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## Summer 2021 Employer Newsletter

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### 2021 LEGISLATIVE HIGHLIGHTS

The 2021 Regular Session of the Kentucky General Assembly adjourned on Tuesday, March 30, 2021.

The following is a list of the most significant bills and resolutions passed this Session that will have an impact on the systems operated by KPPA. Please click on the hyperlink to read each bill in its entirety. To read a more detailed highlight list, click [here](#).

1. **Passage of House Bill 8 to Help Ensure Agencies Pay Their Fair Share of Unfunded Liability** [House Bill 8](#) (Rep. DuPlessis) changes the current method for calculating employer contributions from a percent of payroll model to a fixed allocation funding method. This is only a change for KERS nonhazardous employers. Beginning July 1, 2021 employers will pay the normal cost for all employees plus their actuarially-calculated portion of the unfunded liability. To learn more about these changes: [House Bill 8 Overview and Actuarial Analysis](#) Also, please see the attached document for additional information from our actuaries regarding HB 8.
2. **CERS Separation Clean-Up Bill** [House Bill 9](#) (Rep. Webber) is the CERS separation (House Bill 484 - 2020 Regular Session) cleanup bill. Key elements of this bill include the creation of separate statutes for the CERS as provided by intent language included in HB 484 during the 2020 Regular Session. The bill also amends current statutes to allow KRS and CERS to use the existing registration of assets in order to avoid additional expenses. There were no changes to benefits as a result of this bill.
3. **KPPA Housekeeping Bill Passes** [House Bill 87](#) (Rep. Decker), the KPPA Housekeeping bill, is effective June 29, 2021. This bill makes notable changes to current benefits procedures to improve efficiencies and provides eligible members with the flexibility to choose options best suited to their personal situation. In certain circumstances, this law change allows retired members to change their beneficiary and/or retirement payment option. The bill also provides that members dually employed in full-time hazardous and part-time nonhazardous positions may elect to opt out of nonhazardous participation if eligible; amends pension spiking to establish a \$25 monthly threshold; and makes conforming changes to reflect how KPPA currently administers benefits.

**Nonhazardous Opt Out** Under House Bill 87, a member employed in a regular full-time hazardous position, who is simultaneously employed in a part-time nonhazardous position with a different employer, has the option to decline participation under the part-time nonhazardous position **within 30 days of initial employment in the nonhazardous position**. Eligible members will be required to submit a form to KPPA if they wish to decline participation. Once a member declines participation, they are never permitted to participate as long as they are employed with that employer, even if they change from part-time to full-time at a later date.

This change is prospective. It only applies to initial employment in a nonhazardous part-time position on or after June 29, 2021. Members who are dually employed currently cannot terminate and be rehired in order to decline participation under their nonhazardous position. In addition, if a member was previously employed in a participating position and reemploys with that same employer after June 29, 2021, the member will not be eligible to reject participation under the part-time nonhazardous position.

4. **State Executive Branch Budget Bill, House Bill 192** Due to the COVID-19 crisis, the legislature only passed a one-year budget during the 2020 Regular Session rather than the customary two-year budget. Therefore, the General Assembly passed [House Bill 192](#) (Rep. Petrie) during the 2021 Session that will cover fiscal year 2021-2022.

A few important retirement-related items included in the budget bill were Employer Contribution rates, subsidies for Quasi-governmental agencies to cover anticipated increases in retirement costs for fiscal year 2021-22, and money from the state to assist with covering employer contribution rates for County Attorneys and most universities. The bill contained no raises for State employees, and no Cost of Living Adjustments (COLAs) for retirees. The bill does contain language establishing a process and procedures for State employee layoffs, furloughs, and reduced hours in the event that the Commonwealth or any agency determines it necessary.

5. **Changes to Total and Permanent Disability Benefits** [Senate Bill 169](#) (Sen. McDaniel) increases the disability benefits for members who become "totally and permanently disabled" as a result of an act in the line of duty (hazardous) or a duty-related injury (nonhazardous) to be equal to 75% of the member's monthly average pay plus 10% of the member's monthly average pay for each dependent child. The combined benefit payable to both the member and dependent children while the member is alive is not to exceed 100% of the member's monthly average pay. Health insurance coverage will be available at 100% of the contribution rate for the member, the member's spouse, and the member's dependent children. The bill also provides for prospective adjustments in benefits for those eligible retirees who were already determined to be totally and permanently disabled in the line of duty or due to a duty-related injury.

