



Sick Leave Programs

Besides the required retirement benefits that a member receives through participation with KRS, employers can elect to provide additional benefits through the retirement systems. Sick Leave Programs offer incentive for an employee to save sick leave.

Leave Programs Vary by System

Most KERS and SPRS employers participate in the standard sick leave program, while CERS employers have an option of participation in the alternate sick leave program, the standard sick leave program, or neither. KRS 78.616 provides an opportunity for CERS employers to extend benefits to their employees by purchasing additional retirement service credit for accumulated sick leave. Employees of CERS may receive service credit for their sick leave at the time of retirement if their employer has adopted a sick leave program with the Kentucky Retirement Systems. There are two (2) sick leave programs that the CERS employer may adopt — “Standard” as described in KRS 78.616 (1)(2)(3) and (4) or “Alternate” as described in KRS 78.616 (2) and (5). The programs are described below.

CERS employers will pay sick leave costs according to the policy each agency has adopted. The cost to purchase sick leave credit considers the earliest possible retirement date for an unreduced benefit and the Cost of Living Adjustment in the actuarial purchase factors.

Please Note: As of July 1, 2010, KERS and SPRS employers are required by law to pay for all unused sick leave which converts to additional service credit upon a member's retirement. Employers are billed for the cost following the post retirement audit of the member's account. If an employee with unused sick leave hours retired on or after July 1, 2010, and you have not yet received an invoice for a member's sick leave, please be advised it will be forthcoming. If you need a preliminary estimate of the cost for budgetary planning, you may contact your Employer Reporting, Compliance and Education reporting team.

Standard Leave Program

Under the standard sick leave program, an agency participating in CERS may purchase service credit for up to six (6) months of unused sick leave for each retiring employee. Effective July 15, 1998, CERS agencies became eligible to pay for additional sick leave in excess of six months. Agencies may pay either the entire cost of sick leave in excess of six months or the cost of sick leave in excess of six months can be split with the employee.

For employees whose participation date is prior to September 1, 2008, the additional months of service credit may be used to determine eligibility for retirement and will increase the employee's retirement benefit. For employees whose participation date is on or after September 1, 2008, credit for sick leave is limited to 12 months and the service credit gained through sick leave may increase a member's benefit, but will not count toward their eligibility to retire.



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In order to convert the hours to months, the accumulated hours are divided by the number of hours the employee is scheduled to work per day at the time of termination, which provides the total days of sick leave. The total number of sick leave days is divided by 21 (the average number of working days per month). KRS 61.546(2) directs that sick leave credit will be rounded to the nearest whole month. In order to meet this statutory requirement, it is KRS policy to credit the retiring employee with a month of additional sick leave credit if the employee has 11 days of accumulated sick leave. For each additional month, the retiring employee is required to have 21 additional days.

For members of KERS, the sick leave is converted to additional months of sick leave in the member's account. Effective July 1, 2010 for KERS and SPRS, the last participating employer will be required to pay the full cost of any sick leave credited to the member's account.

Alternate Unused Leave

Under the alternate sick leave program, employees are compensated for as many accumulated, unused sick leave days as the agency's sick leave policy provides. The policy must be written and universally applied to all employees. Payment for unused sick leave days at the time of termination is incorporated into the member's final compensation, if the employee and employer contributions are made to KRS for the sick leave payment. The number of sick leave days for which the employee is compensated shall be divided by the average working days in a month (21) in county service and rounded to the nearest number of whole months. This number of months is added to the employee's total service credit and to the number of months used to determine creditable compensation pursuant to KRS 78.510, but no more than 60 months shall be used to determine creditable compensation.

Reporting Sick Leave

Standard Sick Leave Program: When an employee has an Employment End Reason of termination, death or retirement reported in the monthly detail report, the following fields should also be reported: Accrued Sick Leave Hours and Sick Leave Accrual Rate.

For members of CERS, the sick leave is converted to additional months of credit at the direct expense of the employer. Upon completion of the final retirement audit, KRS will calculate the cost to the agency for the first six (6) months of the employee's sick leave and issue a Sick Leave Invoice for the cost of the months of service. The agency is required to pay the cost of the service by the due date on the invoice. Since CERS sick leave does not transfer from one agency to another, if the member worked for more than one agency that participates in the standard sick leave program, each employer must report the sick leave balance upon the employee's termination, retirement, or death.

Alternate Sick Leave Program: At the time the member terminates employment, the agency shall compensate the employee for as many unused sick leave hours as it is the uniform policy



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of the agency to allow. Employee and employer retirement contributions shall be withheld on this payment. The agency shall report this payment on the detail monthly report as a separate record with a Payment Reason of Alternate Sick Leave Payment. Please note that a board of education may only compensate an employee for unused sick leave at the time of retirement pursuant to KRS 161.155.

In cases where the employee quit working for the employer prior to September 2011, a Form 6500, Sick Leave Authorization, will be sent to the employer to certify the member's accumulated unused sick leave hours at the time the employee terminated their employment with the agency.