

**Kentucky Public Pensions Authority
Special Called Annual Meeting
April 28, 2021 at 10:00 a.m. EST
Live Video Conference/Facebook Live
AGENDA**

- | | |
|--|----------------------|
| 1. Call to Order | Keith Peercy |
| 2. Roll Call | Alane Foley |
| 3. Public Comment | |
| 4. Approval of Minutes – April 6, 2021* | Keith Peercy |
| 5. KPPA Bylaws and Policies* | Kathy Rupinen |
| 6. Trustee Litigation Policy* | Kathy Rupinen |
| 7. Executive Director Contract Renewal* | Kathy Rupinen |
| 8. Approval to Amended Administrative Regulation 105 KAR 1:270* | Carrie Bass |
| 9. KPPA Update | David Eager |
| 10. Adjourn* | |

**Board Action May Be Required*

**MINUTES OF MEETING
KENTUCKY PUBLIC PENSIONS AUTHORITY
SPECIAL CALLED MEETING APRIL 6, 2021 AT 10:00A.M.
VIA LIVE VIDEO TELECONFERENCE DUE TO SB 150,
SIGNED INTO LAW BY THE GOVERNOR ON MARCH 30, 2020,
AND EXECUTIVE ORDER 2020-215 DECLARING A STATE OF EMERGENCY
EFFECTIVE MARCH 6, 2020 DUE TO COVID-19**

At the meeting of the Board of the Kentucky Public Pensions Authority held on April 6, 2021 the following members were present: Keith Peercy, Betty Pendergrass, Jerry Powell, John Cheshire, Raymond Connell, Dr. Merl Hackbart, William O'Mara and Prewitt Lane. Staff members present were David Eager, Rebecca Adkins, Erin Surratt, Kathy Rupinen, Carrie Bass, Victoria Hale, Steven Herbert, Kristen Coffey, Marlane Robinson, Connie Pettyjohn, Shaun Case, Phillip Cook, and Alane Foley.

Mr. David Eager called the meeting to order.

Ms. Alane Foley called roll.

Mr. David Eager introduced agenda item *Swearing-In Ceremony*. Ms. Alane Foley, as Notary, swore in all Board Members.

Mr. Eager introduced agenda item *Chair Election*. Ms. Pendergrass nominated Mr. Peercy for Chair. With no further nominations, Mr. Cheshire made a motion and was seconded by Dr. Hackbart to confirm Mr. Peercy as the Chair of the Kentucky Public Pensions Authority. The motion passed unanimously.

Mr. Peercy introduced agenda item *Vice-Chair Election*. Ms. Pendergrass nominated Mr. Powell, who declined. Mr. Powell nominated Ms. Pendergrass for Vice-Chair. With no further nominations, Mr. Powell made a motion and was seconded by Mr. Lane to confirm Ms. Pendergrass as the Vice-Chair of the Kentucky Public Pensions Authority. The motion passed unanimously.

Mr. Peercy introduced agenda item *KPPA Service Recognition Awards*. Mr. Eager stated how proud he was of the internal staff and introduced Ms. Marlane Robinson, Director of Human Resources. She acknowledged staff who celebrated five, ten, fifteen, twenty, twenty-five and thirty years with the retirement system.

Mr. Peercy introduced agenda item *KRS Ad-Hoc Planning Committee Report*. Mr. Peercy advised that the Ad-Hoc Planning Committee had discussions regarding the CEO and General Counsel position descriptions, which were being drafted by KPPA staff. Both positions may be part-time positions, especially in the beginning. Mr. Peercy stated that the CEO position would serve as a liaison between KRS, KPPA and the Legislature. The General Counsel position may be better served by a law firm on retainer, should any issues arise, as KPPA has internal legal staff that will be available.

KRS Trustees have worked with KPPA legal staff to update the bylaws and policies, keeping the structure already in place with a few modifications specific to KRS. These are still in draft form at this time.

Mr. Peercy introduced agenda item *CERS Ad-Hoc Planning Committee Report*. Ms. Pendergrass advised that a lot of what was done by CERS mirrored that of KRS, but CERS is a brand new Board. Once all vacancies in CERS Board member positions are filled CERS will have five new Trustees out of nine. Several organizational issues had to be addressed as well as educational meetings needed to be held to get Trustees prepared for their role. CEO and General Counsel position descriptions were approved, recruitment of these positions are being discussed. Bylaws are in draft form, they will be voted on at the next CERS Board meeting. An Investment Policy Statement and an Investment Procurement Policy are in development. The meeting schedule is complete. CERS and KRS worked in conjunction to ensure no meetings overlapped.

Mr. Peercy introduced agenda item *KPPA Bylaws, Policies and Committees*. Ms. Kathy Rupinen stated that Ms. Carrie Bass is assisting with bylaws. It is recommended that KPPA committees only consist of KPPA Board Members. CERS and KRS, however, can have joint committee meetings. Decisions in these joint committee meetings will need to be ratified by both the CERS and KRS Boards. Ms. Kristen Coffey explained how they report to the Audit Committee. There

was a lengthy discussion between internal staff and Board Members regarding having a joint Audit Committee and joint Retiree Health Care Committee. Board Members agree that joint meetings would allow utilization of talent from both the CERS and KRS Boards, each Board Chair will assign two members to each committee. There will not be any KPPA Committees at this time. The KPPA Board Meeting schedule was discussed. The December meeting will be eliminated leaving the quarterly meetings and an annual meeting. Legal will finalize the bylaws per the discussion today to be voted on and approved at the next Board Meeting.

Mr. Percy introduced agenda item *CIO and Deputy CIO Compensation*. Mr. Eager spoke to the Board regarding the importance of hiring and retaining quality investment professionals. Compensation levels play a huge role in recruitment and retention. HB 9 allowed the CIO and Deputy CIO positions to be exempt from the salary guidelines of 18A. The Executive Director recommends that the Board 1.) Adjust the salary of the Steven M. Herbert, Executive Director, Office of Investments, from \$13,916.68/month to \$19,583.34/month effective April 1, 2021; and, 2.) Adjust the salary of Steve M. Willer, Deputy Executive Director, Office of Investments, from \$13,750.00/month to \$15,833.34/month effective April 1, 2021. After discussion, Mr. Cheshire made a motion and was seconded by Mr. Lane to approve the salary adjustment recommendations for Steven M. Herbert and Steve M. Willer. A roll call vote was taken; Betty Pendergrass (Y), Keith Percy (Y), Dr. Merl Hackbart (Y), Prewitt Lane (Y), Campbell Connell (Y), William O'Mara (Y), John Cheshire (Y) and Jerry Powell (N). The motion passed.

Mr. Percy introduced agenda item *Internal Reorganization Administrative Order Request*. Ms. Rebecca Adkins stated that Kentucky Public Pensions Authority (KPPA) transitioned under 18(A) on September 16, 2016. The organizational structure of the agency has not changed since that time. Over the past few years, the agency has identified a few areas that would benefit from restructuring in order to improve efficiency and oversight. Mr. Connell made a motion and was seconded by Dr. Hackbart to approve the reorganization plan as presented and allow the agency to work with the Personnel Cabinet to implement the changes through the use of an Administrative Order with an effective date of May 16, 2021. The motion passed unanimously.

Mr. Percy introduced agenda item *Amended Administrative Regulation 105 KAR 1:270 Discussion*. Ms. Carrie Bass discussed this regulation that provides guidance on the special federal income tax withholding and expires this summer. The Office of Legal Services requests that the KPPA Board review the material and provide any feedback so that any suggested changes can be considered and incorporated where appropriate. At the next KPPA Board meeting, the Office of Legal Services will then request authorization from the KPPA Board to proceed with filing this amended administrative regulation applicable to both the Kentucky Retirement Systems and the County Employees Retirement System. This was provided for informational purposes only.

Ms. Pendergrass made a motion and was seconded by Mr. Powell to adjourn the meeting, to meet again on April 28, 2021 or upon the call of the Chair of the Board. The motion passed unanimously.

Copies of all documents presented are incorporated as part of the Minutes of the KPPA Board held April 6, 2021 except documents provided during a closed session conducted pursuant to the open meetings act and exempt under the open records act.

CERTIFICATION

I do certify that I was present at this meeting, and I have recorded the above actions of the Board on the various items considered by it at this meeting. Further, I certify that all requirements of KRS 61.805-61.850 were met in conjunction with this meeting.

Recording Secretary

We, the Chair of the Board of Kentucky Public Pensions Authority and Executive Director, do certify that the Minutes of Meeting held on April 6, 2021 were approved on April 28, 2021.

KPPA Board Chair

Executive Director

I have reviewed the Minutes of the April 6, 2021 Kentucky Public Pensions Authority Board Meeting for content, form, and legality.

Executive Director
Office of Legal Services

**KENTUCKY PUBLIC PENSIONS AUTHORITY
STATEMENT OF BYLAWS AND COMMITTEE ORGANIZATION**

Effective April ____, 2021

Section 1.1 GENERAL ADMINISTRATION.

This Statement of Bylaws and Committee Organization of the Kentucky Public Pensions Authority Board is adopted pursuant to the authority of KRS 61.505(3)(b). State and Federal law shall control any inconsistency that exists or may exist between the law and this Statement of Bylaws and Committee Organization.

I. Definitions.

1. KPPA: “The KPPA” refers to the Kentucky Public Pensions Authority.
2. KPPA member: “KPPA member” used in reference to the KPPA means the eight (8) members of the KPPA Board pursuant to Kentucky Revised Statutes 61.505(2).
3. KPPA Board: “KPPA Board” refers to the eight-member board tasked with administering and operating the KPPA in accordance with Kentucky Revised Statutes 61.505.
4. Committee member: “Committee member” or “member” used in relation to a Committee refers to a member of the KPPA Board serving on an *ad hoc* Committee.
5. Board Year: The Board Year shall be from April 1 of each calendar year through March 31 of the following year.
6. Bylaws: “Bylaws” refers to the Statement of Bylaws and Committee Organization.
6. Executive Director: “Executive Director” refers to KPPA Executive Director, as outlined in KRS 61.505(8).
7. CEO: “CEO” refers to the Chief Executive Officer of the Kentucky Retirement Systems and/or the Chief Executive Officer of the County Employees Retirement System.
8. KRS: “KRS” refers to the Kentucky Revised Statutes.
9. Retirement Office: “Retirement Office” refers to the offices of the KPPA located at 1260 Louisville Road, Frankfort, Kentucky 40601.
10. Take action: “Take action” used in relation to the KPPA Board refers to a motion being made, seconded, and voted upon by the KPPA Board in compliance with Robert’s Rules of Order. [RONR (11th ed., as amended)].

Commented [BC(1): New.

II. Quorum; Parliamentary Authority.

1. KPPA Board quorum. As required by KRS 61.505(7)(c), a majority of the KPPA members shall constitute a quorum and all actions taken by the KPPA Board shall be by affirmative vote of a majority of the KPPA members present.

2. KPPA Committee quorum. A majority of the KPPA members on any *ad hoc* Committee shall constitute a quorum and all actions taken by the Committee shall be by affirmative vote of a majority of the Committee members present.
3. Parliamentary authority. The most recent edition of Robert's Rules of Order shall be the parliamentary authority. [RONR (11th ed., as amended)]

Commented [BC(2)]: Slightly revised to reflect no standing KPPA committees.

III. **Meetings**. Meetings of the KPPA Board and its Committees shall be conducted consistent with the Open Meetings Act, KRS 61.805 to 61.850. The Open Meetings Act shall control if any inconsistency exists between the Open Meetings Act and these Bylaws.

1. Annual Meeting. The annual meeting of the KPPA Board shall be held on the fourth (4th) Wednesday of April of each Board Year.
2. Regular Meetings. Regular meetings of the KPPA Board shall be held on the fourth (4th) Wednesday of February and May, the third (3rd) Wednesday of September and November.
3. Special Meetings.
 - A. Special meetings of the KPPA Board shall be held upon the call of the Chair of the KPPA Board or the Executive Director.
 - B. Special meetings of an *ad hoc* Committee of the KPPA Board shall be held upon the call of the Committee Chair, Chair of the KPPA, or the Executive Director.
 - C. A KPPA member may request that the Executive Director, Chair of the KPPA Board (in the case of a special meeting of the KPPA), or Committee Chair (in the case of a special meeting of an *ad hoc* Committee) call a special meeting by email or other written means. Upon receipt of email or other written requests to call a special meeting from a majority of the KPPA members, the Executive Director, KPPA Board Chair, or Committee Chair shall call the requested special meeting.
4. Notice of Meetings.
 - A. Regular Meetings. Notice of a regular meeting of the KPPA Board shall be posted at least ten (10) days (inclusive of weekends and holidays) before the meeting is scheduled. The notice of a regular meeting shall include the date, time, and location of the meeting, and the agenda for the meeting. The agenda shall be determined under the direction of and approval by the Chair of the KPPA Board. Changes or revisions to the agenda may be proposed by the Executive Director or a KPPA member, provided such proposed changes shall be delivered to the Chair for approval not less than ninety-six (96) hours before the meeting is scheduled and further provided that nothing in this sentence shall prevent a KPPA member from introducing new items of business during a regular meeting. Approved changes or revisions to the agenda shall be posted not less than seventy-two (72) hours before the meeting is scheduled.

- B. **Special Meetings.** When circumstances warrant a special meeting of the KPPA Board or of an *ad hoc* Committee, notice shall be posted as soon as reasonably possible, but not less than twenty-four (24) hours before the meeting is scheduled. The notice of a special meeting shall include the date, time, and location of the special meeting and the agenda for the meeting. Discussions and action at the meeting shall be limited to items listed on the agenda in the notice.
5. **Change in Meeting Dates.** Any regular or special meeting of the KPPA Board may be changed by following the procedure prescribed in these Bylaws for calling special meetings.
6. **Records of Proceedings.** All official acts of the KPPA Board shall be recorded in the minutes of the regular or special meeting at which the action was approved or adopted. The Executive Director shall cause the minutes to be transcribed and presented for approval or amendment at the next regular meeting. An electronic copy (certified by the Chair and the Executive Director) shall be on file in the Retirement Office for public inspection and posted on the KPPA website. Electronic copies are maintained on the KPPA Website for KPPA Board and Committee actions. Copies that have been archived from the website are available on request.
- IV. **Chair and Vice-Chair of the KPPA.** The KPPA Board shall elect a Chair and a Vice-Chair at each annual meeting to hold office for the ensuing Board Year or until their successors are elected. The Chair shall not serve more than four (4) consecutive years as Chair or Vice-Chair (in combination) of the KPPA Board. The Vice-Chair shall not serve more than four (4) consecutive years as Chair or Vice-Chair (in combination) of the KPPA Board. A KPPA member who has served four (4) consecutive years as Chair or Vice-Chair of the KPPA Board may be elected Chair or Vice-Chair of the KPPA after an absence of two (2) years from both positions.
- V. **Committees.** The KPPA Board may create *ad hoc* Committees with such powers and duties as established by the KPPA Board. The Chair of the KPPA Board, unless otherwise stipulated or determined by the KPPA Board, shall appoint the members of each *ad hoc* Committee, and such appointments shall be recorded in the minutes of the current or next-following regular KPPA Board meeting. The Chair shall also appoint a Chair for each *ad hoc* Committee and may appoint a Vice Chair for each *ad hoc* Committee, unless otherwise determined by the KPPA Board. Committee members, Committee Chair, and Committee Vice Chair, if applicable, shall serve concurrently with the appointing Chair.
- VI. **Conflicts of Interest.**
1. KPPA members shall file a statement of financial disclosure with the Executive Branch Ethics Commission within thirty (30) days of taking office.
 2. KPPA members shall also file a statement of financial disclosure by April 15 of each calendar year, and within thirty (30) days following departure from office as a KPPA member, or as otherwise provided by law.

Commented [BC(3)]: Revised.

3. KPPA members shall also file a written conflict of interest statement as required pursuant to the KPPA Conflict of Interest Policy.

VII. **Confidentiality.** KPPA members shall file a written confidentiality statement as required by the KPPA Confidentiality Policy.

