Tier 2 Plan

for members participating on or after September 1, 2008 - December 31, 2013

This guide is a companion publication to KRS' Summary Plan Description. For a comprehensive overview of our plans, refer to the Summary Plan Description published at https://kyret.ky.gov.

TIER 2 PLAN GUIDE

KRS currently administers three different pension benefit tiers within our defined benefit plans:

TIER 1 Tier 1 members have a participation date prior to September 1, 2008.

TIER 2 Tier 2 members have a participation date of September 1, 2008 through December 31, 2013.The General Assembly passed House Bill 1 during the 2008 special legislative session. House Bill 1 established different criteria for retirement eligibility, the final compensation calculation, and benefit factors.

TIER 3 During the 2013 legislative session, Senate Bill 2 was enacted, creating Tier 3 benefits for members with a participation date on or after January 1, 2014.

This guide explains benefits for Tier 2 members who began participation on or after September 1, 2008 through December 31, 2013.

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Online Resources

krs.mail@kyret.ky.gov
Incoming email is not secure. Email should only be used for general questions.

https://kyret.ky.gov
Educational materials and forms are available online.

https://www.facebook.com/kyretirement
Like our page so we show up in your news feed.

https://myretirement.ky.gov
Access your account online. See page 22 for more info.

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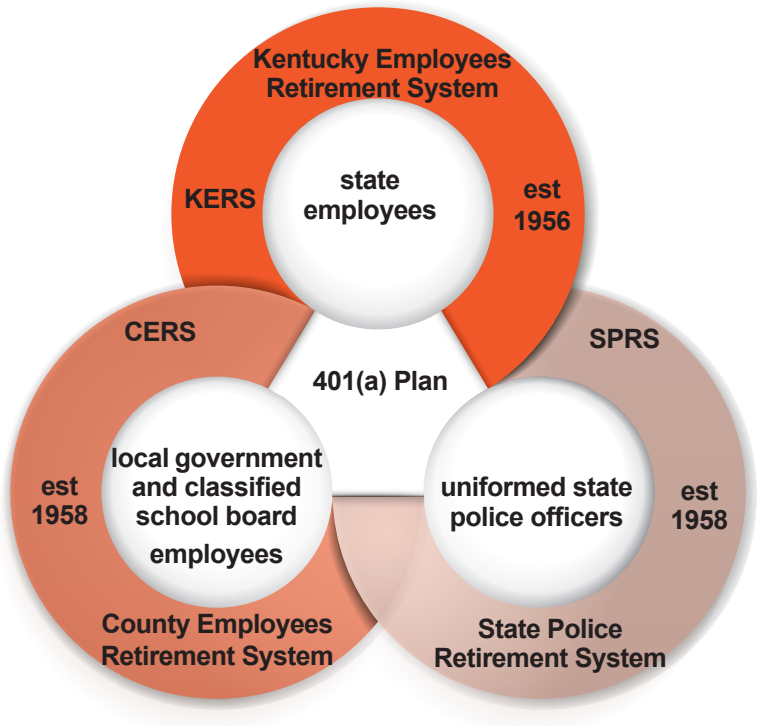
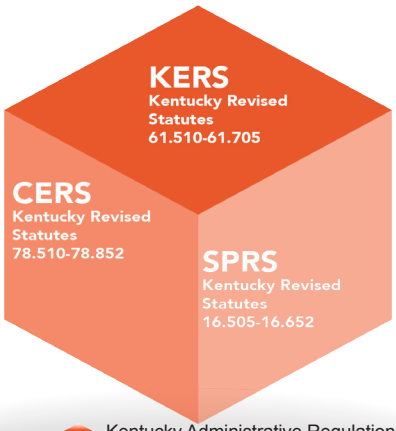
My Retirement System

Welcome to Kentucky Retirement Systems (KRS). KRS provides retirement benefits for more than 340,000 state and local government members. Kentucky Retirement Systems is a 401(a) plan governed by a 13 member board and consists of three different retirement systems:





Kentucky Administrative Regulations Title 105

Copies may be available at public libraries, or on the LRC website http://lrc.ky.gov.

What is the Tier 2 Plan?

The Tier 2 plan is one of three tiers within our defined benefit pension plan. This benefit tier is for members who began participation on or after September 1, 2008 through December 31, 2013. Tier 2 is a defined benefit plan because it uses a specific formula to determine benefits and the assets of the plan remain in a single investment pool.

Who is eligible?

All regular full-time employees with a participation date on or after September 1, 2008 through December 31, 2013 contribute to the Tier 2 plan. Your participation date is when you began paying contributions and earning service credit with a state-administered retirement plan. This date may be different from the date you were hired.

Your participation in the plan is mandatory unless you are a non-participating employee. Employment classifications that are non-participating include part-time, seasonal, temporary, probationary (CERS only), interim, emergency, and independent contractors.

Your participation date can change the level of benefits to which you are entitled, health insurance eligibility, and your eligibility to purchase service.

How does it work?

Benefits are funded through three sources:

1. Employee contributions deducted from a member's creditable compensation.
2. Employer contributions paid by each participating agency.
3. Return on investments.

Kentucky law defines creditable compensation. For more info, refer to our Summary Plan Description at https://kyret.ky.gov.

