PRE-RETIREMENT
Education Program
KRS administers retirement benefits for over 386,000 state and local government employees.

These employees include state employees, state police officers, firefighters, city and county employees, local agency employees, and classified staff of local school boards and regional universities.
**DID YOU KNOW...**

<table>
<thead>
<tr>
<th>Retirement System</th>
<th>Hazardous</th>
<th>Non-hazardous</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Kentucky Employees Retirement System (KERS)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average Salary</td>
<td>$40,606</td>
<td>$42,665</td>
</tr>
<tr>
<td>Average Benefit</td>
<td>$15,705</td>
<td>$21,477</td>
</tr>
<tr>
<td><strong>State Police Retirement System (SPRS)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average Salary</td>
<td>$54,079</td>
<td></td>
</tr>
<tr>
<td>Average Benefit</td>
<td>$39,723</td>
<td>$15,705</td>
</tr>
<tr>
<td><strong>County Employees Retirement System (CERS)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average Salary</td>
<td>$59,041</td>
<td>$30,941</td>
</tr>
<tr>
<td>Average Benefit</td>
<td>$27,952</td>
<td>$11,828</td>
</tr>
</tbody>
</table>

Reference 2019 Comprehensive Annual Financial Report
DID YOU KNOW…

Kentucky Employees Retirement System

Non-hazardous
Active – 33,432
Retired – 42,874

Hazardous
Active – 3,779
Retired – 3,146

State Police Retirement System

Hazardous
Active - 899
Retired – 1,484

County Employees Retirement System

Non-hazardous
Active – 84,632
Retired – 58,933

Hazardous
Active – 9,402
Retired – 8,000

Reference 2019 Comprehensive Annual Financial Report
DID YOU KNOW…

- As of June 30, 2019, the market value of KRS assets (pension and insurance) was $18.4 billion.
- KRS pays over $2.1 billion in pension and insurance benefits each year.
  - 93.64% of benefit payments are delivered to Kentucky residents and have a significant impact on the Kentucky economy.
  - Each county in Kentucky receives at least $1 million annually from KRS.

Reference 2019 Comprehensive Annual Financial Report
A seventeen member Board of Trustees administers the systems. KRS reports for budget purposes to the Kentucky General Assembly.

Requirements for Governor Appointee:

- Must be knowledgeable about the pension requirements on local government
- Six must have at least 10 years of investment experience
- One each from a list of nominees submitted by: KY League of Cities, the KY Association of Counties, and the KY School Boards Association
Benefits are funded through three sources:

1. Member Contributions
2. Employer Contributions
3. Return on Investments
### Plan Funding

**HB 1 and HB 352**  
House Bill 1 passed during the 2019 Special Session, and House Bill 352 passed during the 2020 Regular Session, reduced the employer contribution rate for KERS quasi-governmental agencies, keeping the rate at 49.47% for fiscal years 2020 and 2021.

**House Bill 362**  
Passed during the 2018 legislative session, capping CERS employer contribution rate increases up to 12% per year over the prior fiscal year for the period of July 1, 2018 to June 30, 2028.

### 2019-2020 Fiscal Year

<table>
<thead>
<tr>
<th>Plan</th>
<th>Employee Contribution Rate*</th>
<th>Employer Contribution Rate Effective 7/1/2020</th>
<th>Employer Contribution Rate Effective 7/1/2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>KERS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-Hazardous</td>
<td>5%</td>
<td>83.43%</td>
<td>84.43%</td>
</tr>
<tr>
<td>Hazardous</td>
<td>8%</td>
<td>36.85%</td>
<td>36.00%</td>
</tr>
<tr>
<td><strong>CERS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-Hazardous</td>
<td>5%</td>
<td>24.06%</td>
<td>24.06%</td>
</tr>
<tr>
<td>Hazardous</td>
<td>8%</td>
<td>39.58%</td>
<td>39.58%</td>
</tr>
<tr>
<td><strong>SPRS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SPRS</td>
<td>8%</td>
<td>146.28%</td>
<td>143.48%</td>
</tr>
</tbody>
</table>

Employees with a participation date 9/1/2008 and after contribute an additional 1% towards the KRS Insurance Fund.
WHAT IS CREDITABLE COMPENSATION?

CREDITABLE COMPENSATION is earnings that must be reported to KRS and is used to calculate retirement benefits.
WHAT IS INCLUDED?

• All salary, wages, tips and fees, plus payments for *compensatory time paid to you as a result of services performed for the employer, including time when you are on paid leave.

• Lump sum bonuses, severance pay or employer-provided payments for purchase of service credit.

• Lump sum payments for sick leave when an employee terminates may be included IF the agency participates in the Alternate Sick Leave Program.

*For employees hired on or after September 1, 2008, creditable compensation will not include any payments for compensatory time.
WHAT IS NOT INCLUDED?

- Living allowances
- Expense Reimbursements
- Lump-sum payments for unused vacation time
- Lump-sum payments for unused sick leave *(Unless the agency participates in the Alternate Sick Leave Program)*
MEMBER ACCOUNTS

Policies & Processes

How KRS Protects Your Information

Personal Identification Number (PIN)
- 4-digit number
- Serves as added layer of security
- Required to obtain account information by phone

Member ID
- 6 or 7 digit number
- Used to maintain your account and file information
- Used on forms and letters
What happens to my account if I terminate employment?

• Retire, if eligible
• Leave the contributions in KRS until you reach retirement eligibility
• Refund of account balance
  • You will receive a one-time payment representing the money you contributed plus interest. The money your employer(s) contributed will remain with KRS.
  • Refunds can be paid in a lump sum or rolled into another qualified retirement plan.
  • If you take a lump sum refund, KRS is required to withhold 20% for federal income taxes.
MEMBER ACCOUNTS

Keep your email address current!

We now offer Call Back Assist!

Member Self Service (MSS) website:
myretirement.ky.gov

KRS website:
kyret.ky.gov

Email: krs.mail@kyret.ky.gov
Email is not secure

Telephone
(800) 928-4646

Mail
1260 Louisville Road
Frankfort, KY 40601

OUR WEBSITE
https://kyret.ky.gov
• Member Forms and directions
• News & Updates
• Publications (Recent and Archive)

SELF SERVICE
• Update your personal information
• Calculate your benefits
• Get your retirement information
SELF SERVICE REGISTRATION

To register, you will need your:

1. Social Security Number
2. Date of birth
3. Personal Identification Number (PIN)
4. Email address
Password requirements

Creating a strong password is important.
• Must be at least 8 characters
• Is case sensitive
• Can’t contain spaces
• Must have:
  - at least one uppercase letter
  - at least one lowercase letter
  - at least one number
  - one of the following special characters: @ # ! % $
What can you do with your online account?

