, but did attend the meeting. The meeting consisted of follow-up discussion to a few legislative proposals that were passed during the 2025 Regular Session.

(B) State Street Compliance and Performance Tool. Mr. Cracraft informed the Trustees that this item was a follow up to a discussion held during the April 2025 Board meeting. For

over thirty years, JFRS has partnered with Lexington Investment Partners, led by Stan Kerrick, for the purpose of trade execution, compliance monitoring, and performance analysis. In this partnership, Mr. Kerrick had served as the sole investment broker for both plans, while also providing the Board with quarterly compliance and investment performance services. During the April 2025 meeting, staff informed the Board that Mr. Kerrick's availability was becoming more limited and while other personnel from Lexington Partners had continued to effectively provide broker services, they were not equipped to provide compliance services and/or performance reporting. As a result, staff began a process of evaluating other tools or partnerships that JFRS could utilize in the future.

Mr. Cracraft highlighted two primary options that staff had researched. First, JFRS had reached out to the agency's custodian, State Street, who has some existing tools that could be utilized. A primary advantage of this option was the fact that State Street already had most of the needed data, so implementation would be easier and likely more cost effective. Alternatively, staff had also reached a few dedicated investment software tools that staff could use to track and monitor the portfolios. Mr. Cracraft noted that staff would have to manage these systems, load data, and that in some cases they were very expensive and required periodic license agreements. Given the size of JFRS and the limited number of total portfolios, staff decided to further investigate tools offered by the plan's custodian, State Street.

Mr. Cracraft provided a summary of the tools offered by State Street. The compliance monitoring tool is an integrated product that allowed clients to quickly analyze portfolios or funds relative to specific guidelines, requirements, or regulations. A wide range of tests including concentration limits, prohibited securities and/or industries, credit ratings, portfolio comparisons to benchmarks, counterparty exposure, and global exposure could be conducted. The tool could deliver compliance monitoring on a daily or monthly basis, with tests performed at security, portfolio or composite level. For instance, if a single equity holding in either JRP or LRP reached the 8% policy restriction, staff would be receiving an alert from the system. The performance and analytics solution offers comprehensive analysis using industry-standard methodologies to calculate daily or monthly performance across all asset types and down to an individual security level detail. In addition, to performance measurement, the solution can also provide trailing period attribution, portfolio characteristics, peer comparison, and various risk-adjusted comparisons. Standard or custom reports can be generated to quickly and transparently assess underlying portfolio performance.

Mr. Cracraft noted that State Street's performance analytic tools were impressive, but given he noted JRP and LRP were both solely invested in one managed account each, so much of the reporting from State Street was going to look effectively the same as that provided by Baird Trust. The tool has the ability to aggregate results across multiple managed accounts (invested across various regions/asset classes) to calculate total plan level performance and characteristics, but most of this would not relate to JFRS current portfolios, which are all domestic and across just two primary asset classes. Given the added cost of performance, Mr. Cracraft was recommending the Board initially begin by focusing attention on the compliance side. If the

portfolios changed or additional budget funds were available, the performance component could be added at a later.

Lastly, Mr. Cracraft also suggested the Board reconsider or renegotiate their current broker arrangement if they did decide to transition to State Street on the compliance side. He noted that JFRS had historically paid a slightly higher commission rate in exchange for the additional services, so reducing the commission could help offset some of the added expense to add compliance tools with State Street.

Following a discussion, Representative Brad Montell made a motion, seconded by Mr. LeLaurin, that staff begin the process of adding daily Investment Compliance tracking provided by State Street for \$10,400 per year. The motion passed unanimously.

(C) EOY Processing/Annual Financial Audit. Mr. Cracraft provided an update on the fiscal year end activities. He informed the Board that staff was very close to closing out the year financially and is hoping to quickly start the annual financial process. He also noted staff was working on a budget request, annual member statements, and gathering the actuarial valuation data.

There being no further business, the meeting adjourned at 1:46 p.m.

Justice Daniel Venters, Chairman
Board of Trustees

Mr. Ben Allison, Chairman
Judicial Retirement Fund
Investment Committee

Bo Cracraft, Executive Director

Representative Brad Montell, Chairman
Legislators Retirement Fund
Investment Committee

ITEM IV-

Investment Related Matters

Baird Trust Company

Quarterly Portfolio & Performance Review

Investment Review

KY Judicial Retirement Fund
KY Legislators Retirement Fund
October 24, 2025

Baird Trust Company
500 West Jefferson Street
Louisville, Kentucky 40202
888-878-7845 | bairdtrust.com

Andrew W. Means, CFA®
Managing Director
Director of Investments
502-588-8633
ameans@rwbaird.com

John C. Watkins III, CFA®
Director
Portfolio Manager and Equity Analyst
502-588-8694
jwatkins@rwbaird.com

Derek Bonifer, CFA®, CFP®
Senior Vice President
Senior Portfolio Manager
502-588-8672
dbonifer@rwbaird.com

John R. Craddock, CFA®
Senior Vice President
Director of Fixed Income
502-588-1759
jrcraddock@rwbaird.com

Victoria Gagel, CRSP
Senior Vice President
Trust Officer
502-588-1294
vgagel@rwbaird.com

Victoria D'Amato, CTFA
Vice President
Trust Officer
414-792-1525
vdamato@rwbaird.com



Andrew W. Means, CFA®
Managing Director
Director of Equity Investments



John C. Watkins III, CFA®
Director
Equity Portfolio Manager

“Skepticism is about approaching the world by asking why things might not be true rather than why they are true.”

– Annie Duke, Thinking in Bets

The Importance of Skepticism in Investing

Optimism as Our Default

We are unabashed long-term optimists. The track record of human ingenuity and the capacity of well-run companies to create value over time are unmatched. Progress compounds, and owning durable, competitively advantaged businesses remains one of the best ways to participate in that progress over time.

Optimism, however, works best when it's grounded in reason. Blind optimism is not a strategy – it is a hope, and it can be hazardous to your wealth. That is why a steady, healthy skepticism always has been, and always will be, a critical part of our investment process.

Skepticism helps us test stories against facts, ask what has to go right and ensure we are being paid appropriately for the risks we are taking. In short, optimism sets our destination while skepticism keeps us safely on the road.

Skepticism, Not Cynicism

When we say skepticism, we don't mean cynicism. Skepticism is a posture of testing, not dismissing. Cynicism shrugs at evidence; skepticism engages with it. In practice, this means a clear-eyed willingness to ask probing questions before acting: What must go right? What could go wrong? What are the reasonable ranges of outcomes, and can we live with the bad ones?

In fact, the word skepticism originates from the Greek *skepsis*, which means “inquiry.” The idea of inquiry is not a wholesale rejection of an idea, but instead it is a critical investigation of whether a claim is supported by sufficient evidence. We take this idea of inquiry to heart through our research process as we try to stay grounded in discoverable and knowable facts, not emotion or narratives. We must always strike a balance between open-mindedness and reasonable skepticism.

Humility Over Hubris

As we often say, the future is unknowable. There are a wide range of potential outcomes in markets and in individual businesses, most of which are beyond anyone’s ability to forecast with precision. Because of this, it’s important to be realistic about what can and cannot be known in advance, and to remain open to many possible future paths.

Humility is the practical partner to skepticism. It keeps us from overweighting any single narrative and fights against the development of overconfidence. Based on our study of history, we know that progress and markets do not move forward in a straight line, and we build portfolios to withstand that reality.

Areas of Elevated Optimism

Howard Marks, Co-Chairman of Oaktree Capital, often notes that the market oscillates between optimism and pessimism over time like a pendulum, and that “the riskiest thing in the world is the widespread belief that there’s no risk.” While we don’t know exactly where the pendulum rests today, we do see pockets of elevated optimism and even speculation.

A powerful narrative around artificial intelligence is creating grand visions of the future. Businesses that enable, deliver or benefit from AI are viewed extremely favorably, and some investors are clamoring to participate with little regard to price or valuation. We believe the promise of AI is exciting and will bring many benefits, including some that are hard to imagine today. However, we must balance this optimistic narrative with reason, facts, and price discipline.

Beyond AI, speculative activity looks to be on the rise in general. Examples include hot initial public offerings (IPOs), the resurgence of “meme stocks” and special purpose acquisition companies (SPACs), the broadening of involvement in crypto, the aggressive use of margin debt, and the

enthusiasm for risky endeavors like day-trading, short-term options, and leveraged single stock ETFs. In these narrow areas, there is a lack of skepticism, and the thought of downside risk seems nonexistent.

Importantly, higher stock prices and pockets of exuberance don't require a bad ending – they simply imply that forward returns in these segments may be more modest and that the margin of safety can be thinner. In such backdrops, we must remain grounded in our investment process that has withstood the test of time over the past 30 years.

What We Won't Do

We often lay out our investment philosophy and process by describing what we aim to do: Think like a long-term business owner; identify durable, high-quality businesses run by talented

CEOs; and purchase those at sensible prices with the intention of holding them for many years to let compounding do its work. However, it can also be helpful to invert this structure and frame our process in terms of what we actively avoid:

“Based on our study of history, we know that progress and markets do not move forward in a straight line, and we build portfolios to withstand that reality.”

- **We won't** compromise on our three-legged stool – business quality, management quality, or price discipline.
- **We won't** abandon skepticism just because the backdrop feels benign or a popular narrative takes hold; alternatively, we won't be blind skeptics just for the sake of it.
- **We won't** make decisions based on hunches or flowery projections instead of well-thought-out reason and facts.
- **We won't** try to predict the future, instead preparing for a range of possible outcomes.
- **We won't** participate in speculative activity.

These are not acts of caution for their own sake. They are the preconditions for participating confidently in the upside of capitalism and business growth while attempting to protect against outcomes that permanently impair capital.

Preparation Over Prediction

The future will continue to surprise us. As Daniel Kahneman said in his book *Thinking, Fast and Slow*, “The correct lesson to learn from surprises is that the world is surprising.” Sometimes those surprises are pleasant, and sometimes they are unpleasant.

It is not our mission to predict these surprises – we can't, and we don't think others can make these predictions consistently and accurately either. Instead, we focus on preparation: doing rigorous research, asking hard questions, insisting on quality and price discipline, and keeping an open mind. This way, we feel we are prepared for whatever the future might hold.

Even in an environment characterized by elevated optimism in some areas, we continue to find and patiently pursue opportunities to own durable, cash-generative businesses at sensible valuations – businesses we can own for many years and allow compounding to work its magic. The work continues day in and day out, no matter the external environment.

Thank you for your partnership and for allowing Baird Trust to be a steward of your capital. We remain focused on careful research, sound reasoning, and prudent portfolio management in pursuit of our ultimate goal: compounding your wealth for decades to come.

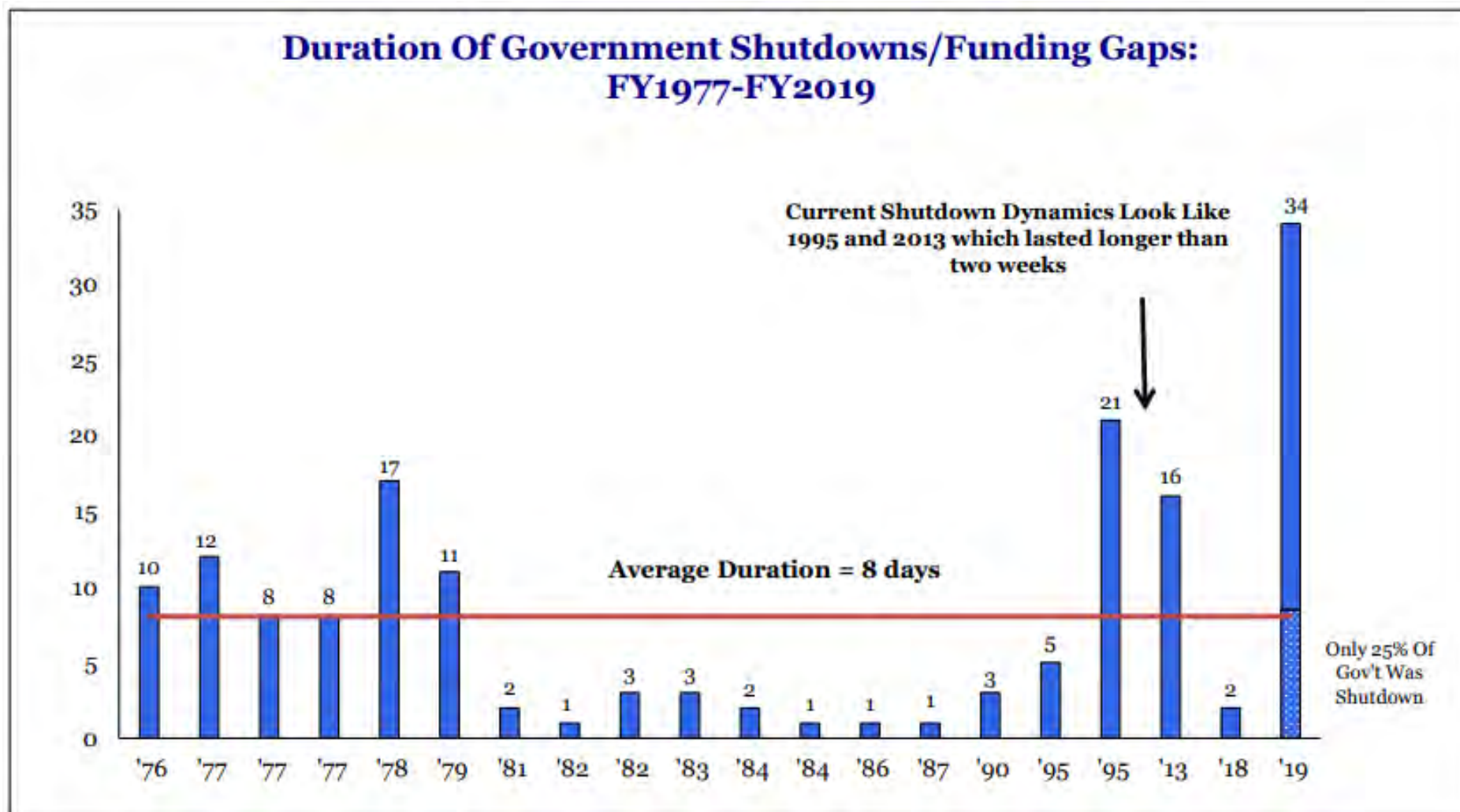
Disclosure:

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. Past performance is not a predictor of future success. All investing involves the risk of loss and any security may decline in value. This is not intended as a recommendation to buy any security and views expressed may change without notice. Baird Trust does not provide tax or legal advice. This market commentary is not meant to be advice for all investors. Please consult with your Baird Financial Advisor about your own specific financial situation.

©Robert W. Baird & Co. Incorporated. MC-1785751.

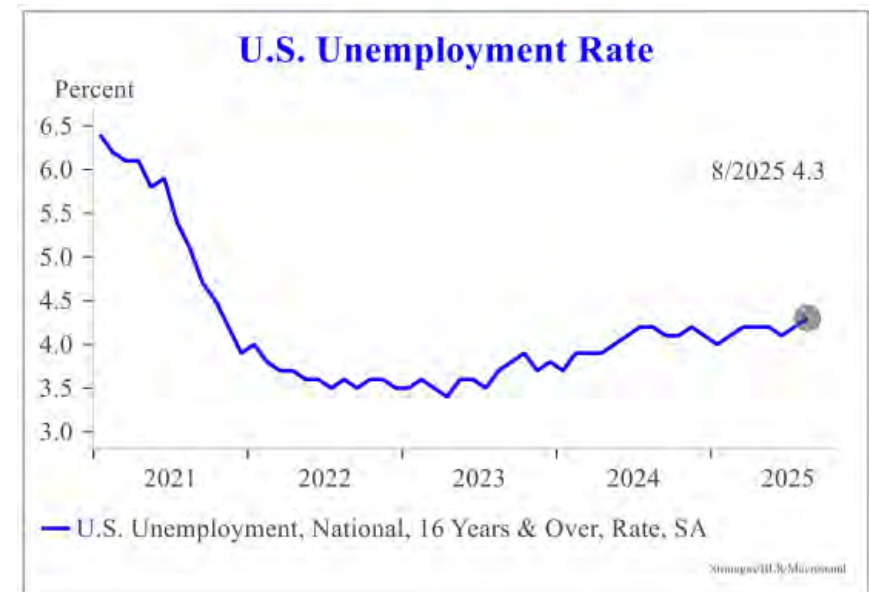
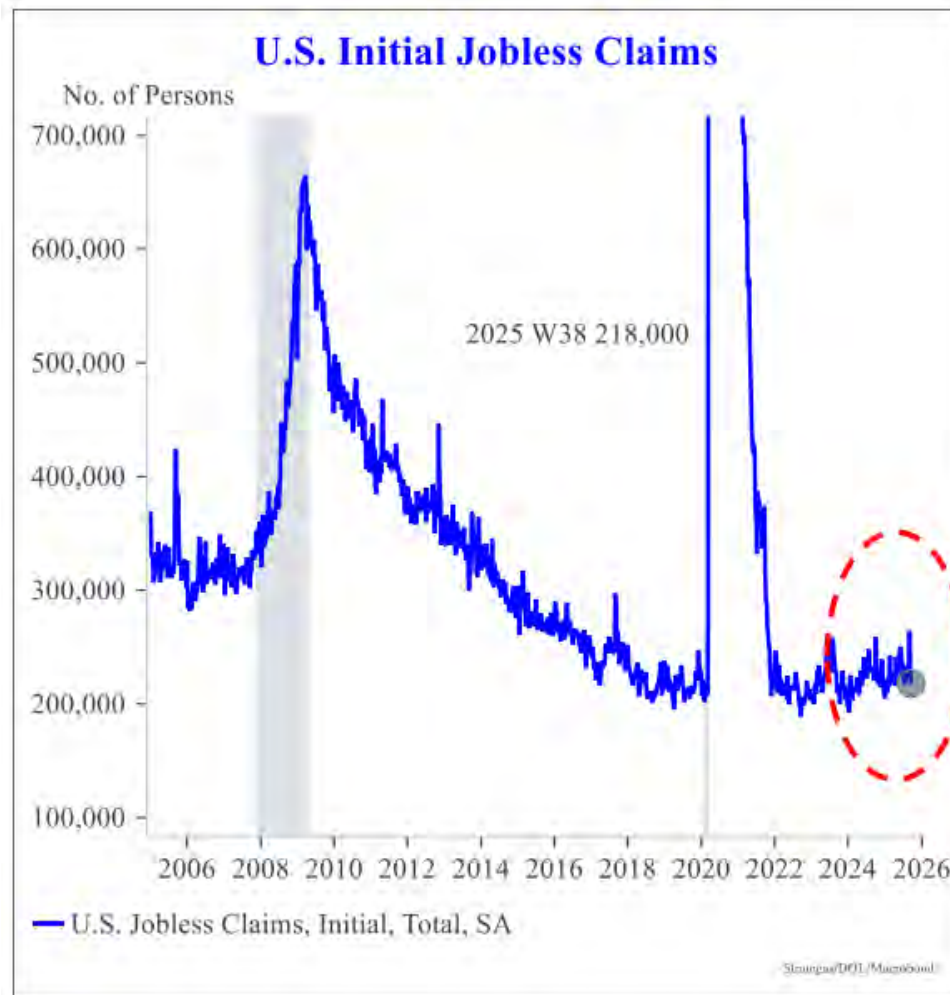
Government Shutdowns – Have Lasted 8 days on Average

This Time Looks Longer



Source: Strategas Research Partners

BLS Data on Hold Due to the Govt Shutdown



Source: Strategas Research Partners

Difficult to Imagine Mass Layoffs when Margins and Profits are Expanding

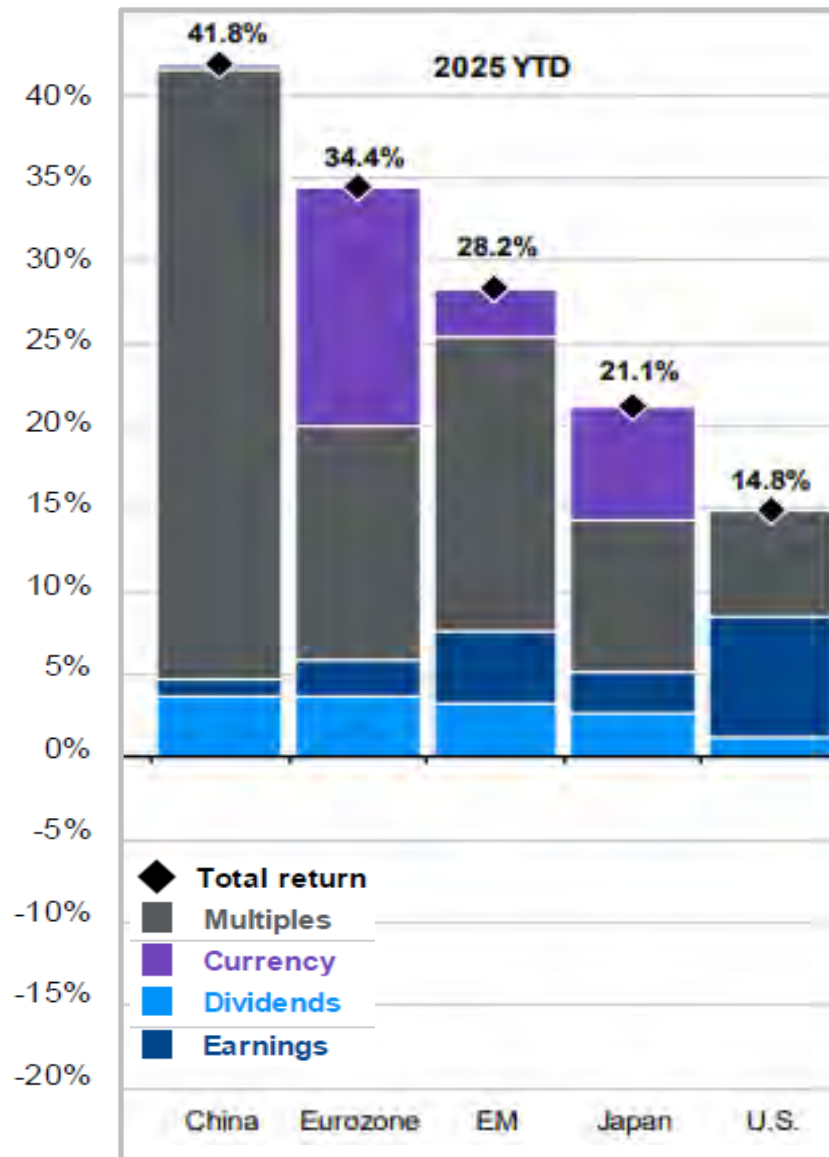


Source: Strategas Research Partners

Global Equity Returns – Dollar Impact (USD down 10% YTD)

Sources of global equity returns*

Total return, USD



Global Equity Markets

Returns	2025 YTD		2024	
	Local	USD	Local	USD
Regions				
U.S. (S&P 500)	-	14.8%	-	25.0%
AC World ex-U.S.	18.0%	26.6%	13.2%	6.1%
EAFE	14.2%	25.7%	11.8%	4.3%
Eurozone	18.5%	34.4%	10.3%	3.4%
Emerging markets	25.0%	28.2%	13.7%	8.1%
Selected Countries				
Japan	13.8%	21.1%	21.2%	8.7%
UK	17.5%	26.3%	9.5%	7.5%
France	10.3%	25.2%	1.8%	-4.6%
Canada	23.2%	27.4%	23.0%	12.7%
Germany	17.8%	33.6%	18.4%	11.0%
China	41.4%	41.8%	19.8%	19.7%
Taiwan	17.7%	26.6%	44.3%	35.1%
India	3.2%	-0.5%	15.7%	12.4%
Brazil	23.5%	40.4%	-11.4%	-29.5%

Source: J.P. Morgan Asset Management – September 30, 2025

Page 22 of 245

Investment Policy Review

Account Number 920005014

Account Name KY JUDICIAL RET DEFINED BENEFIT AGT

Investment Goal: Growth & Income

Baird Trust Investment Authority: Sole Authority

Time Horizon: Long – 10+ Years

Asset Allocation: 70% Equity / 30% Fixed Income

Account Restrictions: None

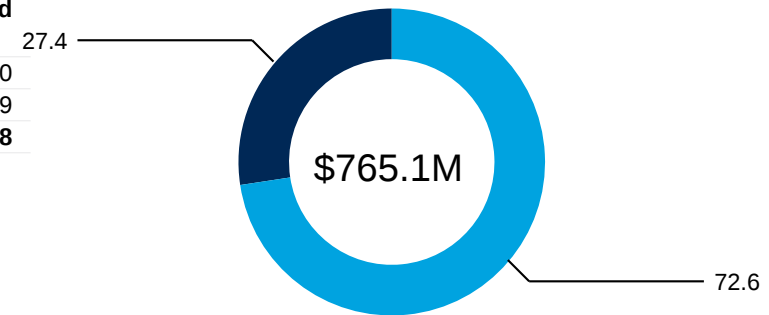
Meeting Date: October 24, 2025

Client Investment Review

Investment activity through 09/30/2025

Asset Allocation Summary

	Market Value	% of Mkt Val	Estimated Annual Income	Current Yield
Total Equity	555,644,982	72.6	5,309,263.10	1.0
Total Fixed Income	209,496,519	27.4	8,088,250.40	3.9
Total	765,141,500	100.0	13,397,513.50	1.8

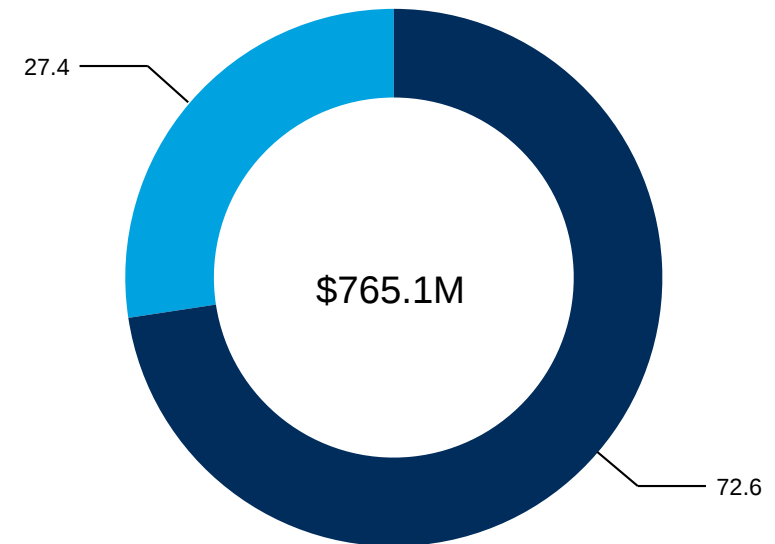


Investment Summary

	Fiscal Year to Date (3 Months)
Beginning Account Value	726,658,466.56
Net Contributions/Withdrawals	-16,231,858.30
Income Earned	3,349,411.43
Market Appreciation	51,365,480.71
Ending Account Value	765,141,500.40

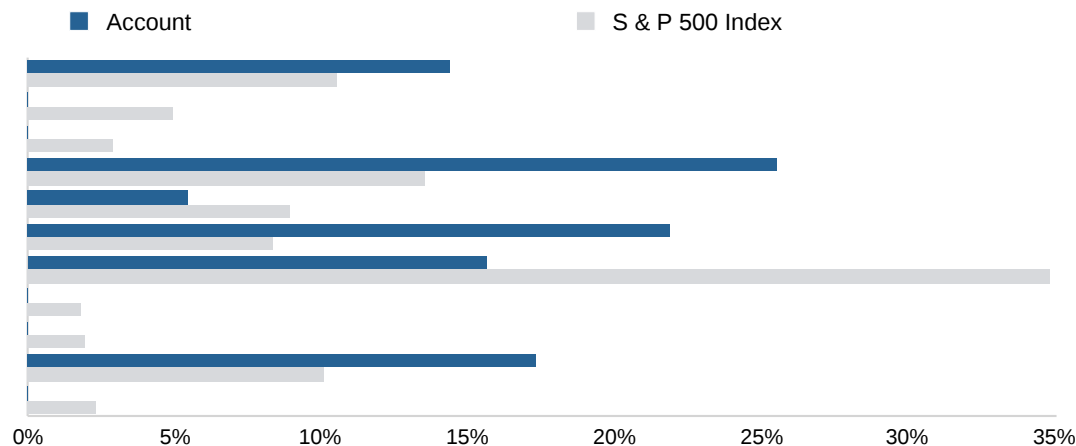
Total market value may differ slightly from your custodian statement due to processing lag of accruals in non-custody accounts.

	Market Value	% of Mkt Val
● Core Equity	555,644,982	72.6
● Taxable Fixed Income	209,367,101	27.4
● Taxable Bond Funds	129,418	.0
Total	765,141,500	100.0



Core Equity Allocation vs S & P 500 Index

	Account	Model
Consumer Disc	14.4	10.5
Consumer Staples	.0	4.9
Energy	.0	2.9
Financials	25.5	13.5
Health Care	5.4	8.9
Industrials	21.9	8.3
Information Tech	15.6	34.8
Materials	.0	1.8
Real Estate	.0	1.9
Communication Serv	17.3	10.1
Utilities	.0	2.3



Top 10 Performers

	Market Value	% of Mkt Val	Return
GE VERNOVA INC COM	35,964,271	4.7	141.81
GE AEROSPACE	32,527,440	4.3	60.20
WELLS FARGO & CO NEW COM	10,519,829	1.4	52.77
JPMORGAN CHASE & CO COM	40,018,604	5.2	52.64
SCHWAB CHARLES CORP NEW C	25,745,872	3.4	49.00
TE CONNECTIVITY PLC ORD S	20,489,833	2.7	47.78
ALPHABET INC CAP STK CL C	37,127,980	4.8	46.64
FASTENAL CO COM	13,047,582	1.7	42.88
O REILLY AUTOMOTIVE INC N	18,549,789	2.4	41.37
BANK OF AMERICA CORP COM	7,799,376	1.0	33.91

Largest 10 Holdings by Market Value

	Market Value	% of Mkt Val	Return
JPMORGAN CHASE & CO COM	40,018,604	5.2	52.64
ALPHABET INC CAP STK CL C	37,127,980	4.8	46.64
GE VERNOVA INC COM	35,964,271	4.7	141.81
MICROSOFT CORP COM	35,653,088	4.7	21.55
GE AEROSPACE	32,527,440	4.3	60.20
APPLE INC COM	30,335,345	4.0	9.96
BERKSHIRE HATHAWAY INC DE	29,123,728	3.8	9.27
PROGRESSIVE CORP OH COM	28,217,742	3.7	-.44
META PLATFORMS INC.	27,252,842	3.6	28.95
HOME DEPOT INC COM	25,824,785	3.4	2.93

Sector	Qtr*
Industrials	1.40
Health Care	0.65
Consumer Staples	0.60
Communication Services	0.12
Real Estate	0.12
Materials	0.10
Energy	0.07
Utilities	0.02
Consumer Disc	-0.37
Financials	-0.63
Information Tech	-0.63
Total	1.45

Sector	1 Year*
Industrials	6.73
Health Care	2.76
Financials	1.86
Consumer Staples	1.15
Materials	0.54
Real Estate	0.52
Energy	0.49
Utilities	0.21
Communication Services	-0.55
Consumer Disc	-1.20
Information Tech	-3.69
Total	8.82

Sector	5 Years*
Industrials	2.57
Financials	1.66
Consumer Staples	0.52
Health Care	0.47
Consumer Disc	0.38
Real Estate	0.24
Utilities	0.16
Materials	0.14
Communication Services	-0.06
Energy	-0.34
Information Tech	-1.78
Total	3.96

*Relative Contribution to Baird Trust Large Cap Equity Investment Return Versus S&P 500 Index (%)

Top Contributors

Quarter

Ticker	Company	Ending Allocation	Total Return	Contribution
GOOG	Alphabet	6.68	37.43	1.98
AAPL	Apple	5.46	24.47	1.16
GEV	GE Vernova	6.47	16.09	1.05
TEL	TE Connectivity	3.69	30.61	0.96
GE	GE Aerospace	5.85	17.11	0.93

1 Year

Ticker	Company	Ending Allocation	Total Return	Contribution
GEV	GE Vernova	6.47	141.81	5.46
JPM	JP Morgan Chase	7.20	52.64	3.19
GE	GE Aerospace	5.85	60.20	2.79
GOOG	Alphabet	6.68	46.64	2.64
SCHW	Charles Schwab	4.63	49.00	2.00

5 Years

Ticker	Company	Ending Allocation	Total Return	Contribution
JPM	JP Morgan Chase	7.20	30.13	1.79
GEV	GE Vernova	6.47	166.97	1.70
GE	GE Aerospace	5.85	44.99	1.63
PGR	Progressive	5.08	23.62	1.62
MSFT	Microsoft	6.42	20.98	1.54

Bottom Contributors

Quarter

Ticker	Company	Ending Allocation	Total Return	Contribution
KMX	Carmax	1.06	-33.30	-0.58
PGR	Progressive	5.08	-7.47	-0.46
DIS	Disney	3.26	-7.77	-0.31
META	Meta	4.90	-0.46	-0.01
AMZN	Amazon	2.25	0.10	0.00

1 Year

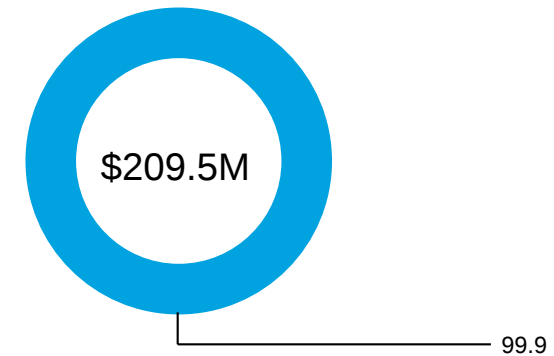
Ticker	Company	Ending Allocation	Total Return	Contribution
KMX	Carmax	1.06	-42.08	-0.96
OMC	Omnicom	2.40	-17.69	-0.47
EXPD	Expeditors	1.56	-5.52	-0.13
DHR	Danaher	2.10	-4.30	-0.07
UNP	Union Pacific	1.61	-1.39	-0.04

5 Years

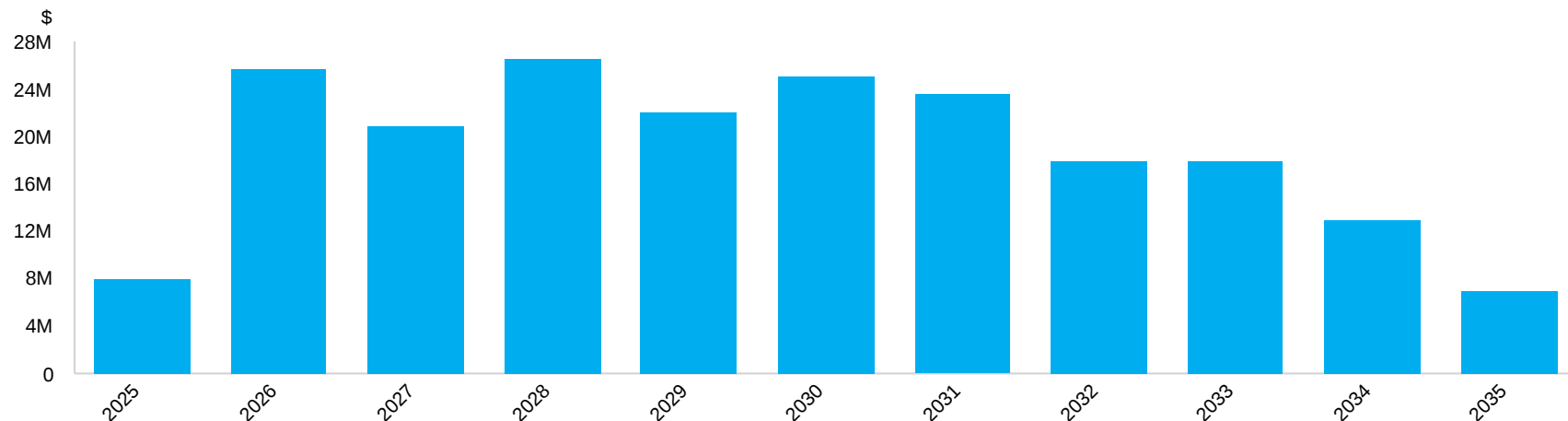
Ticker	Company	Ending Allocation	Total Return	Contribution
KMX	Carmax	1.06	-13.25	-0.24
DHR	Danaher	2.10	-4.30	-0.02
DIS	Disney	3.26	-1.34	0.00
AMZN	Amazon	2.25	20.22	0.10
UNP	Union Pacific	1.61	6.00	0.16

Fixed Income Allocation

	Market Value	% of Mkt Val	Estimated Annual Income	Current Yield
● Taxable Fixed Income	209,367,101	99.9	8,083,235.00	3.9
● Taxable Bond Funds	129,418	.1	5,015.40	3.9
Total	209,496,519	100.0	8,088,250.40	3.9



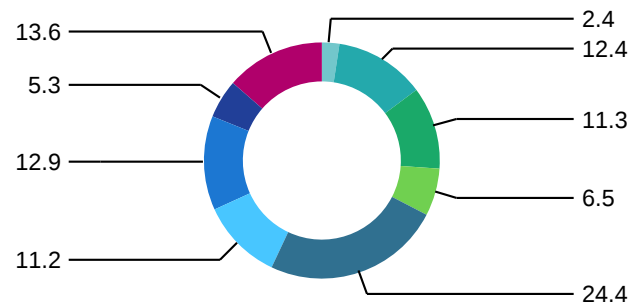
Fixed Income Maturity Schedule



Fixed Income Analysis

	09/30/2025	Bloomberg Gov't/Credit Interm Bond Index
Coupon	3.91	3.59
Current Yield	3.90	3.63
Yield to Maturity	4.14	3.97
Maturity	4.36	4.29
Duration	3.88	3.83
Face Amount	207,750,000	
Market Value	207,186,163	
Total Accrual	2,180,939	
Cost	215,109,389	

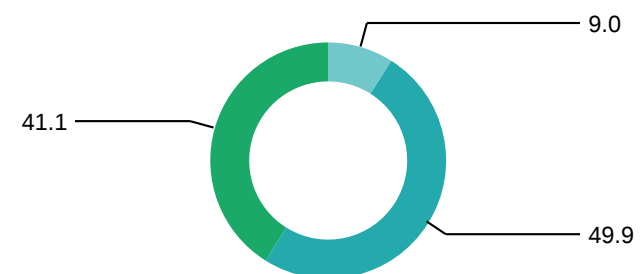
Quality Allocation by Market Value



■ AAA
 ■ AA+
 ■ AA-
 ■ A+
 ■ A
■ A-
 ■ BBB+
 ■ BBB
 ■ AA1

NR=Not rated by S&P

Maturity Allocation by Market Value



■ Less than 1 Year
 ■ Short (1-5 Years)
■ Intermediate (5-10 Years)

	Maturity Date	Units	Unit Cost	Current Price	Market Value	SP or Moody Rating	Call Date/Price	Put Date/Price	Annual Income	Yield to Maturity
Matures 2035										
TENNESSEE VALLEY AUTH FED BE B BD 4.875%05/15/2035	05/15/2035	3,000,000.000	102.320	103.608	3,163,083.75	AA+			146,250.00	4.410
US BANCORP FR 5.678%01/23/2035	01/23/2035	4,000,000.000	103.700	105.289	4,254,460.44	A	01/23/2034		227,120.00	4.961
Total Matures 2035					7,417,544.19				373,370.00	
Matures 2034										
CISCO SYS INC SR GLBL NT 5.050%02/26/2034	02/26/2034	3,500,000.000	101.950	103.437	3,637,479.03	AA-	11/26/2033		176,750.00	4.553
FEDERAL HOME LOAN BKS CONS BDS 4.750%01/19/2034	01/19/2034	5,000,000.000	99.980	99.469	5,020,950.00	AA+	01/19/2027		237,500.00	4.827
JPMORGAN CHASE & CO GLBL NT 5.350%06/01/2034	06/01/2034	2,500,000.000	100.750	104.196	2,649,483.34	A	06/01/2033		133,750.00	4.753
WELLS FARGO & CO FR 5.557%07/25/2034	07/25/2034	2,000,000.000	100.490	105.040	2,121,175.66	BBB+	07/25/2033		111,140.00	4.847
Total Matures 2034					13,429,088.03				659,140.00	
Matures 2033										
APPLE INC SR GLBL 4.300%05/10/2033	05/10/2033	1,500,000.000	99.990	101.313	1,544,957.50	AA+	02/10/2033		64,500.00	4.097
FEDERAL FARM CR BKS CONS SYSTEMWIDE 4.950%04/27/2033	04/27/2033	1,000,000.000	100.030	99.061	1,011,785.00	AA+	04/27/2026		49,500.00	5.100
FEDERAL FARM CR BKS CONS SYSTEMWIDE 4.500%08/08/2033	08/08/2033	4,000,000.000	99.060	101.678	4,093,620.00	AA+			180,000.00	4.246
MCDONALDS CORP FR 4.950%08/14/2033	08/14/2033	4,000,000.000	98.740	103.017	4,146,530.00	BBB+	05/14/2033		198,000.00	4.490
US BANCORP FR 5.850%10/21/2033	10/21/2033	1,500,000.000	100.490	106.631	1,638,465.00	A	10/21/2032		87,750.00	4.846
US TREASURY NOTE 4.500%11/15/2033	11/15/2033	6,000,000.000	103.450	103.413	6,306,763.70	AA1			270,000.00	4.003
Total Matures 2033					18,742,121.20				849,750.00	
Matures 2032										
GEORGIA PWR CO SR GLBL 2022A 4.700%05/15/2032	05/15/2032	5,000,000.000	100.400	101.208	5,149,177.78	A	02/15/2032		235,000.00	4.486
OREILLY AUTOMOTIVE INC SR GLBL 4.700%06/15/2032	06/15/2032	4,500,000.000	98.570	100.845	4,600,300.00	BBB	03/15/2032		211,500.00	4.551
PAYCHEX INC SR GLBL NT 5.350%04/15/2032	04/15/2032	3,500,000.000	102.390	103.764	3,720,683.75	BBB+	02/15/2032		187,250.00	4.675
TARGET CORP SR GLBL 4.500%09/15/2032	09/15/2032	5,000,000.000	102.240	100.575	5,038,750.00	A	06/15/2032		225,000.00	4.403
Total Matures 2032					18,508,911.53				858,750.00	

