



KENTUCKY PUBLIC PENSIONS AUTHORITY

David L. Eager, Executive Director

1260 Louisville Road • Frankfort, Kentucky 40601
kyret.ky.gov • Phone: 502-696-8800 • Fax: 502-696-8822



MEMORANDUM

TO: State News Media

FROM: County Employees Retirement System

DATE: April 5, 2021

SUBJECT: Notice of Meetings

The Kentucky Public Pensions Authority (KPPA) Board of Trustees will hold a special called meeting on **Tuesday, April 6, 2021 at 10:00 a.m. (Eastern)** 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.

If you would like to submit a public comment to be read during the meeting, please email your comment, full name and affiliation to Alane Foley at alane.foley@kyret.ky.gov no later than 8:30 a.m. on Tuesday, April 6, 2021. Comments received cannot exceed 3 (three) minutes.

You can watch the livestream of this meeting by going to the KRS Facebook* page on the date and time of the meeting.

Enclosures: Agenda

cc: Board of Trustees
Media List

**KPPA will use the existing KRS social media accounts. Our new name will be associated with our existing social media accounts soon.*

**Kentucky Public Pensions Authority
Board of Trustees Special Called Meeting
April 6, 2021, 10:00 a.m. EST
Live Video Conference/Facebook Live
AGENDA**

- | | |
|---|--------------------------|
| 1. Call to Order | David Eager |
| 2. Roll Call | Alane Foley |
| 3. Public Comment | |
| 4. Swearing-In Ceremony | Alane Foley |
| 5. Chair Election* | David Eager |
| 6. Vice-Chair Election* | KPPA Chair |
| 7. KPPA Service Recognition Awards | David Eager |
| 8. KRS Ad-Hoc Planning Committee Report and Meeting Schedule | Keith Peercy |
| 9. CERS Ad-Hoc Planning Committee Report and Meeting Schedule | Betty Pendergrass |
| 10. KPPA Bylaws, Policies and Committees* | KPPA Chair |
| 11. KPPA Board Meeting Schedule* | KRS Chair |
| 12. CIO and Deputy CIO Compensation Resolutions* | David Eager |
| 13. Internal Reorganization Administrative Order Request* | David Eager |
| 14. Amended Administrative Regulation 105 KAR 1:270 Discussion | Carrie Bass |
| 15. Adjourn* | |

**Board Action May Be Required*

KENTUCKY PUBLIC PENSIONS AUTHORITY

TO: Members of the Board
FROM: David L. Eager
Executive Director
DATE: April 6, 2021
SUBJECT: Service Recognition Awards

In 1988, the Board elected to annually recognize members of the staff for their service to the Board and the members of CERS, KERS, and SPRS. Certificates and pins are given for each five-year period an employee has been on the retirement systems' staff.

The following **11** employees will receive their **five-year** service award:

Pavielle Dick	Enterprise & Technology Services
David Boyd	Enterprise & Technology Services
Alyssa McKnight	Enterprise & Technology Services
Sherry Rankin	Legal Advocacy
Jillian Hall	Legal Non-Advocacy
Dessielyn Johnson	Member Services
Darren Heilman	Member Services
Tara Harris	Member Services
Marsha Robinson	Membership Support
Wesley Cook	Procurement & Office Services
William Miller	Procurement & Office Services

The following **3** employees will receive their **ten-year** service award:

Deanna McDonald	Employer Reporting, Compliance & Education
Elisabeth Wilson	Enterprise & Technology Services
Christy Hooks	Member Services

The following **3** employees will receive their **fifteen-year** service award:

Audrey Wilder	Disability & Survivor Benefits
Rosemary Bebe	Procurement & Office Services
Connie Pettyjohn	Retiree Health Care

The following **10** employees will receive their **twenty-year** service award:

Shawn Sparks	Communication
Brooke Pulliam	Disability & Survivor Benefits
Nadine White	Employer Reporting, Compliance & Education
Karen Pierson	Enterprise & Technology Services
Jimmy Stout	Enterprise & Technology Services
Lisa Whitaker	Enterprise & Technology Services
Amy Fogle	Member Services
Marydyth Costigan	Quality Assurance
Peggy Hatter	Quality Assurance
Jennifer George Tedesco	Retiree Health Care

The following **2** employees will receive their **twenty five-year** service award:

Michael Bickers	Quality Assurance
Stephanie Aldridge	Retiree Services Payroll

The following employee will receive his **thirty-year** service award:

David Snyder	Enterprise & Technology Services
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KPPPA

Kentucky Public Pensions Authority

Annual Service Recognition Awards

April 6, 2021



KPPA
Kentucky Public Pensions Authority

Five Years

Pavielle Dick

Enterprise & Technology Services

David Boyd

Enterprise & Technology Services

Alyssa McKnight

Enterprise & Technology Services

Sherry Rankin

Legal Advocacy

Jillian Hall

Legal Non-Advocacy

Dessielyn Johnson

Member Services

Darren Heilman

Member Services

Tara Harris

Member Services

Marsha Robinson

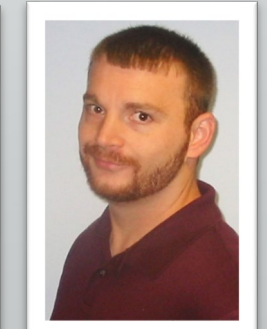
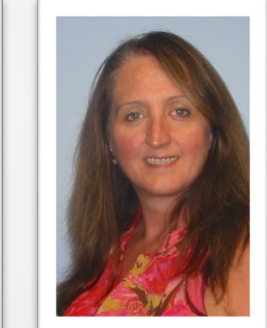
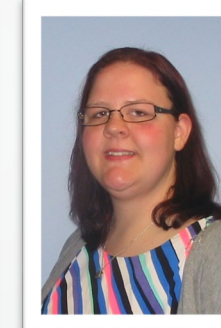
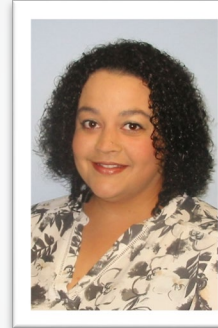
Membership Support

Wesley Cook

Procurement & Office Services

William Miller

Procurement & Office Services



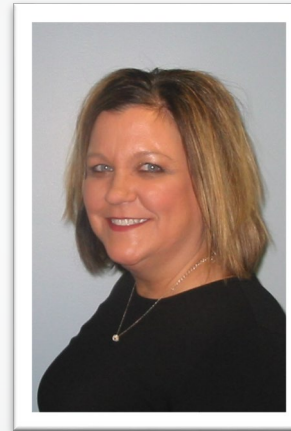


KPPA
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Ten Years

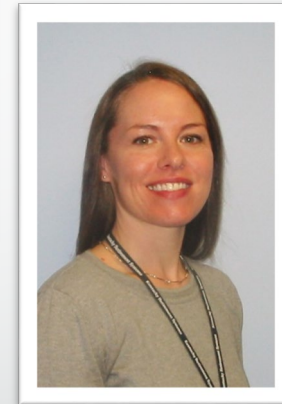
Deanna McDonald

Employer Reporting, Compliance
& Education



Elisabeth Wilson

Enterprise & Technology Services



Christy Hooks

Member Services



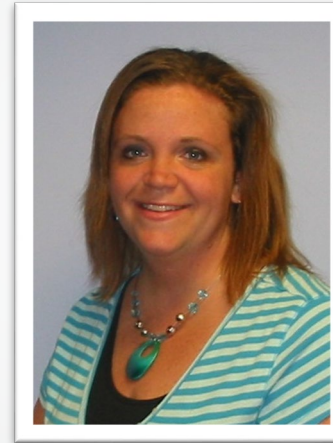


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Kentucky Public Pensions Authority

Fifteen Years

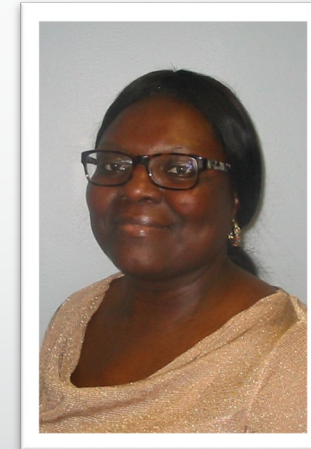
Audrey Wilder

Disability & Survivor Benefits



Rosemary Bebe

Procurement & Office Services



Connie Pettyjohn

Retiree Health Care

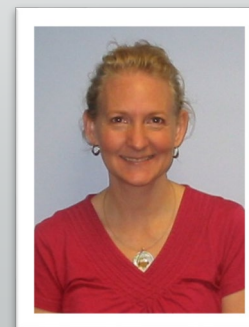
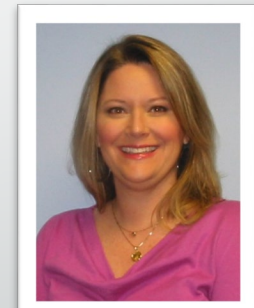
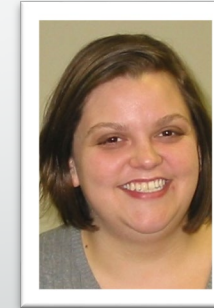
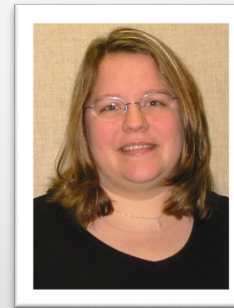
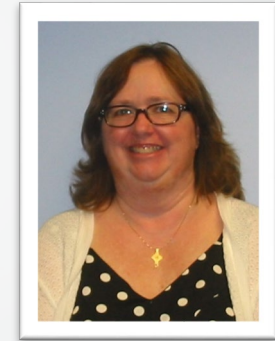
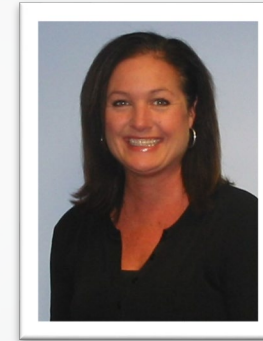
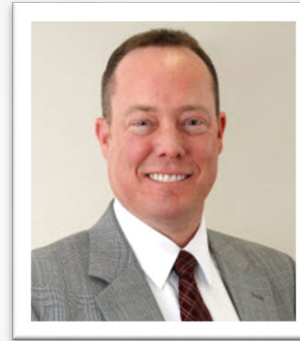