VIII. **Travel Policy Guidelines.**

1. All travel for official business of KPPA must be done in accordance with the requirements of and be consistent with KRS Chapter 45A and the KPPA Per Diem and Reimbursement Policy.
2. No more than **three (3)** KPPA members may be passengers in the same common carrier. A maximum of one (1) executive staff of the KPPA may be a passenger in the same common carrier.
3. To avoid an accidental violation of Kentucky Open Meetings Laws, other than for scheduled meetings, no more than four (4) KPPA members may attend the same off-site conference, training, etc., at the same time. The Executive Director, or his or her designee, shall review KPPA member travel requests to coordinate attendance and avoid noncompliance with Kentucky Open Meetings Laws.

Commented [BC(4): Revised.

IX. **Violations of KPPA Policies and Guidelines.** If a complaint is made that a KPPA member violated these Bylaws or any policy approved by the KPPA Board, the KPPA Board shall follow the procedure found in the KPPA Conflict of Interest and the KPPA Confidentiality Policies in investigating the complaint.

Section 1.2 KPPA MEMBER REQUIREMENTS.

- I. A vacancy on the KPPA Board shall be filled by the Kentucky Retirement Systems or the County Employees Retirement System, as appropriate, in the same manner provided for the selection of the particular KPPA member position in KRS 61.505(2).
- II. No person shall serve in more than one (1) position as a KPPA member and if a person holds more than one (1) position as a KPPA member, he or she shall resign a position.
- III. Membership on the KPPA Board shall not be incompatible with any other office unless a constitutional incompatibility exists.
- IV. An KPPA member shall be removed from office upon conviction of a felony or for a finding of a violation of any provision of KRS 11A.020 or 11A.040 by a court of competent jurisdiction.

- V. KPPA members are expected to comply with the Trustee Education Policy of the Board of Trustees of the Kentucky Retirement Systems or the Trustee Education Policy of the County Employees Retirement System, as applicable. The Executive Director may schedule additional KPPA member education at any Annual Meeting or Regular Meeting of the KPPA Board. If a KPPA member fails to comply with the Trustee Education Policy of either the Board of Trustees of the Kentucky Retirement Systems or the Board of Trustees of the County Employees Retirement System (as applicable), or fails to attend additional KPPA member education scheduled by the Executive Director, then any reimbursement or per diem of the KPPA member shall not be paid until the KPPA member is in compliance with the applicable Trustee Education Policy or receives the additional KPPA member education.

Commented [BC(5)]: Revised.

Section 1.3 KPPA BOARD RESPONSIBILITIES.

- I. The KPPA Board shall make and maintain Bylaws.
- II. The KPPA Board shall appoint an Executive Director and fix the Executive Director's salary.
- III. The KPPA Board may act on contracts for rental of office space, and professional services, including, but not limited to, the auditor, legal counsel, medical examiners, and hearing officers, in accordance with the requirements of the Commonwealth of Kentucky Model Procurement Act (KRS Chapter 45A).
- IV. The KPPA Board shall consider and take action on changes to administrative regulations proposed by the staff of the KPPA.
- V. The KPPA Board shall take action on the audited financial statements of the KPPA, which includes the Kentucky Retirement Systems and the County Employees Retirement System plans.
- VI. The KPPA Board shall consider and take action on the recommendations of all of its Committees.
- VII. The KPPA Board shall receive reports from the joint Audit Committee of the Kentucky Retirement Systems and the County Employees Retirement System, and shall be responsible for ensuring that the recommendations of the joint Audit Committee are implemented.
- VIII. The KPPA Board shall, in compliance with KRS Chapter 45A, issue a Request for Proposal and through KPPA staff select and contract with the actuary, who shall be a Fellow of the Conference of Consulting Actuaries or a member of the American Academy of Actuaries, pursuant to KRS 61.505(1)(e), KRS 61.645(2)(d), and KRS 78.782(2)(d) in order to allow the Kentucky Retirement Systems and the County Employees Retirement System to carry out their obligations in accordance with KRS 61.670 and KRS 78.784. The KPPA may also consult with the actuary as needed in accordance with KRS 61.505(12)(c)2.
- IX. The KPPA Board shall provide oversight concerning programs and services for Kentucky Retirement Systems' and County Employees Retirement System's members, beneficiaries, recipients, and participating employers.

Commented [BC(6)]: Revised.

Commented [BC(7)]: Revised.

Commented [RK(8)]: Revised to be compliant with 45A

- X. The KPPA Board, and individual KPPA members, should ordinarily refer all news media inquiries to the Executive Director and/or the KPPA Board Chair, and should not speak on behalf of the KPPA with the news media. However, nothing in this subsection is intended to prevent individual KPPA members from speaking to the media concerning their actions, opinions, and decisions as individual KPPA members.
- XI. The KPPA Board shall review the KPPA biennial administrative budget and necessary budget amendments. The Executive Director (or designee) will schedule meetings, prepare budget documents and supporting schedules, and present them to KPPA members prior to the date of a meeting. The KPPA biennial administrative budget will include the budgets of the Kentucky Retirement Systems and the County Employees Retirement Systems.

Commented [BC(9)]: Revised.

Section 1.4 EXECUTIVE DIRECTOR RESPONSIBILITIES.

- I. The Executive Director shall appoint all employees deemed necessary to transact the business of the KPPA, and shall be responsible for oversight and implementation of agency-related human resources management, e.g., affirmative action and similar matters. All employees of the KPPA, except for the Executive Director, the Executive Director of the Office of Investments, and the Deputy Executive Director of the Office of Investments shall be subject the state personnel system established pursuant to KRS 18A.005 to 18A.204 and shall have their salaries determined by the secretary of the Personnel Cabinet.
- II. The Executive Director shall seek appropriate input from the CEOs of the Kentucky Retirement Systems and the County Employees Retirement System and the Investment Committee Chairs of the Board of Trustees of the Kentucky Retirement Systems and the Board of Trustees of the County Employees Retirement System regarding the hiring, firing, and performance evaluations of the Executive Director of the Office of Investments. The Executive Director shall also have personnel authority over all employees of the Office of Investments. However, all Office of Investments employees, including the Executive Director of the Office of Investments, shall take direction on investment management and performance from the Investment Committees of the Board of Trustees of the Kentucky Retirement Systems and the Board of Trustees of the County Employees Retirement System.
- III. The Executive Director will coordinate with the CEOs of the Kentucky Retirement Systems and the County Employees Retirement System to develop a biennial budget and necessary budget amendments for approval by the KPPA, and shall submit the budget to the Governor's office. The KPPA biennial administrative budget will include the budgets of the Kentucky Retirement Systems and the County Employees Retirement Systems. The Executive Director (or designee) shall present a budget-to-actual expenditure analysis to the KPPA at each regular quarterly meeting of the KPPA.
- IV. The Executive Director shall ensure that information and records management is comprehensive and efficient, and shall ensure that a disaster recovery plan, continuity of operations plan, and policies to ensure cyber-security are developed and maintained.

Commented [BC(10)]: Revised

Commented [BC(11)]: Revised.

- V. The Executive Director shall develop recommendations for improvements and revisions of KPPA Board policies and submit such revisions for KPPA Board approval. The Executive Director shall ensure that approved policies are implemented in conformance with statutes, regulations, and relevant policies of the Kentucky Retirement Systems and the County Employees Retirement System.
- VI. The Executive Director shall collaborate with the KPPA Office of Legal Services to monitor litigation affecting the KPPA and the Kentucky Retirement Systems, and the County Employees Retirement System, jointly. The Executive Director shall report significant relevant developments to the KPPA Board. Litigation affecting only the Kentucky Retirement Systems or only the County Employees Retirement System shall not be reported to the KPPA.
- VII. The Executive Director shall collaborate with the CEOs of the Kentucky Retirement Systems and the County Employees Retirement System in acting as legislative liaison, and represent the KPPA at legislative hearings and other legislative meetings. The Executive Director will review proposed legislation that is likely to affect the KPPA, the Kentucky Retirement Systems, and the County Employees Retirement System and advise the KPPA Board about pending legislation.
- VIII. The Executive Director shall collaborate with the CEOs of the Kentucky Retirement Systems and the County Employees Retirement System to provide technical assistance to the members of the General Assembly, the Governor's office, and state and local government officials.
- IX. The Executive Director shall collaborate with the CEOs of the Kentucky Retirement Systems and the County Employees Retirement System to recommend legislative or regulatory changes and propose draft language.
- X. The Executive Director shall implement any statutory or regulatory changes and take appropriate action to conform to state and federal law.
- XI. The Executive Director shall sign all documents necessary to promulgate or amend an administrative regulation on behalf of the KPPA in accordance with KRS 13A.220 and KRS 61.505(1)(f).
- XII. The Executive Director shall collaborate with the CEOs of the Kentucky Retirement Systems and the County Employees Retirement System to communicate with the mass media and other agencies, entities, or institutions, including responding to correspondence or inquiries addressed to the KPPA.
- XIII. The Executive Director shall assist the CEOs of the Kentucky Retirement Systems and the County Employees Retirement System in coordinating reciprocal benefits with the other state administered retirement systems in Kentucky.

- XIV. In the case of emergency conditions that threaten the functioning of the KPPA, the Kentucky Retirement Systems, or the County Employees Retirement System; the preservation or protection Kentucky Retirement Systems' property or assets or the County Employees Retirement System's property or assets; vital data; or the health and safety of any person, and where a quorum of the KPPA Board is unavailable, the Executive Director may take actions necessary to prevent or mitigate the threat, even if a vote of the KPPA Board would otherwise be necessary to take such action. When a quorum of the KPPA Board becomes available, any such actions taken by the Executive Director shall be reviewed and ratified as necessary.
- XV. The Executive Director shall designate KPPA staff to act as the Records Custodian for the KPPA, the Kentucky Retirement Systems, and the County Employees Retirement System, and shall ensure compliance with Kentucky's Open Records Act, KRS 61.870, et seq.

Section 2.1 AD HOC COMMITTEES.

Commented [BC(12)]: Revised.

The Chair or the KPPA Board may at any time establish an *ad hoc* Committee of the KPPA Board and fix its duties and responsibilities for any purpose which, in the judgment of the Chair or the KPPA Board, is served by an *ad hoc* Committee. The Chair shall appoint the members of each *ad hoc* Committee. Each *ad hoc* Committee shall consist of two (2) KPPA members who also serve on the Board of Trustees of the Kentucky Retirement Systems and two (2) KPPA members who also serve on the Board of Trustees of the County Employees Retirement System. The Chair shall also appoint a Chair for each *ad hoc* Committee and may appoint a Vice Chair, unless otherwise determined by the KPPA Board.

Section 2.2 DELEGATIONS OF AUTHORITY BY THE KPPA BOARD.

Commented [BC(13)]: Revised.

Delegation of Authority. Except as may be prohibited by or inconsistent with law, the KPPA Board may delegate to any *ad hoc* Committee of the KPPA any power, authority, duty, or responsibility conferred on the KPPA Board by law. In the case of any such delegation, the decision or action of the *ad hoc* Committee within the scope of its delegated authority shall constitute the decision or action of the KPPA Board. The KPPA Board may at any time rescind the delegated authority as a whole or in part.

Section 2.3 LIMITATIONS ON AUTHORITY.

No Committee shall have any power or authority, nor shall the KPPA Board delegate to itself, power or authority, as to any of the following:

- I. The amendment or repeal of any KPPA Board resolution.
- II. Action on other matters committed by KPPA Board resolution or by Kentucky law (including the common law of trusts respecting the delegation or the non-delegation of fiduciary responsibilities) to the KPPA Board under terms or provisions that make such action non-delegable.

Section 2.4 AMENDMENT OF BYLAWS.

These Bylaws may be amended at any regular meeting of the KPPA Board by a vote of a majority of the entire membership of the KPPA Board.

Section 3.0 CERTIFICATION OF STATEMENT OF BYLAWS AND COMMITTEE ORGANIZATION.

We, the Chair of the Kentucky Public Pensions Authority Board and the Executive Director of the Kentucky Public Pensions Authority, do certify that this Statement of Bylaws and Committee Organization was approved and adopted by the KPPA Board on the ____ day of _____, 2021.

Keith Percy, Chair
Kentucky Public Pensions Authority

Date

Executive Director
Kentucky Public Pensions Authority

Date

DRAFT

KENTUCKY PUBLIC PENSIONS AUTHORITY PER DIEM AND REIMBURSEMENT POLICY

Approval Date: April ____, 2021

Section 1: Scope

- A. This policy is enacted pursuant to Kentucky Revised Statutes (“KRS”) 61.505, which provides that the Kentucky Public Pensions Authority (“Authority”) is permitted to adopt procedures necessary to conduct the business of the Authority as needed. As well, this policy is enacted consistent with the Bylaws of the Authority, which provide for reimbursement of the Authority Members in their official duties for the Authority.
- B. Pursuant to KRS 61.505(6), Authority Members who do not otherwise receive a salary from the State Treasury shall receive a per diem of \$80 for each day they are in session or on official duty, and shall be reimbursed for their actual and necessary expenses in accordance with state administrative regulations and standards, except that the Members shall not receive a per diem or receive reimbursements on the same day they receive a per diem or reimbursements for service to the Kentucky Retirement Systems board of trustees or County Employees Retirement Systems board of trustees.
- C. All payments of per diem and/or reimbursement under this policy shall be made consistent with the Model Procurement Code as set forth in KRS Chapter 45A, 200 KAR 2:006, and the Executive Branch Code of Ethics as set forth in KRS Chapter 11A.
- D. In every event, Authority Members shall endeavor to conduct the official affairs of the Authority in such a manner as to minimize the cost of providing efficient guidance and administration of the funds entrusted to the Authority.
- E. Nothing in this Policy shall be interpreted so as to prohibit or discourage Authority Members from attending all official functions of the Authority or its Committees, or legislative or other functions, which such Authority Members wishes to attend at his or her own expense.

Section 2: Official Duty

- A. “In Session” shall include the following:
 - (1) Meetings of the full Authority;
 - (2) Meetings of Committees of which the Authority Member is assigned or is an alternate (if needed to make a quorum); and
- B. “Official Duty” shall include the following:
 - (1) Preparation for Authority or Committee meetings;

- (2) New Authority Member Orientation at the Kentucky Public Pensions Authority office building in Frankfort;
 - (3) Self-selected training and training seminars in an amount not to exceed the training requirements in the Authority Education Policy;
 - (4) Sessions of the General Assembly, the Legislative Research Commission, or another legislative subcommittee at the invitation of the Legislature, or a Legislator limited to the Chair or Vice Chair only.
- C. The following are not considered to be “in session” or “on official duty” in order to permit the Authority Member to seek a per diem reimbursement, unless specific permission is given by the Chair and the Executive Director or designee:
- (1) Group or Association meetings;
 - (2) Membership meetings;
 - (3) Other constituent meetings; and
 - (4) When requested to appear by a court or other government entity.
- D. Authority members attending functions as described in Section 2, subsection (C) above shall only be considered to be on official duty when attendance is at the written request, invitation or permission of the Chair and the Executive Director or designee. Approval will only be granted for a reasonable number of these functions per year.
- E. If the Chair requests authorization for functions as provided under Section 2, subsections (C) and (D) above, the Vice Chair shall approve such requests.

Section 3: Authorization

- A. Prior to attending a non-Authority and/or non-State (e.g. industry conference) function, an Authority Member shall obtain authorization to be reimbursed for attending such a function on official business of the Authority by the Executive Director or designee.
- B. Authorization shall be obtained through written or e-mailed communication, and should contain the following information:
- (1) Name of Authority Member requesting authorization;
 - (2) Purpose of the function;
 - (3) Vicinity and length of time of travel;
 - (4) Estimated cost of travel;
 - (5) Signature of person requesting authorization; and
 - (6) Signature of Executive Director or designee.
- C. Attendance at full Authority meetings or Committee meetings to which the Authority Member is assigned requires no separate authorization.

Section 4: Preparation for Meetings

- A. Preparation for a meeting of the Authority or a Committee of the Authority shall include time spent reviewing written and/or video transcripts of formal administrative hearings or the records, exhibits, documents and memoranda

Kentucky Public Pensions Authority
Per Diem & Reimbursement Policy
Page 3

provided to Members by the Authority prior to each Authority or Committee meeting.

- B. Authority Members shall be compensated for preparation for a meeting of the Authority or a Committee of the Authority as provided under Section 4, subsection (A), at an hourly rate equal to the per diem divided by seven and one-half (7 ½) hours. Each member of the Authority or Committee shall report the number of hours spent in preparation on the Preparation Reimbursement Form provided by the Authority.
- C. The Executive Director or designee shall review all Preparation and Reimbursement Forms and approve all hours for payment as deemed appropriate for the required task.

