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

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

• As of June 30, 2019, the market value of KRS assets (pension and insurance) was $18.1 billion.

• KRS pays over $2.0 billion in pension and insurance benefits each year.
  
  • 93.64% of benefit payments are delivered to Kentucky residents and have a significant impact on the Kentucky economy.

• Each county in Kentucky receives at least $1 million annually from KRS.

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

Requirements for Governor Appointee:

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

1. Member Contributions
2. Employer Contributions
3. Return on Investments
## PLAN FUNDING

**HOUSE BILL 1**
Emergency Bill - Effective 7/24/19
provides a one-time voluntary cessation window for KERS quasi-governmental agencies and maintains the lower contribution rate of 49.47% for those same KERS quasi-governmental agencies in FY 2019-2020.

**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.

---

<table>
<thead>
<tr>
<th>2017-2018 Fiscal Year</th>
<th>Employee Contribution Rate*</th>
<th>Employer Contribution Rate Effective 7/1/2018</th>
<th>Employer Contribution Rate Effective 7/1/2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>KERS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-Hazardous</td>
<td>5%</td>
<td>83.43%</td>
<td>83.43%</td>
</tr>
<tr>
<td>Hazardous</td>
<td>8%</td>
<td>36.85%</td>
<td>36.85%</td>
</tr>
<tr>
<td></td>
<td>CERS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-Hazardous</td>
<td>5%</td>
<td>21.48%</td>
<td>24.06%</td>
</tr>
<tr>
<td>Hazardous</td>
<td>8%</td>
<td>35.34%</td>
<td>39.58%</td>
</tr>
<tr>
<td>SPRS</td>
<td>8%</td>
<td>146.28%</td>
<td>146.28%</td>
</tr>
</tbody>
</table>

Employees with a participation date 9/1/2008 and after contribute an additional 1% towards the KRS Insurance Fund.
MEMBER ACCOUNTS

Policies & Processes

How KRS Protects Your Information

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

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

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

We now offer Call Back Assist!

MEMBER ACCOUNTS

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 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

To register, you will need your:

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

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

- Contact Information
- Account History
- Account Balance Letter
- Account Summary
- Benefit Estimate
- Service Purchase Estimator
- Annual Statement
The Benefit Estimate page uses real-time information to determine:

- Your earliest retirement date
- Your first unreduced retirement date
- Your payment options and amounts
The service purchase estimate screen allows you to estimate the cost to purchase service you may be eligible to purchase using real-time data, as well as obtain an estimate of monthly payments using an installment plan.

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

A small percentage of our membership may not have had an Annual Statement generated due to unforeseen issues. If you do not see a link to your annual statement, please contact our office.
THREE TIERS OF PLANS

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

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

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

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

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

- A regular full-time position averages 100 or more hours per month over a calendar or fiscal year.

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

SICK LEAVE SERVICE CREDIT

KERS – Standard Plan
TIER 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

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

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

#### 7 ½ Hour Day vs. 8 Hour Day vs. Months of Service

<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.
PURCHASED SERVICE

Basic Requirements for Purchased Service Credit

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

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

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

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

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

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

Compare estimates with and without eligible service purchases:

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

• Weigh the cost against the recovery of the investment.

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

Purchases Without Service Requirements:

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

* The purchase does not reinstate the original participation date from that service.
In order to be vested, a member under the age of 65 must have at least 60 months of service credit while a member over the age of 65 must have at least 48 months of service.
PURCHASING SERVICE
Types of Service Credit

NON-QUALIFIED SERVICE (Air Time)

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

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

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

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

Installment Purchase of Service Agreement (IPS):
- Before-Tax
- After-Tax (Subject to IRC 415(c))
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.
### SERVICE WITH OTHER PLANS