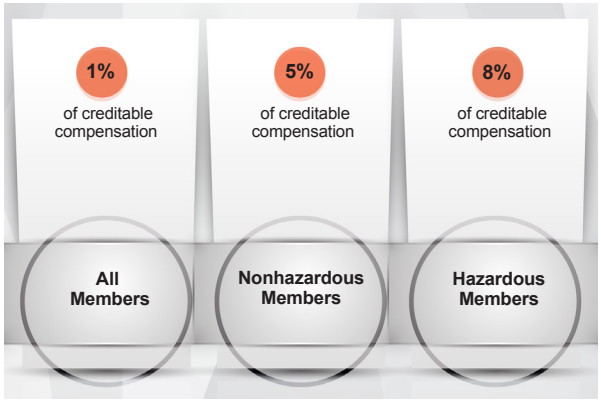
When a member is eligible to retire, the benefit is calculated based on a formula:

Final Compensation $ x **Benefit Factor** % x **Years of Service**

My Retirement Account

How much do I contribute?

Members of the Tier 2 plan contribute a set percentage of their salary each month to their own account as required by Kentucky law. Tier 2 members also contribute an additional 1% to the health insurance fund. This 1% is not credited to the individual account and is not refundable.



How much does my employer contribute?

The employer contribution rate is set annually by the KRS Board of Trustees based on an actuarial valuation. The employer contributes a set percentage of the member's salary. KERS and SPRS rates are subject to approval by the General Assembly through the adoption of the biennial Executive Branch Budget. The KRS Board sets CERS employer contribution rates unless altered by legislation. Employer contribution rates are published online at https://kyret.ky.gov. Employer contributions are not deposited to the member's individual account.

Does my account earn interest?

Prior to retirement, a member's account earns a guaranteed amount of interest at the end of each fiscal year. Interest is credited to your account based on your account balance as of June 30 of the prior fiscal year. For Tier 2 members, the interest paid is set by the KRS Board and will not be less than 2%.

How are the contributions invested?

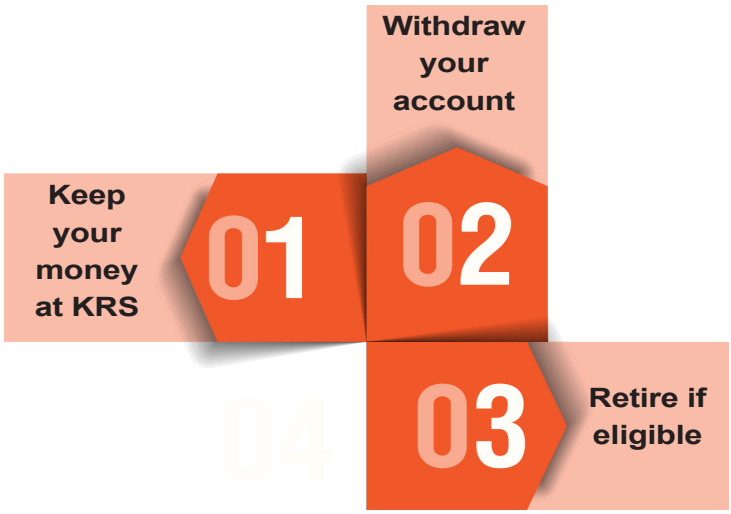
The KRS Board of Trustees and its investment professionals are responsible for investment decisions. The Board has established clearly defined investment policies, objectives and strategies for both the pension and insurance portfolios. The Board's investment policies and detailed monthly investment performance reports are published on our website at https://kyret.ky.gov.

Pursuant to KRS 61.650, the Board invests solely in the interests of members and thier beneficiaries, impartially and with a good faith interpretation of the law.

Managing My Account

What if I leave my job?

You have three options if you leave your job:



Option 1: Keep your money at KRS

Your account will continue to earn interest on the accumulated account balance and you can retire when you become eligible based a combination of age and service credit.

If you change jobs and your new employer is a participating agency with KRS, you will contribute to your existing account and continue to accrue service credit.

Option 2: Withdraw your account

Members who are no longer employed by an agency participating with KRS are eligible for a refund of member contributions plus any accumulated interest if they have terminated employment. Members do not receive a refund of any employer contributions.

Refunds from your KRS account may be paid directly to you or can be rolled over to another qualified retirement plan. If you elect to receive a direct payment, KRS is generally required to withhold 20% for federal income taxes. The amount withheld is not a penalty tax and will apply toward your federal tax liability for the year in which the refund is issued. Additional taxes due to age or other factors may apply if you choose to receive a direct payment of your refund.

By taking a refund, members forfeit eligibility for future benefits including health insurance and the $5,000 death benefit.

If you go to work for a participating agency at a later date, you may be eligible to purchase your refunded service. The purchase will not reestablish your original participation date which determines the benefit tier you are in; you only receive credit for the months of service you purchase.

Option 3: Retire if you're eligible

Retirement eligibility is dependent upon your age and years of service. Read more on page 6.

When Can I Retire?

Under the Tier 2 plan, members may be eligible for a reduced or unreduced benefit. The qualifications are different depending on your type of service (hazardous vs. nonhazardous).