- Contact Information
- Account History
- Account Balance Letter
- Account Summary
- Benefit Estimate
- Service Purchase Estimator
- Annual Statement
- Apply for Retirement Online
- Document Upload
BENEFIT ESTIMATE

The Benefit Estimate page uses real-time information to determine:

- Your earliest retirement date
- Your first unreduced retirement date
- Your payment options and amounts

### Benefit Estimate Calculator

You can generate a customized benefit estimate by completing the information below. As the data you enter is processed, you will be prompted for additional information. Once you have selected the criteria to be used, click the show estimate button to view your calculation results and options. This calculator does not perform any disability calculations. If you have questions about disability retirement, contact our office.

#### Membership Information

Your benefit estimate will automatically be calculated using all of your membership(s) with KRS. Uncheck any memberships that you do not want included in the benefit estimate by clicking the box to the left of the membership.

<table>
<thead>
<tr>
<th>Retirement System</th>
<th>Retirement Plan</th>
<th>Status</th>
<th>Participation Date</th>
<th>End Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kentucky Employees Retirement System</td>
<td>KERS Non-Hazard</td>
<td>INAC</td>
<td>7/30/2005</td>
<td>9/30/2009</td>
</tr>
</tbody>
</table>

#### Beneficiary Information

Your current beneficiary on file is listed below. Statutes require that members may have only one beneficiary at retirement. You may use a different beneficiary for the estimate by updating the information below. This will have no bearing on your beneficiary selection on file.
The service purchase estimate screen allows you to estimate the cost to purchase service you may be eligible to purchase using real-time data, as well as obtain an estimate of monthly payments using an installment plan.

IPS- If you click on the cost, you will be taken to a payroll deduction calculator, so you may estimate your payment schedule.
The Annual Statement page allows a member to view/print any Annual Statement issued since 2012.

A small percentage of our membership may not have had an Annual Statement generated due to unforeseen issues. If you do not see a link to your annual statement, please contact our office.
Apply for retirement online by logging into MSS.
View, upload, and check the status of uploaded documents for your MSS account.
THREE TIERS OF PLANS

With statutory changes enacted in 2008 and 2013, the retirement eligibility and structure of retirement payments changed dramatically.

KRS designates members in three distinct tiers, based on initial participation date:

1. **DEFINED BENEFIT PLAN**
   - Participation date prior to September 1, 2008

2. **DEFINED BENEFIT PLAN**
   - Participation date on, or after, September 1, 2008 through Dec 31, 2013

3. **HYBRID CASH BALANCE PLAN**
   - Participation date on, or after, January 1, 2014
CURRENT SERVICE is earned as a contributing member. For each month in which wages and contributions are reported for regular full-time employment, a member earns one month of service credit.

- A regular full-time position averages 100 or more hours per month over a calendar or fiscal year.
- For local school boards, a regular full-time position is a permanent full-time, permanent part-time or substitute non-certified position where the job duties require the employee to average 80 or more hours of work per month over actual days worked.
NOTE TO CERS MEMBERS:
If your participation date with CERS is on, or after, 1/1/2014, you are not eligible for sick leave service credit at retirement, even if an earlier participation date is established in KERS or SPRS.

SICK LEAVE SERVICE CREDIT

KERS – Standard Plan
TIER 1 - pre 9/2008 participation: unlimited
TIER 2 - post 9/2008 participation: 12 months maximum

CERS – Optional for each agency
STANDARD SICK LEAVE PLAN: Credit up to 6 months

CERS employers may choose to split cost of sick leave in excess of 6 months or elect to pay the entire cost.

ALTERNATE SICK LEAVE PLAN: Members are paid for unused sick leave and receive service credit at termination or retirement.

Subject to the employer’s personnel policy.
For Pre 9/2008 participants, sick leave service credit counts toward retirement eligibility and health insurance benefits.
# Sick Leave Service Credit

Sick Leave Conversion Chart for 24-hrs on & 48-hrs off employees:

<table>
<thead>
<tr>
<th>7 1/2 Hour Day</th>
<th>8 Hour Day</th>
<th>Months of Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>82.5</td>
<td>88</td>
<td>1 Month</td>
</tr>
<tr>
<td>240</td>
<td>256</td>
<td>2 Months</td>
</tr>
<tr>
<td>397.5</td>
<td>424</td>
<td>3 Months</td>
</tr>
<tr>
<td>555</td>
<td>592</td>
<td>4 Months</td>
</tr>
<tr>
<td>712.5</td>
<td>760</td>
<td>5 Months</td>
</tr>
<tr>
<td>870</td>
<td>928</td>
<td>6 Months</td>
</tr>
<tr>
<td>1,027.5</td>
<td>1,096</td>
<td>7 Months</td>
</tr>
<tr>
<td>1,185</td>
<td>1,264</td>
<td>8 Months</td>
</tr>
<tr>
<td>1,342.5</td>
<td>1,432</td>
<td>9 Months</td>
</tr>
<tr>
<td>1,500</td>
<td>1,600</td>
<td>10 Months</td>
</tr>
<tr>
<td>1,657.5</td>
<td>1,768</td>
<td>11 Months</td>
</tr>
<tr>
<td>1,815</td>
<td>1,936</td>
<td>12 Months</td>
</tr>
</tbody>
</table>

For more chart information, please refer to your PREP Handbook.

<table>
<thead>
<tr>
<th>Days</th>
<th>Months of Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>5-10</td>
<td>1</td>
</tr>
<tr>
<td>15-20</td>
<td>2</td>
</tr>
<tr>
<td>25-30</td>
<td>3</td>
</tr>
<tr>
<td>35-40</td>
<td>4</td>
</tr>
<tr>
<td>45-50</td>
<td>5</td>
</tr>
<tr>
<td>55-60</td>
<td>6</td>
</tr>
</tbody>
</table>

For more chart information, please refer to your PREP Handbook.
PURCHASED SERVICE

Basic Requirements for Purchased Service Credit

Most types of service must meet minimum requirements in order to be purchased:

- The service must be in a full-time position in accordance with Kentucky Revised Statutes 61.510 and 78.510.
- The service cannot be credited to another defined benefit retirement plan.
- The member or the employer must provide verification of employment as required by KRS.

Most purchase types require the member to be participating and vested in KERS, CERS, or SPRS at the time the purchase is made.
Can I Buy Additional Service Credit?

- Purchases made after 8/1/2004 do not count toward insurance eligibility except for omitted service, hazardous conversion, and refund buybacks.

- Members with a participation date on or after 8/1/2004 cannot use most service purchase types for determining eligibility for retirement, disability retirement and death benefits.
BENEFITS OF PURCHASED SERVICE

For members who participated prior to 8/1/04, purchasing service allows them to retire earlier.

Compare estimates with and without eligible service purchases:

• Carefully compare the cost of the service credit against the benefits of the purchase.
• Weigh the cost against the recovery of the investment.