Members experiencing a total and permanent disability due to a duty related injury in a nonhazardous participating position must meet additional requirements to be considered for these benefits.

6. **Additional Requirements for the Actuarial Analysis Performed on Retirement-Related Legislation** Kentucky Revised Statute 6.350 requires an **actuarial analysis** to be performed on any bill that may increase or decrease benefits, the participation in benefits, or change the actuarial liability of any state-administered retirement system. An actuarial analysis is intended to show the anticipated economic impact of a bill on the retirement system funding status.

[House Bill 69](#) (Rep. J. Miller) establishes additional standards and requirements for information the actuarial analysis must contain, including lengthening the time period to 30 years from 20 years for certain projections/analysis.

7. **House Bill 261 Provides Legal Protections Against False Pension Benefit Claims**

[House Bill 261](#) (Rep. J. Miller) provides a new level of legal protection for KPPA against anyone who knowingly submits false or fraudulent claims to KPPA in order to obtain benefits.

8. **State Senate Confirms Gubernatorial Appointments to CERS and KRS Boards** State law requires that gubernatorial appointments to the CERS and KRS Boards receive Senate approval. On March 30, four Senate Resolutions confirming Governor Beshear's recent appointments to the boards were unanimously adopted by a vote of 38-0:

9. [Senate Resolution 205](#) (Sponsor D. Givens) confirmed the appointment of **George Carlisle Cheatham II** to the CERS Board of Trustees for a term ending March 31, 2025;
10. [Senate Resolution 206](#) (Sponsor J. Adams) confirmed the appointment of **William Thomas O'Mara** to the CERS Board of Trustees for a term ending March 31, 2025;
11. [Senate Resolution 207](#) (Sponsor J. Adams) confirmed the appointment of **James Michael Foster** to the KRS Board of Trustees for a term ending July 1, 2021;
12. [Senate Resolution 209](#) (Sponsor J. Adams) confirmed the appointment of **Merl Hackbart** to the CERS Board of Trustees for a term ending March 31, 2025.

The Resolutions only required Senate confirmation and did not need to be adopted in the House.

## VIRTUAL AND PHONE APPOINTMENTS

We are not currently offering in-person services, however, virtual and phone counseling appointments are available. Like many other organizations, we are closely evaluating our business model moving forward based on our strong productivity metrics during the pandemic while the majority of our staff works from home. We appreciate your patience as we finalize our counseling services procedures for the future.

We encourage members to access their retirement accounts online at [myretirement.ky.gov](https://myretirement.ky.gov) or call 1-800-928-4646. Using Self Service, members can apply for retirement and submit documents to our office via the upload feature. Documents can also be submitted by mail or by fax at 502-696-8822. Please check our website for updates on in-person services: <https://kyret.ky.gov/Contact/Pages/default.aspx>

## COMING SOON – AVERAGING REQUIREMENTS

ERCE staff have been working toward a goal of automating the process of verifying that employees are being reported appropriately based upon statutory requirements. While this process has been in place for classified school board employees for several years, in the coming months we will begin to automatically verify that **all** employees meet averaging requirements. Reporting Officials should expect to see a new report in the monthly packet that will alert them when we have found members who will lose service due to averaging unless changes are made to their accounts. Additionally, employees who are determined to have been incorrectly reported as nonparticipating will receive omitted services purchase costs, resulting in an omitted invoice to the employer. Employees erroneously reported as nonparticipating who should have been reported as retired/reemployed will result in an invoice for employer contributions and also for health insurance reimbursement. Please contact your ERCE Representative with questions regarding this new process.

## VOLUNTEER POSITION REPORTING

Changes have been made within the KPPA reporting system to allow employers to include individuals in Volunteer positions on their monthly reports. A Volunteer position is a position with a participating employer receiving no compensation for services rendered, except for reimbursement of actual expenses and/or payment of a nominal fee for the cost of performing the voluntary services. Nominal Fees are compensation for services as a volunteer that do not exceed 500.00 per month. Compensation for services as a volunteer with multiple participating agencies is aggregated monthly to determine whether the compensation exceeds the 500.00 maximum. **Beginning with the July 2021 report month, employers should include individuals in Volunteer positions on their KPPA monthly reports, if the nominal fee will be reflected on the individual's W-2.**

For example: Mary Jones volunteers in the office for the school and received a payment of 350.00 as a nominal fee for her services. The school will report 350.00 salary for Mary on the appropriate monthly report with a contribution group of CNHZN (CERS, Nonhazardous, Non-Participating), with the position status of Volunteer and job position of other. No contributions are withheld.