Nonhazardous Members

The requirements for an Unreduced Benefit are:

- Age 65 or older with at least 5 years of service credit.
- Rule of 87: Age 57 or older if age plus service credit equals 87 years at retirement.

The requirements for a Reduced Benefit are:

- Age 60 or older with at least 10 years of service credit.

Hazardous Members

The requirements for an Unreduced Benefit are:

- Age 60 or older with at least 5 years of service credit.
- Any age with 25+ years of service credit.

The requirements for a Reduced Benefit are:

- Age 50 or older with at least 15 years of service credit.

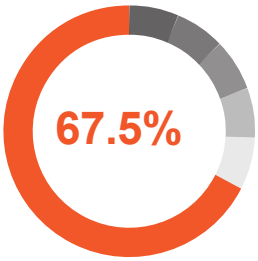
If eligible for a reduced benefit, the amount of reduction depends on the member's age or years of service at retirement.

Page 7 explains how the reduction works.

If a hazardous or nonhazardous member's participation date is August 1, 2004 or after, the only purchase types that count toward retirement eligibility are omitted service, recontribution of refund and hazardous conversion as well as service credit for free military and purchase of sick leave in excess of 6 months.

Receiving a Reduced Benefit

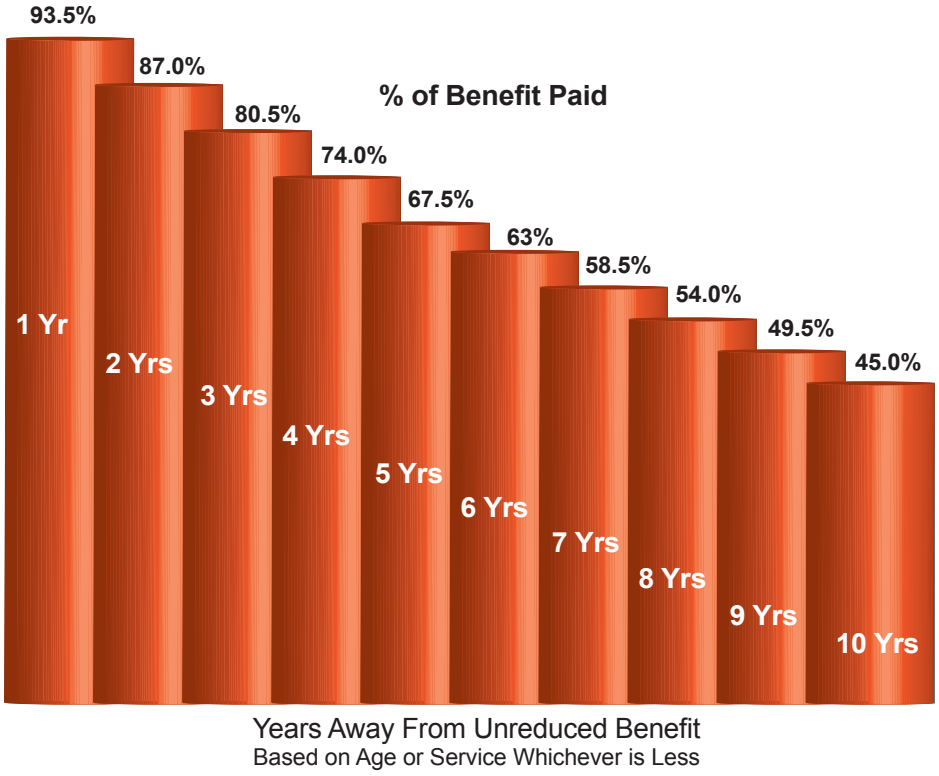
If a member qualifies for a reduced benefit, the amount of reduction depends on the member's age or years of service at retirement.



For Example

A nonhazardous member has 10 years of service and is age 60. If the member chooses to retire, the benefit will be reduced to 67.5% because the member is 5 years short of reaching age 65.

To use the chart below, determine the number of years the member is short of reaching an unreduced benefit, based on age or service, whichever is less.



How is My Benefit Calculated?

When a member is eligible to retire, the benefit is calculated based on a formula:

Final Compensation
Fiscal year earnings used when calculating your retirement benefit.

x

Benefit Factor
Set by state law and varies based on the type of service and service credit at retirement.

x

Years of Service
Years of service represents your total service credit at the time of retirement.

Final Compensation

For Tier 2 members, final compensation, or salary average, is determined by dividing the total salary earned (Last 5 complete fiscal years or 3-High complete fiscal years) by the total months worked and then multiplying by twelve to annualize.

KRS calculates benefits based on a fiscal year, which begins July 1 and ends June 30.

Nonhazardous Members

Nonhazardous retirement benefits are based on the average of the last (not highest) 5 full fiscal years of salary. The example below walks you through the final compensation calculation.

Fiscal Year	Last 5	Months
Year 1	$46,000	12
Year 2	$44,000	12
Year 3	$42,000	12
Year 4	$40,000	12
Year 5	$38,500	12
Total	$210,500	60

$210,500 / 60 months x 12 = $42,100

Hazardous Members

Hazardous retirement benefits are based on the average of the highest 3 full fiscal years of salary. The example below walk you through the final compensation calculation.

