



Pension Impact on City of Paducah



KENTUCKY PENSIONS

The Kentucky Retirement System (KRS) administers retirement benefits for state and local government employees.

City employees belong to a system within KRS called the County Employees Retirement Systems (CERS).

City employees are grouped into hazardous and non-hazardous in CERS. The hazardous group includes sworn public safety employees, such as police officers and firefighters. The non-hazardous group is all other city personnel.



IMPACT TO THE CITY OF PADUCAH

The increasing pension cost puts a significant strain on the City of Paducah's ability to fund critical core services. The CERS rate increases went into effect for FY2019. The cumulative impact for FY2019 plus FY2020 led the City of Paducah to contribute \$1.2 million more than what we had been paying into the retirement system. It is projected the City will have to pay a total of \$2.8 million more in the system by FY2023.

WHY IS THE PENSION COST INCREASING?

The amount Kentucky cities contribute to CERS is determined by the Kentucky General Assembly.

In 2018, the General Assembly proposed to significantly increase the CERS rates cities paid into the retirement system.

Ultimately, the General Assembly decided to phase in the rate increases over 4 years.

Cities across Kentucky are struggling to fund the impact of the pension costs.



THREE-LEGGED STOOL APPROACH TO ADDRESSING THE PENSION CRISIS



- **Economic Growth** - The City is focusing on increasing revenue through growth in the community.
- **Efficiencies** - The City is working hard to find savings through gaining efficiencies.
- **Revenue Enhancements** - The City is considering various revenue enhancements in the upcoming years.