KPPA
Kentucky Public Pensions Authority

Twenty Years

Shawn Sparks	Communications
Brooke Pulliam	Disability & Survivor Benefits
Nadine White	Employer Reporting, Compliance & Education
Karen Pierson	Enterprise & Technology Services
Jimmy Stout	Enterprise & Technology Services
Lisa Whitaker	Enterprise & Technology Services
Amy Fogle	Member Services
Marydyth Costigan	Quality Assurance
Peggy Hatter	Quality Assurance
Jennifer Tedesco	Retiree Health Care



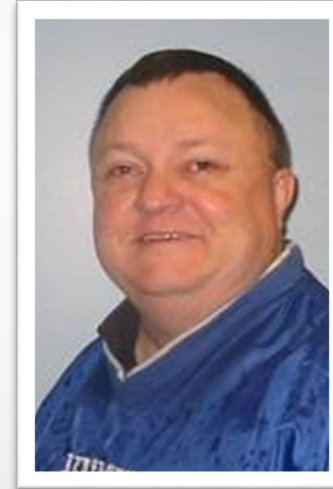


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Twenty Five Years

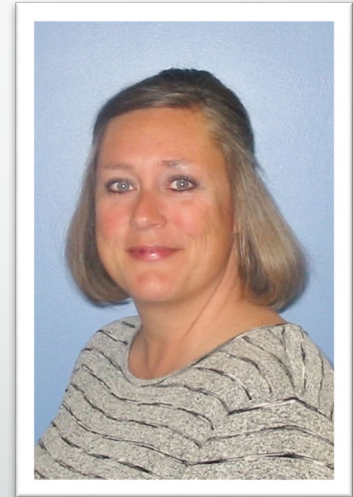
Michael Bickers

Quality Assurance



Stephanie Aldridge

Retiree Services
Payroll





KPPA

Kentucky Public Pensions Authority

Thirty Years

David Snyder

Enterprise &
Technology
Services



PROPOSED KRS BOARD & COMMITTEE MEETING SCHEDULE

<u>Date</u>	<u>Board</u>	<u>Committee</u>
NOTE: The DAC & ACC Joint Subcommittees will meet monthly. One Subcommittee will meet in even months and the other in odd months. Meeting schedules are determined by staff requests for case appeals.		Disability & Admin Appeals
February		
First Tuesday		Investment
Second Tuesday		Retiree Health Care
Third Thursday	Regular Board	
Fourth Wednesday	KPPA Board	
April		
Third Thursday	Regular Board-Annual	
Fourth Wednesday	KPPA Annual	
May		
First Tuesday		Investment
Second Tuesday		Retiree Health Care
Third Thursday	Regular Board	
Fourth Wednesday	KPPA Board	
August		
Fourth Tuesday		Investment
September		
First Thursday		Retiree Health Care
Second Thursday	Regular Board	
Third Wednesday	KPPA Board	
November		

First Thursday		Investment
Second Tuesday		Retiree Health Care
Second Thursday*	Regular Board	
Third Wednesday	KPPA Board	
December		
First Thursday	Regular Board	
Third Wednesday	KPPA Board	

*2021 November Board Meeting will be held on Tuesday, November 16th due to Veterans Day.

COUNTY EMPLOYEES RETIREMENT SYSTEM CERS AD-HOC PLANNING COMMITTEE REPORT

EXECUTIVE SUMMARY

On January 28, 2021, Kentucky Retirement Systems (KRS) Board of Trustees Chairman Dave Harris appointed two Ad-Hoc Committees to assist KRS staff with the planning and research for the transition to the new governance structure outlined in the 2020 HB484 legislation adopted by the Kentucky General Assembly. This report outlines the research, recommendations, and discussions of the CERS Ad-Hoc Planning Committee (C-Ad-Hoc) and its working groups. The CERS Trustees on the CERS Ad-Hoc Committee appreciate all the efforts of staff to assist. We hope that our preliminary efforts will help the new CERS Board of Trustees get off to a productive start in April.

CERS Ad-Hoc Committee Structure

2021 HB9 allowed the new Trustees to meet with current Trustees and begin discussions about the transition. However, these discussions could not include any final "Board" decisions and that authority remained with the CERS Board of Trustees which takes office on April 1, 2021. C-Ad-Hoc used the attached Governance Transition Task List to organize the research and discussion. Working groups were assigned to each of the following four major sections of the Task List:

- a) Board Structure and Organization
- b) Plan Management
- c) Investment Management
- d) Board Administrative Policies

Initial meetings for C-Ad-Hoc were deferred until the Governor's appointments to the new CERS Board of Trustees were announced on March 1, 2021. C-Ad-Hoc held four weekly meetings in March 2021 to discuss research and recommendations from the working groups. Working groups also met to review background information and suggestions for CERS policies and structure. In addition, a new Trustee Orientation training session was held on March 16, 2021, to outline the pension and health care administrative staffing and procedures that will likely transition to the new Kentucky Public Pensions Authority.

Recommendations

C-Ad-Hoc has developed the following recommendations and submits those proposals to the CERS Board of Trustees for their consideration on April 1, 2021. These proposed documents are attached to this report.

- a) Job Description – Chief Executive Officer
- b) Job Description – General Council
- c) Statement of Bylaws and Committee Organization
- d) CERS Board and Committee Regular Meeting Schedule

Issues Still in Research

The following key issues are still in research and can be finalized using the CERS Board of Trustees Committee structure to continue research and develop final proposals:

- a) Hiring and recruitment process for CERS CEO & General Counsel
- b) Identify Trustees to serve on KPPA and PPW.
- c) Develop strategy to collaborate with KPPA.
- d) Develop Investment Policy Statement and Investment Procurement Policy for CERS investment management.
- e) Outline process for actuarial experience studies, development of assumptions, and annual valuations.
- f) Review staff recommendations for CERS Board Administrative Policies.
- g) Develop Board Training programs.
- h) Evaluate need for separate CERS Administrative Regulations
- i) Develop Communications strategy

DRAFT – Position Description Chief Executive Officer CERS Board of Trustees

Statement of Duties:

Responsible for all functions relating to efficient operations of the CERS Board of Trustees, develops policies and procedures; serves as legislative liaison; and performs other duties as required.

**Can have up to 7 tasks. Each task is limited to 400 characters. The last task is always "Performs other duties as assigned." And is weighted at 5%*

Task 1 30%

Develop core mission statement and organize Board's strategic planning. Develops collaborative team strategy with KRS and KPPA Board and staff. Develop relationships with key stakeholders. Recommend policy revisions to improve costs, efficiency, and effectiveness. Recommend communications improvements for members and stakeholders. Furnishes written reports, as requested by the CERS Board.

Task 2 20%

Coordinate with KPPA CIO and investment staff to oversee CERS Investment portfolio. Review monthly investment performance reporting and collaborate with CERS Investment consultant(s) to monitor investment strategy. Ensure that materials and advisor communications are organized for CERS Investment Committee and Board discussions of investments.

Task 3 15%

Facilitate Board's discussion of actuarial assumptions, annual valuations, studies, and presentations to PPOB. Coordinate with Actuary selected by KPPA to complete annual actuarial valuation and periodic experience studies. Monitor CERS compliance with statutory requirements for actuarial analysis and reporting. Facilitate Actuarial Analysis required for proposed legislation.

Task 4 15%

Collaborate with stakeholders to develop legislative goals. Monitor legislation that impacts CERS. Develop reporting & communication to PPOB. Develop CERS Board biennial budget request for CERS approval. Coordinate with KPPA to integrate CERS Board budget with the KPPA Administrative biennial agency budget request. Respond to legislative inquiries for actuarial or financial data.

Task 5 10%

Prepares, or oversees preparation of, Request for Proposals for various contractual services. Serves as the liaison with the CERS outside advisors. Represents CERS Board on task forces, committees, councils or meetings as assigned. Plans, develops, initiates and evaluates research projects. Analyze CERS cash flow reporting. Develop SAFR reporting strategy.

Task 6 5%

Confer with General Counsel. Provide technical assistance, advice and interpretation of rules and regulations, policies/procedures to legislators, CERS Board & Committees for CERS plan management. Coordinates with KPPA Executive Director to implement administrative policies. Develops and implements policy/procedures to ensure compliance with state and federal laws, rules and regulations.

Task 7 5%

Performs other duties as assigned.

DRAFT – Position Description General Counsel CERS Board of Trustees

Statement of Duties:

Serves as the primary legal advisor to the CERS Board of Trustees and CERS Chief Executive Officer; performs other duties as required.

Task 1 35%

Provides legal analysis of issues relating to the CERS Board and provides legal and policy advice. Reviews proposed legislation to evaluate impact on CERS plan management and administrations. Attends and participates in meetings where legal analysis and judgment is critical to planning and decision-making. Provides advice and consultation to other legal staff within the organization.

Task 2 20%

Develops and participates in training programs. Drafts legal policy and makes recommendations. Coordinates with KPPA Executive Director, Office of Legal Services, on administrative issues affecting the CERS plan administration or CERS Board.

Task 3 20%

Coordinates with KPPA Legal staff to stay informed about administrative hearings and civil litigation that affect CERS plan management or CERS Board operations. Coordinates legal services with outside legal counsel.

Task 4 20%

Drafts and reviews CERS Board contracts and CERS Board business procedures for legal sufficiency. Drafts and/or reviews major agreements between the organization and other entities, both public and private. Prepares reports for board. Responds to member inquiries. Handles more significant legal issues before CERS.

Task 5 5%

Performs other duties as required.