Fiscal Year	3-High	Months
Year 1	$46,000	12
Year 2	$44,000	12
Year 3	$42,000	12
Total	$132,000	36

$132,000 / 36 months x 12 = $44,000

Payments for compensatory time are not included in the Tier 2 final compensation calculation.

A member who has hazardous and nonhazardous service will receive two monthly benefits: one for the hazardous service and one for the nonhazardous service. In this situation, a member's benefit will be calculated utilizing the last 5 final compensation for the nonhazardous service and 3-High final compensation for the hazardous service.

For fiscal years beginning with 1996-1997, final compensation is limited to the annual compensation limits set by federal law.

Benefit Factor

Benefit factors are set by state law and vary based on the type of service and the amount of service credit at retirement. The benefit factors shown below apply to Tier 2 members.

Nonhazardous

Service Credit	Benefit Factor
≤ 120 Months	1.10%
121-240	1.30%
241-312	1.50%
313-360	1.75%
>360	2.00%*

**The 2.00% benefit factor only applies to service credit in excess of 30 years.*

Nonhazardous

Service Credit	Benefit Factor
≤ 120 Months	1.30%
121-240	1.50%
241-300	2.25%
>300	2.50%*

**If total service credit is more than 25 years, the 2.50% benefit factor applies to all service credit.*

How is My Benefit Calculated?

Service Credit

The service used to calculate retirement benefits may include:

1. Current Service
2. Purchased Service
3. Sick Leave Service

Members who began participating in a state administered retirement system on or after August 1, 2004 cannot use most service purchase types for determining retiretment eligibility, death benefits and insurance benefits at retirement. This applies to all service purchases made by the member or employer with the exception of omitted service, recontribution of service refunds, hazardous conversions, and free military service as well as service credit for free military and sick leave.

> Your participation date is when you began paying contributions and earning service credit with a state administered retirement plan. This date may be different from the date you were hired.

To earn service credit, a member must work in a regular full-time position, defined as a position that averages 100 or more hours per month over a calendar or fiscal year. For local school boards, a regular full-time position is a non-certified position where the employee averages 80 or more hours of work per month over actual days worked in a fiscal year.

Current Service

Current service is earned as a contributing member. For each month an employer reports wages and contributions for regular full-time employment, a member earns one month of service credit.

Purchased Service

There are more than 30 types of service a participating member may purchase to increase total service credit. You can find a list of the most common purchase types on page 12. For a complete listing, refer to our Summary Plan Description at https://kyret.ky.gov.

> Most service purchases will not reestablish an earlier participation date.

State law outlines the requirements for each purchase type. If you are interested in purchasing service, you should call our office to request an official cost calculation. Please note that the appropriate verification must be filed with KRS before the purchase cost can be calculated. Please write your Member ID on any documentation you submit to our office.

> For information on how to pay for service purchases please see our summary plan description located on our website at https://kyret.ky.gov

Sick Leave Service

Members in the Tier 2 plan may receive up to 12 months of service credit for unused sick leave at the time of retirement, if their employer has adopted the Standard or Alternate sick leave program with KRS.

Sick leave service credit does not count toward retirement eligibility.

Sick leave is credited based on the member's unused hours of sick leave and the hours worked per day. The following chart gives you an idea of the months of service credit you may receive for your sick leave balance at the time of your retirement.

4 hours per day	6 hours per day	7.5 hours per day	8 hours per day	Service Credit
44 - 84	66 - 126	82.5 - 157.5	88 - 168	1 month
128 - 168	192 - 252	240 - 315	256 - 336	2 months
212 - 252	318 - 378	397.5 - 472.5	424 - 504	3 months
296 - 336	444 - 504	555 - 630	592 - 672	4 months
380 - 420	570 - 630	712.5 - 787.5	760 - 840	5 months
464 - 504	696 - 756	870 - 945	928 - 1008	6 months

For an expanded list, please refer to our Summary Plan Description at https://kyret.ky.gov.

You only need the minimum hours of sick leave for each range to obtain the indicated months of service.

For Example

If you work 7.5 hours per day, and you have 900 hours of sick leave, you will receive 6 months of service credit. You would also receive 6 months of service credit at retirement if you only had 870 hours of sick leave.

Can I Purchase Additional Service Credit?

Under the Tier 2 plan, there are more than 30 service purchase types available. Below we have listed the most common purchase types. If you don't see your service type here, please refer to the list provided on our website at https://kyret.ky.gov.

For members with a participation date on or after August 1, 2004, most service purchases will not count toward retirement eligibility. The only service purchases that count toward insurance eligibility are omitted service, hazardous conversion and recontribution of refunded service as well as service credit for free military and purchase of sick leave in excess of 6 months.

For more information on service purchases please see our summary plan description located on our website at https://kyret.ky.gov.

Purchase Types without Service Requirements

Recontribution of Refunded Service

A member currently participating in one of the retirement systems administered by KRS who has taken a refund of retirement contributions for previous employment may regain the service lost by paying the amount of contributions withdrawn plus interest calculated from the time of withdrawal. This purchase will not reestablish an earlier participation date. The member must work for at least six months to validate the purchase.

Verification Required: Information should be on file at KRS.

Summer Months

A member currently participating in one of the retirement systems administered by KRS who was contracted by a local school board, university, community action agency, or school for the deaf or blind to work 9, 10, or 11 months may purchase up to 3 additional months to complete a full year.

