



Dear Legislators,

This legislative session has brought forth a wide array of different ideas to address the underfunding of Kentucky’s public pension systems. As an organization that represents tens of thousands of our state’s hard-working public employees, including firefighters, police officers, teachers, and municipal workers, as well as over 300,000 retirees, we stand in firm opposition to switching newly hired employees to a defined contribution 401(k). Not only will this change cost the state more money in the long-term, but it will hurt the retirement security of our public employees.

The Kentucky Public Pension Coalition (KPPC) endorses a strategy that raises more revenue to fund public priorities, including pensions. The Commonwealth of Kentucky has some of the largest tax loopholes in the country – something that large corporations have taken advantage of for decades. Just in 2017, the State of Kentucky gave away over \$13 billion in subsidies and corporate tax breaks. This amount rivals the budget for the entire Commonwealth of Kentucky. These giveaways must end to ensure a better fiscal future for our state.

Kentucky should also heed the warning of one of our neighbors: West Virginia. After years of underfunding, much like Kentucky, West Virginia decided to close their Teachers Retirement System in 1991. Once implemented, TRS became even more underfunded and just 18,000 active teachers supported nearly 27,000 retirees. The funding level of TRS sank to just 25%. Fourteen years later, after a thorough review, the state reopened their pension system. In fact, the analysis projected West Virginia would save \$1.2 billion in the first 30 years by reopening the plan.

The newly created 401(k) system for teachers also did not provide an adequate retirement for teachers. As we’ve seen across the United States, more and more retirees are finding their 401(k)s are inadequate on which to retire. Additionally, 401(k)s were never meant to be a replacement for pensions, but instead a supplement to help retirees live a better life.

The Commonwealth of Kentucky should lead by example and make sure our public employees are provided with an adequate retirement plan, which includes a defined benefit pension. As a state, we should not listen to outside influences who advocate for the destruction of retirement security of our public employees.





KPPC encourages all lawmakers to continue to fund the plans, look at further revenue raising measures, and work with all groups to find common sense solutions.

Thank you,

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