PROPOSED CERS BOARD & COMMITTEE MEETING SCHEDULE

<u>Date</u>	<u>Board</u>	<u>Committee</u>
NOTE: The DAC & ACC Joint Subcommittees will meet monthly. One Subcommittee will meet in even months and the other in odd months. Meeting schedules are determined by staff requests for case appeals.		Disability & Admin Appeals
February		
First Wednesday		Finance
Second Monday		Health Care
Second Wednesday		Investment
Third Wednesday	Regular Board	
March		
Second Wednesday		Actuarial
April		
Third Wednesday	Annual Board	
May		
First Wednesday		Finance
Second Monday		Health Care
Second Wednesday		Investment
Third Wednesday	Regular Board	
August		
Fourth Wednesday		Investment
September		
First Monday		Health Care
First Wednesday		Finance
Second Wednesday	Regular Board	
October		
Fourth Wednesday		Health Care
November		
First Monday		Actuarial Committee
First Wednesday		Finance
Second Monday		Investment
Second Wednesday	Regular Board	
December		
First Wednesday	Regular Board	

COUNTY EMPLOYEES' RETIREMENT SYSTEM BOARD OF TRUSTEES
STATEMENT OF BYLAWS AND COMMITTEE ORGANIZATION

[As Adopted: April xx, 2021]

Section 1.1 GENERAL ADMINISTRATION.

This Statement of Bylaws and Committee Organization of the Board of Trustees of the County Employees Retirement System is adopted pursuant to the authority of KRS 78.782(2). State and Federal law shall control any inconsistency that exists or may exist between the law and this Statement of Bylaws and Committee Organization.

a. **Definitions.**

1. **AAC:** "AAC" refers to the CERS Administrative Appeals Committee.
2. **Board:** "The CERS Board" refers to the CERS Board of Trustees of the County Employees Retirement System.
3. **Board Year:** The CERS Board Year shall be from April 1 of each calendar year through March 31 of the following year.
4. **Bylaws:** "Bylaws" refers to the Statement of Bylaws and Committee Organization.
5. **CEO:** "CEO" refers to CERS Chief Executive Officer, as outlined in KRS 78.782(9) & (10).
6. **CIO:** "CIO" refers to CERS Chief Investment Officer.
7. **DAC:** "DAC" refers to the CERS Disability Appeals Committee.
8. **KPPA:** "KPPA" refers to the Kentucky Public Pensions Authority.
9. **KRS:** "KRS" refers to the Kentucky Revised Statutes.
10. **Committee member:** "Committee member" or "member" used in relation to a Committee refers to a member of the CERS Board of Trustees of the County Employee Retirement System serving on its Standing or *ad hoc* Committees.
11. **Member:** "Member" or "members" used in relation to individuals participating in a system (or System) administered by the Kentucky Retirement System refers to individuals who are active members (i.e., currently participating as an employee), inactive members (i.e., formerly participated as an employee, but is not currently participating as an employee, has not retired, and has not taken a refund), or retired.
12. **Take action on:** "Take action on" used in relation to the Board refers a motion being made, seconded, and voted upon by the Board in compliance with Robert's Rules of Order. [RONR (11th ed., as amended)].
13. **Trustee:** "Trustee" refers to a member of the Board of Trustees of the County Employees Retirement System.

b. **Quorum; Parliamentary Authority.**

1. **CERS Board of Trustees:** As required by KRS 78.782(8)(c), a majority of the trustees shall constitute a quorum and all actions taken by the CERS Board shall be by affirmative vote of a majority of the trustees present.
2. **Committees of the CERS Board of Trustees:** A majority of the trustees on any Committee of the Board appointed pursuant to Sections 2.1-2.5 of these Bylaws shall constitute a quorum and all actions taken by the Committee shall be by affirmative vote of a majority of the Committee trustees present.
3. The most recent edition of Robert's Rules of Order shall be the parliamentary authority. [RONR (11th ed., as amended)]

COUNTY EMPLOYEES RETIREMENT SYSTEM BOARD OF TRUSTEES

STATEMENT OF BYLAWS AND COMMITTEE ORGANIZATION

[As Adopted: [date]]

- c. **Meetings.** Meetings of the CERS 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.
- d. **Annual Meeting.** The annual meeting of the CERS Board shall be held on the third Wednesday of April of each Board Year.
- e. **Regular Meetings.** Regular meetings of the Board shall be held on the third Wednesday of February and May, the second Wednesday of September and November, and on the first Wednesday of December.
- f. **Special Meetings.**
 - 1. Special meetings of the Board shall be held upon the call of the Chair of the CERS Board or the CERS CEO.
 - 2. Special meetings of a Standing or *ad hoc* Committee of the CERS Board of Trustees shall be held upon the call of the CERS Committee Chair or the CERS CEO.
 - 3. A trustee may request that the CERS CEO, Chair of the CERS Board (in the case of a special meeting of the CERS Board), or CERS Committee Chair (in the case of a special meeting of a 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 trustees, the CERS CEO, CERS Board Chair, or CERS Committee Chair shall call the requested special meeting.
- g. **Notice of Meetings.**
 - 1. **Regular Meetings.** Notice of a regular meeting of the CERS 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 CERS Board. Changes or revisions to the agenda may be proposed by the CERS CEO or a trustee; provided such proposal shall be delivered to the CERS Chair for approval not less than ninety-six (96) hours before the meeting is scheduled; and further provided that nothing in this sentence shall deprive a trustee 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.
 - 2. **Special Meetings.** When circumstances warrant a special meeting of the CERS Board or of a 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.
- h. **Change in Meeting Dates.** Any regular or special meeting of the CERS Board may be changed by following the procedure prescribed in these Bylaws for calling special meetings.
- i. **Records of Proceedings.** All official acts of the CERS Board shall be recorded in the minutes of the regular or special meeting at which the action was approved or adopted. The CERS CEO shall cause the minutes to be transcribed and presented for approval or amendment at the next regular or special meeting. The minutes or a copy certified by the Chair of the CERS Board and CERS CEO shall be on file in the retirement office and open to public inspection.
- j. **Chair and Vice-Chair of the CERS Board.** The CERS Board shall elect a Chair and a Vice-Chair at each annual meeting to hold office for the ensuing CERS Board Year or until their successors are elected.

COUNTY EMPLOYEES RETIREMENT SYSTEM BOARD OF TRUSTEES

STATEMENT OF BYLAWS AND COMMITTEE ORGANIZATION

[As Adopted: [date]]

- The CERS Chair shall not serve more than four (4) consecutive years as Chair or Vice-Chair of the CERS Board. The CERS Vice-Chair shall not serve more than four (4) consecutive years as Chair or Vice-Chair of the CERS Board. A trustee who has served four (4) consecutive years as Chair or Vice-Chair of the CERS Board may be elected Chair or Vice-Chair of the CERS Board after an absence of two (2) years from both positions.
- k. **CERS Committees.** The CERS Board may create CERS Committees with such powers and duties as established by the CERS Board. The Chair of the CERS Board, unless otherwise stipulated or determined by the CERS Board, shall appoint the members of each CERS Standing or CERS *Ad Hoc* Committee, and such appointments shall be recorded in the minutes of the current or next-following regular or special CERS Board meeting. CERS Committee members shall serve concurrently with the appointing Chair.
- l. **Conflicts of Interest.**
1. CERS Trustees shall file a statement of financial disclosure with the Executive Branch Ethics Commission within thirty (30) days of taking office.
 2. CERS Trustees 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 CERS Trustee, or as otherwise provided by law.
 3. CERS Trustees shall also file a written conflict of interest statement as required pursuant to the County Employees Retirement System' Conflict of Interest and Confidentiality Policy.
- m. **Travel Policy Guidelines.**
1. All travel for official business of County Employees Retirement System must be done in accordance with the requirements of and be consistent with KRS Chapter 45A and the County Employees Retirement System Board of Trustees Per Diem and Reimbursement Policy.
 2. No more than four (4) CERS Trustees may be passengers in the same common carrier. A Maximum of two (2) executive staff of the County Employees Retirement System may be passengers in the same common carrier.
- n. **Election Policy Guidelines.** All elections for elected trustees of the CERS Board must be conducted in accordance with the provisions of KRS 78.782(4), 105 KAR 1:445 and the County Employees Retirement System Board of Trustees Election Policy and Procedures adopted by the CERS Board.
- o. **Violations of Board Policies and Guidelines.** If a complaint is made that a CERS Trustee violated these Bylaws or any policy approved by the CERS Board, the CERS Board shall follow the procedure found in the Conflict of Interest and Confidentiality Policy in investigating the complaint.

Section 1.2 CERS BOARD RESPONSIBILITIES.

- a. The CERS Board shall make and maintain Bylaws.
- b. The CERS Board shall appoint a CEO and fix the CERS CEO's salary.
- c. The CERS Board shall appoint a General Counsel and fix the CERS General Counsel's salary.
- d. The CERS Board shall authorize the CERS CEO to appoint all employees deemed necessary to transact the business of the County Employees Retirement System.
- e. The CERS Board shall act on contracts for rental of office space, and professional services, including, but not limited to, the auditor, actuary, legal counsel, medical examiners, and hearing officers, in accordance with the requirements of the Commonwealth of Kentucky Model Procurement Act (KRS Chapter 45A).