Verification Required: Information should be on file at KRS.

Omitted Service

If a member was entitled to service credit but was not reported to KRS, the member may obtain service by paying the employee contributions for the period of omitted service. If employee contributions are not received within 6 months of notification by KRS, a participating employee may obtain the service by paying the employee contributions plus any accumulated interest. Service credit will not be awarded to the member's account until KRS has also received the employer contributions.

Verification Required: Form 4225 — or — Personnel Forms

Purchase Types with Service Requirements

A member under the age of 65 must have at least 60 months of service credit while a member over the age of 65 must have at least 48 months of service credit.

Delayed Service (also known as past service)

A member may purchase service with an agency that did not participate in KRS but has since joined. Delayed Service is service worked prior to the date the agency began participating or in the case of a member who initially rejected membership, service worked from the member's hire date through his or her election to participate in KRS.

Verification Required: Form 4225

Seasonal, Temporary, Emergency, Interim or Part-time

A member may purchase service for time worked for a participating agency in a seasonal, temporary, interim, emergency, or part-time position (more than 100 hours per month).

Verification Required: Form 4225 — or — Personnel Forms

Purchase Types with Service Requirements continued

Non-Qualified Service (also known as air time)

Members currently participating and who participated prior to August 1, 2002, may purchase up to 5 years of service once they have 15 years of total service in a state administered retirement system. At least 5 of the 15 years required for this purchase type must be in KERS, CERS, or SPRS. The Non-Qualified service may not be used for benefit purposes until the member has 20 years of service credit, excluding the Non-Qualified service.

Verification Required: Information should be on file at KRS.

Active Duty Military

A member may purchase all periods of active duty service with a branch of the Armed Forces. This purchase may require an honorable or general discharge from service.

Verification Required: A copy of your DD-Form 214 for each period of active duty.

National Guard/Reserves

A member may purchase 1 month of credit for every 6 months served.

Verification Required: Most recent Annual Statement of Points.

State University Service

A member may purchase service for certain types of employment with Kentucky's state sponsored universities provided they did not participate in a defined benefit plan during employment, and the position held would have qualified as a regular full-time position had the university been a participating department. This purchase is limited to the University of Kentucky and the University of Louisville since other state-sponsored universities participate in KERS.

Verification Required: Form 4120

Approved Leave

A member may purchase service credit for:

- Approved educational leave,
- Authorized maternity leave without pay,
- Approved sick leave without pay, or
- Approved leave without pay under the Family Medical Leave Act (FMLA) that occurred while working for a participating agency.

Verification Required: Form 4225 — or — Personnel Forms — or — Letter from agency verifying the period of leave.

Federal Service

A member may purchase service worked as a full time federal employee provided the member withdrew all funds or did not participate in the Federal Retirement System.

Verification Required: Form 4115

Out of State Service

A member may purchase up to 10 years of service credit for full-time out-of-state public service. To qualify, the service must have been credited in a state or locally administered defined benefit retirement plan, other than one for teachers. The member must show that he or she has received a refund or is not eligible for a retirement benefit for the period of out of state service. For Hazardous Duty: To establish the position as hazardous duty, the member must submit a copy of the job description for his or her out of state public service.

Verification Required: Form 4140

What are My Payment Options?

KRS provides various payment options so that a retiring member can select a monthly benefit option best suited to his or her particular retirement needs. The available payment options are listed below.

Basic

This option provides a monthly benefit to the member until death. The Basic option does not provide a benefit to the beneficiary after the member's death. It provides the highest monthly lifetime benefit. If you pass away before receiving an amount equal to your accumulated account balance at the time of retirement, your beneficiary will receive any remaining balance of your accumulated contributions (i.e. member contributions and interest).

Life with 10 Years Certain

This option is available for members who are age 75 or younger at retirement. This option guarantees payments for a 120 month period, which begins when the member retires. If the member dies before 120 payments have been made, the beneficiary will receive the remaining payments. If the member survives past the 120 payments, the same monthly benefit continues to the member for life, but the beneficiary is no longer eligible for benefits upon the member's death.

Life with 15 Years Certain

This option is available for members who are age 67 or younger at retirement. This option guarantees payments for a 180 month period, which begins when the member retires. If the member dies before 180 payments have been made, the beneficiary will receive the remaining payments. If the member survives past the 180 payments, the same monthly benefit continues to the member for life, but the beneficiary is no longer eligible for benefits upon the member's death.

Life with 20 Years Certain

This option is available for members who are age 61 or younger at retirement. This option guarantees payments for a 240 month period, which begins when the member retires. If the member dies before 240 payments have been made, the beneficiary will receive the remaining payments. If the member survives past the 240 payments, the same monthly benefit continues to the member for life, but the beneficiary is no longer eligible for benefits upon the member's death.

Survivorship 100%

This option guarantees a monthly benefit to the member for the member's lifetime. If the member dies before the beneficiary, the beneficiary is eligible for the same monthly benefit until death.

Survivorship 66 2/3%

This option guarantees a monthly benefit to the member for the member's lifetime. If the member dies before the beneficiary, the beneficiary is eligible for a monthly benefit equal to 66 2/3% of the member's monthly benefit until death.

