

Quasi-Governmental Voluntary Cessation
House Bill 1 (2019) Senate Bill 249 (2020)

	Agency continues participation for its NonHazardous employees	Opt out of KERS with a "SOFT FREEZE"	Opt out of KERS with a "HARD FREEZE"
ACCUMULATION OF SERVICE CREDIT	Continue participation in KERS for its nonhazardous employees and pay the full contribution rate beginning July 1, 2021.	Tier 1 and Tier 2 employees will continue to contribute and earn service credit for as long as they remain eligible in a regular full-time position that is eligible to participate in KERS.	Tier 1 and Tier 2 employees will cease participation in KERS on 6/30/2021. Effective July 1, 2021, all nonhazardous employees will participate in the quasi-agency's alternative retirement plan- a defined contribution plan.
SICK LEAVE ACCRUALS	All employees will continue to accrue sick leave which may be applied to their retirement benefits based upon their benefit tier.	Tier 1 and Tier 2 nonhazardous employees will continue to accrue sick leave through the cessation date. The employee's account will be credited with the sick leave balance that the agency reports to KPPA as of 6/30/2021.	Tier 1 and Tier 2 nonhazardous employees will continue to accrue sick leave through the cessation date. The employee's account will be credited with the sick leave balance that the agency reports to KPPA as of 6/30/2021.
SERVICE PURCHASES	All employees will be permitted to purchase eligible service credit through their termination with a participating agency of the systems operated by KPPA.	Tier 1 and Tier 2 employees will be eligible to purchase service credit after the June 30, 2021 cessation.	Tier 1 and Tier 2 employees eligible to purchase service credit, will have until 6/30/2021 to complete the service purchase or initiate a pay off of their Installment of Service Purchase (IPS) agreement with KPPA. If an IPS payoff is initiated by 6/30/2021, the member will have until 8/30/2021 to submit payment. Members impacted will be mailed a letter from KPPA.
HEALTH INSURANCE	All employees will continue to earn service credit as long as they remain eligible to participate. At termination, the member's service will be used to determine KPPA's contribution toward the member's health insurance premium.	Tier 1 and Tier 2 nonhazardous employees will continue to earn service credit as long as they remain eligible to participate. At termination, the member's service will be used to determine KPPA's contribution toward the member's health insurance premium.	Tier 1 and Tier 2 nonhazardous employees will stop earning service credit in KERS on June 30, 2021. Only if the member returns to work in a participating position for an agency participating in any of the systems operated by the KPPA will the member earn additional service credit toward their health insurance vesting.
IRREVOCABLE TRANSFER <small>(Employees are NOT required to transfer their accumulated account balance with KERS to the alternative retirement plan)</small>	Employees are not eligible to transfer their accumulated account balance to the quasi-agency's alternative retirement plan.	Tier 1 and Tier 2 employees are not eligible to transfer their accumulated account balance to the quasi-agency's alternative retirement plan.	Tier 1 and Tier 2 employees may choose to transfer their retirement account with KERS to the quasi-agency's alternative retirement plan. If the employee chooses to transfer their retirement account, they must complete the Form 1500, KRS 61.522 60-Day Transfer Request may be filed between July 1, 2021 and August 30, 2021.





