

PRE-RETIREMENT Education Program





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.

**KRS administers retirement
benefits for over 386,000 state and local
government employees**



DID YOU KNOW...



**Kentucky Employees
Retirement System**

Hazardous | Non-hazardous

**Average Salary
\$40,606**

**Average Salary
\$42,665**

**Average Benefit
\$15,705**

**Average Benefit
\$21,477**



**State Police
Retirement System**

**Average Salary
\$54,079**

**Average Benefit
\$39,723**



**County Employees
Retirement System**

Hazardous | Non-hazardous

**Average Salary
\$59,041**

**Average Salary
\$30,941**

**Average Benefit
\$27,952**

**Average Benefit
\$11,828**

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.

- 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





PLAN FUNDING

Benefits are funded through three sources:

1. Member Contributions
2. Employer Contributions
3. Return on Investments



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PLAN FUNDING

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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	Employee Contribution Rate*	Employer Contribution Rate Effective 7/1/2020	Employer Contribution Rate Effective 7/1/2020
	Non-Hazardous	5%	83.43%	84.43%
	Hazardous	8%	36.85%	36.00%
	Non-Hazardous	5%	24.06%	24.06%
	Hazardous	8%	39.58%	39.58%
	SPRS	8%	146.28%	143.48%

**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?

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- **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?

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- 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

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Policies & Processes



How KRS Protects Your Information



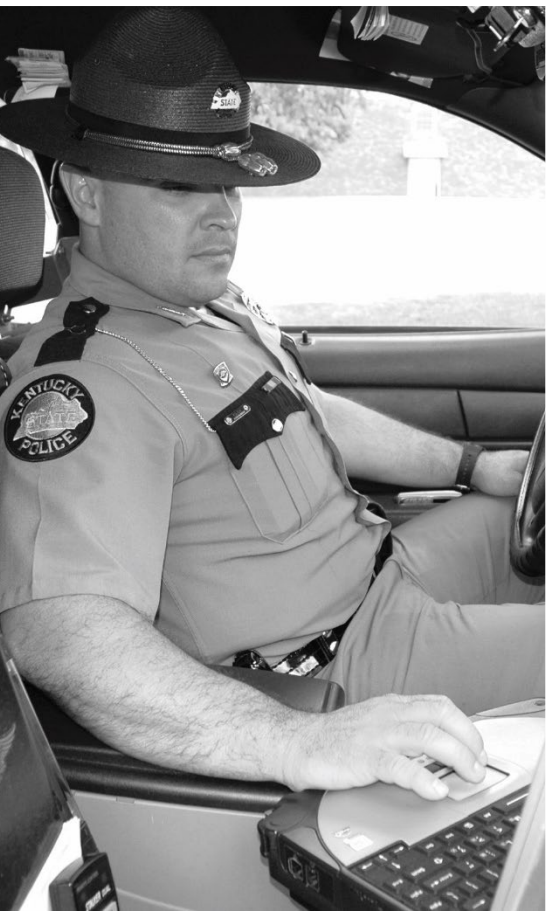
Personal Identification Number (PIN)

- 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





MEMBER ACCOUNTS

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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.





**Keep your
email address
current!**

**We now offer
Call Back
Assist!**



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

MEMBER ACCOUNTS



**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

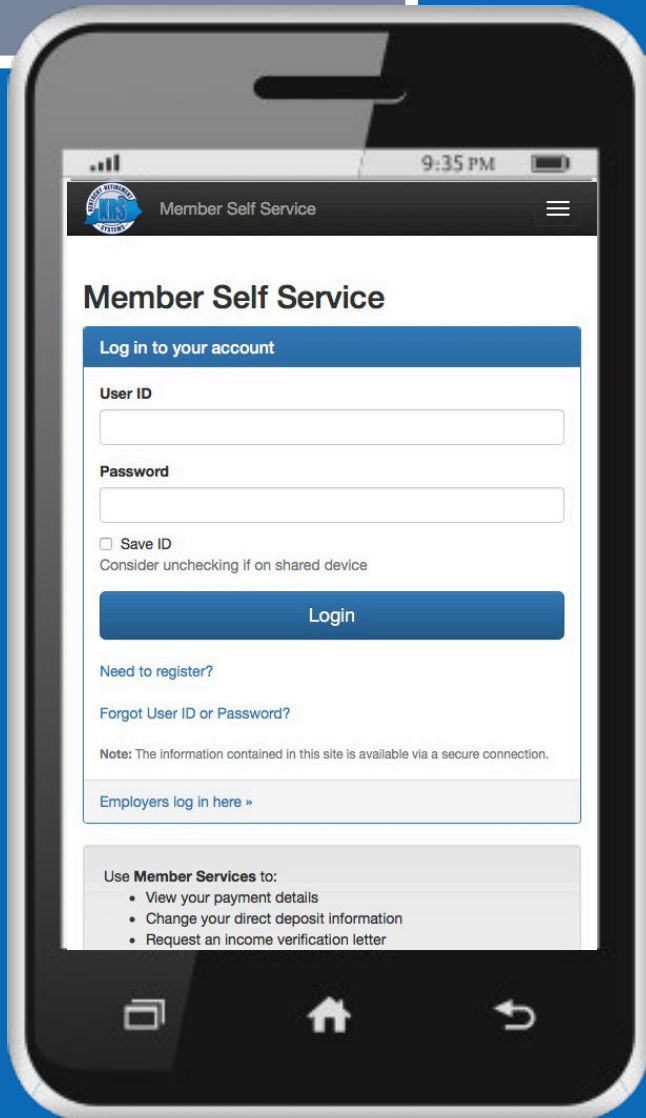


Mail
1260 Louisville Road
Frankfort, KY 40601

SELF SERVICE REGISTRATION

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To register, you will need your:

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

SELF SERVICE REGISTRATION

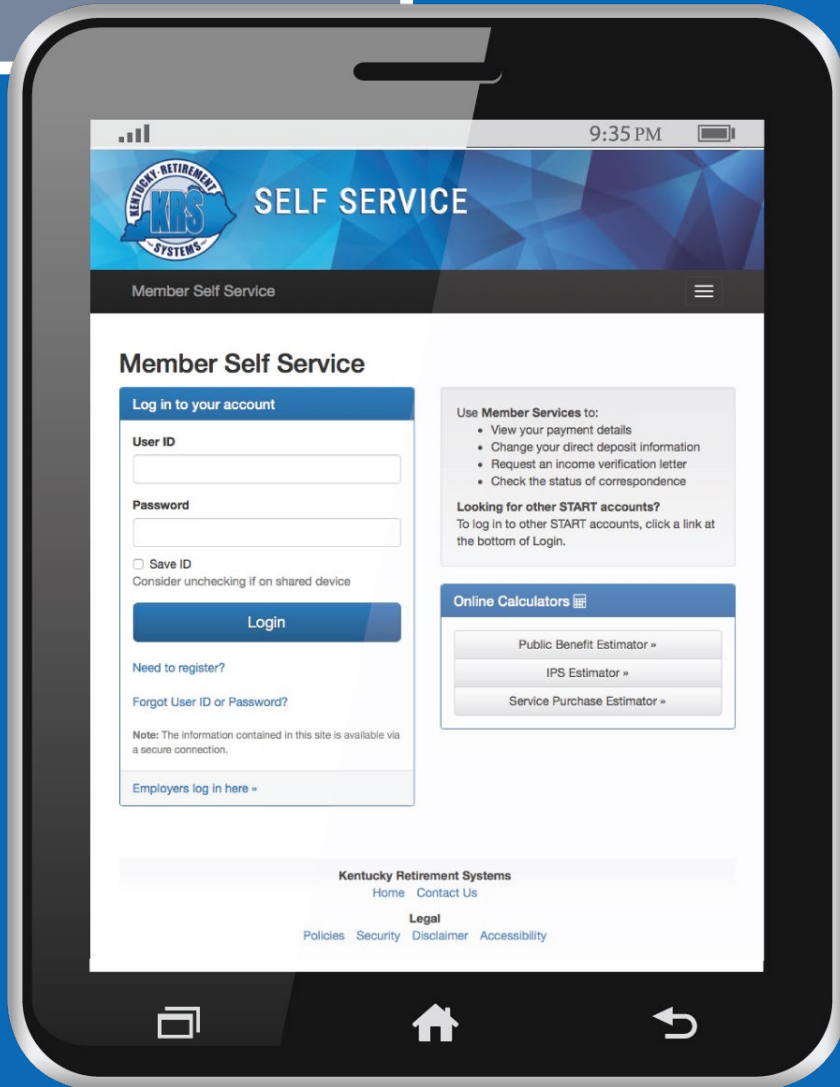
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Password requirements

Creating a strong password is important.

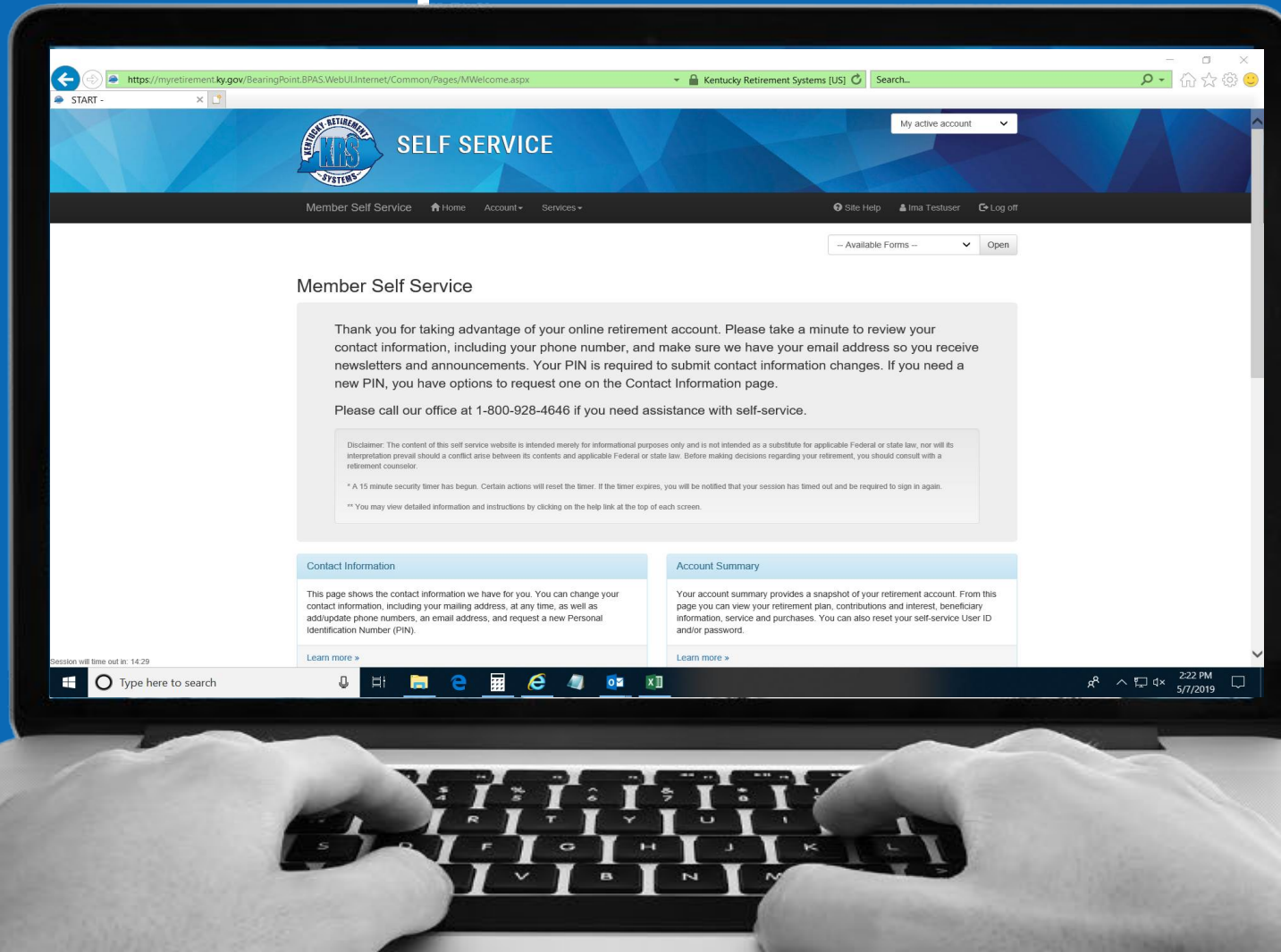
- Must be at least 8 characters
- Is case sensitive
- Can't contain spaces
- Must have:
 - at least one uppercase letter
 - at least one lowercase letter
 - at least one number
 - one of the following special characters:
@ # ! % \$



SELF SERVICE

What can you do with your online account?