COUNTY EMPLOYEES RETIREMENT SYSTEM BOARD OF TRUSTEES

STATEMENT OF BYLAWS AND COMMITTEE ORGANIZATION

[As Adopted: [date]]

- f. The CERS Board shall consider and take action on changes to administrative regulations proposed by the staff of the County Employees Retirement System.
- g. The CERS Board shall take action on the audited financial statements.
- h. The CERS Board shall consider and take action on the recommendations of all of its Committees, except that:
 - 1. The CERS Board's Administrative Appeals Committees and Disability Appeals Committees shall have the authority to act upon the recommendations and reports of the hearing officer on behalf of the CERS Board in accordance with KRS Chapter 13B, and
 - 2. Pursuant to KRS 78.790(1)(b)(2), The CERS Board's Investment Committee shall have the authority to act on behalf of the CERS Board on all investment-related matters, though the CERS Board shall be kept informed of all such matters and shall be responsible for providing oversight on all investment-related matters in compliance with the fiduciary responsibilities of the CERS Board, state and federal law, and the CERS Board's Bylaws and Policies. All investment policies shall be adopted by the CERS Board and the CERS Investment Committee shall implement those policies.
- i. The CERS Board shall work with an actuary, who shall be a Fellow of the Conference of Consulting Actuaries or a member of the American Academy of Actuaries. KPPA will select and contract with the actuary pursuant to KRS 78.782(2) which allows the Board to carry out its obligations in accordance with KRS 78.784. The Board shall consider and take action on the recommendations of its actuary, including, but not limited to, determining the recommended contribution rates for employers in accordance with KRS 78.510 to 78.852.
- j. The CERS Board shall adopt contribution rates toward medical insurance premiums.
- k. The CERS Board shall provide oversight concerning programs and services for County Employees Retirement System' members, beneficiaries, recipients, and participating employers.
- l. **Legislative Issues.** The Board will review and recommend statutory changes to the General Assembly related to the administration of benefits and compliance with federal law and determines which changes are in the best interests of the CERS plans. The Board will also review legislation proposed by the General Assembly that is likely to have *significant* impact on the funded status, existing member benefits, or system administration for any of the CERS plans.
- l. The CERS Board shall select candidates for each trustee ballot as provided in KRS 78.782(4) and **105 KAR x:xxx**.
- m. The CERS Board shall establish a formal trustee education program for all trustees of the CERS Board, pursuant to the requirements of KRS 78.782(17) and **105 KAR 1:440**, and ensure that CEO organizes process for this trustee education to occur.
- n. The CERS Board, and individual trustees, should ordinarily refer all news media inquiries to the CERS CEO and/or the CERS Board Chair, and should not speak on behalf of the CERS Board or County Employees Retirement System with the news media. However, nothing in this subsection is intended to prevent individual trustees from speaking to the media concerning their actions, opinions, and decisions as individual Trustees,

Section 1.3 CHIEF EXECUTIVE OFFICER RESPONSIBILITIES.

- a. The CERS CEO shall ensure that all Board and/or Committee meeting materials are distributed to Trustees at least one week in advance of the meeting to allow Trustees ample time to review documents. The CERS CEO will collaborate with the KPPA Executive Director to identify materials that will be relevant to Board or Committee discussions and assist with compilation of those materials for distribution.

COUNTY EMPLOYEES RETIREMENT SYSTEM BOARD OF TRUSTEES

STATEMENT OF BYLAWS AND COMMITTEE ORGANIZATION

[As Adopted: [date]]

- b. The CERS CEO shall develop a biennial budget and necessary budget amendments for approval by CERS Board. The CERS CEO will coordinate approved budget requests with KPPA Executive Director to ensure that CERS budget requests are integrated with KPPA budget request for submission to the Governor's office. The CERS CEO (or designee) shall present a budget-to-actual expenditure analysis to the CERS Board at each regular quarterly meeting of the CERS Board.
- c. The CERS CEO shall be responsible for ensuring compliance with meeting notice and open records legal and regulatory requirements. The CERS CEO shall also be responsible (in collaboration with KPPA staff) for compiling all relevant materials for consideration by the CERS Board or its Committees and strive to distribute materials to Trustees at least one week prior to the Board or Committee meeting. All materials must be distributed to Trustees in a timely fashion to ensure adequate time for Trustees to review and analyze information prior to the Board or Committee meeting.
- d. The CERS CEO shall be coordinate with KPPA staff to ensure that information and record 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.
- e. The CERS CEO shall be responsible for implementing a formal trustee education program for all trustees of the CERS Board, pursuant to the requirements of KRS 78.782(17).
- f. The CERS CEO shall develop recommendations for improvements and revisions for CERS Board policies and submit for CERS Board approval. CERS CEO shall ensure that approved policies are implemented in conformance with statutes, regulations, and CERS Board policies.
- g. The CERS CEO shall collaborate with CERS General Counsel and KPPA Legal staff to monitor litigation affect CERS plans. CERS CEO and CERS General Counsel shall report significant developments to the CERS Board.
- h. The CERS CEO shall be responsible for oversight of CERS investment management; provided, however, that the Investment Committee of the CERS Board shall have authority to implement the investment policies adopted by the CERS Board and shall act on behalf of the CERS Board on all investment related matters. CERS CEO will monitor investment performance and compliance reporting and ensure timely reporting to CERS Board. *[Investment working group is revising this paragraph.]*
- i. The CERS CEO will ensure that the KPPA Legislation Status Chart is provided to CERS Trustees and will schedule meetings based on an assessment of the impact of proposed legislation. The CERS CEO and CERS General Counsel may also prepare draft changes to Kentucky Revised Statutes based on CERS Board or CERS Legislative Committee recommendations, as well as housekeeping revisions to address technical issues and present them to Committee members prior to the date of a meeting. CERS CEO and General Counsel will research the impact of proposed changes and report the results to the Committee. CERS CEO and General Counsel will also make preliminary contacts with legislators, employers and interest groups to assist in formulating legislation to accommodate all interested parties. CERS CEO, General Counsel, and CERS Board Chair will work with the General Assembly, Legislative Research Commission, the Governor's Office, KPPA, and interest groups to advocate for passage of the Board's legislative proposals, or advocate for other interests supported by the Board.
- j. The CERS CEO shall act as legislative liaison, and represent the CERS Board at legislative hearings and other legislative meetings. CERS CEO and General Counsel will review proposed legislation that is likely to impact CERS plan or administrative management and advise the CERS Board about pending legislation.

COUNTY EMPLOYEES RETIREMENT SYSTEM BOARD OF TRUSTEES

STATEMENT OF BYLAWS AND COMMITTEE ORGANIZATION

[As Adopted: [date]]

- k. The CERS CEO shall provide technical assistance to the members of the General Assembly, Governor's office, and state and local government officials, as well as members, recipients, and beneficiaries of the County Employees Retirement System.
- l. The CERS CEO shall recommend legislative or regulatory changes and propose draft language. These recommendations shall be presented to the CERS Board for review and approval.
- m. The CERS CEO shall implement any statutory or regulatory changes and take appropriate action to conform to federal law. CERS CEO shall also collaborate with KPPA Executive Director to monitor implementation of any changes designated as KPPA responsibilities.
- m. The CERS CEO shall sign all documents necessary to promulgate or amend an administrative regulation on behalf of the CERS Board as the head of the County Employees Retirement System in accordance with KRS 13A.220.
- n. The CERS CEO shall communicate with the mass media and other agencies, entities or institutions, and CERS stakeholders, including responding to correspondence or inquiries addressed to the CERS Board.
- o. The CERS CEO shall collaborate with KPPA Executive Director on issues related to benefits administration System.
- p. In the case of emergency conditions that threaten the functioning of the County Employees Retirement System, the preservation or protection County Employees Retirement System' property or assets, vital data, or the health and safety of any person, and where a quorum of the CERS Board is unavailable, the CERS CEO may take actions necessary to prevent or mitigate the threat, even if a vote of the CERS Board would otherwise be necessary to take such action. When a quorum of the CERS Board becomes available, any such actions taken by the CERS CEO shall be reviewed and ratified as necessary.

Section 2.1 STANDING COMMITTEES.

The CERS Board shall have the Standing Committees .specified in Section 2.2, each of them to have the duties and responsibilities as therein set forth, together with such other duties and responsibilities as the CERS Board may by resolution determine. In each CERS Board Year, the Chair, elected at the annual meeting, shall appoint trustees to Committees as specified in Section 2.2, unless otherwise determined by the CERS Board. Each CERS Committee shall have a Chair and the CERS Board Chair shall appoint the Chair of each Committee, unless otherwise determined by the CERS Board. A CERS Committee may (but is not required to) elect a Vice-Chair from among its CERS Committee members by a majority vote of the Committee, A Vice-Chair so elected shall preside at meetings of the CERS Committee in the absence or inability to act of the Committee Chair. Any trustee may attend any meeting of any Committee of which he or she is not a Committee member, but shall not have a vote.

Section 2.2 STANDING COMMITTEES; DUTIES AND RESPONSIBILITIES.

The Standing Committees of the CERS Board are, and shall have respective duties and responsibilities, as follows:

- a. **Actuarial Committee.** The CERS Actuarial Committee shall include (i) one (1) trustee with retirement administration experience appointed by the Governor pursuant to KRS 78.782(2)(b)(1-3); (ii) one (1) trustee elected by members of the County Employees Retirement System; (iii) one (1) trustee with investment experience appointed by the Governor pursuant to KRS 78.782(2)(b)(4-6).
 - 1. Committee Responsibilities.

COUNTY EMPLOYEES RETIREMENT SYSTEM BOARD OF TRUSTEES

STATEMENT OF BYLAWS AND COMMITTEE ORGANIZATION

[As Adopted: [date]]

- A. The Committee will meet semi-annually, with authority to convene additional meetings, as circumstances require. The regular meetings shall be held on the second Wednesday of March and the first Monday of November. Additional meetings may be convened in conjunction with experience studies or significant changes to federal or state statutory guidance for CERS.
 - B. The CERS Actuarial Committee will review and evaluate actuarial assumptions, funding methods and tables proposed by the actuary (including without limitation all economic, mortality, disability, etc., assumptions) for each system within County Employees Retirement System that affect: (i) the annual determination of the actuarial valuation of assets and liabilities of the System within the meaning of KRS 78.784; (ii) the factors that apply to amounts payable to members (e.g., early commencement, commutation, repayment, etc.); and (iii) the actuarially recommended contribution rate for employers required under KRS 78, except as otherwise determined by law or regulation,
 - C. The CERS Actuarial Committee will report its findings and recommendations of each such review or evaluation to the CERS Board for the CERS Board to determine appropriate implementation and action.
- b. **Administrative Appeals Committee.** The Administrative Appeals Committee, may be combined with the Disability Appeals Committee. The CERS Board may collaborate with the Kentucky Retirement System Board to develop a timely disability and administrative appeals process. Consistent with the provisions of KRS Chapter 13B, the CERS & KRS Committees shall meet in alternate months, as needed, to act in matters of administrative appeals. Each Committee shall consist of three (3) members; however, both the CERS & KRS AAC committees may form joint committees. With joint committees, the CERS Board appoints 2 CERS Trustees to the Joint Administrative Appeals Committee and 1 CERS Trustee to the Joint Administrative Appeals Committee. [Note: the KRS Board will appoint 1 KRS Trustee to the CERS Joint Committee and 2 KRS Trustees to the KRS Joint Administrative Committee.] The Committee shall ensure that the laws governing County Employees Retirement System are administered impartially and uniformly, and that the actions of the County Employees Retirement System resulting in the appeal were correct and fair under the applicable statutes and regulations.
- 1. **Committee Responsibilities:** In matters of administrative appeals; the Committee members shall consider the administrative record, including the recommended order and any exceptions filed in compliance with K.RS 13B.120. The Committee shall act on behalf of the entire CERS Board as the agency head in making a final order of the CERS Board in accordance with KRS 13B.120. The Committee may adopt the hearing officer's recommended order; or it may reject or modify, in whole or in part, the recommended order; or it may remand the matter, in whole or in part, to the hearing officer for further proceedings as appropriate; or it may act on cases properly remanded by a court of competent jurisdiction. The Committee may also recommend legislative changes to improve the administration of the benefits. Any recommended legislative changes shall be referred to the CERS CEO for study and development for the CERS review and approval.
 - 2. **KPPA Executive Director Office of Benefits Responsibilities.** The Executive Director KPPA Office of Benefits or designated staff, in coordination with County Employees Retirement System' KPPA Legal Staff, will coordinate meeting dates and determine which cases will be reviewed by each AA Committee. Designated staff will compile the administrative records and distribute the files to the