#### What are the other State Administered Systems?

<table>
<thead>
<tr>
<th>Kentucky Employees Retirement System</th>
<th>Kentucky Retirement System (KRS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>County Employees Retirement System</td>
<td>Hazardous</td>
</tr>
<tr>
<td>State Police Retirement System</td>
<td>CERS</td>
</tr>
</tbody>
</table>

| TEACHERS Retirement System (TRS)     | LEGISLATORS Retirement Plan (LRP) |
| JUDICIAL Retirement Plan (JRP)       |                                  |

**OTHER SYSTEMS**
Retirement Eligibility

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

Requirements for an UNREDUCED BENEFIT:

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

* Member must be at least 57 years of age

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

Requirements for an REDUCED BENEFIT:

**AGE 60** *(with at least 10 years of service credit)*
When can I retire?

NON-HAZARDOUS

Rule of 87 Examples:

<table>
<thead>
<tr>
<th>Age</th>
<th>Years of Service</th>
<th>Age + Years of Service = 87</th>
</tr>
</thead>
<tbody>
<tr>
<td>57</td>
<td>30 years of service</td>
<td>87</td>
</tr>
<tr>
<td>58</td>
<td>29 years of service</td>
<td>87</td>
</tr>
<tr>
<td>59</td>
<td>28 years of service</td>
<td>87</td>
</tr>
<tr>
<td>60</td>
<td>27 years of service</td>
<td>87</td>
</tr>
<tr>
<td>60.5</td>
<td>26.5 years of service</td>
<td>87</td>
</tr>
</tbody>
</table>
When can I retire?

HAZARDOUS

Requirements for an UNREDUCED BENEFIT:

25 OR MORE YEARS OF SERVICE

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

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

Requirements for an REDUCED BENEFIT:

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

How is my monthly payment calculated?

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

A defined benefit plan pays benefits based on a formula:

$ \times \% \times \text{Years of Service} \times \text{Final Compensation}$

$x$ Reduced Benefit Percentage (if applicable)
CREDITABLE COMPENSATION is earnings that must be reported to KRS and is used to calculate retirement benefits.
WHAT IS INCLUDED?

• All salary, wages, tips and fees
  *For employees hired on or after September 1, 2008, creditable compensation will not include any payments for compensatory time

• 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.
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)*
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.

<table>
<thead>
<tr>
<th>YEAR</th>
<th>PAY</th>
<th># MONTHS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 1</td>
<td>$46,000</td>
<td>12</td>
</tr>
<tr>
<td>Year 2</td>
<td>$44,000</td>
<td>12</td>
</tr>
<tr>
<td>Year 3</td>
<td>$42,000</td>
<td>12</td>
</tr>
<tr>
<td>Year 4</td>
<td>$40,000</td>
<td>12</td>
</tr>
<tr>
<td>Year 5</td>
<td>$38,500</td>
<td>12</td>
</tr>
</tbody>
</table>

\[
\frac{($210,500 \div 60) \times 12}{12} = $42,100
\]

<table>
<thead>
<tr>
<th>YEAR</th>
<th>PAY</th>
<th># MONTHS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 1</td>
<td>$46,000</td>
<td>12</td>
</tr>
<tr>
<td>Year 2</td>
<td>$44,000</td>
<td>12</td>
</tr>
<tr>
<td>Year 3</td>
<td>$42,000</td>
<td>12</td>
</tr>
</tbody>
</table>

\[
\frac{($132,000 \div 36) \times 12}{12} = $44,000
\]

---

**HAZARDOUS**

<table>
<thead>
<tr>
<th>YEAR</th>
<th>PAY</th>
<th># MONTHS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 1</td>
<td>$46,000</td>
<td>12</td>
</tr>
<tr>
<td>Year 2</td>
<td>$44,000</td>
<td>12</td>
</tr>
<tr>
<td>Year 3</td>
<td>$42,000</td>
<td>12</td>
</tr>
<tr>
<td>Year 4</td>
<td>$40,000</td>
<td>12</td>
</tr>
<tr>
<td>Year 5</td>
<td>$38,500</td>
<td>12</td>
</tr>
</tbody>
</table>