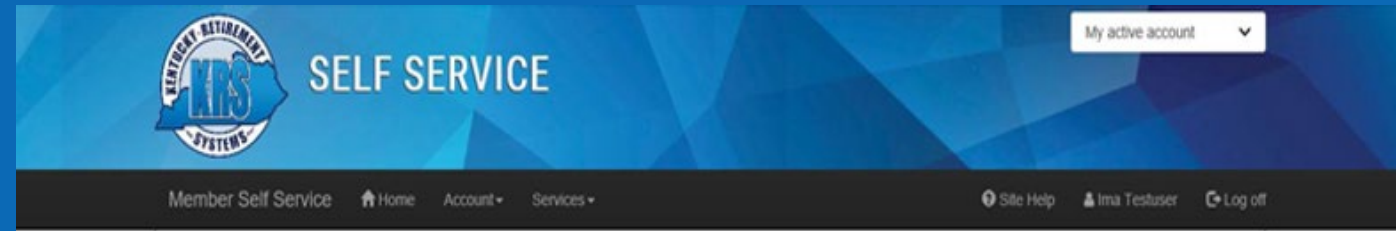
- Contact Information
- Account History
- Account Balance Letter
- Account Summary
- Benefit Estimate
- Service Purchase Estimator
- Annual Statement
- Apply for Retirement Online
- Document Upload



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

Membership Info

Member ID:	1
Social Security Number:	XXX-XX-8888
Name:	IMA TESTUSER
Birth Date:	1/1/1966
Retirement System:	KERS - Kentucky Employees Retirement System

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.

	Retirement System	Retirement Plan	Status	Participation Date	End Date
<input checked="" type="checkbox"/>	Kentucky Employees Retirement System	KERS Non-Hazardous	INAC	7/30/2005	9/30/2009

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.

SERVICE PURCHASE ESTIMATE

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.



SELF SERVICE

My active account

Member Self Service

Home

Account

Services

Site Help

Ima Testuser

Log off

Retirement System:

KERS - Kentucky Employees Retirement System

Service Purchase Calculator

Active members of KERS may be able to purchase over 30 types of participating service, depending on eligibility and vesting requirements. The calculator below will display a real-time computation of the purchase amount, based on your salary, age, and service. Many purchases require documentation verifying the service; if you wish to inquire further, please contact our office.

Calculation Information

Please enter the requested information to calculate your purchase of service. Please use the last calendar date of the month for your cost calculation date.

Cost calculation date:

05/31/2019

Member's birth date:

1/1/1966

Participation date:

7/30/2005

Your current service as of 6/30/2018 is:

50 Months

Service purchase type:

Interim

* Required field

Calculation Detail Information

Please enter the requested information for your selected service purchase type. If you have multiple memberships, click the icon to the left of that membership to see the cost. The system will calculate the total months of service you are eligible to purchase based on your start and end dates. The service cannot overlap with any other service you may have earned. The system will also calculate either your Final Compensation or your Current Rate of Pay, whichever is higher. You can override to a greater amount, but not a lesser amount. When the results are calculated, the system will display a lump sum amount, plus any increments of service that you can buy in lieu of the lump sum. You can click on the purchase cost to obtain a breakdown of monthly payment deductions.

MEMBER ANNUAL STATEMENT

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.

Annual Statement as of June 30, 2018

Account Information

Member Name: IMA TESTUSER	Date of Birth: 1/1/1966	Member ID: 1
Principal Beneficiary:	Date of Birth:	Participation Date: 7/30/2005
Contingent Beneficiary:	Date of Birth:	Coverage Type: NON-HAZARDOUS

Statement of Benefits

The following monthly benefit estimates are based upon final compensation and service credited as of June 30, 2018.

Early Retirement estimates may include penalties if you are not eligible for an unreduced benefit as of June 30, 2018.

System	Normal Retirement (AGE 65)			Early Retirement (AGE 65)			Disability Retirement (AGE 52)		
	Final Comp.	Benefit Factor	Monthly Benefit	Final Comp.	Benefit Factor	Monthly Benefit	Final Comp.	Benefit Factor	Monthly Benefit
KERS Non-Hazardous									
KERS Hazardous									
CERS Non-Hazardous									
CERS Hazardous									
SPRS									
All Systems Total:			\$0.00			\$0.00			\$0.00

NOTES: Your beneficiary information is incomplete. Please submit a completed Form 2035 to the KRS Office.
Please see Member Handbook.

Statement of Service and Final Compensation (Service Stated in Months)

System	Total Service as of June 30, 2017	+	Service Earned During Fiscal Year	+	Service Purchased During Fiscal Year	=	Total Service as of June 30, 2018
KERS Non-Hazardous	50						50
KERS Hazardous							
CERS Non-Hazardous							
CERS Hazardous							
SPRS							
All Systems Total:	50		0		0		50 Months

Years Used to Determine Final Compensation as of June 30, 2018			(or 4.16 Years)
Fiscal Year	Salary	Months	

Based upon the fiscal year salaries, your final compensation used to determine benefits is:

Statement of Account

Summary of Fiscal Year Transactions		Breakdown of Balance:	
Balance as of 6/30/2017:	\$0.00	Before Tax Contributions:	\$0.00
Current Year Transactions:		After Tax Contributions:	\$0.00
Member Contributions:	\$0.00	Total Interest Credited:	\$0.00
Service Purchases:	\$0.00	Balance as of 6/30/2018:	\$0.00
Adjustments*:	\$0.00		
Interest Credited:	\$0.00		
Total Transactions:	\$0.00		
Balance as of 6/30/2018:	\$0.00		

*Notes: Adjustments reflect net corrections to your account. Any account transactions which occurred after June 30, 2018 will be reflected on next year's annual statement.

ONLINE RETIREMENT APPLICATION

Apply for retirement online by logging into MSS.

Online Retirement Application

Welcome to Kentucky Retirement Systems' Online Retirement Application. You should submit your online retirement application at least one month prior to your effective retirement date. You cannot file your online retirement application more than 6 months prior to your retirement date.

The online retirement application contains several sections, so please allow yourself ample time to complete the process. Self-service sessions will time out after 15 minutes of inactivity and, if this occurs, you will be logged out and no information will be saved.

Please review each section carefully and refer to the instructions within each section.

Once we receive and process your online retirement application, we will mail you additional forms for completion. All forms will need to be received in our office by the end of the month prior to your retirement date.

If you are an active employee, please note that information you submit, such as your termination date and retirement date, will be shared with your employer's reporting official as part of the retirement process.

Before proceeding, you will need the following:

Your beneficiary's name, date of birth, address and Social Security Number

Acceptable forms of date of birth verification for yourself and your beneficiary, if not already on file with Kentucky Retirement Systems, such as a state issued driver's license, birth certificate, U.S. Passport, Military ID or Discharge, Immigration and Naturalization records

If your current legal name or your beneficiary's current legal name is not the same as the name on the date of birth verification, we will also require verification of the name change such as a state issued driver's license, marriage certificate, court order, passport, or Immigration and Naturalization documents

If naming a Living Trust as a beneficiary, you will need to submit a copy of the trust (all pages). If naming a funeral home as beneficiary of your \$5000.00 death benefit, you will need to submit a copy of the funeral home's license

Your bank's routing number and your checking/savings account number for direct deposit of your monthly benefit

Please enter your PIN number and click "Get Started" when you are ready to begin the Online Retirement Application.