COUNTY EMPLOYEES RETIREMENT SYSTEM BOARD OF TRUSTEES

STATEMENT OF BYLAWS AND COMMITTEE ORGANIZATION

[As Adopted: [date]]

Committee members prior to each meeting. KPPA Legal Staff may provide legal or technical advice to the Committee,

- c. **Finance Committee.** The Committee shall consist of not less than three (3) and not more than five (5) members and will act on behalf of the CERS Board in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control, the internal and external audit processes, and the process for monitoring compliance with laws, regulations, and the applicable codes of conduct.
 1. Committee Responsibilities.
 - A. The Committee will meet quarterly, with authority to convene additional meetings, as circumstances require. The regular quarterly meetings shall be held on the first Wednesday of February and May, the first Wednesday of September, and the first Wednesday of November.
 - B. The Committee shall have the authority to review reports by the KPPA Internal Audit Administration and to recommend appropriate policies and procedures to KPPA.
 - i. The Audit Committee shall review and investigate the employees whose names have been certified by the applicable authority to meet the criteria of KRS 61.592 and 105 KAR 1:130 for hazardous duty, and also those employees who have been so certified who are not, or who no longer are, working in a hazardous duty position. Upon review and approval, the Audit Committee shall forward the results and its recommendations to the CERS Board for approval and ratification.
 2. The Finance Committee shall review interim financial reports and budget-to-actual comparisons for administrative budgets. Financial reports shall include, but are not limited to, statement of net position, statement of changes in net financial position, cash flow reports, accounts receivable, and collection activity reports for each plan (pension and insurance, nonhazardous and hazardous).
 3. The CERS Audit Committee may request internal audits to analyze specific issues relevant to CERS plan management, investment performance, or administration.
 4. Audit Charters. The Audit Committee Charter of the KPPA Board and the KPPA Division of Internal Audit Charter are hereby incorporated by reference.
 5. Budget. The Audit Committee shall review the County Employees Retirement System' biennial administrative budget and necessary budget amendments.
- d. **Disability Appeals Committee.** The Disability Appeals Committee may be combined with the Administrative Appeals Committee. Consistent with the provisions of KRS Chapter 13B, the Committee shall meet in alternate months, as needed, to act in matters of disability appeals. Each Committee shall consist of three (3) members; however, both the CERS & KRS DAC committees may form joint committees. With joint committees, the CERS Board shall appoint 2 CERS Trustees to the Joint Disability Appeals Committee and 1 CERS Trustee to the Joint Disability Appeals Committee. [Note: the KRS Board will appoint 1 KRS Trustee to the Joint DAC Committee and 2 KRS Trustees to the Joint DAC Committee.]. The Committees shall ensure that the disability retirement laws are administered impartially and uniformly, that all members of County Employees Retirement System who apply for disability retirement benefits and qualify under the applicable statutes are approved for benefits and that the actions of the County Employees Retirement System resulting in the appeal were connect and fair under the applicable statutes and regulations. .

COUNTY EMPLOYEES RETIREMENT SYSTEM BOARD OF TRUSTEES

STATEMENT OF BYLAWS AND COMMITTEE ORGANIZATION

[As Adopted: [date]]

1. **Committee Responsibilities.** In matters of disability appeals, the Committee members shall consider the administrative record, including the recommended order and any exceptions filed in compliance with KRS 13B.120. The Committee shall act on behalf of the entire CERS Board as the agency head in making a final order of the CERS Board in accordance with KRS 13B.120. The Committee may adopt the hearing officer's recommended order; or it may reject or modify, in whole or in part, the recommended order; or it may remand the matter, in whole or in part, to the hearing officer for further proceedings as appropriate; or it may act on cases properly remanded by a court of competent jurisdiction. The Committee may also recommend legislative changes to improve the administration of the benefits. Any recommended legislative changes shall be referred to the CERS CEO for study and development for the CERS Board review and approval.
2. **KPPA Executive Director Office of Benefits Responsibilities.** The Executive Director, KPPA Office of Benefits, or designated staff, in coordination with System KPPA Office of Legal Services staff, will coordinate meeting dates and determine which cases will be reviewed. Designated staff will compile the administrative records and distribute the files to the Committee members prior to each meeting. Staff may provide legal or technical advice to the Committee.
- e. **Investment Committee.** The Committee shall consist of six (6) members, as follows: the three (3) trustees appointed by the Governor pursuant to KRS 78.782(2)(b)(4-6), and three (3) trustees appointed by the CERS Board Chair, including two (2) Trustees elected by the membership (KRS 78.782(4) and one (1) Trustee appointed by the Governor pursuant to KRS 78.782(2)(b)(1-3).

2. Committee Responsibilities.

- A. Pursuant to KRS 78.790, the CERS Investment Committee shall have authority to implement the investment policies adopted by the Board, including without limitation the CERS Board's Statement of Investment Policy (pensions and health), and to act on behalf of the CERS Board on all investment-related matters, and to acquire, sell, safeguard, monitor, and manage the assets and securities of the several funds.
- B. The CERS Investment Committee will meet at least quarterly to review reports from investment staff, investment consultants, and investment managers with authority to convene additional meetings as circumstances require. The regular quarterly meetings shall be held on the second Wednesday of February and May, the fourth Wednesday of August, and the second Monday of November.
- C. The CERS Investment Committee will monitor investment performance and management practices and make reports and recommendations to the CERS Board. The CERS Investment Committee will approve the selection and termination of service providers. The CERS Investment Committee will evaluate whether the Investment Policy, the investment activities, and management controls and processes continue to be consistent with meeting the County Employees Retirement System' financial and plan management goals, and perform other duties specified in the Statement of investment Policy.
- D. The Investment Committee may also recommend legislative changes to the CERS CEO and CERS Board to improve the administration of investment related matters.

3. Collaboration with KPPA Chief Investment Officer (CIO) Office of Investments.

- A. Chief Investment Officer, Office of Investments shall administer the assets of the County Employees Retirement System consistent with the policies, guidelines, and limits established by the law, the CERS Investment Committee and the CERS Statement of Investment Policy.
 - B. The CERS CEO will collaborate with the KPPA CIO to develop and monitor investment management and investment performance reporting for the CERS Investment Committee and CERS Board.
 - C. The KPPA CIO and CERS CEO shall provide members of the CERS Investment Committee with assessments of service providers and performance reports.
 - D. The KPPA CIO and CERS CEO shall identify issues for consideration by the CERS Investment Committee and prepare recommendations regarding those issues.
 - E. The CIO and CERS CEO shall recommend changes to the Investment Committee regarding service providers, statutes, policies or guidelines, as needed, to maintain a productive relationship between the investment program and its goals.
 - F. The CIO and/or CERS CEO shall communicate with the mass media and other agencies, entities, or institutions regarding investment related issues.
- f. CERS Investment Policy.** The "CERS Statement of Investment Policy: Pension Funds," the "CERS Statement of Investment Policy: Insurance," and the "Investment Procurement Policy" are hereby incorporated by reference.
- g. Retiree Health Plan Committee.** The Committee shall consist of a maximum of four (4) members; including at least one (1) CERS Trustee with retirement administration experience (KRS 78.782(2)(b)(1-3) and at least one (1) elected CERS Trustee (KRS 78.782(4)). The CERS Retiree Health Plan Committee shall assist the CERS Board in providing a group hospital and medical insurance plan for present and future recipients of a retirement allowance from the System administered by County Employees Retirement System as required by KRS 61.702.
- 1. Committee Responsibilities.**
- A. The Committee will meet quarterly to review reports from County Employees Retirement System staff and retiree health insurance consultants with authority to convene additional meetings, as circumstances require. The regular quarterly meetings shall be held on the second Monday of February and May, the first Monday of September, and the fourth Wednesday of October.
 - B. The Committee will monitor retiree health insurance matters and make reports and recommendations to the CERS Board, The Committee will evaluate retiree health insurance issues and obligations set forth in state and federal law. The Committee may, as deemed necessary, evaluate health insurance companies, health maintenance organizations, self-insurance proposals, and other ways of providing a group hospital and medical insurance plan for retired members as provided in KRS 61.702.
 - C. The Committee may negotiate and recommend appropriate contracts for execution by the CERS Board, in accordance with the requirements of the Commonwealth of Kentucky Model Procurement Act (KRS 45A). The Committee may solicit reports and actuarial analyses in order to analyze issues regarding retiree health insurance. The Committee may also recommend legislative changes to improve the administration of retiree health insurance related matters. Any recommended legislative changes shall be referred to the Chief Executive Officer for study and development for the CERS Board review and approval.

2. **Chief Executive Officer Responsibilities.** The Chief Executive Officer and designated staff will maintain and provide the Committee with necessary information to execute its responsibilities. The Chief Executive Officer or designated staff will provide advice regarding state and federal laws and regulations. Staff will identify issues for consideration by the Committee and prepare recommendations regarding those issues.
- h. In addition to the duties and responsibilities described in this Section 2.2, each Standing Committee may develop appropriate additional policies and proposals to be ratified by the CERS Board.

Section 2.3 DELEGATIONS OF AUTHORITY BY THE CERS BOARD.