Section 5: Reimbursement

- A. Following the function, all travel expenses should be timely claimed on a Commonwealth of Kentucky Finance and Administration Cabinet Travel Voucher form. In no event shall an Authority Member be reimbursed by the Authority for any expenses also claimed reimbursable from another state agency.
- B. Actual and necessary travel expenses shall be paid in accordance with 200 KAR 2:006.
- C. Twice a month, the Executive Director or designee shall prepare the Per Diem Compensation Schedule and approve such payments.
- D. Reimbursement will be made only for individuals who are doing business on behalf of the Systems.
- E. All reimbursement under this Section must be made consistent with the requirements of the Executive Branch Code of Ethics, KRS Chapter 11A. Please refer to the Executive Branch Ethics Commission web site for more information at: <http://ethics.ky.gov/>.

Section 6: Forms

- A. The following forms are attached and are incorporated by reference.
 - (1) Preparation Reimbursement Form - General
 - (2) Preparation Reimbursement Form – DAC/AAC
 - (3) Commonwealth of Kentucky Finance and Administration Cabinet Travel Voucher form
 - (4) All forms incorporated by reference in 200 KAR 2:006
 - (5) Per Diem Compensation Schedule
- B. These forms may be updated and amended as necessary without effect to this Policy.

Kentucky Public Pensions Authority
Per Diem & Reimbursement Policy
Page 4

Section 7: Certification

We, the Chair of the Kentucky Public Pensions Authority, and the Executive Director of the Kentucky Public Pensions Authority, do hereby certify that this Per Diem and Reimbursement Policy was amended and made effective by the Kentucky Public Pensions Authority on the ____ day of _____, 20__.

Chair of the Kentucky Public
Pensions Authority

Date

Executive Director
Kentucky Public Pensions Authority

Date

DRAFT

**KENTUCKY PUBLIC PENSIONS AUTHORITY
AUTHORITY MEMBERS
POLICY AND PROCEDURES
REGARDING OPEN RECORDS REQUESTS
MADE IN ACCORDANCE WITH KENTUCKY REVISED STATUTES 61.870-61.884**

The Authority Members of the Kentucky Public Pensions Authority (KPPA), in accordance with Kentucky Revised Statutes 61.876, hereby establishes the following policy and procedures regarding Open Records Requests made in accordance with Kentucky Revised Statutes 61.870-61.884.

- (1) Kentucky Revised Statutes 61.876 provides that "(e)ach public agency shall adopt rules and regulations in conformity with the provisions of Kentucky Revised Statutes 61.870 to 61.884 to provide full access to public records, to protect public records from damage and disorganization, to prevent excessive disruption of its essential functions, to provide assistance and information upon request and to insure efficient and timely action in response to application for inspection."
- (2) The policy of the Authority Members is to provide broad access to all public records subject to the restrictions imposed by federal and state law. Kentucky Revised Statutes 61.878(1)(l) provides an exemption for public records or information the disclosure of which is prohibited or restricted or otherwise made confidential by enactment of the General Assembly. Kentucky Revised Statutes 61.661(1)(a) provides that "(e)ach current, former, or retired member's account shall be administered in a confidential manner and specific data regarding a current, former, or retired member shall not be released for publication." In 13-ORD-008, the Kentucky Attorney General found that denying Open Records Requests for documents regarding individual members of the retirement systems is a proper denial pursuant to KRS 61.878(1)(l). The decision states "...Retirement properly denied [the] request on the basis of [Kentucky Revised Statutes] 61.661(1), incorporated into the Open Records Act by operation of [Kentucky Revised Statutes] 61.878(1)(l)."

The KPPA shall not release any information regarding a current, former, or retired member without express written authorization or PIN number from the member or a court order or subpoena from a court of competent jurisdiction, except when the request asks for certain information relating to members or retired members who are current or former officeholders in the Kentucky General Assembly as provided in Kentucky Revised Statutes 61.661(a)(3)(a), in which case KPPA shall provide the requested information as mandated by statute.

- (3) Procedures for Accessing Public Records from the KPPA:

- A. The Kentucky Employees Retirement System and the County Employees Retirement System shall both designate a custodian of records according to each systems' respective bylaws.
- B. All Open Records Requests received by the KPPA shall be forwarded to the Office of Legal Services, Non-Advocacy Division, which shall be responsible for responding to all such requests.
- C. Requests under open records must be made in writing and be in sufficient detail to allow the KPPA to identify the records requested for review.
- D. Requests may be submitted to the KPPA by:
 - (i) Hand delivery at the retirement office;
 - (ii) U.S. Mail;
 - (iii) Electronic mail at krsopenrecords@kyret.ky.gov; or
 - (iv) Fax to (502) 696-8615.
- E. Requests for Open Records submitted by U.S. Mail should be addressed to:

Executive Director or designee
Kentucky Public Pensions Authority
1260 Louisville Road
Frankfort, Kentucky 40601
- F. Public records may be reviewed in person at the offices of the KPPA at 1270 Louisville Road, Frankfort, Kentucky during normal business hours, Monday through Friday from 8:00 a.m. to 4:30 p.m., with the exception of state holidays, or when closed to the public during a State of Emergency as declared by the Governor of Kentucky. The respective custodian of records or the Office of Legal Services, Non-Advocacy Division will designate a KPPA employee to monitor any in person inspection.
- G. The KPPA will respond to all requests under open records as provided in Kentucky Revised Statutes 61.870-61.884. Under Kentucky Revised Statutes 61.880(1) and 61.872(5), responses to Open Records Requests are to be provided within three (3) business days unless more time is needed. If more time is needed, the KPPA will send notice of such which explains the circumstances for any delay. This timeline may also be suspended or extended by Order of the Governor of Kentucky.
- H. If the KPPA deems any responsive records exempt under Kentucky Revised Statutes 61.878, it shall so state the relevant exemptions in its response. If the KPPA deems any sections of the responsive records as needing redaction, it shall state the reasons for each such redaction.
- I. For responsive records in an electronic format sent by attachment to secure email, the KPPA will impose no charge for the production of the records, unless costs

were incurred according to sections K and L of this policy. In order to ensure compliance with the provisions of Kentucky Revised Statutes 61.661, which mandates that members' retirement accounts be administered confidentially, the KPPA will convert all records in an electronic format to a non-editable electronic format (e.g. portable document format, or PDF) and otherwise remove any metadata prior to the production of responsive records. For responsive records in an electronic format that are too large to be sent by email, the KPPA will burn such records to a compact disc ("CD") and send the CD by U.S. Mail. Prior to mailing, the KPPA shall provide an invoice to the requestor indicating the costs for production of the records and postage. Upon receipt of payment, the KPPA will mail the responsive records.

- J. The KPPA may charge ten (10) cents per page for copies of records plus postage, if the requestor wants the copies sent by U. S. Mail. Upon a request for copies to be mailed, the KPPA shall provide an invoice to the requestor consisting of the costs of production and postage. Copies of nonwritten records (photographs, maps, material stored in computer files or libraries, etc.) shall be furnished on request, on payment of a charge equal to the actual cost of producing copies of such records by the most economic process not likely to damage or alter the record pursuant to Kentucky Revised Statutes 61.874(1). Estimated costs for the production of copies shall be communicated to the requestor prior to incurring the costs. Upon written agreement by the requestor to pay the estimated amount, the KPPA will commence production of any copies and communicate the final cost to the requestor by invoice. Upon the payment of the invoice, the KPPA shall produce the responsive records to the requestor.
- K. The KPPA may recover actual costs and staff costs to produce records when the request specifies production of the records in a nonstandardized format or tailoring the format to meet the request of an individual or a group pursuant to Kentucky Revised Statutes 61.874(3). Any such costs shall be identified on an invoice. The decision to produce records in a nonstandardized format or tailored to fit the needs of the requestor is solely at the discretion of the KPPA.
- L. The KPPA may further charge an additional fee to produce copies of records requested for a commercial purpose pursuant to Kentucky Revised Statutes 61.874(4), including the cost of staff time required to produce the records, the cost of mechanical processing, and the cost of media (e.g. a CD). Any such costs shall be identified on an invoice. The KPPA may require a requestor to verify whether their request is for a commercial purpose as defined in Kentucky Revised Statutes 61.870.

Signed: _____

Date: _____

Chair of Authority Members
Kentucky Public Pensions Authority

Signed: _____
Executive Director
Kentucky Public Pensions Authority

Date: _____

DRAFT

1 FINANCE AND ADMINISTRATION CABINET

2 Kentucky Retirement Systems

3 (Amendment to Administrative Regulation)

4 105 KAR 1:270. [~~Special federal income tax withholding~~]Federal tax withholding or direct
5 rollover of funds for eligible distributions.

6 RELATES TO: KRS 61.505(1)(f), 61.510, 61.625, 61.635, 61.640, 61.690,~~[61.645(9)(g),]~~
7 16.505, 16.578, 16.645, 78.510, 78.545; 26 U.S.C. 72(t), 401(a), 402

8 STATUTORY AUTHORITY: KRS 61.505(1)(f)~~[61.645(9)(g)]~~

9 NECESSITY, FUNCTION, AND CONFORMITY: KRS 61.505(1)(f)~~[KRS~~
10 ~~61.645(9)(e)(g)]~~ authorizes the Kentucky Public Pensions Authority~~[Board of Trustees of~~
11 ~~Kentucky Retirement Systems]~~ to promulgate administrative regulations on behalf of the
12 Kentucky Retirement Systems and the County Employees Retirement System that are
13 consistent with~~[necessary to carry out the provisions of]~~ KRS 61.515 to 61.705, 16.510 to
14 16.652, and 78.520 to 78.852. 26 U.S.C. 402 establishes the federal taxation
15 requirements regarding direct rollovers of distributions and the withholding of federal
16 income tax. This administrative regulation establishes the procedure for informing
17 affected members, beneficiaries, and alternate payees of their rights with regard to federal
18 taxation rules and provides forms for members, beneficiaries, and alternate payees to
19 indicate their preference for federal tax withholding or direct rollover of funds. This
20 administrative regulation also establishes a procedure to issue a check to an alternate
21 payee of a qualified domestic relations order if the alternate payee does not file~~[return]~~
22 the form required for federal income tax purposes at the retirement office within a
23 reasonable time, and a procedure for the event that an alternate payee cannot be located.

1 Section 1. Definitions.

2 (1) Definitions contained in KRS 16.505, 61.510, and 78.510 shall apply to this
3 regulation.

4 (2) Prior to April 1, 2021, “the Agency” means the Kentucky Retirement Systems,
5 which administers the State Police Retirement System, the Kentucky Employees
6 Retirement System, and the County Employees Retirement System. Effective April 1,
7 2021, “the Agency” means the Kentucky Public Pension Authority, which is authorized
8 carry out the day-to-day administrative needs of the Kentucky Retirement Systems
9 (comprised of the State Police Retirement System and the Kentucky Employees
10 Retirement System) and the County Employees Retirement System.

11 (3) “File” means the following methods for delivering or submitting a form to the
12 retirement office: mail, fax, secure email, in-person delivery, and upload via Self Service
13 on the Web site maintained by the Agency (if available). A form shall not be deemed filed
14 until it has been received at the retirement office.

15 (4) “Provide” means the following methods for the Agency to make a form available
16 to a member, beneficiary, or alternate payee: mail, fax, secure email, and upload via Self
17 Service on the Web site maintained by the Agency (if available).

18 Section 2. Application for Refund of Accumulated Account Balance.

19 (1)(a) In order to receive a refund of his or her accumulated account balance in
20 accordance with KRS 61.625 and 78.545, a member shall apply for such a refund on a
21 Form 4525, Application for Refund of Member Contributions and Direct Rollover/Direct
22 Payment Selection.

1 (b) Upon ~~[receipt of a]~~ request ~~by~~~~[for refund of member contributions from]~~ the
2 member, ~~the Agency~~~~[the retirement office]~~ shall provide~~[mail]~~ the Form 4525, Application
3 for Refund of Member Contributions and Direct Rollover/Direct Payment Selection, along
4 with a copy of the Special Tax Notice Regarding Payments, to the member~~[-requesting~~
5 ~~payment]~~.

6 (c) Additionally, the Agency may make the Form 4525, Application for Refund of
7 Member Contributions and Direct Rollover/Direct Payment Selection, along with a copy
8 of the Special Tax Notice Regarding Payments, available on its Web site.

9 (2)(a) The member shall complete the Form 4525, Application for Refund of
10 Member Contributions and Direct Rollover/Direct Payment Selection, and file~~[return]~~ it
11 at~~[to]~~ the retirement office.

12 (b) If the member intends to have the funds rolled over directly into an IRA or other
13 plan, the member shall have the trustee or institution complete the applicable
14 section~~[back]~~ of the Form 4525, Application for Refund of Member Contributions and
15 Direct Rollover/Direct Payment Selection,~~[the form]~~ certifying that the rollover will be
16 accepted.

17 (c) The employer(s) participating in the Agency from which the member has
18 terminated employment may complete the applicable portion of the Form 4525,
19 Application for Refund of Member Contributions and Direct Rollover/Direct Payment
20 Selection, verifying termination of employment.

21 (3)(a) The refund of contributions shall not be processed unless~~[until]~~ the member
22 is eligible to receive a refund pursuant to KRS 61.625 and 78.545 and the Form 4525,

1 Application for Refund of Member Contributions and Direct Rollover/Direct Payment
2 Selection, is ~~filed~~~~returned~~ by the member ~~at~~~~to~~ the retirement office.

3 (b) The refund of contributions shall be processed no earlier than forty-five (45)
4 days from the date of the member's termination of employment with the participating
5 employer(s) that previously employed the member.

6 Section 3[2]. Required form following member selection of an actuarial refund retirement
7 payment option, lump-sum refund of contributions, or partial lump-sum retirement
8 payment option.

9 (1)(a) Along with each blank~~Upon receipt of a completed~~ Form 6010, Estimated
10 Retirement Allowance, the Agency~~on which the member has selected the actuarial~~
11 ~~refund or partial lump sum option, the retirement office~~ shall provide~~mail to the member~~
12 the Form 6025, Direct Rollover/Direct Payment Election Form for a Member, Beneficiary,
13 or Alternate Payee Regarding~~or a Spouse Beneficiary of~~ an Eligible Rollover
14 Distribution, along with the Special Tax Notice Regarding Payments, to the member.

15 (b) Additionally, the Agency may make the Form 6025, Direct Rollover/Direct
16 Payment Election Form for a Member, Beneficiary, or Alternate Payee Regarding an
17 Eligible Rollover Distribution, along with a copy of the Special Tax Notice Regarding
18 Payments, available on its Web site.

19 (2)(a) If the member completes the Form 6010, Estimated Retirement Allowance,
20 and selects an actuarial refund retirement payment option, lump-sum refund of
21 contributions, or partial lump-sum retirement payment option, the~~The~~ member shall also
22 complete the Form 6025, Direct Rollover/Direct Payment Election Form for a Member,

1 Beneficiary, or Alternate Payee Regarding~~[or a Spouse Beneficiary of]~~ an Eligible
2 Rollover Distribution, and file both completed forms at~~[return it to]~~ the retirement office.

3 (b) If the member intends to have the funds rolled over directly into an IRA or other
4 plan, the member shall have the trustee or institution complete the applicable
5 section~~[back]~~ of the Form 6025, Direct Rollover/Direct Payment Election Form for a
6 Member, Beneficiary, or Alternate Payee Regarding an Eligible Rollover Distribution,~~[the~~
7 ~~form]~~ certifying that the rollover will be accepted.

8 (3) The payment option selected by the member on the completed and filed Form
9 6010, Estimated Retirement Allowance, shall not be processed unless~~[until]~~ the
10 completed Form 6025, Direct Rollover/Direct Payment Election Form for a Member,
11 Beneficiary, or Alternate Payee Regarding~~[or a Spouse Beneficiary of]~~ an Eligible
12 Rollover Distribution, is filed at~~[is returned to]~~ the retirement office.

13 Section 43. Required form following beneficiary selection of lump-sum payment option or
14 sixty (60) months certain payment option, or if beneficiary eligible for lump-sum refund of
15 contributions only.

