Pre-Retirement Education Program (PREP)
KRS administers retirement benefits for over 372,000 state and local government employees.

These employees include state employees, state police officers, firefighters, city and county employees, local agency employees, and nonteaching staff of local school boards and regional universities.
<table>
<thead>
<tr>
<th>Kentucky Employees Retirement System</th>
<th>State Police Retirement System</th>
<th>County Employees Retirement System</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Hazardous</strong></td>
<td><strong>Nonhazardous</strong></td>
<td></td>
</tr>
<tr>
<td>Average Salary $40,133</td>
<td>Average Salary $41,133</td>
<td>Average Salary $57,044</td>
</tr>
<tr>
<td>Average Benefit $15,306</td>
<td>Average Benefit $21,699</td>
<td>Average Benefit $27,326</td>
</tr>
</tbody>
</table>

*as of June 30, 2017 - report is in the Comprehensive Annual Financial Report
Did you know...

Kentucky Employees Retirement System
NonHazardous
Active – 36,725
Retired – 40,813
Hazardous
Active – 4,061
Retired – 2,823

State Police Retirement System
Hazardous
Active - 910
Retired - 1,393

County Employees Retirement System
NonHazardous
Active – 84,401
Retired – 54,018
Hazardous
Active – 9,321
Retired – 7,186

*as of June 30, 2017 - report is in the Comprehensive Annual Financial Report
As of June 30, 2017, the market value of KRS assets (pension and insurance) was $16.7 billion.

KRS pays over $1.9 billion in pension and insurance benefits each year.

93.85% of benefit payments are delivered to Kentucky residents and have a significant impact on the Kentucky economy.

*as of June 30, 2017 - report is in the Comprehensive Annual Financial Report
A seventeen-member Board of Directors administers the Systems:

- Two elected by KERS members
- Three elected by CERS members
- One elected by SPRS members
- Ten appointed by the Governor
  - One must be knowledgeable about the pension requirements on local governments
  - Six must have at least 10 years of investment experience
  - One each from lists of nominees submitted by the KY League of Cities, the KY Association of Counties, and the KY School Boards Association
  - The Secretary of the Kentucky Personnel Cabinet, ex officio

The Board appoints an Executive Director to act as the Chief Administrative Officer of the Board

KRS reports for budget purposes to the Kentucky General Assembly
# Plan Funding

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Employee Contributions</strong></td>
<td>The rate is set by statute. Members’ contribute a set percentage of their annual creditable compensation.</td>
</tr>
<tr>
<td></td>
<td>Specific to the Insurance plans, employee contributions include premium payments from retired recipients.</td>
</tr>
<tr>
<td><strong>Employer Contributions</strong></td>
<td>An amount is paid by the employer participating in KRS (state and local government agencies). All employer rates are set each year by the KRS Board of Directors based on actuarial valuations and recommendations; however, the KERS and SPRS employer rates are subject to final adoption by the Kentucky General Assembly in the biennial state budget legislation.</td>
</tr>
<tr>
<td><strong>Investment Income</strong></td>
<td>This represents a portion of every benefit dollar paid. Investments support employee and employer contributions and represent an asset base from which benefits are paid. KRS investment policies are developed based on each plan’s specific needs with a long-term view. Short-term investment performance can be impacted by market conditions.</td>
</tr>
</tbody>
</table>
## Plan Funding

<table>
<thead>
<tr>
<th>2017-2018 Fiscal Year</th>
<th>Employee Contribution Rate*</th>
<th>Employer Contribution Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>KERS Non-Hazardous</td>
<td>5%</td>
<td>49.47%</td>
</tr>
<tr>
<td>KERS Hazardous</td>
<td>8%</td>
<td>23.70%</td>
</tr>
<tr>
<td>CERS Non-Hazardous</td>
<td>5%</td>
<td>19.18%</td>
</tr>
<tr>
<td>CERS Hazardous</td>
<td>8%</td>
<td>31.55%</td>
</tr>
<tr>
<td>SPRS (Hazardous Only)</td>
<td>8%</td>
<td>91.24%</td>
</tr>
</tbody>
</table>

*Employees with a participation date 9/1/2008 and after contribute an additional 1% towards the KRS Insurance Fund.*
Creditable compensation is compensation 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

Keep your email address current!

