



2024 KRTA Legislative Priorities

I. Fully fund the Teachers' Retirement System (TRS) in accordance with the state's pension-contribution statute (KRS 161.500)

We thank the Kentucky General Assembly for fully funding TRS since 2016. We urge the General Assembly to continue this fiscally responsible practice moving forward. By fulfilling the state's actuarially required contributions, TRS solvency will continue to improve until the system eventually becomes 100 percent funded.

It is investment income, not tax dollars, that pays for the vast majority of TRS's pension benefits. Opting to forego the Commonwealth's financial obligation to the pension system, while saving the state money in the short-term, will in the long run, cost Kentucky's taxpayers double any saved amount over a 10-year period due to the loss of investment income.

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

Since teachers are ineligible for Social Security benefits, payouts from TRS are the only income Kentucky retired teachers receive.

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 as well as the best way to attract and retain new educators for the state's public-school systems.

III. Fully fund the statutorily required obligation to the TRS Medical Insurance Fund as required by HB 540, the 2010 Shared Responsibility Law (KRS 161.550 and 161.420)

In 2010, Kentucky's education community came together with elected officials and crafted a plan to ease the healthcare liabilities on Kentucky's taxpayers and to ensure affordable healthcare access for active and retired teachers.

Since its founding, the Shared Responsibility Law has saved taxpayers hundreds of millions of dollars while providing good medical benefits to Kentucky's retired teachers. We thank our legislators for fully funding the state's obligations and ask them to stay on this fiscally responsible course in the future.

IV. Maintain the current TRS board structure

TRS members directly elect the majority of its board members, a process which ensures accountability. The legislative and executive branches of government oversee TRS and the state's other pension systems through the agency of the Public Pension Oversight Board (PPOB). Changing the member elected TRS board structure could result in the loss of TRS independence, thus exposing TRS to some of the same issues that have plagued Kentucky's other retirement systems over the years.

V. Oppose any legislation that would result in higher prescription costs for Kentucky's retired teachers.

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