It should be noted that if an employee meets averaging requirements, omitted billing may occur.

If you have any questions regarding this process, please contact your ERCE Representative.

## UPDATED QUICK GUIDE TO COMPLETING FORM 6487

The Quick Guide to Completing Form 6487, Member Pension Spiking, has been updated to help further guidance on when to mark the Exemptions box, and how Exemptions should be calculated. [Click here](#) to access the updated Guide.

## NEW FEATURE IN ESS – DOCUMENT UPLOAD

Employers can now upload documents electronically to KPPA via the Documents module in ESS. This module provides the employer the ability to submit documentation related to the employer account or for specific employees within the agency. To read more about this feature, please refer to Chapter 5 of the [KPPA Employer Reporting Manual](#).

## EMPLOYER REPORTING TIPS – MONTHLY PACKET REPORTS

The Monthly Packet may generate multiple reports for Reporting Officials' use. Some of these reports require immediate action. Failure to review and take action can cause delays or miscalculations of member averaging or benefit amounts.

### Leave Without Pay Report

The Leave Without Pay Report is a listing of any employees who were reported with a payment reason of Leave Without Pay for the first time. These employees will appear on the report again the first month they are reported with a payment reason other than Leave Without Pay. When an employee first appears on this report, the employer should complete Form 2023, Leave Without Pay Verification, in ESS for each of these employees. The employer must complete another Form 2023 for each employee who returns to employment or terminates from Leave Without Pay. *If an employee has an active IPS contract and goes on Leave Without Pay, the IPS contract may be suspended until the employee returns to work.*

### Missing Employment End Date Report

The Missing Employment End Date Report lists all employees who were omitted from the last monthly report, and did not have an Employment End Date reported. Employers should make the appropriate adjustments to the previous month's record by either reporting an Employment End Date or including the appropriate contribution record on the next report. *Employees will not be eligible to retire or to receive a refund of contributions if an Employment End Date is not received.*

To read more about the Monthly Packet reports, please refer to Chapter 4 of the [KPPA Employer Reporting Manual](#).

## ERCE EMPLOYEE SPOTLIGHT

And finally, we bid the fondest farewell to Suzanne Elphinstone and Nadine White, who will both be retiring from KPPA on August 1. Their hard work and dedication in service to the Commonwealth has been invaluable, and we will miss them so very much. We dedicate this edition of the ERCE Spotlight to these outstanding ladies!



Spotlight: Suzanne Elphingstone

Quality Assurance &amp; Employer Outreach

Retiring August 1, 2021

1. How long have you been at KPPA? I started in December 1999 and have worked my entire career in the Field Services/ERCE division following the first 9 month training period.
2. If you could have another job for one day, what would it be? I think it would be fun to be a tour guide for a travel company. See the world and talk to people... two of my favorite things.
3. What is your favorite indoor/outdoor activity? I've been "horse crazy" since I was a little girl and my mom let me sit in front of her in the saddle. So, my favorite activity is spending time at the barn with my horse, Kohl. And it doesn't matter if I'm just hanging out, grooming him, grazing him, or taking a lesson and jumping a course; if I'm at the barn spending time with him I'm happy.
4. If you could learn any skill, what would it be? I would love to learn how to ballroom dance. I have 2 left feet and feel like a flailing fish every time I try. I'd love to take some classes and learn how not to step on my fiancé's feet all the time.
5. What is the one food you cannot resist? Just one? I guess it would have to be good ice cream, preferably with copious amounts of chocolate in it.
6. Where is your favorite place to vacation? My favorite vacation spot is Scotland. I have had the opportunity to visit twice in my life and I look forward to going back. The first time I went was about a year out of college and it was the quintessential "backpack through Europe" type of vacation, which was fun and exciting. The second time I went with a tour group and had a much more structured trip, which was also fun, exciting, and very informative. Two very different trips, but both were an experience of a lifetime.
7. What is your most overused word or phrase? "Stop that!!!" © Since I'm working from home and have a very rambunctious young cat who acts as if he has gotten into the caffeinated catnip every morning, I say those words a million times a day. And it never fails to sound like he is tearing down the house right as I'm getting on a video meeting. Then he's all sweet and cuddly in the evening, so I forgive him. He definitely has my number!
8. What is your favorite thing about working at KPPA? Again, just one? If I had to pick just one, it has to be the people I have met and the friends I have while working here. This position allowed me the privilege of working not only with the amazing people within KPPA (I'll never get used to calling KPPA), but also with the incredible reporting officials of our participating agencies. I will always appreciate the opportunity I had to work with such a diverse and interesting group of people.
9. What is one of your favorite memories from your time with KPPA? Oh wow...so many! Probably the one that sticks with me most was my first presentation... I was shadowing a fellow Field Service Rep for training and we were at a school board giving a morning and afternoon presentation to the classified employees of the agency. At lunch, he announced that I would be giving the afternoon presentation to the staff. After choking on my meal I hesitantly agreed to give it a go. We went back to the school, and as the gymnasium began to fill up my fear and anxiety grew and grew. My coworker saw my stress, and gave me the best advice I've ever received regarding public speaking (and it wasn't to picture the audience in their underwear, surprisingly). He said that it didn't matter what I said, that if I said it with confidence and authority the audience would believe me, because I was the expert in the subject. Later down the road I realized that isn't entirely true 100% of the time, but in that instance it was the boost I needed to get up and speak in front of about 100 employees about member benefits. So, I made it through the presentation pretty well and was ready to handle the Q&A part. A few hands came up when I asked if anyone had questions, but one hand kept popping up and waving around like crazy, and it didn't take me long to realize my coworker had joined the audience to quiz me. Once I outed him, the audience had a pretty good chuckle at us, and that made me realize public speaking really wasn't scary if I could relate with my audience. And not long after that first try, I found that my favorite part of the job was the public speaking and group training that I got to do throughout my career.