Member Name: John Doe

Member ID: 012345

Enter PIN here:*

 Need a new PIN?

Get Started

* Required field

Notice: Your online notification of retirement is not complete until you provide all required information through this webform and select to submit it to our office. If you exit this webform before completing and submitting it, no information will be saved. Once you successfully complete and submit the online notification of retirement, you will receive an email confirmation for your records.

Document Upload

View, upload, and check the status of uploaded documents for your MSS account.

Upload

Document upload allows you to send documents to KRS through Self Service. To use this feature, you will need an electronic version of the document you want to upload. We can accept the following file types: PDF, DOC, DOCX, TXT, TIF, PNG, BMP, GIF and JPEG, with a size limit of 2MB. Please make sure all documents are clear and legible. When the upload is complete, you will see your document(s) in the Uploaded Documents grid below. This document upload tool is intended only for the use of the member currently logged into Self Service. Do not upload forms or documents intended for the accounts of other members. If you would like to upload forms or documents for another member, please have them log into their Self Service account to proceed. Please avoid submitting separate documents together; all forms must be uploaded individually. Click the Upload Document button to begin the upload process.

Upload Document 



Uploaded Documents

The documents listed below have been uploaded to KRS. If the status is listed as "Pending", it is awaiting to be indexed to your individual account. If the status is listed as "Received", the document has gone through the indexing process, and will now be accessible to view by KRS staff.

Document Title	Status	Date Created	
1			

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:



DEFINED BENEFIT PLAN

*Participation date
prior to
September 1, 2008*



DEFINED BENEFIT PLAN

*Participation date
on, or after,
September 1, 2008 through
Dec 31, 2013*



HYBRID CASH BALANCE PLAN

*Participation date
On, or after,
January 1, 2014*



YEARS OF SERVICE

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.

Types of Service Credit

Current Service

+ Sick Leave Service

+ Purchased Service

= Years of SERVICE



FINAL
Compensation



Benefit
FACTOR



Years of
SERVICE



SICK LEAVE SERVICE CREDIT

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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.

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.



SICK LEAVE SERVICE CREDIT

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**For Pre 9/2008 participants,
sick leave service credit counts
toward retirement eligibility and
health insurance benefits.**





SICK LEAVE SERVICE CREDIT

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

7 ½ Hour Day	8 Hour Day	Months of Service
82.5	88	1 Month
240	256	2 Months
397.5	424	3 Months
555	592	4 Months
712.5	760	5 Months
870	928	6 Months
1,027.5	1,096	7 Months
1,185	1,264	8 Months
1,342.5	1,432	9 Months
1,500	1,600	10 Months
1,657.5	1,768	11 Months
1,815	1,936	12 Months

Days	Months of Credit
5-10	1
15-20	2
25-30	3
35-40	4
45-50	5
55-60	6

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



PURCHASED SERVICE

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Basic Requirements for Purchased Service Credit

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

Current Service

+ Sick Leave Service

+ Purchased Service

= Years of SERVICE

- 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.



PURCHASED SERVICE

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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

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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

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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.*



PURCHASING SERVICE

Types of Service Credit

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VESTED PURCHASE TYPES

Past Service	Active Duty Military	National Guard/ Reserves	State University Service	Out of State Service
Temporary	Seasonal	Other Public Service	Educational Leave	Federal Government
Interim	Emergency	Maternity Leave	Sick Leave Without Pay	Part-Time

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

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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**

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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**

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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.



Paying for **SERVICE PURCHASE**

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Installment Payment Plan (IPS)

Before-Tax IPS

*An employee may **NOT** cancel the installment agreement.*

- The before-tax installment is an irrevocable, binding agreement that can not be altered or terminated.
- An employee can not 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.



Paying for **SERVICE PURCHASE**

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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



SERVICE WITH OTHER PLANS

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What are the other State Administered Systems?



Kentucky Employees
Retirement System
Hazardous | Non-hazardous



County Employees
Retirement System
Hazardous | Non-hazardous



State Police
Retirement System

OTHER SYSTEMS

TEACHERS
Retirement System
(TRS)

LEGISLATORS
Retirement Plan
(LRP)

JUDICIAL
Retirement Plan
(JRP)





SERVICE WITH OTHER PLANS

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What if I have time in another Retirement Systems?

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?





When can I retire?

NON-HAZARDOUS

Members
participating
prior to 9/1/08

Requirements for an UNREDUCED BENEFIT:

AGE 65 OR OLDER *(48 months of service credit)*

Eligible to receive an unreduced monthly benefit based on the retirement formula.

AGE 65 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

27 YEARS OF SERVICE CREDIT - *regardless of age*

Requirements for a REDUCED BENEFIT:

25 TO 27 YEARS OF SERVICE CREDIT - *regardless of age*

AGE 55 *(with at least 60 month of service credit)*

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When can I retire?

HAZARDOUS

Members
participating
prior to 9/1/08

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)*

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When can I retire?

NON-HAZARDOUS

Members
participating
on, or after,
9/1/08
through
12/31/13

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*)

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When can I retire?

HAZARDOUS

Members
participating
on, or after,
9/1/08
through
12/31/13

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)*

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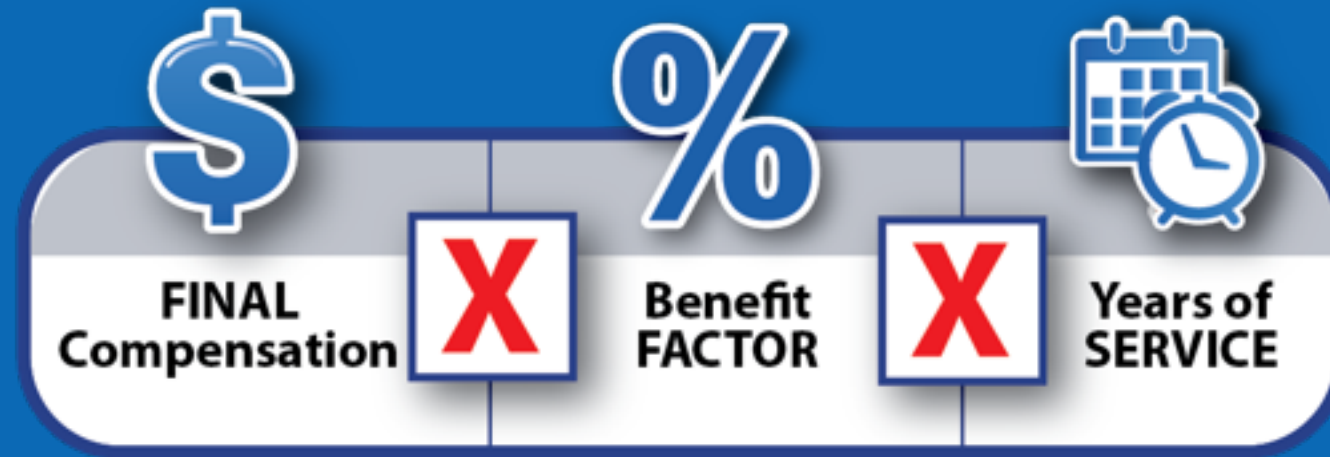