FOR EXAMPLE: A non-hazardous member can work 22 years, purchase 5 years of service and retire without penalty based on 27 years of service.
PURCHASING SERVICE
Types of Service Credit

Purchases Without Service Requirements:

• Repayment of a Refund* (6 months to validate)
• Omitted Service
• Summer Months
• Hazardous Conversion

* The purchase does not reinstate the original participation date from that service.
In order to be vested, 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.
PURCHASING SERVICE
Types of Service Credit

NON-QUALIFIED SERVICE (Air Time)

• May purchase up to 5 years.
• Must have 15 years of service credit to purchase.
• Requires 20 years in order for service to be added at the time of retirement.
• Must purchase with pre-tax money.
• Must have at least 60 months of current service in KERS, CERS, SPRS.
• Only employees with KRS service before **AUGUST 1, 2002** will be eligible to purchase non-qualified service.
Paying for
SERVICE PURCHASE

Lump Sum Payment
- Federal law limits the use of after-tax money to purchase service by lump sum payment
- IRC 415(c)

Rollover or Transfer from a Qualified Plan:
- Section 401(a), 401(k), 403(b), 457
- "Conduit" or "Rollover" IRA
- Traditional IRA

To initiate a rollover or transfer, Form 4170 must be completed and is available online or by request.

Installment Purchase of Service Agreement (IPS):
- Before-Tax
- After-Tax {Subject to IRC 415(c)}
Paying for SERVICE PURCHASE

Installment Payment Plan (IPS)

- A minimum service purchase cost of $1,000 is required.
- One year of installment payments is allowed for each $1,000 in cost with a maximum of 5 years to pay off the cost.
- An interest charge of 7.5% compounded annually is applied to the cost.
Before-Tax IPS

An employee may NOT cancel the installment agreement.

• The before-tax installment is an irrevocable, binding agreement that cannot be altered or terminated.

• An employee cannot prepay or pay off early the terms of the agreement.

• The before-tax installment shall only cease in the case of death or termination of employment.

• Upon termination of employment, the member MAY have the ability to pay off the remaining balance of the installment agreement by lump sum payment (if eligible), but the payment must be made BEFORE retirement.
Installment Payment Plan (IPS)

**After-Tax IPS**

An employee *MAY* cancel the installment agreement.

- An employee can pay off the agreement in a lump sum payment at any time.

- The IPS monies come out of your paycheck after income taxes are withheld, so there are no tax deferred savings.

- Subject to IRC 415 (C) provisions
What are the other State Administered Systems?

**OTHER SYSTEMS**

- Kentucky Employees Retirement System (KERS)
  - Hazardous | Non-hazardous

- County Employees Retirement System (CERS)
  - Hazardous | Non-hazardous

- State Police Retirement System (SPRS)

- TEACHERS Retirement System (TRS)

- LEGISLATORS Retirement Plan (LRP)

- JUDICIAL Retirement Plan (JRP)
Members who have accounts in more than one state-administered retirement system in Kentucky

• Accounts may be combined at the time of retirement to determine retirement eligibility and benefit amounts.

• A Tier 1 member is eligible for an unreduced benefit based upon their combined service of 27 years.

  17 years TRS + 10 years CERS = 27 total years service credit

• The member would receive a check from each system based on the actual service in each system.
Retirement Eligibility

When can I retire?
**Requirements for an UNREDUCED BENEFIT:**

<table>
<thead>
<tr>
<th>AGE 65 OR OLDER (48 months of service credit)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eligible to receive an unreduced monthly benefit based on the retirement formula.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>AGE 65 OR OLDER (with at least 1 month of service credit)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eligible to receive a benefit for life that is the actuarial equivalent to twice the member’s contributions and interest</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>27 YEARS OF SERVICE CREDIT - regardless of age</th>
</tr>
</thead>
</table>

**Requirements for a REDUCED BENEFIT:**

<table>
<thead>
<tr>
<th>25 TO 27 YEARS OF SERVICE CREDIT - regardless of age</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGE 55 (with at least 60 month of service credit)</td>
</tr>
</tbody>
</table>

Members participating prior to 9/1/08

**When can I retire?**

**NON-HAZARDOUS**
When can I retire?

HAZARDOUS

**Requirements for an UNREDUCED BENEFIT:**

- **20 YEARS OF SERVICE**
  
  Eligible to receive an unreduced monthly benefit based on the retirement formula.

- **AGE 55 OR OLDER** *(with at least 1 month of service credit)*
  
  Eligible to receive a benefit for life that is the actuarial equivalent to twice the member’s contributions and interest.

- **AGE 55 OR OLDER** *(with at least 1 month of service credit)*
  
  Eligible for a benefit based on the member’s salary and service.

**Requirements for a REDUCED BENEFIT:**

- **AGE 50** *(with at least 15 years of service credit)*

Members participating prior to 9/1/08

Check these pages in your PREP Handbook
When can I retire?
NON-HAZARDOUS

Requirements for an UNREDUCED BENEFIT:

**RULE OF 87** (*Age + years of service credit must = 87*)

* Member must be at least 57 years of age

**AGE 65** *(with 5 years of service credit)*

Requirements for a REDUCED BENEFIT:

**AGE 60** *(with at least 10 years of service credit)*

Members participating on, or after, 9/1/08 through 12/31/13
When can I retire?

HAZARDOUS

Requirements for an UNREDUCED BENEFIT:

25 OR MORE YEARS OF SERVICE

AGE 60 (with at least 60 months of service credit)

Eligible for a benefit based on the member’s salary and service.

Requirements for a REDUCED BENEFIT:

AGE 50 (with at least 180 months of service credit)
DETERMINING RETIREMENT BENEFITS

How is my monthly payment calculated?

The three (3) systems administered by the KRS are qualified public defined benefit plans.

A defined benefit plan pays benefits based on a formula:

\[
\text{Final Compensation} \times \text{Benefit Factor} \times \text{Years of Service} \times \text{Reduced Benefit Percentage (if applicable)}
\]
Final Compensation is defined as the average of the HIGHEST FIVE (5) FISCAL YEARS of salary for NON-HAZARDOUS and HIGHEST THREE (3) FISCAL YEARS of salary for HAZARDOUS.

- Partial years may be used to determine Final Compensation.
- A minimum of 48 months may be used in the averaging of salary for NON-HAZARDOUS and a minimum of 24 months for HAZARDOUS.
- *Compensatory payments can be reported as salary and used in determining the average salary.
# FINAL COMPENSATION

## SALARY AVERAGE

<table>
<thead>
<tr>
<th>NON-HAZARDOUS</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>HIGH 5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>YEAR</td>
<td>PAY</td>
<td># MONTHS</td>
<td></td>
</tr>
<tr>
<td>Year 1</td>
<td>$3,625</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Year 2</td>
<td>$31,295</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>Year 3</td>
<td>$29,795</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>Year 4</td>
<td>$28,295</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>Year 5</td>
<td>$26,795</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>($119,805 ÷ 49) X 12 = $29,340</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>HAZARDOUS</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>HIGH 3</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>YEAR</td>
<td>PAY</td>
<td># MONTHS</td>
</tr>
<tr>
<td></td>
<td>Year 1</td>
<td>$4,000</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Year 2</td>
<td>$46,000</td>
<td>12</td>
</tr>
<tr>
<td></td>
<td>Year 3</td>
<td>$44,000</td>
<td>12</td>
</tr>
<tr>
<td></td>
<td>Year 4</td>
<td>$44,000</td>
<td>12</td>
</tr>
<tr>
<td></td>
<td>Year 5</td>
<td>$44,000</td>
<td>12</td>
</tr>
<tr>
<td>($94,000 ÷ 25) X 12 = $45,120</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### BENEFIT FACTOR