---

**NON-HAZARDOUS**

<table>
<thead>
<tr>
<th>YEAR</th>
<th>PAY</th>
<th># MONTHS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 1</td>
<td>$46,000</td>
<td>12</td>
</tr>
<tr>
<td>Year 2</td>
<td>$44,000</td>
<td>12</td>
</tr>
<tr>
<td>Year 3</td>
<td>$42,000</td>
<td>12</td>
</tr>
<tr>
<td>Year 4</td>
<td>$40,000</td>
<td>12</td>
</tr>
<tr>
<td>Year 5</td>
<td>$38,500</td>
<td>12</td>
</tr>
</tbody>
</table>

\[
\frac{($210,500 \div 60) \times 12}{12} = $42,100
\]
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.

**NON-HAZARDOUS SCHOOL BOARD EXAMPLE**

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

\[(60,300 \div 66) \times 12 = 10,964\]
BENEFIT FACTOR

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

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

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

<table>
<thead>
<tr>
<th>HAZARDOUS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.30%</td>
<td>&lt;120 months</td>
</tr>
<tr>
<td>1.50%</td>
<td>121 - 240 months</td>
</tr>
<tr>
<td>2.25%</td>
<td>241 - 299 month</td>
</tr>
<tr>
<td>2.50%</td>
<td>&gt; 300 months</td>
</tr>
</tbody>
</table>
James Doe works in a Non-Hazardous position for an agency participating in CERS.

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

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

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

Retirement Date is 1/1/2039

Final Compensation is $10,964

30 years of Service Credit

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

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

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

Reduced Benefit is also known as SEF (Special Early Factor)
A Tier 2, non-hazardous member has 10 years of service and is age 60. If the member chooses to retire, his/her benefit will be reduced to 67.5%. (6.5% for each year away from age 65).
PENSION SPIKING
Senate Bill 104
Effective 1/1/2018
• Applies to members retiring on or after 1/1/2018.

• Refunds employee contributions due to a reduction in creditable compensation.

• New exemptions.

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

Fiscal years prior to 7/1/2017 will not be considered
An increase caused by:

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

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

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

**Understanding the Calculation**

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

Prior fiscal year with no spike

Cannot be greater than 10%

Revised creditable comp.

$16,333.25

$16,333.25 X 1.10

$18,695.00

$17,966.58
### Pension Spiking Determination

**Step 2: Revise creditable compensation**

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

*If there is an exclusion amount due to an allowed exemption, the revised creditable compensation would be increased by the exclusion amount.*
RETIREMENT PAYMENT OPTIONS
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.
The payment amounts below are examples only

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

*see Handbook

John Doe can also reject all monthly payment options and request an actuarial refund of approximately $73,344.41.
MEDICAL INSURANCE FOR RETIREES & BENEFICIARIES
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

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 are $13.38 Non-Hazardous/$20.07 Hazardous

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

## 2020 Under 65 Health Insurance Plans

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

*Retiree Portion
**MEDICAL INSURANCE BENEFITS**

### 2020 Over 65 Health Insurance Plans- Medicare Advantage

<table>
<thead>
<tr>
<th>Available Plans</th>
<th>2020</th>
<th>2020- Mirror plan for members with no Medicare Part B</th>
</tr>
</thead>
<tbody>
<tr>
<td>KRS Medical Only*</td>
<td>$176.26</td>
<td>N/A</td>
</tr>
<tr>
<td>Humana Medicare Employer PPO- KRS Essential Prescription Drug Plan</td>
<td>$75.56</td>
<td>$214.92</td>
</tr>
<tr>
<td>Humana Medicare Employer PPO- KRS Premium Prescription Drug Plan</td>
<td>$252.51</td>
<td>$315.29</td>
</tr>
</tbody>
</table>

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

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.
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.*
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!
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.
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 REEMPLOYMENT 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 REEMPLOYMENT
VOLUNTEERING

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.”

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.
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!
HEALTH INSURANCE FOR RETIRED RE-EMPLOYED MEMBERS

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.
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?