







Benefit Tier Comparison

	 Tier 1 <i>Participation Date Prior to 9/1/2008 Defined Benefit</i>	 Tier 2 <i>Participation Date 9/1/2008 - 12/31/2013 Defined Benefit</i>	 Tier 3 <i>Participation Date 1/1/2014 and after Hybrid Cash Balance Plan</i>
PROTECTED BENEFITS ALL MEMBERS	Inviolable Contract applies to all benefits, except retiree health insurance for members participating 7/1/2003 and after.	Inviolable Contract applies to all benefits, except retiree health insurance for members participating 7/1/2003 and after.	Inviolable Contract does not apply. The General Assembly may change benefits if fiscal circumstances call for it. If this occurs, the member's accumulated account balance as of the effective date of the law change is not affected.
EMPLOYEES CONTRIBUTE NHAZ HAZ	5% total 8% total	5% pension + 1% insurance* = 6% total <i>*Deposited in a non-refundable trust to fund insurance benefits.</i> 8% pension + 1% insurance* = 9% total <i>*Deposited in a non-refundable trust to fund insurance benefits.</i>	5% pension + 1% insurance* = 6% total <i>*Deposited in a non-refundable trust to fund insurance benefits</i> 8% pension + 1% insurance* = 9% total <i>*Deposited in a non-refundable trust to fund insurance benefits.</i>
REFUND OF ACCOUNT ALL MEMBERS	Refunds include individual retirement contributions plus any accumulated interest. Refunds do not include employer contributions.	Refunds include individual retirement contributions plus any accumulated interest. Refunds do not include employer contributions or employee contributions to the insurance fund.	Members with less than 60 months of service Refunds include individual retirement contributions plus any accumulated interest. <i>Refunds do not include employee contributions to the insurance fund, employer pay credits, interest on the pay credit balance, or upside sharing interest.</i> Members with at least 60 months of service Refunds include individual retirement contributions plus any accumulated interest, employer pay credits, interest on the pay credit balance, and upside sharing interest. <i>Refunds do not include employee contributions to the insurance fund.</i>
SERVICE PURCHASES ALL MEMBERS	More than <u>30 types of service</u> a participating member may purchase in order to increase service credit. Participation Date 8/1/2004 and after* Cannot use most service purchase types for determining eligibility for retirement. Service Purchased 8/1/2004 and after* Cannot use most service purchase types for determining insurance benefits at retirement. <i>*Exceptions: Omitted Service, Recontribution of Refunded Service, service credit for Free Military, Uniformed Services Employment and Reemployment Rights Act (USERRA), and Decompression.</i>	More than <u>30 types of service</u> a participating member may purchase in order to increase service credit. Cannot use most service purchase types for determining eligibility for retirement or insurance benefits at retirement.* <i>*Exceptions: Omitted Service, Recontribution of Refunded Service, service credit for Free Military, Uniformed Services Employment and Reemployment Rights Act (USERRA), and Decompression.</i>	Cannot use most service purchase types for determining eligibility for retirement or insurance benefits at retirement. Tier 3 is limited to six purchase types: <ol style="list-style-type: none"> 1. Recontribution of Refunded Service 2. Omitted Service 3. Omitted with Interest 4. Military Omitted 5. Uniformed Services Employment and Reemployment Rights Act (USERRA) 6. Decompression <i>Recontribution of Refunded Service purchased on or after 1/1/2014 will not alter the member's participation date; however, the purchase of Omitted Service will reinstate the original participation date for that service.</i>

Participation Date: The official date when a member began paying contributions and earning service credit with a state-administered retirement system used to determine benefits. This may be different from the member's hire date.




Inviolable Contract: The laws governing each retirement system establish an inviolable contract with the Commonwealth of Kentucky, which means that in some cases, retirement benefits provided by law at the time the member begins participation cannot be changed.

Nonhazardous (NHAZ): A classification of employment not approved for hazardous benefits. **Hazardous (HAZ):** A classification of employment typically reserved for those in an approved public safety position.