<table>
<thead>
<tr>
<th>System</th>
<th>Benefit Factor</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>KERS Non-Hazardous (1)</td>
<td>1.97%</td>
<td>If a member does not have 13 months credit for 1/1/1998-1/1/1999.</td>
</tr>
<tr>
<td>KERS Non-Hazardous (2)</td>
<td>2.00%</td>
<td>If a member has 13 months credit for 1/1/1998-1/1/1999.</td>
</tr>
<tr>
<td>KERS Hazardous</td>
<td>2.49%</td>
<td>Only approved hazardous duty positions are eligible.</td>
</tr>
<tr>
<td>CERS Non-Hazardous (1)</td>
<td>2.00%</td>
<td>If a member began participating on, or after, 8/1/2004-9/1/2008.</td>
</tr>
<tr>
<td>CERS Non-Hazardous (2)</td>
<td>2.20%</td>
<td>If a member began participating prior to 8/1/2004.</td>
</tr>
<tr>
<td>CERS Hazardous</td>
<td>2.50%</td>
<td>Only approved hazardous duty positions are eligible.</td>
</tr>
<tr>
<td>SPRS</td>
<td>2.50%</td>
<td>Only approved hazardous duty positions are eligible.</td>
</tr>
</tbody>
</table>

Set by statute and vary based on:
- Participation date
- Type of service
- System
John Doe works in a Non-Hazardous position for an agency participating in CERS.

Retirement Date is 8/1/2023.
Final Compensation is $29,340.
27 years of Service Credit.

**RETIRED FORMULA:**
Members participating prior to 9/1/08

$29,340 \times 2.2\% \times 27 \text{ yrs} = $17,427.96
Final Compensation is defined as the LAST FIVE (5) FISCAL YEARS of salary for NON-HAZARDOUS and HIGHEST THREE (3) FISCAL YEARS of salary for HAZARDOUS.

- **NON-HAZARDOUS**- Final Compensation must include at least 60 months in the calculation. Complete years (12 months) will be used first in the calculation. If the member does not have five full fiscal years over their entire service, partial years will be used to attain the 60 month minimum.

- **HAZARDOUS**- Final Compensation must include at least 36 months in the calculation. Complete years (12 months) will be used first in the calculation. If the member does not have three full fiscal years over their entire service, partial years will be used to attain the 36 month minimum.
**FINAL COMPENSATION**

**SALARY AVERAGE** - The average salary used for determining benefits at the time of retirement.

<table>
<thead>
<tr>
<th>NON-HAZARDOUS</th>
<th>HAZARDOUS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LAST 5</strong></td>
<td><strong>HIGH 3</strong></td>
</tr>
<tr>
<td>YEAR</td>
<td>PAY</td>
</tr>
<tr>
<td>Year 1</td>
<td>$46,000</td>
</tr>
<tr>
<td>Year 2</td>
<td>$44,000</td>
</tr>
<tr>
<td>Year 3</td>
<td>$42,000</td>
</tr>
<tr>
<td>Year 4</td>
<td>$40,000</td>
</tr>
<tr>
<td>Year 5</td>
<td>$38,500</td>
</tr>
</tbody>
</table>

($210,500 ÷ 60) X 12 = $42,100

($132,000 ÷ 36) X 12 = $44,000
### FINAL COMPENSATION

**EXAMPLE:** A classified, school board employee is contracted for 177 days per year.

177 days = 11 months

The final compensation calculated continues to add fiscal years until the member fulfills the 60 month minimum for the calculation.

<table>
<thead>
<tr>
<th>YEAR</th>
<th>PAY</th>
<th># MONTHS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 1</td>
<td>$11,100</td>
<td>11</td>
</tr>
<tr>
<td>Year 2</td>
<td>$10,500</td>
<td>11</td>
</tr>
<tr>
<td>Year 3</td>
<td>$10,000</td>
<td>11</td>
</tr>
<tr>
<td>Year 4</td>
<td>$9,900</td>
<td>11</td>
</tr>
<tr>
<td>Year 5</td>
<td>$9,500</td>
<td>11</td>
</tr>
<tr>
<td>Year 6</td>
<td>$9,300</td>
<td>11</td>
</tr>
</tbody>
</table>

\[
\text{($60,300 / 66) \times 12 = $10,964}
\]
BENEFIT FACTOR

Set by statute and vary based on:
- Participation date
- Retirement date
- Type of service
- Total amount of service
- Higher factors are attained as members reach higher levels of service.

<table>
<thead>
<tr>
<th>NON-HAZARDOUS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.10%</td>
<td>&lt;120 months</td>
</tr>
<tr>
<td>1.30%</td>
<td>121 - 240 months</td>
</tr>
<tr>
<td>1.50%</td>
<td>241 - 312 month</td>
</tr>
<tr>
<td>1.75%</td>
<td>313 - 360 months</td>
</tr>
<tr>
<td>2.00%</td>
<td>&gt;361 months*</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>HAZARDOUS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.30%</td>
<td>&lt;120 months</td>
</tr>
<tr>
<td>1.50%</td>
<td>121 - 240 months</td>
</tr>
<tr>
<td>2.25%</td>
<td>241 - 299 month</td>
</tr>
<tr>
<td>2.50%</td>
<td>&gt; 300 months</td>
</tr>
</tbody>
</table>
TIER 2 EXAMPLE

James Doe works in a Non-Hazardous position for an agency participating in CERS.

Retirement Date is 1/1/2039
Final Compensation is $42,100
30 years of Service Credit

RETIREMENT FORMULA:
Members participating between 9/1/08 and 12/31/13

$42,100 \times 1.75\% \times 30 \text{ yrs} =
$22,102.50
Jessica Doe works as a classified employee for a board of education.

Retirement Date is 1/1/2039
Final Compensation is $10,964
30 years of Service Credit

RETIREMENT FORMULA:
Members participating between 9/1/08 and 12/31/13

$10,964 X 1.75% X 30 yrs = $5,756.10
If you will be receiving a reduced benefit under early retirement:

An additional percentage is used in the calculation, lowering the retirement benefit.

Reduced Benefit is also known as SEF (Special Early Factor)
A Tier 1 Non-Hazardous member has 25 years of service and is age 55. If the member chooses to retire, his/her benefit will be reduced to 87%. (6.5% for each year away from 27 years of service).
PENSION SPIKING
Senate Bill 104
Effective 1/1/2018
SENATE BILL 104  Effective 1/1/2018
PENSION SPIKING

• Applies to members retiring on or after 1/1/2018.
• Refunds employee contributions due to a reduction in creditable compensation.
• New exemptions.

