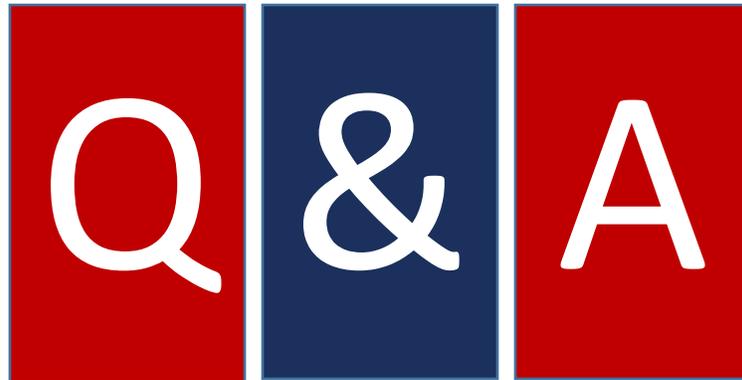


Quasi-Governmental Cessation



KPPA

Kentucky Public Pensions Authority

General Information Guide for
KERS Nonhazardous
Opt-Out Under HB 1

Hard Freeze



I have learned that my employer is requesting to cease participation with Kentucky Public Pensions Authority. Can they do that?

Yes. Legislation was enacted during the 2015 Regular Session establishing a process for certain employers to cease participation with KPPA. In 2019, House Bill 1 established a one-time, voluntary cessation window for KERS Quasi-Governmental Employers with nonhazardous employees.

The information below is specific to the one-time cessation window established under House Bill 1. The effective date is June 30, 2021.

Please be advised that most of the dates currently listed in 105 KAR 1:149 have not yet been updated to reflect changes to the quasi-governmental cessation process established by Senate Bill 249 in 2020. SB 249 extends the timeframe for employers to select an option under this cessation window. KPPA has begun the amendment process to make KAR 1:149 consistent with SB 249 (2020), but these amendments are not expected to become final until early 2021.

SB 249:

- Extends the effective cessation date for Quasi-Governmental Employers to June 30, 2021 from June 30, 2020;
- Extends the window for Quasi-Governmental Employers to submit a resolution to cease participation through **April 30, 2021**, EXCEPT for universities and community colleges, which only had through **December 31, 2020**;
- Extends the deadline to rescind a previously submitted resolution to cease participation to **April 30, 2021**, EXCEPT for ceasing universities and colleges, which only had through **December 31, 2020** to rescind a previously submitted resolution to cease participation;
- Extends installment payment start date to July 1, 2021 from July 1, 2020;
- Extends the lump sum payment deadline for ceasing Quasi-Governmental Employers to June 30, 2022 from June 30, 2021

When will my employer cease participating with Kentucky Public Pensions Authority?

June 30, 2021: This is the last day current employees may earn service credit with the ceasing employer. This date is also the deadline for an employee to file all documents necessary to complete a service purchase or pay off an existing service purchase installment agreement with KPPA.

What will happen to my retirement account if I have earned service credit with an employer that has ceased participating with Kentucky Public Pensions Authority?

Your retirement account is safe! You will not lose your retirement account if your employer or former employer ceases participation in KERS unless you take a refund of your account. However, current employees of a ceasing employer will no longer earn service credit towards retirement after June 30, 2021.

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

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

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

1. Click the "Need to Register?" link.
2. Enter your Social Security Number and Date of Birth. Click the "Next" button.
3. Enter your KPPA PIN.
4. Enter a valid email address. Click the "Next" button.
5. Enter a User ID, password, and select and answer a secret question.

Make sure your User ID and password meet the requirements noted on this page. Click the "Next" button.

6. Your registration will be complete and you will be logged into your account.

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

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

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

Current employees must terminate their employment with the ceasing employer in order to be eligible for a refund of their retirement account. Any employee who does not take a refund may keep his or her retirement account at KPPA until they are eligible to retire. Once eligible, the employee may terminate employment and retire.

IMPORTANT NOTE: July 1, 2021 through August 30, 2021: During this time period, an employee may file Form 1500, KRS 61.522 60-Day Transfer Request, to apply for a transfer of his or her retirement account to the ceasing employer's alternative retirement plan. Information regarding this option will be mailed directly to the member by KPPA.

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

An employee who is eligible to retire may file the Form 6000, Notification of Retirement by logging into their Member Self Service account and initiating the retirement process online or via paper application. To apply for retirement online, go to: myretirement.ky.gov. **Important Note: A member is required to terminate employment in order to be eligible to retire.**

IMPORTANT NOTE: July 1, 2021 through August 30, 2021: During this time period, an employee may file Form 1500, KRS 61.522 60-Day Transfer Request, to apply for a transfer of his or her retirement account to the ceasing employer's alternative retirement plan. Information regarding this option will be mailed directly to the member by KPPA.

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

I am currently working with an employer that participates with a system operated by KPPA but I earned prior service credit with a ceasing employer. What are my options with my retirement account?

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

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

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

Members who have terminated from employment with all employers participating with any system operated by KPPA may apply for and receive a retirement benefit if they otherwise satisfy all applicable state and federal requirements.

Will sick leave hours be applied to KPPA service credit after June 30, 2021, or does one need to retire prior to July 1, 2021 in order to use sick time toward retirement service credit? Does the service freeze? Does the sick leave service count at all?

The member's account will be credited with the months of sick leave for the leave balance their employer reports to KPPA as of June 30, 2021. The ceasing employer will report the balance as of June 30, 2021 and the equivalent number of months will be credited to the member account. To determine how sick leave may impact your retirement benefits, log in to your Member Self Service account to run estimates for comparison at: myretirement.ky.gov.

Can employees buy service credit?

Employees with eligible service to purchase will have until June 30, 2021 to complete the purchase or pay off an existing Installment of Service (IPS) agreement with KPPA.

There are more than 20 service purchase types that Tier 1 and Tier 2 members may be eligible to purchase. Most service purchase types require verification of the period of service requesting to be purchased. If referring to Non-Qualified service specifically, only those members with service prior to August 1, 2002 are eligible to purchase the service. For more information regarding service purchases and verification required, please go to: [Purchasing Service Credit](#).

Tier 3 members are eligible to purchase six (6) types of service. Again, the member would have to provide verification for the period of service in question for most of these types. For more information regarding service purchases and verification required, please go to: [Purchasing Service Credit - Tier 3](#).

Under the election of the Hard Freeze option, Tier 1, Tier 2 and Tier 3, nonhazardous employees will have until June 30, 2021 to complete a service purchase or initiate a payoff of an existing Installment of a Service Purchase (IPS) agreement with KPPA. If a payoff of an Installment of Service Purchase (IPS) agreement is initiated before June 30, 2021, the employee will have until 8/30/2021 to pay off the IPS.

I am retired through Kentucky Public Pensions Authority and would like to return to work with an employer that is ceasing participation with KERS. What should I do?

Pursuant to KRS 61.637 and KAR 1:145 Section 8, all normal reemployment after retirement rules apply and retirees returning to work with a ceased or participating employer must observe a “bona fide separation” from service. To have a “bona fide separation” from service, the retiree can neither have a pre-arranged agreement to return to employment at the time of retirement nor return to work within three (3) calendar months of retirement. In addition, the retired member must submit a Form 6751, available on the website at: kyret.ky.gov.

Important Note: You should NOT return to work until you have received approval from KPPA.

If you are unsure whether your employment after retirement is restricted under the law, please email your questions and/or concerns to: EmployerWithdrawal@kyret.ky.gov.



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

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