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

We now offer Call Back Assist!
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

**Policies & Processes**
Self Service

What can you do with your online account?

• Contact Information
• Account History
• Service Purchase Estimate
• Annual Statement
• Account Summary
• Benefit Estimate
• Account Balance Letter
• Member Correspondence

myretirement.ky.gov
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.
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:

**Tier 1:** Defined Benefit Plan  
Participation before 9/1/2008

**Tier 2:** Defined Benefit Plan  
Participation between 9/1/2008 and 12/31/2013

**Tier 3:** Hybrid Cash Balance Plan  
Participation on or after 1/1/2014
**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.

**Note:** 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.

**PRIOR SERVICE CREDIT -**
*Before July 1, 1956 in KERS. Before July 1, 1958 in CERS or SPRS.*
Sick Leave Service Credit

KERS & SPRS – Standard Plan
- pre 9/2008 participation: unlimited
- 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

<table>
<thead>
<tr>
<th>7 ½ 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.
Basic Requirements for Purchased Service Credit

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

*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.*

Members also purchase service to increase their monthly retirement benefit.
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 almost all purchase types, the cost is determined by multiplying the higher of the member’s current rate of pay, final rate of pay, or Final Compensation by the actuarial factor by the number of years of service being purchased.

The actuarial factor used to calculate the cost varies based upon your age, years of accrued service credit, applicable benefit factor, and eligibility for Final Compensation.
Purchasing 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.
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

See pages 15-17 in the PREP booklet for a complete listing of purchase types and required documentation.
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 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.
Lump Sum Payment
- Federal law limits the use of after-tax money to purchase service by lump sum payment
  - IRC 415(c)

Installment Purchase of Service Agreement (IPS):  
- Before-Tax  
- After-Tax {Subject to 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.
IRC 415(c): Effect on Service Purchases: Exceptions from the 415(c) limits

- Repayment of Refunds
- Before-tax Contributions, Rollovers, and Transfers
- In-Service Transfers
- Grandfathered Service
  - Participation date prior to 7/99
  - Service purchases that were available to members of the plan on 8/5/97 (relative to system in which service is purchased)
- Omitted Service
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.
Installment Payment Plan (IPS)

Before-Tax IPS

An employee may not cancel the installment agreement.

- The before-tax installment is an irrevocable, binding agreement than 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.
Installment Payment Plan (IPS)

Can A Member Stop Payment/ Pay Off an IPS contract?

- An employee purchasing service through an after-tax IPS agreement can stop payment or pay off the balance of the contract at any time.
- If the member stops payment and does not pay off the balance, only service purchased through the last payment will be credited to the account.
Installment Payment Plan (IPS)

Can A Member/Beneficiary Stop Payment/ Pay Off an IPS contract?

Termination of Employment/Death:

- A member or beneficiary may pay off the remaining balance of a pre-tax or post-tax IPS agreement within 60 days from termination or death.
- If the member or beneficiary chooses to not pay off the balance, only service purchased through the last payment will be credited to the account.
- Members planning to retire will also be given 60 days from termination of employment to pay off a pre-tax or after tax IPS agreement.

NOTE: Payments for the remaining balance must be received prior to the member’s effective retirement date.
Service With Other Plans

What are the other State Administered Systems?

- Kentucky Employees Retirement System (KERS)
  - Hazardous | Nonhazardous

- County Employees Retirement System (CERS)
  - Hazardous | Nonhazardous

- State Police Retirement System (SPRS)

- Kentucky Teachers Retirement System (KTRS)

- 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.
- 12 years KTRS + 15 years CERS = 27 total years service credit.
- Eligible for unreduced benefits based on a combined 27 years.
- 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</th>
</tr>
</thead>
<tbody>
<tr>
<td>(48 months of service credit)</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Age 65 or older</th>
</tr>
</thead>
<tbody>
<tr>
<td>(with at least 1 month of service credit)</td>
</tr>
</tbody>
</table>

| Eligible to receive a benefit for life that is the actuarial equivalent to twice the member’s contributions and interest |

<table>
<thead>
<tr>
<th>27 years of service credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>- regardless of age</td>
</tr>
</tbody>
</table>