Delegation of Authority. Except as may be prohibited by or inconsistent with law, the CERS Board may delegate to any CERS Standing Committee of the Board any power, authority, duty, or responsibility conferred on the Board by law. In the case of any such delegation, the decision or action of the CERS Committee within the scope of its delegated authority shall constitute the decision or action of the CERS Board. The CERS Board may at any time rescind the delegated authority as a whole or in part, except that a rescission of authority with respect to quasi-judicial matters delegated to a CERS Committee shall not operate to affect the proceedings or the final action of any such matter pending before the Committee when the CERS Board acts to rescind. This exception is designed to preclude the CERS Board from using its authority to rescind a delegation to interfere with the process or outcome of a quasi-judicial proceeding then in progress before a CERS Committee which had properly commenced the proceeding within the scope of its authority.

Section 2.4 AD HOC COMMITTEES.

In addition to the CERS Standing Committees specified in Section 2.2, the Chair or the CERS Board may at any time establish an *ad hoc* Committee of the CERS Board and fix its duties and responsibilities for any purpose which, in the judgment of the CERS Chair or the CERS Board, is better served by a temporary rather than CERS Standing Committee. Each such Committee shall consist of such number of members as the CERS Chair shall determine, and the CERS Chair shall also then appoint the CERS Chair and designate the other members of the CERS Committee, unless otherwise determined by the CERS Board.

Section 2.5 LIMITATIONS ON AUTHORITY.

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

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

Section 2.6 AMENDMENT OF BYLAWS.

These Bylaws may be amended by presenting the proposed amendments at any regular or special meeting of the CERS Board of Trustees. Proposed amendments shall also be presented at a subsequent regular or special meeting of the CERS Board of Trustees. The subsequent meeting shall be scheduled no less than 48 hours after the meeting to first present the proposed amendments. Proposed amendments shall be posted on the KPPA website between the first and second presentation of the recommendations. Approval of proposed amendments to Bylaws requires a vote of a majority of the entire membership of the CERS Board for approval.

Section 3.0 CERTIFICATION OF STATEMENT OF BYLAWS AND COMMITTEE ORGANIZATION.

COUNTY EMPLOYEES RETIREMENT SYSTEM BOARD OF TRUSTEES

STATEMENT OF BYLAWS AND COMMITTEE ORGANIZATION

[As Adopted: [date]]

We, the Chair of the CERS Board of Trustees and the Chief Executive Officer of the County Employees Retirement System, do certify that this Statement of Bylaws and Committee Organization was approved and adopted by the CERS Board of Trustees on the _____ day, of April, 2021.

Chair, Board of Trustees

Date

Chief Executive Officer

Date

**COUNTY EMPLOYEES RETIREMENT SYSTEM
CERS AD-HOC PLANNING COMMITTEE
GOVERNANCE TRANSITION TASK SUMMARY REPORT**

#	Task Name	Authoritative Ref	Staff Resources*	Needs Research	Needs Discussion	Recommend Adoption
BOARD STRUCTURE AND ORGANIZATION						
BSO-1	Hire CEO	KRS 78.782(9)	Marlane Robinson			
BSO-1a	Develop job description					XX
BSO-1b	Identify preferred work location				XX	
BSO-1c	Evaluate employment status (CERS employee, State employee, contractor)				XX	
BSO-1d	Establish compensation and benefit structure				XX	
BSO-1e	Develop search process				XX	
BSO-1f	Outline policy for CERS legislative liaison (General Assembly and PPOB)				XX	
BSO-2	Hire General Counsel	KRS 78.782(9)				
BSO-2a	Develop job description					XX
BSO-2b	Identify preferred work location				XX	
BSO-2c	Evaluate employment status (CERS employee, State employee, contractor)				XX	
BSO-2d	Establish compensation and benefit structure				XX	
BSO-2e	Develop search process				XX	
BSO-3	Outline CERS By-Laws	KRS 78.782(2)	Kathy Rupinen			
BSO-3a	Review current KRS by-laws for modifications for CERS governance					XX
BSO-4	Develop Standing Committee Structure					
	Audit Finance		Kristen Coffey			XX
	Actuarial					XX
	Investment					XX
	Legislative — shifted to Board responsibility					XX
	Healthcare					XX
	Disability Appeals Committee (& AAC)					XX
BSO-4a	Develop tentative Committee Assignments				XX	
BSO-4b	Develop process for selection of Committee Chairs				XX	
BSO-4c	Develop meeting schedule for Boards & Committees					XX
BSO-5	Add provisions for interface with KPPA					XX
BSO-5	Identify Trustees to serve on KPPA	KRS 61.505(2)(f)			XX	
BSO-6	Identify Trustees to serve on PPW Board	KRS 61.505(1)(d)	Kathy Rupinen		XX	
BSO-7	Fiduciary Liability Insurance	KRS 78.782(2)(e)	Rebecca Adkins	XX		

**COUNTY EMPLOYEES RETIREMENT SYSTEM
CERS AD-HOC PLANNING COMMITTEE
GOVERNANCE TRANSITION TASK LIST**

#	Task Name	Authoritative Ref	Staff Resources	Recommend Adoption	Needs Discussion	Needs Research
CERS INVESTMENT MANAGEMENT						
IM	Investment Management	KRS 78.790	Stephen Herbert		XX	
IM-1	Evaluate whether to hire a separate investment consultant	KRS 78.782(2)(d)			XX	
IM-2	Establish CERS ownership of CERS assets	2021 HB9, §30(2)			XX	
IM-3	Verify transfer of Insurance Fund assets to new CERS Health Insurance Trust	2021 HB9, §30(2)			XX	
IM-4	Develop Investment Policy Statement	KRS 78.790			XX	
IM-5	Develop Investment Procurement Policy	KRS 78.790 (1)(d)			XX	
IM-6	Develop Agreement for KPPA staff to manage CERS Investments	KRS 61.505(1)(c)(5)			XX	
IM-7	Develop agreement with KERS Board for pooled investments				XX	
CERS PLAN MANAGEMENT						
PM-1	Actuarial Management	KRS 61.505(1)(e)	Rebecca Adkins Erin Surratt			
PM-1a	Outline process for actuarial experience studies				XX	
PM-1b	Outline process for actuarial audits				XX	
PM-1c	Outline policy for Board adoption of assumptions				XX	
PM-1d	Outline policy for Board review of annual valuation				XX	
PM-1e	Outline policy for CERS presentation to PPOB				XX	
PM-2	Review Summary Plan Descriptions and Identify specific changes for CERS plans	KRS 61.540; 78.782(18)(f)	Erin Surratt		XX	
PM-3	Benefit Processing				XX	

*Staff Designee is primary supervisor for administrative function and may include additional staff assigned to assist. KRS/KPPA Executive Director may also assist.

**COUNTY EMPLOYEES RETIREMENT SYSTEM
CERS AD-HOC PLANNING COMMITTEE
GOVERNANCE TRANSITION TASK LIST**

#	Task Name	Authoritative Ref	Staff Resources	Recommend Adoption	Needs Discussion	Needs Research
BOARD ADMINISTRATIVE POLICIES						
Adm-1	Develop Board Orientation Training	KRS 78.782(17)(a)	David Eager; Rebecca Adkins; Alane Foley		XX	
Adm-2	Evaluate key issues to be managed by KPPA	KRS 61.505	Rebecca Adkins		XX	
Adm-2a	START System for Employer Reporting & Collections				XX	
Adm-2b	Employer Reporting, Compliance & Education				XX	
Adm-2c	Cash Management				XX	
Adm-2d	Member Counseling				XX	
Adm-2e	Disability & Survivor Benefit Administration				XX	
Adm-2f	Retiree Services				XX	
Adm-2g	Retiree Healthcare Administration				XX	
Adm-2h	Accounting & Financial Reporting				XX	
Adm-2i	IT Management & Security				XX	
Adm-2j	Human Resources				XX	
Adm-2k	Schedule orientation for new trustees				XX	
Adm-3	Evaluate staff policy for CERS cost tracking	KRS 61.505(11)	Rebecca Adkins		XX	
Adm-4	CERS Contracts		Rebecca Adkins		XX	
	Identify services with separate contracts for CERS				XX	
Adm-4a	Audit	KRS 78.782(12)			XX	
Adm-4b	Investment Consultant	KRS 78.782(2)(d)			XX	
Adm-4c	Legal	KRS 78.782(2)(d)			XX	
Adm-4d	PPW	KRS 78.782(2)(d)			XX	
Adm-5	Annual Financial Reporting	KRS 78.782(12)	Connie Davis		XX	
Adm-5a	Develop reporting strategy with KERS Board				XX	
Adm-5b	Identify changes in current reporting process				XX	
Adm-5c	Evaluate separate SAFR report				XX	
Adm-6	Board Management Policies	KRS 78.782(9)(d)	Kathy Rupinen		XX	
Adm-6a	Conflicts of Interests & Confidentiality				XX	
Adm-6b	Disclosure				XX	
Adm-6c	HIPPA Privacy Use and Disclosure				XX	
Adm-6d	Open Records				XX	
Adm-6e	Trustee Election				XX	
Adm-6f	Trustee Training				XX	
Adm-6g	Trustee Per Diem				XX	
Adm-6h	Business Continuity & Disaster Recovery				XX	
Adm-6i	Leadership Continuity & Succession				XX	

*Staff Designee is primary supervisor for administrative function and may include additional staff assigned to assist. KRS/KPPA Executive Director may also assist.