An increase in creditable compensation that exceeds 10% more when compared to the prior fiscal year’s creditable compensation will not be used when calculating the member’s retirement benefit.
Exemptions

*Fiscal years prior to 7/1/2017 will not be considered*

An increase caused by:

- Bona fide promotion or career advancement; or
- Lump sum payout from compensatory time at termination only; or
- Lump sum payout for alternate sick leave payments.
- Increases in years where the employee was on leave without pay in the prior fiscal year.
- Increases due to overtime work and pay required by a state or federal grant, grant pass-through or similar program that requires overtime as a condition or necessity of the employer’s receipt of the grant.
- Increases due to overtime work and pay required by a federal or state-declared emergency. *The employer will have to report and certify any overtime due to a federal or state-declared emergency.*
## Pension Spiking Determination

**Step 1: Evaluate the last five fiscal years**

<table>
<thead>
<tr>
<th>Last Fiscal Years</th>
<th>Creditable Comp.</th>
<th>Months of Service</th>
<th>Annualized</th>
<th>% Change</th>
<th>Spiking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiscal Year 5</td>
<td>$18,750.00</td>
<td>12</td>
<td>$18,750.00</td>
<td>0%</td>
<td>NO</td>
</tr>
<tr>
<td>Fiscal Year 4</td>
<td>$18,695.00</td>
<td>12</td>
<td>$18,695.00</td>
<td>14%</td>
<td>YES</td>
</tr>
<tr>
<td>Fiscal Year 3</td>
<td>$16,333.25</td>
<td>12</td>
<td>$16,333.25</td>
<td>8%</td>
<td>NO</td>
</tr>
<tr>
<td>Fiscal Year 2</td>
<td>$15,152.33</td>
<td>12</td>
<td>$15,152.33</td>
<td>-2%</td>
<td>NO</td>
</tr>
<tr>
<td>Fiscal Year 1</td>
<td>$14,138.00</td>
<td>11</td>
<td>$15,423.27</td>
<td>0%</td>
<td>NO</td>
</tr>
</tbody>
</table>
# Pension Spiking Determination

**Understanding the Calculation**

<table>
<thead>
<tr>
<th>Last Fiscal Years</th>
<th>Creditable Comp.</th>
<th>Spiking</th>
<th>Revised creditable comp. due to spike</th>
<th>$ Amount of spike</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiscal Year 4</td>
<td>$18,695.00</td>
<td>YES</td>
<td>$17,966.58</td>
<td>$728.42</td>
</tr>
<tr>
<td>Fiscal Year 3</td>
<td>$16,333.25</td>
<td>NO</td>
<td>$16,333.25</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

Prior fiscal year with no spike  $16,333.25
Cannot be greater than 10%  $16,333.25 \times 1.10  $17,966.58
## Pension Spiking Determination

**Step 2: Revise creditable compensation**

<table>
<thead>
<tr>
<th>Last Fiscal Years</th>
<th>Creditable Comp.</th>
<th>Spiking</th>
<th>Revised creditable comp. due to spike</th>
<th>$ Amount of spike*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiscal Year 5</td>
<td>$18,750.00</td>
<td>NO</td>
<td>$18,750.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Fiscal Year 4</td>
<td>$18,695.00</td>
<td>YES</td>
<td>$17,966.58</td>
<td>$728.42</td>
</tr>
<tr>
<td>Fiscal Year 3</td>
<td>$16,333.25</td>
<td>NO</td>
<td>$16,333.25</td>
<td>$0.00</td>
</tr>
<tr>
<td>Fiscal Year 2</td>
<td>$15,152.33</td>
<td>NO</td>
<td>$15,152.33</td>
<td>$0.00</td>
</tr>
<tr>
<td>Fiscal Year 1</td>
<td>$14,138.00</td>
<td>NO</td>
<td>$14,138.00</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

* If there is an exclusion amount due to an allowed exemption, the revised creditable compensation would be increased by the exclusion amount.
RETIREMENT PAYMENT OPTIONS

KENTUCKY RETIREMENT SYSTEMS
Upon retirement, KRS provides various payment options.

- Carefully review the payment options.
- No changes can be made to the payment option or the designated beneficiary after the 1st day of the month the first check is issued.
- Test each option by assuming various contingencies and the likelihood of the contingencies occurring.
- For most payment options, an individual must be receiving a monthly retirement allowance to participate in the medical insurance program.
## RETIREMENT PAYMENT OPTIONS

### Non-Hazardous

The payment amounts below are examples only

<table>
<thead>
<tr>
<th>Payment Options</th>
<th>Member Payment</th>
<th>(or) Beneficiary Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic Option</td>
<td>$1,452.33</td>
<td>$0.00</td>
</tr>
<tr>
<td>Life with 10 years certain</td>
<td>$1,432.19</td>
<td>$1,432.19 (or) $0.00</td>
</tr>
<tr>
<td>Life with 15 years certain</td>
<td>$1,408.70</td>
<td>$1,408.70 (or) $0.00</td>
</tr>
<tr>
<td>Life with 20 years certain</td>
<td>$1,378.87</td>
<td>$1,378.87 (or) $0.00</td>
</tr>
<tr>
<td>Survivorship 100%</td>
<td>$1,321.32</td>
<td>$1,321.32</td>
</tr>
<tr>
<td>Survivorship 66 2/3 %</td>
<td>$1,362.28</td>
<td>$908.23</td>
</tr>
<tr>
<td>Survivorship 50%</td>
<td>$1,383.73</td>
<td>$691.87</td>
</tr>
<tr>
<td>Pop-Up Option</td>
<td>$1,310.14*</td>
<td>$1,310.14</td>
</tr>
</tbody>
</table>

(see Handbook)

John Doe can also reject all monthly payment options and request an actuarial refund of approximately $73,344.41.

Go to Member Self Service for your specific retirement

Check these pages in your PREP Handbook

Log In
Options:

• A member must be under age 62 to choose a Social Security Adjustment Option.

• The Social Security Adjustment Options allow you to receive a higher monthly payment from your retirement date to your 62nd birthday, at which time your payment will drop, based on your age 62 Social Security payment. *(The Social Security with Beneficiary Option is available only if you and the beneficiary meet certain age requirements.)*
# RETIREMENT PAYMENT OPTIONS

**Social Security Adjustment**

*EXAMPLE BASED ON $1,000 MONTHLY SOCIAL SECURITY BENEFIT AT AGE 62*

<table>
<thead>
<tr>
<th>Payment Options</th>
<th>Member Payment Until Age 62</th>
<th>Member Payment Age 62 &amp; After</th>
<th>(or) Beneficiary Payment Until Age 62</th>
<th>(or) Beneficiary Payment Age 62 &amp; After</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic/Annuity</td>
<td>$1,452.33</td>
<td>$1,452.33</td>
<td>-$0.00-</td>
<td>-$0.00-</td>
</tr>
<tr>
<td>Without Survivor Rights</td>
<td>$2,145.71</td>
<td>$1,145.71</td>
<td>-$0.00-</td>
<td>-$0.00-</td>
</tr>
<tr>
<td>100% Survivorship</td>
<td>$1,321.32</td>
<td>$1,321.32</td>
<td>$1,321.32</td>
<td>$1,321.32</td>
</tr>
<tr>
<td>With Survivor Rights</td>
<td>$2,040.24</td>
<td>$1,040.24</td>
<td>$2,040.24</td>
<td>$1,040.24</td>
</tr>
</tbody>
</table>

Compare the Option without Survivor Rights to the Basic/Annuity Payment

Compare the Option with Survivor Rights to the Survivorship 100% Option
Federal Income Tax
• Monthly benefits from KERS, CERS and SPRS are subject to federal income tax.