### Requirements for a Reduced Benefit:

<table>
<thead>
<tr>
<th>25 to 27 years of service credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>- regardless of age</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Age 55</th>
</tr>
</thead>
<tbody>
<tr>
<td>(with at least 60 months of service)</td>
</tr>
</tbody>
</table>
## Requirements for an Unreduced Benefit:

<table>
<thead>
<tr>
<th>20 years of service credit</th>
<th>Eligible to receive an unreduced monthly benefit based on the retirement formula</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age 55 or older (with at least 1 month of service) <em>Effective 1/1/2019, members retiring with more than 48 mos. of service, but less than 60 will be eligible for refund only.</em></td>
<td>Eligible to receive a benefit for life that is the actuarial equivalent to twice the member’s contributions and interest</td>
</tr>
<tr>
<td>Age 55 or older (with at least 60 months of service)</td>
<td>Eligible for a benefit based on the member’s salary and service.</td>
</tr>
</tbody>
</table>

## Requirements for a Reduced Benefit:

| Age 50 (with at least 15 years of service credit) | |
### When can I retire?

**NONHAZARDOUS**

**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 10 years of service credit)
When can I retire?

Requirements for an Unreduced Benefit:

25 or more years of service credit

Age 60
(with 60 months of service credit)

Requirements for a Reduced Benefit:

Age 50
(with 180 months of service credit)
Determining Retirement Benefits

How is my monthly payment calculated?

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

A defined benefit plan pays benefits based on a formula:

\[ \text{Final Compensation} \times \text{Benefit Factor} \times \text{Years of Service} \times (\text{Reduced Benefit Percentage} \ (\text{if applicable})) \]

\( X \) Reduced Benefit Percentage

\( (\text{if applicable}) \)
Final Compensation is defined as the average of the HIGHEST FIVE (5) FISCAL YEARS of salary for NONHAZARDOUS 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 NONHAZARDOUS and a minimum of 24 months for HAZARDOUS.

*Compensatory payments can be reported as salary and used in determining the average salary.*
## Salary Average

### NONHAZARDOUS

<table>
<thead>
<tr>
<th>YEAR</th>
<th>PAY</th>
<th># MONTHS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018-19</td>
<td>$3,625</td>
<td>1</td>
</tr>
<tr>
<td>2016-17</td>
<td>$31,295</td>
<td>12</td>
</tr>
<tr>
<td>2015-16</td>
<td>$29,795</td>
<td>12</td>
</tr>
<tr>
<td>2014-15</td>
<td>$28,295</td>
<td>12</td>
</tr>
<tr>
<td>2013-14</td>
<td>$26,795</td>
<td>12</td>
</tr>
</tbody>
</table>

($119,805 ÷ 49) X 12 = $29,340

### HAZARDOUS

<table>
<thead>
<tr>
<th>YEAR</th>
<th>PAY</th>
<th># MONTHS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017-18</td>
<td>$4,000</td>
<td>1</td>
</tr>
<tr>
<td>2016-17</td>
<td>$46,000</td>
<td>12</td>
</tr>
<tr>
<td>2015-16</td>
<td>$44,000</td>
<td>12</td>
</tr>
</tbody>
</table>

($94,000 ÷ 25) X 12 = $45,120
Pension Spiking

Senate Bill 104
Effective 1/1/2018
Pension Spiking

• Applies to members retiring on or after 1/1/2018.
• Refunds of employee contributions due to 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 $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.*
Set by statute and vary based on:

- Participation date
- Type of service
- System

<table>
<thead>
<tr>
<th>Benefit Factor</th>
<th>Tier 1</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>KERS Nonhazardous (1)</strong></td>
<td>1.97%</td>
</tr>
<tr>
<td>If member does not have 13 months credit for 1/1/1998-1/1/1999</td>
<td></td>
</tr>
<tr>
<td><strong>KERS Nonhazardous (2)</strong></td>
<td>2.00%</td>
</tr>
<tr>
<td>If member has 13 months credit for 1/1/1998-1/1/1999</td>
<td></td>
</tr>
<tr>
<td><strong>KERS Hazardous</strong></td>
<td>2.49%</td>
</tr>
<tr>
<td>Only approved hazardous duty position are eligible.</td>
<td></td>
</tr>
<tr>
<td><strong>CERS Nonhazardous (1)</strong></td>
<td>2.00%</td>
</tr>
<tr>
<td>If member began participating on or after 8/1/2004 and before 9/1/2008</td>
<td></td>
</tr>
<tr>
<td><strong>CERS Nonhazardous (2)</strong></td>
<td>2.20%</td>
</tr>
<tr>
<td>If member began participating prior to 8/1/2004</td>
<td></td>
</tr>
<tr>
<td><strong>CERS Hazardous</strong></td>
<td>2.50%</td>
</tr>
<tr>
<td>Only approved hazardous duty position are eligible.</td>
<td></td>
</tr>
<tr>
<td><strong>SPRS</strong></td>
<td>2.50%</td>
</tr>
<tr>
<td>Only approved hazardous duty position are eligible.</td>
<td></td>
</tr>
</tbody>
</table>
• Final Compensation is defined as the LAST FIVE (5) FISCAL YEARS of salary for NONHAZARDOUS 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.
# Salary Average

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

## NONHAZARDOUS

<table>
<thead>
<tr>
<th>YEAR</th>
<th>PAY</th>
<th># MONTHS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017-18</td>
<td>$46,000</td>
<td>12</td>
</tr>
<tr>
<td>2016-17</td>
<td>$44,000</td>
<td>12</td>
</tr>
<tr>
<td>2015-16</td>
<td>$42,000</td>
<td>12</td>
</tr>
<tr>
<td>2014-15</td>
<td>$40,000</td>
<td>12</td>
</tr>
<tr>
<td>2013-14</td>
<td>$38,500</td>
<td>12</td>
</tr>
</tbody>
</table>

\( \text{\textdollar}(210,500 \div 60) \times 12 = \text{\textdollar}42,100 \)

## HAZARDOUS

<table>
<thead>
<tr>
<th>YEAR</th>
<th>PAY</th>
<th># MONTHS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017-18</td>
<td>$46,000</td>
<td>12</td>
</tr>
<tr>
<td>2016-17</td>
<td>$44,000</td>
<td>12</td>
</tr>
<tr>
<td>2015-16</td>
<td>$42,000</td>
<td>12</td>
</tr>
</tbody>
</table>

\( \text{\textdollar}(132,000 \div 36) \times 12 \simeq \text{\textdollar}44,000 \)
## NONHAZARDOUS PARTIAL YEAR EXAMPLE

<table>
<thead>
<tr>
<th>YEAR</th>
<th>PAY</th>
<th># MONTHS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 1</td>
<td>$11,167.43</td>
<td>11</td>
</tr>
<tr>
<td>Year 2</td>
<td>$10,167.43</td>
<td>11</td>
</tr>
<tr>
<td>Year 3</td>
<td>$10,000.00</td>
<td>11</td>
</tr>
<tr>
<td>Year 4</td>
<td>$9,900.00</td>
<td>11</td>
</tr>
<tr>
<td>Year 5</td>
<td>$9,500.00</td>
<td>11</td>
</tr>
<tr>
<td>Year 6</td>
<td>$9,300.00</td>
<td>11</td>
</tr>
</tbody>
</table>

($60,034.86 / 66) \times 12 = $10,915.44

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.
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.

**Benefit FACTOR**

<table>
<thead>
<tr>
<th>NONHAZARDOUS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.10% &lt;120 months</td>
<td></td>
</tr>
<tr>
<td>1.30% 121 - 240 months</td>
<td></td>
</tr>
<tr>
<td>1.50% 241 - 312 months</td>
<td></td>
</tr>
<tr>
<td>1.75% 313 - 360 months</td>
<td></td>
</tr>
<tr>
<td>2.00% &gt;361 months*</td>
<td></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% &lt;120 months</td>
<td></td>
</tr>
<tr>
<td>1.50% 121 - 240 months</td>
<td></td>
</tr>
<tr>
<td>2.25% 241 - 300 months</td>
<td></td>
</tr>
<tr>
<td>2.50% &gt;300 months</td>
<td></td>
</tr>
</tbody>
</table>
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 CHART NONHAZ**