Spotlight: Nadine White

File/Web Team

Retiring August 1, 2021

1. How long have you been at KPPA? I was hired into Field Services, which evolved into ERCE, so I have virtually been in the same division my entire career here. I love working with employers.
2. If you could have another job for one day, what would it be? This is hard....I always thought I would be a history teacher. My high school guidance counselor talked me out of it. She said if I didn't want to coach football, I'd never get a job. I guess our school was known for football coaches that taught history. But, for just one day? Maybe a travel guide.
3. What is your favorite indoor/outdoor activity? I'm a "bird nerd". I love to feed and watch for different birds. My husband bought me a journal to keep pictures of birds and where and when I saw them. I'll start that after retirement. I also love to play games with my tribe of girls. We're big Ticket to Ride fans.

4. If you could learn any skill, what would it be? [I would love to be able to take good pictures...I don't want to be a professional photographer, just take pictures like one for my own enjoyment.](#)
5. What is the one food you cannot resist? [You can look at me and tell that I can't resist a lot of foods. Probably at the top of that list is a good praline. A good made from scratch Cheeseburger is a close second. I'm not a fancy food person.](#)
6. Where is your favorite place to vacation? [I absolutely loved Maui and would love the opportunity to go back. Any beach is a close second.](#)
7. What is your most overused word or phrase? [Gracie, quit barking!](#)
8. What is your favorite thing about working at KPPA? [I really enjoyed that in the beginning of my career I had the opportunity to travel around the state to meet and work with our reporting officials. You got to know them one on one...they learned to trust you and ask you questions. A few years ago I was in the mall in Paducah and I heard someone call my name. He was the former County Clerk that I had worked with years before. We could spend all the time we needed helping employers and working with them on how to report and laws and regulations that they needed to know. I truly felt like I was helping them as opposed to rushing through conversations with them. The only downside, was that if you were in Paducah for a week, you missed lots of things at home.](#)
9. What is one of your favorite memories from your time with KPPA? [Oh....there are lots of them. Most of them are just funny. The first time I traveled in Field Services, Rich Mardis took me to Estill County with him to "see how it's done". He stopped at three different places to get gas. He never filled up because it might be cheaper down the road. If you know Rich, you know that's a true story.](#)

I remember going to Pennyryle State Park for a week long conference. When we checked in there was a sign on the registration desk that said "Beach closed. Breeding season for Copperheads and Water Moccasins." I asked if that was a joke, and the clerk said it was not...and preceded to tell me which snake would chase me and which would flee from me. I spent five days at a park and my feet never left pavement or sidewalk, except when I was in a building. I was terrified and told Sarah Webb, I never wanted to go back there.

Lisa Whitaker and I were training employers how to report in the new START system online at Pine Mountain State Park. We had one small problem. Their internet went down and it's hard to walk someone through an internet program with no internet. But we got through it.

I could go on and on, but won't.



- [KERSNH\\_FYE2022.pdf](#)

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