State Income Tax
• All benefits attributable to service earned before Dec 31, 1997 are exempt from Kentucky income tax. *Includes purchased service.*
• The portion of the benefits earned Jan 1, 1998 and after is subject to KY income tax.
• Retirement income from all sources including KERS, CERS and SPRS benefits earned Jan 1, 1998 and after, as well as income from private pensions such as IRAs, Deferred Compensation and others may be excludable up to $31,110 effective 2018.
TAX TREATMENT of Retirement Benefits

1. Compute taxable pension income from KERS. Jenny earned 17 of her 27 years of service credit after January 1998 or 62.96%. Take this percentage and multiply by her annual benefit of $30,000, the amount of her KERS benefit subject to state income taxes is $18,888.00.

   \[
   \frac{17 \text{ years}}{27 \text{ years total}} = 62.96\%
   \]

   \[
   \$30,000 \times 62.96\% = \$18,888.00
   \]

2. Add taxable pension income from all sources:

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>KERS</td>
<td>$18,888.00</td>
</tr>
<tr>
<td>Deferred Compensation</td>
<td>$15,000.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$33,888.00</strong></td>
</tr>
</tbody>
</table>

3. Apply the exclusion: $31,110 (pension exclusion)

4. Taxable pension income for KY income taxes: $2,778.00
DIVORCE
And Retirement Benefits

QDRO: Qualified Domestic Relations Order
KRS accepts and enforces QDROs that are submitted in accordance with Kentucky Revised Statute 61.690 and 105 KAR 1:190. QDROs will only be accepted if they are on the form incorporated by reference to the administrative regulation.

A final divorce decree voids the designation of a spouse as beneficiary.

If the divorce occurs after the first day of the month in which the retirement allowance has been issued by the State Treasurer, the retired member’s estate becomes the beneficiary of the account.
STRATEGIES FOR YOUR RETIREMENT

• Purchasing Service Credit
• Using Accrued Sick Leave
• Using Compensatory Time
• Timing Your Retirement
STRATEGIES FOR YOUR RETIREMENT

Purchase Service Credit

WITHOUT Purchase

Years of service = 27 years
Final Compensation = $29,340

Retirement Formula:

$29,340 \times 2.2\% \times 27 \text{ years} = $17,427.96

WITH Purchase

Years of service = 32 years
(27 current + 5 purchased)
Final Compensation = $29,340

Retirement Formula:

$29,340 \times 2.2\% \times 32 \text{ years} = $20,655.36

By purchasing 5 years of service credit, the annual benefit increased by $3,227.40. On a monthly basis, the benefit increased by $268.95!
MEMBERS SHOULD CAREFULLY COMPARE THE COST OF PURCHASING SERVICE CREDIT TO THE INCREASED BENEFIT AMOUNT.

Hypothetical Cost to purchase 5 years: $30,000

$30,000 / $3227.40 = 9.3 years

Use our Member Self Service to produce retirement estimates and service purchase cost calculations.
STRATEGIES FOR YOUR RETIREMENT

Using Accrued Sick Leave

Unused sick leave is converted to months of service credit at retirement.

Many members are eligible to receive service credit for unused accumulated sick leave upon retirement.

Limited to 12 months for post 9/08 participants.
STRATEGIES FOR YOUR RETIREMENT
Using Accrued Sick Leave

Example: Accumulation of 6 months of sick leave credit to increase service at retirement.

<table>
<thead>
<tr>
<th>Final Compensation</th>
<th>x</th>
<th>Benefit Factor</th>
<th>x</th>
<th>Years of Service Credit</th>
<th>x</th>
<th>SEF</th>
<th>=</th>
<th>Annual Benefit</th>
<th>Monthly Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>$29,340.00</td>
<td>x</td>
<td>2.2%</td>
<td>x</td>
<td>27 yrs.</td>
<td>x</td>
<td>1.00</td>
<td>=</td>
<td>$17,427.96</td>
<td>$1,452.33</td>
</tr>
<tr>
<td>$29,340.00</td>
<td>x</td>
<td>2.2%</td>
<td>x</td>
<td>27.5 yrs.</td>
<td>x</td>
<td>1.00</td>
<td>=</td>
<td>$17,750.70</td>
<td>$1,479.23</td>
</tr>
</tbody>
</table>

In this example, the member used 6 months of accumulated sick leave to increase service at retirement. The monthly benefit increased by $322.74 annually.

On a monthly basis, the benefit increased by $26.90!
### STRATEGIES FOR YOUR RETIREMENT

**Using Accrued Sick Leave**

<table>
<thead>
<tr>
<th>Final Compensation</th>
<th>Benefit Factor</th>
<th>Years of Service Credit</th>
<th>SEF</th>
<th>Annual Benefit</th>
<th>Monthly Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>$29,340.00</td>
<td>x 2.2%</td>
<td>x 26.5 Yrs.</td>
<td>0.9675</td>
<td>$16,549.30</td>
<td>$1,379.11</td>
</tr>
<tr>
<td>$29,340.00</td>
<td>x 2.2%</td>
<td>x 27 Yrs.</td>
<td>1.000</td>
<td>$17,427.96</td>
<td>$1,452.33</td>
</tr>
</tbody>
</table>

**Example:** Accumulation of 6 months of sick leave credit to attain unreduced benefits at retirement.

In this example, the member used 6 months of accumulated sick leave to reduce the early retirement factor and increase the monthly benefit by **$878.64 annually.**

On a monthly basis, the benefit increased by **$73.22!**
In this example, 239 hours of comp. time increased the annual benefit by $682.86.

On a monthly basis, the benefit increased by $56.91!
### STRATEGIES FOR YOUR RETIREMENT

#### Using Compensatory Time

<table>
<thead>
<tr>
<th>No Compensatory Payment</th>
<th>Compensatory Payment for 239 hours</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Year 1</strong></td>
<td><strong>Year 1</strong></td>
</tr>
<tr>
<td>$3,500</td>
<td>$8,664</td>
</tr>
<tr>
<td>1 month</td>
<td>1 month</td>
</tr>
</tbody>
</table>

$153,860 / 49 mos. X 12 = $37,680

$159,024 / 49 mos. X 12 = $38,945.00

By having an unused accumulated compensated time balance of 239 hours. At the time of retirement, Joe’s annual benefit increased by $682.86.