*Years to Attain Age 65 or 27 Years of Service (Whichever is Less)*

<table>
<thead>
<tr>
<th>Year</th>
<th>% of Benefit</th>
<th>Year</th>
<th>% of Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>93.5%</td>
<td>6</td>
<td>63%</td>
</tr>
<tr>
<td>2</td>
<td>87%</td>
<td>7</td>
<td>58.5%</td>
</tr>
<tr>
<td>3</td>
<td>80.5%</td>
<td>8</td>
<td>54%</td>
</tr>
<tr>
<td>4</td>
<td>74%</td>
<td>9</td>
<td>49.5%</td>
</tr>
<tr>
<td>5</td>
<td>67.5%</td>
<td>10</td>
<td>45%</td>
</tr>
</tbody>
</table>

---
FOR EXAMPLE -

a 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).
Tier 1 Example:

John Doe works in a Nonhazardous position for an agency participating in CERS

- Retirement Date: 8/1/2018
- Final Compensation is $29,340
- 27 years of Service Credit

Final Compensation multiplied by Benefit Factor (%) multiplied by Years of Service equals BASIC ANNUAL BENEFIT

Retirement Formula:

Members participating prior to 9/1/08

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

See pages 28-31 in the PREP Handbook
Jane Doe works in a Nonhazardous position for an agency participating in CERS

- Retirement Date: 9/1/2038
- Final Compensation is $29,340
- 30 years of Service Credit

Final Compensation multiplied by Benefit Factor (%) multiplied by Years of Service equals BASIC ANNUAL BENEFIT

$29,340 \times 1.75\% \times 30 \, \text{yrs} = \$15,403.50

See pages 28-31 in the PREP Handbook
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

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* (see Handbook)</td>
<td>$1,310.14</td>
</tr>
</tbody>
</table>

Go to myretirement.ky.gov for your specific retirement.
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.)*
## Social Security Adjustment Options

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

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

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

**EXAMPLE BASED ON $1,000 MONTHLY SOCIAL SECURITY BENEFIT AT AGE 62**
Timing and Strategies
STRATEGIES
For Your Retirement

Purchasing Service Credit
Using Accrued Sick Leave
Using Compensatory Time
Timing Your Retirement
Strategies for your Retirement: 

**Purchasing Service Credit**

**WITHOUT Purchase**

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

**Retirement Formula:**

\[27 \text{ yrs} \times 2.2\% \times \$29,340 = \$17,427.96\]

**WITH Purchase**

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

**Retirement Formula:**

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

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 website at Myretirement.ky.gov to produce retirement estimates and service purchase cost calculations.
NONHAZARDOUS STRATEGIES for Retirement
Members participating prior to 9/1/08

Using Accrued Sick Leave to increase service

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

Limited to 12 months for post 9/08 participants
Example: Accumulation of 6 months of sick leave credit to increase service at retirement.

<table>
<thead>
<tr>
<th>Final Compensation</th>
<th>Benefit Factor</th>
<th>Years of Service Credit</th>
<th>ERF</th>
<th>Annual Benefit</th>
<th>Monthly Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>$29,340.00</td>
<td>2.2%</td>
<td>27 Yrs.</td>
<td>1.000</td>
<td>$17,427.96</td>
<td>$1,452.33</td>
</tr>
<tr>
<td>$29,340.00</td>
<td>2.2%</td>
<td>27.5 Yrs.</td>
<td>1.000</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!
Example: Accumulation of 6 months of sick leave credit to attain unreduced benefits at retirement.

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

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!
Using compensatory time to increase final compensation

<table>
<thead>
<tr>
<th>Amount of Comp Hours</th>
<th>Final Compensation</th>
<th>Benefit Factor</th>
<th>Years of Service Credit</th>
<th>Annual Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 hours</td>
<td>$37,680</td>
<td>2.0%</td>
<td>27 Yrs.</td>
<td>$20,347.20</td>
</tr>
<tr>
<td>239 hours</td>
<td>$38,945</td>
<td>2.0%</td>
<td>27 Yrs.</td>
<td>$21,030.06</td>
</tr>
</tbody>
</table>

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!
Using compensatory time to increase final compensation