		 Tier 1 Participation Date Prior to 9/1/2008 Defined Benefit	 Tier 2 Participation Date 9/1/2008 - 12/31/2013 Defined Benefit	 Tier 3 Participation Date 1/1/2014 and after Hybrid Cash Balance Plan												
BENEFIT FORMULA	ALL MEMBERS	Final Compensation X Benefit Factor X Years of Service <i>If a reduced benefit penalty applies* it will also be used in the formula.</i>	Final Compensation X Benefit Factor X Years of Service <i>If a reduced benefit penalty applies* it will also be used in the formula.</i>	Accumulated Account Balance / Actuarial Factor Employee Contributions + Base Interest + Employer Pay Credits + Upside Sharing Interest / Age at retirement and type of service (haz or nhaz) determine the actuarial factor.												
	<i>*If a member is eligible for a reduced benefit, the amount of reduction will depend upon the member's age or years of service at retirement. The penalty is approximately 6.5% for each year the member is short of meeting the age or service requirement for an unreduced benefit, whichever is less.</i>															
FINAL COMPENSATION	NHAZ	5-High* / Total Months Worked X 12 (to annualize) <i>*Fiscal years with the highest average monthly rate. Payments for compensatory time included. Minimum of 48 months required.</i>	Last 5* / 60 Months X 12 (to annualize) <i>*Average of the last five full fiscal years of salary. Payments for compensatory time not included. Minimum of 60 months required.</i>	Does not apply to Tier 3 Members												
	HAZ	3-High* / Total Months Worked X 12 (to annualize) <i>*Fiscal years with the highest average monthly rate. Payments for compensatory time included. Minimum of 24 months required.</i>	3-High* / 36 Months X 12 (to annualize) <i>*Average of the highest three full fiscal years of salary. Payments for compensatory time not included. Minimum of 36 months required.</i>													
BENEFIT FACTOR	NHAZ	KERS 1.97% if: Member does not have 13 months credit for 1/1/1998-1/1/1999. KERS 2.00% if: Member has 13 months credit from 1/1/1998-1/1/1999. CERS 2.20% if: Member begins participating prior to 8/1/2004. CERS 2.00% if: Member begins participating on or after 8/1/2004 and before 9/1/2008.	<table border="1"> <thead> <tr> <th>Service Credit</th> <th>Benefit Factor</th> </tr> </thead> <tbody> <tr> <td>< 120 months</td> <td>1.10%</td> </tr> <tr> <td>121 - 240 months</td> <td>1.30%</td> </tr> <tr> <td>241 - 312 months</td> <td>1.50%</td> </tr> <tr> <td>313 - 360 months</td> <td>1.75%</td> </tr> <tr> <td>> 360 months*</td> <td>2.00%</td> </tr> </tbody> </table> <i>*The 2.0% benefit factor only applies to service credit in excess of 30 years.</i>	Service Credit	Benefit Factor	< 120 months	1.10%	121 - 240 months	1.30%	241 - 312 months	1.50%	313 - 360 months	1.75%	> 360 months*	2.00%	Does not apply to Tier 3 Members
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HAZ	KERS 2.49% CERS 2.50% SPRS 2.50% Only CERS and KERS members in an approved hazardous position are eligible.	<table border="1"> <thead> <tr> <th>Service Credit</th> <th>Benefit Factor</th> </tr> </thead> <tbody> <tr> <td>< 120 months</td> <td>1.30%</td> </tr> <tr> <td>121 - 240 months</td> <td>1.50%</td> </tr> <tr> <td>241 - 300 months</td> <td>2.25%</td> </tr> <tr> <td>> 300 months</td> <td>2.50%</td> </tr> </tbody> </table>	Service Credit	Benefit Factor	< 120 months	1.30%	121 - 240 months	1.50%	241 - 300 months	2.25%	> 300 months	2.50%				
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Participation Date: The official date when a member began paying contributions and earning service credit with a state-administered retirement system used to determine benefits. This may be different from the member's hire date.




Nonhazardous (NHAZ): A classification of employment not approved for hazardous benefits. **Hazardous (HAZ):** A classification of employment typically reserved for those in an approved public safety position.