	Maturity Date	Units	Unit Cost	Current Price	Market Value	SP or Moody Rating	Call Date/Price	Put Date/Price	Annual Income	Yield to Maturity
Matures 2031										
CISCO SYS INC SR GLBL NT 4.950%02/26/2031	02/26/2031	2,000,000.000	102.300	103.492	2,079,465.00	AA-	12/26/2030		99,000.00	4.220
CUMMINS INC SR GLBL 4.700%02/15/2031	02/15/2031	6,000,000.000	101.400	101.810	6,219,833.34	A	01/15/2031		282,000.00	4.318
DISNEY WALT CO SR GLBL NT 2.650%01/13/2031	01/13/2031	4,500,000.000	107.230	93.039	4,212,592.50	A			119,250.00	4.130
TYCO ELECTRONICS GROUP S A SR GLBL 4.500%02/09/2031	02/09/2031	5,000,000.000	101.450	101.226	5,093,800.00	A-	01/09/2031		225,000.00	4.241
US TREASURY NOTE 4.125%11/30/2031	11/30/2031	6,000,000.000	99.860	101.440	6,169,576.23	AA1			247,500.00	3.860
Total Matures 2031					23,775,267.07				972,750.00	
Matures 2030										
COMCAST CORP NEW GLBL NT 2.650%02/01/2030	02/01/2030	4,500,000.000	107.850	93.768	4,239,435.00	A-	11/01/2029		119,250.00	4.238
EXXON MOBIL CORP SR GLBL COCO 2.610%10/15/2030	10/15/2030	4,500,000.000	107.950	93.314	4,253,287.50	AA-	07/15/2030		117,450.00	4.091
KIMBERLY CLARK CORP SR GLBL 3.100%03/26/2030	03/26/2030	4,500,000.000	109.260	95.984	4,321,217.50	A	12/26/2029		139,500.00	4.089
OMNICOM GROUP INC SR GLBL 4.200%06/01/2030	06/01/2030	2,500,000.000	97.260	99.253	2,516,325.00	BBB+	03/01/2030		105,000.00	4.377
PFIZER INC GLBL NT 2.625%04/01/2030	04/01/2030	4,500,000.000	108.330	93.779	4,279,117.50	A	01/01/2030		118,125.00	4.154
PROGRESSIVE CORP SR GLBL 3.200%03/26/2030	03/26/2030	4,500,000.000	109.830	96.192	4,330,640.00	A	12/26/2029		144,000.00	4.138
Total Matures 2030					23,940,022.50				743,325.00	
Matures 2029										
BLACKROCK INC SR GLBL NT 3.250%04/30/2029	04/30/2029	4,500,000.000	110.960	97.771	4,461,038.75	AA-	01/30/2029		146,250.00	3.922
MERCK & CO INC SR GLBL 3.400%03/07/2029	03/07/2029	4,500,000.000	111.400	97.971	4,418,895.00	A+	12/07/2028		153,000.00	4.038
PARKER HANNIFIN CORP SR GLBL 4.500%09/15/2029	09/15/2029	4,000,000.000	95.730	101.354	4,062,160.00	BBB+	07/15/2029		180,000.00	4.125
TEXAS INSTRS INC SR GLBL NT 2.250%09/04/2029	09/04/2029	4,500,000.000	105.750	93.653	4,221,978.75	A+	06/04/2029		101,250.00	4.013
US TREASURY NOTE 4.125%11/30/2029	11/30/2029	4,500,000.000	99.500	101.623	4,635,417.17	AA1			185,625.00	3.700
Total Matures 2029					21,799,489.67				766,125.00	

	Maturity Date	Units	Unit Cost	Current Price	Market Value	SP or Moody Rating	Call Date/Price	Put Date/Price	Annual Income	Yield to Maturity
Matures 2028										
CHEVRON USA INC SR GLBL NT 3.850%01/15/2028	01/15/2028	5,000,000.000	100.840	100.022	5,041,738.89	AA-	10/15/2027		192,500.00	3.838
FEDERAL FARM CR BKS CONS SYSTEMWIDE 4.250%03/20/2028	03/20/2028	6,000,000.000	99.650	101.310	6,086,391.67	AA+			255,000.00	3.690
JOHNSON & JOHNSON SR GLBL 2.900%01/15/2028	01/15/2028	5,000,000.000	108.810	98.268	4,944,011.11	AAA	10/15/2027		145,000.00	3.695
META PLATFORMS INC GLBL NT 4.600%05/15/2028	05/15/2028	4,000,000.000	99.780	102.047	4,151,391.11	AA-	04/15/2028		184,000.00	3.772
SCHWAB CHARLES CORP SR GLBL 3.200%01/25/2028	01/25/2028	4,500,000.000	106.380	98.241	4,447,245.00	A-	10/25/2027		144,000.00	4.001
US TREASURY NOTE 3.125%11/15/2028	11/15/2028	2,000,000.000	108.180	98.493	1,993,467.34	AA1			62,500.00	3.638
Total Matures 2028					26,664,245.12				983,000.00	
Matures 2027										
BANK AMER CORP FR 3.248%10/21/2027	10/21/2027	5,000,000.000	108.340	98.695	5,006,927.78	A-	10/21/2026		162,400.00	3.914
FEDERAL FARM CR BKS CONS SYSTEMWIDE 3.330%04/12/2027	04/12/2027	5,000,000.000	100.000	99.272	5,041,762.50	AA+	04/12/2023		166,500.00	3.823
MCDONALDS CORP MED TERM NT FR 3.500%03/01/2027	03/01/2027	3,000,000.000	99.100	99.365	2,989,700.00	BBB+	12/01/2026		105,000.00	3.963
PEPSICO INC SR NT 2.625%03/19/2027	03/19/2027	5,000,000.000	108.550	98.292	4,918,975.00	A+	01/19/2027 100.000		131,250.00	3.832
SYSCO CORP SR GLBL NT 3.250%07/15/2027	07/15/2027	3,000,000.000	98.520	98.634	2,979,603.33	BBB	04/15/2027		97,500.00	4.048
Total Matures 2027					20,936,968.61				662,650.00	
Matures 2026										
ABBVIE INC SR GLBL 3.200%05/14/2026	05/14/2026	4,500,000.000	109.020	99.540	4,534,100.00	A-	02/14/2026		144,000.00	3.950
JPMORGAN CHASE & CO SR NT 2.950%10/01/2026	10/01/2026	4,500,000.000	108.980	99.057	4,523,940.00	A	07/01/2026 100.000		132,750.00	3.918
OMNICOM GROUP INC SR GLBL 3.600%04/15/2026	04/15/2026	3,000,000.000	104.300	99.607	3,038,010.00	BBB+	01/15/2026		108,000.00	4.340
US TREASURY NOTE 4.250%01/31/2026	01/31/2026	3,250,000.000	100.040	100.079	3,275,838.56	AA1			138,125.00	3.991
US TREASURY NOTE 4.125%10/31/2026	10/31/2026	6,000,000.000	100.110	100.442	6,130,093.37	AA1			247,500.00	3.703
WELLS FARGO CO NEW SR NT 3.000%10/23/2026	10/23/2026	4,500,000.000	108.470	98.984	4,513,530.00	BBB+			135,000.00	3.984
Total Matures 2026					26,015,511.93				905,375.00	

	Maturity Date	Units	Unit Cost	Current Price	Market Value	SP or Moody Rating	Call Date/Price	Put Date/Price	Annual Income	Yield to Maturity
Matures 2025										
HOME DEPOT INC SR GBL NT 3.350%09/15/2025	09/15/2025	.000	.000	.000	.00	A	06/15/2025		.00	.000
NORTHERN TR CORP SUB NT 3.950%10/30/2025	10/30/2025	4,500,000.000	104.400	99.950	4,572,306.25	A			177,750.00	4.528
SYSCO CORP SR NT 3.750%10/01/2025	10/01/2025	3,500,000.000	102.850	100.000	3,565,625.00	BBB	07/01/2025		131,250.00	3.734
Total Matures 2025					8,137,931.25				309,000.00	
No Maturity										
ISHARES 1-3 YEAR TREASURY BOND ETF		1,560.000	84.580	82.960	129,417.60	NR				.000
Total No Maturity					129,417.60					
Total					209,496,518.70				8,083,235.00	

	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	152,445.000	27.51	4,193,602.03	243.55	37,127,979.75	4.9	.84	128,053.80	.345
DISNEY WALT CO COM	158,340.000	78.67	12,456,086.29	114.50	18,129,930.00	2.4	1.00	158,340.00	.873
META PLATFORMS INC.	37,110.000	310.91	11,537,986.70	734.38	27,252,841.80	3.6	2.10	77,931.00	.286
OMNICOM GROUP INC COM	162,140.000	63.45	10,287,129.38	81.53	13,332,772.20	1.7	2.80	453,992.00	3.434
Total for Communication Services			38,474,804.40		95,843,523.75	12.6		818,316.80	.855
Consumer Disc									
AMAZON.COM INC COM	56,995.000	188.00	10,714,922.01	219.57	12,514,392.15	1.6	.00	.00	.000
CARMAX INC COM	131,790.000	63.70	8,394,621.86	44.87	5,913,417.30	.8	.00	.00	.000
HOME DEPOT INC COM	63,735.000	27.54	1,755,158.40	405.19	25,824,784.65	3.4	9.20	586,362.00	2.271
O REILLY AUTOMOTIVE INC NEW COM	172,060.000	1.94	333,988.02	107.81	18,549,788.60	2.4	.00	.00	.000
TJX COS INC NEW COM	120,410.000	6.34	763,457.90	144.54	17,404,061.40	2.3	1.70	204,697.00	1.176
Total for Consumer Disc			21,962,148.19		80,206,444.10	10.5		791,059.00	.986
Financials									
BANK OF AMERICA CORP COM	151,180.000	26.92	4,069,316.54	51.59	7,799,376.20	1.0	1.12	169,321.60	2.171
BERKSHIRE HATHAWAY INC DEL CL B NEW	57,930.000	137.94	7,990,697.22	502.74	29,123,728.20	3.8	.00	.00	.000
JPMORGAN CHASE & CO COM	126,870.000	57.13	7,247,894.60	315.43	40,018,604.10	5.2	6.00	761,220.00	1.902
PROGRESSIVE CORP OH COM	114,265.000	39.64	4,529,656.12	246.95	28,217,741.75	3.7	.40	45,706.00	.162
SCHWAB CHARLES CORP NEW COM	269,675.000	40.12	10,819,453.71	95.47	25,745,872.25	3.4	1.08	291,249.00	1.131
WELLS FARGO & CO NEW COM	125,505.000	27.04	3,394,016.78	83.82	10,519,829.10	1.4	1.80	225,909.00	2.147
Total for Financials			38,051,034.97		141,425,151.60	18.5		1,493,405.60	1.056
Health Care									
DANAHER CORP COM	58,850.000	204.04	12,007,621.02	198.26	11,686,433.00	1.5	1.28	75,328.00	.646
JOHNSON & JOHNSON COM	98,255.000	86.11	8,461,083.11	185.42	18,218,442.10	2.4	5.20	510,926.00	2.804
Total for Health Care			20,468,704.13		29,904,875.10	3.9		586,254.00	1.962
Industrials									
EXPEDITORS INTL WASH INC COM	70,685.000	38.16	2,697,545.89	122.59	8,665,274.15	1.1	1.54	108,854.90	1.256
FASTENAL CO COM	266,060.000	10.20	2,714,759.19	49.04	13,047,582.40	1.7	.88	234,132.80	1.794

	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
GE VERNOVA INC COM	58,488.000	97.05	5,676,045.76	614.90	35,964,271.20	4.7	1.00	58,488.00	.163
GE AEROSPACE	108,000.000	102.74	11,095,931.88	300.82	32,527,440.00	4.3	1.44	155,520.00	.479
PARKER HANNIFIN CORP COM	29,875.000	292.98	8,752,639.72	758.15	22,649,731.25	3.0	7.20	215,100.00	.950
UNION PAC CORP COM	37,790.000	93.91	3,548,848.53	236.37	8,932,422.30	1.2	5.52	208,600.80	2.335
Total for Industrials			34,485,770.97		121,786,721.30	16.0		980,696.50	.806
Information Tech									
APPLE INC COM	119,135.000	22.74	2,708,923.79	254.63	30,335,345.05	4.0	1.04	123,900.40	.408
MICROSOFT CORP COM	68,835.000	25.24	1,737,166.80	517.95	35,653,088.25	4.7	3.64	250,559.40	.703
TE CONNECTIVITY PLC ORD SHS	93,335.000	31.28	2,919,292.79	219.53	20,489,832.55	2.7	2.84	265,071.40	1.294
Total for Information Tech			7,365,383.38		86,478,265.85	11.4		639,531.20	.740
Total: Total Equity			160,807,846.04		555,644,981.70	72.9		5,309,263.10	.956
Total Fixed Income									
Corporate Bonds									
ABBVIE INC SR GLBL 3.200% 05/14/2026	4,500,000.000	109.02	4,906,016.32	99.54	4,534,100.00	.6	3.20	144,000.00	3.215
APPLE INC SR GLBL 4.300% 05/10/2033	1,500,000.000	99.99	1,499,910.00	101.31	1,544,957.50	.2	4.30	64,500.00	4.244
BANK AMER CORP FR 3.248% 10/21/2027	5,000,000.000	108.34	5,417,210.81	98.69	5,006,927.78	.7	3.25	162,400.00	3.291
BLACKROCK INC SR GLBL NT 3.250% 04/30/2029	4,500,000.000	110.96	4,993,217.73	97.77	4,461,038.75	.6	3.25	146,250.00	3.324
CHEVRON USA INC SR GLBL NT 3.850% 01/15/2028	5,000,000.000	100.84	5,042,000.00	100.02	5,041,738.89	.7	3.85	192,500.00	3.849
CISCO SYS INC SR GLBL NT 4.950% 02/26/2031	2,000,000.000	102.30	2,046,000.00	103.49	2,079,465.00	.3	4.95	99,000.00	4.783
CISCO SYS INC SR GLBL NT 5.050% 02/26/2034	3,500,000.000	101.95	3,568,250.00	103.44	3,637,479.03	.5	5.05	176,750.00	4.882
COMCAST CORP NEW GLBL NT 2.650% 02/01/2030	4,500,000.000	107.85	4,853,306.19	93.77	4,239,435.00	.6	2.65	119,250.00	2.826
CUMMINS INC SR GLBL	6,000,000.000	101.40	6,084,000.00	101.81	6,219,833.34	.8	4.70	282,000.00	4.616

Portfolio Holdings by Asset Class
KY JUDICIAL RET DEFINED BENEFIT AGT

Ending: September 30, 2025
Managed Since: January 01, 1993

	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
4.700% 02/15/2031									
DISNEY WALT CO SR GBL NT	4,500,000.000	107.23	4,825,574.74	93.04	4,212,592.50	.6	2.65	119,250.00	2.848
2.650% 01/13/2031									
EXXON MOBIL CORP SR GBL COCO	4,500,000.000	107.95	4,857,881.62	93.31	4,253,287.50	.6	2.61	117,450.00	2.797
2.610% 10/15/2030									
META PLATFORMS INC GBL NT	4,000,000.000	99.78	3,991,120.00	102.05	4,151,391.11	.5	4.60	184,000.00	4.508
4.600% 05/15/2028									
GEORGIA PWR CO SR GBL 2022A	5,000,000.000	100.40	5,020,000.00	101.21	5,149,177.78	.7	4.70	235,000.00	4.644
4.700% 05/15/2032									
JPMORGAN CHASE & CO SR NT	4,500,000.000	108.98	4,903,950.28	99.06	4,523,940.00	.6	2.95	132,750.00	2.978
2.950% 10/01/2026									
JPMORGAN CHASE & CO GBL NT	2,500,000.000	100.75	2,518,750.00	104.20	2,649,483.34	.3	5.35	133,750.00	5.135
5.350% 06/01/2034									
JOHNSON & JOHNSON SR GBL	5,000,000.000	108.81	5,440,382.18	98.27	4,944,011.11	.6	2.90	145,000.00	2.951
2.900% 01/15/2028									
KIMBERLY CLARK CORP SR GBL	4,500,000.000	109.26	4,916,915.28	95.98	4,321,217.50	.6	3.10	139,500.00	3.230
3.100% 03/26/2030									
MCDONALDS CORP MED TERM NT FR	3,000,000.000	99.10	2,973,000.00	99.36	2,989,700.00	.4	3.50	105,000.00	3.522
3.500% 03/01/2027									
MCDONALDS CORP FR	4,000,000.000	98.74	3,949,400.00	103.02	4,146,530.00	.5	4.95	198,000.00	4.805
4.950% 08/14/2033									
MERCK & CO INC SR GBL	4,500,000.000	111.40	5,012,820.28	97.97	4,418,895.00	.6	3.40	153,000.00	3.470
3.400% 03/07/2029									
NORTHERN TR CORP SUB NT	4,500,000.000	104.40	4,698,095.06	99.95	4,572,306.25	.6	3.95	177,750.00	3.952
3.950% 10/30/2025									
OREILLY AUTOMOTIVE INC SR GBL	4,500,000.000	98.57	4,435,550.00	100.84	4,600,300.00	.6	4.70	211,500.00	4.661
4.700% 06/15/2032									
OMNICOM GROUP INC SR GBL	2,500,000.000	97.26	2,431,500.00	99.25	2,516,325.00	.3	4.20	105,000.00	4.232
4.200% 06/01/2030									
OMNICOM GROUP INC SR GBL	3,000,000.000	104.30	3,129,146.81	99.61	3,038,010.00	.4	3.60	108,000.00	3.614
3.600% 04/15/2026									
PARKER HANNIFIN CORP SR GBL	4,000,000.000	95.73	3,829,080.00	101.35	4,062,160.00	.5	4.50	180,000.00	4.440
4.500% 09/15/2029									
PAYCHEX INC SR GBL NT	3,500,000.000	102.39	3,583,650.00	103.76	3,720,683.75	.5	5.35	187,250.00	5.156

Portfolio Holdings by Asset Class
KY JUDICIAL RET DEFINED BENEFIT AGT

Ending: September 30, 2025
Managed Since: January 01, 1993

	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
5.350% 04/15/2032									
PEPSICO INC SR NT	5,000,000.000	108.55	5,427,413.51	98.29	4,918,975.00	.6	2.63	131,250.00	2.671
2.625% 03/19/2027									
PFIZER INC GLBL NT	4,500,000.000	108.33	4,874,850.53	93.78	4,279,117.50	.6	2.63	118,125.00	2.799
2.625% 04/01/2030									
PROGRESSIVE CORP SR GLBL	4,500,000.000	109.83	4,942,133.37	96.19	4,330,640.00	.6	3.20	144,000.00	3.327
3.200% 03/26/2030									
SCHWAB CHARLES CORP SR GLBL	4,500,000.000	106.38	4,787,060.00	98.24	4,447,245.00	.6	3.20	144,000.00	3.257
3.200% 01/25/2028									
SYSCO CORP SR NT	3,500,000.000	102.85	3,599,581.69	100.00	3,565,625.00	.5	3.75	131,250.00	3.750
3.750% 10/01/2025									
SYSCO CORP SR GLBL NT	3,000,000.000	98.52	2,955,600.00	98.63	2,979,603.33	.4	3.25	97,500.00	3.295
3.250% 07/15/2027									
TARGET CORP SR GLBL	5,000,000.000	102.24	5,112,000.00	100.58	5,038,750.00	.7	4.50	225,000.00	4.474
4.500% 09/15/2032									
TEXAS INSTRS INC SR GLBL NT	4,500,000.000	105.75	4,758,542.97	93.65	4,221,978.75	.6	2.25	101,250.00	2.402
2.250% 09/04/2029									
TYCO ELECTRONICS GROUP S A SR GLBL	5,000,000.000	101.45	5,072,500.00	101.23	5,093,800.00	.7	4.50	225,000.00	4.445
4.500% 02/09/2031									
US BANCORP FR	1,500,000.000	100.49	1,507,350.00	106.63	1,638,465.00	.2	5.85	87,750.00	5.486
5.850% 10/21/2033									
US BANCORP FR	4,000,000.000	103.70	4,148,000.00	105.29	4,254,460.44	.6	5.68	227,120.00	5.393
5.678% 01/23/2035									
WELLS FARGO CO NEW SR NT	4,500,000.000	108.47	4,881,224.62	98.98	4,513,530.00	.6	3.00	135,000.00	3.031
3.000% 10/23/2026									
WELLS FARGO & CO FR	2,000,000.000	100.49	2,009,800.00	105.04	2,121,175.66	.3	5.56	111,140.00	5.290
5.557% 07/25/2034									
Total for Corporate Bonds			163,002,783.99		156,438,351.81	20.9		5,897,235.00	3.807
Governments									
FEDERAL HOME LOAN BKS CONS BDS	5,000,000.000	99.98	4,999,000.00	99.47	5,020,950.00	.7	4.75	237,500.00	4.775
4.750% 01/19/2034									
FEDERAL FARM CR BKS CONS SYSTEMWIDE	5,000,000.000	100.00	5,000,000.00	99.27	5,041,762.50	.7	3.33	166,500.00	3.354
3.330% 04/12/2027									

Portfolio Holdings by Asset Class
KY JUDICIAL RET DEFINED BENEFIT AGT

Ending: September 30, 2025
Managed Since: January 01, 1993

	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
FEDERAL FARM CR BKS CONS SYSTEMWIDE 4.250% 03/20/2028	6,000,000.000	99.65	5,978,700.00	101.31	6,086,391.67	.8	4.25	255,000.00	4.195
FEDERAL FARM CR BKS CONS SYSTEMWIDE 4.950% 04/27/2033	1,000,000.000	100.03	1,000,250.00	99.06	1,011,785.00	.1	4.95	49,500.00	4.997
FEDERAL FARM CR BKS CONS SYSTEMWIDE 4.500% 08/08/2033	4,000,000.000	99.06	3,962,200.00	101.68	4,093,620.00	.5	4.50	180,000.00	4.426
TENNESSEE VALLEY AUTH FED BE B BD 4.875% 05/15/2035	3,000,000.000	102.32	3,069,600.00	103.61	3,163,083.75	.4	4.88	146,250.00	4.705
US TREASURY NOTE 3.125% 11/15/2028	2,000,000.000	108.18	2,163,500.00	98.49	1,993,467.34	.3	3.13	62,500.00	3.173
US TREASURY NOTE 4.500% 11/15/2033	6,000,000.000	103.45	6,206,940.00	103.41	6,306,763.70	.8	4.50	270,000.00	4.351
US TREASURY NOTE 4.250% 01/31/2026	3,250,000.000	100.04	3,251,300.00	100.08	3,275,838.56	.4	4.25	138,125.00	4.247
US TREASURY NOTE 4.125% 10/31/2026	6,000,000.000	100.11	6,006,540.00	100.44	6,130,093.37	.8	4.13	247,500.00	4.107
US TREASURY NOTE 4.125% 11/30/2031	6,000,000.000	99.86	5,991,300.00	101.44	6,169,576.23	.8	4.13	247,500.00	4.066
US TREASURY NOTE 4.125% 11/30/2029	4,500,000.000	99.50	4,477,275.00	101.62	4,635,417.17	.6	4.13	185,625.00	4.059
Total for Governments			52,106,605.00		52,928,749.29	6.9		2,186,000.00	4.180
Taxable Bond Funds									
ISHARES 1-3 YEAR TREASURY BOND ETF	1,560.000	84.58	131,943.81	82.96	129,417.60	.0	3.21	5,015.40	3.875
Total for Taxable Bond Funds			131,943.81		129,417.60	.0		5,015.40	3.875
Total: Total Fixed Income			215,241,332.80		209,496,518.70	27.8		8,088,250.40	3.901
Total			376,049,178.84		765,141,500.40	100.0		13,397,513.50	1.756

	Market Value	Fiscal Year to Date (3 Months)	1 Year	3 Years	5 Years	10 Years	20 Years	30 Years
Total Portfolio - Gross	765,141,500	7.64	21.07	22.90	15.48	13.40	10.50	9.83
Total Portfolio - Net	765,141,500	7.62	20.97	22.81	15.39	13.31	10.44	9.78
70% S&P 500 / 30% Bloomberg US Govt/Credit		6.11	13.53	18.85	11.78	11.43	8.82	8.80
Total Equity	555,644,982	9.86	27.34	29.93	20.78	17.38	12.93	12.06
S P 500 Index		8.12	17.60	24.94	16.47	15.30	10.97	10.47
Total Fixed Income	209,496,519	1.63	4.82	5.78	1.19	2.24	2.95	3.96
Bloomberg US Government/Credit Interm Bond		1.51	4.01	5.18	.81	2.10	3.13	4.11

	Total Portfolio - Gross	70% S&P 500 / 30% Bloomberg US Govt/Credit
Return	13.40	11.43
Standard Deviation	12.13	11.08
Beta	1.05	
Alpha	1.41	
R-Squared	.93	
Sharpe Ratio	.92	.82
Treynor Ratio	10.57	9.13
Tracking Error	3.30	
Information Ratio	.57	
Downside Deviation	7.35	6.82
Downside Standard Deviation	9.16	8.36
Sortino Ratio	1.94	1.78
Upside Capture	1.11	
Downside Capture	1.02	
Batting Average	.58	
Annualized Excess Return	1.97	
Cumulative Excess Return	56.38	
Turnover %	119.94	
M-Squared	12.44	
Residual Risk	.92	
Risk-Free Benchmark (3 Mos Treasury Bill Rate)	2.30	

	Total Portfolio - Gross	70% S&P 500 / 30% Bloomberg US Govt/Credit
Return	10.50	8.82
Standard Deviation	11.02	10.79
Beta	.98	
Alpha	1.75	
R-Squared	.92	
Sharpe Ratio	.79	.65
Treynor Ratio	8.90	7.04
Tracking Error	3.17	
Information Ratio	.50	
Downside Deviation	6.91	7.04
Downside Standard Deviation	8.34	8.24
Sortino Ratio	1.62	1.34
Upside Capture	1.05	
Downside Capture	.94	
Batting Average	.58	
Annualized Excess Return	1.69	
Cumulative Excess Return	195.37	
Turnover %	205.55	
M-Squared	10.32	
Residual Risk	.90	
Risk-Free Benchmark (3 Mos Treasury Bill Rate)	1.78	

Purchases

Date	Amount	Security	Purchase Price	Total Cost
02/27/2025	48,600.00	DANAHER CORP COM	207.74	10,096,047.36
02/27/2025	45,000.00	DISNEY WALT CO COM	113.01	5,085,310.50
02/27/2025	60,000.00	OMNICOM GROUP INC COM	81.91	4,914,828.00
04/08/2025	47,825.00	AMAZON.COM INC COM	182.57	8,731,285.91
04/23/2025	2,000,000.00	WELLS FARGO & CO FR	100.49	2,009,800.00
04/23/2025	2,500,000.00	JPMORGAN CHASE & CO GLBL NT	100.75	2,518,750.00
06/03/2025	13,710.00	DANAHER CORP COM	191.86	2,630,345.76
06/03/2025	12,550.00	AMAZON.COM INC COM	207.23	2,600,713.91
07/23/2025	3,500,000.00	PAYCHEX INC SR GLBL NT	102.39	3,583,650.00
07/30/2025	6,000,000.00	US TREASURY NOTE	100.11	6,006,540.00
07/30/2025	5,000,000.00	GEORGIA PWR CO SR GLBL 2022A	100.40	5,020,000.00
08/08/2025	3,000,000.00	SYSCO CORP SR GLBL NT	98.52	2,955,600.00
08/08/2025	3,000,000.00	MCDONALDS CORP MED TERM NT FR	99.10	2,973,000.00
08/08/2025	3,000,000.00	TENNESSEE VALLEY AUTH FED BE B BD	102.32	3,069,600.00
08/08/2025	3,250,000.00	US TREASURY NOTE	100.04	3,251,300.00
08/08/2025	6,000,000.00	CUMMINS INC SR GLBL	101.40	6,084,000.00
09/18/2025	5,000,000.00	TYCO ELECTRONICS GROUP S A SR GLBL	101.45	5,072,500.00
				<u>76,603,271.44</u>

Sales

Date	Amount	Security	Sale Price	Proceeds	Acquisition Date	Purchase Price	Cost Basis	Gain/Loss
02/27/2025	-6,150.00	BERKSHIRE HATHAWAY INC DEL CL B NEW	500.96	3,080,913.67	07/26/2011	48.71	299,586.06	2,781,327.61
02/27/2025	-15,000.00	GE AEROSPACE	204.12	3,061,858.86	08/02/2021	109.86	1,647,861.70	1,413,997.16
02/27/2025	-27,775.00	PROGRESSIVE CORP OH COM	278.40	7,732,550.54	12/12/2008	14.26	396,143.40	7,336,407.14
02/27/2025	-166,215.00	US BANCORP DEL COM NEW	46.41	7,713,624.10	12/06/2010	22.58	3,753,079.03	3,960,545.07
04/08/2025	-76,735.00	FASTENAL CO COM	74.74	5,734,899.30	02/12/2015	21.12	1,620,942.47	4,113,956.83
04/08/2025	-3,460.00	O REILLY AUTOMOTIVE INC NEW COM	1,369.46	4,738,345.18	07/11/2017	174.94	605,298.34	4,133,046.84
04/23/2025	-4,500,000.00	VERIZON COMMUNICATIONS INC SR GLBL	100.00	4,500,000.00	01/27/2021	1.08	4,865,186.69	-365,186.69
05/01/2025	4,500,000.00	VERIZON COMMUNICATIONS INC SR GLBL	100.00	-4,500,000.00	01/01/1950	1.08	-4,865,186.69	0.00
05/01/2025	-4,500,000.00	VERIZON COMMUNICATIONS INC SR GLBL	100.50	4,522,312.50	01/01/1950	1.08	4,865,186.69	-342,874.19
06/03/2025	-10,695.00	GE VERNOVA INC COM	490.91	5,250,284.59	04/09/2024	0.00	0.00	5,250,284.59

Portfolio Turnover

KY JUDICIAL RET DEFINED BENEFIT AGT

December 31, 2024 to September 30, 2025

Managed since: January 01, 1993

Date	Amount	Security	Sale Price	Proceeds	Acquisition Date	Purchase Price	Cost Basis	Gain/Loss
07/20/2025	-3,500,000.00	CVS HEALTH CORP SR GLBL NT	100.00	3,500,000.00	11/13/2017	1.01	3,545,260.35	-45,260.35
07/29/2025	-5,000,000.00	INTEL CORP SR GLBL	100.00	5,000,000.00	08/18/2017	1.03	5,156,596.70	-156,596.70
07/31/2025	-6,000,000.00	US TREASURY NOTE	100.00	6,000,000.00	03/21/2024	1.00	5,996,400.00	3,600.00
08/07/2025	-3,600.00	GE VERNOVA INC COM	649.15	2,336,940.72	04/09/2024	0.00	0.00	2,336,940.72
08/07/2025	-9,050.00	ALPHABET INC CAP STK CL C	197.44	1,786,872.73	03/31/2015	27.52	249,031.61	1,537,841.12
08/07/2025	-3,800.00	HOME DEPOT INC COM	384.96	1,462,848.38	06/30/2021	39.91	151,670.54	1,311,177.84
08/07/2025	-5,850.00	JOHNSON & JOHNSON COM	170.88	999,667.31	11/24/2021	29.90	174,915.00	824,752.31
08/07/2025	-7,610.00	JPMORGAN CHASE & CO COM	288.62	2,196,392.87	12/11/2008	30.98	235,769.21	1,960,623.66
08/07/2025	-8,000.00	CARMAX INC COM	55.42	443,363.20	01/30/2019	59.76	478,106.78	-34,743.58
08/07/2025	-2,225.00	META PLATFORMS INC.	768.18	1,709,206.29	05/06/2020	203.86	453,596.95	1,255,609.34
08/07/2025	-4,120.00	MICROSOFT CORP COM	522.55	2,152,926.60	09/05/2006	25.68	105,801.60	2,047,125.00
08/07/2025	-7,500.00	WELLS FARGO & CO NEW COM	77.40	580,500.75	06/02/2011	28.21	211,569.75	368,931.00
08/07/2025	-2,280.00	UNION PAC CORP COM	223.16	508,816.20	07/24/2015	93.91	214,114.17	294,702.03
08/07/2025	-7,200.00	TJX COS INC NEW COM	131.56	947,239.20	12/06/2004	5.92	42,596.66	904,642.54
08/07/2025	-5,560.00	TE CONNECTIVITY PLC ORD SHS	200.53	1,114,930.12	09/30/2024	31.28	173,903.34	941,026.78
08/07/2025	-16,235.00	SCHWAB CHARLES CORP NEW COM	95.96	1,557,956.06	08/26/2020	35.35	573,834.19	984,121.87
08/07/2025	-1,720.00	PARKER HANNIFIN CORP COM	721.98	1,241,805.77	10/28/2022	280.15	481,852.32	759,953.45
08/07/2025	-6,830.00	PROGRESSIVE CORP OH COM	245.47	1,676,564.20	01/26/2009	20.72	141,523.82	1,535,040.38
08/07/2025	-6,850.00	APPLE INC COM	219.88	1,506,199.92	04/25/2013	14.64	100,251.93	1,405,947.99
08/07/2025	-10,340.00	O REILLY AUTOMOTIVE INC NEW COM	103.43	1,069,491.02	07/11/2017	181.47	1,876,414.64	-806,923.62
08/07/2025	-3,380.00	AMAZON.COM INC COM	222.95	753,554.78	04/08/2025	182.57	617,077.81	136,476.97
08/07/2025	-9,100.00	BANK OF AMERICA CORP COM	45.22	411,484.71	08/30/2019	26.92	244,944.97	166,539.74
08/07/2025	-3,500.00	BERKSHIRE HATHAWAY INC DEL CL B NEW	462.18	1,617,630.70	07/26/2011	48.71	170,496.13	1,447,134.57
08/07/2025	-3,460.00	DANAHER CORP COM	198.43	686,565.03	02/27/2025	207.74	718,772.10	-32,207.07
08/07/2025	-9,600.00	DISNEY WALT CO COM	112.55	1,080,450.24	02/24/2023	25.61	245,855.43	834,594.81
08/07/2025	-4,250.00	EXPEDITORS INTL WASH INC COM	118.06	501,739.70	03/25/2013	37.20	158,105.53	343,634.17
08/07/2025	-15,770.00	FASTENAL CO COM	47.04	741,797.15	02/12/2015	10.56	166,561.95	575,235.20
08/07/2025	-6,460.00	GE AEROSPACE	269.87	1,743,351.80	08/02/2021	109.86	709,679.11	1,033,672.69
08/07/2025	-9,730.00	OMNICOM GROUP INC COM	72.88	709,082.51	02/27/2025	37.20	361,952.60	347,129.91
09/15/2025	-5,000,000.00	HOME DEPOT INC SR GLBL NT	100.00	5,000,000.00	03/21/2024	0.98	4,899,500.00	100,500.00
				92,872,166.70			41,844,252.88	50,662,727.13

Investment Policy Review

Account Number 920006012

Account Name KY LEGISLATORS RET DEFINED BEN AGT

Investment Goal: Growth & Income

Baird Trust Investment Authority: Sole Authority

Time Horizon: Long – 10+ Years

Asset Allocation: 70% Equity / 30% Fixed Income

Account Restrictions: None

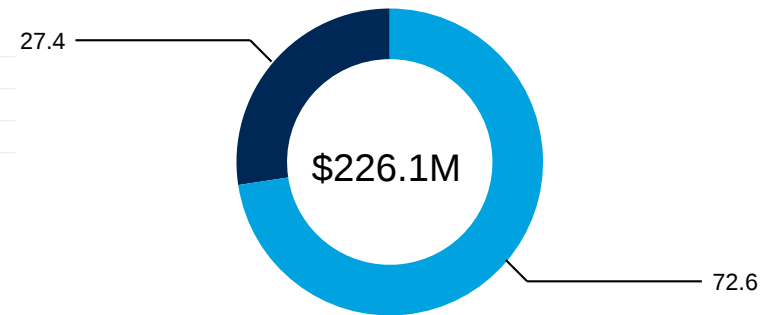
Meeting Date: October 24, 2025

Client Investment Review

Investment activity through 09/30/2025

Asset Allocation Summary

	Market Value	% of Mkt Val	Estimated Annual Income	Current Yield
Total Equity	164,214,701	72.6	1,564,128.20	1.0
Total Fixed Income	61,906,355	27.4	2,415,805.90	3.9
Total	226,121,056	100.0	3,979,934.10	1.8

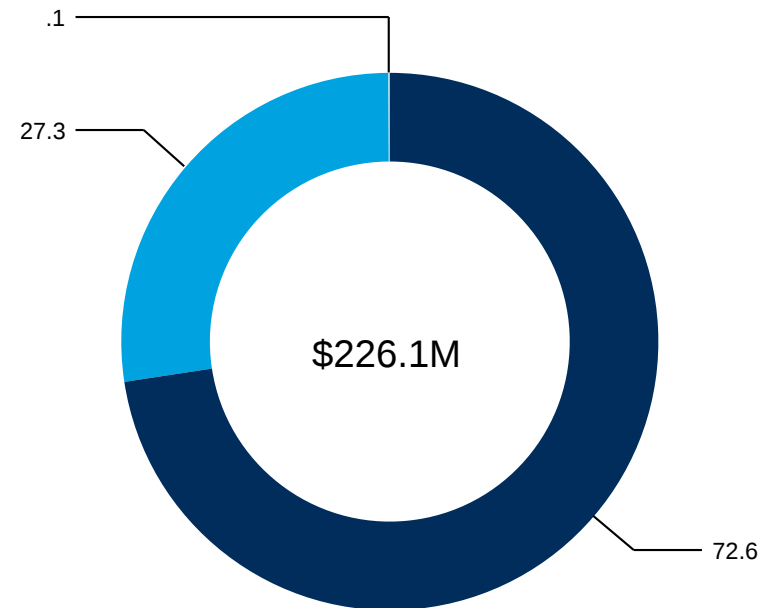


Investment Summary

	Fiscal Year to Date (3 Months)
Beginning Account Value	213,124,536.87
Net Contributions/Withdrawals	-3,159,539.69
Income Earned	976,259.56
Market Appreciation	15,179,799.09
Ending Account Value	226,121,055.83

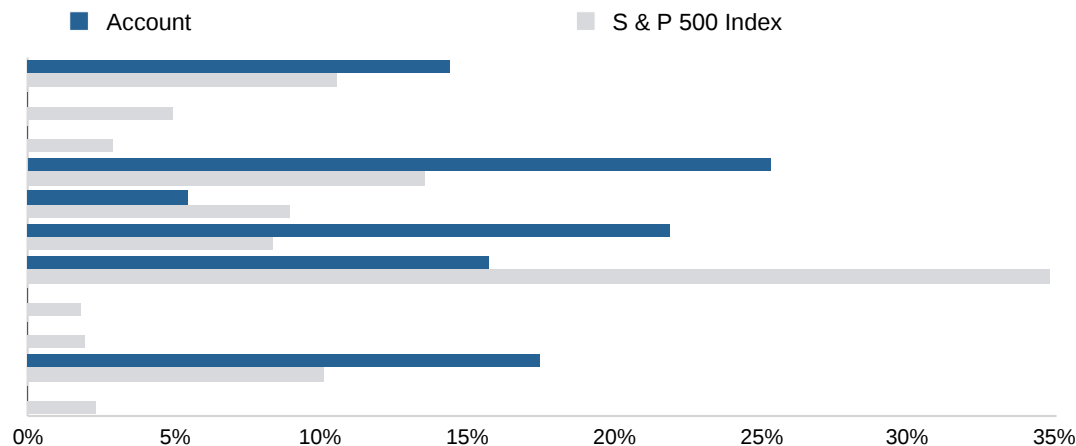
Total market value may differ slightly from your custodian statement due to processing lag of accruals in non-custody accounts.