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ACCUMULATION OF SERVICE CREDIT	Continue participation in KERS for its nonhazardous employees and pay the full contribution rate beginning July 1, 2021.	Tier 3 employees will cease participation in KERS on June 30, 2021 and contribute to the quasi-agency's alternative retirement plan.	Tier 3 employees will cease participation in KERS on June 30, 2021 and contribute to the quasi-agency's alternative retirement plan.
SICK LEAVE ACCRUAL	All employees will continue to accrue sick leave which may be applied to their retirement benefits based upon their benefit tier.	Per 105 KAR 1:149 Section 9 (1)(a) requires that sick leave be reported for all employees. Sick leave for Tier 3 members will not be used in the calculation of the final cessation cost. However, KPPA asks that the sick leave for Tier 3 employees be reported since members have until 6/30/2021 to make service purchases that could change their tier.	Per 105 KAR 1:149 Section 9 (1)(a) requires that sick leave be reported for all employees. Sick leave for Tier 3 members will not be used in the calculation of the final cessation cost. However, KPPA asks that the sick leave for Tier 3 employees be reported since members have until 6/30/2021 to make service purchases that could change their tier.
SERVICE PURCHASES	All employees will be permitted to purchase eligible service credit through their termination with a participating agency of the Systems.	Tier 3 employees are limited on service purchase options. If a Tier 3 employee is eligible to purchase service credit, the member will have until 6/30/2021 to complete the service purchase or initiate a pay off of their Installment of Service Purchase (IPS) agreement with KPPA. If an IPS payoff is initiated by 6/30/2021, the member will have until 8/30/2021 to submit payment. Members impacted will be mailed a letter from KPPA.	Tier 3 employees are limited on service purchase options. If a Tier 3 employee is eligible to purchase service credit, the member will have until 6/30/2021 to complete the service purchase or initiate a pay off of their Installment of Service Purchase (IPS) agreement with KPPA. If an IPS payoff is initiated by 6/30/2021, the member will have until 8/30/2021 to submit payment. Members impacted will be mailed a letter from KPPA.
HEALTH INSURANCE	All employees will continue to earn service credit as long as they remain eligible to participate. At termination, the member's service will be used to determine KPPA's contribution toward the member's health insurance premium.	Tier 3 nonhazardous employees will stop earning service credit in KERS on June 30, 2021. Only if the member returns to work in a participating position for an agency participating in any the systems operated by KPPA, will the member earn additional service credit toward their health insurance vesting. Otherwise, the member's service credit as of the cessation date will be used to determine member's eligibility for insurance and KPPA's contribution toward the member's health insurance premium.	Tier 3 nonhazardous employees will stop earning service credit in KERS on June 30, 2021. Only if the member returns to work in a participating position for an agency participating in any the systems operated by KPPA, will the member earn additional service credit toward their health insurance vesting. Otherwise, the member's service credit as of the cessation date will be used to determine member's eligibility for insurance and KPPA's contribution toward the member's health insurance premium.
IRREVOCABLE TRANSFER <small>(Employees are NOT required to transfer their accumulated account balance with KERS to the alternative retirement plan)</small>	Employees are not eligible to transfer their accumulated account balance to the quasi-agency's alternative retirement plan.	Tier 3 employees may choose to transfer their retirement account with KERS to the quasi-agency's alternative retirement plan. If the employee chooses to transfer their retirement account, the employee must file a Form 1500, KRS 61.522 60-Day Transfer Request, between July 1, 2021 and August 30, 2021.	Tier 3 employees may choose to transfer their retirement account with KERS to the quasi-agency's alternative retirement plan. If the employee chooses to transfer their retirement account, the employee must file a Form 1500, KRS 61.522 60-Day Transfer Request, between July 1, 2021 and August 30, 2021.



KPPA
Kentucky Public Pensions Authority

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 REFUNDS	<p style="text-align: center;">Tier 1, Tier 2, or Tier 3 employees who terminate employment with a bona fide separation from service, are eligible to take a refund of their accumulated account balance.</p> <p style="text-align: center;">A terminated employee may file a Form 4525, Application for Refund of Member Contributions and Direct Rollover/Direct Payment Selection.</p> <p style="text-align: center;">The refund can be paid directly to the member or rolled over/transferred to a qualified plan or IRA.</p> <p style="text-align: center;">Federal and state law both require a bona fide separation from service (a complete severance of any kind of employment relationship) with employers participating in any of the systems operated by KPPA or entities affiliated with participating employers in order for KPPA to pay a retirement benefit or to pay a refund of a retirement account.</p>		
RETIREMENT	<p style="text-align: center;">An employee who is eligible to retire may file a, Form 6000, Notification of Retirement, and retire once he/she has decided to terminate employment with a bona fide separation of service.</p> <p style="text-align: center;">Federal and state law both require a bona fide separation from service (a complete severance of any kind of employment relationship) with participating employers of any system operated by KPPA in order to pay a retirement benefit or to pay a refund of a retirement account.</p>		

ADDITIONAL RESOURCES

MEMBER SELF SERVICE

KPPA WEBSITE

BENEFIT TIER COMPARISON

ALL-TIERS PRESENTATION