16 (1)(a) Upon receipt of a completed Form 6010, Estimated Retirement Allowance,
17 on which the beneficiary ~~[who is the surviving spouse]~~ of the deceased member has
18 selected the lump-sum actuarial refund, lump-sum refund of the deceased member's
19 accumulated account balance, or sixty (60) months certain payment option, the
20 Agency~~[retirement office]~~ shall provide~~[mail to the beneficiary who is the surviving spouse~~
21 ~~of the deceased member]~~ the Form 6025, Direct Rollover/Direct Payment Election Form
22 for a Member, Beneficiary, or Alternate Payee Regarding~~[or a Spouse Beneficiary of]~~ an

1 Eligible Rollover Distribution, along with the Special Tax Notice Regarding Payments, to
2 the beneficiary of the deceased member.

3 (b) If the beneficiary of the deceased member is only eligible for a lump-sum refund
4 of the deceased member's accumulated account balance, the Agency shall provide the
5 Form 6025, Direct Rollover, Direct Payment Election Form for a Member, Beneficiary, or
6 Alternate Payee Regarding Eligible Rollover Distribution, along with the Special Tax
7 Notice Regarding Payments, to the beneficiary of the deceased member.

8 (c) Additionally, the Agency may make the Form 6025, Direct Rollover/Direct
9 Payment Election Form for a Member, Beneficiary, or Alternate Payee Regarding an
10 Eligible Rollover Distribution, along with a copy of the Special Tax Notice Regarding
11 Payments, available on its Web site.

12 (2)(a) The beneficiary [~~who is the surviving spouse~~] of the deceased member shall
13 complete the Form 6025, Direct Rollover/Direct Payment Election Form for a Member,
14 Beneficiary, or Alternate Payee Regarding [~~or a Spouse Beneficiary of~~] an Eligible
15 Rollover Distribution, and file [~~return~~] it at [~~to~~] the retirement office.

16 (b) If the beneficiary [~~who is the surviving spouse~~] of the deceased member intends
17 to have the funds rolled over directly into an IRA or other plan, the beneficiary [~~who is the~~
18 ~~surviving spouse~~] of the deceased member shall have the trustee or institution complete
19 the applicable section [~~back~~] of the Form 6025, Direct Rollover/Direct Payment Election
20 Form for a Member, Beneficiary, or Alternate Payee Regarding an Eligible Rollover
21 Distribution, [~~form~~] certifying that the rollover will be accepted.

22 (3)(a) The payment options selected by the beneficiary [~~who is the surviving~~
23 ~~spouse~~] of the deceased member on a Form 6010, Estimated Retirement Allowance shall

1 not be processed ~~unless[until]~~ the completed Form 6025, Direct Rollover/Direct Payment
2 Election Form for a Member, Beneficiary, or Alternate Payee Regarding ~~or a Spouse~~
3 ~~Beneficiary of~~ an Eligible Rollover Distribution, is filed at~~returned to~~ the retirement office.

4 (b) If the beneficiary of the deceased member is only eligible for a lump-sum refund
5 of the deceased member's accumulated account balance, payment to the beneficiary of
6 the deceased member shall not be processed unless the completed Form 6025, Direct
7 Rollover/Direct Payment Election Form for a Member, Beneficiary, or Alternate Payee
8 Regarding an Eligible Rollover Distribution, is filed at the retirement office.

9 Section 5. Required form for alternate payee who is eligible for actuarial refund or partial
10 lump-sum payment option, or eligible for a portion of the lump-sum refund, partial lump-
11 sum, or actuarial refund retirement payment option selected by the member.~~(1) Upon~~
12 ~~receipt of a completed Form 6010, Estimated Retirement Allowance, on which the~~
13 ~~beneficiary who is not the surviving spouse of the deceased member has selected the~~
14 ~~actuarial refund or a sixty (60) months certain payment option, the retirement office shall~~
15 ~~mail to the beneficiary who is not the surviving spouse of the deceased member the Form~~
16 ~~6026, Direct Rollover/Direct Payment Election Form for a Non-Spouse Beneficiary of an~~
17 ~~Eligible Rollover Distribution, along with the Special Tax Notice Regarding Payments.~~

18 ~~(2)(a) The beneficiary who is not the surviving spouse of the deceased member shall~~
19 ~~complete the Form 6026, Direct Rollover/Direct Payment Election Form for a Non-Spouse~~
20 ~~Beneficiary of an Eligible Rollover Distribution, and return it to the retirement office.~~

21 ~~(b) If the beneficiary who is not the surviving spouse of the deceased member intends to~~
22 ~~have the funds rolled over directly into an IRA or other plan, the beneficiary who is not the~~

1 ~~surviving spouse of the deceased member shall have the trustee or institution complete~~
2 ~~the back of the form certifying that the rollover will be accepted.~~

3 ~~(3) The payment option selected by the beneficiary who is not the surviving spouse of the~~
4 ~~deceased member shall not be processed until the completed Form 6026, Direct~~
5 ~~Rollover/Direct Payment Election Form for a Non-Spouse Beneficiary of an Eligible~~
6 ~~Rollover Distribution, is returned to the retirement office.~~

7 ~~Section 5.] (1)(a) If the alternate payee is eligible for a lump-sum portion of the member's~~
8 ~~accumulated contributions, [contribution account] actuarial refund, or partial lump-sum~~
9 ~~payment option pursuant to a qualified domestic relations order, the Agency shall provide~~
10 ~~the Form 6025, Direct Rollover/Direct Payment Election Form for a Member, Beneficiary,~~
11 ~~or Alternate Payee Regarding an Eligible Rollover Distribution [4525, Application for~~
12 ~~Refund of Member Contributions and Direct Rollover/Direct Payment Selection], along~~
13 ~~with the Special Tax Notice Regarding Payments [shall be mailed to the alternate payee],~~
14 ~~to the alternate payee.~~

15 (b) If the alternate payee is eligible ~~for [to select a payment option and selects]~~ an
16 ~~actuarial refund or partial lump-sum payment option pursuant to a qualified domestic~~
17 ~~relations order, the Agency shall provide~~ a Form 6025, Direct Rollover/Direct Payment
18 ~~Election Form for a Member, Beneficiary, or Alternate Payee Regarding [or a Spouse~~
19 ~~Beneficiary of]~~ an Eligible Rollover Distribution, along with the Special Tax Notice
20 ~~Regarding Payments, to the alternate payee [shall be mailed to the alternate payee].~~

21 (c) Additionally, the Agency may make the Form 6025, Direct Rollover/Direct
22 Payment Election Form for a Member, Beneficiary, or Alternate Payee Regarding an

1 Eligible Rollover Distribution, along with a copy of the Special Tax Notice Regarding
2 Payments, available on its Web site.

3 (2)(a) The alternate payee shall complete the [~~Form 4525, Application for Refund~~
4 ~~of Member Contributions and Direct Rollover/Direct Payment Selection, or]Form 6025,~~
5 Direct Rollover/Direct Payment Election Form for a Member, Beneficiary, or Alternate
6 Payee Regarding[~~or a Spouse Beneficiary of~~] an Eligible Rollover Distribution, and
7 file[~~return~~] it at[~~to~~] the retirement office.

8 (b) If the alternate payee intends to have the funds rolled over directly into an IRA
9 or other plan, the alternate payee shall have the trustee or institution complete the
10 applicable section[~~back~~] of the [~~Form 4525, Application for Refund of Member~~
11 ~~Contributions and Direct Rollover/Direct Payment Selection, or]Form 6025, Direct~~
12 Rollover/Direct Payment Election Form for a Member, Beneficiary, or Alternate Payee
13 Regarding[~~of Spouse Beneficiary of~~] an Eligible Rollover Distribution, certifying that the
14 rollover will be accepted.

15 (3)[~~(a)~~] The payment to an alternate payee of an actuarial refund or lump-sum
16 refund, or a portion of the member's accumulated account balance, actuarial refund, or
17 partial lump-sum payment option,[~~partial lump-sum~~] pursuant to the qualified domestic
18 relations order shall not be processed until the completed Form 6025, Direct
19 Rollover/Direct Payment Election Form for a Member, Beneficiary, or Alternate Payee
20 Regarding[~~or a Spouse Beneficiary of~~] an Eligible Rollover Distribution, is filed at[~~returned~~
21 ~~to~~] the retirement office.

22 (4)(a)[~~(b)~~] If the [~~payment is a portion of the member's contribution account and~~
23 ~~the~~] alternate payee does not file at the retirement office[~~return~~] the Form 6025, Direct

1 Rollover/Direct Payment Election Form for a Member, Beneficiary, or Alternate Payee
2 Regarding an Eligible Rollover Distribution~~[4525, Application for Refund of Member~~
3 ~~Contributions and Direct Rollover/Direct Payment Selection],~~ within thirty (30) days of
4 receipt of the form and the Special Tax Notice Regarding Payments, the alternate payee's
5 payment shall be processed and treated for federal income tax purposes as if the
6 alternate payee had made an election to directly receive the funds instead of rolling over
7 the payment to an IRA or other plan~~[form, the payment shall be processed and the~~
8 ~~alternate payee's portion of the refund shall be treated for federal income tax purposes~~
9 ~~as if the alternate payee had made an election to receive the funds].~~

10 (b) The Agency shall hold the amount payable to the alternate payee under this
11 Section for at least one hundred eighty (180) days after the payment becomes payable.

12 1. The Agency shall make all reasonable efforts to locate the alternate payee
13 during the one hundred eight (180) days and shall make payment to the alternate payee
14 if he or she is located within that period.

15 2. If the alternate payee has not been located within one hundred eighty (180) days
16 after the alternate payee's payment becomes payable and the Agency has exhausted all
17 reasonable efforts to locate the alternate payee, the Agency shall pay the payment held
18 to the member and shall assign the federal tax liability for this payment to the member.
19 No interest shall accrue on this lump-sum payment during the one hundred and eighty
20 (180) day period or thereafter. If the alternate payee is subsequently located, any
21 amounts already paid to the member shall no longer be payable to the alternate payee.

1 Section 6. Optional form for qualified public safety employee electing to receive an
2 actuarial refund retirement payment option, lump-sum refund, partial lump-sum refund, or
3 ten (10) year certain retirement payment option.

4 (1) A member who was last employed as a "qualified public safety employee" as
5 defined in 26 U.S.C. Internal Revenue Code, Section 72(t), will not be subject to the ten
6 (10) percent early distribution tax penalty if electing to receive an actuarial refund, lump-
7 sum refund, partial lump-sum refund, or the ten (10) years certain option if the member
8 files the following completed forms at the retirement office:[may file a]

9 (a) The Form 4527, Certification by a "Qualified Public Safety Employee[s]" and
10 Request for an Exception to the 10% [percent] Early Distribution Penalty in IRC 72(t),
11 and[to avoid the ten (10) percent early distribution tax penalty if electing to receive an
12 actuarial refund, lump sum refund, partial lump sum refund, or the ten (10) years certain
13 option.]

14 (b) The Form 4525, Application for Refund of Member Contributions and Direct
15 Rollover/Direct Payment Selection, or the Form 6025, Direct Rollover/Direct Payment
16 Election Form for a Member, Beneficiary, or Alternate Payee Regarding an Eligible
17 Rollover Distribution.

18 (2)(a) Upon request by the member, the Agency shall provide the Form 4527,
19 Certification by a "Qualified Public Safety Employee" and Request for an Exception to the
20 10% Early Distribution Penalty in IRC 72(t), to the member.

21 (b) Additionally, the Agency may make the Form 4527, Certification by a "Qualified
22 Public Safety Employee" and Request for an Exception to the 10% Early Distribution
23 Penalty in IRC 72(t), available on its Web site.[The member who was last employed as a

1 ~~“qualified public safety employee” shall file the Form 4527, Certification by a Qualified~~
2 ~~Public Safety Employee and Request for an Exception to the 10 percent Early Distribution~~
3 ~~Penalty in IRC 72(t), with the Form 4525, Application for Refund of Member Contributions~~
4 ~~and Direct Rollover/Direct Payment Selection, or the Form 6025, Direct Rollover/Direct~~
5 ~~Payment Election Form for a Member or a Spouse Beneficiary of an Eligible Rollover~~
6 ~~Distribution, at the retirement office in order to avoid the ten (10) percent early distribution~~
7 ~~tax penalty.]~~

8 Section 7. Incorporation by Reference. (1) The following material is incorporated by
9 reference:

10 (a) Form 4525, "Application for Refund of Member Contributions and Direct
11 Rollover/Direct Payment Selection", February 2021~~[May 2008]~~;

12 (b) "Special Tax Notice Regarding Payments", February 2021~~[May 2008]~~;

13 (c) Form 6010, "Estimated Retirement Allowance", February 2021~~[May 2008]~~;

14 (d) Form 6025, "Direct Rollover/Direct Payment Election Form for a Member,
15 Beneficiary, or Alternate Payee Regarding~~[or a Spouse Beneficiary of]~~ an Eligible
16 Rollover Distribution", February 2021~~[May 2008]~~; and

17 (e) ~~[Form 6026, "Direct Rollover/Direct Payment Election Form for a Non Spouse~~
18 ~~Beneficiary of an Eligible Rollover Distribution", May 2008; and~~

19 ~~(f)]~~Form 4527, "Certification by a Qualified Public Safety Employee[s]" and Request for
20 an Exception to the 10% ~~[percent]~~ Early Distribution Penalty in IRC 72(t)", February
21 2021~~[May 2008]~~.

22 (2) This material may be inspected, copied, or obtained, subject to applicable
23 copyright law, at the Kentucky Public Pensions Authority~~[Retirement Systems]~~,

1 [~~Perimeter Park West,~~]1260 Louisville Road, Frankfort, Kentucky 40601, Monday through
2 Friday, from 8 a.m. to 4:30 p.m. (19 Ky.R. 2352; eff. 6-7-93; Am. 20 Ky.R. 830; eff. 12-6-
3 93; 21 Ky.R. 1532; eff. 2-8-95; 29 Ky.R. 773; eff. 11-12-02; 34 Ky.R. 121; 545; eff. 10-5-
4 2007; 35 Ky.R. 119; eff. 10-3-08; Crt eff. 2-24-2020.)

APPROVED:

DAVID L. EAGER,
EXECUTIVE DIRECTOR
KENTUCKY PUBLIC PENSIONS AUTHORITY

DATE

PUBLIC HEARING: A public hearing on this administrative regulation shall be held on Monday, July 26, 2021 at 10:00 a.m. at the Kentucky Public Pensions Authority, 1270 Louisville Road, Frankfort, Kentucky. Individuals interested in being heard at this hearing shall notify this agency in writing by five workdays prior to the hearing of their intent to attend. If no notification of intent to attend the hearing was received by that date, the hearing may be cancelled. A transcript of the public hearing will not be made unless a written request for a transcript is made.

If you do not wish to be heard at the public hearing, you may submit written comments on the proposed administrative regulation. Written comments shall be accepted until Saturday, July 31, 2021. Send written notification of intent to be heard at the public hearing or written comments on the proposed administrative regulation to the contact person.

CONTACT PERSON: Katherine Rupinen, Executive Director Office of Legal Services, Kentucky Public Pensions Authority, 1260 Louisville Road, Frankfort, KY 40601, email Legal.Non-Advocacy@kyret.ky.gov, telephone (502) 696-8800 ext. 8647, facsimile (502) 696-8615.

REGULATORY IMPACT ANALYSIS
AND TIERING STATEMENT

Regulation number: 105 KAR 1:270
Contact person: Katherine Rupinen
Phone number: 502-696-8800 ext. 8647
Email: Legal.Non-Advocacy@kyret.ky.gov

(1) Provide a brief summary of:

(a) What this administrative regulation does: This administrative regulation establishes the procedure for informing affected members, beneficiaries, and alternate payees their rights with regard to federal taxation rules and provides forms for members, beneficiaries, and alternate payees to indicate their preference for federal tax withholding or direct rollover of funds. This administrative regulation also establishes a procedure to issue a check to an alternate payee of a qualified domestic relations order if the alternate payee does not file the form required for federal income tax purposes within a reasonable time.

(b) The necessity of this administrative regulation: This administrative regulation is necessary to establish the procedure for informing affected members, beneficiaries, and alternate payees their rights with regard to federal taxation rules and provides forms for members, beneficiaries, and alternate payees to indicate their preference for federal tax withholding or direct rollover of funds. This administrative regulation also is necessary to establish a procedure to issue a check to an alternate payee of a qualified domestic relations order if the alternate payee does not file the form required for federal income tax purposes within a reasonable time, and a procedure for the event that an alternate payee cannot be located.