	Market Value	% of Mkt Val
● Core Equity	164,214,701	72.6
● Taxable Fixed Income	61,760,346	27.3
● Taxable Bond Funds	146,010	.1
Total	226,121,056	100.0



Core Equity Allocation vs S & P 500 Index

	Account	Model
Consumer Disc	14.4	10.5
Consumer Staples	.0	4.9
Energy	.0	2.9
Financials	25.3	13.5
Health Care	5.4	8.9
Industrials	21.9	8.3
Information Tech	15.7	34.8
Materials	.0	1.8
Real Estate	.0	1.9
Communication Servic	17.4	10.1
Utilities	.0	2.3



Top 10 Performers

	Market Value	% of Mkt Val	Return
GE VERNOVA INC COM	10,630,391	4.7	141.86
GE AEROSPACE	9,722,090	4.3	60.20
WELLS FARGO & CO NEW COM	3,071,165	1.4	52.77
JPMORGAN CHASE & CO COM	11,715,070	5.2	52.66
SCHWAB CHARLES CORP NEW C	7,472,437	3.3	49.02
TE CONNECTIVITY PLC ORD S	6,200,625	2.7	47.77
ALPHABET INC CAP STK CL C	11,081,525	4.9	46.60
FASTENAL CO COM	3,856,015	1.7	42.85
O REILLY AUTOMOTIVE INC N	5,480,521	2.4	41.40
BANK OF AMERICA CORP COM	2,308,653	1.0	33.92

Largest 10 Holdings by Market Value

	Market Value	% of Mkt Val	Return
JPMORGAN CHASE & CO COM	11,715,070	5.2	52.66
ALPHABET INC CAP STK CL C	11,081,525	4.9	46.60
GE VERNOVA INC COM	10,630,391	4.7	141.86
MICROSOFT CORP COM	10,478,129	4.6	21.56
GE AEROSPACE	9,722,090	4.3	60.20
APPLE INC COM	9,031,726	4.0	9.92
BERKSHIRE HATHAWAY INC DE	8,632,046	3.8	9.28
PROGRESSIVE CORP OH COM	8,350,614	3.7	-.44
META PLATFORMS INC.	8,085,524	3.6	28.95
HOME DEPOT INC COM	7,558,819	3.3	2.93

Sector	Qtr*
Industrials	1.40
Health Care	0.65
Consumer Staples	0.60
Communication Services	0.12
Real Estate	0.12
Materials	0.10
Energy	0.07
Utilities	0.02
Consumer Disc	-0.37
Financials	-0.63
Information Tech	-0.63
Total	1.45

Sector	1 Year*
Industrials	6.73
Health Care	2.76
Financials	1.86
Consumer Staples	1.15
Materials	0.54
Real Estate	0.52
Energy	0.49
Utilities	0.21
Communication Services	-0.55
Consumer Disc	-1.20
Information Tech	-3.69
Total	8.82

Sector	5 Years*
Industrials	2.57
Financials	1.66
Consumer Staples	0.52
Health Care	0.47
Consumer Disc	0.38
Real Estate	0.24
Utilities	0.16
Materials	0.14
Communication Services	-0.06
Energy	-0.34
Information Tech	-1.78
Total	3.96

*Relative Contribution to Baird Trust Large Cap Equity Investment Return Versus S&P 500 Index (%)

Top Contributors

Quarter

Ticker	Company	Ending Allocation	Total Return	Contribution
GOOG	Alphabet	6.75	37.43	2.00
AAPL	Apple	5.50	24.43	1.17
GEV	GE Vernova	6.47	16.12	1.04
TEL	TE Connectivity	3.78	30.61	0.98
GE	GE Aerospace	5.92	17.12	0.94

1 Year

Ticker	Company	Ending Allocation	Total Return	Contribution
GEV	GE Vernova	6.47	141.86	5.45
JPM	JP Morgan Chase	7.13	52.66	3.16
GE	GE Aerospace	5.92	60.20	2.84
GOOG	Alphabet	6.75	46.60	2.68
SCHW	Charles Schwab	4.55	49.02	1.96

5 Years

Ticker	Company	Ending Allocation	Total Return	Contribution
JPM	JP Morgan Chase	7.13	30.13	1.78
GEV	GE Vernova	6.47	167.02	1.70
GE	GE Aerospace	5.92	44.98	1.65
PGR	Progressive	5.09	23.63	1.60
GOOG	Alphabet	6.75	27.25	1.55

Bottom Contributors

Quarter

Ticker	Company	Ending Allocation	Total Return	Contribution
KMX	Carmax	1.06	-33.29	-0.58
PGR	Progressive	5.09	-7.46	-0.46
DIS	Disney	3.30	-7.75	-0.31
META	Meta	4.92	-0.46	-0.01
AMZN	Amazon	2.25	0.10	0.00

1 Year

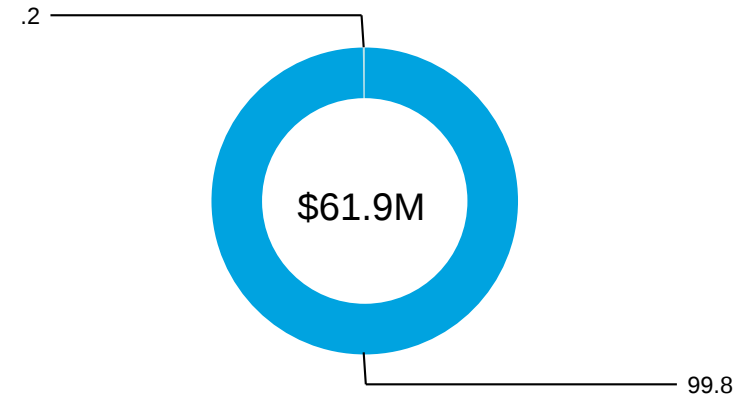
Ticker	Company	Ending Allocation	Total Return	Contribution
KMX	Carmax	1.06	-42.07	-0.97
OMC	Omnicom	2.40	-17.69	-0.46
EXPD	Expeditors	1.54	-5.51	-0.13
DHR	Danaher	2.11	-4.16	-0.07
UNP	Union Pacific	1.60	-1.37	-0.04

5 Years

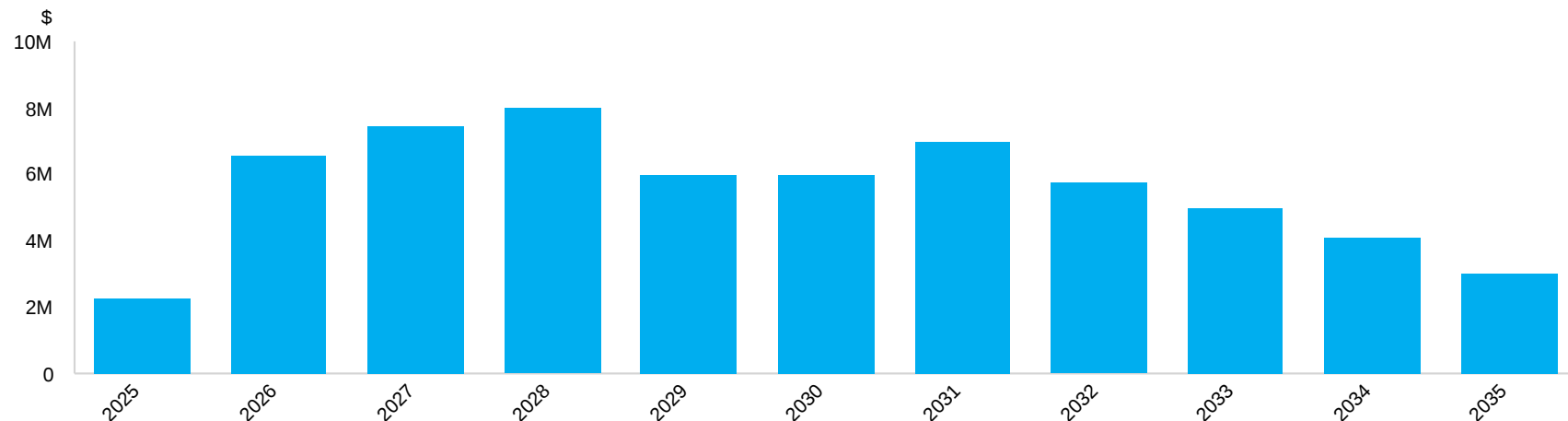
Ticker	Company	Ending Allocation	Total Return	Contribution
KMX	Carmax	1.06	-13.24	-0.23
DHR	Danaher	2.11	-4.16	-0.02
DIS	Disney	3.30	-1.33	0.00
AMZN	Amazon	2.25	20.21	0.10
UNP	Union Pacific	1.60	5.99	0.16

Fixed Income Allocation

	Market Value	% of Mkt Val	Estimated Annual Income	Current Yield
● Taxable Fixed Income	61,760,346	99.8	2,410,147.50	3.9
● Taxable Bond Funds	146,010	.2	5,658.40	3.9
Total	61,906,355	100.0	2,415,805.90	3.9



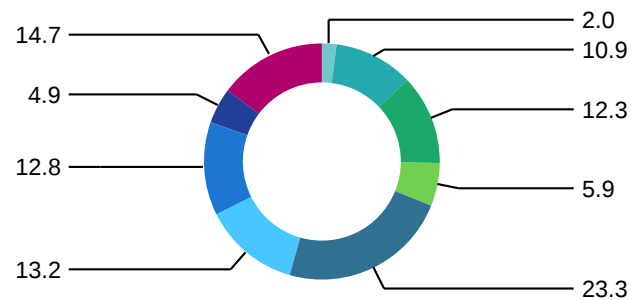
Fixed Income Maturity Schedule



Fixed Income Analysis

	09/30/2025	Bloomberg Gov't/Credit Interm Bond Index
Coupon	3.96	3.59
Current Yield	3.94	3.63
Yield to Maturity	4.15	3.97
Maturity	4.50	4.29
Duration	3.98	3.83
Face Amount	61,205,000	
Market Value	61,125,854	
Total Accrual	634,492	
Cost	63,280,523	

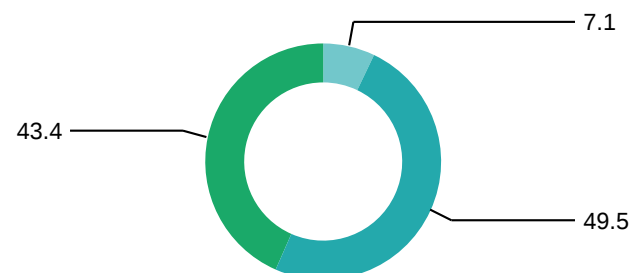
Quality Allocation by Market Value



AAA AA+ AA- A+ A
 A- BBB+ BBB AA1

NR=Not rated by S&P

Maturity Allocation by Market Value



Less than 1 Year Short (1-5 Years)
 Intermediate (5-10 Years)

	Maturity Date	Units	Unit Cost	Current Price	Market Value	SP or Moody Rating	Call Date/Price	Put Date/Price	Annual Income	Yield to Maturity
Matures 2035										
TENNESSEE VALLEY AUTH FED BE B BD 4.875%05/15/2035	05/15/2035	1,000,000.000	102.320	103.608	1,054,361.25	AA+			48,750.00	4.410
US BANCORP FR 5.678%01/23/2035	01/23/2035	2,000,000.000	103.700	105.289	2,127,230.22	A	01/23/2034		113,560.00	4.961
Total Matures 2035					3,181,591.47				162,310.00	
Matures 2034										
CISCO SYS INC SR GLBL NT 5.050%02/26/2034	02/26/2034	1,000,000.000	101.950	103.437	1,039,279.72	AA-	11/26/2033		50,500.00	4.553
FEDERAL HOME LOAN BKS CONS BDS 4.750%01/19/2034	01/19/2034	1,855,000.000	99.980	99.469	1,862,772.45	AA+	01/19/2027		88,112.50	4.827
JPMORGAN CHASE & CO GLBL NT 5.350%06/01/2034	06/01/2034	750,000.000	100.750	104.196	794,845.00	A	06/01/2033		40,125.00	4.753
WELLS FARGO & CO FR 5.557%07/25/2034	07/25/2034	500,000.000	100.490	105.040	530,293.91	BBB+	07/25/2033		27,785.00	4.847
Total Matures 2034					4,227,191.08				206,522.50	
Matures 2033										
APPLE INC SR GLBL 4.300%05/10/2033	05/10/2033	500,000.000	99.990	101.313	514,985.83	AA+	02/10/2033		21,500.00	4.097
FEDERAL FARM CR BKS CONS SYSTEMWIDE 4.500%08/08/2033	08/08/2033	1,000,000.000	99.060	101.678	1,023,405.00	AA+			45,000.00	4.246
MCDONALDS CORP FR 4.950%08/14/2033	08/14/2033	1,000,000.000	98.740	103.017	1,036,632.50	BBB+	05/14/2033		49,500.00	4.490
US BANCORP FR 5.850%10/21/2033	10/21/2033	500,000.000	100.490	106.631	546,155.00	A	10/21/2032		29,250.00	4.846
US TREASURY NOTE 4.500%11/15/2033	11/15/2033	2,000,000.000	103.450	103.413	2,102,254.56	AA1			90,000.00	4.003
Total Matures 2033					5,223,432.89				235,250.00	
Matures 2032										
GEORGIA PWR CO SR GLBL 2022A 4.700%05/15/2032	05/15/2032	1,250,000.000	100.400	101.208	1,287,294.44	A	02/15/2032		58,750.00	4.486
OREILLY AUTOMOTIVE INC SR GLBL 4.700%06/15/2032	06/15/2032	1,000,000.000	98.330	100.845	1,022,288.89	BBB	03/15/2032		47,000.00	4.551
PAYCHEX INC SR GLBL NT 5.350%04/15/2032	04/15/2032	1,000,000.000	102.390	103.764	1,063,052.50	BBB+	02/15/2032		53,500.00	4.675
TARGET CORP SR GLBL 4.500%09/15/2032	09/15/2032	2,500,000.000	102.240	100.575	2,519,375.00	A	06/15/2032		112,500.00	4.403
Total Matures 2032					5,892,010.83				271,750.00	

	Maturity Date	Units	Unit Cost	Current Price	Market Value	SP or Moody Rating	Call Date/Price	Put Date/Price	Annual Income	Yield to Maturity
Matures 2031										
CISCO SYS INC SR GLBL NT 4.950%02/26/2031	02/26/2031	1,750,000.000	102.300	103.492	1,819,531.88	AA-	12/26/2030		86,625.00	4.220
DISNEY WALT CO SR GLBL NT 2.650%01/13/2031	01/13/2031	1,250,000.000	107.380	93.039	1,170,164.59	A			33,125.00	4.130
TYCO ELECTRONICS GROUP S A SR GLBL 4.500%02/09/2031	02/09/2031	1,000,000.000	101.450	101.226	1,018,760.00	A-	01/09/2031		45,000.00	4.241
US TREASURY NOTE 4.125%11/30/2031	11/30/2031	3,000,000.000	99.860	101.440	3,084,788.11	AA1			123,750.00	3.860
Total Matures 2031					7,093,244.58				288,500.00	
Matures 2030										
COMCAST CORP NEW GLBL NT 2.650%02/01/2030	02/01/2030	1,250,000.000	108.150	93.768	1,177,620.84	A-	11/01/2029		33,125.00	4.238
EXXON MOBIL CORP SR GLBL COCO 2.610%10/15/2030	10/15/2030	1,250,000.000	107.910	93.314	1,181,468.75	AA-	07/15/2030		32,625.00	4.091
PFIZER INC GLBL NT 2.625%04/01/2030	04/01/2030	1,250,000.000	108.410	93.779	1,188,643.75	A	01/01/2030		32,812.50	4.154
PROGRESSIVE CORP SR GLBL 3.200%03/26/2030	03/26/2030	1,250,000.000	109.860	96.192	1,202,955.55	A	12/26/2029		40,000.00	4.138
UNION PAC CORP SR GLBL 2.400%02/05/2030	02/05/2030	1,000,000.000	106.970	93.162	935,353.33	A-	11/05/2029		24,000.00	4.135
Total Matures 2030					5,686,042.22				162,562.50	
Matures 2029										
BLACKROCK INC SR GLBL NT 3.250%04/30/2029	04/30/2029	1,250,000.000	110.360	97.771	1,239,177.43	AA-	01/30/2029		40,625.00	3.922
JPMORGAN CHASE & CO SR GLBL NT 5.299%07/24/2029	07/24/2029	1,000,000.000	102.840	103.033	1,040,192.03	A	07/24/2028 100.000		52,990.00	4.424
MERCK & CO INC SR GLBL 3.400%03/07/2029	03/07/2029	1,250,000.000	111.450	97.971	1,227,470.84	A+	12/07/2028		42,500.00	4.038
PARKER HANNIFIN CORP SR GLBL 4.500%09/15/2029	09/15/2029	1,250,000.000	98.540	101.354	1,269,425.00	BBB+	07/15/2029		56,250.00	4.125
TEXAS INSTRS INC SR GLBL NT 2.250%09/04/2029	09/04/2029	1,250,000.000	105.830	93.653	1,172,771.88	A+	06/04/2029		28,125.00	4.013
Total Matures 2029					5,949,037.18				220,490.00	
Matures 2028										
ABBVIE INC SR GLBL NT 4.250%11/14/2028	11/14/2028	1,250,000.000	104.360	100.793	1,280,129.51	A-	08/14/2028		53,125.00	3.976
CHEVRON USA INC SR GLBL NT 3.850%01/15/2028	01/15/2028	1,250,000.000	100.840	100.022	1,260,434.72	AA-	10/15/2027		48,125.00	3.838

	Maturity Date	Units	Unit Cost	Current Price	Market Value	SP or Moody Rating	Call Date/Price	Put Date/Price	Annual Income	Yield to Maturity
FEDERAL FARM CR BKS CONS SYSTEMWIDE 4.250%03/20/2028	03/20/2028	1,000,000.000	99.650	101.310	1,014,398.61	AA+			42,500.00	3.690
JOHNSON & JOHNSON SR GLBL 2.900%01/15/2028	01/15/2028	1,250,000.000	109.210	98.268	1,236,002.78	AAA	10/15/2027		36,250.00	3.695
META PLATFORMS INC GLBL NT 4.600%05/15/2028	05/15/2028	1,000,000.000	99.780	102.047	1,037,847.78	AA-	04/15/2028		46,000.00	3.772
SCHWAB CHARLES CORP SR GLBL 3.200%01/25/2028	01/25/2028	1,250,000.000	106.190	98.241	1,235,345.84	A-	10/25/2027		40,000.00	4.001
US TREASURY NOTE 3.125%11/15/2028	11/15/2028	1,000,000.000	108.180	98.493	996,733.67	AA1			31,250.00	3.638
Total Matures 2028					8,060,892.91				297,250.00	
Matures 2027										
BANK AMER CORP FR 3.248%10/21/2027	10/21/2027	2,500,000.000	102.810	98.695	2,503,463.89	A-	10/21/2026		81,200.00	3.914
FEDERAL FARM CR BKS CONS SYSTEMWIDE 3.330%04/12/2027	04/12/2027	1,250,000.000	100.000	99.272	1,260,440.63	AA+	04/12/2023		41,625.00	3.823
MCDONALDS CORP MED TERM NT FR 3.500%03/01/2027	03/01/2027	1,500,000.000	99.100	99.365	1,494,850.00	BBB+	12/01/2026		52,500.00	3.963
PEPSICO INC SR NT 2.625%03/19/2027	03/19/2027	1,250,000.000	109.150	98.292	1,229,743.75	A+	01/19/2027 100.000		32,812.50	3.832
SYSCO CORP SR GLBL NT 3.250%07/15/2027	07/15/2027	1,000,000.000	98.520	98.634	993,201.11	BBB	04/15/2027		32,500.00	4.048
Total Matures 2027					7,481,699.38				240,637.50	
Matures 2026										
JPMORGAN CHASE & CO SR NT 2.950%10/01/2026	10/01/2026	1,250,000.000	108.130	99.057	1,256,650.00	A	07/01/2026 100.000		36,875.00	3.918
OMNICOM GROUP INC SR GLBL 3.600%04/15/2026	04/15/2026	1,250,000.000	104.400	99.607	1,265,837.50	BBB+	01/15/2026		45,000.00	4.340
US TREASURY NOTE 4.250%01/31/2026	01/31/2026	850,000.000	100.040	100.079	856,757.78	AA1			36,125.00	3.991
US TREASURY NOTE 4.125%10/31/2026	10/31/2026	2,000,000.000	100.110	100.442	2,043,364.46	AA1			82,500.00	3.703
WELLS FARGO CO NEW SR NT 3.000%10/23/2026	10/23/2026	1,250,000.000	108.470	98.984	1,253,758.33	BBB+			37,500.00	3.984
Total Matures 2026					6,676,368.07				238,000.00	
Matures 2025										
HOME DEPOT INC SR GLBL NT 3.350%09/15/2025	09/15/2025	.000	.000	.000	.00	A	06/15/2025		.00	.000
NORTHERN TR CORP SUB NT	10/30/2025	1,250,000.000	104.250	99.950	1,270,085.07	A			49,375.00	4.528

	Maturity Date	Units	Unit Cost	Current Price	Market Value	SP or Moody Rating	Call Date/Price	Put Date/Price	Annual Income	Yield to Maturity
3.950%10/30/2025										
SYSCO CORP SR NT	10/01/2025	1,000,000.000	102.850	100.000	1,018,750.00	BBB	07/01/2025		37,500.00	3.734
3.750%10/01/2025										
Total Matures 2025					2,288,835.07				86,875.00	
No Maturity										
ISHARES 1-3 YEAR TREASURY BOND ETF		1,760.000	84.580	82.960	146,009.60	NR				.000
Total No Maturity					146,009.60					
Total					61,906,355.28				2,410,147.50	

	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	45,500.000	27.39	1,246,307.09	243.55	11,081,525.00	4.9	.84	38,220.00	.345
DISNEY WALT CO COM	47,330.000	82.04	3,882,971.54	114.50	5,419,285.00	2.4	1.00	47,330.00	.873
META PLATFORMS INC.	11,010.000	308.19	3,393,196.36	734.38	8,085,523.80	3.6	2.10	23,121.00	.286
OMNICOM GROUP INC COM	48,025.000	65.87	3,163,380.45	81.53	3,949,095.75	1.7	2.80	134,470.00	3.434
Total for Communication Services			11,685,855.44		28,535,429.55	12.6		243,141.00	.853
Consumer Disc									
AMAZON.COM INC COM	16,835.000	187.94	3,164,027.31	219.57	3,696,460.95	1.6	.00	.00	.000
CARMAX INC COM	38,875.000	63.73	2,477,665.47	44.87	1,744,321.25	.8	.00	.00	.000
HOME DEPOT INC COM	18,655.000	60.20	1,122,956.94	405.19	7,558,819.45	3.3	9.20	171,626.00	2.271
O REILLY AUTOMOTIVE INC NEW COM	50,835.000	3.83	194,796.92	107.81	5,480,521.35	2.4	.00	.00	.000
TJX COS INC NEW COM	35,495.000	13.19	468,136.47	144.54	5,130,447.30	2.3	1.70	60,341.50	1.176
Total for Consumer Disc			7,427,583.11		23,610,570.30	10.4		231,967.50	.982
Financials									
BANK OF AMERICA CORP COM	44,750.000	26.92	1,204,537.08	51.59	2,308,652.50	1.0	1.12	50,120.00	2.171
BERKSHIRE HATHAWAY INC DEL CL B NEW	17,170.000	145.89	2,504,941.17	502.74	8,632,045.80	3.8	.00	.00	.000
JPMORGAN CHASE & CO COM	37,140.000	63.90	2,373,066.67	315.43	11,715,070.20	5.2	6.00	222,840.00	1.902
PROGRESSIVE CORP OH COM	33,815.000	38.93	1,316,467.07	246.95	8,350,614.25	3.7	.40	13,526.00	.162
SCHWAB CHARLES CORP NEW COM	78,270.000	39.87	3,120,597.69	95.47	7,472,436.90	3.3	1.08	84,531.60	1.131
WELLS FARGO & CO NEW COM	36,640.000	34.43	1,261,533.85	83.82	3,071,164.80	1.4	1.80	65,952.00	2.147
Total for Financials			11,781,143.53		41,549,984.45	18.4		436,969.60	1.052
Health Care									
DANAHER CORP COM	17,430.000	203.84	3,552,922.56	198.26	3,461,249.40	1.5	1.28	22,310.40	.646
JOHNSON & JOHNSON COM	28,815.000	83.70	2,411,937.57	185.42	5,342,877.30	2.4	5.20	149,838.00	2.804
Total for Health Care			5,964,860.13		8,804,126.70	3.9		172,148.40	1.957
Industrials									
EXPEDITORS INTL WASH INC COM	20,675.000	40.53	837,900.29	122.59	2,534,548.25	1.1	1.54	31,839.50	1.256
FASTENAL CO COM	78,630.000	10.30	810,082.21	49.04	3,856,015.20	1.7	.88	69,194.40	1.794

	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
GE VERNOVA INC COM	17,288.000	94.64	1,636,176.71	614.90	10,630,391.20	4.7	1.00	17,288.00	.163
GE AEROSPACE	32,280.000	103.64	3,345,653.17	300.82	9,722,090.40	4.3	1.44	46,483.20	.479
PARKER HANNIFIN CORP COM	8,750.000	292.72	2,561,261.74	758.15	6,633,812.50	2.9	7.20	63,000.00	.950
UNION PAC CORP COM	11,115.000	93.91	1,043,806.61	236.37	2,627,252.55	1.2	5.52	61,354.80	2.335
Total for Industrials			10,234,880.73		36,004,110.10	15.9		289,159.90	.803
Information Tech									
APPLE INC COM	35,470.000	24.08	854,006.24	254.63	9,031,726.10	4.0	1.04	36,888.80	.408
MICROSOFT CORP COM	20,230.000	32.41	655,748.61	517.95	10,478,128.50	4.6	3.64	73,637.20	.703
TE CONNECTIVITY PLC ORD SHS	28,245.000	38.16	1,077,818.57	219.53	6,200,624.85	2.7	2.84	80,215.80	1.294
Total for Information Tech			2,587,573.42		25,710,479.45	11.3		190,741.80	.742
Total: Total Equity			49,681,896.36		164,214,700.55	72.5		1,564,128.20	.953
Total Fixed Income									
Corporate Bonds									
ABBVIE INC SR GLBL NT 4.250% 11/14/2028	1,250,000.000	104.36	1,304,500.00	100.79	1,280,129.51	.6	4.25	53,125.00	4.217
APPLE INC SR GLBL 4.300% 05/10/2033	500,000.000	99.99	499,970.00	101.31	514,985.83	.2	4.30	21,500.00	4.244
BANK AMER CORP FR 3.248% 10/21/2027	2,500,000.000	102.81	2,570,298.44	98.69	2,503,463.89	1.1	3.25	81,200.00	3.291
BLACKROCK INC SR GLBL NT 3.250% 04/30/2029	1,250,000.000	110.36	1,379,554.43	97.77	1,239,177.43	.5	3.25	40,625.00	3.324
CHEVRON USA INC SR GLBL NT 3.850% 01/15/2028	1,250,000.000	100.84	1,260,500.00	100.02	1,260,434.72	.6	3.85	48,125.00	3.849
CISCO SYS INC SR GLBL NT 4.950% 02/26/2031	1,750,000.000	102.30	1,790,250.00	103.49	1,819,531.88	.8	4.95	86,625.00	4.783
CISCO SYS INC SR GLBL NT 5.050% 02/26/2034	1,000,000.000	101.95	1,019,500.00	103.44	1,039,279.72	.5	5.05	50,500.00	4.882
COMCAST CORP NEW GLBL NT 2.650% 02/01/2030	1,250,000.000	108.15	1,351,916.41	93.77	1,177,620.84	.5	2.65	33,125.00	2.826
DISNEY WALT CO SR GLBL NT	1,250,000.000	107.38	1,342,255.25	93.04	1,170,164.59	.5	2.65	33,125.00	2.848

Portfolio Holdings by Asset Class
KY LEGISLATORS RET DEFINED BEN AGT

Ending: September 30, 2025
Managed Since: January 01, 1993

	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
2.650% 01/13/2031									
EXXON MOBIL CORP SR GBL COCO	1,250,000.000	107.91	1,348,900.66	93.31	1,181,468.75	.5	2.61	32,625.00	2.797
2.610% 10/15/2030									
META PLATFORMS INC GBL NT	1,000,000.000	99.78	997,780.00	102.05	1,037,847.78	.5	4.60	46,000.00	4.508
4.600% 05/15/2028									
GEORGIA PWR CO SR GBL 2022A	1,250,000.000	100.40	1,255,000.00	101.21	1,287,294.44	.6	4.70	58,750.00	4.644
4.700% 05/15/2032									
JPMORGAN CHASE & CO SR NT	1,250,000.000	108.13	1,351,599.84	99.06	1,256,650.00	.6	2.95	36,875.00	2.978
2.950% 10/01/2026									
JPMORGAN CHASE & CO GBL NT	750,000.000	100.75	755,625.00	104.20	794,845.00	.4	5.35	40,125.00	5.135
5.350% 06/01/2034									
JPMORGAN CHASE & CO SR GBL NT	1,000,000.000	102.84	1,028,400.00	103.03	1,040,192.03	.5	5.30	52,990.00	5.143
5.299% 07/24/2029									
JOHNSON & JOHNSON SR GBL	1,250,000.000	109.21	1,365,091.23	98.27	1,236,002.78	.5	2.90	36,250.00	2.951
2.900% 01/15/2028									
MCDONALDS CORP MED TERM NT FR	1,500,000.000	99.10	1,486,500.00	99.36	1,494,850.00	.7	3.50	52,500.00	3.522
3.500% 03/01/2027									
MCDONALDS CORP FR	1,000,000.000	98.74	987,350.00	103.02	1,036,632.50	.5	4.95	49,500.00	4.805
4.950% 08/14/2033									
MERCK & CO INC SR GBL	1,250,000.000	111.45	1,393,128.69	97.97	1,227,470.84	.5	3.40	42,500.00	3.470
3.400% 03/07/2029									
NORTHERN TR CORP SUB NT	1,250,000.000	104.25	1,303,135.51	99.95	1,270,085.07	.6	3.95	49,375.00	3.952
3.950% 10/30/2025									
OREILLY AUTOMOTIVE INC SR GBL	1,000,000.000	98.33	983,300.00	100.84	1,022,288.89	.5	4.70	47,000.00	4.661
4.700% 06/15/2032									
OMNICOM GROUP INC SR GBL	1,250,000.000	104.40	1,304,998.94	99.61	1,265,837.50	.6	3.60	45,000.00	3.614
3.600% 04/15/2026									
PARKER HANNIFIN CORP SR GBL	1,250,000.000	98.54	1,231,687.50	101.35	1,269,425.00	.6	4.50	56,250.00	4.440
4.500% 09/15/2029									
PAYCHEX INC SR GBL NT	1,000,000.000	102.39	1,023,900.00	103.76	1,063,052.50	.5	5.35	53,500.00	5.156
5.350% 04/15/2032									
PEPSICO INC SR NT	1,250,000.000	109.15	1,364,337.28	98.29	1,229,743.75	.5	2.63	32,812.50	2.671
2.625% 03/19/2027									
PFIZER INC GBL NT	1,250,000.000	108.41	1,355,079.82	93.78	1,188,643.75	.5	2.63	32,812.50	2.799

Portfolio Holdings by Asset Class
KY LEGISLATORS RET DEFINED BEN AGT

Ending: September 30, 2025
Managed Since: January 01, 1993

	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
2.625% 04/01/2030									
PROGRESSIVE CORP SR GBL	1,250,000.000	109.86	1,373,253.13	96.19	1,202,955.55	.5	3.20	40,000.00	3.327
3.200% 03/26/2030									
SCHWAB CHARLES CORP SR GBL	1,250,000.000	106.19	1,327,430.00	98.24	1,235,345.84	.5	3.20	40,000.00	3.257
3.200% 01/25/2028									
SYSCO CORP SR NT	1,000,000.000	102.85	1,028,451.91	100.00	1,018,750.00	.5	3.75	37,500.00	3.750
3.750% 10/01/2025									
SYSCO CORP SR GBL NT	1,000,000.000	98.52	985,200.00	98.63	993,201.11	.4	3.25	32,500.00	3.295
3.250% 07/15/2027									
TARGET CORP SR GBL	2,500,000.000	102.24	2,556,000.00	100.58	2,519,375.00	1.1	4.50	112,500.00	4.474
4.500% 09/15/2032									
TEXAS INSTRS INC SR GBL NT	1,250,000.000	105.83	1,322,899.94	93.65	1,172,771.88	.5	2.25	28,125.00	2.402
2.250% 09/04/2029									
TYCO ELECTRONICS GROUP S A SR GBL	1,000,000.000	101.45	1,014,500.00	101.23	1,018,760.00	.5	4.50	45,000.00	4.445
4.500% 02/09/2031									
UNION PAC CORP SR GBL	1,000,000.000	106.97	1,069,704.65	93.16	935,353.33	.4	2.40	24,000.00	2.576
2.400% 02/05/2030									
US BANCORP FR	500,000.000	100.49	502,450.00	106.63	546,155.00	.2	5.85	29,250.00	5.486
5.850% 10/21/2033									
US BANCORP FR	2,000,000.000	103.70	2,074,000.00	105.29	2,127,230.22	.9	5.68	113,560.00	5.393
5.678% 01/23/2035									
WELLS FARGO CO NEW SR NT	1,250,000.000	108.47	1,355,895.73	98.98	1,253,758.33	.6	3.00	37,500.00	3.031
3.000% 10/23/2026									
WELLS FARGO & CO FR	500,000.000	100.49	502,450.00	105.04	530,293.91	.2	5.56	27,785.00	5.290
5.557% 07/25/2034									
Total for Corporate Bonds			48,166,794.36		46,461,069.16	20.7		1,780,535.00	3.869
Governments									
FEDERAL HOME LOAN BKS CONS BDS	1,855,000.000	99.98	1,854,629.00	99.47	1,862,772.45	.8	4.75	88,112.50	4.775
4.750% 01/19/2034									
FEDERAL FARM CR BKS CONS SYSTEMWIDE	1,250,000.000	100.00	1,250,000.00	99.27	1,260,440.63	.6	3.33	41,625.00	3.354
3.330% 04/12/2027									
FEDERAL FARM CR BKS CONS SYSTEMWIDE	1,000,000.000	99.65	996,450.00	101.31	1,014,398.61	.4	4.25	42,500.00	4.195
4.250% 03/20/2028									

Portfolio Holdings by Asset Class
KY LEGISLATORS RET DEFINED BEN AGT

Ending: September 30, 2025
Managed Since: January 01, 1993

	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
FEDERAL FARM CR BKS CONS SYSTEMWIDE 4.500% 08/08/2033	1,000,000.000	99.06	990,550.00	101.68	1,023,405.00	.5	4.50	45,000.00	4.426
TENNESSEE VALLEY AUTH FED BE B BD 4.875% 05/15/2035	1,000,000.000	102.32	1,023,200.00	103.61	1,054,361.25	.5	4.88	48,750.00	4.705
US TREASURY NOTE 3.125% 11/15/2028	1,000,000.000	108.18	1,081,750.00	98.49	996,733.67	.4	3.13	31,250.00	3.173
US TREASURY NOTE 4.500% 11/15/2033	2,000,000.000	103.45	2,068,980.00	103.41	2,102,254.56	.9	4.50	90,000.00	4.351
US TREASURY NOTE 4.250% 01/31/2026	850,000.000	100.04	850,340.00	100.08	856,757.78	.4	4.25	36,125.00	4.247
US TREASURY NOTE 4.125% 10/31/2026	2,000,000.000	100.11	2,002,180.00	100.44	2,043,364.46	.9	4.13	82,500.00	4.107
US TREASURY NOTE 4.125% 11/30/2031	3,000,000.000	99.86	2,995,650.00	101.44	3,084,788.11	1.4	4.13	123,750.00	4.066
Total for Governments			15,113,729.00		15,299,276.52	6.8		629,612.50	4.167
Taxable Bond Funds									
ISHARES 1-3 YEAR TREASURY BOND ETF	1,760.000	84.58	148,859.68	82.96	146,009.60	.1	3.21	5,658.40	3.875
Total for Taxable Bond Funds			148,859.68		146,009.60	.1		5,658.40	3.875
Total: Total Fixed Income			63,429,383.04		61,906,355.28	27.6		2,415,805.90	3.943
Total			113,111,279.40		226,121,055.83	100.0		3,979,934.10	1.765

	Market Value	Fiscal Year to Date (3 Months)	1 Year	3 Years	5 Years	10 Years	20 Years	30 Years
Total Portfolio - Gross	226,121,056	7.66	20.91	23.00	15.60	13.40	10.54	9.79
Total Portfolio - Net	226,121,056	7.64	20.82	22.90	15.51	13.32	10.48	9.74
70% S&P 500 / 30% Bloomberg US Govt/Credit		6.11	13.53	18.85	11.78	11.43	8.82	8.80
Total Equity	164,214,701	9.90	27.40	29.97	20.89	17.37	12.93	11.87
S P 500 Index		8.12	17.60	24.94	16.47	15.30	10.97	10.47
Total Fixed Income	61,906,355	1.68	4.78	5.78	1.16	2.22	2.93	3.97
Bloomberg US Government/Credit Interm Bond		1.51	4.01	5.18	.81	2.10	3.13	4.11

	Total Portfolio - Gross	70% S&P 500 / 30% Bloomberg US Govt/Credit
Return	13.40	11.43
Standard Deviation	12.14	11.08
Beta	1.05	
Alpha	1.40	
R-Squared	.93	
Sharpe Ratio	.91	.82
Treynor Ratio	10.57	9.13
Tracking Error	3.27	
Information Ratio	.58	
Downside Deviation	7.35	6.82
Downside Standard Deviation	9.16	8.36
Sortino Ratio	1.93	1.78
Upside Capture	1.11	
Downside Capture	1.02	
Batting Average	.58	
Annualized Excess Return	1.97	
Cumulative Excess Return	56.66	
Turnover %	108.73	
M-Squared	12.43	
Residual Risk	.93	
Risk-Free Benchmark (3 Mos Treasury Bill Rate)	2.30	

	Total Portfolio - Gross	70% S&P 500 / 30% Bloomberg US Govt/Credit
Return	10.54	8.82
Standard Deviation	10.97	10.79
Beta	.97	
Alpha	1.81	
R-Squared	.92	
Sharpe Ratio	.80	.65
Treynor Ratio	9.03	7.04
Tracking Error	3.19	
Information Ratio	.50	
Downside Deviation	6.86	7.04
Downside Standard Deviation	8.30	8.24
Sortino Ratio	1.63	1.34
Upside Capture	1.05	
Downside Capture	.94	
Batting Average	.58	
Annualized Excess Return	1.72	
Cumulative Excess Return	199.59	
Turnover %	209.63	
M-Squared	10.40	
Residual Risk	.90	
Risk-Free Benchmark (3 Mos Treasury Bill Rate)	1.78	

Purchases

Date	Amount	Security	Purchase Price	Total Cost
02/27/2025	4,260.00	DANAHER CORP COM	207.74	884,962.18
02/27/2025	13,000.00	DISNEY WALT CO COM	113.01	1,469,089.70
02/27/2025	17,700.00	OMNICOM GROUP INC COM	81.91	1,449,874.26
03/03/2025	10,000.00	DANAHER CORP COM	207.30	2,073,038.00
04/08/2025	13,985.00	AMAZON.COM INC COM	182.57	2,553,205.09
04/23/2025	500,000.00	WELLS FARGO & CO FR	100.49	502,450.00
04/23/2025	750,000.00	JPMORGAN CHASE & CO GLBL NT	100.75	755,625.00
06/03/2025	4,005.00	DANAHER CORP COM	191.86	768,383.28
06/03/2025	3,670.00	AMAZON.COM INC COM	207.23	760,527.49
07/23/2025	1,000,000.00	PAYCHEX INC SR GLBL NT	102.39	1,023,900.00
07/30/2025	2,000,000.00	US TREASURY NOTE	100.11	2,002,180.00
07/30/2025	1,250,000.00	GEORGIA PWR CO SR GLBL 2022A	100.40	1,255,000.00
08/08/2025	850,000.00	US TREASURY NOTE	100.04	850,340.00
08/08/2025	1,000,000.00	SYSCO CORP SR GLBL NT	98.52	985,200.00
08/08/2025	1,000,000.00	TENNESSEE VALLEY AUTH FED BE B BD	102.32	1,023,200.00
08/08/2025	1,500,000.00	MCDONALDS CORP MED TERM NT FR	99.10	1,486,500.00
08/08/2025	1,000,000.00	JPMORGAN CHASE & CO SR GLBL NT	102.84	1,028,400.00
09/18/2025	1,000,000.00	TYCO ELECTRONICS GROUP S A SR GLBL	101.45	1,014,500.00
				21,886,375.00

Sales

Date	Amount	Security	Sale Price	Proceeds	Acquisition Date	Purchase Price	Cost Basis	Gain/Loss
02/27/2025	-1,800.00	BERKSHIRE HATHAWAY INC DEL CL B NEW	500.96	901,730.82	03/27/2020	40.76	73,370.73	828,360.09
02/27/2025	-4,400.00	GE AEROSPACE	204.12	898,145.26	08/02/2021	113.92	501,267.82	396,877.44
02/27/2025	-8,000.00	PROGRESSIVE CORP OH COM	278.40	2,227,197.27	03/11/2015	26.38	211,030.40	2,016,166.87
02/27/2025	-46,890.00	US BANCORP DEL COM NEW	46.41	2,176,048.09	09/07/2007	30.10	1,411,199.55	764,848.54
04/08/2025	-22,280.00	FASTENAL CO COM	74.74	1,665,127.46	02/12/2015	20.86	464,676.79	1,200,450.67
04/08/2025	-1,030.00	O REILLY AUTOMOTIVE INC NEW COM	1,369.46	1,410,547.84	07/11/2017	174.94	180,189.97	1,230,357.87
04/23/2025	-1,250,000.00	VERIZON COMMUNICATIONS INC SR GLBL	100.00	1,250,000.00	01/27/2021	1.08	1,351,938.92	-101,938.92
05/01/2025	1,250,000.00	VERIZON COMMUNICATIONS INC SR GLBL	100.00	-1,250,000.00	01/01/1950	1.08	-1,351,938.92	0.00
05/01/2025	-1,250,000.00	VERIZON COMMUNICATIONS INC SR GLBL	100.50	1,256,197.92	01/01/1950	1.08	1,351,938.92	-95,741.00

Portfolio Turnover

KY LEGISLATORS RET DEFINED BEN AGT

December 31, 2024 to September 30, 2025

Managed since: January 01, 1993

Date	Amount	Security	Sale Price	Proceeds	Acquisition Date	Purchase Price	Cost Basis	Gain/Loss
06/03/2025	-3,125.00	GE VERNOVA INC COM	490.91	1,534,094.38	04/09/2024	0.00	0.00	1,534,094.38
07/20/2025	-1,000,000.00	CVS HEALTH CORP SR GLBL NT	100.00	1,000,000.00	11/13/2017	1.01	1,012,931.54	-12,931.54
07/29/2025	-1,250,000.00	INTEL CORP SR GLBL	100.00	1,250,000.00	04/12/2022	1.02	1,280,000.00	-30,000.00
07/31/2025	-2,000,000.00	US TREASURY NOTE	100.00	2,000,000.00	03/21/2024	1.00	1,998,800.00	1,200.00
08/07/2025	-1,670.00	APPLE INC COM	219.88	367,204.94	04/23/2015	32.36	54,039.32	313,165.62
08/07/2025	-820.00	AMAZON.COM INC COM	222.95	182,815.06	04/08/2025	182.57	149,705.27	33,109.79
08/07/2025	-2,180.00	BANK OF AMERICA CORP COM	45.22	98,575.46	08/30/2019	26.92	58,679.12	39,896.34
08/07/2025	-845.00	BERKSHIRE HATHAWAY INC DEL CL B NEW	462.18	390,542.27	03/27/2020	40.76	34,443.48	356,098.79
08/07/2025	-835.00	DANAHER CORP COM	198.43	165,688.38	02/27/2025	207.74	173,460.90	-7,772.52
08/07/2025	-2,335.00	DISNEY WALT CO COM	112.55	262,797.01	04/23/2015	25.44	59,392.42	203,404.59
08/07/2025	-1,015.00	EXPEDITORS INTL WASH INC COM	118.06	119,827.25	03/25/2013	37.20	37,759.32	82,067.93
08/07/2025	-3,800.00	FASTENAL CO COM	47.04	178,746.30	04/23/2015	10.18	38,679.92	140,066.38
08/07/2025	-1,575.00	GE AEROSPACE	269.87	425,043.20	08/02/2021	113.92	179,431.09	245,612.11
08/07/2025	-860.00	GE VERNOVA INC COM	649.15	558,269.17	04/09/2024	0.00	0.00	558,269.17
08/07/2025	-2,200.00	ALPHABET INC CAP STK CL C	197.44	434,377.90	03/31/2015	27.52	60,538.07	373,839.83
08/07/2025	-915.00	HOME DEPOT INC COM	384.96	352,238.49	04/23/2015	39.92	36,522.40	315,716.09
08/07/2025	-1,400.00	JOHNSON & JOHNSON COM	170.88	239,236.62	11/24/2021	1.06	1,488.37	237,748.25
08/07/2025	-1,820.00	JPMORGAN CHASE & CO COM	288.62	525,287.13	12/12/2008	30.90	56,245.35	469,041.78
08/07/2025	-1,915.00	CARMAX INC COM	55.42	106,130.07	01/30/2019	59.76	114,446.81	-8,316.74
08/07/2025	-540.00	META PLATFORMS INC.	768.18	414,818.60	05/06/2020	203.86	110,086.45	304,732.15
08/07/2025	-985.00	MICROSOFT CORP COM	522.55	514,716.68	06/30/2021	28.27	27,850.88	486,865.80
08/07/2025	-2,350.00	OMNICOM GROUP INC COM	72.88	171,258.37	06/30/2021	43.83	102,988.79	68,269.58
08/07/2025	-2,490.00	O REILLY AUTOMOTIVE INC NEW COM	103.43	257,546.68	07/11/2017	181.61	452,214.37	-194,667.69
08/07/2025	-1,660.00	PROGRESSIVE CORP OH COM	245.47	407,481.20	03/11/2015	26.38	43,788.81	363,692.39
08/07/2025	-420.00	PARKER HANNIFIN CORP COM	721.98	303,231.64	10/28/2022	280.15	117,661.61	185,570.03
08/07/2025	-3,830.00	SCHWAB CHARLES CORP NEW COM	95.96	367,537.52	08/26/2020	35.35	135,373.26	232,164.26
08/07/2025	-1,370.00	TE CONNECTIVITY PLC ORD SHS	200.53	274,721.99	09/30/2024	38.16	52,278.68	222,443.31
08/07/2025	-1,730.00	TJX COS INC NEW COM	131.56	227,600.53	04/23/2015	6.06	10,478.18	217,122.35
08/07/2025	-550.00	UNION PAC CORP COM	223.16	122,740.75	07/24/2015	93.91	51,650.35	71,090.40
08/07/2025	-1,790.00	WELLS FARGO & CO NEW COM	77.40	138,546.18	06/02/2011	28.21	50,494.65	88,051.53
09/15/2025	-1,000,000.00	HOME DEPOT INC SR GLBL NT	100.00	1,000,000.00	03/21/2024	0.98	979,900.00	20,100.00
				24,926,068.43			11,675,003.59	13,149,125.92

Proxy Voting Report

Jul 1, 2025 to Sep 30, 2025

For Accounts: Kentucky Legislators Ret. Defined Benefit Agt.; Kentucky Judicial Ret. Defined Benefit Agt.