Survivorship 50%

This option guarantees a monthly benefit to the member for the member's lifetime. If the member dies before the beneficiary, the beneficiary is eligible for a monthly benefit equal to 50% of the member's monthly benefit until death.

Pop-Up

This option guarantees a monthly benefit to the member for the member's lifetime. If the member dies before the beneficiary, the beneficiary is eligible for the same monthly benefit until death; however, if the beneficiary dies before the member, the member's monthly benefit "Pops-Up," or increases, to the amount under the Basic option. The member's benefit will also Pop-Up if the member's beneficiary is a spouse and they become divorced.

Social Security Adjustment (without survivor rights)

A member less than age 62 may elect to take a larger monthly payment until reaching age 62, when they may be eligible for Social Security. The monthly benefit will be reduced the month following the member's 62nd birthday. This option does not affect the amount of Social Security that the member will receive. A beneficiary is not eligible for benefits if the member dies.

Social Security Adjustment (with survivor rights)

This option provides the same benefits as the Social Security Adjustment option without survivor rights. In addition, it guarantees the same benefit to the beneficiary if the member dies. If the member dies before age 62, the beneficiary draws the higher payment until the member would have become age 62. After that, the beneficiary will receive the same reduced monthly benefit that the member would have received.

Actuarial Equivalent Refund

This option provides a one-time lump sum payment to the member that is the actuarial equivalent of the amount the member would have received if the benefit were paid over 60 months. The one-time payment may be (1) Paid directly to th member, minus 20% for federal income tax, or (2) Partially or directly rolled over to an Individual Retirement Account (IRA) or eligible employer plan. Carefully consider this option. This is a retirement benefit, not a refund of the member's account. Under this option, the member forfeits all health insurance benefits, the death benefit and any other KRS benefits. The actuarial refund cannot be repaid if the member is later employed with a participating agency. A member may be subject to additional tax penalties under this option.

Lump Sum Refund

This option provides a one-time lump sum payment of the member's accumulated contributions and interest. The one-time payment may be (1) Paid directly to th member, minus 20% for federal income tax, or (2) Partially or directly rolled over to an Individual Retirement Account (IRA) or eligible employer plan. Carefully consider this option. Under this option, the member forfeits all health insurance benefits, the death benefit and any other KRS benefits. The refund cannot be repaid if the member is later employed with a participating agency. A member

Ten Years Certain Option (Hazardous Only)

This option provides a monthly payment guaranteed for 120 months to the member, or if the member dies, to the beneficiary for the remainder of the 120 months. After the 120-month period, the member still retains the insurance benefit but is no longer eligible for any other benefits. This benefit pays a high monthly amount, but only for 10 years. After 10 years, this benefit ceases altogether and neither the member nor the beneficiary will receive further payments. In addition, after the end of the 10 years, there will be no $5,000 death benefit payment at the time of the member's death. For this option, the member may name a single person, trust, or estate as beneficiary. This option is only available for Tier One and Tier Two SPRS members or KERS or CERS members in hazardous positions. It is not offered to members who have hazardous and nonhazardous service in the same system, or Tier Three members.

Basic Payment Option Examples

The following examples illustrate how the Basic payment option is calculated when a member is eligible to retire.

Nonhazardous Example

Jane Doe works in a Nonhazardous position for an agency participating in CERS. She is retiring July 1 at age 57 with a final compensation of $42,100 and 30 years of service credit. Her benefit is calculated using the retirement formula:

Final Compensation		Benefit Factor*		Years of Service		Annual Benefit
$	x	%	x		=	$22,102.50
$42,100		1.75%		30 Years		

*Jane has 360 months of service credit, so her benefit factor is 1.75%

The value produced by the retirement formula is divided by twelve to get a monthly payment under the Basic option:

Annual Benefit				Monthly Benefit
$22,102.50	/	12	=	$1,841.88

In this example, Jane's monthly payment would be $1,841.88 under the Basic payment option.

Hazardous Example

Jack Doe works in a Hazardous position for an agency participating in CERS. He is retiring July 1 with a final compensation of $44,000 and 25 years of service credit. His benefit is calculated using the retirement formula:

Final Compensation		Benefit Factor*		Years of Service		Annual Benefit
$	x	%	x		=	$24,750.00
$44,000		2.25%		25 Years		

*Jack has 300 months of service credit, so his benefit factor is 2.25%

The value produced by the retirement formula is divided by twelve to get a monthly payment under the Basic option:

Annual Benefit				Monthly Benefit
$24,750.00	/	12	=	$2,062.50

In this example, Jack's monthly payment would be $2,062.50 under the Basic payment option.

You can view benefit estimates for different retirement dates online using our self service website. Read more on page 22.

Can I Leave My Benefit to Someone?

Before Retirement

File Form 2035 to designate a beneficiary for your account prior to retirement. If you do not have a valid Form 2035 on file with our office, the beneficiary of your member account will be your estate. Before you retire, the payment options available to your beneficiary are based on your account at the time of your death.

When You Retire

At retirement, you will designate one beneficiary for your account. The payment option you select at retirement will determine the benefits provided to your beneficiary upon your death. It's important to keep in mind that a beneficiary does not have access to our health insurance plans if they are not receiving a monthly benefit. Additionally, members that retire with at least 48 months of service credit in KRS are eligible to name a beneficiary for a separate $5,000 death benefit. Read more about this benefit on page 19.