(c) How this administrative regulation conforms to the content of the authorizing statutes: This administrative regulation conforms to the authorizing statute because it is necessary to carry out the provisions of KRS 61.515 to 61.705, 16.510 to 16.652, and 78.520 to 78.852, in accordance with KRS 61.505(1)(f).

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: This administrative regulation establishes the procedures and forms necessary to carry out the provisions of KRS 61.515 to 61.705, 16.510 to 16.652, and 78.520 to 78.852, and assists the Kentucky Public Pensions Authority, Kentucky Retirement Systems, and County Employees Retirement System in ensuring conformity with federal statutes and regulations.

(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:

(a) How the amendment will change this existing administrative regulation: The amendment updates the existing regulation to reflect changes in forms used by the Kentucky Public Pensions Authority, and increased online/electronic communications used by the Kentucky Public Pensions Authority. The amendment also clarifies the existing regulation.

(b) The necessity of the amendment to this administrative regulation: The amendment is necessary to update the Special Tax Notice and forms used by the Kentucky Public Pensions Authority, and increased online/electronic communications

used by the Kentucky Public Pensions Authority. The amendment also clarifies the existing regulation.

(c) How the amendment conforms to the content of the authorizing statutes: The amendment conforms to the authorizing statute because it is necessary to carry out the provisions of KRS 61.515 to 61.705, 16.510 to 16.652, and 78.520 to 78.852, in accordance with KRS 61.505(1)(f).

(d) How the amendment will assist in the effective administration of the statutes: The amendment establishes the procedures and forms necessary to carry out the provisions of KRS 61.515 to 61.705, 16.510 to 16.652, and 78.520 to 78.852, and assists the Kentucky Public Pensions Authority, Kentucky Retirement Systems, and County Employees Retirement System in ensuring conformity with federal statutes and regulations.

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: the Kentucky Public Pensions Authority, the Kentucky Retirement Systems, and the County Employees Retirement System, and the members, beneficiaries, and alternate payees of the Kentucky Retirement Systems and the County Employees Retirement System. Number of individuals is unknown. Number of businesses, organizations, or state and local governments affected is three (3), the Kentucky Public Pensions Authority, the Kentucky Retirement Systems, and the County Employees Retirement System.

(4) Provide an analysis of how the entities identified in question (3) will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:

(a) List the actions that each of the regulated entities identified in question (3) will have to take to comply with this administrative regulation or amendment: This regulation establishes the procedures and forms necessary to carry out the provisions of KRS 61.515 to 61.705, 16.510 to 16.652, and 78.520 to 78.852, and assists the Kentucky Public Pensions Authority, Kentucky Retirement Systems, and County Employees Retirement System in ensuring conformity with federal statutes and regulations.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (3): This regulation should not cost any additional funds.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (3): This regulation establishes the procedures and forms necessary to carry out the provisions of KRS 61.515 to 61.705, 16.510 to 16.652, and 78.520 to 78.852, and assists the Kentucky Public Pensions Authority, Kentucky Retirement Systems, and County Employees Retirement System in ensuring conformity with federal statutes and regulations.

(5) Provide an estimate of how much it will cost to implement this administrative regulation:

(a) Initially: The costs associated with the implementation of this administrative regulation should be negligible.

(b) On a continuing basis: The costs associated with the implementation of this administrative regulation should be negligible.

(6) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation: Administrative expenses of the Kentucky

Public Pensions Authority are paid from the Retirement Allowance Account (trust and agency funds).

(7) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment: There is no increase in fees or funding required.

(8) State whether or not this administrative regulation establishes any fees or directly or indirectly increases any fees: This administrative regulation does not establish any fees or directly or indirectly increase any fees.

(9) TIERING: Is tiering applied? (Explain why or why not) Tiering is not applied. All members, beneficiaries, and alternate payees are subject to the same processes and procedures.

FISCAL NOTE ON STATE OR LOCAL GOVERNMENT

Regulation number: 105 KAR 1:270
Contact person: Kathy Rupinen
Phone number: 502-696-8800 ext. 8647
Email: Legal.Non-Advocacy@kyret.ky.gov

(1) What units, parts, or divisions of state or local government (including cities, counties, fire departments, or school districts) will be impacted by this administrative regulation? The Kentucky Public Pensions Authority, the Kentucky Retirement Systems, and the County Employees Retirement System.

(2) Identify each state or federal statute or federal regulation that requires or authorizes the action taken by the administrative regulation. KRS 61.505(1)(f).

(3) Estimate the effect of this administrative regulation on the expenditures and revenues of a state or local government agency (including cities, counties, fire departments, or school districts) for the first full year the administrative regulation is to be in effect.

(a) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for the first year? None.

(b) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for subsequent years? None.

(c) How much will it cost to administer this program for the first year? The cost to Kentucky Public Pensions Authority should be negligible.

(d) How much will it cost to administer this program for subsequent years? The cost to Kentucky Public Pensions Authority should be negligible.

Note: If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.

- Revenues (+/-):
- Expenditures (+/-):
- Other Explanation:



KENTUCKY PUBLIC PENSIONS AUTHORITY
 1260 Louisville Road • Frankfort, KY 40601
 Phone: (502) 696-8800 • Fax: (502) 696-8822 • kyret.ky.gov



Form 4525
 Revised 04/2021

Application for Refund of Member Contributions and Direct Rollover/Direct Payment Selection

The earliest a refund may be processed is 45 days following termination of employment. KPPA does not guarantee the date a refund will be issued or the date it will be received once mailed from our office.

Required Information: Failure to complete all items and sign this form could result in delays. This form and verification of termination must be on file at the retirement office before a refund or rollover will be issued.

Member Information			
Member Name:		Member ID:	
Address:	City:	State:	Zip Code:
Phone (select type) <input type="radio"/> Mobile <input type="radio"/> Home <input type="radio"/> Work		Email:	
Date of Birth:		Gender: <input type="checkbox"/> Male <input type="checkbox"/> Female	

System	Name of Agency Refund/Rollover Requested From	Termination Date		
		Month	Day	Year
<input type="checkbox"/> Kentucky Employees Retirement System (KERS)				
<input type="checkbox"/> County Employees Retirement System (CERS)				
<input type="checkbox"/> State Police Retirement System (SPRS)				

Distribution of Payment Election: If you are unsure about the information to provide in this section, please contact our office for assistance from a counselor to avoid possible delays in processing your benefits.

I elect a complete distribution of my payment as follows:

<p>If your refund will include taxable monies, you must select one option from this column.</p> <p>Taxable Portion (Monies have not yet been taxed)</p> <p><input type="checkbox"/> Direct Rollover</p> <p><input type="checkbox"/> Paid Directly to me (less 20% withholding*)</p> <p><input type="checkbox"/> Partial Rollover in the amount of \$ _____, balance (less 20% withholding*) paid to me.</p>	<p>If your refund will include non-taxable monies, you must select one option from this column.</p> <p>Non-Taxable Portion (Monies have already been taxed)</p> <p><input type="checkbox"/> Direct Rollover</p> <p><input type="checkbox"/> Paid Directly to me</p> <p><input type="checkbox"/> Partial Rollover in the amount of \$ _____, balance paid to me.</p>
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Please complete Page 2. Complete Page 3 only if you select a rollover.

Member Information

Member Name: _____	Member ID: _____
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Employer Information: If you have terminated employment with a participating agency within the last 6 months, please have your former employer complete the information below.

Employer Name: _____	Employer Code: _____
Termination Date: _____	Were there wages reported to KPPA after termination? <input type="checkbox"/> Yes <input type="checkbox"/> No
If so, were those wages earned prior to the termination? <input type="checkbox"/> Yes <input type="checkbox"/> No	

Signature of Agency Official: _____ Date: _____

Printed Name of Agency Official: _____

Title: _____ Agency Phone Number: _____

Acknowledgments: Subject to penalty of KRS 523.100

- I acknowledge that federal and state law both require a bona fide separation from service with all employers participating in the Kentucky Retirement Systems (KRS) and the County Employees Retirement System (CERS) and, in some cases, entities affiliated with participating employers in order for the Kentucky Public Pensions Authority to pay a refund of a retirement account.
- If I am taking a refund of my retirement account, I affirm that I have had a separation from service with all employers participating in the KRS and the CERS. I also affirm that I do not have a prearranged agreement to return to work for a participating employer (including, in some cases, entities affiliated with participating employers) after I have received a refund.
- I understand that the term "separation from service" as used in this affidavit means a complete severance of any kind of employment relationship (including, but not limited to, work as an independent contractor or leased employee) with all employers participating in the KRS and the CERS (including, in some cases, entities affiliated with participating employers).
- I understand that the term "prearranged agreement" as used in this affidavit means any contemplation of return to employment with employers participating in the KRS and the CERS (including, in some cases, entities affiliated with participating employers) after I have received a refund.
- I understand that the terms "employers participating in the KRS and the CERS" and "participating employer" as used in this affidavit are to be construed in a broad manner, and include not only the employer itself, but may also include certain entities affiliated with participating employers, regardless of whether such entities are holding themselves out as legally separate entities. I am aware that I may contact the Kentucky Public Pensions Authority for assistance if I have any questions about whether an entity affiliated with a participating employer may be included in these terms.
- I acknowledge that if I fail to comply with federal and state law regarding bona fide separation from service, I will be required to repay all refunded contributions paid in error.
- I acknowledge that I have full understanding that any person who provides a false statement, report, or representation is subject to the penalty of perjury in accordance with Kentucky Revised Statutes 523.010, et seq.
- I understand that by taking a refund, I am forfeiting all service credit and eligibility for future retirement benefits.
- If I am a Tier 3 member (participation date is on or after January 1, 2014) and I am not eligible to retire, I understand that by taking a refund that is not a retirement benefit, I will be eligible to participate in the KRS and/or CERS again if I should become reemployed with a participating employer, but I will not be able to re-establish my original participation date.
- If I am a Tier 3 member (participation date is on or after January 1, 2014) and I am taking a refund that is a retirement benefit, I understand that I will not be eligible to participate in the KRS or the CERS again if I should become reemployed with a participating employer.

Certification

I certify that I have read the enclosed SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS and have selected the distribution option indicated above. I understand that my payment will not be processed until this form is completed and returned to the retirement office. I understand that I have a right to at least 30 days from my receipt of the SPECIAL TAX NOTICE in which to make my decision regarding receipt or rollover of these funds, and by signing and returning this form, I waive my right to the full 30-day period. I understand that if I elect to receive any or all of the taxable portion directly, 20% of the taxable portion paid to me will be withheld for my federal income taxes.* I understand that no tax will be withheld if I have the entire taxable portion rolled over directly to an IRA, qualified plan, or other retirement plan that can accept the rollover. If I elect to have any or all of the payment rolled over, I will have the Trustee receiving the rollover complete page 3 of this form.

***If you are a nonresident alien, the mandatory withholding rate is 30% instead of 20%, unless a tax treaty exemption applies.**

Signature: _____ Date: _____

Witness Signature: _____ Date: _____

Note: Signature of Member is required. Signature of Witness is also required. Failure to sign form and have your signature witnessed by another person will result in the form being voided.

Member Information

Member Name: _____	Member ID: _____
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Direct Rollover Information: To be completed by Trustee of IRA or eligible plan receiving rollover. Please complete both sections if the distribution will include a taxable portion and a non-taxable portion.

Taxable Portion (*Monies have not yet been taxed*)

- Traditional Individual Retirement Account/Annuity
- Roth Individual Retirement Account/Annuity
- 401(a) Qualified Plan, 403(a) Qualified Annuity, 403(b) Annuity Contract, or 457(b) Governmental Plan
- SIMPLE IRA that has been established for at least two (2) years

Make check payable to: _____

Account number (if applicable): _____

Send check to: _____

As agent for the above named plan, I certify that the above plan is an eligible plan and will accept the rollover for the benefit of the distributee of pre-tax dollars that would otherwise be taxable upon distribution.

Trustee/Agent
Signature: _____

Phone: _____

Title: _____

Date: _____

Non-Taxable Portion (*Monies have already been taxed*)

- Traditional Individual Retirement Account/Annuity
- Roth Individual Retirement Account/Annuity
- 401(a) Qualified Plan or 403(b) Annuity Contract

Make check payable to: _____

Account number (if applicable): _____

Send check to: _____

As agent for the above named plan, I certify that the above plan is an eligible plan and will accept the rollover for the benefit of the distributee of post-tax dollars, and will separately account for such post-tax dollars, in the case of a 401(a) qualified plan or a 403 (b) annuity contract.

Trustee/Agent
Signature: _____

Phone: _____

Title: _____

Date: _____



KENTUCKY PUBLIC PENSIONS AUTHORITY
1260 Louisville Road • Frankfort, KY 40601
Phone: (502) 696-8800 • Fax: (502) 696-8822 • kyret.ky.gov

Special Tax Notice

Application for Refund of Member Contributions

You are receiving this notice because all or a portion of a payment you are receiving from the Kentucky Employees Retirement System, County Employees Retirement System, or State Police Retirement System (the "Plan") is eligible to be rolled over to an IRA or an employer plan. This notice is intended to help you decide whether to do such a rollover. If you have additional questions after reading this notice, you can contact your Plan Administrator at 1-502-696-8800 or 1-800-928-4646.

Rules that apply to most payments from a plan are described in the "General Information About Rollovers" section. Special rules that only apply in certain circumstances are described in the "Special Rules and Options" section.

General Information About Rollovers

How can a rollover affect my taxes?

You will be taxed on a payment from the Plan if you do not roll it over. If you are under age 59½ and do not do a rollover, you will also have to pay a 10% additional income tax on early distributions (generally, distributions made before age 59½), unless an exception applies. However, if you do a rollover, you will not have to pay tax until you receive payments later and the 10% additional income tax will not apply if those payments are made after you are age 59½ (or if an exception to the 10% additional income tax applies).

What types of retirement accounts and plans may accept my rollover?

You may roll over the payment to either an IRA (an individual retirement account or individual retirement annuity) or an employer plan (a tax-qualified plan, section 403(b) plan, or governmental section 457(b) plan) that will accept the rollover. The rules of the IRA or employer plan that holds the rollover will determine your investment options, fees, and rights to payment from the IRA or employer plan. Further, the amount rolled over will become subject to the tax rules that apply to the IRA or employer plan.

How do I do a rollover?

There are two ways to do a rollover. You can do either a direct rollover or a 60-day rollover.

If you do a direct rollover, the Plan will make the payment directly to your IRA or an employer plan. You should contact the IRA sponsor or the administrator of the employer plan for information on how to do a direct rollover.

If you do not do a direct rollover, you may still do a rollover by making a deposit into an IRA or eligible employer plan that will accept it. Generally, you will have 60 days after you receive the payment to make the deposit. If you do not do a direct rollover, the Plan is required to withhold 20% of the payment for federal income taxes (up to the amount of cash and property received other than employer stock). This means that, in order to roll over the entire payment in a 60-day rollover, you must use other funds to make up for the 20% withheld.

If you do not roll over the entire amount of the payment, the portion not rolled over will be taxed and will be subject to the 10% additional income tax on early distributions if you are under age 59 ½ (unless an exception applies).

How much may I roll over?

If you wish to do a rollover, you may roll over all or part of the amount eligible for rollover. Any payment from the Plan is eligible for rollover, except:

- Certain a period of at least 10 years or over your life or life expectancy (or the joint lives or joint life expectancies of you and your beneficiary);
- Required minimum distributions after age 70½ (if you were born before July 1, 1949), after age 72 (if you were born after June 30, 1949), or after death); and
- Corrective distributions of contributions that exceed tax law limitations.

KPPA can tell you what portion of a payment is eligible for rollover.

If I don't do a rollover, will I have to pay the 10% additional income tax on early distributions?

If you are under age 59½, you will have to pay the 10% additional income tax on early distributions for any payment from the Plan (including amounts withheld for income tax) that you do not roll over, unless one of the exceptions listed below applies. This tax applies to the part of the distribution that you must include in income and is in addition to the regular income tax on the payment not rolled over.