DETERMINING RETIREMENT BENEFITS

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



X Reduced Benefit Percentage
(if applicable)

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FINAL COMPENSATION

- 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*

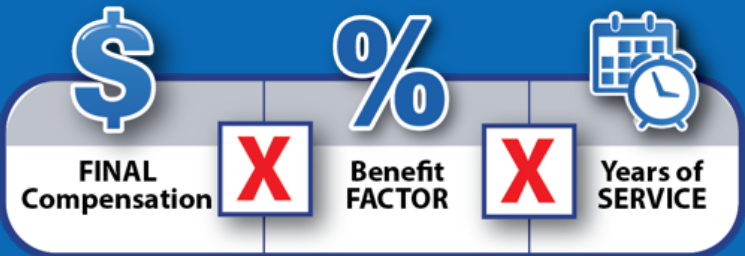


FINAL COMPENSATION

SALARY AVERAGE

NON-HAZARDOUS		
HIGH 5		
YEAR	PAY	# MONTHS
Year 1	\$3,625	1
Year 2	\$31,295	12
Year 3	\$29,795	12
Year 4	\$28,295	12
Year 5	\$26,795	12
$(\$119,805 \div 49) \times 12 = \$29,340$		

HAZARDOUS		
HIGH 3		
YEAR	PAY	# MONTHS
Year 1	\$4,000	1
Year 2	\$46,000	12
Year 3	\$44,000	12
$(\$94,000 \div 25) \times 12 = \$45,120$		





%

BENEFIT FACTOR

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KERS Non-Hazardous (1)	1.97%
-------------------------------	--------------

If a member does not have 13 months credit for 1/1/1998-1/1/1999.

KERS Non-Hazardous (2)	2.00%
-------------------------------	--------------

If a member has 13 months credit for 1/1/1998-1/1/1999.

KERS Hazardous	2.49%
-----------------------	--------------

Only approved hazardous duty positions are eligible.



CERS Non-Hazardous (1)	2.00%
-------------------------------	--------------

If a member began participating on, or after, 8/1/2004-9/1/2008.

CERS Non-Hazardous (2)	2.20%
-------------------------------	--------------

If a member began participating prior to 8/1/2004.

CERS Hazardous	2.50%
-----------------------	--------------

Only approved hazardous duty positions are eligible.

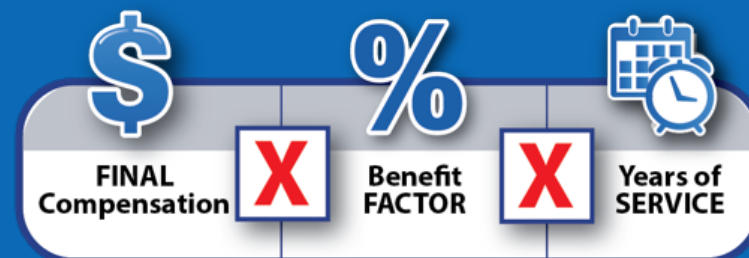


SPRS	2.50%
-------------	--------------

Only approved hazardous duty positions are eligible.

**Set by statute
and vary based on:**

- Participation date
- Type of service
- System





EXAMPLE

NON
HAZ
ARD

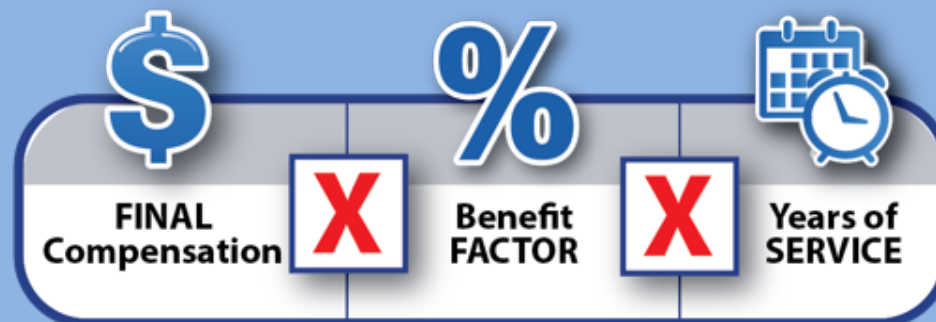


TIER 1 EXAMPLE

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



RETIREMENT FORMULA:

Members participating prior to 9/1/08



$$\begin{array}{r} \$29,340 \times 2.2\% \\ \times 27 \text{ yrs} = \\ \hline \$17,427.96 \end{array}$$

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these
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FINAL COMPENSATION

- 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.

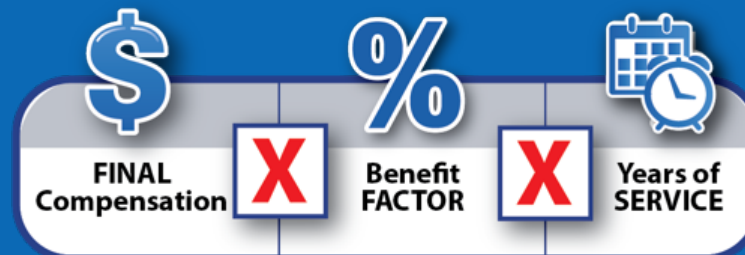


FINAL COMPENSATION

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

NON-HAZARDOUS		
LAST 5		
YEAR	PAY	# 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
$(\$210,500 \div 60) \times 12 = \$42,100$		

HAZARDOUS		
HIGH 3		
YEAR	PAY	# MONTHS
Year 1	\$46,000	12
Year 2	\$44,000	12
Year 3	\$42,000	12
$(\$132,000 \div 36) \times 12 = \$44,000$		