Vote Against Management (VAM) Summary

Number of Meetings	Number of Proposals
0	0
Number of Countries (Country of Origin)	Number of Countries (Country of Trade)
0	0
Number of Meetings With VAM	% of All Meetings Voted
0	NA
Number of Proposals With VAM	% of All Proposals Voted
0	NA
Number of Meetings With Votes For Mgmt	% of All Meetings Voted
0	NA
Number of Proposals With Votes For Mgmt	% of All Proposals Voted
0	NA
Number of Abstain Votes	% of All Proposals Voted
0	NA
Number of No Votes Cast	% of All Proposals Voted
0	NA

Votes Against Policy (VAP) Summary

Number of Meetings	Number of Proposals
0	0
Number of Countries (Country of Origin)	Number of Countries (Country of Trade)
0	0
Number of Meetings With VAP	% of All Meetings Voted
0	NA
Number of Proposals With VAP	% of All Proposals Voted
0	NA
Number of Meetings With Votes For Policy	% of All Meetings Voted
0	NA
Number of Proposals With Votes For Policy	% of All Proposals Voted
0	NA
Number of Abstain Votes	% of All Proposals Voted
0	NA
Number of No Votes Cast	% of All Proposals Voted

0	NA
Number of Proposals with Votes with GL	% of All Proposals Voted
0	NA

Proposal Summary

Number of Meetings: 0

Number of Mgmt Proposals: 0

Number of Shareholder Proposals: 0

Mgmt Proposals Voted FOR	% of All Mgmt Proposals
0	NA
Mgmt Proposals Voted Against/Withhold	% of All Mgmt Proposals
0	NA
Mgmt Proposals Voted Abstain	% of All Mgmt Proposals
0	NA
Mgmt Proposals With No Votes Cast	% of All Mgmt Proposals
0	NA
Mgmt Proposals Voted 1 Year	% of All Mgmt Proposals
0	NA
Mgmt Proposals Voted 2 Years	% of All Mgmt Proposals
0	NA
Mgmt Proposals Voted 3 Years	% of All Mgmt Proposals
0	NA

ShrHldr Proposal Voted FOR	% of All ShrHldr Proposals
0	NA
ShrHldr Proposals Voted Against/Withhold	% of All ShrHldr Proposals
0	NA
ShrHldr Proposals Voted Abstain	% of All ShrHldr Proposals
0	NA
ShrHldr Proposals With No Votes Cast	% of All ShrHldr Proposals
0	NA

Investment Policy Review

Account Number 920007010

Account Name KY JUDICIAL RET HYBRID CASH BAL AGT

Investment Goal: Growth & Income

Baird Trust Investment Authority: Sole Authority

Time Horizon: Long – 10+ Years

Asset Allocation: 70% Equity / 30% Fixed Income

Account Restrictions: None

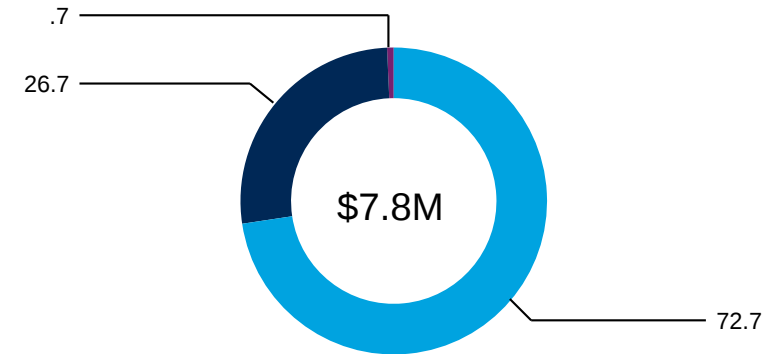
Meeting Date: October 24, 2025

Client Investment Review

Investment activity through 09/30/2025

Asset Allocation Summary

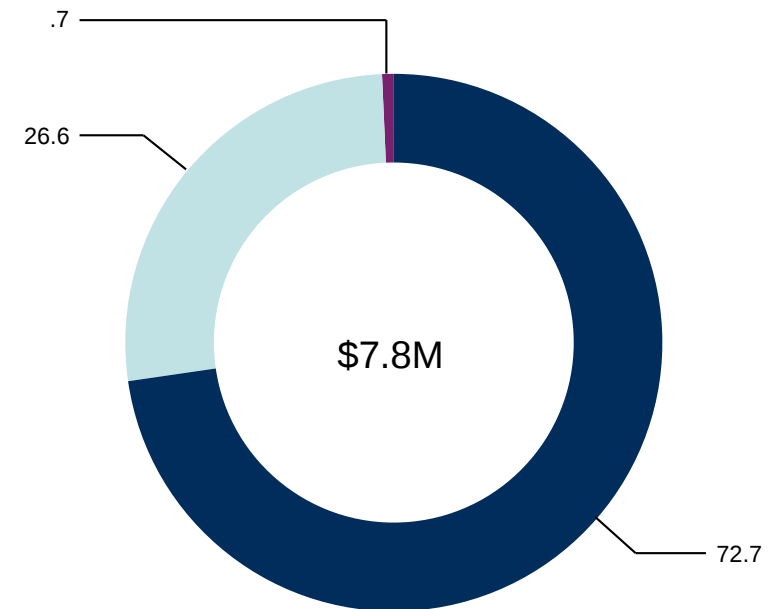
	Market Value	% of Mkt Val	Estimated Annual Income	Current Yield
Total Equity	5,695,155	72.7	54,629.00	1.0
Total Fixed Income	2,088,843	26.6	90,645.04	4.3
Cash & Equivalents	54,823	.7	2,120.41	3.9
Total	7,838,821	100.0	147,394.45	1.9



Investment Summary

	Fiscal Year to Date (3 Months)
Beginning Account Value	7,284,716.48
Net Contributions/Withdrawals	-1,623.49
Income Earned	36,258.99
Market Appreciation	519,468.53
Ending Account Value	7,838,820.51

	Market Value	% of Mkt Val
Core Equity	5,695,155	72.7
Taxable Bond Funds	2,088,843	26.6
Cash & Equivalents	54,823	.7
Total	7,838,821	100.0



	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
Cash & Equivalents									
Money Markets									
GOLDMAN SACHS FINANCIAL SQUARE	54,655.490	1.00	54,655.49	1.00	54,822.60	.7	3.88	2,120.41	3.880
Total for Money Markets			54,655.49		54,822.60	.7		2,120.41	3.880
Total: Cash & Equivalents			54,655.49		54,822.60	.7		2,120.41	3.880
Total Equity									
Communication Services									
ALPHABET INC CAP STK CL C	1,585.000	138.33	219,250.22	243.55	386,026.75	4.9	.84	1,331.40	.345
DISNEY WALT CO COM	1,558.000	135.57	211,214.71	114.50	178,391.00	2.3	1.00	1,558.00	.873
META PLATFORMS INC.	408.000	422.76	172,488.07	734.38	299,627.04	3.8	2.10	856.80	.286
OMNICOM GROUP INC COM	1,681.000	78.62	132,156.59	81.53	138,228.63	1.8	2.80	4,706.80	3.434
Total for Communication Services			735,109.59		1,002,273.42	12.8		8,453.00	.844
Consumer Disc									
AMAZON.COM INC COM	611.000	187.46	114,540.14	219.57	134,157.27	1.7	.00	.00	.000
CARMAX INC COM	1,362.000	91.79	125,014.49	44.87	61,112.94	.8	.00	.00	.000
HOME DEPOT INC COM	643.000	329.77	212,045.19	405.19	260,537.17	3.3	9.20	5,915.60	2.271
O REILLY AUTOMOTIVE INC NEW COM	1,782.000	49.25	87,760.58	107.81	192,117.42	2.5	.00	.00	.000
TJX COS INC NEW COM	1,116.000	77.87	86,898.27	144.54	161,306.64	2.1	1.70	1,897.20	1.176
Total for Consumer Disc			626,258.67		809,231.44	10.4		7,812.80	.965
Financials									
BANK OF AMERICA CORP COM	1,555.000	39.70	61,737.32	51.59	80,222.45	1.0	1.12	1,741.60	2.171
BERKSHIRE HATHAWAY INC DEL CL B NEW	585.000	321.28	187,951.42	502.74	294,102.90	3.8	.00	.00	.000
JPMORGAN CHASE & CO COM	1,378.000	166.13	228,931.46	315.43	434,662.54	5.5	6.00	8,268.00	1.902
PROGRESSIVE CORP OH COM	1,182.000	126.46	149,475.98	246.95	291,894.90	3.7	.40	472.80	.162
SCHWAB CHARLES CORP NEW COM	2,757.000	68.24	188,139.75	95.47	263,210.79	3.4	1.08	2,977.56	1.131
WELLS FARGO & CO NEW COM	1,235.000	50.88	62,842.24	83.82	103,517.70	1.3	1.80	2,223.00	2.147
Total for Financials			879,078.17		1,467,611.28	18.7		15,682.96	1.069

Portfolio Holdings by Asset Class
KY JUDICIAL RET HYBRID CASH BAL AGT

Ending: September 30, 2025
 Managed Since: June 01, 2015

	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
Health Care									
DANAHER CORP COM	600.000	204.10	122,459.10	198.26	119,148.00	1.5	1.28	768.00	.646
JOHNSON & JOHNSON COM	1,008.000	168.93	170,280.66	185.42	186,903.36	2.4	5.20	5,241.60	2.804
Total for Health Care			292,739.76		306,051.36	3.9		6,009.60	1.965
Industrials									
EXPEDITORS INTL WASH INC COM	708.000	119.69	84,739.70	122.59	86,793.72	1.1	1.54	1,090.32	1.256
FASTENAL CO COM	2,728.000	29.48	80,425.30	49.04	133,781.12	1.7	.88	2,400.64	1.794
GE VERNOVA INC COM	542.000	133.13	72,157.37	614.90	333,275.82	4.3	1.00	542.00	.163
GE AEROSPACE	1,080.000	86.39	93,300.65	300.82	325,274.40	4.1	1.44	1,555.20	.479
PARKER HANNIFIN CORP COM	310.000	353.84	109,689.09	758.15	235,026.50	3.0	7.20	2,232.00	.950
UNION PAC CORP COM	406.000	226.15	91,815.49	236.37	95,966.22	1.2	5.52	2,241.12	2.335
Total for Industrials			532,127.60		1,210,117.78	15.4		10,061.28	.832
Information Tech									
APPLE INC COM	1,248.000	161.46	201,502.24	254.63	317,778.24	4.1	1.04	1,297.92	.408
MICROSOFT CORP COM	725.000	312.24	226,372.81	517.95	375,513.75	4.8	3.64	2,639.00	.703
TE CONNECTIVITY PLC ORD SHS	941.000	147.16	138,476.96	219.53	206,577.73	2.6	2.84	2,672.44	1.294
Total for Information Tech			566,352.01		899,869.72	11.5		6,609.36	.734
Total: Total Equity			3,631,665.80		5,695,155.00	72.7		54,629.00	.960
Total Fixed Income									
Taxable Bond Funds									
ISHARES INTERMEDIATE	1,380.000	106.79	147,369.09	107.44	148,263.06	1.9	368.50	5,085.30	3.430
ISHARES TRUST ISHARES 1-5 YEAR	21,550.000	52.73	1,136,265.02	53.03	1,142,796.50	14.6	2.30	49,478.80	4.330
VANGUARD SCOTTSDALE FDS VANGUARD	9,485.000	86.31	818,613.95	84.11	797,783.35	10.2	3.80	36,080.94	4.523
Total for Taxable Bond Funds			2,102,248.06		2,088,842.91	26.7		90,645.04	4.339
Total: Total Fixed Income			2,102,248.06		2,088,842.91	26.7		90,645.04	4.339
Total			5,788,569.35		7,838,820.51	100.0		147,394.45	1.881

Performance Overview

KY JUDICIAL RET HYBRID CASH BAL AGT

Ending: September 30, 2025

Managed Since: June 01, 2015

	Market Value	Fiscal Year to Date (3 Months)	1 Year	3 Years	5 Years	10 Years	Inception to Date 06/01/2015
Total Portfolio - Gross	7,838,821	7.63	20.63	23.00	14.37	12.74	11.64
Total Portfolio - Net	7,838,821	7.61	20.53	22.90	14.28	12.65	11.56
70% SP500 30% Bloomberg Int Govt Cr		6.11	13.53	18.85	11.78	11.43	10.41
Total Equity	5,695,155	9.79	27.00	29.80	19.32	16.66	15.11
S P 500 Index		8.12	17.60	24.94	16.47	15.30	13.82
Total Fixed Income	2,088,843	2.03	5.21	6.99	1.39	3.14	2.99
Bloomberg US Government/Credit Interm Bond		1.51	4.01	5.18	.81	2.10	2.06
Cash & Equivalents	54,823	1.03	4.66	5.60	3.47	2.24	2.17
3 Mos Treasury Bill Rate		1.06	4.47	5.02	3.21	2.19	2.12

	GVI*	Bloomberg Intermediate Gov/Cr**
Modified Duration	3.75	3.83
Effective Maturity	4.39	4.29
Credit Rating	AA-	AA2/AA3
Weighted Coupon	3.68	3.59
Weighted Price	99.52	98.87
Yield to Maturity	3.97	3.97

*Investment as of Oct 31, 2025 | Source: Manager-reported and holdings-based calculations.

**Bloomberg Intermediate Gov/Cr as of September 30, 2025 | Source: Bloomberg L.P.

Credit Rating (Subtotal Weight)	0-1	1-3	3-5	5-7	7-10	10-20	>20	Unk
AAA (2.87)	0.04	1.21	0.99	0.44	0.19	—	—	—
AA (68.05)	0.76	29.91	20.61	11.45	5.32	—	—	—
A (14.42)	0.32	5.13	3.91	3.99	1.02	—	—	0.06
BBB (14.34)	0.26	4.37	4.45	4.03	1.23	—	—	0.01
BB (0.29)	0.00	0.09	0.12	0.08	0.00	—	—	—
B	—	—	—	—	—	—	—	—
Below B	—	—	—	—	—	—	—	—
Not Rated (0.02)	—	0.01	0.01	0.00	0.00	—	—	0.00

As of Oct 13, 2025 | Data is based on the long position of the holdings. | Source: Holdings-based calculations.

	IGSB*	Bloomberg Intermediate Gov/Cr**
Modified Duration	2.71	3.83
Effective Maturity	3.69	4.29
Credit Rating	A-	AA2/AA3
Weighted Coupon	4.29	3.59
Weighted Price	100.11	98.87
Yield to Maturity	4.28	3.97

*Investment as of Oct 13, 2025 | Source: Manager-reported and holdings-based calculations.

**Bloomberg Intermediate Gov/Cr as of September 30, 2025 | Source: Bloomberg L.P.

Credit Rating (Subtotal Weight)	0-1	1-3	3-5	5-7	7-10	10-20	>20	Unk
AAA (0.41)	—	0.28	0.14	—	—	—	—	—
AA (8.47)	0.20	5.46	2.81	—	—	—	—	—
A (46.85)	1.47	27.55	17.79	0.02	—	—	—	0.02
BBB (43.34)	1.50	23.9	17.94	—	—	—	—	0.01
BB (0.72)	0.01	0.32	0.39	—	—	—	—	—
B	—	—	—	—	—	—	—	—
Below B	—	—	—	—	—	—	—	—
Not Rated (0.20)	0.01	0.05	0.14	—	—	—	—	—

As of Oct 13, 2025 | Data is based on the long position of the holdings. | Source: Holdings-based calculations.

	VCIT*	Bloomberg Intermediate Gov/Cr**
Modified Duration	—	3.83
Effective Maturity	7.40	4.29
Credit Rating	BBB+	AA2/AA3
Weighted Coupon	4.78	3.59
Weighted Price	100.57	98.87
Yield to Maturity	4.92	3.97

*Investment as of Sep 30, 2025 | Source: Manager-reported and holdings-based calculations.

**Bloomberg Intermediate Gov/Cr as of September 30, 2025 | Source: Bloomberg L.P.

Credit Rating (Subtotal Weight)	0-1	1-3	3-5	5-7	7-10	10-20	>20	Unk
AAA (0.42)	—	—	0.15	0.14	0.12	—	—	—
AA (5.10)	—	—	0.59	3.29	1.22	—	—	—
A (44.75)	—	—	3.69	30.33	10.55	—	—	0.18
BBB (48.80)	—	—	6.94	32.07	9.79	—	—	—
BB (0.94)	—	—	0.56	0.32	0.05	—	—	—
B	—	—	—	—	—	—	—	—
Below B	—	—	—	—	—	—	—	—
Not Rated	—	—	—	—	—	—	—	—

As of Aug 31, 2025 | Data is based on the long position of the holdings. | Source: Holdings-based calculations.

Investment Policy Review

Account Number 920008018

Account Name KY LEGISLATORS RET HYBRID CSH BL AGT

Investment Goal: Growth & Income

Baird Trust Investment Authority: Sole Authority

Time Horizon: Long – 10+ Years

Asset Allocation: 70% Equity / 30% Fixed Income

Account Restrictions: None

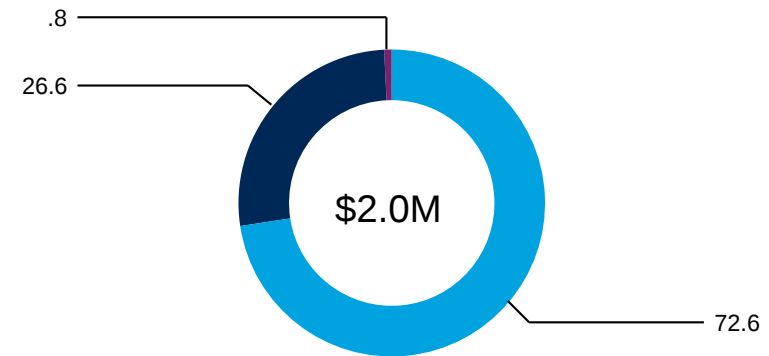
Meeting Date: October 24, 2025

Client Investment Review

Investment activity through 09/30/2025

Asset Allocation Summary

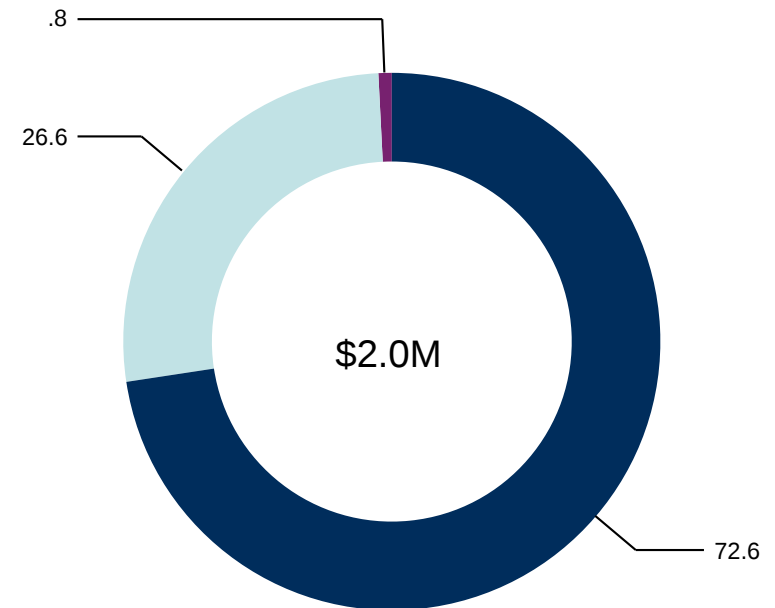
	Market Value	% of Mkt Val	Estimated Annual Income	Current Yield
Total Equity	1,456,913	72.6	14,008.66	1.0
Total Fixed Income	533,617	26.6	23,035.97	4.3
Cash & Equivalents	15,262	.8	590.28	3.9
Total	2,005,791	100.0	37,634.91	1.9



Investment Summary

	Fiscal Year to Date (3 Months)
Beginning Account Value	1,863,841.74
Net Contributions/Withdrawals	-416.31
Income Earned	9,190.66
Market Appreciation	133,174.84
Ending Account Value	2,005,790.93

	Market Value	% of Mkt Val
● Core Equity	1,456,913	72.6
● Taxable Bond Funds	533,617	26.6
● Cash & Equivalents	15,262	.8
Total	2,005,791	100.0



	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
Cash & Equivalents									
Money Markets									
GOLDMAN SACHS FINANCIAL SQUARE	15,214.940	1.00	15,214.94	1.00	15,261.77	.8	3.88	590.28	3.880
Total for Money Markets			15,214.94		15,261.77	.8		590.28	3.880
Total: Cash & Equivalents			15,214.94		15,261.77	.8		590.28	3.880
Total Equity									
Communication Services									
ALPHABET INC CAP STK CL C	383.000	138.11	52,897.93	243.55	93,279.65	4.7	.84	321.72	.345
DISNEY WALT CO COM	401.000	132.77	53,242.00	114.50	45,914.50	2.3	1.00	401.00	.873
META PLATFORMS INC.	101.000	418.52	42,270.19	734.38	74,172.38	3.7	2.10	212.10	.286
OMNICOM GROUP INC COM	430.000	79.01	33,973.63	81.53	35,358.90	1.8	2.80	1,204.00	3.434
Total for Communication Services			182,383.75		248,725.43	12.5		2,138.82	.861
Consumer Disc									
AMAZON.COM INC COM	150.000	186.21	27,932.20	219.57	32,935.50	1.6	.00	.00	.000
CARMAX INC COM	350.000	90.52	31,682.98	44.87	15,704.50	.8	.00	.00	.000
HOME DEPOT INC COM	166.000	328.91	54,598.54	405.19	67,261.54	3.4	9.20	1,527.20	2.271
O REILLY AUTOMOTIVE INC NEW COM	450.000	48.94	22,023.79	107.81	48,514.50	2.4	.00	.00	.000
TJX COS INC NEW COM	283.000	77.83	22,027.22	144.54	40,904.82	2.0	1.70	481.10	1.176
Total for Consumer Disc			158,264.73		205,320.86	10.2		2,008.30	.978
Financials									
BANK OF AMERICA CORP COM	402.000	39.40	15,838.38	51.59	20,739.18	1.0	1.12	450.24	2.171
BERKSHIRE HATHAWAY INC DEL CL B NEW	151.000	322.51	48,699.73	502.74	75,913.74	3.8	.00	.00	.000
JPMORGAN CHASE & CO COM	351.000	164.05	57,579.96	315.43	110,715.93	5.5	6.00	2,106.00	1.902
PROGRESSIVE CORP OH COM	300.000	126.70	38,008.97	246.95	74,085.00	3.7	.40	120.00	.162
SCHWAB CHARLES CORP NEW COM	705.000	67.88	47,858.79	95.47	67,306.35	3.4	1.08	761.40	1.131
WELLS FARGO & CO NEW COM	320.000	50.13	16,042.86	83.82	26,822.40	1.3	1.80	576.00	2.147
Total for Financials			224,028.69		375,582.60	18.7		4,013.64	1.069

	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
Health Care									
DANAHER CORP COM	160.000	203.59	32,574.23	198.26	31,772.80	1.6	1.28	204.80	.646
JOHNSON & JOHNSON COM	263.000	168.95	44,434.99	185.42	48,765.46	2.4	5.20	1,367.60	2.804
Total for Health Care			77,009.22		80,538.26	4.0		1,572.40	1.954
Industrials									
EXPEDITORS INTL WASH INC COM	185.000	118.88	21,993.20	122.59	22,679.15	1.1	1.54	284.90	1.256
FASTENAL CO COM	696.000	29.30	20,392.88	49.04	34,131.84	1.7	.88	612.48	1.794
GE VERNOVA INC COM	150.000	128.33	19,249.09	614.90	92,235.03	4.6	1.00	150.00	.163
GE AEROSPACE	277.000	86.56	23,977.07	300.82	83,426.86	4.2	1.44	398.88	.479
PARKER HANNIFIN CORP COM	76.000	351.70	26,729.33	758.15	57,619.40	2.9	7.20	547.20	.950
UNION PAC CORP COM	104.000	226.23	23,528.18	236.37	24,582.48	1.2	5.52	574.08	2.335
Total for Industrials			135,869.75		314,674.76	15.7		2,567.54	.816
Information Tech									
APPLE INC COM	323.000	161.76	52,247.31	254.63	82,245.49	4.1	1.04	335.92	.408
MICROSOFT CORP COM	185.000	313.71	58,036.10	517.95	95,820.75	4.8	3.64	673.40	.703
TE CONNECTIVITY PLC ORD SHS	246.000	146.26	35,979.38	219.53	54,004.38	2.7	2.84	698.64	1.294
Total for Information Tech			146,262.79		232,070.62	11.6		1,707.96	.736
Total: Total Equity			923,818.93		1,456,912.53	72.7		14,008.66	.962
Total Fixed Income									
Taxable Bond Funds									
ISHARES INTERMEDIATE	465.000	106.79	49,656.98	107.44	49,958.21	2.5	368.50	1,713.53	3.430
ISHARES TRUST ISHARES 1-5 YEAR	5,390.000	52.65	283,796.06	53.03	285,831.70	14.3	2.30	12,375.44	4.330
VANGUARD SCOTTSDALE FDS VANGUARD	2,352.000	86.16	202,643.18	84.11	197,826.72	9.9	3.80	8,947.01	4.523
Total for Taxable Bond Funds			536,096.22		533,616.63	26.7		23,035.97	4.317
Total: Total Fixed Income			536,096.22		533,616.63	26.7		23,035.97	4.317
Total			1,475,130.09		2,005,790.93	100.0		37,634.91	1.877

Performance Overview

KY LEGISLATORS RET HYBRID CSH BL AGT

Ending: September 30, 2025

Managed Since: June 01, 2015

	Market Value	Fiscal Year to Date (3 Months)	1 Year	3 Years	5 Years	10 Years	Inception to Date 06/01/2015
Total Portfolio - Gross	2,005,791	7.64	20.72	22.90	14.27	12.68	11.61
Total Portfolio - Net	2,005,791	7.62	20.62	22.80	14.18	12.59	11.53
70% SP500 30% Bloomberg Int Govt Cr		6.11	13.53	18.85	11.78	11.43	10.41
Total Equity	1,456,913	9.77	27.02	29.79	19.31	16.66	15.11
S P 500 Index		8.12	17.60	24.94	16.47	15.30	13.82
Total Fixed Income	533,617	2.02	5.20	6.99	1.40	3.14	2.99
Bloomberg US Government/Credit Interm Bond		1.51	4.01	5.18	.81	2.10	2.06
Cash & Equivalents	15,262	1.03	4.69	5.05	3.15	2.07	2.00
3 Mos Treasury Bill Rate		1.06	4.47	5.02	3.21	2.19	2.12

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

Bloomberg 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.

MSCI ACWI Index: MSCI's flagship global equity index, is designed to represent performance of the full opportunity set of large- and mid-cap stocks across 23 developed and 27 emerging markets.

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 as of April 23, 2022

INTRODUCTION



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 October 25, 2019.

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 **Baird Trust Company**, 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.

A. 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).

B. 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



C. ASSET ALLOCATION GUIDELINES

The Committees expect each of the four Funds' 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 a high 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 and Fund performance (as measured at market value) over a full market cycle not to exceed five years.

Each of the Funds' 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, not including cash and cash equivalents balances, 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, not including cash and cash equivalent balances, 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, or its designee, 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 monthly basis and will make quarterly or more frequent reports to the Committees, if the target portfolio allocations fall outside of the parameters above.

D. 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 (ETFs) invested substantially in equities.

Should the Manager elect to invest in mutual funds or ETFs 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. The Committees understand that any mutual Funds or ETFs utilized by the Manager may allow broader latitude, but whose investment objective, in the Manager's opinion, is consistent with the Fund's investment guidelines.

The Committees also understand that any mutual fund or ETFs utilized under these Guidelines may utilize derivative instruments for exposure, efficiency, or risk management purposes and are not used as a speculative nature. Any mutual fund or ETF selected by the Manager must generally be consistent with these Guidelines.

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, or its designee. 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 sector of a Fund's equity portfolio shall not exceed more than 20% of the sector's weighting in the S&P 500.

If an individual sector weighting reaches a 40% weighting of a Fund's total equity portfolio, the Manager shall promptly notify the applicable Investment Committee, or its designee. Upon notification of a sector reaching a 40% weighting, the Committee may recommend a course of action to the Manager; absent a Committee recommendation to take action, the Manager has discretion, as long as the weighting does not exceed more than 20% of the sector weight in the S&P 500.

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 or its designee, reasonable steps to bring such Fund's equity investments into compliance with these Equity Guidelines.

E. 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 ETFs investing substantially in fixed income. Should the Manager elect to invest in mutual funds or ETFs 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.

The Committees also understand that any mutual fund or ETFs utilized under these Guidelines may utilize derivative instruments for exposure, efficiency, or risk management purposes and are not used as a speculative nature. Any mutual fund or ETF selected by the Manager must generally be consistent with these Guidelines.

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 ETFs 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. Only ETF or Mutual Fund securities whose fixed income investments have a dollar-weighted average credit rating of BBB from Standard & Poor's and/or Baa rating from Moody's, may be purchased. No ETF or Mutual Fund shall have a total allocation of more than 5% in below investment grade rated holdings.
7. Investment in bonds will be limited to those eligible for purchase by national banks.
8. Individual fixed income security maturities will be reasonably spaced with due consideration given to call provisions.
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, including ETF or Mutual Funds, shall at all times be within one year of the duration of its fixed income benchmark.

10. The fixed income benchmark selected by the Manager for any Fund shall be approved by the Committee' and must be a broad market benchmark that reasonably reflects 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 or its designee, reasonable steps to bring such Fund's fixed income investments into compliance with these Fixed Income Guidelines.

F. 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 at 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.

G. OTHER ASSETS

The Manager will not purchase assets other than those described herein without the prior written consent of the Committees. Investments in commodities and currency exchange contracts are strictly prohibited.

The Manager may invest in or hold ETF or mutual funds which make use of derivatives securities, for the purpose of gaining exposure, cost efficiency and risk management purposes as long as such investments do not cause the Funds to be leveraged beyond a 100% position. All derivative securities utilized shall be sufficiently liquid and expected to be able to be sold at or near its most recently quoted market price.

Under no circumstances shall the Manager purchase securities on margin or take positions in derivative securities that leverage the Funds' investments beyond a 100% invested position. The Manager shall not hold ETF or Mutual fund securities that holds underlying securities on margin.

Investments not specifically addressed by this *Statement* are forbidden by the Committees without prior written consent.

H. SALES AND PURCHASES

The Manager shall have discretion in selecting brokers or institution(s) to execute transactions, unless directed otherwise by the Committees.

The Manager shall immediately notify the JFRS Executive Director, or approved brokers of all transactions, with specific data as to settlement and delivery instructions. The JFRS Executive Director or approved brokers will in turn notify the custodian of the Funds to execute such sales and purchases.

MONITORING



I. COMMUNICATIONS AND COMPLIANCE

The JFRS Executive Director will maintain contact with the Manager as necessary and will 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 or their designee must also receive information about changes in the Manager's investment philosophy, management, ownership and key personnel in a timely fashion.

Meetings between the Committees and the Manager will generally be held on a quarterly basis. In the event a quarterly meeting with the Manager is not held, the Committee's designee will provide a quarterly update. All such meetings with or updates shall include:

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, or designee, 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 16th day of June, 2022.

**Investment Committee
Kentucky Judicial Retirement Plan**

Stephen F LeLaurin
By: Stephen F LeLaurin (Jun 16, 2022 10:38 CDT)
Stephen F. LeLaurin, Chairman

**Investment Committee
Kentucky Legislators Retirement Plan**

Brad Montell
By: Brad Montell (Jul 1, 2022 15:47 EDT)
W. Brad Montell, Chairman

Baird Trust Company

Don Asfahl
By: Don Asfahl (Jul 5, 2022 08:41 EDT)
Donald L. Asfahl, Chairman

ITEM V- Funding Valuations

Gabriel, Roeder, Smith & Co

Summary of Results

JRP 2025 Funding Valuation DRAFT

LRP 2025 Funding Valuation DRAFT



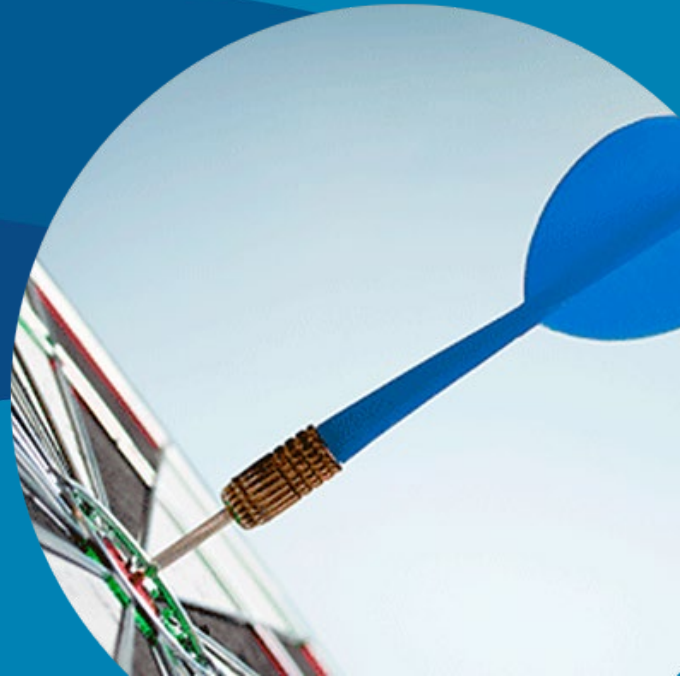
Kentucky Judicial Form Retirement System

October 24, 2025

Krysti Kiesel ASA, EA, MAAA

Janie Shaw, ASA, EA, MAAA

Danny White, FSA, EA, MAAA



June 30, 2025 Actuarial Valuation

- Valuations performed every two years
 - Last valuation performed as of June 30, 2023
- Member data and assets as of June 30, 2025
- No changes in benefits since June 30, 2023
- Reflects new assumptions adopted August 1

2025 Actuarial Valuation sets the contribution requirement for two years effective July 1, 2026

Judicial Retirement Plan

June 30, 2023 Valuation	June 30, 2025 Valuation
FY 2025 Contribution	FY 2027 Contribution
\$659,646	\$0
FY 2026 Contribution	FY 2028 Contribution
\$702,523	\$0

- No contributions continue to be required for the Legislative Plan

FYE 2024-2025 Investment Experience

- 21% return on market value (FYE 2025)
- 19% return on market value (FYE 2024)
 - Assumed rate of return: 6.50%
- Fund assets \$206M more than expected
 - \$160M more for Judicial fund
 - \$46M more for Legislative fund

Actuarial Value of Assets

- Actuarial (Smoothed) Value of Assets recognizes investment gains and losses over a 5 year period
- 2025 valuation recognized \$112M in asset gains
 - \$87M recognized for Judicial fund
 - \$25M recognized for Legislative fund
- \$145M in deferred asset gains to be recognized in future years
 - \$112M in deferred asset gains for Judicial fund
 - \$33M in deferred asset gains for Legislative fund

Judicial Retirement Plan

June 30, 2025 Valuation Results

	June 30, 2023 Valuation	June 30, 2025 Valuation
<u>Pension Fund</u>		
Accrued Liability	\$383 million	\$391 million
Assets	\$405 million	\$474 million
Surplus Assets	\$22 million	\$83 million
Funded Ratio	105.8%	121.4%
<u>Retiree Medical Fund</u>		
Accrued Liability	\$49 million	\$75 million
Assets	\$128 million	\$161 million
Surplus Assets	\$79 million	\$86 million
Funded Ratio	259.5%	215.5%

Judicial Retirement Plan

Change in Surplus Assets

	Pension	Retiree Medical
Surplus Assets – June 30, 2023	\$22 million	\$79 million
Expected Increase	3 million	9 million
Investment Gain/(Loss)	66 million	21 million
Liability Gain/(Loss)	(6) million	(21) Million
Assumption Changes	(2) million	(2) Million
Surplus Assets – June 30, 2025	\$83 million	\$86 million

- Pension: Liability 1.5% higher than expected due to the salary increases for active judges being higher than expected
 - 7.5% increases in FY2024
- Retiree Medical: Liability 40% higher than expected due to insurance premiums increasing more than expected
 - Medicare premiums increased from \$367.51 (2024) to \$558.47 (2026)
 - Pre-Medicare premiums increased from \$949.04 (2024) to \$1,105.54 (2026)
 - Includes updated healthcare trend assumption based on updated claims experience

Legislative Retirement Plan

June 30, 2025 Valuation Results

	June 30, 2023 Valuation	June 30, 2025 Valuation
<u>Pension Fund</u>		
Accrued Liability	\$68 million	\$67 million
Assets	\$86 million	\$100 million
Surplus Assets	\$18 million	\$33 million
Funded Ratio	126.8%	148.7%
<u>Retiree Medical Fund</u>		
Accrued Liability	\$18 million	\$25 million
Assets	\$68 million	\$85 million
Surplus Assets	\$50 million	\$60 million
Funded Ratio	374.5%	338.5%

Legislative Retirement Plan

Change in Surplus Assets

	Pension	Retiree Medical
Surplus Assets – June 30, 2023	\$18 million	\$50 million
Expected Increase	2 million	6 million
Investment Gain/(Loss)	14 million	11 million
Liability Gain/(Loss)	(0) million	(6) Million
Assumption Changes	(1) million	(1) Million
Surplus Assets – June 30, 2025	\$33 million	\$60 million

- Pension: Liability within 0.5% of expected
- Retiree Medical: Liability 34% higher than expected due to insurance premiums increasing more than expected

Judicial Retirement Plan

Contribution Requirements

	June 30, 2023 Valuation	June 30, 2025 Valuation
<u>Pension Fund</u>		
Normal Cost	\$2,138,315	\$3,344,005
Administrative Expenses	357,500	259,600
20-Year Amortization of UAAL	<u>(1,876,429)</u>	<u>(7,115,723)</u>
Total ADC	\$619,386	\$0
<u>Retiree Medical Fund</u>		
Normal Cost	\$612,188	\$1,018,003
Administrative Expenses	46,100	84,700
20-Year Amortization of UAAL	<u>(6,694,677)</u>	<u>(7,334,106)</u>
Total ADC	\$ 0	\$ 0

Legislative Retirement Plan

Contribution Requirements

	June 30, 2023 Valuation	June 30, 2025 Valuation
<u>Pension Fund</u>		
Normal Cost	\$195,925	\$221,899
Administrative Expenses	208,400	124,300
20-Year Amortization of UAAL	<u>(1,554,854)</u>	<u>(2,797,896)</u>
Total ADC	\$0	\$0
<u>Retiree Medical Fund</u>		
Normal Cost	\$84,709	\$141,584
Administrative Expenses	55,500	101,700
20-Year Amortization of UAAL	<u>(4,237,287)</u>	<u>(5,144,772)</u>
Total ADC	\$ 0	\$ 0

Key Summary of 2025 Valuation

- Significant favorable investment returns increased surplus assets and decreased the contribution requirement to \$0 for all funds
 - Increases in liability due to FY 2024 salary increases being recognized and increases in health insurance premiums
 - Increases in normal cost due assumption changes adopted in August

Kentucky Judicial Retirement Plan

Annual Actuarial Valuation - Funding
As of July 1, 2025

DRAFT



October 21, 2025

Board of Trustees
Kentucky Judicial Form Retirement System
The Whitaker Bank Building
305 Ann Street, Suite 302
Frankfort, KY 40601

Re: Actuarial Valuation for Funding Purposes as of July 1, 2025

Members of the Board:

This report describes the current actuarial condition of the Kentucky Judicial Retirement Plan (JRP) and provides the actuarially determined employer contribution for fiscal years ending June 30, 2027 and June 30, 2028. In addition, the report provides an analysis of the change in JRP’s financial condition, various summaries of the data, sensitivities of the actuarial valuation results, and a projection of the future funded status of JRP.

Separate reports are issued with regard to valuation results determined in accordance with Governmental Accounting Standards Board (GASB) Statements 67, 68, 74 and 75. Results of this report should not be used for any other purpose without consultation with the undersigned. Valuations are prepared every other year as of July 1, the first day of the plan year for JRP. This report was prepared at the request of the Board of Trustees of the Kentucky Judicial Form Retirement System (Board) and is intended for use by the KJFRS staff and those designated or approved by the Board.

Financing Objectives and Funding Policy

The employer contribution is determined in accordance with Section 21.525 of Kentucky Statute. As specified by the Statute, the employer contribution is comprised of a normal cost contribution and an actuarial accrued liability contribution. The actuarial accrued liability contribution is calculated by amortizing the unfunded accrued liability as of July 1, 2023 over a closed 20-year amortization period. Gains and losses incurring in years after 2023 are amortized as separate closed 20-year amortization bases.

However, both the pension and retiree medical fund are currently over 100% funded; therefore, any prior bases are eliminated and all surplus assets as of the valuation date are amortized over a 20-year period. The required contributions as calculated in this actuarial valuation are provided in the table below.

Fiscal Year Ending	June 30, 2027	June 30, 2028
Required Contribution	\$0	\$0

The ADC under the funding policy can be considered a “Reasonable Actuarially Determined Contribution” as required by the Actuarial Standards of Practice.

Actuarial Assumptions and Methods

The Board of Trustees, in consultation with the actuary, sets the actuarial assumptions and methods used in the actuarial valuation. Except where noted in this report, the assumptions used in this actuarial valuation are based on an experience study conducted with experience through June 30, 2023, adopted by the Board of Trustees on August 1, 2025, and first used with this actuarial valuation as of July 1, 2025.

The results of the actuarial valuation are dependent on the actuarial assumptions used. Actual results can, and almost certainly will, differ as actual experience deviates from the assumptions. Even seemingly minor changes in the assumptions can materially change the liabilities, calculated contribution rate, and funding periods. The actuarial calculations are intended to provide information for rational decision making.

Plan Provisions

The benefit provisions reflected in this valuation are those which were in effect on July 1, 2025. There were no material benefit provision changes since the prior valuation. Member data for retired, active and inactive members, as well as financial data, was supplied as of July 1, 2025, by KJFRS staff. We did not audit this data, but we did apply a number of tests to the data, and we concluded that it was reasonable and consistent with the prior year's data. GRS is not responsible for the accuracy or completeness of the information provided to us by KJFRS.

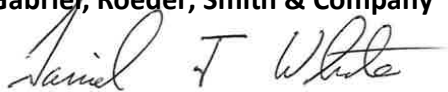
Certification

We certify that the information presented herein is accurate and fairly portrays the actuarial position of JRP as of July 1, 2025. All of our work conforms with generally accepted actuarial principles and practices, and is in conformity with the Actuarial Standards of Practice issued by the Actuarial Standards Board. In our opinion, our calculations also comply with the requirements of Kentucky Code of Laws and, where applicable, the Internal Revenue Code, ERISA, and the Statements of the Governmental Accounting Standards Board.

All three of the undersigned are members of the American Academy of Actuaries and meet all of the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. In addition, all three are independent of KJFRS and are experienced in performing valuations for large public retirement systems. This communication shall not be construed to provide tax advice, legal advice or investment advice.

Respectfully submitted,

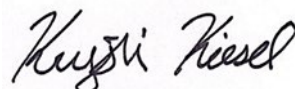
Gabriel, Roeder, Smith & Company



Daniel J. White, FSA, EA, MAAA
Vice President & Actuary



Janie Shaw, ASA, EA, MAAA
Consultant & Actuary



Krysti Kiesel, ASA, EA, MAAA
Consultant & Actuary

Table of Contents

	<u>Page</u>
Section 1	
Executive Summary.....	2
Section 2	
Actuarial Tables.....	8
Section 3	
Membership Information.....	17
Section 4	
Assessment and Disclosure of Risk	21
Appendix A	
Actuarial Assumptions and Methods.....	25
Appendix B	
Benefit Provisions	32
Appendix C	
Cost of 1.5% Cost of Living Adjustment.....	39
Appendix D	
Sensitivity Analysis	41
Appendix E	
Projections	46
Appendix F	
Glossary.....	50

SECTION 1

EXECUTIVE SUMMARY

Executive Summary

Valuation Date	July 1, 2025	July 1, 2023	July 1, 2021	July 1, 2019
Annual Required Contribution				
Pension	\$0	\$619,386	\$4,677,718	\$6,336,194
Retiree Medical	0	0	0	0
Total	\$0	\$619,386	\$4,677,718	\$6,336,194
as a Percent of Payroll	0.00%	2.23%	15.84%	20.73%
Fiscal Year Ending				
Required Contribution with Interest	June 30, 2027	June 30, 2025	June 30, 2023	June 30, 2021 ¹
	\$0	\$659,646	\$4,981,770	\$7,555,155
Fiscal Year Ending				
Required Contribution with Interest	June 30, 2028	June 30, 2026	June 30, 2024	June 30, 2022 ¹
	\$0	\$702,523	\$5,305,585	\$8,017,046
Funded Status - Pension				
• Actuarial accrued liability	\$390,744,852	\$382,515,060	\$379,534,564	\$369,248,718
• Actuarial value of assets (AVA)	474,245,800	404,534,407	359,377,051	310,922,017
• Unfunded liability / (Surplus Assets) - AVA basis	(\$83,500,948)	(\$22,019,347)	\$20,157,513	\$58,326,701
• Funded Ratio - AVA basis	121.4%	105.8%	94.7%	84.2%
• Market value of assets (MVA)	558,137,109	427,648,157	448,440,179	335,709,676
• Unfunded liability / (Surplus Assets) - MVA basis	(\$167,392,257)	(\$45,133,097)	(\$68,905,615)	\$33,539,042
• Funded Ratio - MVA basis	142.8%	111.8%	118.2%	90.9%
Funded Status - Retiree Medical				
• Actuarial accrued liability	\$74,528,217	\$49,266,254	\$39,389,897	\$47,281,608
• Actuarial value of assets (AVA)	160,591,829	127,826,347	107,318,924	88,283,820
• Unfunded liability / (Surplus Assets) - AVA basis	(\$86,063,612)	(\$78,560,093)	(\$67,929,027)	(\$41,002,212)
• Funded Ratio - AVA basis	215.5%	259.5%	272.5%	186.7%
• Market value of assets (MVA)	188,999,584	135,129,919	133,915,389	95,324,734
• Unfunded liability / (Surplus Assets) - MVA basis	(\$114,471,367)	(\$85,863,665)	(\$94,525,492)	(\$48,043,126)
• Funded Ratio - MVA basis	253.6%	274.3%	340.0%	201.6%
Membership:				
• Number of				
- Active Members	192	201	231	238
- Retirees and Beneficiaries	407	405	356	354
- Inactive Members	15	12	14	15
- Total	614	618	601	607
• Projected payroll of active members	\$30,207,810	\$27,737,444	\$29,536,690	\$30,565,661
• Average salary of active members	\$157,332	\$137,997	\$127,864	\$128,427
• Average age of active members	57.7	56.0	57.4	56.1
• Average service of active members	15.2	14.2	15.1	13.9

¹ Required contribution for fiscal years ending June 30, 2021 and June 30, 2022 included both an interest adjustment and an adjustment for anticipated expenses.