On a monthly basis, Joe’s benefit increased by $56.91.
Terminate employment on the last working day of the month

Final compensation is based on your average monthly salary and your average might be reduced if you only receive a partial month’s salary.

The average may be increased if termination occurs in the early part of a new fiscal year.
### Judy’s annual benefit increased by $704.44 a year!
### On a monthly basis, her benefit increased by $58.70!

#### Timing Your Retirement

<table>
<thead>
<tr>
<th>Year 1</th>
<th>June 1st Salary Average</th>
<th>August 1st Salary Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>$40,333</td>
<td>11 mos</td>
<td>$4,000</td>
</tr>
<tr>
<td>$42,000</td>
<td>12 mos</td>
<td>$44,000</td>
</tr>
<tr>
<td>$40,000</td>
<td>12 mos</td>
<td>$42,000</td>
</tr>
<tr>
<td>$39,000</td>
<td>12 mos</td>
<td>$40,000</td>
</tr>
<tr>
<td>$37,000</td>
<td>12 mos</td>
<td>$39,000</td>
</tr>
</tbody>
</table>

| Total | $198,333 | 59 months | $169,000 | 49 months |

$198,333 \div 59 \text{ mos.} \times 12 = \$40,339$

$169,000 \div 49 \text{ mos.} \times 12 = \$41,388$
MEDICAL INSURANCE FOR RETIREES & BENEFICIARIES
Members eligible for Health Insurance:

| Kentucky Retirement Systems offers Medicare and non-Medicare plans to eligible retirees. | To be eligible for insurance, you must receive a monthly retirement benefit. | KRS may pay a portion or the full cost of insurance depending upon your years of service*, and the level of coverage chosen. |
### MEDICAL INSURANCE BENEFITS

#### Medical Insurance Benefits
For Members participating prior to 7/1/03:

<table>
<thead>
<tr>
<th>Total Years of Service</th>
<th>% paid for Retiree</th>
<th>Total Hazardous Service</th>
<th>% paid toward Dependent Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 4 years</td>
<td>0%</td>
<td>Less than 4 years</td>
<td>0%</td>
</tr>
<tr>
<td>4 – 9+ years</td>
<td>25%</td>
<td>4 – 9+ years</td>
<td>25%</td>
</tr>
<tr>
<td>10 – 14+ years</td>
<td>50%</td>
<td>10 – 14+ years</td>
<td>50%</td>
</tr>
<tr>
<td>15 – 19+ years</td>
<td>75%</td>
<td>15 – 19+ years</td>
<td>75%</td>
</tr>
<tr>
<td>20 or more years</td>
<td>100%</td>
<td>20 or more years</td>
<td>100%</td>
</tr>
</tbody>
</table>
Employees must have 10 years of earned service credit
Participation between 7/1/03 – 8/31/08

Employees must have 15 years of earned service credit
Participation on or after 9/1/08

Non-Hazardous Members will earn $10 per month towards insurance for each year of earned service
Hazardous Members will earn $15 per month towards insurance for each year of earned service

The contribution amount will be increased each year by 1.5% per statute.

The monthly contribution rates for Fiscal Year 2019 are $13.38 Non-Hazardous/$20.07 Hazardous
The monthly contribution rates for Fiscal Year 2020 are $13.58 Non-Hazardous/$20.37 Hazardous
# MEDICAL INSURANCE BENEFITS

## 2020 Under 65 Health Insurance Plans

<table>
<thead>
<tr>
<th>Plan Option</th>
<th>Single</th>
<th>Parent Plus</th>
<th>Couple</th>
<th>Family</th>
<th>Family X-Ref*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Livingwell CDHP</td>
<td>$710.94</td>
<td>$982.30</td>
<td>$1,342.78</td>
<td>$1,500.50</td>
<td>$821.36</td>
</tr>
<tr>
<td>Livingwell PPO</td>
<td>$731.82</td>
<td>$1,044.12</td>
<td>$1,604.96</td>
<td>$1,787.46</td>
<td>$881.40</td>
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<tr>
<td>LW Limited High Deductible Plan</td>
<td>$608.24</td>
<td>$866.76</td>
<td>$1,334.18</td>
<td>$1,485.46</td>
<td>$731.68</td>
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<td>LW Basic CDHP</td>
<td>$683.58</td>
<td>$942.52</td>
<td>$1,457.82</td>
<td>$1,624.66</td>
<td>$801.82</td>
</tr>
</tbody>
</table>

*Retiree Portion
# MEDICAL INSURANCE BENEFITS

## 2020 Over 65 Health Insurance Plans - Medicare Advantage

<table>
<thead>
<tr>
<th>Available Plans</th>
<th>2020</th>
<th>2020- Mirror plan for members with no Medicare Part B</th>
</tr>
</thead>
<tbody>
<tr>
<td>KRS Medical Only*</td>
<td>$176.26</td>
<td>N/A</td>
</tr>
<tr>
<td>Humana Medicare Employer PPO- KRS Essential Prescription Drug Plan</td>
<td>$75.56</td>
<td>$215.00</td>
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<tr>
<td>Humana Medicare Employer PPO- KRS Premium Prescription Drug Plan</td>
<td>$252.51</td>
<td>$314.76</td>
</tr>
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</table>

*The KRS Medical Only Plan is not a Medicare Advantage Plan and does not provide any outpatient prescription drug benefits.*
Under the Medicare Secondary Payer (MSP) Act, in certain circumstances, a Medicare eligible retiree’s re-employment with a participating agency of KRS will PROHIBIT KRS from offering or continuing to offer retiree coverage under the Humana Medicare Advantage Plan.
COMPLETING YOUR FORM 6000
Notification of Retirement

About 45-60 days before your retirement, complete Form 6000 and return it to KRS

You may file this form with KRS up to 6 months prior to your retirement date.

Your employer must complete a section of this form.

All required forms must be filed with KRS by the last day of the month prior to the retirement date.
Acceptable forms of date of birth verification include the following:

- Valid Driver’s License
- Birth Certificate (if name has changed, additional verification is required)
- U.S. Passport
- Military Discharge
- Immigration and Naturalization Records
- Age record of the Social Security Administration
This form contains several sections:

- **Section A:** Member Information
- **Section B:** Type of Retirement
- **Section C:** Retirement Systems
- **Section D:** Retirement Account Beneficiary Designation
- **Section E:** $5000 Death Benefit Beneficiary Designation
- **Section F:** Authorization of Deposit for Retirement Payment
- **Section G:** Tax Withholding
- **Section H:** Employer Certification of Leave Balances & Final Salary
- **Section I:** *(Disability applicants only)* Member’s Statement of Disability
What happens after KRS receives the Form 6000?

**Complete Form 6010, Estimated Retirement Allowance**
- You must select one payment option.
- Sign and date the form.
- Have a witness sign the form (spouse may serve as your witness).