FINAL COMPENSATION

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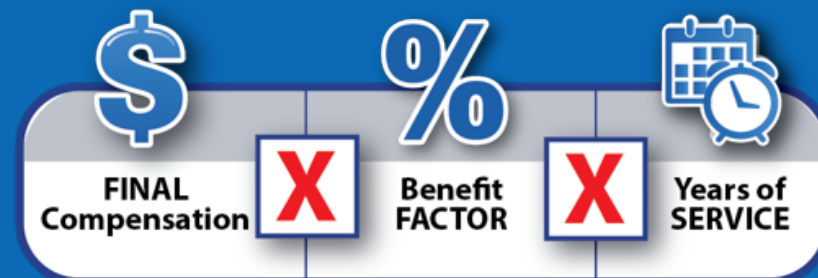
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NON-HAZARDOUS SCHOOL BOARD EXAMPLE		
LAST 5		
YEAR	PAY	# MONTHS
Year 1	\$11,100	11
Year 2	\$10,500	11
Year 3	\$10,000	11
Year 4	\$9,900	11
Year 5	\$9,500	11
Year 6	\$9,300	11
$(\$60,300 / 66) \times 12 = \$10,964$		

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.





BENEFIT FACTOR

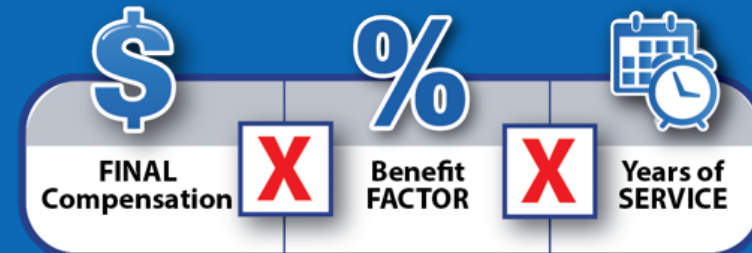
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NON-HAZARDOUS	
1.10%	<120 months
1.30%	121 - 240 months
1.50%	241 - 312 month
1.75%	313 - 360 months
2.00%	>361 months*
* The 2.00% benefit factor only applies to service credit in excess of 30 years.	
HAZARDOUS	
1.30%	<120 months
1.50%	121 - 240 months
2.25%	241 - 299 month
2.50%	> 300 months

**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.





EXAMPLE

NON
HAZ
ARD

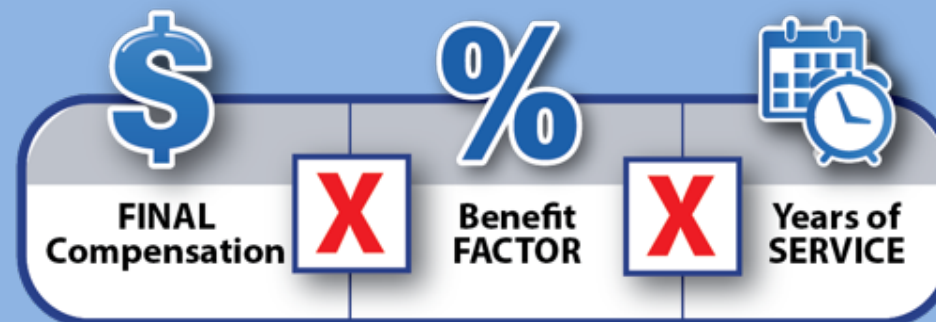
TIER 2 EXAMPLE

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



$$\begin{array}{r} \$42,100 \times 1.75\% \\ \times 30 \text{ yrs} = \\ \hline \$22,102.50 \end{array}$$

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EXAMPLE

NONHAZARD

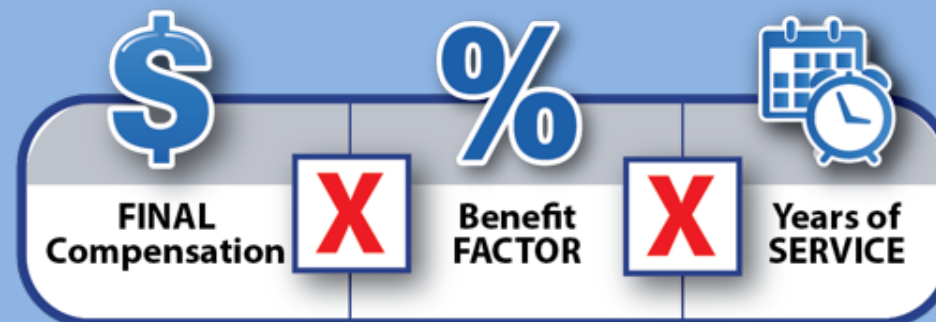
TIER 2 SCHOOL BOARD EXAMPLE

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



$$\begin{array}{r} \$10,964 \times 1.75\% \\ \times 30 \text{ yrs} = \\ \hline \$5,756.10 \end{array}$$

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REDUCED BENEFIT

Non-Hazardous



REDUCED BENEFIT CHART NONHAZ

Years to Attain Age 65 or 27 Years
of Service (Whichever is Less)
% of Non-Hazardous Benefit Paid



Year	% of Benefit	Year	% of Benefit
1	93.5%	6	63%
2	87%	7	58.5%
3	80.5%	8	54%
4	74%	9	49.5%
5	67.5%	10	45%

If you will be receiving a reduced benefit under early retirement:

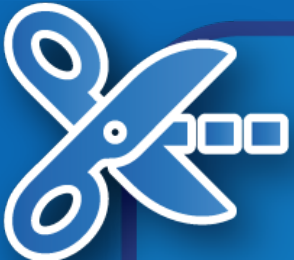
An additional percentage is used in the calculation, lowering the retirement benefit.

Reduced Benefit is also known as SEF (Special Early Factor)



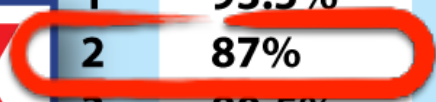

REDUCED BENEFIT

Non-Hazardous



REDUCED BENEFIT CHART NONHAZ
Years to Attain Age 65 or 27 Years of Service (Whichever is Less)
% of Non-Hazardous Benefit Paid

Year	% of Benefit	Year	% of Benefit
1	93.5%	6	63%
2	87%	7	58.5%
3	80.5%	8	54%
4	74%	9	49.5%
5	67.5%	10	45%



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.



