



## 2023 KRTA Legislative Priorities

### **Fully fund the statutorily required obligation to the Medical Insurance fund as required by HB540, the 2010 Shared Responsibility Law according to KRS 161.550 and 161.420.**

In 2010, Kentucky's education community came together with elected officials to craft a solution that would ease the burden of healthcare liabilities on Kentucky's taxpayers and ensure affordable access to healthcare for current and future retired teachers.

Since its founding, the Shared Responsibility Law has saved taxpayers hundreds of millions of dollars while providing medical benefits to Kentucky's Retired Teachers. We thank the legislature for full funding of its obligations and ask them to stay the fiscally responsible course in the future.

### **Fully fund the Teachers' Retirement System (TRS) in accordance with the state's pension-contribution statute (KRS 161.550)**

We thank the Kentucky General Assembly for fully funding of TRS since 2016. We urge the General Assembly to continue this fiscally responsible practice moving forward. By fulfilling the actuarial required contributions, the solvency of TRS will improve and eventually be 100 percent funded.

Investment Income, not tax dollars, pays for a vast majority of benefit payouts. Opting to forgo the Commonwealth's financial obligations to the pension system in the short-term, will cost Kentucky's taxpayers double the amount in 10 years due to lost investment income.

### **Maintain the defined benefit system currently in place for Kentucky's retired, current, and future teachers.**

Ineligible for social security, benefit payouts from TRS is the only income Kentucky Teachers receive in retirement.

Defined benefit (DB) retirement plans are 40 percent less expensive and more efficient than 401(k) style defined contribution plans. DB plans are the most effective and efficient way to ensure a dignified retirement for teachers and attract and retain new educators in our public school systems.

### **Maintain TRS independence and the board structure remain unchanged.**

TRS members directly elect a majority of its board members ensuring accountability. Through the Public Pension Oversight Board (PPOB), the legislative and executive branches of government have oversight of TRS and other systems. Changing the board structure and losing independence could result in the same issues that have plagued Kentucky's other retirement systems.

### **We oppose any legislation that would result in higher prescription costs for Kentucky's Retired Teachers.**

Kentucky's Retired Teachers are on a fixed income that averages less than \$40,000 in benefit payouts annually. With inflation hovering around 8-10 percent, legislative efforts that result in higher prescription costs could result in thousands of retired teachers becoming more economically vulnerable.