Discussion

Introduction

This report presents the results of the July 1, 2025 actuarial valuation of the Kentucky Judicial Retirement Plan (JRP). The primary purposes of this actuarial valuation report are to provide the actuarially determined employer contribution for fiscal years ending June 30, 2027 and June 30, 2028, describe the current financial condition of JRP, and analyze the changes in the condition of JRP. Additionally, this report provides various summaries of the data, sensitivities of the actuarial valuation results, and a projection of the future funded status of JRP.

JRP is a defined benefit pension plan that provides coverage for Justices of the Supreme Court, Judges of the Court of Appeals created by Section 111 of the Constitution of Kentucky, Circuit Judges, and Judges of the District Court, who have elected to participate in accordance with KRS 21.360. This report presents the results for the pension fund and the retiree medical fund.

Beginning with the July 1, 2021 valuation report, the traditional and hybrid tiers of JRP have been treated as one plan for all actuarial calculations. Results for both tiers prior to July 1, 2021 that are presented in this report have been combined for comparison purposes.

Data

This valuation was based upon information as of July 1, 2025, furnished by KJFRS staff, concerning system benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We checked for internal and year-to-year consistency, but did not audit the data. We are not responsible for the accuracy or completeness of the information provided by KYJFRS staff.

The tables in Section 3 show key census statistics for the various groups included in the valuation.

Plan Provisions

There have not been any material changes to the plan provisions since the prior valuation. The current plan provisions are outlined in Appendix B of this report.

Actuarial Assumptions and Methods

The Board of Trustees adopted new actuarial assumptions on August 1, 2025 based on the 2025 actuarial experience study prepared as of June 30, 2023. Updates to the assumptions are summarized below. Additional information can be found in the Experience Study report dated August 1, 2025. The current actuarial assumptions and methods are outlined in Appendix A of this report.

- Updated the cash balance interest crediting rate to 6.6% per annum
- Updated the individual salary increase assumption to 3.5% per annum for all future years
- Updated the base mortality tables to the newly released public retirement plans mortality tables (Pub-2016 for General Employees with Above-Median Income)
- Updated the mortality improvement assumption to the ultimate rates of the most recently published mortality projection scale (U-MP2021)
- Decreased the retirement rates when a member is five years away from their normal retirement age and at ages above normal retirement age

Additionally, in conjunction with the review of the healthcare per capita claims cost, the assumed increase in future healthcare costs, or trend assumption, is reviewed on a biannual basis. The trend assumption was updated as a result of our review. In general, the updated assumption is assuming higher future increases in pre-Medicare and Medicare healthcare costs.

We believe the assumptions are internally consistent and are reasonable, based on the actual experience of JRP. Furthermore, the assumptions and methods used in this valuation follow the guidance in the applicable Actuarial Standards of Practice and are expected to have no significant bias.

The results of the actuarial valuation are dependent upon the actuarial assumptions used. Actual results can and almost certainly will differ, as actual experience deviates from the assumptions. Even seemingly minor changes in the assumptions can materially change the liabilities, calculated contribution rates and funding periods. A full review of the impact of a different set of assumptions on the funded status of JRP is outside the scope of this actuarial valuation. However, a sensitivity of the actuarial valuation results to changes in the economic assumptions has been provided in Appendix D of this report.

System Assets

The actuarial value of assets increased from \$532 million as of July 1, 2023 to \$635 million as of July 1, 2025. The rates of return on the market value of assets on a dollar-weighted basis for the prior fiscal years were 19.5% for 2024 and 20.5% for 2025, which is more than the 6.50% expected annual return. The returns on an actuarial (smoothed) asset value were 12.7% in 2024 and 16.0% in 2025, which resulted in a \$87 million gain for the fiscal year. The market value of assets is \$112 million more than the actuarial value of assets, which signifies that the retirement fund is in a position of net deferred investment gains to be realized in future years.

Actuarial (Gains)/Losses

The actuarial valuation is a snapshot analysis of the liabilities, assets and funded position of the funds as of the first day of the plan year. In any one fiscal year, the experience can be better or worse from that which is assumed or expected. The actuarial assumptions do not necessarily attempt to model what the experience will be for any one given fiscal year, but instead try to model the overall experience over many years. Therefore, as long as the actual experience of a retirement system is reasonably close to the current assumptions, the long-term funding requirements of the system will remain relatively consistent. The table on the following page separately shows a reconciliation of the unfunded liability/(surplus assets) since the prior actuarial valuation for the pension and retiree medical funds, which include the effect of asset and liability experience, changes in assumptions, and changes in plan provisions.

Pension Fund

The surplus assets increased from \$22 million as of July 1, 2023 to \$84 million as of July 1, 2025 for the pension fund. They were expected to increase to \$26 million (an increase of \$4 million). The additional \$58 million increase in surplus assets is primarily attributable to favorable investment experience in fiscal years 2024 and 2025. The gains due to favorable investment experience were partially offset by an increase in the liability due to assumption changes and liability experience, related to salary increases for active judges that were higher than expected. Judges received approximately a 7.5% salary increase in FY2024, compared to the 1% expected increase.

Retiree Medical Fund

The surplus assets increased from \$79 million as of July 1, 2023 to \$86 million as of July 1, 2025 for the retiree medical fund. They were expected to increase to \$87 million (an increase of \$8 million). The surplus assets increased slightly less than expected primarily due to Medicare insurance premiums increasing more than expected. Medicare premiums increased from \$367.51 in 2024 to \$558.47 in 2026, a 52% increase, compared to the expected increase of 12% over the same period. The losses due to liability experience were offset by favorable investment experience in fiscal years 2024 and 2025.

Actuarial (Gains)/Losses

	Pension	Retiree Medical
A. Calculation of total actuarial gain or loss		
1. Unfunded/Overfunded actuarial accrued liability (U/OAAL), as of July 1, 2023	\$ (22,019,347)	\$ (78,560,093)
2. Normal cost and administrative expenses	4,167,838	950,539
3. Less: contributions for the year	(6,732,693)	(95,923)
4. Interest accrual	(1,514,615)	(5,078,631)
5. Expected OAAL as of July 1, 2024 (Sum of Items 1 - 4)	\$ (26,098,817)	\$ (82,784,108)
6. Normal cost and administrative expenses	4,127,063	939,906
7. Less: contributions for the year	(2,125,036)	(104,529)
8. Interest accrual	(1,631,357)	(5,353,817)
9. Expected OAAL as of July 1, 2025 (Sum of Items 5 - 8)	\$ (25,728,147)	\$ (87,302,548)
10. Actual OAAL as of July 1, 2025	(\$83,500,948)	(\$86,063,612)
11. Total unexpected (decrease)/increase in OAAL (Item 10 - Item 9)	(\$57,772,801)	\$1,238,936
B. Source of (decrease)/increase		
1. Investment (gain)/loss	\$ (65,825,300)	\$ (21,365,031)
2. Liability experience (gain)/loss*	5,819,469	20,797,328
3. Plan Changes	—	—
4. Assumption changes	2,233,030	1,806,639
5. Total	\$ (57,772,801)	\$1,238,936

* Liability experience for the retiree medical fund includes the impact of the updated trend assumption. The trend assumption, or the assumed increase in future healthcare costs, is reviewed in conjunction with the review of the healthcare per capita claims cost. In general, the updated assumption is assuming higher future increases in pre-Medicare and Medicare healthcare costs.

SECTION 2

ACTUARIAL TABLES

Table 1
Development of Actuarially Determined Contribution

	Pension	Retiree Medical	Pension + Retiree Medical
1 Annual Covered Payroll	\$ 30,207,810	\$ 30,207,810	\$ 30,207,810
2 Actuarial Accrued Liability for Active Members			
a. Present value of future benefits	\$ 137,783,577	\$ 29,050,083	\$ 166,833,660
b. Less: present value of future normal costs	25,914,800	4,929,267	30,844,067
c. Actuarial accrued liability	\$ 111,868,777	\$ 24,120,816	\$ 135,989,593
3 Total Actuarial Accrued Liability for:			
a. Retirees and beneficiaries	\$ 277,860,911	\$ 50,192,130	\$ 328,053,041
b. Inactive members	1,015,164	215,271	1,230,435
c. Active members (Item 2c)	111,868,777	24,120,816	135,989,593
d. Total	\$ 390,744,852	\$ 74,528,217	\$ 465,273,069
4 Actuarial Value of Assets	\$ 474,245,800	\$ 160,591,829	\$ 634,837,629
5 Unfunded Accrued Liability / (Surplus Assets) UAAL/(OAAL) (Item 3d - Item 4)	\$ (83,500,948)	\$ (86,063,612)	\$ (169,564,560)
6 Funded Ratio (Item 3 / Item 2d)	121.4%	215.5%	136.4%
7 Actuarially Determined Contribution (ADC)			
a. Net Normal Cost	\$ 3,344,005	\$ 1,018,003	\$ 4,362,008
b. Administrative expenses	259,600	84,700	344,300
c. 20-Year Amortization of UAAL/(OAAL)	(7,115,723)	(7,334,106)	(14,449,829)
d. Total ADC (Items 7a + 7b + 7c, NLT \$0)	\$ 0	\$ 0	\$ 0
e. Total ADC as a Percentage of Payroll	0.00%	0.00%	0.00%
8 Required Contributions with Interest			
a. For Fiscal Year Ending June 30, 2027	\$ 0	\$ 0	\$ 0
b. For Fiscal Year Ending June 30, 2028	\$ 0	\$ 0	\$ 0
9 Actuarially Determined Contribution by Tier			
a. Traditional Tier	\$ 0	\$ 0	\$ 0
b. Hybrid Tier	0	0	0
c. Actuarially Determined Contribution	\$ 0	\$ 0	\$ 0

Table 2
Actuarial Present Value of Future Benefits and
Determination of Actuarial Accrued Liability

	Pension	Retiree Medical	Pension + Retiree Medical
1 Active Members			
a. Service Benefits	\$ 137,353,728	\$ 28,924,196	\$ 166,277,924
b. Disability Benefits	0	0	0
c. Death before Retirement	429,849	125,887	555,736
d. Termination	0	0	0
e. Total Present Value of Future Benefits	\$ 137,783,577	\$ 29,050,083	\$ 166,833,660
2 Inactive Members			
a. Vested Terminations	\$ 726,058	\$ 215,271	\$ 941,329
b. Non-Vested Terminations	289,106	0	289,106
c. Total Present Value of Future Benefits	\$ 1,015,164	\$ 215,271	\$ 1,230,435
3 Annuitants			
a. Service Retirements	\$ 244,988,774	\$ 44,358,885	\$ 289,347,659
b. Beneficiaries	31,249,897	4,910,142	36,160,039
c. Disability Retirements	1,622,240	923,103	2,545,343
d. Total Present Value of Future Benefits	\$ 277,860,911	\$ 50,192,130	\$ 328,053,041
4 Determination of Actuarial Accrued Liability			
a. Present Value of Future Benefits [items 1e + 2c + 3d]	\$ 416,659,652	\$ 79,457,484	\$ 496,117,136
b. Less: present value of future normal costs	25,914,800	4,929,267	30,844,067
c. Actuarial Accrued Liability [item 4a - 4b]	\$ 390,744,852	\$ 74,528,217	\$ 465,273,069
5 Actuarial Accrued Liability by Tier			
a. Traditional Tier	\$ 383,893,268	\$ 74,172,239	\$ 458,065,507
b. Hybrid Tier	6,851,584	355,978	7,207,562
c. Actuarial Accrued Liability [item 5a + 5b]	\$ 390,744,852	\$ 74,528,217	\$ 465,273,069

Table 3
Analysis of Normal Cost

	Pension	Retiree Medical	Pension + Retiree Medical
1 Annual Covered Payroll	\$ 30,207,810	\$ 30,207,810	\$ 30,207,810
2 Gross Normal Cost as a Percentage of Pay			
a. Traditional Tier	21.42%	6.08%	27.50%
b. Hybrid Tier	8.83%	0.51%	9.34%
c. Gross Normal Cost Rate	16.23%	3.78%	20.01%
3 Gross Normal Cost			
a. Traditional Tier	\$ 3,890,208	\$ 1,083,374	\$ 4,973,582
b. Hybrid Tier	1,012,520	58,481	1,071,001
c. Gross Normal Cost [item 1 x 2c]	\$ 4,902,728	\$ 1,141,855	\$ 6,044,583
4 Net Employer Normal Cost			
a. Gross Normal Cost	\$ 4,902,728	\$ 1,141,855	\$ 6,044,583
b. Estimated Employee Contributions	1,558,723	123,852	1,682,575
c. Net Employer Normal Cost [item 4a - 4b]	\$ 3,344,005	\$ 1,018,003	\$ 4,362,008

Table 4

Reconciliation of Market Value of Assets and Allocation of Actuarial Value of Assets

	Year Ending			
	June 30, 2025	June 30, 2025	June 30, 2025	
	(1)	(2)	(3)	
	Pension	Retiree Medical	Pension + Retiree Medical	Pension + Retiree Medical
1. Market Value of assets at beginning of year	\$ 487,008,090	\$ 159,152,597	\$ 646,160,687	\$ 562,778,076
2. Revenue for the year				
a. Contributions				
i. Member contributions	\$ 1,465,036	\$ 104,529	\$ 1,569,565	\$ 1,523,016
ii. Employer contributions	660,000	0	660,000	5,305,600
iii. Other contributions	0	0	0	0
iv. Total	\$ 2,125,036	\$ 104,529	\$ 2,229,565	\$ 6,828,616
b. Transfer In Payments	\$ 0	\$ 0	\$ 0	\$ 0
c. Investment Income	\$ 96,933,160	\$ 32,824,061	\$ 129,757,221	\$ 107,439,244
d. Total revenue	\$ 99,058,196	\$ 32,928,590	\$ 131,986,786	\$ 114,267,860
3. Expenditures for the year				
a. Disbursements				
i. Benefit Payments / Refunds	\$ 27,701,588	\$ 3,004,536	\$ 30,706,124	\$ 30,529,185
ii. Administrative Expenses	227,589	77,067	304,656	356,064
iii. Other	0	0	0	0
iv. Total	\$ 27,929,177	\$ 3,081,603	\$ 31,010,780	\$ 30,885,249
4. Increase in net assets (Item 2. - Item 3.)	\$ 71,129,019	\$ 29,846,987	\$ 100,976,006	\$ 83,382,611
5. Market Value of assets at end of year (Item 1. + Item 4.)	\$ 558,137,109	\$ 188,999,584	\$ 747,136,693	\$ 646,160,687
6. Estimated annual return on net assets			20.5%	19.5%
7. Net external cash flow				
a. Dollar amount	\$ (25,804,141)	\$ (2,977,074)	\$ (28,781,215)	\$ (24,056,633)
b. Percentage of market value	-4.9%	-1.7%	-4.1%	-4.0%
8. Actuarial Value of assets at end of year				
a. Dollar amount	\$ 474,245,800	\$ 160,591,829	\$ 634,837,629	\$ 574,229,567
b. Annual Return			16.0%	12.7%

Table 5a

Development of Actuarial Value of Assets as of July 1, 2025

Year Ending	June 30, 2025
1. Actuarial value of assets at beginning of year	\$ 574,229,567
2. Market value of assets at beginning of year	\$ 646,160,687
3. Net new investments	
a. Contributions	\$ 2,229,565
b. Benefit payments	(30,706,124)
c. Administrative expenses	(304,656)
d. Subtotal	<u>\$ (28,781,215)</u>
4. Market value of assets at end of year	\$ 747,136,693
5. Net earnings (Item 4. - Item 2. - Item 3.d.)	\$ 129,757,221
6. Assumed investment return rate for fiscal year	6.50%
7. Expected return for immediate recognition	\$ 41,065,055
8. Excess return for phased recognition	\$ 88,692,166
9. Phased-in recognition, 20% of excess return on assets for prior years:	

Table 5b

Development of Actuarial Value of Assets as of July 1, 2024

Year Ending	June 30, 2024			
1. Actuarial value of assets at beginning of year	\$		532,360,754	
2. Market value of assets at beginning of year	\$		562,778,076	
3. Net new investments				
a. Contributions	\$		6,828,616	
b. Benefit payments			(30,529,185)	
c. Administrative expenses			(356,064)	
d. Subtotal	\$		(24,056,633)	
4. Market value of assets at end of year	\$		646,160,687	
5. Net earnings (Item 4. - Item 2. - Item 3.d.)	\$		107,439,244	
6. Assumed investment return rate for fiscal year				6.50%
7. Expected return for immediate recognition	\$		35,798,734	
8. Excess return for phased recognition	\$		71,640,510	
9. Phased-in recognition, 20% of excess return on assets for prior years:				
	<u>Fiscal Year</u>	<u>Excess</u>		<u>Deferred</u>
	<u>Ending June 30,</u>	<u>Return</u>		<u>Amount</u>
a. 2024	\$	71,640,510	80%	\$ 57,312,408
b. 2023		41,971,784	60%	25,183,070
c. 2022		(92,138,445)	40%	(36,855,378)
d. 2021		131,455,098	20%	26,291,020
e. 2020		(2,295,385)	0%	0
f. Total				\$ 71,931,120
10. Actuarial value of assets as of June 30, 2024 (Item 4.- Item 9.f.)	\$		574,229,567	
11. Ratio of actuarial value to market value				88.9%
12. Estimated annual return on actuarial value of assets				12.7%

Table 6
History of Investment Return Rates

Year Ending June 30 of	Market	Actuarial
2016	3.3%	11.9%
2017	13.2%	11.8%
2018	9.4%	9.9%
2019	12.7%	9.8%
2020	5.9%	9.1%
2021	36.9%	15.8%
2022	-9.6%	11.3%
2023	14.9%	10.8%
2024	19.5%	12.7%
2025	20.5%	16.0%
Average Returns		
Last Five Years:	15.4%	13.3%
Last Ten Years:	12.1%	11.9%

Table 7
Schedule of Funding Progress

July 1, (1)	Actuarial Value of Assets (AVA) (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded Actuarial Accrued Liability (UAAL) (3) - (2) (4)	Funded Ratio (2)/(3) (5)	Annual Covered Payroll (6)	UAAL as % of Payroll (4)/(6) (7)
Pension Fund						
2017	278,119,583	362,766,663	84,647,080	76.7%	30,287,212	279.5%
2019	310,922,017	369,248,718	58,326,701	84.2%	30,565,661	190.8%
2021	359,377,051	379,534,564	20,157,513	94.7%	29,536,690	68.2%
2023	404,534,407	382,515,060	(22,019,347)	105.8%	27,737,444	-79.4%
2025	474,245,800	390,744,852	(83,500,948)	121.4%	30,207,810	-276.4%
Retiree Medical Fund						
2017	75,192,601	52,111,123	(23,081,478)	144.3%	30,287,212	-76.2%
2019	88,283,820	47,281,608	(41,002,212)	186.7%	30,565,661	-134.1%
2021	107,318,924	39,389,897	(67,929,027)	272.5%	29,536,690	-230.0%
2023	127,826,347	49,266,254	(78,560,093)	259.5%	27,737,444	-283.2%
2025	160,591,829	74,528,217	(86,063,612)	215.5%	30,207,810	-284.9%

SECTION 3

MEMBERSHIP INFORMATION

Table 8
Summary of Membership Data

	July 1, 2025	July 1, 2023
1. Active members		
a. Number	192	201
b. Total covered pay	\$ 30,207,810	\$ 27,737,444
c. Average salary	\$ 157,332	\$ 137,997
d. Average age	57.7	56.0
e. Average service	15.2	14.2
f. Member contributions with interest	\$ 20,555,121	\$ 18,700,966
g. Average contributions with interest	\$ 107,058	\$ 93,040
2. Vested inactive members		
a. Number	4	8
b. Total annual deferred benefits	\$ 74,601	\$ 212,160
c. Average annual deferred benefit	\$ 18,650	\$ 26,520
d. Average age at the valuation date	61.3	58.0
3. Inactive members due a refund		
a. Number	11	4
b. Total member contributions with interest	\$ 289,106	\$ 82,552
c. Average contributions with interest	\$ 26,282	\$ 20,638
4. Service retirees ¹		
a. Number	323	321
b. Total annual benefits	\$ 23,798,302	\$ 24,073,983
c. Average annual benefit	\$ 73,679	\$ 74,997
d. Average age at the valuation date	73.5	72.4
5. Disabled retirees		
a. Number	3	2
b. Total annual benefits	\$ 128,176	\$ 74,992
c. Average annual benefit	\$ 42,725	\$ 37,496
d. Average age at the valuation date	60.0	63.8
6. Beneficiaries		
a. Number	81	82
b. Total annual benefits	\$ 3,781,006	\$ 3,826,146
c. Average annual benefit	\$ 46,679	\$ 46,660
d. Average age at the valuation date	77.0	78.6

¹ Service retiree information includes 9 alternate payee records

Table 9
Distribution of Active Members by Age and Years of Service

Attained Age	Years of Credited Service												Total Count & Avg. Comp.
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35 & Over	
	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	
Under 40	0 \$0	0 \$0	3 \$151,095	1 \$146,011	0 \$0	1 \$146,011	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	5 \$149,062
40-44	0 \$0	0 \$0	7 \$156,906	0 \$0	1 \$146,011	3 \$156,179	2 \$161,262	1 \$146,013	0 \$0	0 \$0	0 \$0	0 \$0	14 \$155,816
45-49	1 \$161,263	1 \$146,011	3 \$156,179	0 \$0	3 \$156,179	10 \$156,688	2 \$161,262	3 \$146,013	1 \$161,261	0 \$0	0 \$0	0 \$0	24 \$155,544
50-54	1 \$168,190	0 \$0	3 \$161,263	1 \$161,263	1 \$161,263	3 \$161,263	2 \$154,154	10 \$153,742	6 \$158,660	0 \$0	0 \$0	0 \$0	27 \$157,629
55-59	0 \$0	0 \$0	2 \$153,637	0 \$0	0 \$0	4 \$153,639	6 \$156,179	11 \$150,360	9 \$157,064	4 \$150,085	0 \$0	0 \$0	36 \$153,522
60-64	0 \$0	0 \$0	2 \$161,263	0 \$0	5 \$158,213	2 \$161,263	3 \$156,180	7 \$159,249	6 \$161,380	9 \$157,834	1 \$161,263	1 \$146,011	36 \$158,763
65 & Over	0 \$0	1 \$161,263	0 \$0	1 \$168,190	0 \$0	3 \$156,179	8 \$161,482	12 \$164,710	10 \$158,873	6 \$161,033	7 \$157,849	2 \$161,778	50 \$160,996
Total	2 \$164,727	2 \$153,637	20 \$156,688	3 \$158,488	10 \$156,688	26 \$156,571	23 \$158,732	44 \$156,061	32 \$158,869	19 \$157,213	8 \$158,276	3 \$156,522	192 \$157,332

Table 10
Distribution of Inactive Members by Status and Age

Current Age (1)	Annuitants in Payment		Vested Inactive Members		Inactive Member due Refund	
	Number of Annuitants (2)	Average Annual Benefit Amount (3)	Number of Annuitants (4)	Average Annual Deferred Benefit Amount (5)	Number of Annuitants (6)	Average Refund Due Amount (7)
Under 50	5	\$ 39,630	0	\$ 0	0	\$ 0
50 - 54	3	24,641	0	0	3	44,296
55 - 59	10	53,991	2	28,717	2	55,980
60 - 64	35	61,219	2	8,584	0	0
65 - 69	65	71,519	0	0	2	7,188
70 - 74	112	73,272	0	0	1	8,397
75 - 79	85	68,972	0	0	3	7,161
80 - 84	58	69,811	0	0	0	0
85 - 89	15	68,555	0	0	0	0
90 And Over	19	50,403	0	0	0	0
Total	407	\$ 68,077	4	\$ 18,650	11	\$ 26,282

SECTION 4

ASSESSMENT AND DISCLOSURE OF RISK

Risks Associated with Measuring the Accrued Liability and Actuarially Determined Contribution

The determination of JRP's accrued liability and actuarially determined contribution requires the use of assumptions regarding future economic and demographic experience. The risk measures illustrated in this section are intended to aid stakeholders in understanding the effects of future experience differing from the assumptions used in performing an actuarial valuation. These risk measures may also help with illustrating the potential volatility in the funded status and actuarially determined contributions that result from differences between actual experience and the expected experience based on the actuarial assumptions.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience (economic and demographic) differing from the assumptions, changes in assumptions due to changing conditions, changes in contribution requirements due to modifications to the funding policy, and changes in the liability and cost due to changes in plan provisions or applicable law. The scope of this actuarial valuation does not include any analysis of the potential range of such future measurements.

Examples of risk that may reasonably be anticipated to significantly affect the System's future financial condition include:

- Investment risk – actual investment returns may differ from expected returns;
- Longevity risk – members may live longer or shorter than expected and receive pensions for a time period different than assumed;
- Other demographic risks – members may terminate, retire or become disabled at times or with benefits other than assumed resulting in actual future contributions differing from expected;
- Salary and payroll risk – actual salaries and total payroll may differ from expected, resulting in actual future accrued liabilities or contributions differing from expected;
- Asset/Liability mismatch – changes in assets may be inconsistent with changes in liabilities, thereby altering the relative difference between the assets and liabilities which may alter the funded status and contribution requirements;
- Contribution risk – actual contributions may differ from expected future contributions

Effects of certain experience can generally be anticipated. For example, if investment returns since the most recent actuarial valuation are less (or more) than the assumed rate of return, then the funded status of the plan can be expected to decrease (or increase) more than anticipated.

The ADC developed on Table 1 may be considered as a minimum contribution that complies with the with applicable Statutes and assumptions adopted by the Board. The timely receipt of the ADC, when applicable, is critical to support the financial health of the retirement system. Users of this report should be aware that contributions made consistent with the ADC do not necessarily guarantee benefit security.

Plan Specific Risk Measures

Risks faced by a pension plan evolve over time. A relatively new plan with virtually no assets and paying few benefits will experience lower investment risk than a mature plan with a significant amount of assets and large number of members receiving benefits. Generally accepted plan maturity measures are provided in the following table.

	July 1,				
	2025	2024	2023	2022	2021
Ratio of net cash flow to market value of assets	-4.1%	-4.0%	-4.1%	-3.2%	-3.4%
Percentage of Expected Contribution Actually Received	100%	100%	100%	89%	90%
Ratio of actives to retirees and beneficiaries	0.47		0.50		0.65

Ratio of net cash flow to market value of assets

A positive net cash flow means contributions exceed benefits and expenses. A negative cash flow means existing funds are being used to make payments. A certain amount of negative net cash flow is generally expected to occur when benefits are prefunded through a qualified trust. Large negative net cash flows as a percent of assets may indicate a super-mature plan or a need for additional management of anticipated cash flow to have sufficient cash to provide benefits.

Percentage of Expected Contributions Actually Received

This measure identifies the percentage difference between the contributions the fund expects to receive during the fiscal year to and actual contributions received by the fund during the fiscal year. A percentage that is less than 100% means that actual contributions the fund received were less than the expected contributions determined by a prior actuarial valuation. On the other hand, a percentage that is greater than 100% means that actual contributions the fund received were more than the expected contributions.

Ratio of active to retired members

A relatively mature open plan is likely to have close to the same number of actives to retirees resulting in a ratio that is around 1.0. On the other hand, a super-mature plan, or a plan that is closed to new entrants will have more retirees than active members resulting in a ratio below 1.0. As this ratio declines, a larger portion of the total actuarial accrued liability in the System is attributable to retirees. This metric provides an indication of potential contribution volatility.

Risks Measures – Low Default Risk Obligation Measure

Introduction

In December 2021, the Actuarial Standards Board (ASB) adopted a revision to Actuarial Standard of Practice (ASOP) No. 4, Measuring Pension Obligations and Determining Pension Plan Costs or Contributions. The revised ASOP No. 4 requires the calculation and disclosure of a liability referred to by the ASOP as the “Low-Default-Risk Obligation Measure” (LDROM). The rationale that the ASB cited for the calculation and disclosure of the LDROM was included in the Transmittal Memorandum of ASOP No. 4 and is presented below (emphasis added):

“The ASB believes that the calculation and disclosure of this measure provides **appropriate, useful information for the intended user regarding the funded status of a pension plan**. The calculation and disclosure of this additional measure is **not intended to suggest that this is the “right” liability measure** for a pension plan. However, the ASB does believe that **this additional disclosure provides a more complete assessment of a plan’s funded status and provides additional information regarding the security of benefits that members have earned as of the measurement date.**”

Comparing the Accrued Liabilities and the LDROM

One of the fundamental financial objectives of the Kentucky Judicial Retirement Plan (JRP) is to finance each member’s retirement benefits over the period from the member’s date of hire until the member’s projected date of retirement (entry age actuarial cost method) as a level percentage of payroll. To fulfill this objective, the discount rate that is used to value the accrued liabilities of JRP is set equal to the **expected return** on each fund’s diversified portfolio of assets (referred to sometimes as the investment return assumption). The investment return assumption is 6.50%.

The LDROM is meant to approximately represent the lump sum cost to a plan to purchase low-default-risk fixed income securities whose resulting cash flows essentially replicate in timing and amount the benefits earned (or the costs accrued) as of the measurement date. The LDROM is very dependent upon market interest rates at the time of the LDROM measurement and can vary greatly from year to year. The lower the market interest rates, the higher the LDROM, and vice versa. The LDROM results presented in this report are based on the entry age actuarial cost method and discount rates based upon the intermediate rate from the FTSE Pension Discount Curve and Liability Index published by the Society of Actuaries. This rate is 5.46% as of June 30, 2025. This measure may not be appropriate for assessing the need for or amount of future contributions. This measure may not be appropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan’s benefit obligation.

In normal economic conditions, the difference between the two measures (Valuation and LDROM) is one illustration of the savings the sponsor anticipates by taking on risk in a diversified portfolio.

Pension Fund	
Valuation Accrued Liabilities	LDROM
\$390,744,852	\$428,364,345

APPENDIX A

ACTUARIAL ASSUMPTIONS AND METHODS

Summary of Actuarial Assumptions and Methods

The following presents a summary of the actuarial assumptions and methods used in the valuation of the Judicial Retirement System. In general, the assumptions and methods used in the valuation are based on the actuarial experience study as of June 30, 2023 and adopted by the Board in August 2025.

Investment return rate:

Assumed annual rate of 6.50%, net of investment expenses

Price Inflation:

Assumed annual rate of 2.50%

Rates of Annual Salary Increase:

3.5% per year

Disability rates:

None assumed

Withdrawal rates (for causes other than disability and retirement):

None assumed

Mortality Assumption (pre and post retirement):

Pub-2016 Mortality Table for General Employees (above median), projected with ultimate rates from the Scale MP-2021 using a base year of 2016. No pre-retirement mortality is assumed for the hybrid tier. Pub-2016 Mortality Table for Disabled Retirees, projected with ultimate rates from the Scale MP-2021 using a base year of 2016, assumed for disabled retirees. The amount weighted version of these tables are used for the pension plan, while the headcount weighted versions are used for the insurance plans.

The following table provides the life expectancy for a healthy retiree in future years based on the assumption with full generational projection:

Life Expectancy for an Age 65 Retiree in Years					
Gender	Year of Retirement				
	2025	2030	2035	2040	2045
Male	22.5	22.8	23.2	23.5	23.8
Female	24.3	24.7	25.0	25.3	25.6

Retirement rates:

Assumed annual rates of retirement are shown below.

Age	Rate
Under NRA-5	0.0%
NRA-5	7.5%
NRA-4	7.5%
NRA-3	7.5%
NRA-2	15.0%
NRA-1	20.0%
NRA	20.0%
Above NRA	25.0%
Age 70	100.0%

Normal Retirement Age (NRA) is defined as age 65, except that it shall be reduced by one year, but no more than five years total, for each five years of service credit in the Plan.

In addition to these rates, for members of the traditional tier, an extra 20% is added to the retirement rate at the age a member reaches 27 years of service credit. For members with 27 years of service but under NRA-5, the retirement rate is assumed to be 20%.

Vested Termination: Vested terminated members are assumed to commence their retirement benefits at their normal retirement date. Members are assumed to elect a refund of member contributions if the value of their account balance exceeds the present value of the deferred benefit. Hybrid members are assumed to elect to receive a lump sum.

Pre-retirement death: Beneficiaries of current active members that die while active are assumed to commence their survivor benefits at the member's normal retirement date. No pre-retirement death assumed for hybrid members.

Marital status:

70% of active members are assumed to be married, with the female spouse 3 years younger than the male spouse, for the purposes of both pre- and post- retirement death benefits.

Dependent Children:

No dependent children assumed for the purposes of death benefits.

Form of Payment:

Members are assumed to elect a 50% joint survivor benefit if married. For hybrid members, members are assumed to elect to receive a lump sum equal to their account balance.

Cash Balance Interest Crediting Rate

Assumed annual rate of 6.60%

Other Assumptions

1. Individual salaries used to project benefits: For salary amounts prior to the valuation date, the salary from the last fiscal year is projected backward with the valuation salary scale assumption. For future salaries, the salary from the last fiscal year is projected forward with one year's salary scale.
2. Pay increase timing: Beginning of (fiscal) year. This is equivalent to assuming that reported salaries represent amounts paid to members during the year ending on the valuation date.
3. Decrement timing: Decrements of all types are assumed to occur mid-year. Decrement rates are used as described in this report, without adjustment for multiple decrement table effects.
4. Service: All members are assumed to accrue 1 year of benefit and eligibility service each year.
5. Eligibility testing: Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur
6. Incidence of Contributions: Contributions are assumed to be received continuously throughout the year based upon the computed percent of payroll shown in this report, and the actual payroll payable at the time contributions are made.
7. Administrative Expenses: Average of last three years of administrative expenses

Health Care Participation Assumptions:

- 100% of future eligible retirees are assumed to elect coverage at retirement
- 70% of future retirees are assumed to elect spouse coverage.
- Future retirees are assumed to have a similar distribution by plan type as the current retirees, which is an election percentage of 66% for the LivingWell PPO and 34% for the LivingWell CDHP.

Health Care Age Related Morbidity/Claims Utilization:

To model the impact of aging on the underlying health care costs for Medicare retirees, the valuation relied on the Society of Actuaries' 2013 Study "Health Care Costs – From Birth to Death". Table 4 (Development of Plan Specific Medicare Age Curve) was used to model the impact of aging for ages 65 and over.

Health Care Cost Trend Rates:

Year	Non-Medicare Plans ¹	Medicare Plans ¹	Dollar Contribution ²
2026	7.35%	8.00%	1.50%
2027	7.20%	8.00%	1.50%
2028	7.05%	8.00%	1.50%
2029	6.90%	7.50%	1.50%
2030	6.75%	7.00%	1.50%
2031	6.50%	6.50%	1.50%
2032	6.25%	6.00%	1.50%
2033	6.00%	5.50%	1.50%
2034	5.75%	5.00%	1.50%
2035	5.50%	4.50%	1.50%
2036	5.25%	4.25%	1.50%
2037	4.00%	4.25%	1.50%
2038	4.75%	4.25%	1.50%
2039	4.50%	4.25%	1.50%
2040 & Beyond	4.25%	4.25%	1.50%

¹All increases are assumed to occur on January 1. The 2026 premiums were known at the time of the valuation and were incorporated into the liability measurement

²Applies to members participating on or after July 1, 2003. All increases are assumed to occur on July 1.

The healthcare trend assumption is based on the framework developed in the Society of Actuaries' Getzen Model. The ultimate trend assumption of 4.25% is based on a 2.50% inflation assumption plus 1.75% long-term real GDP growth.

Actuarial Model

This report was prepared using our proprietary valuation model and related software which in our professional judgment has the capability to provide results that are consistent with the purposes of the valuation. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

Actuarial Cost Method:

Entry Age Normal, Level Percentage of Pay. The Entry Age Normal actuarial cost method allocates the System's actuarial present value of future benefits to various periods based upon service. The portion of the present value of future benefits allocated to years of service prior to the valuation date is the actuarial accrued liability, and the portion allocated to years following the valuation date is the present value of future normal costs. The normal cost is determined for each active member as the level percent of pay necessary to fully fund the expected benefits to be earned over the career of each individual active member. The normal cost is partially funded with active member contributions with the remainder funded by employer contributions.

Participant Data

Participant data was supplied in electronic text files.

The data for active and terminated members included date of birth, date of participation, benefit tier indicator, service, salary, employee contribution account balances, and employer pay credits for hybrid members. For retired members and beneficiaries, the data included date of birth, spouse's date of birth (where applicable), amount of monthly benefit, date of retirement, and form of payment.

Assumptions were made to correct for missing, bad, or inconsistent data. These had no material impact on the results presented.

Development of Baseline Claims Cost

For non-Medicare retirees, the initial per capita costs were developed using retiree claims experience for calendar years 2022 through 2024. The claims were projected on an incurred claim basis. The per capita costs shown in the table below also include HRA contributions for retirees on the CDHP plans. An inherent assumption in this methodology is that the projected future retirees will have a similar distribution by plan type as the current retirees. The fully-insured premiums paid to the Kentucky Employees' Health Plan are blended rates based on the combined experience of active and retired members. Because the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing health care benefits to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees.

For Medicare retirees, the initial per capita costs were estimated based on the premium effective January 1, 2026, and are used for both current and future retirees. Age graded and sex distinct premiums are utilized by this valuation. These costs are appropriate for the unique age and sex distribution currently existing. Over the future years covered by this valuation, the age and sex distribution will most likely change. Therefore, our process "distributes" the average premium over all age/sex combinations and assigns a unique premium for each combination. The age/sex specific costs more accurately reflect the health care utilization and cost at that age.

2026 MONTHLY COSTS FOR THOSE NOT ELIGIBLE FOR MEDICARE		
AGE	MALE	FEMALE
40	\$ 419.69	\$ 681.97
50	680.31	838.09
60	1,156.23	1,138.49
64	1,406.00	1,326.89

2026 MONTHLY COSTS FOR THOSE ELIGIBLE FOR MEDICARE		
AGE	MALE	FEMALE
65	\$ 487.58	\$ 459.88
75	570.47	556.65
85	603.23	610.34

Appendix B of the report provides a full schedule of premiums.

Blake Orth is a Member of the American Academy of Actuaries (MAAA) and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.



Blake Orth, FSA, EA, MAAA

APPENDIX B

SUMMARY OF PLAN PROVISIONS

Summary of Benefit Provisions

Pension – Traditional Tier

(Participation prior to January 1, 2014)

Retirement Benefit

Vesting Requirement	Eight (8) years of state government service credit (including Legislators' Retirement Plan, the Kentucky Employees Retirement System, County Employees Retirement System, State Police Retirement System, or Teachers' Retirement System)
Normal Retirement Eligibility	Age 65, except that it shall be reduced by one year, but no more than five years total, for each five years of service credit in the Plan; or 27 years of service
Benefit Amount	Final compensation, which is the average monthly compensation for the position held by the member for the 60 months immediately preceding retirement, times the member's service credit rate, times the years of service credited to the member's account

Participation Date	Service Credit Rate
Prior to June 30, 1978	5.00%
Between July 1, 1978 and June 30, 1980	4.15%
After June 30, 1980	2.75%

Early Retirement Eligibility	Any age with vesting requirement
Early Retirement Reduction	Normal Retirement benefit reduced benefit five percent per year for the lesser of the number of years between (a) the retiree's normal retirement age and the retiree's actual age at the time benefits commence, or (b) 27 years of service and the retiree's years of total governmental service.
Normal Form of Benefit	50% Joint Survivor Benefit. Member may elect to take an optional retirement allowance that shall be actuarially equivalent to the normal form. The options shall include 100% joint survivor benefit, or 66-2/3% joint survivor benefit.
Post-Retirement Benefit Increases	Effective July 1, 2009, an increase will only be granted if the General Assembly authorizes the use of any surplus actuarial assets to provide for the increase; or if the General Assembly appropriates sufficient funds to fully pre-fund the increase (if the Plan is less than 100% funded).

Vested Deferred Benefit

Vesting Requirement	Eight (8) years of state government service credit (including Legislators' Retirement Plan, the Kentucky Employees Retirement System, County Employees Retirement System, State Police Retirement System, or Teachers' Retirement System)
Non-Vested Benefit	Refund of member's accumulated contributions
Vested Benefit	Accrued benefit payable once member is eligible for retirement

Disability Retirement

Eligibility	None
Disability Benefit	Amount equal to one-half (1/2) of the monthly service retirement allowance member would have received commencing at their normal retirement date if the member had continued in service until that date and had then retired, computed however on the basis of his final compensation at time of disability.

Pre-Retirement Death Benefit

Eligibility	None
Spouse Benefit	Surviving spouse is entitled to receive a monthly benefit equal to one-half (1/2) of the monthly allowance the member would have received commencing at the member's normal retirement date if the member had continued in service until that date and had then retired, computed however on the basis of his final compensation at time of death.
Child Benefit	If a member or retiree dies leaving no surviving spouse eligible for benefits, or leaves such a spouse who later dies, a benefit equal to the spouse's benefit will be payable to the child (or children, collectively) of the member or retiree. The benefits will be payable until the child's 21st birthday, unless the child is disabled. Benefits to a disabled child will continue for his/her life.

Member Contributions

Participation before 9/1/2008	5% of official salary. Member will not be required to contribute to the Plan once the member is vested in a service retirement allowance equal to one hundred percent (100%) of final compensation
Participation on or after 9/1/2008 but before 1/1/2014	6% of official salary. Member will not be required to contribute to the Plan once the member is vested in a service retirement allowance equal to one hundred percent (100%) of final compensation

Summary of Benefit Provisions

Pension – Hybrid Tier

(Participation on or after January 1, 2014)

Retirement Benefit

Vesting Requirement	Five (5) years of state government service credit (including Legislators' Retirement Plan, the Kentucky Employees Retirement System, County Employees Retirement System, State Police Retirement System, or Teachers' Retirement System)
Normal Retirement Eligibility	Age 65, or Rule of 87 (Age 57 or older if age plus service equals 87)
Benefit Amount	Each year that the member is active, a 4.00% state pay credit and the employee's 5.00% contribution will be credited to each member's hypothetical cash balance account. Annual interest will be credited on June 30 to the member's account. The interest shall include 4% of the member's accumulated account balance based on the preceding year-end balance, plus 75% of the Plan's geometric average net 5-year investment return in excess of a four percent rate of return. At retirement, the member's hypothetical account balance may be converted into an annuity based on an actuarial factor.
Early Retirement Eligibility	None
Normal Form of Benefit	Single Life Annuity. Member may elect to take an optional retirement allowance that shall be actuarially equivalent to the normal form. The options shall include 100% joint survivor benefit, 66-2/3% joint survivor benefit, or 50% joint survivor benefit.
Post-Retirement Benefit Increases	Effective July 1, 2009, an increase will only be granted if the General Assembly authorizes the use of any surplus actuarial assets to provide for the increase; or if the General Assembly appropriates sufficient funds to fully pre-fund the increase (if the Plan is less than 100% funded).