The 10% additional income tax does not apply to the following payments from the Plan:

- Payments made after you separate from service if you will be at least age 55 in the year of the separation;
- Payments that start after you separate from service if paid at least annually in equal or close to equal amounts over your life or life expectancy (or the joint lives or joint life expectancies of you and your beneficiary);
- Payments from a governmental plan made after you separate from service if you are a qualified public safety employee and you will be at least age 50 in the year of the separation;
- Payments made due to disability;
- Payments after your death;
- Corrective distributions of contributions that exceed tax law limitations;
- Payments made directly to the government to satisfy a federal tax levy;
- Payments made under a qualified domestic relations order (QDRO);
- Payments up to the amount of your deductible medical expenses (without regard to whether you itemize deductions for the taxable year); and
- Payments excepted from the additional income tax by federal legislation relating to certain emergencies and disasters.

If I do a rollover to an IRA, will the 10% additional income tax apply to early distributions from the IRA?

If you receive a payment from an IRA when you are under age 59 ½, you will have to pay the 10% additional income tax on early distributions on the part of the distribution that you must include in income, unless an exception applies. In general, the exceptions to the 10% additional income tax for early distributions from an IRA are the same as the exceptions listed above for early distributions from a plan. However, there are a few differences for payments from an IRA, including:

- The exception for payments made after you separate from service if you will be at least age 55 in the year of the separation (or age 50 for qualified public safety employees) does not apply;
- The exception for qualified domestic relations orders (QDROs) does not apply (although a special rule applies under which, as part of a divorce or separation agreement, a tax-free transfer may be made directly to an IRA of a spouse or former spouse); and
- The exception for payments made at least annually in equal or close to equal amounts over a specified period applies without regard to whether you have had a separation from service.

If you are a “qualified public safety employee,” in order not to be subject to the additional 10% early distribution tax on this payment, you must submit a fully completed “Form 4527, Certification by a Qualified Public Safety Employee and Request for an Exception to the ten (10) percent Early Distribution Penalty in IRC 72(t)” to the retirement office. Upon request, Kentucky Retirement Systems can provide a copy of the Form 4527 to you. The Form 4527 is also available on Kentucky Retirement Systems’ website, kyret.ky.gov.

Additional exceptions apply for payments from an IRA, including:

- Payments for qualified higher education expenses;
- Payments up to \$10,000 used in a qualified first-time home purchase; and
- Payments for health insurance premiums after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).

Will I owe State income taxes?

This notice does not address any State or local income tax rules (including withholding rules).

Special Rules and Options

If your payment includes after-tax contributions

After-tax contributions included in a payment are not taxed. If you receive a partial payment of your total benefit, an allocable portion of your after-tax contributions is included in the payment, so you cannot take a payment of only after-tax contributions. However, if you have pre-1987 after-tax contributions maintained in a separate account, a special rule may apply to determine whether the after-tax contributions are included in the payment. In addition, special rules apply when you do a rollover, as described below.

You may roll over to an IRA a payment that includes after-tax contributions through either a direct rollover or a 60-day rollover. You must keep track of the aggregate amount of the after-tax contributions in all of your IRAs (in order to determine your taxable income for later payments from the IRAs). Using the Form 4525, Application for Refund of Member Contributions and Direct Rollover/Direct Payment Selection, or the Form 6025, Direct Rollover/Direct Payment Election Form for a Member, Beneficiary, or Alternate Payee Regarding an Eligible Rollover Distribution, you will elect how your after-tax contributions will be distributed separately from how your pre-tax contributions will be distributed. The Plan will distribute your after-tax contributions and pre-tax contributions in accordance with your elections for each.

You may roll over to an employer plan all of a payment that includes after-tax contributions, but only through a direct rollover (and only if the receiving plan separately accounts for after-tax contributions and is not a governmental section 457(b) plan). You can do a 60-day rollover to an employer plan of part of a payment that includes after-tax contributions, but only up to the amount of the payment that would be taxable if not rolled over.

If you miss the 60-day rollover deadline

Generally, the 60-day rollover deadline cannot be extended. However, the IRS has the limited authority to waive the deadline under certain extraordinary circumstances, such as when external events prevented you from completing the rollover by the 60-day rollover deadline. Under certain circumstances, you may claim eligibility for a waiver of the 60-day rollover deadline by making a written self-certification. Otherwise, to apply for a waiver from the IRS, you must file a private letter ruling request with the IRS. Private letter ruling requests require the payment of a nonrefundable user fee. For more information, see IRS Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs).

If you were born on or before January 1, 1936

If you were born on or before January 1, 1936 and receive a lump sum distribution that you do not roll over, special rules for calculating the amount of the tax on the payment might apply to you. For more information, see IRS Publication 575, *Pension and Annuity Income*.

If you are an eligible retired public safety officer and your payment is used to pay for health coverage or qualified long-term care insurance

If the Plan is a governmental plan, you retired as a public safety officer, and your retirement was by reason of disability or was after normal retirement age, you can exclude from your taxable income Plan payments paid directly as premiums to an accident or health plan (or a qualified long-term care insurance contract) that your employer maintains for you, your spouse, or your dependents, up to a maximum of \$3,000 annually. For this purpose, a public safety officer is a law enforcement officer, firefighter, chaplain, or member of a rescue squad or ambulance crew.

If you want to take advantage of this exclusion, you must report the amount claimed on Form 1040. The instructions to Form 1040 explain that the taxable amount received from the Plan, reduced by the amount of qualified premiums deducted and paid by the Plan (not to exceed \$3,000), must be entered on line 16b of the Form 1040. Next to the entry, in the margin, you must write the letters "PSO." This is an annual election—you will need to report the exclusion for each year in which you want to claim the exclusion. Note: The Form 1099-R that you receive from the Plan Administrator will report this amount as taxable.

If you roll over your payment to a Roth IRA

If you roll over a payment from the Plan to a Roth IRA, a special rule applies under which the amount of the payment rolled over (reduced by any after-tax amounts) will be taxed. In general, the 10% additional income tax on early distributions will not apply. However, if you take the amount rolled over out of the Roth IRA within the 5-year period that begins on January 1 of the year of the rollover, the 10% additional income tax will apply (unless an exception applies).

If you roll over the payment to a Roth IRA, later payments from the Roth IRA that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a Roth IRA is a payment made after you are age 59½ (or after your death or disability, or as a qualified first-time homebuyer distribution of up to \$10,000) and after you have had a Roth IRA for at least 5 years. In applying this 5-year rule, you count from January 1 of the year for which your first contribution was made to a Roth IRA. Payments from the Roth IRA that are not qualified distributions will be taxed to the extent of earnings after the rollover, including the 10% additional income tax on early distributions (unless an exception applies). You do not have to take required minimum distributions from a Roth IRA during your lifetime.

For more IRS information, see IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*, and Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*.

If you are not a Plan member

Payments after death of the member. If you receive a distribution after the member's death that you do not roll over, the distribution generally will be taxed in the same manner described elsewhere in this notice. However, the 10% additional income tax on early distributions and the special rules for public safety officers do not apply, and the special rule described under the section "If you were born on or before January 1, 1936" applies only if the deceased member was born on or before January 1, 1936.

If you are a surviving spouse

If you receive a payment from the Plan as the surviving spouse of a deceased member, you have the same rollover options that the member would have had, as described elsewhere in this notice. In addition, if you choose to do a rollover to an IRA, you may treat the IRA as your own or as an inherited IRA.

An IRA you treat as your own is treated like any other IRA of yours, so that payments made to you before you are age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies) and required minimum distributions from your IRA do not have to start until after you are age 70½ (if you were born before July 1, 1949) or age 72 (if you were born after June 30, 1949).

If you treat the IRA as an inherited IRA, payments from the IRA will not be subject to the 10% additional income tax on early distributions. However, if the member had started taking required minimum distributions, you will have to receive required minimum distributions from the inherited IRA. If the member had not started taking required minimum distributions from the Plan, you will not have to start receiving required minimum distributions from the inherited IRA until the year the member would have been age 70½ (if the member was born before July 1, 1949) or age 72 (if the member was born after June 30, 1949).

If you are a surviving beneficiary other than a spouse. If you receive a payment from the Plan because of the member's death and you are a designated beneficiary other than a surviving spouse, the only rollover option you have is to do a direct rollover to an inherited IRA. Payments from the inherited IRA will not be subject to the 10% additional income tax on early distributions. You will have to receive required minimum distributions from the inherited IRA.

Payments under a QDRO

If you are the spouse or former spouse of the member who receives a lump-sum payment from the Plan under a QDRO ("alternate payee"), you generally have the same options and the same tax treatment that the member would have (for example, you may roll over the payment to your own IRA or an eligible employer plan that will accept it). However, payments under the QDRO will not be subject to the 10% additional income tax on early distributions.

If the alternate payee does not return the Form 6025, Direct Rollover/Direct Payment Election Form for a Member, Beneficiary, or Alternate Payee Regarding an Eligible Rollover Distribution, within thirty (30) days of receipt of the form and this notice, the lump-sum payment shall be processed and treated for federal income tax purposes as if the alternate payee had made an election to directly receive the funds instead of rolling over the payment to an IRA or an eligible employer plan.

In the event that the Plan cannot locate an alternate payee when a lump-sum payment from the Plan pursuant to a QDRO becomes payable, the Plan shall hold the amount payable to the alternate payee and shall make payment to the alternate payee if he or she is located within one hundred eighty (180) days after the payment becomes payable. If the alternate payee has not been located within one hundred eighty (180) days after the alternate payee's payment becomes payable, the Plan shall pay the payment held to the member and shall assign the federal tax liability for this payment to the member. No interest shall accrue on this lump-sum payment during the one hundred and eighty (180) day period or thereafter. If the alternate payee is subsequently located, any amounts already paid to the member shall no longer be payable to the alternate payee.

If you are a nonresident alien

If you are a nonresident alien and you do not do a direct rollover to a U.S. IRA or U.S. employer plan, instead of withholding 20%, the Plan is generally required to withhold 30% of the payment for federal income taxes. If the amount withheld exceeds the amount of tax you owe (as may happen if you do a 60-day rollover), you may request an income tax refund by filing Form 1040NR and attaching your Form 1042-S. See Form W-8BEN for claiming that you are entitled to a reduced rate of withholding under an income tax treaty. For more information, see also IRS Publication 519, *U.S. Tax Guide for Aliens*, and IRS Publication 515, *Withholding of Tax on Nonresident Aliens and Foreign Entities*.

Other Special Rules

If a payment is one in a series of payments for less than 10 years, your choice whether to do a direct rollover will apply to all later payments in the series (unless you make a different choice for later payments).

If your payments for the year are less than \$200 (not including payments from a designated Roth account in the Plan), the Plan is not required to allow you to do a direct rollover. However, you may do a 60-day rollover.

You may have special rollover rights if you recently served in the U.S. Armed Forces. For more information on special rollover rights related to the U.S. Armed Forces, see IRS Publication 3, *Armed Forces' Tax Guide*. You also may have special rollover rights if you were affected by a federally declared disaster (or similar event), or if you received a distribution on account of a disaster. For more information on special rollover rights related to disaster relief, see the IRS website at www.irs.gov.

For More Information

You may wish to consult with the Plan administrator or payor, or a professional tax advisor, before taking a payment from the Plan. Also, you can find more detailed information on the federal tax treatment of payments from employer plans in: IRS Publication 575, *Pension and Annuity Income*; IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*; IRS Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*; and IRS Publication 571, **Tax-Sheltered Annuity Plans (403(b) Plans)**. These publications are available from a local IRS office, on the web at www.irs.gov, or by calling 1-800-TAX-FORM.



KENTUCKY PUBLIC PENSIONS AUTHORITY
 1260 Louisville Road • Frankfort, KY 40601
 Phone: (502) 696-8800 • Fax: (502) 696-8822 • kyret.ky.gov



Form 6025
 Revised 04/2021

Direct Rollover/Direct Payment Election Form for a Member, Beneficiary, or Alternate Payee Regarding an Eligible Rollover Distribution

Required Information: Failure to complete all items and sign this form could delay the processing of your lump sum/ monthly benefit.

Recipient Information

Member Name:		Member ID:	
If you are not the member, please provide your name and Social Security Number (SSN) below.			
Name:		SSN:	
Address:	City:	State:	Zip Code:
Is this a new address? <input type="radio"/> Yes <input type="radio"/> No			

This form must be completed if you are electing to receive an "eligible rollover distribution." **Failure to complete this form could delay the processing of your lump sum/monthly benefit.** If you are the member, the following payment options are "eligible rollover distributions": Actuarial Refund, Partial Lump Sum, and Refund of Contributions. If you are a beneficiary, the following payment options are "eligible rollover distributions": Actuarial Refund, Refund of Contributions, \$5,000 Death Benefit, and 60 Months Certain.

Please read the enclosed SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS. **If you have questions about the SPECIAL TAX NOTICE, please contact a qualified tax advisor. Kentucky Public Pensions Authority employees are not qualified to answer questions concerning your tax status or the effects of the federal tax laws and regulations.** After you have read the SPECIAL TAX NOTICE, you must complete the following form to certify that you have read the SPECIAL TAX NOTICE and to make your selections with regard to treatment of your payment.

Distribution of Payment Election: If you are unsure about the information to provide in this section, please contact our office for assistance from a counselor to avoid possible delays in processing your benefits.

I elect a complete distribution of my payment as follows:

If your distribution will include a taxable portion, you must select one option from this column. Taxable Portion (Monies have not yet been taxed) <input type="checkbox"/> Direct Rollover <input type="checkbox"/> Paid Directly to me (less 20% withholding*) <input type="checkbox"/> Partial Rollover in the amount of \$ _____, balance (less 20% withholding*) paid to me.	If your distribution will include a non-taxable portion, you must select one option from this column. Non-Taxable Portion (Monies have already been taxed) <input type="checkbox"/> Direct Rollover <input type="checkbox"/> Paid Directly to me <input type="checkbox"/> Partial Rollover in the amount of \$ _____, balance paid to me.
Complete page 2 only if you select a rollover	

I certify that I have read the enclosed SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS and have selected the distribution option indicated above. I understand that my payment will not be processed until this form is completed and returned to the retirement office. I understand that I have a right to at least 30 days from my receipt of the SPECIAL TAX NOTICE in which to make my decision regarding receipt or rollover of these funds, and by signing and returning this form, I waive my right to the full 30-day period. I understand that if I elect to receive any or all of the taxable portion directly, 20% of the taxable portion paid to me will be withheld for my federal income taxes.* I understand that no tax will be withheld if I have the entire taxable portion rolled over. If I elect to have any or all of the payment rolled over, I will have the Trustee receiving the rollover complete the back of this form. I understand that in the case of monthly payments, my selection will remain in effect for each monthly payment until I change my election.

Signature: _____

Date: _____

*If you are a nonresident alien, the mandatory withholding rate is 30% instead of 20%, unless a tax treaty exemption applies. Page 1

Recipient Information	
Member Name: _____	Member ID: _____
Direct Rollover Information: To be completed by Trustee of IRA or eligible plan receiving rollover. Please complete both sections if the distribution will include a taxable portion and a non-taxable portion.	
Taxable Portion (<i>Monies have not yet been taxed</i>)	
<input type="checkbox"/> Traditional Individual Retirement Account/Annuity* <input type="checkbox"/> Roth Individual Retirement Account/Annuity* <input type="checkbox"/> 401(a) Qualified Plan, 403(a) Qualified Annuity, 403(b) Annuity Contract, or 457(b) Governmental Plan* <input type="checkbox"/> SIMPLE IRA that has been established for at least two (2) years*	
Make check payable to: _____	
Account number (if applicable): _____	
Send check to: _____	
As agent for the above named plan, I certify that the above plan is an eligible plan and will accept the rollover for the benefit of the distributee of pre-tax dollars that would otherwise be taxable upon distribution.	
Trustee/Agent Signature: _____	Phone: _____
Title: _____	Date: _____
Non-Taxable Portion (<i>Monies have already been taxed</i>)	
<input type="checkbox"/> Traditional Individual Retirement Account/Annuity* <input type="checkbox"/> Roth Individual Retirement Account/Annuity* <input type="checkbox"/> 401(a) Qualified Plan or 403(b) Annuity Contract*	
Make check payable to: _____	
Account number (if applicable): _____	
Send check to: _____	
As agent for the above named plan, I certify that the above plan is an eligible plan and will accept the rollover for the benefit of the distributee of post-tax dollars, and will separately account for such post-tax dollars, in the case of a 401(a) qualified plan or a 403(b) annuity contract.	
Trustee/Agent Signature: _____	Phone: _____
Title: _____	Date: _____

*** If you are a non-spouse beneficiary, you may only rollover your payment to an "inherited" individual retirement account/annuity. The "inherited" IRA may be either a traditional IRA or a Roth IRA.**



KENTUCKY PUBLIC PENSIONS AUTHORITY
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Special Tax Notice

Application for Direct Rollover or Direct Payment

You are receiving this notice because all or a portion of a payment you are receiving from the Kentucky Employees Retirement System, County Employees Retirement System, or State Police Retirement System (the "Plan") is eligible to be rolled over to an IRA or an employer plan. This notice is intended to help you decide whether to do such a rollover. If you have additional questions after reading this notice, you can contact your Plan Administrator at 1-502-696-8800 or 1-800-928-4646.

