



**Kentucky Chamber**  
*Uniting Business. Advancing Kentucky.*

**Dave Adkisson**  
*President & CEO*

September 14, 2015

The Honorable David Karem, Chair  
KTRS Funding Work Group  
Office of the Governor  
700 Capitol Avenue  
Frankfort KY 40601

Dear Chairman Karem:

This is to follow up on a request I made at the September 11, 2015, meeting of the work group relating to cost estimates for benefit changes that Mr. Fornia is preparing for our consideration at the next meeting.

I am requesting that the options presented by Mr. Fornia include cost estimates for the following potential benefit changes for newly hired teachers:

1. Impose a minimum retirement age (regardless of years of service) of:
  - 60
  - 61
  - 62 (same as Social Security eligibility)
2. Impose a Rule of 87 for retirement (age plus years of service must equal 87)
3. No COLA allowed until retiree reaches the age of 62
4. Permanently reduce the COLA from 1.5% to 1% or reduce the COLA to 1% until the system is 80% funded
5. No sick leave can be used in computing the years of service in the retirement calculation
6. For all retirees regardless of years of service, base the final salary for retirement purposes on the highest five years of salary
7. Increase the employee retirement contribution by 1%
8. Reduce the current benefit factor (pension multiplier), such as using a benefit factor of 2% for all retirees regardless of years of service
9. Require employee to work for ten years (instead of the current five) before vesting and becoming eligible for benefits
10. Move from the current defined benefit plan to a hybrid plan similar to the Kentucky Retirement System

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In making this request, I am not suggesting that we impose all of these changes (as some are mutually exclusive), but that we have estimates available to give the work group a wide range of options to consider. As I mentioned at our last meeting, if we are to devise recommendations that ensure the solvency of the Kentucky Teachers Retirement System and honor the promises we have made to Kentucky teachers, it is essential we have cost estimates of all available options before making a decision in good faith to reject any specific item.

Thank you for your consideration of my request.

Sincerely,

A handwritten signature in black ink that reads "Dave Adkisson". The signature is written in a cursive, flowing style.

Dave Adkisson

Cc: KTRS Funding Work Group  
Robin Morley