Vested Deferred Benefit

Vesting Requirement	Five (5) years of state government service credit (including Legislators' Retirement Plan, the Kentucky Employees Retirement System, County Employees Retirement System, State Police Retirement System, or Teachers' Retirement System)
Non-Vested Benefit	Refund of member's accumulated contributions
Vested Benefit	Accrued benefit payable once member is eligible for retirement. Alternatively, the member may refund their accumulated account balance, including state pay credits.

Disability Retirement

Eligibility	Five (5) years of judicial service
Disability Benefit	The higher of 20% of the member's monthly final rate of pay or the monthly retirement allowance payable for life by having his or her accumulated account balance annuitized.

Pre-Retirement Death Benefit

Eligibility	Five (5) years of judicial service
Spouse Benefit	Refund of member's accumulated account balance or the spouse may elect to receive a monthly benefit for life based on the member's accumulated account balance using the 100% survivorship option as if the member retired immediately prior to his/her date of death.

Member Contributions

Participation on or after 1/1/2014	6% of official salary, of which 5% represents the member's retirement benefit contribution. The remaining 1% represents a medical insurance contribution and is not a part of the member's accumulated account balance.
------------------------------------	---

Summary of Benefit Provisions

Insurance – Traditional Tier

(Participation prior to January 1, 2014)

Benefit Eligibility

Recipient of a retirement allowance

Benefit Amount

Service Credit at Retirement	Percentage of Member Premium Paid by Retirement System
Less than 4 years	0%
4 – 9 years	25%
10 – 14 years	50%
15 – 19 years	75%
20 or more years	100%

The insurance fund will pay the same percentage of the premium for the spouse and dependents of a recipient, or the beneficiary of the recipient.

Summary of Benefit Provisions Insurance – Hybrid Tier

(Participation on or after January 1, 2014)

<i>Benefit Eligibility</i>	Recipient of a retirement allowance with at least 15 years of service in the Plan at retirement.
<i>Benefit Amount</i>	Monthly contribution of \$10 for each year of earned service. The monthly contribution is increased by 1.5% each July 1. As of July 1, 2025, the monthly contribution was \$11.96/year of service. Upon the retiree's death, the surviving spouse may continue coverage (if in receipt of a retirement allowance) but will be 100% responsible for the premiums.
<i>Duty Disability Retirement</i>	If disability was a result of injuries sustained while in the line of duty, the member receives a benefit based on at least 20 years of service.
<i>Duty Death in Service</i>	If an active employee's death was a result of injuries sustained while in the line of duty, the member's spouse and children receive a monthly benefit a benefit based on at least 20 years of service.

Monthly Health Plan Premiums – Effective January 1, 2026

Non-Medicare Plan Options				
Plan Option	Single	Parent Plus	Couple	Family
LivingWell PPO	\$1,105.54	\$1,514.46	\$2,238.22	\$2,453.16
LivingWell CDHP	\$1,090.42	\$1,475.34	\$2,144.14	\$2,383.68
LivingWell Basic CDHP	\$1,059.88	\$1,447.24	\$2,150.90	\$2,385.14
LivingWell HDHP	\$983.66	\$1,343.02	\$1,996.16	\$2,213.58
Medicare Plan Options				
Humana Group Medicare Advantage PPO Plan				\$558.47

APPENDIX C

COST OF 1.5% COST OF LIVING ADJUSTMENT

Cost of a 1.5% Cost of Living Adjustment

Per Kentucky State Statute 21.405, this section of the report provides the financial cost if the General Assembly enacts an increase in monthly retirement allowances as permitted. Statute specifies:

The board of trustees of the Kentucky Judicial Form Retirement System shall, at least thirty (30) days prior to the beginning of regular sessions of the General Assembly held in even-numbered years, advise the General Assembly of the following:

- 1. Whether the plan has a funding level greater than one hundred percent (100%) and if the plan can support an increase in recipients' retirement allowances as provided by paragraph (a) of this subsection over the next budget biennium without reducing the funding level of the plan below one hundred percent (100%); and*
- 2. If no surplus actuarial assets are available, the level of funds needed to fully prefund an increase for plan recipients over the next budget biennium if a one and one-half percent (1.5%) increase is provided annually over the biennium.*

The cost analyzed in this section of the report is in relation to a 1.5% benefit increase applied annually over the next biennium. In other words, all members receiving a pension benefit in JRP would receive two 1.5% benefit increases (i.e. on one on July 1, 2026 and one on July 1, 2027).

As of this June 30, 2025 actuarial valuation, the JRP pension fund has a funding level greater than 100%. If the benefit increases were paid annually over the next biennium, the JRP pension fund funding level would remain over 100% and the required contribution would remain at \$0 for the biennium.

Alternatively, if the General Assembly fully prefunds the benefit increases, the required appropriation is provided below. This appropriation is sufficient and appropriate to fund the described benefit increases and therefore, the benefit increase would not impact the on-going employer contribution requirement for the pension fund.

	Appropriation Necessary to Fully Pre-Fund
1.5% Benefit Increase payable July 1, 2026	\$4,439,000
1.5% Benefit Increase payable July 1, 2027	\$4,798,000
Total Cost of Two Benefit Increases over Biennium	\$9,237,000

APPENDIX D

SENSITIVITY ANALYSIS

Sensitivity Analysis

Per Kentucky State Statute 21.440, this section of the report provides information regarding the sensitivity of the valuation results to changes in some of the economic assumptions. Specifically, the following tables show the impact due to changes in the investment return assumption, the individual salary scale assumption, and the healthcare trend assumption.

Investment Assumption

The investment return assumption is used to discount future expected benefit payments to the valuation date in order to determine the liabilities of the plans. The lower the investment return assumption, the less the benefit payments are discounted and the higher the valuation liability. The current investment return assumption is 6.50%. The sensitivity analysis shows the financial impact of a 1.00% increase and a 1.00% decrease in the investment return assumption. For the purposes of this analysis, no other changes in assumptions are assumed.

Individual Salary Scale Assumption

The individual salary scale assumption is used to project future expected salary for active members in order to estimate future pension benefits. Generally, this assumption will have the greatest impact on the normal cost rate of the retirement system (i.e. the cost of future projected benefits). The higher the salary increase assumption, the higher projected future pension costs and the higher the normal cost of the plan. The current individual salary increase assumption is 3.50%. The sensitivity analysis shows the financial impact of a 1.00% increase and a 1.00% decrease in the assumption.

Healthcare Trend Assumption

The healthcare trend assumption is used to project future healthcare costs in order to estimate future retiree medical benefits. The higher the trend assumption, the higher projected future retiree medical costs and the higher the actuarial liabilities. The current healthcare trend assumption varies by non-Medicare and Medicare benefits and is disclosed in Appendix A of this report. The assumption includes an assumed 7.35% increase in non-Medicare premiums as of January 1, 2027 and an assumed 8.00% increase in Medicare premiums as of January 1, 2027, decreasing to 4.25% over 14 years and 10 years respectively. The sensitivity analysis shows the financial impact of a 1.00% increase and a 1.00% decrease in the trend assumption for all years.

Sensitivity Analysis - Investment Return Assumption

(1)	Decrease Discount Rate (2)	Valuation Results (3)	Increase Discount Rate (4)
Investment Return Assumption	5.50%	6.50%	7.50%
Pension			
Actuarial Accrued Liability	\$ 426,804,272	\$ 390,744,852	\$ 359,646,213
Actuarial Value of Assets	474,245,800	474,245,800	474,245,800
Unfunded Actuarial Accrued Liability	(47,441,528)	(83,500,948)	(114,599,587)
Funded Ratio	111.1%	121.4%	131.9%
Required Contribution	\$ 882,859	\$ 0	\$ 0
Contribution as a Percent of Pay	2.92%	0.00%	0.00%
Retiree Medical			
Actuarial Accrued Liability	\$ 83,387,725	\$ 74,528,217	\$ 67,094,566
Actuarial Value of Assets	160,591,829	160,591,829	160,591,829
Unfunded Actuarial Accrued Liability	(77,204,104)	(86,063,612)	(93,497,263)
Funded Ratio	192.6%	215.5%	239.4%
Required Contribution	\$ 0	\$ 0	\$ 0
Contribution as a Percent of Pay	0.00%	0.00%	0.00%
Combined			
Actuarial Accrued Liability	\$ 510,191,997	\$ 465,273,069	\$ 426,740,779
Actuarial Value of Assets	634,837,629	634,837,629	634,837,629
Unfunded Actuarial Accrued Liability	(124,645,632)	(169,564,560)	(208,096,850)
Funded Ratio	124.4%	136.4%	148.8%
Required Contribution	\$ 882,859	\$ 0	\$ -
Contribution as a Percent of Pay	2.92%	0.00%	0.00%

Sensitivity Analysis - Individual Salary Scale Assumption

(1)	Decrease Salary Rate (2)	Valuation Results (3)	Increase Salary Rate (4)
Individual Salary Scale Assumption	2.50%	3.50%	4.50%
Pension			
Actuarial Accrued Liability	\$ 390,103,504	\$ 390,744,852	\$ 391,312,047
Actuarial Value of Assets	474,245,800	474,245,800	474,245,800
Unfunded Actuarial Accrued Liability	(84,142,296)	(83,500,948)	(82,933,753)
Funded Ratio	121.6%	121.4%	121.2%
Required Contribution	\$ 0	\$ 0	\$ 0
Contribution as a Percent of Pay	0.00%	0.00%	0.00%
Retiree Medical			
Actuarial Accrued Liability	\$ 74,528,217	\$ 74,528,217	\$ 74,528,217
Actuarial Value of Assets	160,591,829	160,591,829	160,591,829
Unfunded Actuarial Accrued Liability	(86,063,612)	(86,063,612)	(86,063,612)
Funded Ratio	215.5%	215.5%	215.5%
Required Contribution	\$ 0	\$ 0	\$ 0
Contribution as a Percent of Pay	0.00%	0.00%	0.00%
Combined			
Actuarial Accrued Liability	\$ 464,631,721	\$ 465,273,069	\$ 465,840,264
Actuarial Value of Assets	634,837,629	634,837,629	634,837,629
Unfunded Actuarial Accrued Liability	(170,205,908)	(169,564,560)	(168,997,365)
Funded Ratio	136.6%	136.4%	136.3%
Required Contribution	\$ 0	\$ 0	\$ -
Contribution as a Percent of Pay	0.00%	0.00%	0.00%

Sensitivity Analysis - Healthcare Trend Assumption

(1)	Decrease Trend by 1% (2)	Valuation Results (3)	Increase Trend by 1% (4)
Ultimate Healthcare Trend Assumption	3.25%	4.25%	5.25%
Pension			
Actuarial Accrued Liability	\$ 390,744,852	\$ 390,744,852	\$ 390,744,852
Actuarial Value of Assets	474,245,800	474,245,800	474,245,800
Unfunded Actuarial Accrued Liability	(83,500,948)	(83,500,948)	(83,500,948)
Funded Ratio	121.4%	121.4%	121.4%
Required Contribution	\$ 0	\$ 0	\$ 0
Contribution as a Percent of Pay	0.00%	0.00%	0.00%
Retiree Medical			
Actuarial Accrued Liability	\$ 67,146,642	\$ 74,528,217	\$ 83,242,761
Actuarial Value of Assets	160,591,829	160,591,829	160,591,829
Unfunded Actuarial Accrued Liability	(93,445,187)	(86,063,612)	(77,349,068)
Funded Ratio	239.2%	215.5%	192.9%
Required Contribution	\$ 0	\$ 0	\$ 0
Contribution as a Percent of Pay	0.00%	0.00%	0.00%
Combined			
Actuarial Accrued Liability	\$ 457,891,494	\$ 465,273,069	\$ 473,987,613
Actuarial Value of Assets	634,837,629	634,837,629	634,837,629
Unfunded Actuarial Accrued Liability	(176,946,135)	(169,564,560)	(160,850,016)
Funded Ratio	138.6%	136.4%	133.9%
Required Contribution	\$ 0	\$ 0	\$ -
Contribution as a Percent of Pay	0.00%	0.00%	0.00%

APPENDIX E

PROJECTIONS

Projection Assumptions

Per Kentucky State Statute 21.440, this section of the report provides a thirty (30) year projection of the funding levels, unfunded liabilities, and actuarially recommended contributions for both the pension fund and retiree medical fund.

The projections are based upon the results of the June 30, 2025 actuarial valuation that are contained in this report. They assume that all actuarial assumptions are realized, including the 6.50% investment return assumption. Further, new active members are assumed to be hired as current active members are assumed to leave active employment. The total active population is assumed to remain constant in future years. Finally, the full actuarially determined contribution is assumed to be paid by the Commonwealth in all future years.

DRAFT

Projection of Funded Status and Contributions – Pension Fund

Fiscal Year Beginning July 1,	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability	Funded Ratio (3) / (2)	Employer Contribution	Member Contribution	Covered Payroll	Employer Contribution as % of Covered Payroll
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
2025	\$ 390.7	\$ 474.2	\$ (83.5)	121%	\$ 0.7	\$ 1.6	\$ 30.2	2.33%
2026	391.2	499.0	(107.8)	128%	-	1.6	31.0	0.00%
2027	389.0	535.4	(146.4)	138%	-	1.6	32.1	0.00%
2028	385.7	565.2	(179.5)	147%	-	1.7	33.1	0.00%
2029	381.7	584.2	(202.5)	153%	-	1.7	34.2	0.00%
2030	376.8	589.8	(213.0)	157%	-	1.8	35.3	0.00%
2031	370.9	595.3	(224.4)	161%	-	1.8	36.4	0.00%
2032	364.5	601.1	(236.6)	165%	-	1.9	37.5	0.00%
2033	357.6	607.3	(249.7)	170%	-	2.0	38.7	0.00%
2034	350.5	614.2	(263.7)	175%	-	2.0	40.0	0.00%
2035	342.8	621.4	(278.6)	181%	-	2.1	41.3	0.00%
2036	334.7	629.2	(294.5)	188%	-	2.1	42.5	0.00%
2037	326.5	638.0	(311.5)	195%	-	2.2	43.9	0.00%
2038	318.4	648.0	(329.6)	204%	-	2.3	45.2	0.00%
2039	310.5	659.3	(348.8)	212%	-	2.3	46.6	0.00%
2040	302.4	671.6	(369.2)	222%	-	2.4	48.1	0.00%
2041	294.5	685.5	(391.0)	233%	-	2.5	49.5	0.00%
2042	286.8	700.9	(414.1)	244%	-	2.6	51.0	0.00%
2043	279.3	718.0	(438.7)	257%	-	2.6	52.5	0.00%
2044	271.0	735.8	(464.8)	272%	-	2.7	53.9	0.00%
2045	263.2	755.9	(492.7)	287%	-	2.8	55.4	0.00%
2046	256.4	778.6	(522.2)	304%	-	2.8	56.9	0.00%
2047	248.9	802.5	(553.6)	322%	-	2.9	58.4	0.00%
2048	242.3	829.4	(587.1)	342%	-	3.0	59.9	0.00%
2049	235.2	857.7	(622.5)	365%	-	3.1	61.4	0.00%
2050	227.7	888.0	(660.3)	390%	-	3.1	62.9	0.00%
2051	220.3	920.8	(700.5)	418%	-	3.2	64.4	0.00%
2052	212.9	956.0	(743.1)	449%	-	3.3	65.9	0.00%
2053	205.7	994.3	(788.6)	483%	-	3.4	67.4	0.00%
2054	198.8	1,035.7	(836.9)	521%	-	3.4	69.0	0.00%

Projection of Funded Status and Contributions – Retiree Medical Fund

Fiscal Year Beginning July 1,	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability	Funded Ratio (3) / (2)	Employer Contribution	Member Contribution	Covered Payroll	Employer Contribution as % of Covered Payroll
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
2025	\$ 74.5	\$ 160.6	\$ (86.1)	216%	\$ -	\$ 0.1	\$ 30.2	0.00%
2026	76.7	174.7	(98.0)	228%	-	0.2	31.0	0.00%
2027	78.4	193.6	(115.2)	247%	-	0.2	32.1	0.00%
2028	79.7	210.6	(130.9)	264%	-	0.2	33.1	0.00%
2029	80.7	224.4	(143.7)	278%	-	0.3	34.2	0.00%
2030	81.3	233.9	(152.6)	288%	-	0.3	35.3	0.00%
2031	81.5	243.6	(162.1)	299%	-	0.3	36.4	0.00%
2032	81.3	253.6	(172.3)	312%	-	0.3	37.5	0.00%
2033	80.8	264.1	(183.3)	327%	-	0.3	38.7	0.00%
2034	79.9	275.0	(195.1)	344%	-	0.4	40.0	0.00%
2035	78.8	286.5	(207.7)	364%	-	0.4	41.3	0.00%
2036	77.5	298.7	(221.2)	385%	-	0.4	42.5	0.00%
2037	76.1	311.5	(235.4)	409%	-	0.4	43.9	0.00%
2038	74.5	325.3	(250.8)	437%	-	0.4	45.2	0.00%
2039	72.8	339.9	(267.1)	467%	-	0.5	46.6	0.00%
2040	71.0	355.6	(284.6)	501%	-	0.5	48.1	0.00%
2041	69.1	372.3	(303.2)	539%	-	0.5	49.5	0.00%
2042	67.2	390.2	(323.0)	581%	-	0.5	51.0	0.00%
2043	65.3	409.4	(344.1)	627%	-	0.5	52.5	0.00%
2044	63.3	430.0	(366.7)	679%	-	0.5	53.9	0.00%
2045	61.3	451.9	(390.6)	737%	-	0.6	55.4	0.00%
2046	59.3	475.5	(416.2)	802%	-	0.6	56.9	0.00%
2047	57.4	500.8	(443.4)	872%	-	0.6	58.4	0.00%
2048	55.4	527.8	(472.4)	953%	-	0.6	59.9	0.00%
2049	53.5	556.8	(503.3)	1041%	-	0.6	61.4	0.00%
2050	51.6	587.8	(536.2)	1139%	-	0.6	62.9	0.00%
2051	49.8	621.1	(571.3)	1247%	-	0.6	64.4	0.00%
2052	48.1	656.7	(608.6)	1365%	-	0.7	65.9	0.00%
2053	46.4	694.8	(648.4)	1497%	-	0.7	67.4	0.00%
2054	44.7	735.6	(690.9)	1646%	-	0.7	69.0	0.00%

APPENDIX F

GLOSSARY

Glossary

Actuarial Accrued Liability (AAL): That portion, as determined by a particular Actuarial Cost Method, of the Actuarial Present Value of Future Plan Benefits which is not provided for by future Normal Costs. It is equal to the Actuarial Present Value of Future Plan Benefits minus the actuarial present value of future Normal Costs.

Actuarial Assumptions: Assumptions as to future experience under the Fund. These include assumptions about the occurrence of future events affecting costs or liabilities, such as:

- mortality, withdrawal, disablement, and retirement;
- future increases in salary;
- future rates of investment earnings and future investment and administrative expenses;
- characteristics of members not specified in the data, such as marital status;
- characteristics of future members;
- future elections made by members; and
- other relevant items.

Actuarial Cost Method or Funding Method: A procedure for allocating the Actuarial Present Value of Future Benefits to various time periods; a method used to determine the Normal Cost and the Actuarial Accrued Liability. These items are used to determine the ADC.

Actuarial Gain or Actuarial Loss: A measure of the difference between actual experience and that expected based upon a set of Actuarial Assumptions, during the period between two Actuarial Valuation dates. Through the actuarial assumptions, rates of decrements, rates of salary increases, and rates of fund earnings have been forecasted. To the extent that actual experience differs from that assumed, Actuarial Accrued Liabilities emerge which may be the same as forecasted, or may be larger or smaller than projected. Actuarial gains are due to favorable experience, e.g., the Fund's assets earn more than projected, salaries do not increase as fast as assumed, members retire later than assumed, etc. Favorable experience means actual results produce actuarial liabilities not as large as projected by the actuarial assumptions. On the other hand, actuarial losses are the result of unfavorable experience, i.e., actual results that produce actuarial liabilities which are larger than projected. Actuarial gains will shorten the time required for funding of the actuarial balance sheet deficiency while actuarial losses will lengthen the funding period.

Actuarially Equivalent: Of equal actuarial present value, determined as of a given date and based on a given set of Actuarial Assumptions.

Actuarial Present Value (APV): The value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of Actuarial Assumptions. For purposes of this standard, each such amount or series of amounts is:

- a. adjusted for the probable financial effect of certain intervening events (such as changes in compensation levels, marital status, etc.),
- b. multiplied by the probability of the occurrence of an event (such as survival, death, disability, termination of employment, etc.) on which the payment is conditioned, and
- c. discounted according to an assumed rate (or rates) of return to reflect the time value of money.

Actuarial Present Value of Future Plan Benefits: The Actuarial Present Value of those benefit amounts which are expected to be paid at various future times under a particular set of Actuarial Assumptions, taking into account such items as the effect of advancement in age and past and anticipated future compensation and service credits. The Actuarial Present Value of Future Plan Benefits includes the liabilities for active members, retired members, beneficiaries receiving benefits, and inactive, nonretired members either entitled to a refund or a future retirement benefit. Expressed another way, it is the value that would have to be invested on the valuation date so that the amount invested plus investment earnings would be provide sufficient assets to pay all projected benefits and expenses when due.

Actuarial Valuation: The determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets, and related Actuarial Present Values for a plan. An Actuarial valuation for a governmental retirement system typically also includes calculations of items needed for compliance with GASB.

Actuarial Value of Assets or Valuation Assets: The value of the Fund's assets as of a given date, used by the actuary for valuation purposes. This may be the market or fair value of plan assets, but commonly actuaries use a smoothed value in order to reduce the year-to-year volatility of calculated results, such as the funded ratio and the ADC.

Actuarially Determined: Values which have been determined utilizing the principles of actuarial science. An actuarially determined value is derived by application of the appropriate actuarial assumptions to specified values determined by provisions of the law.

Amortization Method: A method for determining the Amortization Payment. The most common methods used are level dollar and level percentage of payroll. Under the Level Dollar method, the Amortization Payment is one of a stream of payments, all equal, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the Amortization payment is one of a stream of increasing payments, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the stream of payments increases at the assumed rate at which total covered payroll of all active members will increase.

Amortization Payment: That portion of the pension plan contribution or ADC which is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability.

Actuarially Determined Contribution (ADC) or Annual Required Contribution (ARC): A calculated contribution for a defined benefit pension plan for the reporting period, most often determined based on the funding policy of the plan. Typically, the calculated contribution has a normal cost payment and an amortization payment.

Closed Amortization Period: A specific number of years that is counted down by one each year and therefore declines to zero with the passage of time. For example, if the amortization period is initially set at 30 years, it is 29 years at the end of one year, 28 years at the end of two years, etc. See Funding Period and Open Amortization Period.

Decrements: Those causes/events due to which a member's status (active-inactive-retiree-beneficiary) changes, that is: death, retirement, disability, or termination.

Defined Benefit Plan: An employer-sponsored retirement benefit that provides workers, upon attainment of designated age and service thresholds, with a monthly benefit based on the employee's salary and length of service. The value of a benefit from a defined benefit plan is generally not affected by the return on the assets that are invested to fund the benefit.

Defined Contribution Plan: A retirement plan, such as a 401(k) plan, a 403(b) plan, or a 457 plan, in which the contributions to the plan are assigned to an account for each member, and the plan's earnings are allocated to each account, and each member's benefits are a direct function of the account balance.

Employer Normal Cost: The portion of the Normal Cost to be paid by the employers. This is equal to the Normal Cost less expected member contributions.

Experience Study: A periodic review and analysis of the actual experience of the Fund which may lead to a revision of one or more actuarial assumptions. Actual rates of decrement and salary increases are compared to the actuarially assumed values and modified as deemed appropriate by the Actuary.

Funded Ratio: The ratio of the actuarial value of assets (AVA) to the actuarial accrued liability (AAL). Plans sometimes calculate a market funded ratio, using the market value of assets (MVA), rather than the AVA.

Funding Period or Amortization Period: The term "Funding Period" is used in two ways. In the first sense, it is the period used in calculating the Amortization Payment as a component of the ADC. This funding period is chosen by the Board of Trustees. In the second sense, it is a calculated item: the number of years in the future that will theoretically be required to amortize (i.e., pay off or eliminate) the Unfunded Actuarial Accrued Liability, based on the statutory employer contribution rate, and assuming no future actuarial gains or losses.

GASB: The Governmental Accounting Standards Board is an organization that exists in order to promulgate accounting standards for governmental entities.

Normal Cost: That portion of the Actuarial Present Value of pension plan benefits and expenses which is allocated to a valuation year by the Actuarial Cost Method. Any payment in respect of an Unfunded Actuarial Accrued Liability is not part of Normal Cost (see Amortization Payment). For pension plan benefits which are provided in part by employee contributions, Normal Cost refers to the total of employee contributions and employer Normal Cost unless otherwise specifically stated. Under the entry age normal cost method, the Normal Cost is intended to be the level cost (when expressed as a percentage of pay) needed to fund the benefits of a member from hire until ultimate termination, death, disability or retirement.

Open Amortization Period: An open amortization period is one which is used to determine the Amortization Payment but which does not change over time. In other words, if the initial period is set as 30 years, the same 30-year period is used in determining the Amortization Period each year. In theory, if an Open Amortization Period is used to amortize the Unfunded Actuarial Accrued Liability, the UAAL will never completely disappear, but will become smaller each year, either as a dollar amount or in relation to covered payroll.

Unfunded Actuarial Accrued Liability: The excess of the Actuarial Accrued Liability over the Actuarial Value of Assets. This value may be negative in which case it may be expressed as a negative Unfunded Actuarial Accrued Liability, also called the Funding Surplus.

Valuation Date or Actuarial Valuation Date: The date as of which the value of assets is determined and as of which the Actuarial Present Value of Future Plan Benefits is determined. The expected benefits to be paid in the future are discounted to this date.

Kentucky Legislators Retirement Plan

Annual Actuarial Valuation - Funding
As of July 1, 2025

DRAFT



October 21, 2025

Board of Trustees
Kentucky Judicial Form Retirement System
The Whitaker Bank Building
305 Ann Street, Suite 302
Frankfort, KY 40601

Re: Actuarial Valuation for Funding Purposes as of July 1, 2025

Members of the Board:

This report describes the current actuarial condition of the Kentucky Legislators Retirement Plan (LRP) and provides the actuarially determined employer contribution for fiscal years ending June 30, 2027 and June 30, 2028. In addition, the report provides an analysis of the change in LRP’s financial condition, various summaries of the data, sensitivities of the actuarial valuation results, and a projection of the future funded status of LRP.

Separate reports are issued with regard to valuation results determined in accordance with Governmental Accounting Standards Board (GASB) Statements 67, 68, 74 and 75. Results of this report should not be used for any other purpose without consultation with the undersigned. Valuations are prepared every other year as of July 1, the first day of the plan year for LRP. This report was prepared at the request of the Board of Trustees of the Kentucky Judicial Form Retirement System (Board) and is intended for use by the KJFRS staff and those designated or approved by the Board.

Financing Objectives and Funding Policy

The employer contribution is determined in accordance with Section 21.525 of Kentucky Statute. As specified by the Statute, the employer contribution is comprised of a normal cost contribution and an actuarial accrued liability contribution. The actuarial accrued liability contribution is calculated by amortizing the unfunded accrued liability as of July 1, 2023 over a closed 20-year amortization period. Gains and losses incurring in years after 2023 are amortized as separate closed 20-year amortization bases.

However, both the pension and retiree medical fund are currently over 100% funded; therefore, any prior bases are eliminated and all surplus assets as of the valuation date are amortized over a 20-year period. The required contributions as calculated in this actuarial valuation are provided in the table below.

Fiscal Year Ending	June 30, 2027	June 30, 2028
Required Contribution	\$0	\$0

The ADC under the funding policy can be considered a “Reasonable Actuarially Determined Contribution” as required by the Actuarial Standards of Practice.

Actuarial Assumptions and Methods

The Board of Trustees, in consultation with the actuary, sets the actuarial assumptions and methods used in the actuarial valuation. Except where noted in this report, the assumptions used in this actuarial valuation are based on an experience study conducted with experience through June 30, 2023, adopted by the Board of Trustees on August 1, 2025, and first used with this actuarial valuation as of July 1, 2025.

The results of the actuarial valuation are dependent on the actuarial assumptions used. Actual results can, and almost certainly will, differ as actual experience deviates from the assumptions. Even seemingly minor changes in the assumptions can materially change the liabilities, calculated contribution rate, and funding periods. The actuarial calculations are intended to provide information for rational decision making.

Plan Provisions

The benefit provisions reflected in this valuation are those which were in effect on July 1, 2025. There were no material benefit provision changes since the prior valuation. Member data for retired, active and inactive members, as well as financial data, was supplied as of July 1, 2025, by KJFRS staff. We did not audit this data, but we did apply a number of tests to the data, and we concluded that it was reasonable and consistent with the prior year's data. GRS is not responsible for the accuracy or completeness of the information provided to us by KJFRS.

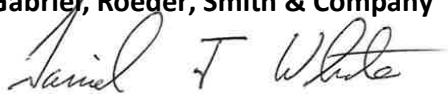
Certification

We certify that the information presented herein is accurate and fairly portrays the actuarial position of LRP as of July 1, 2025. All of our work conforms with generally accepted actuarial principles and practices, and is in conformity with the Actuarial Standards of Practice issued by the Actuarial Standards Board. In our opinion, our calculations also comply with the requirements of Kentucky Code of Laws and, where applicable, the Internal Revenue Code, ERISA, and the Statements of the Governmental Accounting Standards Board.

All three of the undersigned are members of the American Academy of Actuaries and meet all of the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. In addition, all three are independent of KJFRS and are experienced in performing valuations for large public retirement systems. This communication shall not be construed to provide tax advice, legal advice or investment advice.

Respectfully submitted,

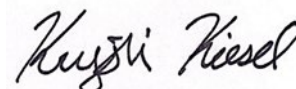
Gabriel, Roeder, Smith & Company



Daniel J. White, FSA, EA, MAAA
Vice President & Actuary



Janie Shaw, ASA, EA, MAAA
Consultant & Actuary



Krysti Kiesel, ASA, EA, MAAA
Consultant & Actuary

Table of Contents

	<u>Page</u>
Section 1	
Executive Summary.....	2
Section 2	
Actuarial Tables.....	8
Section 3	
Membership Information.....	17
Section 4	
Assessment and Disclosure of Risk	21
Appendix A	
Actuarial Assumptions and Methods.....	25
Appendix B	
Benefit Provisions	32
Appendix C	
Cost of 1.5% Cost of Living Adjustment	39
Appendix D	
Sensitivity Analysis	41
Appendix E	
Projections	46
Appendix F	
Glossary.....	50

SECTION 1

EXECUTIVE SUMMARY

Executive Summary

Valuation Date	July 1, 2025	July 1, 2023	July 1, 2021	July 1, 2019
Annual Required Contribution				
Pension	\$0	\$0	\$27,008	\$338,739
Retiree Medical	0	0	0	23,952
Total	\$0	\$0	\$27,008	\$362,691
as a Percent of Payroll	0.00%	0.00%	0.64%	8.39%
Fiscal Year Ending				
Required Contribution with Interest	June 30, 2027	June 30, 2025	June 30, 2023	June 30, 2021 ¹
	\$0	\$0	\$28,764	\$665,790
Fiscal Year Ending				
Required Contribution with Interest	June 30, 2028	June 30, 2026	June 30, 2024	June 30, 2022 ¹
	\$0	\$0	\$30,634	\$702,783
Funded Status - Pension				
• Actuarial accrued liability	\$67,480,113	\$68,059,010	\$72,568,155	\$71,941,174
• Actuarial value of assets (AVA)	100,312,613	86,304,769	79,019,547	71,432,381
• Unfunded liability / (Surplus Assets) - AVA basis	(\$32,832,500)	(\$18,245,759)	(\$6,451,392)	\$508,793
• Funded Ratio - AVA basis	148.7%	126.8%	108.9%	99.3%
• Market value of assets (MVA)	117,806,891	91,267,801	98,291,597	76,918,144
• Unfunded liability / (Surplus Assets) - MVA basis	(\$50,326,778)	(\$23,208,791)	(\$25,723,442)	(\$4,976,970)
• Funded Ratio - MVA basis	174.6%	134.1%	135.4%	106.9%
Funded Status - Retiree Medical				
• Actuarial accrued liability	\$25,315,315	\$18,115,490	\$15,667,998	\$19,664,861
• Actuarial value of assets (AVA)	85,687,728	67,838,824	56,806,280	46,525,674
• Unfunded liability / (Surplus Assets) - AVA basis	(\$60,372,413)	(\$49,723,334)	(\$41,138,282)	(\$26,860,813)
• Funded Ratio - AVA basis	338.5%	374.5%	362.6%	236.6%
• Market value of assets (MVA)	100,631,462	71,739,956	70,660,745	50,100,231
• Unfunded liability / (Surplus Assets) - MVA basis	(\$75,316,147)	(\$53,624,466)	(\$54,992,747)	(\$30,435,370)
• Funded Ratio - MVA basis	397.5%	396.0%	451.0%	254.8%
Membership:				
• Number of				
- Active Members	92	96	101	103
- Retirees and Beneficiaries	262	259	245	238
- Inactive Members	57	45	47	43
- Total	411	400	393	384
• Projected payroll of active members	\$4,139,890	\$4,117,781	\$4,201,280	\$4,325,106
• Average salary of active members	\$44,999	\$42,894	\$41,597	\$41,991
• Average age of active members	56.1	55.6	56.3	56.7
• Average service of active members	7.6	8.3	9.9	10.5

¹ Required contribution for fiscal years ending June 30, 2021 and June 30, 2022 included both an interest adjustment and an adjustment for anticipated expenses.

Discussion

Introduction

This report presents the results of the July 1, 2025 actuarial valuation of the Kentucky Legislators Retirement Plan (LRP). The primary purposes of this actuarial valuation report are to provide the actuarially determined employer contribution for fiscal years ending June 30, 2027 and June 30, 2028, describe the current financial condition of LRP, and analyze the changes in the condition of LRP. Additionally, this report provides various summaries of the data, sensitivities of the actuarial valuation results, and a projection of the future funded status of LRP.

LRP is a defined benefit pension plan that provides coverage for members of the General Assembly, who have acquired membership in the plan in accordance with the provisions of KRS 6.505. This report presents the results for the pension fund and the retiree medical fund.

Beginning with the July 1, 2021 valuation report, the traditional and hybrid tiers of LRP have been treated as one plan for all actuarial calculations. Results for both tiers prior to July 1, 2021 that are presented in this report have been combined for comparison purposes.

Data

This valuation was based upon information as of July 1, 2025, furnished by KJFRS staff, concerning system benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We checked for internal and year-to-year consistency, but did not audit the data. We are not responsible for the accuracy or completeness of the information provided by KYJFRS staff.

The tables in Section 3 show key census statistics for the various groups included in the valuation.

Plan Provisions

There have not been any material changes to the plan provisions since the prior valuation. The current plan provisions are outlined in Appendix B of this report.

Actuarial Assumptions and Methods

The Board of Trustees adopted new actuarial assumptions on August 1, 2025 based on the 2025 actuarial experience study prepared as of June 30, 2023. Updates to the assumptions are summarized below. Additional information can be found in the Experience Study report dated August 1, 2025. The current actuarial assumptions and methods are outlined in Appendix A of this report.

- Updated the cash balance interest crediting rate to 6.6% per annum
- Updated the individual salary increase assumption to 3.5% per annum for all future years
- Updated the base mortality tables to the newly released public retirement plans mortality tables (Pub-2016 for General Employees with Above-Median Income)
- Updated the mortality improvement assumption to the ultimate rates of the most recently published mortality projection scale (U-MP2021)
- Decreased the retirement rates when a member is five years away from their normal retirement age and at ages above normal retirement age
- Updated termination rates to a rate of 5.5% per year

Additionally, in conjunction with the review of the healthcare per capita claims cost, the assumed increase in future healthcare costs, or trend assumption, is reviewed on a biannual basis. The trend assumption was updated as a result of our review. In general, the updated assumption is assuming higher future increases in pre-Medicare and Medicare healthcare costs.

We believe the assumptions are internally consistent and are reasonable, based on the actual experience of LRP. Furthermore, the assumptions and methods used in this valuation follow the guidance in the applicable Actuarial Standards of Practice and are expected to have no significant bias.

The results of the actuarial valuation are dependent upon the actuarial assumptions used. Actual results can and almost certainly will differ, as actual experience deviates from the assumptions. Even seemingly minor changes in the assumptions can materially change the liabilities, calculated contribution rates and funding periods. A full review of the impact of a different set of assumptions on the funded status of LRP is outside the scope of this actuarial valuation. However, a sensitivity of the actuarial valuation results to changes in the economic assumptions has been provided in Appendix D of this report.

System Assets

The actuarial value of assets increased from \$154 million as of July 1, 2023 to \$186 million as of July 1, 2025. The rates of return on the market value of assets on a dollar-weighted basis for the prior fiscal years were 19.4% for 2024 and 20.5% for 2025, which is more than the 6.50% expected annual return. The returns on an actuarial (smoothed) asset value were 12.6% in 2024 and 15.9% in 2025, which resulted in a \$25 million gain for the fiscal year. The market value of assets is \$33 million more than the actuarial value of assets, which signifies that the retirement fund is in a position of net deferred investment gains to be realized in future years.

Actuarial (Gains)/Losses

The actuarial valuation is a snapshot analysis of the liabilities, assets and funded position of the funds as of the first day of the plan year. In any one fiscal year, the experience can be better or worse from that which is assumed or expected. The actuarial assumptions do not necessarily attempt to model what the experience will be for any one given fiscal year, but instead try to model the overall experience over many years. Therefore, as long as the actual experience of a retirement system is reasonably close to the current assumptions, the long-term funding requirements of the system will remain relatively consistent. The table on the following page separately shows a reconciliation of the unfunded liability/(surplus assets) since the prior actuarial valuation for the pension and retiree medical funds, which include the effect of asset and liability experience, changes in assumptions, and changes in plan provisions.

Pension Fund

The surplus assets increased from \$18 million as of July 1, 2023 to \$33 million as of July 1, 2025 for the pension fund. They were expected to increase to \$20 million (an increase of \$2 million). The additional \$13 million increase in surplus assets is primarily attributable to favorable investment experience in fiscal years 2024 and 2025. The gains due to favorable investment experience were partially offset by an increase in the liability due to assumption changes.

Retiree Medical Fund

The surplus assets increased from \$50 million as of July 1, 2023 to \$60 million as of July 1, 2025 for the retiree medical fund. They were expected to increase to \$56 million (an increase of \$6 million). The additional \$4 million increase in surplus assets is primarily attributable to favorable investment experience in fiscal years 2024 and 2025. The gains due to favorable investment experience were offset by an increase in the liability due to Medicare insurance premiums increasing more than expected. Medicare premiums increased from \$367.51 in 2024 to \$558.47 in 2026, a 52% increase, compared to the expected increase of 12% over the same period.

Actuarial (Gains)/Losses

	<u>Pension</u>	<u>Retiree Medical</u>
A. Calculation of total actuarial gain or loss		
1. Unfunded/Overfunded actuarial accrued liability (U/OAAL), as of July 1, 2023	\$ (18,245,759)	\$ (49,723,334)
2. Normal cost and administrative expenses	537,110	248,987
3. Less: contributions for the year	(224,654)	(30,529)
4. Interest accrual	<u>(1,175,820)</u>	<u>(3,224,917)</u>
5. Expected OAAL as of July 1, 2024 (Sum of Items 1 - 4)	\$ (19,109,123)	\$ (52,729,793)
6. Normal cost and administrative expenses	515,675	234,750
7. Less: contributions for the year	(299,885)	(29,913)
8. Interest accrual	<u>(1,235,080)</u>	<u>(3,420,779)</u>
9. Expected OAAL as of July 1, 2025 (Sum of Items 5 - 8)	\$ (20,128,413)	\$ (55,945,735)
10. Actual OAAL as of July 1, 2025	(\$32,832,500)	(\$60,372,413)
11. Total unexpected (decrease)/increase in OAAL (Item 10 - Item 9)	(\$12,704,087)	(\$4,426,678)
B. Source of (decrease)/increase		
1. Investment (gain)/loss	\$ (13,884,727)	\$ (11,316,964)
2. Liability experience (gain)/loss*	23,108	6,240,209
3. Plan Changes	—	—
4. Assumption changes	<u>1,157,532</u>	<u>650,077</u>
5. Total	\$ (12,704,087)	\$ (4,426,678)

* Liability experience for the retiree medical fund includes the impact of the updated trend assumption. The trend assumption, or the assumed increase in future healthcare costs, is reviewed in conjunction with the review of the healthcare per capita claims cost. In general, the updated assumption is assuming higher future increases in pre-Medicare and Medicare healthcare costs.

