

KRS Benefit Tier Comparison

		Tier 1 <i>Participation before 9/1/2008 Defined Benefit</i>	Tier 2 <i>9/1/2008 through 12/31/2013 Defined Benefit</i>	Tier 3 <i>Participation on or after 1/1/2014 Cash Balance Plan</i>
Employee Contribution	Non-Haz	5% total member contribution	6% total member contribution: 5% to defined benefit pension 1% Health Insurance Contribution (HIC)	6% total member contribution: 5% to defined benefit pension 1% Health Insurance Contribution (HIC)
	Haz	8% total member contribution	9% total member contribution: 8% to defined benefit pension 1% Health Insurance Contribution (HIC)	9% total member contribution: 8% to defined benefit pension 1% Health Insurance Contribution (HIC)
Retirement Formula	Haz/Non-Haz	Final Compensation x Benefit Factor x Years of service** **Early Retirement Factors are applicable if requirements for an Unreduced Benefit are not met.	Final Compensation x Benefit Factor x Years of service** **Early Retirement Factors are applicable if requirements for an Unreduced Benefit are not met.	Accumulated Account Balance / Actuarial Factor Accumulated Account Balance= Employee Contributions + Employer Pay Credits + Base Interest + Upside Sharing (If applicable)
Final Compensation	Non-Haz	Average of the highest 5 fiscal yrs (<i>must contain at least 48 months</i>) Includes lump-sum compensation payments (before and at retirement)	5 complete fiscal yrs immediately preceding retirement; each yr must contain 12 months Lump-sum compensation payments (<i>before and at retirement</i>) are not included in creditable compensation	No Final Compensation
	Haz	Average of the highest 3 fiscal yrs (must contain at least 24 months) <i>Includes lump-sum compensation payments (before and at retirement)</i>	Average of the 3 highest fiscal yrs; each yr must contain 12 months <i>Lump-sum compensation payments (before & at retirement) are not included in creditable compensation</i>	No Final Compensation
Benefit Factor	Non-Haz	KERS: 1.97%, OR 2.0 for those retiring w service for all months between 1/98 and 1/99. CERS: 2.2% if the Participation Date was before 8/1/04 or 2.0% if after 8/1/04.	10 yrs or less: 1.10% 10 yrs yet less than 20 yrs: 1.30% 20 yrs yet less than 26 yrs: 1.50% 26 yrs yet less than 30 yrs: 1.75% Add'l yrs above 30: 2.0% 2% benefit factor only applies to service earned in excess of 30 yrs	No benefit factor. A life annuity can be calculated in accordance w actuarial assumptions and methods adopted by the board based on a member's accumulated account balance.
	Haz	KERS: 2.49% CERS: 2.5% SPRS: 2.5%	10 yrs or less: 1.30% 10 yrs yet less than 20 yrs: 1.50% 20 yrs yet less than 25 yrs 25+ yrs: 2.5%	No benefit factor. A life annuity can be calculated in accordance w actuarial assumptions and methods adopted by the board based on a member's accumulated account balance.

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Unreduced Retirement Benefit	Non-Haz	Any age w 27 yrs of service OR Age 65 w 48 months of service *Money Purchase for age 65 with less than 48 months, based on contributions and interest	Rule of 87: Member must be at least age 57 and age + earned service must equal 87 yrs at retirement to retire under this provision OR Age 65 with 5 yrs of earned service No Money Purchase calculations.	Rule of 87: Member must be at least age 57 and age + earned service must equal 87 yrs at retirement to retire under this provision OR Age 65 with 5 yrs of earned service
	Haz	Any age w 20 yrs of service OR Age 55 w 60 months of service *Money Purchase for age 55 with less than 60 months, based on contributions and interest.	Any age w 25 yrs of service OR Age 60 w 5 yrs of service No Money Purchase calculations.	Any age w 25 yrs of service OR Age 60 w 5 yrs of service
Reduced Retirement Benefit	Non-Haz	Any age w 25 yrs of service OR Age 55 w 60 mos of service	Age 60 w 120 mos of service Excludes purchased service (exception: refunds, omitted, free military)	No reduced retirement benefit
	Haz	Age 50 w 180 mos of service	Age 50 w 180 mos of service	No reduced retirement benefit
Penalty on Reduced Benefit	Non-Haz	Approximately 6.5% for each year away from 27 yrs OR age 65	Approximately 6.5% for each year away from the Rule of 87 or age 65, if age 60 w 10 yrs	No reduced retirement benefit
	Haz	Approximately 6.5% for each year away from 20 yrs OR age 55	Approximately 6.5% for each year away from 25 yrs or age 60	No reduced retirement benefit