<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>
<tr>
<td><strong>Year 2</strong></td>
<td><strong>Year 2</strong></td>
</tr>
<tr>
<td>$40,000</td>
<td>$40,000</td>
</tr>
<tr>
<td>12 mos</td>
<td>12 mos</td>
</tr>
<tr>
<td><strong>Year 3</strong></td>
<td><strong>Year 3</strong></td>
</tr>
<tr>
<td>$38,000</td>
<td>$38,000</td>
</tr>
<tr>
<td>12 mos</td>
<td>12 mos</td>
</tr>
<tr>
<td><strong>Year 4</strong></td>
<td><strong>Year 4</strong></td>
</tr>
<tr>
<td>$37,000</td>
<td>$37,000</td>
</tr>
<tr>
<td>12 mos</td>
<td>12 mos</td>
</tr>
<tr>
<td><strong>Year 5</strong></td>
<td><strong>Year 5</strong></td>
</tr>
<tr>
<td>$35,360</td>
<td>$35,360</td>
</tr>
<tr>
<td>12 mos</td>
<td>12 mos</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 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.
### Timing Example

#### June 1\(^{st}\) Salary Average

<table>
<thead>
<tr>
<th>Year</th>
<th>Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 1</td>
<td>$40,333</td>
</tr>
<tr>
<td>Year 2</td>
<td>$42,000</td>
</tr>
<tr>
<td>Year 3</td>
<td>$40,000</td>
</tr>
<tr>
<td>Year 4</td>
<td>$39,000</td>
</tr>
<tr>
<td>Year 5</td>
<td>$37,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total</th>
<th>$198,333</th>
<th>59 months</th>
</tr>
</thead>
</table>

$198,333 \div 59\,\text{mos.} \times 12 = $40,338.91

#### August 1\(^{st}\) Salary Average

<table>
<thead>
<tr>
<th>Year</th>
<th>Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 1</td>
<td>$4,000</td>
</tr>
<tr>
<td>Year 2</td>
<td>$4,400</td>
</tr>
<tr>
<td>Year 3</td>
<td>$4,200</td>
</tr>
<tr>
<td>Year 4</td>
<td>$4,000</td>
</tr>
<tr>
<td>Year 5</td>
<td>$3,900</td>
</tr>
<tr>
<td>Year 6</td>
<td>$36,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total</th>
<th>$169,000</th>
<th>49 months</th>
</tr>
</thead>
</table>

$169,000 \div 49\,\text{mos.} \times 12 = $41,387.76

In this example, waiting just two months can increase your salary average by $704.21 a year!
STRATEGIES for Retirement

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.
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.
Completing your Form 6000 Notification of Retirement

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
The Retirement Process

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.
    ● The insurance application is not required in order to process your retirement benefit.
    ● However, you are responsible for timely filing of your Form 6200, insurance application, if you wish to obtain insurance coverage.
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.
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
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>
Medical Insurance Benefits

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

Nonhazardous 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 $10 contribution will be increased each year by the Cost of Living Adjustment (COLA)
The monthly contributions for 2017 are $12.99 Non-Hazardous/$19.48 Hazardous
The monthly contribution rates for 2018 $13.18 Non-Hazardous/$19.77 Hazardous
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.
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.
Re-Employment after Retirement

Contact KRS

NOTE: When you retire you must cease ALL employment with ALL agencies who participate in one of the systems administered by Kentucky Retirement Systems.

You should contact KRS before considering returning to work after you have retired. KRS wants to ensure that you do not unintentionally void your retirement benefits and have to return benefits already distributed to you.
Bona Fide Separation From Service Restriction - *Full Time*

- Kentucky law prohibits a retiree from having a prearranged agreement prior to termination to return to employment in *a regular full-time position* with any agency participating in any of the systems administered by KRS.

- At the time of reemployment, the participating agency and retiree must complete Form 6751.
Bona Fide Separation From Service Restriction - *Non-participating Positions*

- Kentucky law provides that a retiree cannot have a prearranged agreement prior to termination to return to employment in a non-participating position with the same employer.

- However, if returning to employment in a non-participating position for a different employer, you may have a prearranged agreement.
Initial participation date is prior to 9/1/08

Reemployed on or after 9/1/08 in a participating position

Health insurance coverage is through KRS

Employer is required to reimburse KRS for contribution for single coverage for retiree. **
Re-Employment after Retirement

Form 6751

• Member and Employer Certification Regarding Reemployment

• Must be completed at time of reemployment, certifying under penalty of perjury that no prearranged agreement existed
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!
Death Before Retirement

Naming a Beneficiary

Beneficiary Options

Death In Line of Duty
Death Before Retirement: 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.
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?