Employer Voluntary Cessation From Participation
FAQs June 30, 2019 Cessation Date

Revised February 2019

# GENERAL INFORMATION FOR EMPLOYEES

## Judi's Place for Kids, Inc. (JPK)
## Gateway Children's Advocacy Center (GCAC)

## Q *I have learned that my employer is requesting to cease participation with Kentucky Retirement Systems. Can they do that?*

**A** Yes. Legislation was enacted during the 2015 Regular Session of the Kentucky General Assembly that created a statute establishing a process for certain employers to cease participation with Kentucky Retirement Systems (KRS). In return, a ceasing employer is required to pay their share of any outstanding unfunded liability.

Although state law ensures that benefits previously earned by employees will not be affected by the employer's cessation, employees will not be able to earn future service credit with the ceasing employer. State law requires that the employer offer an alternative retirement plan for its employees.

## Q *When will my employer cease participating with Kentucky Retirement Systems?*

**A** *Current and former employees of a ceasing employer should be aware of two important time periods:*

**June 30, 2019:** This is the last day current employees may earn service credit with the ceasing employer. This date is also the deadline for an employee to file all documents necessary to complete a service purchase or enter into a service purchase installment agreement.

**January - June 2020:** During this time period, the KRS Board of Trustees is scheduled to make a final decision whether an employer can cease to participate. If the Board approves the employer's application, employees who requested refunds of their retirement account pursuant to KRS 61.522, will have those balances transferred directly to the ceased employer's alternative retirement plan. Following the final decision by the KRS Board of Trustees, employees with installment purchase of service agreements will have the opportunity to complete the service purchases.

## Q *What will happen to my retirement account if I have earned service credit with an employer that has ceased participating with Kentucky Retirement Systems?*

**A** Your retirement account is safe! You will not lose your retirement account if your employer or former employer ceases participation in KRS unless you take a refund of your account. However, current employees of a ceasing employer will no longer earn service credit towards retirement after June 30, 2019.

You are not required to take a refund! Your employer cannot force you to transfer your KRS retirement account to the ceased employer's alternative retirement plan.

## Q *What should I do if I have questions or want more information regarding my retirement account?*

**A** To learn more about your retirement account, please utilize KRS' online Self Service ("Self Service") tool. Registering for Self Service will allow you to access your current account information. If you are a first-time user of Self Service, you will need to register. You must have your KRS Personal Identification Number (PIN) to register online and validate any changes you make to your account information. To register, go to the KRS homepage at https://kyret.ky.gov:

1. Click on "**LOGIN**" in top right corner.
2. Click on "**MEMBER LOGIN**" if you are not retired or "**RETIREE LOGIN**" if you are retired.
3. On the next screen, click the "Need to Register?" link.
4. Enter your Social Security Number and Date of Birth. Click the "Next" button.
5. Enter your KRS PIN.
6. Enter a valid email address. Click the "Next" button.
7. Enter a User ID, password, and select and answer a secret question.
   Make sure your User ID and password meet the requirements noted on this page.
   Click the "Next" button.
8. Your registration will be complete and you will be logged into your account.

The next time you log into Self Service, you will only need to provide the User ID and password you created in step 7 of the registration process. If you cannot remember your User ID or password, you can reset them by clicking on the "Forgot User ID or Password?" link. If you are unable to reset them, you may register for Self Service again by clicking the "Need to register?" link and following the steps outlined above.

***Please be advised that multiple unsuccessful attempts to log into Self Service may void your four-digit PIN. In that case, you will need to request a new PIN. If you have questions, concerns, or have issues logging into Self Service, contact our office at (502) 696-8800 or 1-800-928-4646. When you call, you will be asked for your member ID.***

# REFUND AND RETIREMENT QUESTIONS

## TIER 1 AND TIER 2 MEMBERS

*(participation began prior to January 1, 2014)*

***ALERT: Your employer must determine if its alternative retirement plan qualifies to accept the transfer of your retirement account. If your employer determines that its alternative retirement plan cannot accept the transfer, your account will remain at KRS. Please contact your employer for more information.***

**Q** ***I am currently working for a ceasing employer and not yet eligible to retire. What are my options with my retirement account?***

**A** **Prior to June 30, 2019:** Current employees are not eligible for a distribution of their account.

**July 1, 2019 through August 29, 2019:** During this time period, an employee may file Form 1500, KRS 61.522 60-Day Transfer Request, to apply for a transfer of his or her retirement account. However, the employee's accumulated account balance will not be transferred to the employer's alternative retirement plan until the employer's cessation receives final approval from the KRS Board of Trustees.

**After August 29, 2019:** Employees must terminate their employment with the ceasing employer in order to be eligible for a refund of their retirement account. Any employee who does not take a refund may keep his or her retirement account at KRS until they are eligible to retire. Once eligible, the employee may terminate employment and retire.