Rules that apply to most payments from a plan are described in the "General Information About Rollovers" section. Special rules that only apply in certain circumstances are described in the "Special Rules and Options" section.

General Information About Rollovers

How can a rollover affect my taxes?

You will be taxed on a payment from the Plan if you do not roll it over. If you are under age 59½ and do not do a rollover, you will also have to pay a 10% additional income tax on early distributions (generally, distributions made before age 59½), unless an exception applies. However, if you do a rollover, you will not have to pay tax until you receive payments later and the 10% additional income tax will not apply if those payments are made after you are age 59½ (or if an exception to the 10% additional income tax applies).

What types of retirement accounts and plans may accept my rollover?

You may roll over the payment to either an IRA (an individual retirement account or individual retirement annuity) or an employer plan (a tax-qualified plan, section 403(b) plan, or governmental section 457(b) plan) that will accept the rollover. The rules of the IRA or employer plan that holds the rollover will determine your investment options, fees, and rights to payment from the IRA or employer plan. Further, the amount rolled over will become subject to the tax rules that apply to the IRA or employer plan.

How do I do a rollover?

There are two ways to do a rollover. You can do either a direct rollover or a 60-day rollover.

If you do a direct rollover, the Plan will make the payment directly to your IRA or an employer plan. You should contact the IRA sponsor or the administrator of the employer plan for information on how to do a direct rollover.

If you do not do a direct rollover, you may still do a rollover by making a deposit into an IRA or eligible employer plan that will accept it. Generally, you will have 60 days after you receive the payment to make the deposit. If you do not do a direct rollover, the Plan is required to withhold 20% of the payment for federal income taxes (up to the amount of cash and property received other than employer stock). This means that, in order to roll over the entire payment in a 60-day rollover, you must use other funds to make up for the 20% withheld.

If you do not roll over the entire amount of the payment, the portion not rolled over will be taxed and will be subject to the 10% additional income tax on early distributions if you are under age 59 ½ (unless an exception applies).

How much may I roll over?

If you wish to do a rollover, you may roll over all or part of the amount eligible for rollover. Any payment from the Plan is eligible for rollover, except:

- Certain a period of at least 10 years or over your life or life expectancy (or the joint lives or joint life expectancies of you and your beneficiary);
- Required minimum distributions after age 70½ (if you were born before July 1, 1949), after age 72 (if you were born after June 30, 1949), or after death); and
- Corrective distributions of contributions that exceed tax law limitations.

KPPA can tell you what portion of a payment is eligible for rollover.

If I don't do a rollover, will I have to pay the 10% additional income tax on early distributions?

If you are under age 59½, you will have to pay the 10% additional income tax on early distributions for any payment from the Plan (including amounts withheld for income tax) that you do not roll over, unless one of the exceptions listed below applies. This tax applies to the part of the distribution that you must include in income and is in addition to the regular income tax on the payment not rolled over.

The 10% additional income tax does not apply to the following payments from the Plan:

- Payments made after you separate from service if you will be at least age 55 in the year of the separation;
- Payments that start after you separate from service if paid at least annually in equal or close to equal amounts over your life or life expectancy (or the joint lives or joint life expectancies of you and your beneficiary);
- Payments from a governmental plan made after you separate from service if you are a qualified public safety employee and you will be at least age 50 in the year of the separation;
- Payments made due to disability;
- Payments after your death;
- Corrective distributions of contributions that exceed tax law limitations;
- Payments made directly to the government to satisfy a federal tax levy;
- Payments made under a qualified domestic relations order (QDRO);
- Payments up to the amount of your deductible medical expenses (without regard to whether you itemize deductions for the taxable year); and
- Payments excepted from the additional income tax by federal legislation relating to certain emergencies and disasters.

If I do a rollover to an IRA, will the 10% additional income tax apply to early distributions from the IRA?

If you receive a payment from an IRA when you are under age 59 ½, you will have to pay the 10% additional income tax on early distributions on the part of the distribution that you must include in income, unless an exception applies. In general, the exceptions to the 10% additional income tax for early distributions from an IRA are the same as the exceptions listed above for early distributions from a plan. However, there are a few differences for payments from an IRA, including:

- The exception for payments made after you separate from service if you will be at least age 55 in the year of the separation (or age 50 for qualified public safety employees) does not apply;
- The exception for qualified domestic relations orders (QDROs) does not apply (although a special rule applies under which, as part of a divorce or separation agreement, a tax-free transfer may be made directly to an IRA of a spouse or former spouse); and
- The exception for payments made at least annually in equal or close to equal amounts over a specified period applies without regard to whether you have had a separation from service.

If you are a “qualified public safety employee,” in order not to be subject to the additional 10% early distribution tax on this payment, you must submit a fully completed “Form 4527, Certification by a Qualified Public Safety Employee and Request for an Exception to the ten (10) percent Early Distribution Penalty in IRC 72(t)” to the retirement office. Upon request, Kentucky Retirement Systems can provide a copy of the Form 4527 to you. The Form 4527 is also available on Kentucky Retirement Systems’ website, kyret.ky.gov.

Additional exceptions apply for payments from an IRA, including:

- Payments for qualified higher education expenses;
- Payments up to \$10,000 used in a qualified first-time home purchase; and
- Payments for health insurance premiums after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).

Will I owe State income taxes?

This notice does not address any State or local income tax rules (including withholding rules).

Special Rules and Options

If your payment includes after-tax contributions

After-tax contributions included in a payment are not taxed. If you receive a partial payment of your total benefit, an allocable portion of your after-tax contributions is included in the payment, so you cannot take a payment of only after-tax contributions. However, if you have pre-1987 after-tax contributions maintained in a separate account, a special rule may apply to determine whether the after-tax contributions are included in the payment. In addition, special rules apply when you do a rollover, as described below.

You may roll over to an IRA a payment that includes after-tax contributions through either a direct rollover or a 60-day rollover. You must keep track of the aggregate amount of the after-tax contributions in all of your IRAs (in order to determine your taxable income for later payments from the IRAs). Using the Form 4525, Application for Refund of Member Contributions and Direct Rollover/Direct Payment Selection, or the Form 6025, Direct Rollover/Direct Payment Election Form for a Member, Beneficiary, or Alternate Payee Regarding an Eligible Rollover Distribution, you will elect how your after-tax contributions will be distributed separately from how your pre-tax contributions will be distributed. The Plan will distribute your after-tax contributions and pre-tax contributions in accordance with your elections for each.

You may roll over to an employer plan all of a payment that includes after-tax contributions, but only through a direct rollover (and only if the receiving plan separately accounts for after-tax contributions and is not a governmental section 457(b) plan). You can do a 60-day rollover to an employer plan of part of a payment that includes after-tax contributions, but only up to the amount of the payment that would be taxable if not rolled over.

If you miss the 60-day rollover deadline

Generally, the 60-day rollover deadline cannot be extended. However, the IRS has the limited authority to waive the deadline under certain extraordinary circumstances, such as when external events prevented you from completing the rollover by the 60-day rollover deadline. Under certain circumstances, you may claim eligibility for a waiver of the 60-day rollover deadline by making a written self-certification. Otherwise, to apply for a waiver from the IRS, you must file a private letter ruling request with the IRS. Private letter ruling requests require the payment of a nonrefundable user fee. For more information, see IRS Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs).

If you were born on or before January 1, 1936

If you were born on or before January 1, 1936 and receive a lump sum distribution that you do not roll over, special rules for calculating the amount of the tax on the payment might apply to you. For more information, see IRS Publication 575, *Pension and Annuity Income*.

If you are an eligible retired public safety officer and your payment is used to pay for health coverage or qualified long-term care insurance

If the Plan is a governmental plan, you retired as a public safety officer, and your retirement was by reason of disability or was after normal retirement age, you can exclude from your taxable income Plan payments paid directly as premiums to an accident or health plan (or a qualified long-term care insurance contract) that your employer maintains for you, your spouse, or your dependents, up to a maximum of \$3,000 annually. For this purpose, a public safety officer is a law enforcement officer, firefighter, chaplain, or member of a rescue squad or ambulance crew.

If you want to take advantage of this exclusion, you must report the amount claimed on Form 1040. The instructions to Form 1040 explain that the taxable amount received from the Plan, reduced by the amount of qualified premiums deducted and paid by the Plan (not to exceed \$3,000), must be entered on line 16b of the Form 1040. Next to the entry, in the margin, you must write the letters "PSO." This is an annual election—you will need to report the exclusion for each year in which you want to claim the exclusion. Note: The Form 1099-R that you receive from the Plan Administrator will report this amount as taxable.

If you roll over your payment to a Roth IRA

If you roll over a payment from the Plan to a Roth IRA, a special rule applies under which the amount of the payment rolled over (reduced by any after-tax amounts) will be taxed. In general, the 10% additional income tax on early distributions will not apply. However, if you take the amount rolled over out of the Roth IRA within the 5-year period that begins on January 1 of the year of the rollover, the 10% additional income tax will apply (unless an exception applies).

If you roll over the payment to a Roth IRA, later payments from the Roth IRA that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a Roth IRA is a payment made after you are age 59½ (or after your death or disability, or as a qualified first-time homebuyer distribution of up to \$10,000) and after you have had a Roth IRA for at least 5 years. In applying this 5-year rule, you count from January 1 of the year for which your first contribution was made to a Roth IRA. Payments from the Roth IRA that are not qualified distributions will be taxed to the extent of earnings after the rollover, including the 10% additional income tax on early distributions (unless an exception applies). You do not have to take required minimum distributions from a Roth IRA during your lifetime.

For more IRS information, see IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*, and Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*.

If you are not a Plan member

Payments after death of the member. If you receive a distribution after the member's death that you do not roll over, the distribution generally will be taxed in the same manner described elsewhere in this notice. However, the 10% additional income tax on early distributions and the special rules for public safety officers do not apply, and the special rule described under the section "If you were born on or before January 1, 1936" applies only if the deceased member was born on or before January 1, 1936.

If you are a surviving spouse

If you receive a payment from the Plan as the surviving spouse of a deceased member, you have the same rollover options that the member would have had, as described elsewhere in this notice. In addition, if you choose to do a rollover to an IRA, you may treat the IRA as your own or as an inherited IRA.

An IRA you treat as your own is treated like any other IRA of yours, so that payments made to you before you are age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies) and required minimum distributions from your IRA do not have to start until after you are age 70½ (if you were born before July 1, 1949) or age 72 (if you were born after June 30, 1949).

If you treat the IRA as an inherited IRA, payments from the IRA will not be subject to the 10% additional income tax on early distributions. However, if the member had started taking required minimum distributions, you will have to receive required minimum distributions from the inherited IRA. If the member had not started taking required minimum distributions from the Plan, you will not have to start receiving required minimum distributions from the inherited IRA until the year the member would have been age 70½ (if the member was born before July 1, 1949) or age 72 (if the member was born after June 30, 1949).

If you are a surviving beneficiary other than a spouse. If you receive a payment from the Plan because of the member's death and you are a designated beneficiary other than a surviving spouse, the only rollover option you have is to do a direct rollover to an inherited IRA. Payments from the inherited IRA will not be subject to the 10% additional income tax on early distributions. You will have to receive required minimum distributions from the inherited IRA.

Payments under a QDRO

If you are the spouse or former spouse of the member who receives a lump-sum payment from the Plan under a QDRO ("alternate payee"), you generally have the same options and the same tax treatment that the member would have (for example, you may roll over the payment to your own IRA or an eligible employer plan that will accept it). However, payments under the QDRO will not be subject to the 10% additional income tax on early distributions.

If the alternate payee does not return the Form 6025, Direct Rollover/Direct Payment Election Form for a Member, Beneficiary, or Alternate Payee Regarding an Eligible Rollover Distribution, within thirty (30) days of receipt of the form and this notice, the lump-sum payment shall be processed and treated for federal income tax purposes as if the alternate payee had made an election to directly receive the funds instead of rolling over the payment to an IRA or an eligible employer plan.

In the event that the Plan cannot locate an alternate payee when a lump-sum payment from the Plan pursuant to a QDRO becomes payable, the Plan shall hold the amount payable to the alternate payee and shall make payment to the alternate payee if he or she is located within one hundred eighty (180) days after the payment becomes payable. If the alternate payee has not been located within one hundred eighty (180) days after the alternate payee's payment becomes payable, the Plan shall pay the payment held to the member and shall assign the federal tax liability for this payment to the member. No interest shall accrue on this lump-sum payment during the one hundred and eighty (180) day period or thereafter. If the alternate payee is subsequently located, any amounts already paid to the member shall no longer be payable to the alternate payee.

If you are a nonresident alien

If you are a nonresident alien and you do not do a direct rollover to a U.S. IRA or U.S. employer plan, instead of withholding 20%, the Plan is generally required to withhold 30% of the payment for federal income taxes. If the amount withheld exceeds the amount of tax you owe (as may happen if you do a 60-day rollover), you may request an income tax refund by filing Form 1040NR and attaching your Form 1042-S. See Form W-8BEN for claiming that you are entitled to a reduced rate of withholding under an income tax treaty. For more information, see also IRS Publication 519, *U.S. Tax Guide for Aliens*, and IRS Publication 515, *Withholding of Tax on Nonresident Aliens and Foreign Entities*.

Other Special Rules

If a payment is one in a series of payments for less than 10 years, your choice whether to do a direct rollover will apply to all later payments in the series (unless you make a different choice for later payments).

If your payments for the year are less than \$200 (not including payments from a designated Roth account in the Plan), the Plan is not required to allow you to do a direct rollover. However, you may do a 60-day rollover.

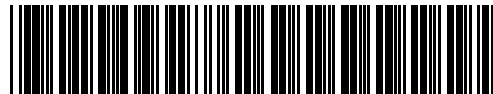
You may have special rollover rights if you recently served in the U.S. Armed Forces. For more information on special rollover rights related to the U.S. Armed Forces, see IRS Publication 3, *Armed Forces' Tax Guide*. You also may have special rollover rights if you were affected by a federally declared disaster (or similar event), or if you received a distribution on account of a disaster. For more information on special rollover rights related to disaster relief, see the IRS website at www.irs.gov.

For More Information

You may wish to consult with the Plan administrator or payor, or a professional tax advisor, before taking a payment from the Plan. Also, you can find more detailed information on the federal tax treatment of payments from employer plans in: IRS Publication 575, *Pension and Annuity Income*; IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*; IRS Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*; and IRS Publication 571, **Tax-Sheltered Annuity Plans (403 (b) Plans)**. These publications are available from a local IRS office, on the web at www.irs.gov, or by calling 1-800-TAX-FORM.



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Form 4527
 Revised 04/2021

Certification by a "Qualified Public Safety Employee" and Request for an Exception to the 10% Early Distribution Penalty in IRC Section 72(t)

Member Information Please provide your Member ID or Social Security number in the Member ID box below.			
Member Name:		Member ID:	
Address:	City:	State:	Zip Code:

You may complete this form and avoid a 10% early distribution tax penalty if you meet all of the following criteria:

- You were last employed as a "qualified public safety employee" (For purposes of meeting the exception to the tax penalty, the term "qualified public safety employee" generally means an employee whose principal duties include services requiring specialized training in the area of police protection, firefighting services, or emergency medical services); and
- You elected to receive an early distribution of an Actuarial Refund, Lump Sum Refund, Partial Lump Sum Refund, or the 10-year Certain Option from the Kentucky Retirement Systems or the County Employees Retirement System since August 18, 2006; and
- You were age 50 or older during the year of separation from service.