SENATE BILL 104

Effective 1/1/2018

PENSION SPIKING



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.*

SENATE BILL 104 Effective 1/1/2018

PENSION SPIKING

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Pension Spiking Determination

Step 1: Evaluate the last five fiscal years

Last Fiscal Years	Creditable Comp.	Months of Service	Annualized	% Change	Spiking
Fiscal Year 5	\$18,750.00	12	\$18,750.00	0%	NO
Fiscal Year 4	\$18,695.00	12	\$18,695.00	14%	YES
Fiscal Year 3	\$16,333.25	12	\$16,333.25	8%	NO
Fiscal Year 2	\$15,152.33	12	\$15,152.33	-2%	NO
Fiscal Year 1	\$14,138.00	11	\$15,423.27	0%	NO

SENATE BILL 104

Effective 1/1/2018

PENSION SPIKING



Pension Spiking Determination

Understanding the Calculation

Last Fiscal Years	Creditable Comp.	Spiking	Revised creditable comp. due to spike	\$ Amount of spike
Fiscal Year 4	\$18,695.00	YES	\$17,966.58	\$728.42
Fiscal Year 3	\$16,333.25	NO	\$16,333.25	\$0.00

Prior fiscal year with no spike → \$16,333.25

Cannot be greater than 10% → X 1.10

Revised creditable comp. → \$17,966.58

SENATE BILL 104 Effective 1/1/2018

PENSION SPIKING

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Pension Spiking Determination

Step 2: Revise creditable compensation

Last Fiscal Years	Creditable Comp.	Spiking	Revised creditable comp. due to spike	\$ Amount of spike*
Fiscal Year 5	\$18,750.00	NO	\$18,750.00	\$0.00
Fiscal Year 4	\$18,695.00	YES	\$17,966.58	\$728.42
Fiscal Year 3	\$16,333.25	NO	\$16,333.25	\$0.00
Fiscal Year 2	\$15,152.33	NO	\$15,152.33	\$0.00
Fiscal Year 1	\$14,138.00	NO	\$14,138.00	\$0.00

** 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



RETIREMENT PAYMENT OPTIONS

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

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*Go to
Member
Self
Service
for your
specific
retirement*

LOGIN 

The payment amounts below are examples only

Payment Options	Member Payment	(or) Beneficiary Payment
Basic Option	\$1,452.33	\$0.00
Life with 10 years certain	\$1,432.19	\$1,432.19 (or) \$0.00
Life with 15 years certain	\$1,408.70	\$1,408.70 (or) \$0.00
Life with 20 years certain	\$1,378.87	\$1,378.87 (or) \$0.00
Survivorship 100%	\$1,321.32	\$1,321.32
Survivorship 66 2/3 %	\$1,362.28	\$908.23
Survivorship 50%	\$1,383.73	\$691.87
Pop-Up Option	\$1,310.14* (see Handbook)	\$1,310.14

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

RETIREMENT PAYMENT OPTIONS

Social Security Adjustment

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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

Payment Options	Member Payment		(or) Beneficiary Payment	
	Until Age 62	Age 62 & After	Until Age 62	Age 62 & After
Basic/Annuity	\$1,452.33	\$1,452.33	-\$0.00-	-\$0.00-
Without Survivor Rights	\$2,145.71	\$1,145.71	-\$0.00-	-\$0.00-
100% Survivorship	\$1,321.32	\$1,321.32	\$1,321.32	\$1,321.32
With Survivor Rights	\$2,040.24	\$1,040.24	\$2,040.24	\$1,040.24

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

Compare the Option
with Survivor Rights to
the Survivorship 100%
Option



TAX TREATMENT of Retirement Benefits

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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

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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.

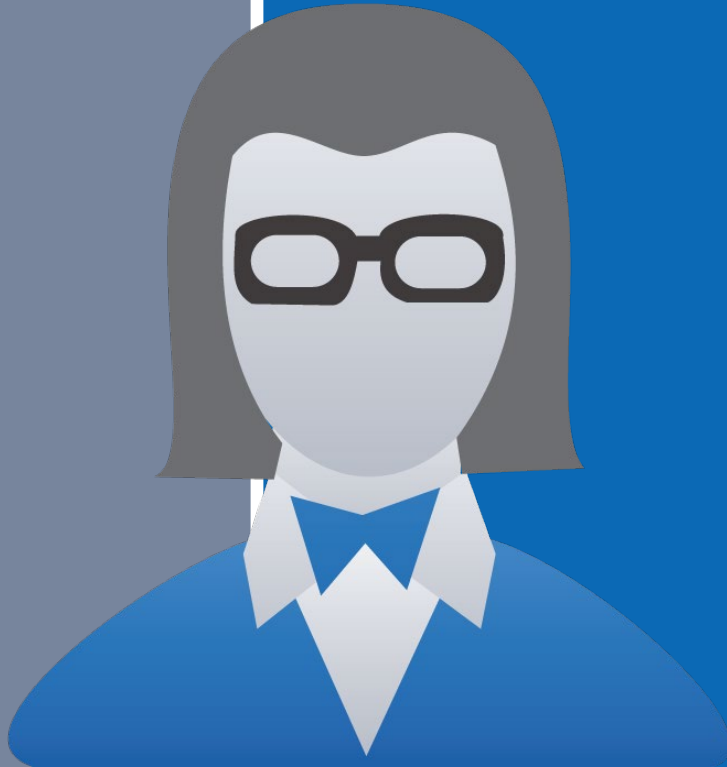
$$\begin{aligned} 17 \text{ years} \div 27 \text{ years total} &= 62.96\% \\ \$30,000 \times 62.96\% &= \$18,888.00 \end{aligned}$$

2. Add taxable pension income from all sources:

KERS	\$18,888.00
Deferred Compensation	\$15,000.00
Total	\$33,888.00

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



STRATEGIES FOR YOUR RETIREMENT

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- **Purchasing Service Credit**
- **Using Accrued Sick Leave**
- **Using Compensatory Time**
- **Timing Your Retirement**



STRATEGIES FOR YOUR RETIREMENT

Purchase Service Credit

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WITHOUT Purchase

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



Retirement Formula:

$$\begin{aligned} &\$29,340 \times 2.2\% \\ &\quad \times 27 \text{ years} = \\ &\quad \$17,427.96 \end{aligned}$$



WITH Purchase

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



Retirement Formula:

$$\begin{aligned} &\$29,340 \times 2.2\% \\ &\quad \times 32 \text{ years} = \\ &\quad \$20,655.36 \end{aligned}$$

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!**



STRATEGIES FOR YOUR RETIREMENT

Purchase Service Credit

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*Go to
Member
Self
Service
for your
specific
retirement*

LOGIN 

**MEMBERS SHOULD CAREFULLY
COMPARE THE COST OF
PURCHASING SERVICE CREDIT TO
THE INCREASED BENEFIT AMOUNT.**

**Hypothetical Cost to purchase
5 years: \$30,000**

$\$30,000 / \$3227.40 = 9.3 \text{ years}$

**Use our Member Self Service to produce
retirement estimates and service purchase cost
calculations.**



STRATEGIES FOR YOUR RETIREMENT

Using Accrued Sick Leave

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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