Beneficiaries have the choice to decline monthly payments and instead opt to receive the remaining balance of the member's contributions and interest in a one-time payment. The one-time payment may be:

- Paid directly to the beneficiary (minus 20% for federal income tax), or
- Partially or directly rolled over to an Individual Retirement Account (IRA) or employer plan

When our office receives notification of a member death, we contact the beneficiary and outline the available payment options.

You can see your current beneficiary designation online using our self service website. Read more on page 22.

Form 2035

Before you retire, you may name principal and contingent beneficiaries.

Form 6000

When you retire, you name one beneficiary on your retirement application.

Good to Know

Are my benefits protected?

The laws governing each retirement system establish an inviolable contract with the Commonwealth, which means that most retirement benefits provided by law at the time the member begins participation cannot be changed.

Health insurance benefits are not covered under the inviolable contract for Tier 2 members. This means that the General Assembly could change Tier 2 retiree health insurance benefits.

State law defines retirement benefits covered under the inviolable contract for each system:

KERS *Kentucky Revised Statutes 61.692*

CERS *Kentucky Revised Statutes 78.852*

SPRS *Kentucky Revised Statutes 16.652*

Health Insurance

To be eligible for health insurance through KRS when you retire, you must have at least 180 months of service in a state-administered retirement system. If you retire with less than 180 months of service credit, you cannot participate in the health plans KRS offers. A Tier 2 member who retires and is reemployed in a regular full-time position required to participate in KRS shall take coverage with his or her employing agency during the period of reemployment.

If eligible, KRS will pay a contribution toward the premium based on how many years of service you have at retirement. For nonhazardous retirees, KRS pays $10 toward the monthly premium for each full year of service the member has at retirement. Hazardous retirees receive $15 toward the monthly premium for each full year of service at retirement. Upon the retiree's death, the spouse of a hazardous member will receive a monthly insurance contribution of $10 per month for each year of hazardous service, provided the spouse is designated as beneficiary and remains eligible for monthly benefits.

The monthly insurance benefit has been increased annually by a Cost Of Living Adjustment (COLA) since July 2004. The annual 1.5% increase is cumulative and continues to accrue after retirement.

The following examples do not reflect the annual COLA.

Nonhazardous Example

If a nonhazardous member began participating August 1, 2010 and retires with 20 years of actual service, the KRS contribution toward insurance coverage is $200 per month.

Hazardous Example

If a hazardous member began participating August 1, 2010 and retires with 20 years of actual hazardous service, the KRS contribution toward insurance coverage is $300 per month. Upon the member's death, the spouse, if eligible, would receive a monthly insurance contribution of $200 per month.

A Tier 2 member who retires and is reemployed in a regular full-time position is required to participate in KRS and shall take coverage with his or her employing agency during the period of reemployment.

This guide is intended to give you a brief description of your retirement benefits. Want more info? Refer to our Summary Plan Description at https://kyret.ky.gov.

Disability Benefits

If you become disabled during the course of your employment, you may be eligible to apply for disability retirement benefits. If approved, this option allows you to receive a monthly benefit before you reach retirement eligibility. For more information on disability benefits, please contact the KRS Disability and Death Division.

Beneficiary Designation

When you begin participating, you should file Form 2035 at our office to designate a beneficiary for your retirement account. You may name principal and/or contingent beneficiary(ies) on this form. You can change this designation at any time prior to retirement by filing a new Form 2035 with our office.

Before you retire, your beneficiary may be one individual, multiple individuals, your estate, or a trust. When you retire, your retirement account beneficiary can be one person, your estate, or a trust.

At retirement, you will designate one beneficiary for your retirement account on the Form 6000, Notification of Retirement. A member cannot change the beneficiary designation after the first day of the month in which he or she receives the first retirement check. If an individual who is not your spouse is selected as beneficiary at the time of retirement, certain payment options may not be available depending on the age difference between you and your beneficiary.

Death Benefit

There is a $5000 death benefit for retired members who are receiving a monthly retirement payment based on at least 48 months of service at KRS (KTRS service is not counted) This benefit is not a form of insurance. With the $5,000 death benefit, the member can name one person, their estate, a trust, or a licensed funeral home as beneficiary. This beneficiary can be different than the beneficiary named for the monthly benefit.

Unlike the retirement account beneficiary, a retiree may change this beneficiary designation after retirement.

Your beneficiary will be your estate if you do not have a valid Form 6030, Death Benefit Designation, on file with our office.

Taxes

Monthly benefits from KRS are subject to federal income tax. Retirement benefits may also be subject to state tax.

In Kentucky, all benefits attributable to service earned prior to January 1, 1998 are exempt from state income tax. Benefits earned January 1, 1998 and after are subject to state income tax but may be excludable up to a certain amount. Retirement credit for unused sick leave is treated as being earned at the time of retirement. See schedule P in the Kentucky income tax forms for the exclusion amount and calculation.