**COUNTY EMPLOYEES RETIREMENT SYSTEM
CERS AD-HOC PLANNING COMMITTEE
GOVERNANCE TRANSITION TASK LIST**

#	Task Name	Authoritative Ref	Staff Resources	Recommend Adoption	Needs Discussion	Needs Research
Adm-7	Develop Trustee Training Program	KRS 78.782(17)			XX	
Adm-8	Evaluate benefit processing changes		Erin Surratt		XX	
Adm-8a	Death Benefits				XX	
Adm-8b	REMP				XX	
Adm-8c	System values & Interface				XX	
Adm-9	Evaluate need for separate CERS Regulations	KRS 78.782(9)(d)	Kathy Rupinen		XX	
Adm-9a	Review draft of Admin Regulation 105 KAR 1:360				XX	
Adm-10	Communications	KRS 78.782(18)	Shawn Sparks		XX	
Adm-10a	Website				XX	
Adm-10b	Employers				XX	
Adm-10c	Member Newsletter				XX	
Adm-10d	Facebook				XX	
Adm-10e	Other Social Media				XX	
Adm-10f	Corporate branding				XX	

**Staff Designee is primary supervisor for administrative function and may include additional staff assigned to assist. KRS/KPPA Executive Director may also assist.*

PROPOSED CERS BOARD & COMMITTEE MEETING SCHEDULE

<u>Date</u>	<u>Board</u>	<u>Committee</u>
NOTE: The DAC & ACC Joint Subcommittees will meet monthly. One Subcommittee will meet in even months and the other in odd months. Meeting schedules are determined by staff requests for case appeals.		Disability & Admin Appeals
February		
First Wednesday		Finance
Second Wednesday		Investment
Third Wednesday	Regular Board	
Fourth Wednesday	KPPA Board	
March		
Second Wednesday		Actuarial
April		
Third Wednesday	Annual Board	
Fourth Wednesday	KPPA Annual Board	
May		
First Wednesday		Finance
Second Wednesday		Investment
Third Wednesday	Regular Board	
Fourth Wednesday	KPPA Board	
August		
Fourth Wednesday		Investment
September		
First Wednesday		Finance
Second Wednesday	Regular Board	
Third Wednesday	KPPA Board	
November		
First Monday		Actuarial Committee
First Wednesday		Finance
Second Monday		Investment
Second Wednesday	Regular Board	
Third Wednesday	KPPA Board	
December		
First Wednesday	Regular Board	

**CERS BOARD OF TRUSTEES
2021 COMMITTEE STRUCTURE**

COMMITTEE	MEMBERS
Actuarial	1 retirement management—Mike Foster, Chair 1 investment—Dr. Merl Hackbart 1 elected—TBD
Disability & Administrative Appeals	Committee 1 – 2 CERS Trustees Betty Pendergrass TBD Committee 2 – 1 CERS Trustee Jerry Powell
Finance	At least 3, not more than 4 Bill O’Mara, Chair George Cheatham J T Fulkerson Joe Brothers
Investment	Dr. Merl Hackbart, Chair Bill O’Mara George Cheatham Jerry Powell Jim Tony Fulkerson
Joint Retiree Health Care	TBD
Kentucky Public Pensions Authority	CERS Chair (Betty Pendergrass) CERS Investment Committee Chair (Dr. Merl Hackbart) Bill O’Mara Jerry Powell

Proposed 2021 KPPA Board Meeting Dates

April

4th Wednesday 04/28/2021 – Annual Meeting

May

4th Wednesday – 05/26/2021

September

3rd Wednesday – 09/15/2021

November

3rd Wednesday – 11/17/2021

December

3rd Wednesday – 12/15/2021

KENTUCKY PUBLIC PENSIONS AUTHORITY

To: Members of the Board

From: David L. Eager
Executive Director

Date: April 6, 2021

Subject: Salary Adjustments, Office of Investments

The Kentucky Public Pensions Authority (KPPA) is responsible for the daily administration of three state administered retirement systems with over \$20 billion in combined assets. These systems have a membership of approximately 395,000 state and local government employees in the Commonwealth of Kentucky, including state employees, state police officers, city and county employees, as well as non-teaching staff of local school boards and regional universities.

The Office of Investments is currently composed of an Executive Director (CIO), a Deputy Executive Director (DCIO), and two Division Directors. The Office is actively recruiting a Division Director Real Return and Real Estate, and a Research Investment Analyst. The team is responsible for administration of investment assets of the systems consistent with the policies, guidelines and limits established by the law, the Statement of Investment Policies, and the Investment Committees.

Over the past 14 years, the Office of Investments has had considerable turnover. There have been six Chief Investment Officers during this same period. The agency has struggled with recruitment and retention in part due to compensation caps. Per the NSAARA, the median compensation for a CIO is \$331,000.

Steven M. Herbert, CFA joined the agency on January 16, 2021 and his salary was set at \$13,916.68/month. Stephen M. Willer, CF, joined the agency on April 16, 2020 and was promoted to Deputy Executive Director on December 1, 2020. His salary is currently \$13,750.00/month.

61.505(8) states in relevant part: b) The Kentucky Public Pensions Authority shall authorize the executive director to appoint the employees deemed necessary to transact the duties of the authority for the purposes outlined in subsection (1) of this section. (c) Effective April 1, 2021, the Kentucky Public Pensions Authority shall assume responsibility of administering the staff of the Kentucky Retirement Systems in order to provide the services established by this section. (d) All employees of the Kentucky Public Pensions Authority, except for the executive director, chief investment officer, and one (1) deputy chief investment officer, shall be subject to 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.

In order to retain talent and reduce turnover, it is recommended that Kentucky Public Pensions Authority provide a salary to the Executive Director (CIO) and Deputy Executive Director

Office (DCIO) of Investments, which is more in line with the investment industry higher levels of compensation.

RECOMMENDATION: The Executive Director recommends that the Board 1.) Adjusts 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.) Adjusts the salary of Steve M. Willer, Deputy Excecutive Director, Office of Investments, from \$13,750.00/month to \$15,833.34/month effective April 1, 2021.

KENTUCKY PUBLIC PENSIONS AUTHORITY

To: Members of the Board

From: David L. Eager
Executive Director

Date: April 6, 2021

Subject: Internal Reorganization

The 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. One of the mandates for KPPA staff is to insist on a culture of continuous enhancement to everything we do. Staff takes that mandate seriously and has worked together to identify the requested structural changes as opportunities for improvement to services, expenses, or management at KPPA. Reorganizations require collaboration between the Personnel Cabinet, the Office of the State Budget Director, and the requesting agency.

The agency is seeking approval to make the following changes effective May 16, 2021.

- I. The Office of Benefits requests the following changes in organizational structure:
 - A. Within the Division of Disability and Death:
 - i. The Death Benefits Branch to be renamed the Survivor Benefits Branch.
 - ii. The Disability and Death Support Branch will be abolished. There are currently no employees within this branch.
 - B. Within the Division of Membership Support:
 - i. Consolidate the Employee Call Center Branch and the Retiree Call Center Branch into one branch named the Call Center Branch. The current Retirement Program Managers will be retained and will continue to report to the Division Director of the Division of Membership Support.
 - ii. The Employee Call Center Branch will be abolished. All personnel, records, files, equipment, and funds will be transferred to the newly created Call Center Branch within the Division of Membership Support.
 - iii. The Retiree Call Center Branch will be abolished. All personnel, records, files, equipment, and funds will be transferred to the newly created Call Center Branch within the Division of Membership Support.
- II. The Office of Operations requests the following changes in organizational structure:
 - A. Within the Division of Procurement and Office Services:

- i. Establish an Office Services Branch, which will be headed by a manager who will report to the Assistant Director of the Division of Procurement and Office Services.
 - ii. Establish a Procurement Branch, which will be headed by a manager who will report to the Assistant Director of the Division of Procurement and Office Services.
 - iii. The Mail Services Section will be abolished. All personnel, records, files, equipment, and funds will be transferred to the newly created Office Services Branch within the Division of Procurement and Office Services.
 - iv. The Document Imaging Section will be abolished. All personnel, records, files, equipment, and funds will be transferred to the newly created Office Services Branch within the Division of Procurement and Office Services.
 - v. The Records Retention and Inventory Control Section will be abolished. All personnel, records, files, equipment, and funds will be transferred to the newly created Office Services Branch within the Division of Procurement and Office Services.
- B. The Division of Enterprise and Technology Services requests the following changes in organizational structure:
- i. Establish a Service Desk Branch, which will be headed by a manager who shall report to an Assistant Director of the Division of Enterprise and Technology Services.
 - ii. The Service Desk Section within the Technical Services Branch within the Division of Enterprise and Technology Services will be abolished. All personnel, records, files, equipment, and funds will be transferred to the newly created Service Desk Branch within the Division of Enterprise and Technology Services.

RECOMMENDATION: The Executive Director recommends the Board 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.

MEMORANDUM

TO: Kentucky Public Pensions Authority (“KPPA”)

FROM: Kathy Rupinen, Executive Director, Office of Legal Services
Carrie Bass, Staff Attorney Supervisor, Division of Non-Advocacy, Office of Legal Services

DATE: April 2, 2021

RE: KPPA approval and authorization of staff to file an amended administrative regulation, 105 KAR 1:270, Special federal income tax withholding, with the Legislative Research Commission.

In 2017, the Kentucky General Assembly enacted legislation placing an automatic expiration date on all administrative regulations promulgated pursuant to KRS Chapter 13A (including administrative regulations applicable to the Kentucky Retirement Systems and County Employees Retirement System), unless the promulgating agency takes action to prevent the regulation from expiring. Under this legislation, 105 KAR 1:270, Special federal income tax withholding, will expire in August 2021 unless an amendment to this regulation is filed with the Legislative Research Commission before the August 2021 expiration date.

Section 76 of House Bill 9 (2021) authorized the KPPA to promulgate administrative regulations “on behalf of the Kentucky Retirement Systems and the County Employees Retirement System, individually or collectively” as long as the regulations are consistent with the provisions of ... KRS [“Kentucky Revised Statutes”] 16.505 to 16.652, 61.510 to 61.705, 78.510 to 78.852, and 61.505.” Section 76 of House Bill 9 (2021) became effective on April 1, 2021. The Office of Legal Services will be working with the staff of the Legislative Research Commission to reorganize the administrative regulations previously promulgated for the Kentucky Retirement Systems into (1) administrative regulations promulgated by the Kentucky Public Pensions Authority for both the Kentucky Retirement Systems and the County Employees Retirement System, (2) administrative regulations promulgated by the Board of Trustees of the Kentucky Retirement Systems for the Kentucky Retirement Systems, and (3) administrative regulations promulgated by the Board of Trustees of the County Employees Retirement System for the County Retirement System.¹ When this reorganization occurs, 105 KAR 1:270, Special federal income tax withholding, will be listed as an administrative regulations promulgated by the Kentucky Public Pensions Authority for both the Kentucky Retirement Systems and the County Employees Retirement System.