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Health Insurance	Non-Haz	Participation before 7/2003: Based on yrs of service and type of service, KRS pays a percentage of the monthly contribution rate Participation after 7/2003: 10 yrs of earned service at retirement to be eligible for insurance benefits **Benefit of \$10 per month for each complete year of earned service without regard to a maximum dollar amount; adjusted 1.5% annually**	15 yrs for eligibility ** Benefit of \$10 per month for each year of earned service without regard to maximum dollar amount; adjusted 1.5% annually**	15 yrs for eligibility ** Benefit of \$10 per month for each year of earned service without regard to maximum dollar amount; adjusted 1.5% annually**
	Haz	Participation before 7/2003: Based on yrs of service and type of service, KRS pays a percentage of the monthly contribution rate Participation after 7/2003: 10 yrs of earned service at retirement to be eligible for insurance benefits **Benefit of \$15 per month for each complete year of earned service without regard to a maximum dollar amount; adjusted 1.5% annually**	15 yrs for eligibility ** Benefit of \$15 per month for each year of earned service without regard to maximum dollar amount; adjusted 1.5% annually. \$10 per month for each year of hazardous service for surviving spouse of deceased member.**	15 yrs for eligibility ** Benefit of \$15 per month for each year of earned service without regard to maximum dollar amount; adjusted 1.5% annually. \$10 per month for each year of hazardous service for surviving spouse of deceased member.**
Sick Leave at Retirement	Haz/Non-Haz	KERS: Unlimited (most agencies). Amount can be used toward determining retirement benefits CERS: <i>(Optional for CERS employers)</i> Employer chooses level and amount used toward determining retirement benefits	Limited to 12 months between KERS, CERS, and SPRS for purposes of determining monthly benefits, DOES NOT count towards retirement eligibility or health insurance	Not eligible for sick leave credit **Not eligible for sick leave credit in CERS if Participation Date in CERS is on or after 1/1/14 even if an earlier Participation Date is established in KERS or SPRS**

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Cost of Living Adjustment (COLA)	Haz/Non-Haz	No COLA unless authorized by the Legislature with specific criteria. This impacts all retirees regardless of Tier.	No COLA unless authorized by the Legislature with specific criteria. This impacts all retirees regardless of Tier.	No COLA unless authorized by the Legislature with specific criteria. This impacts all retirees regardless of Tier.
Distribution of funds before retirement	Haz/Non-Haz	Employee contribution plus interest (Rate determined by KRS Board).	Employee contribution plus interest at rate of 2.5%	Employee contributions and Employee Interest if less than five yrs. Employee contributions and interest plus employer contributions and interest if five or more yrs
Service Purchase	Haz/Non-Haz	In most cases, does not count toward health insurance benefits if purchased on or after 8/1/2004. Does not count towards retirement eligibility if Participation Date is on or after 8/1/2004. Exceptions: Recontribution of Refund, Sick Leave, Omiited, Free Military and Hazardous Conversion.	Service purchases do not count towards retirement eligibility. Exceptions: Recontribution of Refunds, Omitted, and Free Military.	Recontribution of Refunds, the purchase of omitted service and Military Omitted are the only purchases allowed. A recontribution of a refund will not alter the participation date for recontribution of refunds made on or after 1/1/2014; however the purchase of omitted service WILL change the Participation Date.
Inviolable Contract	Haz/Non-Haz	"Inviolable Contract" language covers all benefits except COLA and retiree health benefits after 7/2003	"Inviolable Contract" language covers all benefits except COLA and retiree health benefits after 7/2003	Accrued benefits would remain protected but the Legislature could change prospective benefits if fiscal circumstances call for it.