Leave

Members in the Tier 2 plan may receive up to 12 months of service credit for unused sick leave at the time of retirement, if their employer has adopted the Standard or Alternate sick leave program with KRS. *Sick leave is credited based on the member's unused hours of sick leave and the hours worked per day.*

Lump sum compensatory payments and annual leave are not used to calculate benefits for Tier 2 members.

Sick leave service credit is not used to determine retirement eligibility.

Service with Other Plans

If you have service with more than one state administered retirement system in Kentucky, you may be able to combine service to determine eligibility for benefits, total service credit and final compensation. Each system will pay a benefit based on the amount of service in that system. If you have an account in more than one of the systems listed below, you should contact KRS to determine the benefits you may be eligible to receive at retirement.

- Kentucky Employees Retirement System (KERS)
- County Employees Retirement System (CERS)
- State Police Retirement System (SPRS)
- Kentucky Teachers Retirement System (KTRS)
- Judicial Retirement Plan (JRP)
- Legislators Retirement Plan (LRP)

To receive benefits from all systems, you must no longer work for a participating agency and submit the required forms to each system at the time of retirement.

New Members

When you are hired, your employer submits information about your employment to our office. Once you are eligible to participate in KRS, your account is created. As a participating member, you are required to complete Form 2001, Membership Information, and Form 2035, Beneficiary Designation. You can find both forms on our website at https://kyret.ky.gov.

No benefit will be paid, including a refund of your account, until Form 2001 is received. If you do not have a valid Form 2035 on file, the beneficiary of your retirement account will be your estate. Completed forms must be on file at our office in Frankfort to be valid.

Change of Address

It is important to keep your address current with KRS. If your address changes, you should let your employer know as soon as possible. Your employer will notify KRS as part of their monthly reporting. You may also change your address online through your self service account (see page 22) or by completing Form 2040, Change of Address. Make sure you tell your employer about your address change so the monthly report to KRS is correct. If you do not, the monthly report will override your address change.

Accessing Benefits Info

KRS is committed to protecting the confidentiality and security of your member data. KRS has developed and implemented policies and processes that safeguard your information which include assigning a Member ID and Personal Identification Number (PIN) to each member.

Member ID

KRS has created a unique account number for all members known as the Member ID. Your Member ID may be six or seven digits. Your Member ID is your account number and is only valid when you are doing business with our office.

We use your Member ID to maintain your account and file information you submit to our office. Your Member ID is the identifying number on KRS forms and letters you receive from our office.

When you login to our self service site, your Member ID will be the first item displayed on each page under your benefit account information.

1234

PIN

KRS has also created a four-digit PIN which provides an added layer of security when you interact with KRS, whether online or over the phone.

When calling to discuss your account, you will need to provide your Member ID and PIN. You will also need your PIN to register and access your account online.

You can request a new PIN by calling our office at 1-800-928-4646. Your PIN will be mailed to the address you have on file at KRS.

Online

We encourage our members to look at the information available on our web site, https://kyret.ky.gov. You can find us on Facebook at https://www.facebook.com/kyretirement. Make sure you like our page so we show up in your news feed. We also have a YouTube channel at https://www.youtube.com/user/KentuckyRetire that offers educational videos and webinars for our members.

Educational materials and forms are available on our website. You may also use our self service site to access your retirement account online. The registration process is easy. Once you've registered, share your email address with us so we can deliver your member newsletter and important announcements to your inbox.

Outreach & Programs

KRS offers educational opportunities throughout the year, including webinars and onsite workshops. Visit our website to see what programs are scheduled.

Our programs usually require advance registration. Please read the program description to find one that works best for you.

My Online Account

Self service offers you a convenient way to manage your account and prepare for retirement. Registration is easy:

❶ Go to MyRetirement.ky.gov

This is the direct link to your self service account.You can also visit the KRS website at https://kyret.ky.gov to access the login page.

❷ Connect to Your Account

To register, you will enter your Social Security number, date of birth and PIN so we can identify your account. You will only be asked for your Social Security number during this initial registration.

❸ Create Login Information

We will ask you to create a User ID and Password, which you will use each time you login to your account. For additional security, you will answer a secret question. This answer will be used when you need to reset your User ID or Password.

When the setup steps are complete, you are ready to manage your retirement account online.
We encourage you to login and share your email address with us so we can email newsletters and announcements.

We're Here for You

If you need more information about your retirement benefits, please don't hesitate to let us know. We want to help make your journey to retirement as easy as possible. We're always happy to answer any questions you may have.

krs.mail@kyret.ky.gov

Incoming email is not secure. Email should only be used for general questions. You should never include confidential or personal information in email.

1-502-696-8800
— or —
1-800-928-4646

Perimeter Park West
1260 Louisville Road
Frankfort, KY 40601

https://kyret.ky.gov
https://myretirement.ky.gov
https://www.facebook.com/kyretirement

If you write us, please include your name, Member ID, mailing address and signature.

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If you have any questions about the material printed in this publication, please contact Kentucky Retirement Systems at 1-800-928-4646. This publication is intended merely as a general information reference for members of KRS. If you have any specific questions about the subjects covered by this publication, you should contact the retirement office. This publication is not intended as a substitute for applicable Federal or state law, nor will its interpretation prevail should a conflict arise between its contents and applicable Federal or state law. Before making decisions about your retirement, you should contact Kentucky Retirement Systems.

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