Members
participating
prior to 9/1/08
Non-Hazardous

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

Final Compensation	x	Benefit Factor	x	Years of Service Credit	x	SEF	=	Annual Benefit	Monthly Benefit
\$29,340.00	x	2.2%	x	27 Yrs.	x	1.000	=	\$17,427.96	\$1,452.33
\$29,340.00	x	2.2%	x	27.5 Yrs.	x	1.000	=	\$17,750.70	\$1,479.23

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

Members
participating
prior to 9/1/08
Non-Hazardous

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

Final Compensation	x	Benefit Factor	x	Years of Service Credit	x	SEF	=	Annual Benefit	Monthly Benefit
\$29,340.00	x	2.2%	x	26.5 Yrs.	x	0.9675	=	\$16,549.30	\$1,379.11
\$29,340.00	x	2.2%	x	27 Yrs.	x	1.000	=	\$17,427.96	\$1,452.33

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!






STRATEGIES FOR YOUR RETIREMENT

Using Compensatory Time

Members
participating
prior to 9/1/08
Non-Hazardous

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	\$		%				
Amount of Comp Hours	Final Compensation	x	Benefit Factor	x	Years of Service Credit	=	Annual Benefit
0 hours	\$37,680	x	2.0%	x	27 Yrs.	=	\$20,347.20
239 hours	\$38,945	x	2.0%	x	27 Yrs.	=	\$21,030.06

In this example, 239 hours of comp. time increased the annual benefit by ~~\$682.86~~ **\$682.86**.

On a monthly basis, the benefit increased by ~~\$56.91~~ **\$56.91**!





STRATEGIES FOR YOUR RETIREMENT

Using Compensatory Time

Members participating prior to 9/1/08 Non-Hazardous

The member's payout at termination for compensatory leave is \$5,164.00 based on a 7.5 hr/day employee.

No Compensatory Payment		
Year 1	\$3,500	1 month
Year 2	\$40,000	12 mos
Year 3	\$38,000	12 mos
Year 4	\$37,000	12 mos
Year 5	\$35,360	12 mos
\$153,860 / 49 mos. X 12 = \$37,680		

Compensatory Payment for 239 hours		
Year 1	\$8,664	1 month
Year 2	\$40,000	12 mos
Year 3	\$38,000	12 mos
Year 4	\$37,000	12 mos
Year 5	\$35,360	12 mos
\$159,024 / 49 mos. X 12 = \$38,945.00		

By having an unused accumulated compensatory 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.





STRATEGIES FOR YOUR RETIREMENT

Timing Your Retirement

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Members
participating
prior to 9/1/08
Non-Hazardous

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.





STRATEGIES FOR YOUR RETIREMENT

Timing Your Retirement

Members
participating
prior to 9/1/08
Non-Hazardous

June 1 st Salary Average		
Year 1	\$40,333	11 mos
Year 2	\$42,000	12 mos
Year 3	\$40,000	12 mos
Year 4	\$39,000	12 mos
Year 5	\$37,000	12 mos
Total	\$198,333	59 months
$\$198,333 \div 59 \text{ mos.} \times 12 = \$40,339$		

August 1 st Salary Average		
Year 1	\$4,000	1 month
Year 2	\$44,000	12 mos
Year 3	\$42,000	12 mos
Year 4	\$40,000	12 mos
Year 5	\$39,000	12 mos
Year 6	\$37,000	12 mos
Total	\$169,000	49 months
$\$169,000 \div 49 \text{ mos.} \times 12 = \$41,388$		

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Judy's annual benefit increased by **\$704.44** a year!
On a monthly basis, her benefit increased by **\$58.70!**

MEDICAL INSURANCE FOR RETIREES & BENEFICIARIES





MEDICAL INSURANCE BENEFITS

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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

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

Total Years of Service	% paid for Retiree	Total Hazardous Service	% paid toward Dependent Coverage
Less than 4 years	0%	Less than 4 years	0%
4 – 9+ years	25%	4 – 9+ years	25%
10 – 14+ years	50%	10 – 14+ years	50%
15 – 19+ years	75%	15 – 19+ years	75%
20 or more years	100%	20 or more years	100%



MEDICAL INSURANCE BENEFITS

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Participation between 7/1/03 – 8/31/08

- Employees must have 10 years of earned service credit



Participation on or after 9/1/08

- Employees must have 15 years of earned service credit

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 \$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



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

***Retiree Portion**



MEDICAL INSURANCE BENEFITS

2020 Over 65 Health Insurance Plans- Medicare Advantage



Available Plans	2020	2020- Mirror plan for members with no Medicare Part B
KRS Medical Only*	\$176.26	N/A
Humana Medicare Employer PPO- KRS Essential Prescription Drug Plan	\$75.56	\$215.00
Humana Medicare Employer PPO- KRS Premium Prescription Drug Plan	\$252.51	\$314.76

***The KRS Medical Only Plan is not a Medicare Advantage Plan and does not provide any outpatient prescription drug benefits.**



MEDICAL INSURANCE BENEFITS

Medicare Secondary Payer

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*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.*

FORM 6000





COMPLETING YOUR FORM 6000

Notification of Retirement

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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.



COMPLETING YOUR FORM 6000

Notification of Retirement

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



COMPLETING YOUR FORM 6000

Notification of Retirement

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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



COMPLETING YOUR FORM 6000

Notification of Retirement

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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



RETIREMENT AND RE-EMPLOYMENT



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KENTUCKY RETIREMENT SYSTEMS

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Retirees Overview

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Retirees Overview

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.



RETIREMENT AND RE-EMPLOYMENT

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.



RETIREMENT AND RE-EMPLOYMENT

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.



RETIREMENT AND RE-EMPLOYMENT WITH A PARTICIPATING AGENCY

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.



RETIREMENT AND RE-EMPLOYMENT

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!



RETIREMENT AND RE-EMPLOYMENT INDEPENDENT CONTRACTOR

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.



RETIREMENT AND RE-EMPLOYMENT VOLUNTEERING

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."





RETIREMENT AND RE-EMPLOYMENT ELECTED OFFICIALS

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.

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.



RETIREMENT AND RE-EMPLOYMENT



*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!*



RETIREMENT AND RE-EMPLOYMENT

Health Insurance for Retired Re-Employed Members



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



SURVIVOR BENEFITS

Naming a Beneficiary

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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.



SURVIVOR BENEFITS

Beneficiary Options

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.

DEATH BENEFIT



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.

LEGAL NOTICE

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?