**Q** ***I am currently working for a ceasing employer and am eligible to retire. What are my options with my retirement account?***

**A** **Prior to June 30, 2019:** An employee who is eligible to retire may file Form 6000, Notification of Retirement, and may retire once he or she has terminated employment.

**July 1, 2019 through August 29, 2019:** During this time period, an employee may file Form 1500, KRS 61.522 60-Day Transfer Request, to apply for a transfer of his or her retirement account to the ceasing employer's alternative retirement plan. However, the employee's accumulated account balance will not be transferred until the employer's cessation receives final approval from the KRS Board of Trustees.

For those employees who do not request to transfer his or her retirement account to the ceasing employer's alternative retirement plan, the employee may file Form 6000, Notification of Retirement, and retire once he or she has terminated employment.

**After August 29, 2019:** An employee who is eligible to retire may file Form 6000, Notification of Retirement, and retire once he or she has terminated employment.

**Q** ***I am currently working with an employer that participates with KRS but I earned prior service credit with a ceasing employer. What are my options with my retirement account?***

**A** Current employees of a participating employer are not eligible for a distribution from their active retirement account even if some of the service credit was earned while working for a ceasing employer. However, service credit previously earned through the ceasing employer should not be affected.

**Q** ***I no longer work for a ceasing employer but am not eligible to retire. What are my options with my retirement account?***

**A** Members who are no longer working for a ceasing employer or any other agency participating with KRS may file Form 4525, Application for Refund of Member Contributions and Direct Rollover/Direct Payment Election, to request a refund of his or her retirement account. Refunds may be paid to an employee directly or "rolled over" to another qualified retirement plan. Please be advised that there may be tax consequences related to the method of distribution and it is the sole responsibility of the member to understand those consequences and/or seek the advice of a tax professional.

Alternatively, a member who is not eligible to retire may keep his or her retirement account at KRS until they are eligible to retire. Once eligible, the employee may terminate employment and retire.

***I no longer work for a ceasing employer and am eligible to retire. What are my options with my retirement account?***

Members who have terminated from employment with all agencies participating with KRS may apply for and receive a retirement benefit if they otherwise satisfy all applicable state and federal requirements.

***Remember: If you are already retired from KRS, your account should not be affected unless a discrepancy is identified.***

# REFUND AND RETIREMENT QUESTIONS

## TIER 3 MEMBERS

*(participation began on or after January 1, 2014)*

***ALERT: Your employer must determine if its alternative retirement plan qualifies to accept the transfer of your retirement account. If your employer determines that its alternative retirement plan cannot accept the transfer, your account will remain at KRS. Please contact your employer for more information.***

***I am currently working for a ceasing employer. What are my options with my retirement account?***

**Prior to June 30, 2019:** Current employees are not eligible for a distribution of their account.

**July 1, 2019 through August 29, 2019:** During this time period, an employee may file Form 1500, KRS 61.522 60-Day Transfer Request, to apply for a transfer of his or her retirement account to the ceasing employer's alternative retirement plan. In addition to the employee's retirement account, a Tier 3 member will also receive the employer pay credit and accrued interest, as defined by KRS 61.597(2), attributable to the ceasing employer. However, the employee's accumulated account balance will not be transferred until the employer's cessation receives final approval from the KRS Board of Trustees.

***ALERT: As a result of the employer pay credit portion of the transfer, Tier 3 members who transfer their accumulated account balance to the employer's alternative retirement plan WILL NOT BE ELIGIBLE to participate in a KRS retirement plan in the future.***

**After August 29, 2019:** Employees must terminate their employment with the ceasing employer in order to be eligible for a refund of their retirement account. Any employee who does not take a refund may keep his or her retirement account at KRS until they are eligible to retire. Once eligible, the employee may terminate employment and retire.

***ALERT: As a result of the employer pay credit portion of the refund, Tier 3 members who refund their accumulated account balance WILL NOT BE ELIGIBLE to participate in a KRS retirement plan in the future.***

***I no longer work for a ceasing employer. What are my options with my retirement account?***

A member who is no longer working for a ceasing employer or any other agency participating with KRS may file Form 4525, Application for Refund of Member Contributions and Direct Rollover/Direct Payment Election, to request a refund of his or her retirement account. A Tier 3 refund will consist of the employee's accumulated account balance, including the employer pay credit and accrued interest, as defined by KRS 61.597(2), attributable to the ceasing employer.

***ALERT: As a result of the employer pay credit portion of the refund, Tier 3 members who take a refund WILL NOT BE ELIGIBLE to participate in a KRS retirement plan in the future.***

Refunds may be paid to an employee directly or "rolled over" to another qualified retirement plan. Please be advised that there may be tax consequences related to the method of distribution and it is the sole responsibility of the member to understand those consequences and/or seek the advice of a tax professional.