SECTION 2

ACTUARIAL TABLES

Table 1
Development of Actuarially Determined Contribution

	Pension	Retiree Medical	Pension + Retiree Medical
1 Annual Covered Payroll	\$ 4,139,890	\$ 4,139,890	\$ 4,139,890
2 Actuarial Accrued Liability for Active Members			
a. Present value of future benefits	\$ 10,738,238	\$ 4,103,759	\$ 14,841,997
b. Less: present value of future normal costs	2,334,441	775,103	3,109,544
c. Actuarial accrued liability	\$ 8,403,797	\$ 3,328,656	\$ 11,732,453
3 Total Actuarial Accrued Liability for:			
a. Retirees and beneficiaries	\$ 52,902,966	\$ 18,534,974	\$ 71,437,940
b. Inactive members	6,173,350	3,451,685	9,625,035
c. Active members (Item 2c)	8,403,797	3,328,656	11,732,453
d. Total	\$ 67,480,113	\$ 25,315,315	\$ 92,795,428
4 Actuarial Value of Assets	\$ 100,312,613	\$ 85,687,728	\$ 186,000,341
5 Unfunded Accrued Liability / (Surplus Assets) UAAL/(OAAL) (Item 3d - Item 4)	\$ (32,832,500)	\$ (60,372,413)	\$ (93,204,913)
6 Funded Ratio (Item 3 / Item 2d)	148.7%	338.5%	200.4%
7 Actuarially Determined Contribution (ADC)			
a. Net Normal Cost	\$ 221,899	\$ 141,584	\$ 363,483
b. Administrative expenses	124,300	101,700	226,000
c. 20-Year Amortization of UAAL/(OAAL)	(2,797,896)	(5,144,772)	(7,942,668)
d. Total ADC (Items 7a + 7b + 7c, NLT \$0)	\$ 0	\$ 0	\$ 0
e. Total ADC as a Percentage of Payroll	0.00%	0.00%	0.00%
8 Required Contributions with Interest			
a. For Fiscal Year Ending June 30, 2027	\$ 0	\$ 0	\$ 0
b. For Fiscal Year Ending June 30, 2028	\$ 0	\$ 0	\$ 0
9 Actuarially Determined Contribution by Tier			
a. Traditional Tier	\$ 0	\$ 0	\$ 0
b. Hybrid Tier	0	0	0
c. Actuarially Determined Contribution	\$ 0	\$ 0	\$ 0

Table 2
Actuarial Present Value of Future Benefits and
Determination of Actuarial Accrued Liability

	Pension	Retiree Medical	Pension + Retiree Medical
1 Active Members			
a. Service Benefits	\$ 9,364,463	\$ 3,733,108	\$ 13,097,571
b. Disability Benefits	0	0	0
c. Death before Retirement	15,505	10,874	26,379
d. Termination	1,358,270	359,777	1,718,047
e. Total Present Value of Future Benefits	\$ 10,738,238	\$ 4,103,759	\$ 14,841,997
2 Inactive Members			
a. Vested Terminations	\$ 5,982,740	\$ 3,451,685	\$ 9,434,425
b. Non-Vested Terminations	190,610	0	190,610
c. Total Present Value of Future Benefits	\$ 6,173,350	\$ 3,451,685	\$ 9,625,035
3 Annuitants			
a. Service Retirements	\$ 46,410,023	\$ 16,371,273	\$ 62,781,296
b. Beneficiaries	6,492,943	2,163,701	8,656,644
c. Disability Retirements	0	0	0
d. Total Present Value of Future Benefits	\$ 52,902,966	\$ 18,534,974	\$ 71,437,940
4 Determination of Actuarial Accrued Liability			
a. Present Value of Future Benefits [items 1e + 2c + 3d]	\$ 69,814,554	\$ 26,090,418	\$ 95,904,972
b. Less: present value of future normal costs	2,334,441	775,103	3,109,544
c. Actuarial Accrued Liability [item 4a - 4b]	\$ 67,480,113	\$ 25,315,315	\$ 92,795,428
5 Actuarial Accrued Liability by Tier			
a. Traditional Tier	\$ 65,551,798	\$ 25,107,756	\$ 90,659,554
b. Hybrid Tier	1,928,315	207,559	2,135,874
c. Actuarial Accrued Liability [item 5a + 5b]	\$ 67,480,113	\$ 25,315,315	\$ 92,795,428

Table 3
Analysis of Normal Cost

	Pension	Retiree Medical	Pension + Retiree Medical
1 Annual Covered Payroll	\$ 4,139,890	\$ 4,139,890	\$ 4,139,890
2 Gross Normal Cost as a Percentage of Pay			
a. Traditional Tier	18.73%	18.47%	37.20%
b. Hybrid Tier	8.57%	1.03%	9.60%
c. Gross Normal Cost Rate	10.44%	4.24%	14.68%
3 Gross Normal Cost			
a. Traditional Tier	\$ 154,324	\$ 142,133	\$ 296,457
b. Hybrid Tier	277,881	33,398	311,279
c. Gross Normal Cost [item 1 x 2c]	\$ 432,205	\$ 175,531	\$ 607,736
4 Net Employer Normal Cost			
a. Gross Normal Cost	\$ 432,205	\$ 175,531	\$ 607,736
b. Estimated Employee Contributions	210,306	33,947	244,253
c. Net Employer Normal Cost [item 4a - 4b]	\$ 221,899	\$ 141,584	\$ 363,483

Table 4

Reconciliation of Market Value of Assets and Allocation of Actuarial Value of Assets

	Year Ending			
	June 30, 2025	June 30, 2025	June 30, 2025	
	(1)	(2)	(3)	
	Pension	Retiree Medical	Pension + Retiree Medical	Pension + Retiree Medical
1. Market Value of assets at beginning of year	\$ 102,884,003	\$ 84,604,481	\$ 187,488,484	\$ 163,007,757
2. Revenue for the year				
a. Contributions				
i. Member contributions	\$ 299,885	\$ 29,913	\$ 329,798	\$ 255,183
ii. Employer contributions	0	0	0	0
iii. Other contributions	0	0	0	0
iv. Total	\$ 299,885	\$ 29,913	\$ 329,798	\$ 255,183
b. Transfer In Payments	\$ 0	\$ 0	\$ 0	\$ 0
c. Investment Income	\$ 20,311,452	\$ 17,350,183	\$ 37,661,635	\$ 30,942,065
d. Total revenue	\$ 20,611,337	\$ 17,380,096	\$ 37,991,433	\$ 31,197,248
3. Expenditures for the year				
a. Disbursements				
i. Benefit Payments / Refunds	\$ 5,582,102	\$ 1,262,273	\$ 6,844,375	\$ 6,483,660
ii. Administrative Expenses	106,347	90,842	197,189	232,861
iii. Other	0	0	0	0
v. Total	\$ 5,688,449	\$ 1,353,115	\$ 7,041,564	\$ 6,716,521
4. Increase in net assets (Item 2. - Item 3.)	\$ 14,922,888	\$ 16,026,981	\$ 30,949,869	\$ 24,480,727
5. Market Value of assets at end of year (Item 1. + Item 4.)	\$ 117,806,891	\$ 100,631,462	\$ 218,438,353	\$ 187,488,484
6. Estimated annual return on net assets			20.5%	19.4%
7. Net external cash flow				
a. Dollar amount	\$ (5,388,564)	\$ (1,323,202)	\$ (6,711,766)	\$ (6,461,338)
b. Percentage of market value	-4.9%	-1.4%	-3.3%	-3.7%
8. Actuarial Value of assets at end of year				
a. Dollar amount	\$ 100,312,613	\$ 85,687,728	\$ 186,000,341	\$ 166,754,923
b. Annual Return			15.9%	12.6%

Table 5a

Development of Actuarial Value of Assets as of July 1, 2025

Year Ending	<u>June 30, 2025</u>
1. Actuarial value of assets at beginning of year	\$ 166,754,923
2. Market value of assets at beginning of year	\$ 187,488,484
3. Net new investments	
a. Contributions	\$ 329,798
b. Benefit payments	(6,844,375)
c. Administrative expenses	(197,189)
d. Subtotal	<u>\$ (6,711,766)</u>
4. Market value of assets at end of year	\$ 218,438,353
5. Net earnings (Item 4. - Item 2. - Item 3.d.)	\$ 37,661,635
6. Assumed investment return rate for fiscal year	6.50%
7. Expected return for immediate recognition	\$ 11,968,619
8. Excess return for phased recognition	\$ 25,693,016
9. Phased-in recognition, 20% of excess return on assets for prior years:	
<u>Fiscal Year</u> <u>Ending June 30,</u> <u>Excess</u> <u>Return</u> <u>Deferred</u> <u>Amount</u>	
a. 2025	\$ 25,693,016
b. 2024	20,556,554
c. 2023	11,859,686
d. 2022	(25,971,037)
e. 2021	37,804,606
f. Total	<u>0</u>
	<u>\$ 32,438,012</u>
10. Actuarial value of assets as of June 30, 2025 (Item 4.- Item 9.f.)	\$ 186,000,341
11. Ratio of actuarial value to market value	85.2%
12. Estimated annual return on actuarial value of assets	15.9%

Table 5b
Development of Actuarial Value of Assets as of July 1, 2024

Year Ending	<u>June 30, 2024</u>			
1. Actuarial value of assets at beginning of year	\$	154,143,593		
2. Market value of assets at beginning of year	\$	163,007,757		
3. Net new investments				
a. Contributions	\$	255,183		
b. Benefit payments		(6,483,660)		
c. Administrative expenses		(232,861)		
d. Subtotal	\$	(6,461,338)		
4. Market value of assets at end of year	\$	187,488,484		
5. Net earnings (Item 4. - Item 2. - Item 3.d.)	\$	30,942,065		
6. Assumed investment return rate for fiscal year		6.50%		
7. Expected return for immediate recognition	\$	10,385,511		
8. Excess return for phased recognition	\$	20,556,554		
9. Phased-in recognition, 20% of excess return on assets for prior years:				
	<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Excess</u> <u>Return</u>		<u>Deferred</u> <u>Amount</u>
a.	2024	\$ 20,556,554	80%	\$ 16,445,243
b.	2023	11,859,686	60%	7,115,812
c.	2022	(25,971,037)	40%	(10,388,415)
d.	2021	37,804,606	20%	7,560,921
e.	2020	(814,026)	0%	0
f.	Total			\$ 20,733,561
10. Actuarial value of assets as of June 30, 2024 (Item 4.- Item 9.f.)	\$	166,754,923		
11. Ratio of actuarial value to market value		88.9%		
12. Estimated annual return on actuarial value of assets		12.6%		

Table 6
History of Investment Return Rates

Year Ending June 30 of	Market	Actuarial
2016	3.4%	11.7%
2017	13.1%	11.7%
2018	9.3%	9.9%
2019	12.5%	9.6%
2020	5.8%	9.0%
2021	36.5%	15.6%
2022	-9.1%	11.3%
2023	14.7%	10.8%
2024	19.4%	12.6%
2025	20.5%	15.9%
Average Returns		
Last Five Years:	15.4%	13.2%
Last Ten Years:	12.0%	11.8%

Table 7
Schedule of Funding Progress

July 1, (1)	Actuarial Value of Assets (AVA) (2)	Actuarial Accrued Liability (AAL) (3)	Unfunded Actuarial Accrued Liability (UAAL) (3) - (2) (4)	Funded Ratio (2)/(3) (5)	Annual Covered Payroll (6)	UAAL as % of Payroll (4)/(6) (7)
Pension Fund						
2017	65,063,724	73,238,809	8,175,085	88.8%	4,403,681	185.6%
2019	71,432,381	71,941,174	508,793	99.3%	4,325,106	11.8%
2021	79,019,547	72,568,155	(6,451,392)	108.9%	4,201,280	-153.6%
2023	86,304,769	68,059,010	(18,245,759)	126.8%	4,117,781	-443.1%
2025	100,312,613	67,480,113	(32,832,500)	148.7%	4,139,890	-793.1%
Retiree Medical Fund						
2017	39,995,862	22,084,782	(17,911,080)	181.1%	4,403,681	-406.7%
2019	46,525,674	19,664,861	(26,860,813)	236.6%	4,325,106	-621.0%
2021	56,806,280	15,667,998	(41,138,282)	362.6%	4,201,280	-979.2%
2023	67,838,824	18,115,490	(49,723,334)	374.5%	4,117,781	-1207.5%
2025	85,687,728	25,315,315	(60,372,413)	338.5%	4,139,890	-1458.3%

SECTION 3

MEMBERSHIP INFORMATION

Table 8
Summary of Membership Data

	<u>July 1, 2025</u>	<u>July 1, 2023</u>
1. Active members		
a. Number	92	96
b. Total covered pay	\$ 4,139,890	\$ 4,117,781
c. Average salary	\$ 44,999	\$ 42,894
d. Average age	56.1	55.6
e. Average service	7.6	8.3
f. Member contributions with interest	\$ 1,764,089	\$ 1,627,382
g. Average contributions with interest	\$ 19,175	\$ 16,952
2. Vested inactive members		
a. Number	35	33
b. Total annual deferred benefits	\$ 456,095	\$ 475,068
c. Average annual deferred benefit	\$ 13,031	\$ 14,396
d. Average age at the valuation date	55.5	55.4
3. Inactive members due a refund		
a. Number	22	12
b. Total member contributions with interest	\$ 190,610	\$ 155,556
c. Average contributions with interest	\$ 8,664	\$ 12,963
4. Service retirees ¹		
a. Number	200	202
b. Total annual benefits	\$ 4,585,139	\$ 4,604,909
c. Average annual benefit	\$ 22,926	\$ 22,797
d. Average age at the valuation date	75.8	75.3
5. Disabled retirees		
a. Number	0	0
b. Total annual benefits	\$ 0	\$ 0
c. Average annual benefit	\$ 0	\$ 0
d. Average age at the valuation date	0.0	0.0
6. Beneficiaries		
a. Number	62	57
b. Total annual benefits	\$ 969,929	\$ 967,617
c. Average annual benefit	\$ 15,644	\$ 16,976
d. Average age at the valuation date	81.6	80.8

¹ Service retiree information includes 7 alternate payee records

Table 9
Distribution of Active Members by Age and Years of Service

Attained Age	Years of Credited Service												Total Count & Avg. Comp.
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35 & Over	
	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	Count & Avg. Comp.	
Under 40	2 \$44,313	1 \$38,650	1 \$39,572	0 \$0	2 \$36,689	2 \$41,644	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	8 \$40,439
40-44	1 \$49,948	0 \$0	1 \$46,799	0 \$0	0 \$0	1 \$47,928	1 \$44,829	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	4 \$47,376
45-49	4 \$47,420	0 \$0	3 \$42,741	1 \$47,951	1 \$43,432	4 \$40,196	2 \$44,282	0 \$0	1 \$60,510	0 \$0	0 \$0	0 \$0	16 \$44,947
50-54	1 \$47,191	0 \$0	2 \$43,824	0 \$0	4 \$43,800	0 \$0	1 \$47,055	0 \$0	0 \$0	0 \$0	0 \$0	0 \$0	8 \$44,637
55-59	0 \$0	0 \$0	7 \$44,199	1 \$46,132	1 \$41,917	4 \$44,253	2 \$45,365	1 \$45,170	2 \$44,341	1 \$39,090	0 \$0	0 \$0	19 \$44,112
60-64	1 \$49,029	0 \$0	0 \$0	0 \$0	2 \$44,763	8 \$45,336	2 \$43,634	1 \$48,085	1 \$56,868	0 \$0	0 \$0	0 \$0	15 \$46,231
65 & Over	1 \$45,000	0 \$0	3 \$43,124	1 \$50,481	3 \$46,508	6 \$44,263	3 \$47,779	1 \$49,635	1 \$50,269	1 \$44,168	1 \$49,254	1 \$52,417	22 \$46,320
Total	10 \$46,947	1 \$38,650	17 \$43,589	3 \$48,188	13 \$43,306	25 \$43,891	11 \$45,617	3 \$47,630	5 \$51,266	2 \$41,629	1 \$49,254	1 \$52,417	92 \$44,999

Table 10
Distribution of Inactive Members by Status and Age

Current Age (1)	Annuitants in Payment		Vested Inactive Members		Inactive Member due Refund	
	Number of Annuitants (2)	Average Annual Benefit Amount (3)	Number of Annuitants (4)	Average Annual Deferred Benefit Amount (5)	Number of Annuitants (6)	Average Refund Due Amount (7)
Under 50	0	\$ 0	9	\$ 8,717	4	\$ 4,915
50 - 54	1	25,104	5	9,947	3	11,604
55 - 59	7	13,220	9	13,958	2	14,019
60 - 64	13	19,199	9	14,293	3	10,668
65 - 69	32	25,963	3	24,549	4	10,215
70 - 74	51	25,177	0	0	6	5,872
75 - 79	64	18,703	0	0	0	0
80 - 84	46	18,221	0	0	0	0
85 - 89	28	22,554	0	0	0	0
90 And Over	20	20,316	0	0	0	0
Total	262	\$ 21,203	35	\$ 13,031	22	\$ 8,664

SECTION 4

ASSESSMENT AND DISCLOSURE OF RISK

Risks Associated with Measuring the Accrued Liability and Actuarially Determined Contribution

The determination of LRP's accrued liability and actuarially determined contribution requires the use of assumptions regarding future economic and demographic experience. The risk measures illustrated in this section are intended to aid stakeholders in understanding the effects of future experience differing from the assumptions used in performing an actuarial valuation. These risk measures may also help with illustrating the potential volatility in the funded status and actuarially determined contributions that result from differences between actual experience and the expected experience based on the actuarial assumptions.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience (economic and demographic) differing from the assumptions, changes in assumptions due to changing conditions, changes in contribution requirements due to modifications to the funding policy, and changes in the liability and cost due to changes in plan provisions or applicable law. The scope of this actuarial valuation does not include any analysis of the potential range of such future measurements.

Examples of risk that may reasonably be anticipated to significantly affect the System's future financial condition include:

- Investment risk – actual investment returns may differ from expected returns;
- Longevity risk – members may live longer or shorter than expected and receive pensions for a time period different than assumed;
- Other demographic risks – members may terminate, retire or become disabled at times or with benefits other than assumed resulting in actual future contributions differing from expected;
- Salary and payroll risk – actual salaries and total payroll may differ from expected, resulting in actual future accrued liabilities or contributions differing from expected;
- Asset/Liability mismatch – changes in assets may be inconsistent with changes in liabilities, thereby altering the relative difference between the assets and liabilities which may alter the funded status and contribution requirements;
- Contribution risk – actual contributions may differ from expected future contributions

Effects of certain experience can generally be anticipated. For example, if investment returns since the most recent actuarial valuation are less (or more) than the assumed rate of return, then the funded status of the plan can be expected to decrease (or increase) more than anticipated.

The ADC developed on Table 1 may be considered as a minimum contribution that complies with the with applicable Statutes and assumptions adopted by the Board. The timely receipt of the ADC, when applicable, is critical to support the financial health of the retirement system. Users of this report should be aware that contributions made consistent with the ADC do not necessarily guarantee benefit security.

Plan Specific Risk Measures

Risks faced by a pension plan evolve over time. A relatively new plan with virtually no assets and paying few benefits will experience lower investment risk than a mature plan with a significant amount of assets and large number of members receiving benefits. Generally accepted plan maturity measures are provided in the following table.

	July 1,				
	2025	2024	2023	2022	2021
Ratio of net cash flow to market value of assets	-3.3%	-3.7%	-4.0%	-3.7%	-3.8%
Percentage of Expected Contribution Actually Received	N/A	0%	0%	0%	0%
Ratio of actives to retirees and beneficiaries	0.35		0.37		0.41

Ratio of net cash flow to market value of assets

A positive net cash flow means contributions exceed benefits and expenses. A negative cash flow means existing funds are being used to make payments. A certain amount of negative net cash flow is generally expected to occur when benefits are prefunded through a qualified trust. Large negative net cash flows as a percent of assets may indicate a super-mature plan or a need for additional management of anticipated cash flow to have sufficient cash to provide benefits.

Percentage of Expected Contributions Actually Received

This measure identifies the percentage difference between the contributions the fund expects to receive during the fiscal year to and actual contributions received by the fund during the fiscal year. A percentage that is less than 100% means that actual contributions the fund received were less than the expected contributions determined by a prior actuarial valuation. On the other hand, a percentage that is greater than 100% means that actual contributions the fund received were more than the expected contributions.

Ratio of active to retired members

A relatively mature open plan is likely to have close to the same number of actives to retirees resulting in a ratio that is around 1.0. On the other hand, a super-mature plan, or a plan that is closed to new entrants will have more retirees than active members resulting in a ratio below 1.0. As this ratio declines, a larger portion of the total actuarial accrued liability in the System is attributable to retirees. This metric provides an indication of potential contribution volatility.

Risks Measures – Low Default Risk Obligation Measure

Introduction

In December 2021, the Actuarial Standards Board (ASB) adopted a revision to Actuarial Standard of Practice (ASOP) No. 4, Measuring Pension Obligations and Determining Pension Plan Costs or Contributions. The revised ASOP No. 4 requires the calculation and disclosure of a liability referred to by the ASOP as the “Low-Default-Risk Obligation Measure” (LDROM). The rationale that the ASB cited for the calculation and disclosure of the LDROM was included in the Transmittal Memorandum of ASOP No. 4 and is presented below (emphasis added):

“The ASB believes that the calculation and disclosure of this measure provides **appropriate, useful information for the intended user regarding the funded status of a pension plan.** The calculation and disclosure of this additional measure is **not intended to suggest that this is the “right” liability measure** for a pension plan. However, the ASB does believe that **this additional disclosure provides a more complete assessment of a plan’s funded status and provides additional information regarding the security of benefits that members have earned as of the measurement date.**”

Comparing the Accrued Liabilities and the LDROM

One of the fundamental financial objectives of the Kentucky Legislators Retirement Plan (LRP) is to finance each member’s retirement benefits over the period from the member’s date of hire until the member’s projected date of retirement (entry age actuarial cost method) as a level percentage of payroll. To fulfill this objective, the discount rate that is used to value the accrued liabilities of LRP is set equal to the **expected return** on each fund’s diversified portfolio of assets (referred to sometimes as the investment return assumption). The investment return assumption is 6.50%.

The LDROM is meant to approximately represent the lump sum cost to a plan to purchase low-default-risk fixed income securities whose resulting cash flows essentially replicate in timing and amount the benefits earned (or the costs accrued) as of the measurement date. The LDROM is very dependent upon market interest rates at the time of the LDROM measurement and can vary greatly from year to year. The lower the market interest rates, the higher the LDROM, and vice versa. The LDROM results presented in this report are based on the entry age actuarial cost method and discount rates based upon the intermediate rate from the FTSE Pension Discount Curve and Liability Index published by the Society of Actuaries. This rate is 5.46% as of June 30, 2025. This measure may not be appropriate for assessing the need for or amount of future contributions. This measure may not be appropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan’s benefit obligation.

In normal economic conditions, the difference between the two measures (Valuation and LDROM) is one illustration of the savings the sponsor anticipates by taking on risk in a diversified portfolio.

Pension Fund	
Valuation Accrued Liabilities	LDROM
\$67,480,113	\$73,775,024

APPENDIX A

ACTUARIAL ASSUMPTIONS AND METHODS

Summary of Actuarial Assumptions and Methods

The following presents a summary of the actuarial assumptions and methods used in the valuation of the Legislators Retirement System. In general, the assumptions and methods used in the valuation are based on the actuarial experience study as of June 30, 2023 and adopted by the Board in August 2025.

Investment return rate:

Assumed annual rate of 6.50%, net of investment expenses

Price Inflation:

Assumed annual rate of 2.50%

Rates of Annual Salary Increase:

3.5% per year

Disability rates:

None assumed

Withdrawal rates (for causes other than disability and retirement):

5.5% per year

Mortality Assumption (pre and post retirement):

Pub-2016 Mortality Table for General Employees (above median), projected with ultimate rates from the Scale MP-2021 using a base year of 2016. No pre-retirement mortality is assumed for the hybrid tier. Pub-2016 Mortality Table for Disabled Retirees, projected with ultimate rates from the Scale MP-2021 using a base year of 2016, assumed for disabled retirees. The amount weighted version of these tables are used for the pension plan, while the headcount weighted versions are used for the insurance plans.

The following table provides the life expectancy for a healthy retiree in future years based on the assumption with full generational projection:

Life Expectancy for an Age 65 Retiree in Years					
Gender	Year of Retirement				
	2025	2030	2035	2040	2045
Male	22.5	22.8	23.2	23.5	23.8
Female	24.3	24.7	25.0	25.3	25.6

Retirement rates:

Assumed annual rates of retirement are shown below.

Age	Rate
Under NRA-5	0.0%
NRA-5	7.5%
NRA-4	7.5%
NRA-3	7.5%
NRA-2	15.0%
NRA-1	20.0%
NRA	20.0%
Above NRA	25.0%
Age 70	100.0%

Normal Retirement Age (NRA) is defined as age 65, except that it shall be reduced by one year, but no more than five years total, for each five years of service credit in the Plan.

In addition to these rates, for members of the traditional tier, an extra 20% is added to the retirement rate at the age a member reaches 27 years of service credit. For members with 27 years of service but under NRA-5, the retirement rate is assumed to be 20%.

Vested Termination: Vested terminated members are assumed to commence their retirement benefits at their normal retirement date. Members are assumed to elect a refund of member contributions if the value of their account balance exceeds the present value of the deferred benefit. Hybrid members are assumed to elect to receive a lump sum.

Pre-retirement death: Beneficiaries of current active members that die while active are assumed to commence their survivor benefits at the member's normal retirement date. No pre-retirement death assumed for hybrid members.

Marital status:

70% of active members are assumed to be married, with the female spouse 3 years younger than the male spouse, for the purposes of both pre- and post- retirement death benefits.

Dependent Children:

No dependent children assumed for the purposes of death benefits.

Form of Payment:

Members are assumed to elect a 50% joint survivor benefit if married. For hybrid members, members are assumed to elect to receive a lump sum equal to their account balance.

Cash Balance Interest Crediting Rate

Assumed annual rate of 6.60%

Other Assumptions

1. Individual salaries used to project benefits: For salary amounts prior to the valuation date, the salary from the last fiscal year is projected backward with the valuation salary scale assumption. For future salaries, the salary from the last fiscal year is projected forward with one year's salary scale.
2. Pay increase timing: Beginning of (fiscal) year. This is equivalent to assuming that reported salaries represent amounts paid to members during the year ending on the valuation date.
3. Decrement timing: Decrements of all types are assumed to occur mid-year. Decrement rates are used as described in this report, without adjustment for multiple decrement table effects.
4. Service: All members are assumed to accrue 1 year of benefit and eligibility service each year.
5. Eligibility testing: Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur
6. Incidence of Contributions: Contributions are assumed to be received continuously throughout the year based upon the computed percent of payroll shown in this report, and the actual payroll payable at the time contributions are made.
7. Administrative Expenses: Average of last three years of administrative expenses

Health Care Participation Assumptions:

- 100% of future eligible retirees are assumed to elect coverage at retirement
- 70% of future retirees are assumed to elect spouse coverage.
- Future retirees are assumed to have a similar distribution by plan type as the current retirees, which is an election percentage of 66% for the LivingWell PPO and 34% for the LivingWell CDHP.

Health Care Age Related Morbidity/Claims Utilization:

To model the impact of aging on the underlying health care costs for Medicare retirees, the valuation relied on the Society of Actuaries' 2013 Study "Health Care Costs – From Birth to Death". Table 4 (Development of Plan Specific Medicare Age Curve) was used to model the impact of aging for ages 65 and over.

Health Care Cost Trend Rates:

Year	Non-Medicare Plans ¹	Medicare Plans ¹	Dollar Contribution ²
2026	7.35%	8.00%	1.50%
2027	7.20%	8.00%	1.50%
2028	7.05%	8.00%	1.50%
2029	6.90%	7.50%	1.50%
2030	6.75%	7.00%	1.50%
2031	6.50%	6.50%	1.50%
2032	6.25%	6.00%	1.50%
2033	6.00%	5.50%	1.50%
2034	5.75%	5.00%	1.50%
2035	5.50%	4.50%	1.50%
2036	5.25%	4.25%	1.50%
2037	4.00%	4.25%	1.50%
2038	4.75%	4.25%	1.50%
2039	4.50%	4.25%	1.50%
2040 & Beyond	4.25%	4.25%	1.50%

¹All increases are assumed to occur on January 1. The 2026 premiums were known at the time of the valuation and were incorporated into the liability measurement

²Applies to members participating on or after July 1, 2003. All increases are assumed to occur on July 1.

The healthcare trend assumption is based on the framework developed in the Society of Actuaries' Getzen Model. The ultimate trend assumption of 4.25% is based on a 2.50% inflation assumption plus 1.75% long-term real GDP growth.

Actuarial Model

This report was prepared using our proprietary valuation model and related software which in our professional judgment has the capability to provide results that are consistent with the purposes of the valuation. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

Actuarial Cost Method:

Entry Age Normal, Level Percentage of Pay. The Entry Age Normal actuarial cost method allocates the System's actuarial present value of future benefits to various periods based upon service. The portion of the present value of future benefits allocated to years of service prior to the valuation date is the actuarial accrued liability, and the portion allocated to years following the valuation date is the present value of future normal costs. The normal cost is determined for each active member as the level percent of pay necessary to fully fund the expected benefits to be earned over the career of each individual active member. The normal cost is partially funded with active member contributions with the remainder funded by employer contributions.

Participant Data

Participant data was supplied in electronic text files.

The data for active and terminated members included date of birth, date of participation, benefit tier indicator, service, salary, employee contribution account balances, and employer pay credits for hybrid members. For retired members and beneficiaries, the data included date of birth, spouse's date of birth (where applicable), amount of monthly benefit, date of retirement, and form of payment.

Assumptions were made to correct for missing, bad, or inconsistent data. These had no material impact on the results presented.

Development of Baseline Claims Cost

For non-Medicare retirees, the initial per capita costs were developed using retiree claims experience for calendar years 2022 through 2024. The claims were projected on an incurred claim basis. The per capita costs shown in the table below also include HRA contributions for retirees on the CDHP plans. An inherent assumption in this methodology is that the projected future retirees will have a similar distribution by plan type as the current retirees. The fully-insured premiums paid to the Kentucky Employees' Health Plan are blended rates based on the combined experience of active and retired members. Because the average cost of providing health care benefits to retirees under age 65 is higher than the average cost of providing health care benefits to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees.

For Medicare retirees, the initial per capita costs were estimated based on the premium effective January 1, 2026, and are used for both current and future retirees. Age graded and sex distinct premiums are utilized by this valuation. These costs are appropriate for the unique age and sex distribution currently existing. Over the future years covered by this valuation, the age and sex distribution will most likely change. Therefore, our process "distributes" the average premium over all age/sex combinations and assigns a unique premium for each combination. The age/sex specific costs more accurately reflect the health care utilization and cost at that age.

2026 MONTHLY COSTS FOR THOSE NOT ELIGIBLE FOR MEDICARE		
AGE	MALE	FEMALE
40	\$ 419.69	\$ 681.97
50	680.31	838.09
60	1,156.23	1,138.49
64	1,406.00	1,326.89

2026 MONTHLY COSTS FOR THOSE ELIGIBLE FOR MEDICARE		
AGE	MALE	FEMALE
65	\$ 487.58	\$ 459.88
75	570.47	556.65
85	603.23	610.34

Appendix B of the report provides a full schedule of premiums.

Blake Orth is a Member of the American Academy of Actuaries (MAAA) and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.



Blake Orth, FSA, EA, MAAA

APPENDIX B

SUMMARY OF PLAN PROVISIONS

Summary of Benefit Provisions

Pension – Traditional Tier

(Participation prior to January 1, 2014)

Retirement Benefit

Vesting Requirement	Five (5) years of legislative service or eight (8) years of state government service credit (including Judicial Retirement Plan, the Kentucky Employees Retirement System, County Employees Retirement System, State Police Retirement System, or Teachers' Retirement System)
Normal Retirement Eligibility	Age 65, except that it shall be reduced by one year, but no more than five years total, for each five years of service credit in the Plan; or 27 years of service
Benefit Amount	Final compensation, which is the average member's three highest years of legislative creditable compensation, times the member's service credit rate, times the years of service credited to the member's account. Members of the Plan contributing on or after June 20, 2005, are eligible for reciprocity for service in the Kentucky Retirement System, the Kentucky Teachers Retirement System and the Judicial Retirement Plan in determining the high three salary years, provided there is a simultaneous commencement of benefits from the systems or plans included in the reciprocity.

Participation Date	Service Credit Rate
Prior to June 30, 1978	5.00%
Between July 1, 1978 and June 30, 1980	4.15%
Between July 1, 1980 and June 30, 1982	3.50%
After June 30, 1982	2.75%

Early Retirement Eligibility	Any age with vesting requirement
Early Retirement Reduction	Normal Retirement benefit reduced benefit five percent per year for the lesser of the number of years between (a) the retiree's normal retirement age and the retiree's actual age at the time benefits commence, or (b) 27 years of service and the retiree's years of total governmental service.
Normal Form of Benefit	50% Joint Survivor Benefit. Member may elect to take an optional retirement allowance that shall be actuarially equivalent to the normal form. The options shall include 100% joint survivor benefit, or 66-2/3% joint survivor benefit.

Post-Retirement
Benefit Increases

Effective July 1, 2009, an increase will only be granted if the General Assembly authorizes the use of any surplus actuarial assets to provide for the increase; or if the General Assembly appropriates sufficient funds to fully pre-fund the increase (if the Plan is less than 100% funded).

Vested Deferred Benefit

Vesting Requirement	Five (5) years of legislative service or eight (8) years of state government service credit (including Legislators' Retirement Plan, the Kentucky Employees Retirement System, County Employees Retirement System, State Police Retirement System, or Teachers' Retirement System)
Non-Vested Benefit	Refund of member's accumulated contributions
Vested Benefit	Accrued benefit payable once member is eligible for retirement

Disability Retirement

Eligibility	None
Disability Benefit	Amount equal to one-half (1/2) of the monthly service retirement allowance member would have received commencing at their normal retirement date if the member had continued in service until that date and had then retired, computed however on the basis of his final compensation at time of disability.

Pre-Retirement Death Benefit

Eligibility	None
Spouse Benefit	Surviving spouse is entitled to receive a monthly benefit equal to one-half (1/2) of the monthly allowance the member would have received commencing at the member's normal retirement date if the member had continued in service until that date and had then retired, computed however on the basis of his final compensation at time of death.
Child Benefit	If a member or retiree dies leaving no surviving spouse eligible for benefits, or leaves such a spouse who later dies, a benefit equal to the spouse's benefit will be payable to the child (or children, collectively) of the member or retiree. The benefits will be payable until the child's 21st birthday, unless the child is disabled. Benefits to a disabled child will continue for his/her life.

Member Contributions

Participation before 9/1/2008	5% of official salary. Member will not be required to contribute to the Plan once the member is vested in a service retirement allowance equal to one hundred percent (100%) of final compensation
Participation on or after 9/1/2008 but before 1/1/2014	6% of official salary. Member will not be required to contribute to the Plan once the member is vested in a service retirement allowance equal to one hundred percent (100%) of final compensation

Summary of Benefit Provisions

Pension – Hybrid Tier

(Participation on or after January 1, 2014)

Retirement Benefit

Vesting Requirement	Five (5) years of state government service credit (including Legislators' Retirement Plan, the Kentucky Employees Retirement System, County Employees Retirement System, State Police Retirement System, or Teachers' Retirement System)
Normal Retirement Eligibility	Age 65, or Rule of 87 (Age 57 or older if age plus service equals 87)
Benefit Amount	Each year that the member is active, a 4.00% state pay credit and the employee's 5.00% contribution will be credited to each member's hypothetical cash balance account. Annual interest will be credited on June 30 to the member's account. The interest shall include 4% of the member's accumulated account balance based on the preceding year-end balance, plus 75% of the Plan's geometric average net 5-year investment return in excess of a four percent rate of return. At retirement, the member's hypothetical account balance may be converted into an annuity based on an actuarial factor.
Early Retirement Eligibility	None
Normal Form of Benefit	Single Life Annuity. Member may elect to take an optional retirement allowance that shall be actuarially equivalent to the normal form. The options shall include 100% joint survivor benefit, 66-2/3% joint survivor benefit, or 50% joint survivor benefit.
Post-Retirement Benefit Increases	Effective July 1, 2009, an increase will only be granted if the General Assembly authorizes the use of any surplus actuarial assets to provide for the increase; or if the General Assembly appropriates sufficient funds to fully pre-fund the increase (if the Plan is less than 100% funded).

Vested Deferred Benefit

Vesting Requirement	Five (5) years of state government service credit (including Legislators' Retirement Plan, the Kentucky Employees Retirement System, County Employees Retirement System, State Police Retirement System, or Teachers' Retirement System)
Non-Vested Benefit	Refund of member's accumulated contributions
Vested Benefit	Accrued benefit payable once member is eligible for retirement. Alternatively, the member may refund their accumulated account balance, including state pay credits.

Disability Retirement

Eligibility	Five (5) years of Legislators service
Disability Benefit	The higher of 20% of the member's monthly final rate of pay or the monthly retirement allowance payable for life by having his or her accumulated account balance annuitized.

Pre-Retirement Death Benefit

Eligibility	Five (5) years of Legislators service
Spouse Benefit	Refund of member's accumulated account balance or the spouse may elect to receive a monthly benefit for life based on the member's accumulated account balance using the 100% survivorship option as if the member retired immediately prior to his/her date of death.

Member Contributions

Participation on or after 1/1/2014	6% of official salary, of which 5% represents the member's retirement benefit contribution. The remaining 1% represents a medical insurance contribution and is not a part of the member's accumulated account balance.
------------------------------------	---

Summary of Benefit Provisions

Insurance – Traditional Tier

(Participation prior to January 1, 2014)

Benefit Eligibility

Recipient of a retirement allowance

Benefit Amount

Service Credit at Retirement	Percentage of Member Premium Paid by Retirement System
Less than 4 years	0%
4 – 9 years	25%
10 years	50%
11 years	55%
12 years	60%
13 years	65%
14 years	70%
15 years	75%
16 years	80%
17 years	85%
18 years	90%
19 years	95%
20 or more years	100%

The insurance fund will pay the same percentage of the premium for the spouse and dependents of a recipient, or the beneficiary of the recipient.

Summary of Benefit Provisions Insurance – Hybrid Tier

(Participation on or after January 1, 2014)

<i>Benefit Eligibility</i>	Recipient of a retirement allowance with at least 15 years of service in the Plan at retirement.
<i>Benefit Amount</i>	Monthly contribution of \$10 for each year of earned service. The monthly contribution is increased by 1.5% each July 1. As of July 1, 2025, the monthly contribution was \$11.96/year of service. Upon the retiree's death, the surviving spouse may continue coverage (if in receipt of a retirement allowance) but will be 100% responsible for the premiums.
<i>Duty Disability Retirement</i>	If disability was a result of injuries sustained while in the line of duty, the member receives a benefit based on at least 20 years of service.
<i>Duty Death in Service</i>	If an active employee's death was a result of injuries sustained while in the line of duty, the member's spouse and children receive a monthly benefit a benefit based on at least 20 years of service.

Monthly Health Plan Premiums – Effective January 1, 2026

Non-Medicare Plan Options				
Plan Option	Single	Parent Plus	Couple	Family
LivingWell PPO	\$1,105.54	\$1,514.46	\$2,238.22	\$2,453.16
LivingWell CDHP	\$1,090.42	\$1,475.34	\$2,144.14	\$2,383.68
LivingWell Basic CDHP	\$1,059.88	\$1,447.24	\$2,150.90	\$2,385.14
LivingWell HDHP	\$983.66	\$1,343.02	\$1,996.16	\$2,213.58
Medicare Plan Options				
Humana Group Medicare Advantage PPO Plan				\$558.47

APPENDIX C

COST OF 1.5% COST OF LIVING ADJUSTMENT

Cost of a 1.5% Cost of Living Adjustment

Per Kentucky State Statute 21.405, this section of the report provides the financial cost if the General Assembly enacts an increase in monthly retirement allowances as permitted. Statute specifies:

The board of trustees of the Kentucky Judicial Form Retirement System shall, at least thirty (30) days prior to the beginning of regular sessions of the General Assembly held in even-numbered years, advise the General Assembly of the following:

- 1. Whether the plan has a funding level greater than one hundred percent (100%) and if the plan can support an increase in recipients' retirement allowances as provided by paragraph (a) of this subsection over the next budget biennium without reducing the funding level of the plan below one hundred percent (100%); and*
- 2. If no surplus actuarial assets are available, the level of funds needed to fully prefund an increase for plan recipients over the next budget biennium if a one and one-half percent (1.5%) increase is provided annually over the biennium.*

The cost analyzed in this section of the report is in relation to a 1.5% benefit increase applied annually over the next biennium. In other words, all members receiving a pension benefit in LRP would receive two 1.5% benefit increases (i.e. on one on July 1, 2026 and one on July 1, 2027).

As of this June 30, 2025 actuarial valuation, the LRP pension fund has a funding level greater than 100%. If the benefit increases were paid annually over the next biennium, the LRP pension fund funding level would remain over 100% and the required contribution would remain at \$0 for the biennium.

Alternatively, if the General Assembly fully prefunds the benefit increases, the required appropriation is provided below. This appropriation is sufficient and appropriate to fund the described benefit increases and therefore, the benefit increase would not impact the on-going employer contribution requirement for the pension fund.

	Appropriation Necessary to Fully Pre-Fund
1.5% Benefit Increase payable July 1, 2026	\$845,000
1.5% Benefit Increase payable July 1, 2027	\$914,000
Total Cost of Two Benefit Increases over Biennium	\$1,759,000

APPENDIX D

SENSITIVITY ANALYSIS

Sensitivity Analysis

Per Kentucky State Statute 21.440, this section of the report provides information regarding the sensitivity of the valuation results to changes in some of the economic assumptions. Specifically, the following tables show the impact due to changes in the investment return assumption, the individual salary scale assumption, and the healthcare trend assumption.

Investment Assumption

The investment return assumption is used to discount future expected benefit payments to the valuation date in order to determine the liabilities of the plans. The lower the investment return assumption, the less the benefit payments are discounted and the higher the valuation liability. The current investment return assumption is 6.50%. The sensitivity analysis shows the financial impact of a 1.00% increase and a 1.00% decrease in the investment return assumption. For the purposes of this analysis, no other changes in assumptions are assumed.

Individual Salary Scale Assumption

The individual salary scale assumption is used to project future expected salary for active members in order to estimate future pension benefits. Generally, this assumption will have the greatest impact on the normal cost rate of the retirement system (i.e. the cost of future projected benefits). The higher the salary increase assumption, the higher projected future pension costs and the higher the normal cost of the plan. The current individual salary increase assumption is 3.50%. The sensitivity analysis shows the financial impact of a 1.00% increase and a 1.00% decrease in the assumption.

Healthcare Trend Assumption

The healthcare trend assumption is used to project future healthcare costs in order to estimate future retiree medical benefits. The higher the trend assumption, the higher projected future retiree medical costs and the higher the actuarial liabilities. The current healthcare trend assumption varies by non-Medicare and Medicare benefits and is disclosed in Appendix A of this report. The assumption includes an assumed 7.35% increase in non-Medicare premiums as of January 1, 2027 and an assumed 8.00% increase in Medicare premiums as of January 1, 2027, decreasing to 4.25% over 14 years and 10 years respectively. The sensitivity analysis shows the financial impact of a 1.00% increase and a 1.00% decrease in the trend assumption for all years.