105 KAR 1:270, Special federal income tax withholding, addresses purely day-to-day functions necessary to administer benefits for both the Kentucky Retirement Systems and the County Employees Retirement System. This regulation establishes a Special Tax Notice that, under federal law, must be provided to all members, beneficiaries, and alternate payees eligible for a distribution that can be rolled

¹ As a reminder, Section 45 of House Bill 484 (2020) provides that administrative regulations promulgated by the Board of Trustees of the Kentucky Retirement Systems prior to April 1, 2021 on behalf of the County Employees Retirement System shall continue to apply to the County Employees Retirement System after the County Employees Retirement System Board separation on April 1, 2021.

over to an IRA or eligible plan. This regulation further establishes the following forms used by the KPPA in the day-to-day administration of benefits:

- The form that is required for a member to receive a refund of his or her accumulated account balance prior to retirement eligibility;
- The form that must be made available to a member, beneficiary, or alternate payee eligible to receive any other distribution that can be rolled over to an IRA or eligible plan; and
- The form that a member last employed as a qualified public safety officer who is age 50 years or older can use in order to not be subject to the ten (10) percent early distribution tax penalty if electing a specified retirement payment option.

The most critical component of the amendments to 105 KAR 1:270, Special federal income tax withholding, is the update to the Special Tax Notice used by the Kentucky Retirement Systems and the County Employees Retirement System to comply with the most up-to-date federal tax law requirements. Another important change made in the amendments to 105 KAR 1:270, Special federal income tax withholding, is the accurate reflection of the forms currently being used by the KPPA staff. Specifically, previously, non-spouse beneficiaries were provided with a Form 6026, Direct Rollover/Direct Payment Election Form for a Non-Spouse Beneficiary of an Eligible Rollover Distribution, for eligible rollover distributions; however, now all beneficiaries (spouses and non-spouses) are provided with a Form 6025, Direct Rollover, Direct Payment Election Form for a Member, Beneficiary, or Alternate Payee Regarding Eligible Rollover Distribution, for eligible rollover distributions. The amendments to 105 KAR 1:270, Special federal income tax withholding, also modernize this regulation to reflect the use of KPPA's Member Self-Service website and the use of electronic communications.

STAFF RECOMENTATION:

The Office of Legal Services requests that the KPPA review the attached materials and provide any feedback to Kathy Rupinen within the week following the April 6th, 2021 inaugural KPPA meeting, so that any suggested changes can be considered and incorporated where appropriate. At the next KPPA meeting, the Office of Legal Services will then request authorization from the KPPA to proceed with filing this amended administrative regulation applicable to both the Kentucky Retirement Systems and the County Employees Retirement System.

1 FINANCE AND ADMINISTRATION CABINET

2 Kentucky Retirement Systems

3 (Amendment to Administrative Regulation)

4 105 KAR 1:270. Special federal income tax withholding.

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

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

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

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

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

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

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

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

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

22 (b) Upon [receipt of a]request by[for refund of member contributions from]the
23 member, the Agency[the retirement office] shall provide[mail] the Form 4525, Application

1 for Refund of Member Contributions and Direct Rollover/Direct Payment Selection, along
2 with a copy of the Special Tax Notice Regarding Payments, to the member~~[-requesting~~
3 ~~payment]~~.

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

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

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

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

19 (3)(a) The refund of contributions shall not be processed unless[until] the member
20 is eligible to receive a refund pursuant to KRS 61.625 and 78.545 and the Form 4525,
21 Application for Refund of Member Contributions and Direct Rollover/Direct Payment
22 Selection, is filed[returned] by the member at[to] the retirement office.

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

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

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

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

17 (2)(a) If the member completes the Form 6010, Estimated Retirement Allowance,
18 and selects an actuarial refund retirement payment option, lump-sum refund of
19 contributions, or partial lump-sum retirement payment option, the~~[The]~~ member shall also
20 complete the Form 6025, Direct Rollover/Direct Payment Election Form for a Member,
21 Beneficiary, or Alternate Payee Regarding~~[or a Spouse Beneficiary of]~~ an Eligible
22 Rollover Distribution, and file both completed forms at~~[return it to]~~ the retirement office.

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

6 (3) The payment option selected by the member on the completed and filed Form
7 6010, Estimated Retirement Allowance, shall not be processed unless~~[until]~~ the
8 completed Form 6025, Direct Rollover/Direct Payment Election Form for a Member,
9 Beneficiary, or Alternate Payee Regarding~~[or a Spouse Beneficiary of]~~ an Eligible
10 Rollover Distribution, is filed at~~[is returned to]~~ the retirement office.

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

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

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

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

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

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

20 (3)(a) The payment options selected by the beneficiary [~~who is the surviving~~
21 ~~spouse~~]of the deceased member on a Form 6010, Estimated Retirement Allowance shall
22 not be processed unless[~~until~~] the completed Form 6025, Direct Rollover/Direct Payment

1 Election Form for a Member, Beneficiary, or Alternate Payee Regarding ~~or a Spouse~~
2 ~~Beneficiary of~~ an Eligible Rollover Distribution, is filed at~~returned to~~ the retirement office.

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, payment to the beneficiary of
5 the deceased member shall not be processed unless the completed Form 6025, Direct
6 Rollover/Direct Payment Election Form for a Member, Beneficiary, or Alternate Payee
7 Regarding an Eligible Rollover Distribution, is filed at the retirement office.

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

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

20 ~~(b) If the beneficiary who is not the surviving spouse of the deceased member intends to~~
21 ~~have the funds rolled over directly into an IRA or other plan, the beneficiary who is not the~~
22 ~~surviving spouse of the deceased member shall have the trustee or institution complete~~
23 ~~the back of the form certifying that the rollover will be accepted.~~

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

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

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

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

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

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

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

20 (4)~~(a)~~ [~~(b)~~] If the [~~payment is a portion of the member's contribution account and~~
21 ~~the~~] alternate payee does not file at the retirement office [~~return~~] the Form 6025, Direct
22 Rollover/Direct Payment Election Form for a Member, Beneficiary, or Alternate Payee
23 Regarding an Eligible Rollover Distribution [~~4525, Application for Refund of Member~~

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

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

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

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

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

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

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

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

15 (2)(a) Upon request by the member, the Agency shall provide the Form 4527,
16 Certification by a "Qualified Public Safety Employee" and Request for an Exception to the
17 10% Early Distribution Penalty in IRC 72(t), to the member.

18 (b) Additionally, the Agency may make the Form 4527, Certification by a "Qualified
19 Public Safety Employee" and Request for an Exception to the 10% Early Distribution
20 Penalty in IRC 72(t), available on its Web site.~~[The member who was last employed as a~~
21 ~~"qualified public safety employee" shall file the Form 4527, Certification by a Qualified~~
22 ~~Public Safety Employee and Request for an Exception to the 10 percent Early Distribution~~
23 ~~Penalty in IRC 72(t), with the Form 4525, Application for Refund of Member Contributions~~

1 ~~and Direct Rollover/Direct Payment Selection, or the Form 6025, Direct Rollover/Direct~~
2 ~~Payment Election Form for a Member or a Spouse Beneficiary of an Eligible Rollover~~
3 ~~Distribution, at the retirement office in order to avoid the ten (10) percent early distribution~~
4 ~~tax penalty.]~~

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

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

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

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

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

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

16 (f)]Form 4527, "Certification by a "Qualified Public Safety Employee[s]" and Request for
17 an Exception to the 10% ~~[percent]~~Early Distribution Penalty in IRC 72(t)", February
18 2021~~[May 2008]~~.

19 (2) This material may be inspected, copied, or obtained, subject to applicable
20 copyright law, at the Kentucky Public Pensions Authority~~[Retirement Systems]~~,
21 ~~[Perimeter Park West,]~~1260 Louisville Road, Frankfort, Kentucky 40601, Monday through
22 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-

- 1 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-
- 2 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:



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: _____

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? Yes NoIf so, were those wages earned prior to the termination? Yes 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: _____



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.

FORM 6010 ESTIMATED RETIREMENT ALLOWANCE

Retirement Date: [REDACTED]

Retirement Plan: [REDACTED]

Retirement Type: [REDACTED]

Member Information

[REDACTED]

Member Date of Birth: [REDACTED]

Member ID: [REDACTED]

Beneficiary Information

Beneficiary: [REDACTED]

Beneficiary Date of Birth: [REDACTED]

Please Select ONE payment option by checking one box below

- BASIC
- LIFE WITH 10 YEARS CERTAIN
- LIFE WITH 15 YEARS CERTAIN
- LIFE WITH 20 YEARS CERTAIN
- SURVIVORSHIP 100%
- SURVIVORSHIP 66 2/3%
- SURVIVORSHIP 50%
- POP-UP
- 10 YEARS CERTAIN

Payment to member while living

[REDACTED]

Payment to beneficiary after member's death

[REDACTED]

I REJECT ALL MONTHLY PAYMENT OPTIONS AND REQUEST A(n) ACTUARIAL REFUND OF APPROXIMATELY [REDACTED] I AM ALSO FORFEITING ANY HEALTH INSURANCE AND DEATH BENEFITS PROVIDED BY THE KENTUCKY PUBLIC PENSIONS AUTHORITY.

NOTE: If you select the actuarial refund or lump sum refund you must also complete and return the enclosed Form 6025, Direct Rollover/Direct Payment Election Form. The Form 6025 is located in the Special Tax Notice. This estimate was calculated using an early retirement percentage of 100.00%.

Certification

I CERTIFY THAT I HAVE SELECTED THE OPTION OF MY CHOICE. I REALIZE THAT AFTER THE FIRST DAY OF THE MONTH IN WHICH I RECEIVE MY FIRST RETIREMENT CHECK, I WILL NOT HAVE THE RIGHT TO CHANGE MY PAYMENT OPTION OR MY BENEFICIARY.

Signature of Recipient: _____ Date: _____

Signature of Spouse: _____ Date: _____

Witnessed by: _____ Date: _____



**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:

<p>If your distribution will include a taxable portion, 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 distribution will include a non-taxable portion, 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>
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: _____

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 (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*

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: _____

*** 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

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

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.



KENTUCKY PUBLIC PENSIONS AUTHORITY

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



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 principal duties 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: _____