Alternatively, a member who is not eligible to retire may keep his or her retirement account at KRS until they are eligible to retire. Once eligible, the member may terminate employment and retire.

***Remember: If you are already retired from KRS, your account should not be affected unless a discrepancy is identified.***

## RETURNING TO WORK AFTER RETIREMENT

**Q** ***I am retired through Kentucky Retirement Systems and would like to return to work with an employer that is ceasing participation with Kentucky Retirement Systems. What should I do?***

**A** Pursuant to KRS 61.637, all normal reemployment after retirement rules apply and retirees returning to work with a ceased or participating employer must observe a "bona fide separation" from service. To have a "bona fide separation" from service the retiree can neither have a pre-arranged agreement to return to employment at the time of retirement nor return to work within three (3) calendar months of retirement. In addition, the retired member must submit a Form 6751, available on the website www.kyret.ky.gov. **YOU SHOULD NOT RETURN TO WORK UNTIL YOU HAVE RECEIVED APPROVAL FROM KRS.**

If you are unsure whether your employment after retirement is restricted under the law, please send written correspondence to KRS, including: (i) your name and address, (ii) KRS' Member ID, (iii) name of employer, (iv) the date you began discussing reemployment with this employer, (v) and the anticipated start date of your reemployment. The written statement should be mailed to Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, Kentucky 40601 or faxed to (502) 696-8822. Upon receipt, your request for reemployment will be reviewed and you will receive a written response from KRS.

## EMPLOYER DOES NOT STOP PARTICIPATING

**Q** ***What will happen to my retirement account if my employer does not successfully cease participation with KRS?***

**A** If an employer's application to cease participation in KRS fails for any reason, employees will once again begin to accrue service credit.

Additionally, for the time period between July 1, 2019 and when the cessation application fails, employees will be able to regain any lost service credit by paying an amount equivalent to the missing employee contributions. If this occurs, you will be notified by KRS regarding the steps necessary to regain any lost service credit. Given the possibility that the cessation application may fail and the availability of purchasing the lost service credit, employees may need to consider saving funds to make such a purchase.

## PURCHASE OF SERVICE CREDIT

**Q** ***I am eligible to purchase service credit with KRS for employment with a ceasing employer. What do I need to do?***

**A** KRS members may be eligible to purchase more than 31 types of service. Service purchases generally allow an employee to increase service credit to enhance his or her retirement benefit(s).

Members whose service purchase includes time periods earned through the ceasing employer or are dependent upon the ceasing employer's continued participation, must either complete the purchase or enter into a service purchase agreement with KRS no later than **June 30, 2019**.

**Q** ***What payment methods are available to purchase service credit?***

**A** Subject to the limitations set forth in Section 415 of the Internal Revenue Code, eligible service credit may be purchased by the following payment methods: Lump Sum Payment, Installment Purchase of Service Agreement, Rollover or Transfer from a Qualified Plan. Pre-tax dollars can be used for any service purchase type while post–tax dollars are limited to certain service purchase types.

# CONTACT US

***PLEASE DO NOT DELAY THE REVIEW OF YOUR ACCOUNT INFORMATION VIA SELF SERVICE. A DELAY COULD PREVENT YOU FROM MEETING THE 6/30/2019 DEADLINE AND FORFEITING YOUR ABILITY TO RECEIVE SERVICE CREDIT.***

**Q** ***Who do I contact if I want to discuss my options?***

**A** Once you have reviewed your account information via Self Service, please send your inquiry with the following information to ***KRSEmployerWithdrawal@kyret.ky.gov***.

- **Your full name**
- **Your telephone number**
- **Your email address**

You must use this email address to expedite your request and ensure that you are able to complete all eligible service purchases ***on or before June 30, 2019***. After this initial email is received, KRS will contact you to initiate your request. Please allow five (5) business days for KRS to respond to your request. If you have not received a response in five (5) business days, please contact our office at 1-800-928-4646 to ensure your request was received and is being processed.

***Please do not send your member ID, Social Security number, or other confidential information in your email. KRS will respond to your email using the secure email portal.***

**Legal Notice:** If you have any questions about the material in this FAQ, please contact Kentucky Retirement Systems at 1-800-928-4646. This FAQ is intended merely as a general information reference for members of KRS. If you have specific questions about the subject covered by this notice, you should contact the retirement office. This notice 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.


**Call Center** *(with Call Back Assist)*
Monday - Friday 8:00am - 4:30pm (EST)
1-502-696-8800 or 1-800-928-4646

Perimeter Park West
1260 Louisville Road
Frankfort, KY 40601

**Our Website**
*https://kyret.ky.gov*

**Self Service**
*MyRetirement.ky.gov*

**Member Education**
*youtube.com/user/KentuckyRetire*

**Member Communications**
*www.Facebook.com/kyretirement*
Twitter - *@KYretire*