Sensitivity Analysis - Investment Return Assumption

(1)	Decrease Discount Rate (2)	Valuation Results (3)	Increase Discount Rate (4)
Investment Return Assumption	5.50%	6.50%	7.50%
Pension			
Actuarial Accrued Liability	\$ 73,513,209	\$ 67,480,113	\$ 62,304,646
Actuarial Value of Assets	<u>100,312,613</u>	<u>100,312,613</u>	<u>100,312,613</u>
Unfunded Actuarial Accrued Liability	(26,799,404)	(32,832,500)	(38,007,967)
Funded Ratio	136.5%	148.7%	161.0%
Required Contribution	\$ -	\$ 0	\$ 0
Contribution as a Percent of Pay	0.00%	0.00%	0.00%
Retiree Medical			
Actuarial Accrued Liability	\$ 28,317,386	\$ 25,315,315	\$ 22,817,769
Actuarial Value of Assets	<u>85,687,728</u>	<u>85,687,728</u>	<u>85,687,728</u>
Unfunded Actuarial Accrued Liability	(57,370,342)	(60,372,413)	(62,869,959)
Funded Ratio	302.6%	338.5%	375.5%
Required Contribution	\$ 0	\$ 0	\$ 0
Contribution as a Percent of Pay	0.00%	0.00%	0.00%
Combined			
Actuarial Accrued Liability	\$ 101,830,595	\$ 92,795,428	\$ 85,122,415
Actuarial Value of Assets	<u>186,000,341</u>	<u>186,000,341</u>	<u>186,000,341</u>
Unfunded Actuarial Accrued Liability	(84,169,746)	(93,204,913)	(100,877,926)
Funded Ratio	182.7%	200.4%	218.5%
Required Contribution	\$ -	\$ 0	\$ -
Contribution as a Percent of Pay	0.00%	0.00%	0.00%

Sensitivity Analysis - Individual Salary Scale Assumption

(1)	Decrease Salary Rate (2)	Valuation Results (3)	Increase Salary Rate (4)
Individual Salary Scale Assumption	2.50%	3.50%	4.50%
Pension			
Actuarial Accrued Liability	\$ 67,361,481	\$ 67,480,113	\$ 67,604,015
Actuarial Value of Assets	100,312,613	100,312,613	100,312,613
Unfunded Actuarial Accrued Liability	(32,951,132)	(32,832,500)	(32,708,598)
Funded Ratio	148.9%	148.7%	148.4%
Required Contribution	\$ 0	\$ 0	\$ 0
Contribution as a Percent of Pay	0.00%	0.00%	0.00%
Retiree Medical			
Actuarial Accrued Liability	\$ 25,315,315	\$ 25,315,315	\$ 25,315,315
Actuarial Value of Assets	85,687,728	85,687,728	85,687,728
Unfunded Actuarial Accrued Liability	(60,372,413)	(60,372,413)	(60,372,413)
Funded Ratio	338.5%	338.5%	338.5%
Required Contribution	\$ 0	\$ 0	\$ 0
Contribution as a Percent of Pay	0.00%	0.00%	0.00%
Combined			
Actuarial Accrued Liability	\$ 92,676,796	\$ 92,795,428	\$ 92,919,330
Actuarial Value of Assets	186,000,341	186,000,341	186,000,341
Unfunded Actuarial Accrued Liability	(93,323,545)	(93,204,913)	(93,081,011)
Funded Ratio	200.7%	200.4%	200.2%
Required Contribution	\$ 0	\$ 0	\$ -
Contribution as a Percent of Pay	0.00%	0.00%	0.00%

Sensitivity Analysis - Healthcare Trend Assumption

(1)	Decrease Trend by 1% (2)	Valuation Results (3)	Increase Trend by 1% (4)
Ultimate Healthcare Trend Assumption	3.25%	4.25%	5.25%
Pension			
Actuarial Accrued Liability	\$ 67,480,113	\$ 67,480,113	\$ 67,480,113
Actuarial Value of Assets	100,312,613	100,312,613	100,312,613
Unfunded Actuarial Accrued Liability	(32,832,500)	(32,832,500)	(32,832,500)
Funded Ratio	148.7%	148.7%	148.7%
Required Contribution	\$ 0	\$ 0	\$ 0
Contribution as a Percent of Pay	0.00%	0.00%	0.00%
Retiree Medical			
Actuarial Accrued Liability	\$ 22,924,224	\$ 25,315,315	\$ 28,150,210
Actuarial Value of Assets	85,687,728	85,687,728	85,687,728
Unfunded Actuarial Accrued Liability	(62,763,504)	(60,372,413)	(57,537,518)
Funded Ratio	373.8%	338.5%	304.4%
Required Contribution	\$ 0	\$ 0	\$ 0
Contribution as a Percent of Pay	0.00%	0.00%	0.00%
Combined			
Actuarial Accrued Liability	\$ 90,404,337	\$ 92,795,428	\$ 95,630,323
Actuarial Value of Assets	186,000,341	186,000,341	186,000,341
Unfunded Actuarial Accrued Liability	(95,596,004)	(93,204,913)	(90,370,018)
Funded Ratio	205.7%	200.4%	194.5%
Required Contribution	\$ 0	\$ 0	\$ -
Contribution as a Percent of Pay	0.00%	0.00%	0.00%

APPENDIX E

PROJECTIONS

Projection Assumptions

Per Kentucky State Statute 21.440, this section of the report provides a thirty (30) year projection of the funding levels, unfunded liabilities, and actuarially recommended contributions for both the pension fund and retiree medical fund.

The projections are based upon the results of the June 30, 2025 actuarial valuation that are contained in this report. They assume that all actuarial assumptions are realized, including the 6.50% investment return assumption. Further, new active members are assumed to be hired as current active members are assumed to leave active employment. The total active population is assumed to remain constant in future years. Finally, the full actuarially determined contribution is assumed to be paid by the Commonwealth in all future years.

DRAFT

Projection of Funded Status and Contributions – Pension Fund

Fiscal Year Beginning July 1,	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability	Funded Ratio (3) / (2)	Employer Contribution	Member Contribution	Covered Payroll	Employer Contribution as % of Covered Payroll
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
2025	\$ 67.5	\$ 100.3	\$ (32.8)	149%	\$ -	\$ 0.2	\$ 4.1	0.00%
2026	66.0	105.3	(39.3)	160%	-	0.2	4.2	0.00%
2027	64.4	113.0	(48.6)	175%	-	0.2	4.4	0.00%
2028	62.8	119.8	(57.0)	191%	-	0.2	4.5	0.00%
2029	61.1	124.3	(63.2)	203%	-	0.2	4.6	0.00%
2030	59.4	126.4	(67.0)	213%	-	0.2	4.8	0.00%
2031	57.6	128.7	(71.1)	223%	-	0.2	4.9	0.00%
2032	55.7	131.1	(75.4)	235%	-	0.3	5.1	0.00%
2033	53.9	133.9	(80.0)	248%	-	0.3	5.2	0.00%
2034	51.9	136.8	(84.9)	264%	-	0.3	5.3	0.00%
2035	50.0	140.0	(90.0)	280%	-	0.3	5.5	0.00%
2036	48.1	143.6	(95.5)	299%	-	0.3	5.6	0.00%
2037	46.2	147.6	(101.4)	319%	-	0.3	5.8	0.00%
2038	44.3	152.0	(107.7)	343%	-	0.3	6.0	0.00%
2039	42.4	156.7	(114.3)	370%	-	0.3	6.1	0.00%
2040	40.5	161.9	(121.4)	400%	-	0.3	6.3	0.00%
2041	38.7	167.6	(128.9)	433%	-	0.3	6.4	0.00%
2042	36.9	173.8	(136.9)	471%	-	0.3	6.6	0.00%
2043	35.2	180.6	(145.4)	513%	-	0.3	6.8	0.00%
2044	33.5	188.0	(154.5)	561%	-	0.3	6.9	0.00%
2045	32.0	196.1	(164.1)	613%	-	0.4	7.1	0.00%
2046	30.4	204.8	(174.4)	674%	-	0.4	7.3	0.00%
2047	28.9	214.3	(185.4)	742%	-	0.4	7.5	0.00%
2048	27.5	224.5	(197.0)	816%	-	0.4	7.7	0.00%
2049	26.2	235.6	(209.4)	899%	-	0.4	7.8	0.00%
2050	25.0	247.6	(222.6)	990%	-	0.4	8.0	0.00%
2051	23.9	260.5	(236.6)	1090%	-	0.4	8.2	0.00%
2052	22.9	274.4	(251.5)	1198%	-	0.4	8.4	0.00%
2053	22.0	289.4	(267.4)	1315%	-	0.4	8.7	0.00%
2054	21.1	305.5	(284.4)	1448%	-	0.4	8.9	0.00%

Projection of Funded Status and Contributions – Retiree Medical Fund

Fiscal Year Beginning July 1,	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability	Funded Ratio (3) / (2)	Employer Contribution	Member Contribution	Covered Payroll	Employer Contribution as % of Covered Payroll
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
2025	\$ 25.3	\$ 85.7	\$ (60.4)	339%	\$ -	\$ -	\$ 4.1	0.00%
2026	25.6	93.6	(68.0)	366%	-	-	4.2	0.00%
2027	25.7	104.1	(78.4)	405%	-	-	4.4	0.00%
2028	25.8	113.7	(87.9)	441%	-	-	4.5	0.00%
2029	25.7	121.7	(96.0)	474%	-	-	4.6	0.00%
2030	25.6	127.7	(102.1)	499%	-	-	4.8	0.00%
2031	25.4	133.9	(108.5)	527%	-	-	4.9	0.00%
2032	25.1	140.5	(115.4)	560%	-	-	5.1	0.00%
2033	24.8	147.6	(122.8)	595%	-	0.1	5.2	0.00%
2034	24.4	155.0	(130.6)	635%	-	0.1	5.3	0.00%
2035	24.0	163.0	(139.0)	679%	-	0.1	5.5	0.00%
2036	23.6	171.5	(147.9)	727%	-	0.1	5.6	0.00%
2037	23.2	180.5	(157.3)	778%	-	0.1	5.8	0.00%
2038	22.7	190.2	(167.5)	838%	-	0.1	6.0	0.00%
2039	22.3	200.5	(178.2)	899%	-	0.1	6.1	0.00%
2040	21.8	211.5	(189.7)	970%	-	0.1	6.3	0.00%
2041	21.3	223.1	(201.8)	1047%	-	0.1	6.4	0.00%
2042	20.7	235.6	(214.9)	1138%	-	0.1	6.6	0.00%
2043	20.2	248.9	(228.7)	1232%	-	0.1	6.8	0.00%
2044	19.6	263.1	(243.5)	1342%	-	0.1	6.9	0.00%
2045	19.1	278.2	(259.1)	1457%	-	0.1	7.1	0.00%
2046	18.5	294.5	(276.0)	1592%	-	0.1	7.3	0.00%
2047	18.0	311.7	(293.7)	1732%	-	0.1	7.5	0.00%
2048	17.4	330.1	(312.7)	1897%	-	0.1	7.7	0.00%
2049	16.9	349.8	(332.9)	2070%	-	0.1	7.8	0.00%
2050	16.3	370.8	(354.5)	2275%	-	0.1	8.0	0.00%
2051	15.8	393.1	(377.3)	2488%	-	0.1	8.2	0.00%
2052	15.2	417.0	(401.8)	2743%	-	0.1	8.4	0.00%
2053	14.8	442.5	(427.7)	2990%	-	0.1	8.7	0.00%
2054	14.3	469.8	(455.5)	3285%	-	0.1	8.9	0.00%

APPENDIX F

GLOSSARY

Glossary

Actuarial Accrued Liability (AAL): That portion, as determined by a particular Actuarial Cost Method, of the Actuarial Present Value of Future Plan Benefits which is not provided for by future Normal Costs. It is equal to the Actuarial Present Value of Future Plan Benefits minus the actuarial present value of future Normal Costs.

Actuarial Assumptions: Assumptions as to future experience under the Fund. These include assumptions about the occurrence of future events affecting costs or liabilities, such as:

- mortality, withdrawal, disablement, and retirement;
- future increases in salary;
- future rates of investment earnings and future investment and administrative expenses;
- characteristics of members not specified in the data, such as marital status;
- characteristics of future members;
- future elections made by members; and
- other relevant items.

Actuarial Cost Method or Funding Method: A procedure for allocating the Actuarial Present Value of Future Benefits to various time periods; a method used to determine the Normal Cost and the Actuarial Accrued Liability. These items are used to determine the ADC.

Actuarial Gain or Actuarial Loss: A measure of the difference between actual experience and that expected based upon a set of Actuarial Assumptions, during the period between two Actuarial Valuation dates. Through the actuarial assumptions, rates of decrements, rates of salary increases, and rates of fund earnings have been forecasted. To the extent that actual experience differs from that assumed, Actuarial Accrued Liabilities emerge which may be the same as forecasted, or may be larger or smaller than projected. Actuarial gains are due to favorable experience, e.g., the Fund's assets earn more than projected, salaries do not increase as fast as assumed, members retire later than assumed, etc. Favorable experience means actual results produce actuarial liabilities not as large as projected by the actuarial assumptions. On the other hand, actuarial losses are the result of unfavorable experience, i.e., actual results that produce actuarial liabilities which are larger than projected. Actuarial gains will shorten the time required for funding of the actuarial balance sheet deficiency while actuarial losses will lengthen the funding period.

Actuarially Equivalent: Of equal actuarial present value, determined as of a given date and based on a given set of Actuarial Assumptions.

Actuarial Present Value (APV): The value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of Actuarial Assumptions. For purposes of this standard, each such amount or series of amounts is:

- a. adjusted for the probable financial effect of certain intervening events (such as changes in compensation levels, marital status, etc.),
- b. multiplied by the probability of the occurrence of an event (such as survival, death, disability, termination of employment, etc.) on which the payment is conditioned, and
- c. discounted according to an assumed rate (or rates) of return to reflect the time value of money.

Actuarial Present Value of Future Plan Benefits: The Actuarial Present Value of those benefit amounts which are expected to be paid at various future times under a particular set of Actuarial Assumptions, taking into account such items as the effect of advancement in age and past and anticipated future compensation and service credits. The Actuarial Present Value of Future Plan Benefits includes the liabilities for active members, retired members, beneficiaries receiving benefits, and inactive, nonretired members either entitled to a refund or a future retirement benefit. Expressed another way, it is the value that would have to be invested on the valuation date so that the amount invested plus investment earnings would be provide sufficient assets to pay all projected benefits and expenses when due.

Actuarial Valuation: The determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets, and related Actuarial Present Values for a plan. An Actuarial valuation for a governmental retirement system typically also includes calculations of items needed for compliance with GASB.

Actuarial Value of Assets or Valuation Assets: The value of the Fund's assets as of a given date, used by the actuary for valuation purposes. This may be the market or fair value of plan assets, but commonly actuaries use a smoothed value in order to reduce the year-to-year volatility of calculated results, such as the funded ratio and the ADC.

Actuarially Determined: Values which have been determined utilizing the principles of actuarial science. An actuarially determined value is derived by application of the appropriate actuarial assumptions to specified values determined by provisions of the law.

Amortization Method: A method for determining the Amortization Payment. The most common methods used are level dollar and level percentage of payroll. Under the Level Dollar method, the Amortization Payment is one of a stream of payments, all equal, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the Amortization payment is one of a stream of increasing payments, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the stream of payments increases at the assumed rate at which total covered payroll of all active members will increase.

Amortization Payment: That portion of the pension plan contribution or ADC which is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability.

Actuarially Determined Contribution (ADC) or Annual Required Contribution (ARC): A calculated contribution for a defined benefit pension plan for the reporting period, most often determined based on the funding policy of the plan. Typically, the calculated contribution has a normal cost payment and an amortization payment.

Closed Amortization Period: A specific number of years that is counted down by one each year and therefore declines to zero with the passage of time. For example, if the amortization period is initially set at 30 years, it is 29 years at the end of one year, 28 years at the end of two years, etc. See Funding Period and Open Amortization Period.

Decrements: Those causes/events due to which a member's status (active-inactive-retiree-beneficiary) changes, that is: death, retirement, disability, or termination.

Defined Benefit Plan: An employer-sponsored retirement benefit that provides workers, upon attainment of designated age and service thresholds, with a monthly benefit based on the employee's salary and length of service. The value of a benefit from a defined benefit plan is generally not affected by the return on the assets that are invested to fund the benefit.

Defined Contribution Plan: A retirement plan, such as a 401(k) plan, a 403(b) plan, or a 457 plan, in which the contributions to the plan are assigned to an account for each member, and the plan's earnings are allocated to each account, and each member's benefits are a direct function of the account balance.

Employer Normal Cost: The portion of the Normal Cost to be paid by the employers. This is equal to the Normal Cost less expected member contributions.

Experience Study: A periodic review and analysis of the actual experience of the Fund which may lead to a revision of one or more actuarial assumptions. Actual rates of decrement and salary increases are compared to the actuarially assumed values and modified as deemed appropriate by the Actuary.

Funded Ratio: The ratio of the actuarial value of assets (AVA) to the actuarial accrued liability (AAL). Plans sometimes calculate a market funded ratio, using the market value of assets (MVA), rather than the AVA.

Funding Period or Amortization Period: The term "Funding Period" is used in two ways. In the first sense, it is the period used in calculating the Amortization Payment as a component of the ADC. This funding period is chosen by the Board of Trustees. In the second sense, it is a calculated item: the number of years in the future that will theoretically be required to amortize (i.e., pay off or eliminate) the Unfunded Actuarial Accrued Liability, based on the statutory employer contribution rate, and assuming no future actuarial gains or losses.

GASB: The Governmental Accounting Standards Board is an organization that exists in order to promulgate accounting standards for governmental entities.

Normal Cost: That portion of the Actuarial Present Value of pension plan benefits and expenses which is allocated to a valuation year by the Actuarial Cost Method. Any payment in respect of an Unfunded Actuarial Accrued Liability is not part of Normal Cost (see Amortization Payment). For pension plan benefits which are provided in part by employee contributions, Normal Cost refers to the total of employee contributions and employer Normal Cost unless otherwise specifically stated. Under the entry age normal cost method, the Normal Cost is intended to be the level cost (when expressed as a percentage of pay) needed to fund the benefits of a member from hire until ultimate termination, death, disability or retirement.

Open Amortization Period: An open amortization period is one which is used to determine the Amortization Payment but which does not change over time. In other words, if the initial period is set as 30 years, the same 30-year period is used in determining the Amortization Period each year. In theory, if an Open Amortization Period is used to amortize the Unfunded Actuarial Accrued Liability, the UAAL will never completely disappear, but will become smaller each year, either as a dollar amount or in relation to covered payroll.

Unfunded Actuarial Accrued Liability: The excess of the Actuarial Accrued Liability over the Actuarial Value of Assets. This value may be negative in which case it may be expressed as a negative Unfunded Actuarial Accrued Liability, also called the Funding Surplus.

Valuation Date or Actuarial Valuation Date: The date as of which the value of assets is determined and as of which the Actuarial Present Value of Future Plan Benefits is determined. The expected benefits to be paid in the future are discounted to this date.

ITEM VI- Administrative Reports

- A. Public Pension Oversight Board
- B. 2026 Regular Session of GA
- C. Blue & Co. Fiscal Year 2025 Audit
- D. Disability Retirement Periodic Review
- E. LOD Tax Determination Update



JUDICIAL FORM RETIREMENT SYSTEM

QUARTERLY UPDATE

PUBLIC PENSION OVERSIGHT BOARD – AUGUST 26, 2025

DANIEL VENTERS, CHAIR
BOARD OF TRUSTEES

BEN ALLISON, CHAIR
JUDICIAL RETIREMENT INVESTMENT COMMITTEE

W. BRAD MONTELL, CHAIR
LEGISLATORS RETIREMENT INVESTMENT COMMITTEE

BO CRACRAFT
EXECUTIVE DIRECTOR



INVESTMENT PERFORMANCE

As of June 30, 2025

Investment Performance									
As of June 30, 2025									
		MV	FY25	1 Year	3 Years	5 Years	10 Years	20 Years	30 Years
JRP	Defined Benefit	\$726.7M	20.9%	20.9%	18.6%	15.6%	12.1%	10.1%	9.6%
	Cash Balance	\$7.3M	20.5%	20.5%	18.6%	14.0%	11.3%	-	-
Benchmark ¹			12.7%	12.7%	14.9%	11.9%	10.3%	8.6%	8.8%
LRP	Defined Benefit	\$213.1M	20.9%	20.9%	18.6%	15.6%	12.1%	10.1%	9.6%
	Cash Balance	\$1.9M	20.6%	20.6%	18.5%	13.9%	11.3%	-	-
Benchmark ¹			12.7%	12.7%	14.9%	11.9%	10.3%	8.6%	8.8%

Returns are Net of Fees with exception of 20-year and 30-Year. Cash Balance portfolios inception date is June 1, 2015

¹ Benchmark is 70% S&P 500 Index + 30% Barclays Intermediate Government/Credit Index (compounded monthly)

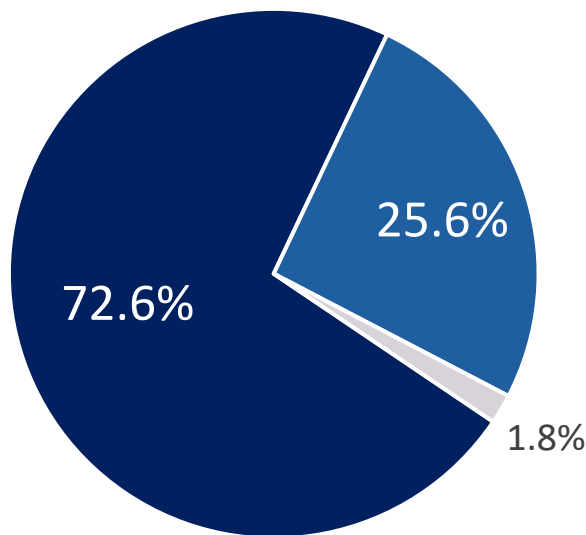


ASSET ALLOCATION

As of June 30, 2025



JUDICIAL RETIREMENT PLAN

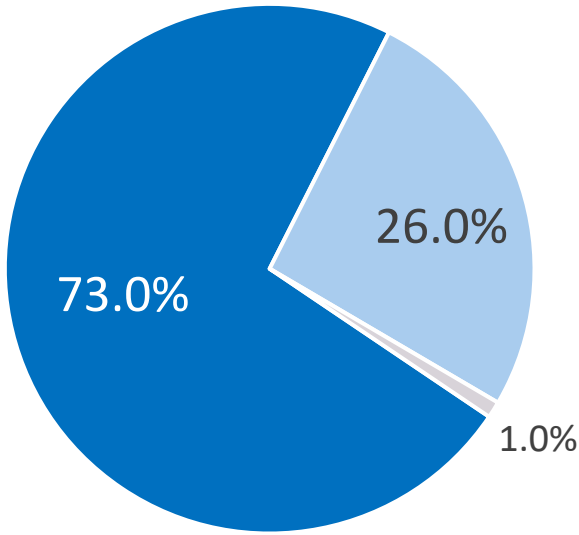


■ Equity ■ Fixed Income ■ Cash ■

JRP			
	Actual	Target	Range
Equity	72.6%	70.0%	60%-80%
Fixed Income	25.6%	30.0%	20%-40%
Cash	1.8%	0.0%	



LEGISLATORS RETIREMENT PLAN



■ Equity ■ Fixed Income ■ Cash

LRP			
	Actual	Target	Range
Equity	73.0%	70.0%	60%-80%
Fixed Income	26.0%	30.0%	20%-40%
Cash	1.0%	0.0%	



CASH FLOW

Fiscal Year ending June 30, 2025
compared to June 30, 2024

	Judicial Retirement Plan		Legislators Retirement Plan	
12 Months ending June 30	FY2024	FY2025	FY2024	FY2025
<i>Member Contributions</i>	\$1.61	\$1.64	\$0.26	\$0.34
<i>Employer Contributions/Appropriations</i>	\$5.31	\$0.66	\$0.00	\$0.00
<i>Investment Income (Net of Inv. Expense)</i>	<u>\$11.53</u>	<u>\$17.52</u>	<u>\$3.32</u>	<u>\$5.05</u>
Total Cash Inflows	\$18.45	\$19.82	\$3.58	\$5.38
<i>Benefit Payments/Refunds</i>	\$30.53	\$30.71	\$6.48	\$6.84
<i>Administrative Expense</i>	<u>\$0.36</u>	<u>\$0.30</u>	<u>\$0.23</u>	<u>\$0.20</u>
Total Cash Outflows	\$30.89	\$31.01	\$6.72	\$7.04
Net Cash Flow - BEFORE Asset Gain/(Losses)	(\$12.43)	(\$11.19)	(\$3.13)	(\$1.66)
<i>NCF Ratio (before Asset G/L)</i>	-2.21%	-1.73%	-1.92%	-0.89%
<i>Realized & Unrealized Asset Gains/(Losses)</i>	\$95.43	\$111.96	\$27.50	\$32.50
Net Cash Flow – AFTER Asset Gain/(Losses)	\$83.00	\$100.76	\$24.36	\$30.84
<i>Beginning of Period</i>	\$562.80	\$645.80	\$163.02	\$187.39
<i>End of Period</i>	\$645.80	\$746.56	\$187.39	\$218.23



2025 EXPERIENCE STUDY

- **Required Every 5 Years, Most Recently performed in 2020**
- **Minor Changes, Resulting in small increase to UAAL**
 - **Individual Salary Increase Assumption** – Removed a shorter-term, lower growth assumption and adopted a flat 3.5% assumption. Does result in minimal impact on UAAL but expect increase to be partially offset by recognition of asset gains.
 - **Cash Balance Interest Credit Rate** – A recommendation from the PPOB Actuarial Audit conducted by Milliman. Increased the assumed interest crediting (from the 4% guaranteed rate). Results in small increase to accrued liability.
 - **Mortality** – Modest revision, updated to most recent rates which were published in 2025. Results in small increase to liability.
 - **Retirement Rates/Termination Rates** – Very slight revisions to simplify both assumptions. No real impact on total liability.

• Current Budget & Projected Employer Costs

		FY2026 <i>Current</i>	FY 2027* <i>Projected</i>	FY2028* <i>Projected</i>
JRP	Employer Cost % of Payroll	\$703,000 2.5%	\$2,050,000 7.4%	\$2,190,000 7.9%
LRP	Employer Cost % of Payroll	- -	- -	- -

• Employer Fund Trend *(in millions)*

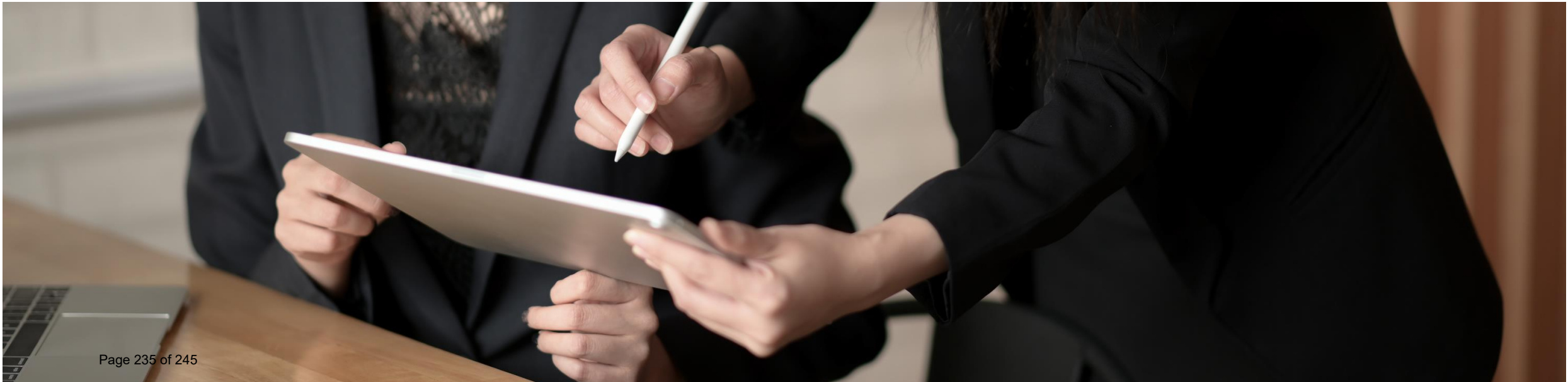
		FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27*	FY28*
JRP	Employer Funds	\$8.73	\$8.73	\$6.57	\$7.10	\$4.98	\$5.31	\$0.66	\$0.70	\$2.05	\$2.19
LRP	Employer Funds	\$0.31	\$0.31	-	-	-	-	-	-	-	-

* 2027-2028 Projected Employer Costs were based upon the demographic and financial data as of June 30, 2023 (most recent funding valuation), while using new actuarial assumptions adopted by the Board of Trustees in August 2025 (in response to the Plan's 2025 Experience Study).



APPENDIX

Baird Trust Co – July 2025 Market Commentary





Andrew W. Means, CFA®
Managing Director
Director of Equity Investments



John C. Watkins III, CFA®
Director
Equity Portfolio Manager

In today's dynamic world, adapting to change while upholding our investing principles is key.

This Time It's Different, But Key Lessons Endure

Legendary investor Sir John Templeton famously cautioned years ago that, "The four most dangerous words in investing are, 'This time it's different.'" His point was clear: Investors ignore investment history at their own peril. It can be dangerous to get caught up in new investment trends and believe that the traditional rules of investing no longer apply. Yet markets are constantly evolving, and some aspects of today's investment environment truly differ from the past. Our task is to recognize which rules remain foundational and which must adapt.

Reversion-to-the-Mean Investing

We believe the modern investment era should be divided into two distinct periods: pre-internet and post-internet. During the pre-internet era, many successful investors (including Templeton) practiced a strategy we call *reversion-to-the-mean* investing. They bought companies when valuations were near the bottom of their historical ranges and sold when valuations approached the high end in a repeatable cycle. In an economy constrained by geography and limited communications, this disciplined approach worked well. A common refrain was that, "Trees don't grow to the sky." Given the economic realities of this period, this refrain was accurate.

The Internet Era Brings Change

The arrival of the internet introduced a new economic reality, shattering geographic boundaries and expanding total addressable markets for some companies to a global scale. This new reality was hard to comprehend at first – companies able to fully take advantage of this global reach could now grow faster and for longer than even the best businesses of the past. We believe the most successful investment strategy in the internet era is to identify durable, advantaged, high-growth business franchises and then hold them for many years in order to harness the powerful effects of long-term compounding. Trees still don't grow to the sky, but they grow much taller and much faster than before.

Put simply, this time *is* actually different. Investors must recognize the difference and use it to their advantage. Companies that can sustainably grow faster for longer should have higher valuations than their slower growing peers of the past. Investors today need to avoid being too dogmatic about only investing in stocks that are statistically “cheap.”

Renowned economist John Maynard Keynes captured the challenge well, saying, “The difficulty lies not so much in developing new ideas as in escaping from old ones.” Successful investors today must remain intellectually flexible and open minded, recognizing how technology reshapes competitive dynamics without discarding core disciplines.

Timeless Principles Still Apply

We believe building these new realities into our investment process is essential for success. However, even as circumstances change, certain bedrock investing lessons from the past endure:

- **Price discipline and margin of safety.** The price you pay still matters; valuation should embed a buffer against unforeseen risk.
- **Long-term ownership mindset.** Short-term thinking should be avoided – investors should focus on years, not quarters. It’s important to think like a business owner rather than a stock trader.
- **Fundamental financial analysis.** Things like earnings quality, cash-flow durability, profitability and balance sheet strength remain central.
- **Shareholder-oriented management.** The decisions the CEO makes with the firm’s capital, along with the culture he or she perpetuates, are critical.
- **Rational temperament.** Emotion should be separate from decision-making when making any investment decisions.

Looking Ahead: Opportunity and Uncertainty

Today is an incredibly interesting and challenging time to be an investor. We are in the early innings of another transformative platform evolution – artificial intelligence. If adoption proceeds as predicted, AI could unleash an enduring productivity boom across nearly every sector of the economy. Productivity growth is a significant tailwind for economic growth. At the same time, investors face heightened geopolitical tensions, historically high sovereign debt loads, substantial budget deficits in the U.S. and deep political polarization. Investors today must weigh the extraordinary promise of AI against the genuine risks that are present. This is not an easy task.

Our Approach

Guided by our time-tested investment philosophy and process, our approach to this conundrum is simple. We strongly believe predicting macroeconomic paths accurately and consistently is futile; building resilient portfolios is not. We therefore:

1. Identify durable, high-quality businesses with clear competitive advantages, long runways for growth and management teams we view as partners.
2. Purchase these businesses at valuations that compensate for risk, preserving a margin of safety.
3. Hold for the long term, allowing the power of compounding to work on our clients' behalf.

This has been our approach for decades. It builds on the underlying timeless principles of investing that do not change, yet allows us the flexibility to remain open-minded and adaptable to the things that do change over time.

Thank you for choosing Baird Trust to help you achieve your investment goals and objectives. We appreciate our relationships with you and pledge our very best efforts on your behalf.

“The difficulty lies not so much in developing new ideas as in escaping from old ones.”

—John Maynard Keynes, Economist

Disclosure:

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. Past performance is not a predictor of future success. All investing involves the risk of loss and any security may decline in value. This is not intended as a recommendation to buy any security and views expressed may change without notice. Baird Trust does not provide tax or legal advice. This market commentary is not meant to be advice for all investors. Please consult with your Baird Financial Advisor about your own specific financial situation.

©Robert W. Baird & Co. Incorporated. MC-1693750.



JUDICIAL FORM RETIREMENT SYSTEM

JUDICIAL RETIREMENT PLAN | LEGISLATORS RETIREMENT PLAN

Daniel Venters, 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 24, 2025

SUBJECT: 2026 Regular Session – Budget Request and Legislative Discussion

The 2026 Regular Session of the General Assembly is scheduled to begin on Tuesday, January 6, 2026. 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, 2027 and 2028.

Staff expects the full 60-day session to be active but does not believe the topic of pensions will be as prominent as it might have been in years past. Staff has included this memo to inform the Board of the agency's budget request and have a discussion regarding a statutory issues they believe the Board should be aware of.

Budget Request:

Judicial and Legislative branch budget requests are the result of July 1, 2025 funding valuations recently completed by Gabriel, Roeder, Smith & Company. In addition, with a change initiated during the 2021 budget process, JFRS now incorporates expected administrative expenses into the Actuarially Determined Employer Contribution (ADEC) calculation and paying all administrative expenses out of the 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 administrative expense request. **Staff is asking for Board approval on both the Legislative and Judicial Budget Requests.**

Plan	FY2027	FY2028
JRP Budget Request (<i>ADEC + Interest</i>)	\$0	\$0
LRP Budget Request (<i>ADEC + Interest</i>)	\$0	\$0
Restricted Fund Request (<i>Admin Exp</i>)	\$643,000	\$647,300

2026 Legislative Discussion

JFRS has not actively pursued any legislation since the 2022 Regular Session, when staff worked with Senator Higdon on a housekeeping measure. That legislation included several long-term goals, including the modernization of the JFRS amortization policy and cleanup of existing language that had been voided.

Since the 2022 session, several statutory topics have been discussed, included cash balance reciprocity, Medicare Part B fees, and the fixed-dollar insurance subsidy. While staff is not recommending pursuing any specific legislative proposals in 2026, this memo highlights a few statutory items that staff believes the Board should be aware of:

Cash Balance Reciprocity – As discussed in previous meetings, there are some general inconsistencies in statute with regards to reciprocity for the purpose of vesting, interest credits, an insurance benefits, specially as it relates to cash balance members at KPPA and JFRS. In some cases, statutory language provides that a member's service across multiple plans can be consolidated, while there are similar situations where service or active participation at another state plans is not considered. The result is a mix match of rules, where members have differing rights depending on their membership, service, and current participation. Historically, since the creation of all the state-administered plans, members have had broad reciprocity rights, thus the current environment seems to be an unintended consequence of years of statutory changes that have occurred since the creation of the cash balance plans in 2013.

Fixed Dollar Insurance Subsidy – For members of the cash balance plan at LRP and JRP, the fixed dollar subsidy provided to eligible Cash Balance members of JRP and LRP does not provide the same level of benefit to a member who joins a KPPA plan at the same time. While the Cash Balance tier of pension benefits was created as of January 1, 2014 for both KPPA and JFRS, the underlying insurance benefits for members of each plan are not both tied to same language. While technical in nature, the overall result is that any new Judge or Legislator who has elected JRP or LRP since January 2014 would have the right to a larger fixed dollar health insurance subsidy if they had elected to participate in KERS. In addition, more recently, additional legislation has further adjusted the fixed dollar subsidy for KPPA members, while no changes have been made to the language in Chapter 21 governing the JFRS plans.

Health Insurance Reimbursement Policy – Recent legislation has created an insurance reimbursement program at KPPA. As it currently stands, only members who receive a fixed-dollar subsidy are eligible to participate in the program. Eligible members and beneficiaries have the right to be reimbursed for a portion of hospital and medical insurance premiums if they chose to purchase a hospital and medical insurance plan not provide by KPPA. While JFRS does not yet have such members receiving insurance benefits, given current KEHP and Humana Medicare monthly premiums, staff does believe a similar policy would be utilized for members subject to a fixed dollar contribution.

Judical Form Retirement System - 2026-28 Biennial Budget Request

Administrative Expenses

	FY2022 Actual	FY2023 Actual	FY2024 Actual	FY2025 Actual	2025-2026 Budgeted	2026-2027 Projected	2027-2028 Projected
Personnel	508,700	443,300	457,700	376,800	463,000	467,700	472,000
Salaries & Benefits	343,600	320,700	328,200	283,700	275,000	279,700	284,000
Board Per Diems	4,900	4,900	3,200	5,500	5,000	5,000	5,000
Legal	24,000	16,800	9,400	19,400	40,000	40,000	40,000
Audit	53,700	39,000	39,000	45,000	60,000	60,000	60,000
Actuary	82,500	61,900	77,900	23,200	83,000	83,000	83,000
Operating	133,100	151,860	131,100	124,900	175,300	175,300	175,300
Rental/Office Maintenance	8,800	6,800	6,800	6,800	10,400	10,400	10,400
Technology and Communications	19,100	18,500	16,300	20,700	17,600	17,600	17,600
Software	19,900	20,000	28,300	29,700	35,000	35,000	35,000
Postage	1,100	3,900	3,800	4,300	4,000	4,000	4,000
Insurance	51,700	58,900	58,500	58,400	63,000	63,000	63,000
Custodian	24,900	36,700	12,600	400	30,800	30,800	30,800
Printing/Duplicating	2,000	-			-	-	-
Office Supplies	2,200	2,600	1,600	1,400	3,000	3,000	3,000
Meeting/Travel Expense	3,200	2,500	1,300	1,000	1,500	1,500	1,500
Subscriptions	200	1,960	1,800	2,100	2,200	2,200	2,200
Other/Misceellaneous			100	100	7,800	7,800	7,800
Total	641,800	595,160	588,800	501,700	638,300	643,000	647,300



Memo

TO: Members of the Judicial Form Retirement System Board of Trustees

FROM: Bo Cracraft, Executive Director

DATE: October 24, 2025

SUBJECT: Line-of-Duty (LOD) Tax Determination Update

During their January 17, 2025 meeting, the Board of Trustees authorized JFRS staff to begin the process of seeking a Private Letter Ruling from the Internal Revenue System (IRS) as it related to Line-of-Duty Death Benefits that had recently been granted to the spouse and children of Judge Kevin Mullins. This was in response to a January 14, 2025 memo from Alan Pauw, JFRS's third-party legal counsel, which raised some question as to whether or not these benefits were subject to federal tax or possible exempt.

In April, Mr. Pauw prepared a letter to the IRS to request a pre-submission conference, where he could have a short phone conversation to explain the ruling request JFRS was planning to make. Mr. Pauw received a call from the IRS in September, and they agreed to hold the pre-submission video conference on October 1, 2025.

During the pre-submission conference, Mr. Pauw spoke with two IRS attorneys and provided a general summary of the proposed Private Letter Ruling JFRS planned to submit under IRC 104, along with asking what the proposed user fee would be for the ruling. While the IRS did not comment on how they would rule under IRC 104, they referred Mr. Pauw to IRC 101(h) for review. The IRS indicated that most 104 ruling requests were related to disability payouts, while 101(h) dealt with death benefits.

After reviewing 101(h), Mr. Pauw believes JFRS has the necessary statutory language to support tax-free treatment on LOD benefits made to survivors and/or their children. Below is a summary from Mr. Pauw supporting his conclusion that benefits paid to the survivors of Judge Mullins are tax-exempt:

IRC 101(h). This statute was enacted in 1997. It provides tax-free treatment if a survivor annuity is paid by a governmental 401(a) plan to a surviving spouse and to children of a "public safety officer" (PSO) killed in the LOD. The annuity must be attributable to the PSO's service as a public safety officer. Payments to Mrs. Mullins and her children relate to Judge Mullins' service, and JFRS made a determination under the Fred Capps Memorial Act that his death was in LOD.

Under 101(h), a PSO is defined pursuant to the Omnibus Crime Control and Safe Streets Act of 1968 (1968 Act). According to the 1968 Act, a PSO means an individual serving a public agency in an official capacity as a law enforcement officer. A public agency includes any state of the USA. A law enforcement officer means an individual involved in enforcement of the laws, including but not limited to, judicial officers. On the conference call, IRS attorneys

suggested that a judge should be considered a judicial officer for this purpose. Judge Mullins qualifies as a PSO under the 1968 Act.

IRC 101(h) provides for exceptions to tax-free treatment in certain cases. According to 101(h)(2)(A), annuity payments from a governmental plan to a surviving spouse of a PSO killed in LOD are taxable if the death was caused by the intentional misconduct of the PSO. Pursuant to IRC 101(h)(2)(C), amounts are taxable if the PSO was performing his duties in a grossly negligent manner at the time of death.

It is unclear -- in examining conduct which causes death -- whether the PSO's misconduct relates to his job duties or matters (of a personal nature, for example) outside the scope of his job duties. I found no tax cases directly on point, though there are several cases ruling on behavior of the PSO in connection with benefits under the PSO Death Benefits Act. See Howard v. US 229 Ct. Cl. 507 (1981) (death resulting from "quick draw" contest not in LOD); Harold v. US 634 F2d. 547 (1980) (death from accidental, self-inflicted gunshot incurred while cleaning revolver in LOD).

A recent IRS private letter ruling supports tax-free treatment for Mrs. Mullins. This PLR involved a governmental plan administered by a state for state and school district employees and other public employees. The state statute provides a LOD benefit mirrored on IRC 101(h) with an exception for intentional misconduct. IRS ruled that the PSO's survivor benefit is tax-free provided that the plan administrator determines that the PSO was not performing his duties in a grossly negligent manner at the time of death. PLR 202512001, dated 3/21/25.

The PLR was authored by Denise Trujillo, Chief, Health & Welfare Branch, Office of Associate Chief Counsel (Employee Benefits, Exempt Organizations, and Employment Taxes), whom I spoke with on October 1. A PLR may only be relied upon by the requesting taxpayer, not third parties.

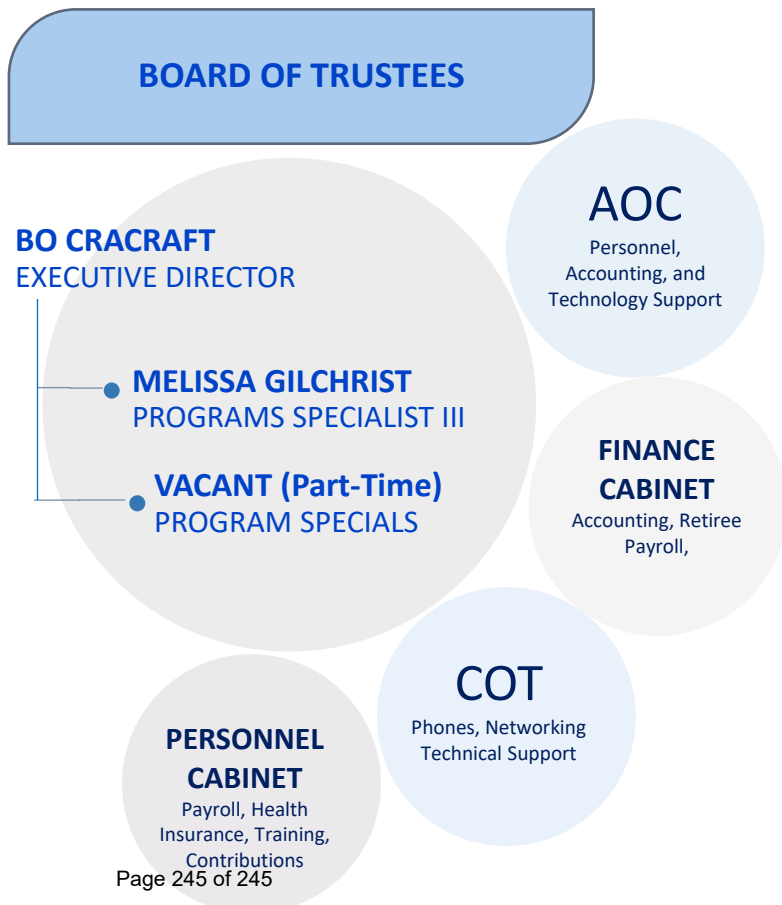
Conclusion. I am unaware of any facts to suggest that Judge Mullins' death was caused by his intentional misconduct or gross negligence in the performance of his judicial duties. Consistent with PLR 202512001, JFRS should document its determination that the facts do not point to Judge Mullins' gross negligence in his judicial duties. IRC 101(h) was intended to fit this situation, and Mrs. Mullins and her children should receive their JRP payments free of federal income tax.

If the Board agrees with this conclusion, JFRS will report payments from JFRS to Mrs. Mullins and her children as non-taxable. Given that JFRS initially treated all benefits as taxable, staff will begin the process of providing corrected 2024 Form 1099-R forms to all surviving recipients of Judge Mullins. In addition, staff will stop all income tax withholding beginning with the November 2025 benefits and will provide notice to the recipients of this revised tax determination.

APPENDIX

➤ Organization Chart & Service Providers

Organizational Structure



Service Providers