If you do not complete this form and file it at the retirement office, your Form 1099-R may indicate that you received a payment subject to a 10% early distribution penalty. Section 72(t) of the Internal Revenue Code provides for an additional 10% early distribution tax penalty of an early distribution from the Kentucky Retirement Systems or the County Employees Retirement System. There is an exception to the additional tax for public safety employees set forth in Section 72(t)(10) of the Internal Revenue Code. The exception provides that the early distribution penalty will not apply to a "qualified public safety employee" who received an early distribution on or after August 18, 2006, and who was age 50 or older during the year of separation from service.

Certification of Status as a "Qualified Public Safety Employee"	
I, _____, certify that immediately prior to my retirement or my most recent separation from service, I was an employee participating in the (check all that are applicable):	I also certify that my <u>principal duties</u> included services requiring specialized training in the area of (check all that are applicable):
<input type="checkbox"/> Kentucky Employees Retirement System <input type="checkbox"/> County Employees Retirement System <input type="checkbox"/> State Police Retirement System	<input type="checkbox"/> Police protection, <input type="checkbox"/> Firefighting services, <input type="checkbox"/> Emergency medical services

I am making this certification under penalty of perjury in order that the Kentucky Public Pensions Authority may properly code my Form 1099-R with respect to a benefit payment that I have received or will receive from the Kentucky Retirement Systems or the County Employees Retirement System. I further acknowledge that any person who makes a false statement, report, or representation regarding this matter is subject to criminal penalty pursuant to KRS 523.010 to 523.110.

Signature: _____

Date: _____



Special Tax Notice

Application for Direct Rollover or Direct Payment

You are receiving this notice because all or a portion of a payment you are receiving from the Kentucky Employees Retirement System, County Employees Retirement System, or State Police Retirement System (the "Plan") is eligible to be rolled over to an IRA or an employer plan. This notice is intended to help you decide whether to do such a rollover. If you have additional questions after reading this notice, you can contact your Plan Administrator at 1-502-696-8800 or 1-800-928-4646.

Rules that apply to most payments from a plan are described in the "General Information About Rollovers" section. Special rules that only apply in certain circumstances are described in the "Special Rules and Options" section.

General Information About Rollovers

How can a rollover affect my taxes?

You will be taxed on a payment from the Plan if you do not roll it over. If you are under age 59½ and do not do a rollover, you will also have to pay a 10% additional income tax on early distributions (generally, distributions made before age 59½), unless an exception applies. However, if you do a rollover, you will not have to pay tax until you receive payments later and the 10% additional income tax will not apply if those payments are made after you are age 59½ (or if an exception to the 10% additional income tax applies).

What types of retirement accounts and plans may accept my rollover?

You may roll over the payment to either an IRA (an individual retirement account or individual retirement annuity) or an employer plan (a tax-qualified plan, section 403(b) plan, or governmental section 457(b) plan) that will accept the rollover. The rules of the IRA or employer plan that holds the rollover will determine your investment options, fees, and rights to payment from the IRA or employer plan. Further, the amount rolled over will become subject to the tax rules that apply to the IRA or employer plan.

How do I do a rollover?

There are two ways to do a rollover. You can do either a direct rollover or a 60-day rollover.

If you do a direct rollover, the Plan will make the payment directly to your IRA or an employer plan. You should contact the IRA sponsor or the administrator of the employer plan for information on how to do a direct rollover.

If you do not do a direct rollover, you may still do a rollover by making a deposit into an IRA or eligible employer plan that will accept it. Generally, you will have 60 days after you receive the payment to make the deposit. If you do not do a direct rollover, the Plan is required to withhold 20% of the payment for federal income taxes (up to the amount of cash and property received other than employer stock). This means that, in order to roll over the entire payment in a 60-day rollover, you must use other funds to make up for the 20% withheld.

If you do not roll over the entire amount of the payment, the portion not rolled over will be taxed and will be subject to the 10% additional income tax on early distributions if you are under age 59 ½ (unless an exception applies).

How much may I roll over?

If you wish to do a rollover, you may roll over all or part of the amount eligible for rollover. Any payment from the Plan is eligible for rollover, except:

- Certain a period of at least 10 years or over your life or life expectancy (or the joint lives or joint life expectancies of you and your beneficiary);
- Required minimum distributions after age 70½ (if you were born before July 1, 1949), after age 72 (if you were born after June 30, 1949), or after death); and
- Corrective distributions of contributions that exceed tax law limitations.

KPPA can tell you what portion of a payment is eligible for rollover.

If I don't do a rollover, will I have to pay the 10% additional income tax on early distributions?

If you are under age 59½, you will have to pay the 10% additional income tax on early distributions for any payment from the Plan (including amounts withheld for income tax) that you do not roll over, unless one of the exceptions listed below applies. This tax applies to the part of the distribution that you must include in income and is in addition to the regular income tax on the payment not rolled over.

The 10% additional income tax does not apply to the following payments from the Plan:

- Payments made after you separate from service if you will be at least age 55 in the year of the separation;
- Payments that start after you separate from service if paid at least annually in equal or close to equal amounts over your life or life expectancy (or the joint lives or joint life expectancies of you and your beneficiary);
- Payments from a governmental plan made after you separate from service if you are a qualified public safety employee and you will be at least age 50 in the year of the separation;
- Payments made due to disability;
- Payments after your death;
- Corrective distributions of contributions that exceed tax law limitations;
- Payments made directly to the government to satisfy a federal tax levy;
- Payments made under a qualified domestic relations order (QDRO);
- Payments up to the amount of your deductible medical expenses (without regard to whether you itemize deductions for the taxable year); and
- Payments excepted from the additional income tax by federal legislation relating to certain emergencies and disasters.

If I do a rollover to an IRA, will the 10% additional income tax apply to early distributions from the IRA?

If you receive a payment from an IRA when you are under age 59 ½, you will have to pay the 10% additional income tax on early distributions on the part of the distribution that you must include in income, unless an exception applies. In general, the exceptions to the 10% additional income tax for early distributions from an IRA are the same as the exceptions listed above for early distributions from a plan. However, there are a few differences for payments from an IRA, including:

- The exception for payments made after you separate from service if you will be at least age 55 in the year of the separation (or age 50 for qualified public safety employees) does not apply;
- The exception for qualified domestic relations orders (QDROs) does not apply (although a special rule applies under which, as part of a divorce or separation agreement, a tax-free transfer may be made directly to an IRA of a spouse or former spouse); and
- The exception for payments made at least annually in equal or close to equal amounts over a specified period applies without regard to whether you have had a separation from service.

If you are a “qualified public safety employee,” in order not to be subject to the additional 10% early distribution tax on this payment, you must submit a fully completed “Form 4527, Certification by a Qualified Public Safety Employee and Request for an Exception to the ten (10) percent Early Distribution Penalty in IRC 72(t)” to the retirement office. Upon request, Kentucky Retirement Systems can provide a copy of the Form 4527 to you. The Form 4527 is also available on Kentucky Retirement Systems’ website, kyret.ky.gov.

Additional exceptions apply for payments from an IRA, including:

- Payments for qualified higher education expenses;
- Payments up to \$10,000 used in a qualified first-time home purchase; and
- Payments for health insurance premiums after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).

Will I owe State income taxes?

This notice does not address any State or local income tax rules (including withholding rules).

Special Rules and Options

If your payment includes after-tax contributions

After-tax contributions included in a payment are not taxed. If you receive a partial payment of your total benefit, an allocable portion of your after-tax contributions is included in the payment, so you cannot take a payment of only after-tax contributions. However, if you have pre-1987 after-tax contributions maintained in a separate account, a special rule may apply to determine whether the after-tax contributions are included in the payment. In addition, special rules apply when you do a rollover, as described below.

You may roll over to an IRA a payment that includes after-tax contributions through either a direct rollover or a 60-day rollover. You must keep track of the aggregate amount of the after-tax contributions in all of your IRAs (in order to determine your taxable income for later payments from the IRAs). Using the Form 4525, Application for Refund of Member Contributions and Direct Rollover/Direct Payment Selection, or the Form 6025, Direct Rollover/Direct Payment Election Form for a Member, Beneficiary, or Alternate Payee Regarding an Eligible Rollover Distribution, you will elect how your after-tax contributions will be distributed separately from how your pre-tax contributions will be distributed. The Plan will distribute your after-tax contributions and pre-tax contributions in accordance with your elections for each.

You may roll over to an employer plan all of a payment that includes after-tax contributions, but only through a direct rollover (and only if the receiving plan separately accounts for after-tax contributions and is not a governmental section 457(b) plan). You can do a 60-day rollover to an employer plan of part of a payment that includes after-tax contributions, but only up to the amount of the payment that would be taxable if not rolled over.

If you miss the 60-day rollover deadline

Generally, the 60-day rollover deadline cannot be extended. However, the IRS has the limited authority to waive the deadline under certain extraordinary circumstances, such as when external events prevented you from completing the rollover by the 60-day rollover deadline. Under certain circumstances, you may claim eligibility for a waiver of the 60-day rollover deadline by making a written self-certification. Otherwise, to apply for a waiver from the IRS, you must file a private letter ruling request with the IRS. Private letter ruling requests require the payment of a nonrefundable user fee. For more information, see IRS Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs).

If you were born on or before January 1, 1936

If you were born on or before January 1, 1936 and receive a lump sum distribution that you do not roll over, special rules for calculating the amount of the tax on the payment might apply to you. For more information, see IRS Publication 575, *Pension and Annuity Income*.

If you are an eligible retired public safety officer and your payment is used to pay for health coverage or qualified long-term care insurance

If the Plan is a governmental plan, you retired as a public safety officer, and your retirement was by reason of disability or was after normal retirement age, you can exclude from your taxable income Plan payments paid directly as premiums to an accident or health plan (or a qualified long-term care insurance contract) that your employer maintains for you, your spouse, or your dependents, up to a maximum of \$3,000 annually. For this purpose, a public safety officer is a law enforcement officer, firefighter, chaplain, or member of a rescue squad or ambulance crew.

If you want to take advantage of this exclusion, you must report the amount claimed on Form 1040. The instructions to Form 1040 explain that the taxable amount received from the Plan, reduced by the amount of qualified premiums deducted and paid by the Plan (not to exceed \$3,000), must be entered on line 16b of the Form 1040. Next to the entry, in the margin, you must write the letters "PSO." This is an annual election—you will need to report the exclusion for each year in which you want to claim the exclusion. Note: The Form 1099-R that you receive from the Plan Administrator will report this amount as taxable.

If you roll over your payment to a Roth IRA

If you roll over a payment from the Plan to a Roth IRA, a special rule applies under which the amount of the payment rolled over (reduced by any after-tax amounts) will be taxed. In general, the 10% additional income tax on early distributions will not apply. However, if you take the amount rolled over out of the Roth IRA within the 5-year period that begins on January 1 of the year of the rollover, the 10% additional income tax will apply (unless an exception applies).

If you roll over the payment to a Roth IRA, later payments from the Roth IRA that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a Roth IRA is a payment made after you are age 59½ (or after your death or disability, or as a qualified first-time homebuyer distribution of up to \$10,000) and after you have had a Roth IRA for at least 5 years. In applying this 5-year rule, you count from January 1 of the year for which your first contribution was made to a Roth IRA. Payments from the Roth IRA that are not qualified distributions will be taxed to the extent of earnings after the rollover, including the 10% additional income tax on early distributions (unless an exception applies). You do not have to take required minimum distributions from a Roth IRA during your lifetime.

For more IRS information, see IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*, and Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*.

If you are not a Plan member

Payments after death of the member. If you receive a distribution after the member's death that you do not roll over, the distribution generally will be taxed in the same manner described elsewhere in this notice. However, the 10% additional income tax on early distributions and the special rules for public safety officers do not apply, and the special rule described under the section "If you were born on or before January 1, 1936" applies only if the deceased member was born on or before January 1, 1936.

If you are a surviving spouse

If you receive a payment from the Plan as the surviving spouse of a deceased member, you have the same rollover options that the member would have had, as described elsewhere in this notice. In addition, if you choose to do a rollover to an IRA, you may treat the IRA as your own or as an inherited IRA.

An IRA you treat as your own is treated like any other IRA of yours, so that payments made to you before you are age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies) and required minimum distributions from your IRA do not have to start until after you are age 70½ (if you were born before July 1, 1949) or age 72 (if you were born after June 30, 1949).

If you treat the IRA as an inherited IRA, payments from the IRA will not be subject to the 10% additional income tax on early distributions. However, if the member had started taking required minimum distributions, you will have to receive required minimum distributions from the inherited IRA. If the member had not started taking required minimum distributions from the Plan, you will not have to start receiving required minimum distributions from the inherited IRA until the year the member would have been age 70½ (if the member was born before July 1, 1949) or age 72 (if the member was born after June 30, 1949).

If you are a surviving beneficiary other than a spouse. If you receive a payment from the Plan because of the member's death and you are a designated beneficiary other than a surviving spouse, the only rollover option you have is to do a direct rollover to an inherited IRA. Payments from the inherited IRA will not be subject to the 10% additional income tax on early distributions. You will have to receive required minimum distributions from the inherited IRA.

Payments under a QDRO

If you are the spouse or former spouse of the member who receives a lump-sum payment from the Plan under a QDRO ("alternate payee"), you generally have the same options and the same tax treatment that the member would have (for example, you may roll over the payment to your own IRA or an eligible employer plan that will accept it). However, payments under the QDRO will not be subject to the 10% additional income tax on early distributions.

If the alternate payee does not return the Form 6025, Direct Rollover/Direct Payment Election Form for a Member, Beneficiary, or Alternate Payee Regarding an Eligible Rollover Distribution, within thirty (30) days of receipt of the form and this notice, the lump-sum payment shall be processed and treated for federal income tax purposes as if the alternate payee had made an election to directly receive the funds instead of rolling over the payment to an IRA or an eligible employer plan.

In the event that the Plan cannot locate an alternate payee when a lump-sum payment from the Plan pursuant to a QDRO becomes payable, the Plan shall hold the amount payable to the alternate payee and shall make payment to the alternate payee if he or she is located within one hundred eighty (180) days after the payment becomes payable. If the alternate payee has not been located within one hundred eighty (180) days after the alternate payee's payment becomes payable, the Plan shall pay the payment held to the member and shall assign the federal tax liability for this payment to the member. No interest shall accrue on this lump-sum payment during the one hundred and eighty (180) day period or thereafter. If the alternate payee is subsequently located, any amounts already paid to the member shall no longer be payable to the alternate payee.

If you are a nonresident alien

If you are a nonresident alien and you do not do a direct rollover to a U.S. IRA or U.S. employer plan, instead of withholding 20%, the Plan is generally required to withhold 30% of the payment for federal income taxes. If the amount withheld exceeds the amount of tax you owe (as may happen if you do a 60-day rollover), you may request an income tax refund by filing Form 1040NR and attaching your Form 1042-S. See Form W-8BEN for claiming that you are entitled to a reduced rate of withholding under an income tax treaty. For more information, see also IRS Publication 519, *U.S. Tax Guide for Aliens*, and IRS Publication 515, *Withholding of Tax on Nonresident Aliens and Foreign Entities*.

Other Special Rules

If a payment is one in a series of payments for less than 10 years, your choice whether to do a direct rollover will apply to all later payments in the series (unless you make a different choice for later payments).

If your payments for the year are less than \$200 (not including payments from a designated Roth account in the Plan), the Plan is not required to allow you to do a direct rollover. However, you may do a 60-day rollover.

You may have special rollover rights if you recently served in the U.S. Armed Forces. For more information on special rollover rights related to the U.S. Armed Forces, see IRS Publication 3, *Armed Forces' Tax Guide*. You also may have special rollover rights if you were affected by a federally declared disaster (or similar event), or if you received a distribution on account of a disaster. For more information on special rollover rights related to disaster relief, see the IRS website at www.irs.gov.

For More Information

You may wish to consult with the Plan administrator or payor, or a professional tax advisor, before taking a payment from the Plan. Also, you can find more detailed information on the federal tax treatment of payments from employer plans in: IRS Publication 575, *Pension and Annuity Income*; IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*; IRS Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*; and IRS Publication 571, **Tax-Sheltered Annuity Plans (403(b) Plans)**. These publications are available from a local IRS office, on the web at www.irs.gov, or by calling 1-800-TAX-FORM.