**Form 6200 Insurance Application**
- Complete this form if you are eligible for health insurance coverage through KRS for you, your spouse and eligible dependents.
  - While the insurance application is not required to process your retirement, failing to submit the application may cause your coverage to be defaulted to a standard plan.
  - If you wish to waive your insurance coverage, an application is still required.
LIFE AFTER RETIREMENT
THE RETIREMENT PROCESS

- The first retirement check is deposited or mailed on the 14th of the first month of retirement
  - After the first month, the monthly benefit is deposited to the member’s account on the 14th of each month or last business day preceding the 14th.

- Post Retirement Audit:
  - Performed once all wages, contributions and sick leave balances have been reported to KRS and the date of termination has been verified
  - Benefit payment may be adjusted (up or down) if the audit results in a difference of at least $2.00 in your monthly payment.

- KRS is statutorily required to correct all errors in records without exception.
  - If an error is discovered after the post retirement audit, it will be corrected.
EMPLOYMENT AFTER RETIREMENT
Retirees Overview

Re-employment After Retirement

Currently over 112,000 people draw a monthly benefit from Kentucky Retirement Systems, either as a retiree or as a beneficiary of a deceased retiree. Retirement brings many changes to the lives of our members, and when or how to retire is one of the biggest decisions we all face.

This section of our website can help you learn more about the retirement process, the benefits provided to our retirees, and what retirees can do to re-enter the workforce.
Prior to Retirement:

NOTE: Members are prohibited from having a prearranged agreement to return to employment in any position with an agency participating in any of the systems administered by Kentucky Retirement Systems.

The member will certify on the Form 6000, “Notification of Retirement” that no prearranged agreement exists prior to retirement.

*KRS must issue a determination regarding the member’s reemployment status within thirty (30) days from receipt of the required form(s) and any additional information requested.*
TWELVE (12) MONTH RULE

Within twelve (12) months of retirement:
If a retired member seeks employment or begins serving as a volunteer with a participating agency within twelve (12) months of his or her effective retirement date, both the member and participating agency must notify KRS by submitting the necessary forms.

After twelve (12) months of retirement:
Neither a retired member nor a participating agency are required to notify, seek a final determination, or submit forms to KRS related to any employment, independent contractor, leased employee or volunteering, accepted twelve (12) months after the member’s effective retirement date.
RETIREMENT AND RE-EMPLOYMENT

Governor’s Executive Orders

On March 31, 2020, Governor Beshear issued Executive Order 2020-265 suspending statutes and regulations restricting participating employers from reemploying retired members in the specific positions identified in the order.

On April 2, 2020, Governor Beshear issued Executive Order 2020-266, expanding the scope of positions covered to include all positions under city, county, and state government that are necessary to address the State of Emergency.

Please note that Executive Order 2020-265 only applies to members who were retired as of the March 31, 2020 Order. Executive Order 2020-266 specifically noted that all previous Executive Orders were to remain in full force and effect. Thus, a member must have an effective retirement date of March 1, 2020 or before at KRS in order to be subject to the Executive Orders.
Required Forms: If within twelve (12) months of a member’s effective retirement date, the member seeks employment with a participating agency, he/she is required to report this to KRS by submitted a Form 6754, “Member Reemployment Certification.”

The agency must also certify no prearranged agreement by submitting a Form 6751, “Employer Certification Regarding Reemployment.”

Failure to submit the required forms will result in the member’s retirement benefits being voided. The member will be required to repay all retirement allowances, dependent child payments, and health plan premiums paid by KRS.
Break in Service:
The retired member is required to observe a three (3) calendar month break in service from his/her effective retirement date before returning to work with a participating agency.

**If a member retires from a HAZARDOUS position and returns to employment with a participating agency in a REGULAR, FULL-TIME HAZARDOUS position, the member would only need to observe a one (1) calendar month break before returning to work.**

Carefully read the note at the bottom of page 2 in your Reemployment Handbook. Contact KRS if you have any questions!
Required Forms: If within twelve (12) months of a member’s effective retirement date, the member accepts employment with a participating agency as an independent contractor or leased employee, he/she is required to report this to KRS by submitting a Form 6754, “Member Reemployment Certification.”

The participating agency shall also submit the information required or requested by KRS including submission of a Form 6752, “Employer Certification of Independent Contractor / Leased Employee.”
Failure to submit the required forms will result in the member’s retirement benefits being voided. The member will be required to repay all retirement allowances, dependent child payments, and health plan premiums paid by KRS.

Required Forms: If a member seeks to serve as a volunteer within twelve (12) months of his/her retirement date with an agency participating in KRS or an entity affiliated with a participating agency, the member is required to report this to KRS by submitting a Form 6754, “Member Reemployment Certification.”

The agency must also certify no prearranged agreement by submitting a Form 6753, “Employer Certification of Volunteer.”
Elected to the same office within twelve (12) months:
If an elected official participating in one of the systems administered by KRS retires and is elected to the same office within twelve (12) months of his/her retirement date, the member’s retirement will be voided.

Mayor or member of a city legislative body:
A member of KERS or SPRS who has never participating in CERS but holds a position as mayor or member of a city legislative body does not have to resign from his/her position as mayor or member of the city legislative body in order to begin drawing retirement benefits from KERS or SPRS.
If you do NOT observe a proper break or if you have a prearranged agreement, your retirement will be VOIDED!

…and repay all the benefits you have received!
If the retiree is Tier 1 and is re-employed in a regular full-time position, the retiree may enroll in health insurance through his employer OR through KRS. If the retiree enrolls in health insurance through KRS, his employer will be billed for the single contribution rate premium.

If the retiree is Tier 2 and is re-employed in a regular full-time position, the employee will NOT be eligible for health insurance coverage through KRS and will be required to take health insurance coverage through his employer during the period of re-employment.
SURVIVOR BENEFITS

Naming a Beneficiary

Form 2035, Beneficiary Designation:

• You may name one or more persons, a trust, trustee, or estate as beneficiary.

• Before making your beneficiary designation, understand how your designation will affect the benefits offered in the event of your death.

  • If you name more than one person as principal beneficiary, no lifetime payment will be offered.

  • A contingent beneficiary would receive payments only if death occurs to you and your principal beneficiary prior to receiving monthly payments.
Beneficiary Options:

- A sole beneficiary may choose a lump sum actuarial refund, a 5 year or 10 year monthly benefit, or a lifetime benefit.
- The lifetime monthly benefit is equal to the Survivorship 100% Option amount the member would have received had he retired at the time of his death.
- Multiple beneficiaries may choose a lump sum actuarial refund, or a 5 year or 10 year monthly benefit.
- An estate or trust may choose only a lump sum actuarial refund.
Member must be receiving a monthly benefit based on at least 48 months of service credit.

$5,000 death benefit will be paid to the beneficiary specifically named for the death benefit.

- The member may name a person, his estate, a trust, or a funeral home as beneficiary for the death benefit.
- A retired member can change the beneficiary for the death benefit at any time.
- The $5,000 death benefit is subject to federal income tax, but is eligible for rollover.
If you have any questions about the material in this presentation please contact KRS at 1-800-928-4646.

This presentation is intended merely as a general information reference for members of the KRS.

This presentation 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.
Questions?