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SICK LEAVE ALL MEMBERS	Sick leave service credit counts toward retirement eligibility and health insurance benefits.	Maximum of 12 months of service credit for unused sick time. Sick leave service credit counts toward health insurance benefits but cannot be used to determine retirement eligibility.	Does not apply to Tier 3 Members
REDUCED RETIREMENT BENEFIT NHAZ	<ul style="list-style-type: none"> Prior to age 65, with at least 25 but less than 27 years of service OR Age 55 with at least 5 years of service credit <i>Reduced benefit penalty applies: 6.5% for each year the nonhazardous member is away from 27 years of service credit or age 65.</i>	<ul style="list-style-type: none"> Age 60 with at least 10 years of service <i>Reduced benefit penalty applies: 6.5% for each year the nonhazardous member is away from meeting the Rule of 87 or age 65.</i>	Does not apply to Tier 3 Members
HAZ	<ul style="list-style-type: none"> Age 50 with at least 15 years of service <i>Reduced benefit penalty applies: 6.5% for each year the hazardous member is away from 20 years of service credit or age 55.</i>	<ul style="list-style-type: none"> Age 50 with at least 15 years of service <i>Reduced benefit penalty applies: 6.5% for each year the hazardous member is away from 25 years of service credit or age 60.</i>	
UNREDUCED RETIREMENT BENEFIT NHAZ	<ul style="list-style-type: none"> Age 65 or older with 1 - 47 months of service credit* OR Age 65 or older with at least 48 months of service credit OR Any age with 27 or more years of service credit 	<ul style="list-style-type: none"> Age 57 or older, if the member's age and years of service equal 87 (Rule of 87) OR Age 65 or older with at least 60 months of service credit 	<ul style="list-style-type: none"> Age 57 or older, if the member's age and years of service equal 87 (Rule of 87) OR Age 65 or older with at least 60 months of service credit
HAZ	<ul style="list-style-type: none"> Age 55 or older with 1 - 59 months of hazardous service credit* OR Age 55 or older with at least 60 months of hazardous service credit OR Any age with 20 or more years of service credit <i>*In this case, the member may elect a lifetime benefit that is the actuarial equivalent to twice the member's contributions and interest.</i>	<ul style="list-style-type: none"> Age 60 or older with at least 60 months of hazardous service credit OR Any age with 25 or more years of service credit <i>Rule of 87: Retirement eligibility requirement defined as age 57 or older if the member's age and years of service equal 87.</i>	<ul style="list-style-type: none"> Age 60 or older with at least 60 months of hazardous service credit OR Any age with 25 or more years of service credit <i>Under Tier 3, there are no early or reduced retirement benefits.</i>

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Nonhazardous (NHAZ): A classification of employment not approved for hazardous benefits. **Hazardous (HAZ):** A classification of employment typically reserved for those in an approved public safety position.

Sick Leave Service Credit: Members may receive service credit for unused accumulated sick leave depending on their benefit tier and their employer's sick leave program. Refer to the [sick leave chart](#) to determine the number of months of service that may be credited upon retirement.

 <p>Tier 1 Participation Date Prior to 9/1/2008 Defined Benefit</p>	 <p>Tier 2 Participation Date 9/1/2008 - 12/31/2013 Defined Benefit</p>	 <p>Tier 3 Participation Date 1/1/2014 and after Hybrid Cash Balance Plan</p>
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Only members receiving a monthly pension benefit may participate in the health insurance program. KPPA offers [non-Medicare and Medicare eligible plans](#).

HEALTH INSURANCE

NHAZ	<p>Participation Date prior to 7/1/2003: Percentage of the monthly contribution rate paid based on years of service</p> <p>Participation Date on or after 7/1/2003:</p> <ul style="list-style-type: none"> Dollar amount paid toward insurance coverage \$10 per month for each year of service increased annually by 1.5% Must have a minimum of 10 years of service 	<ul style="list-style-type: none"> Dollar amount is paid toward insurance coverage \$10 per month for each year of service increased annually by 1.5% Must have a minimum of 15 years of service 	<ul style="list-style-type: none"> Dollar amount is paid toward insurance coverage \$10 per month for each year of service increased annually by 1.5% Must have a minimum of 15 years of service
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Nonhazardous members may cover eligible spouse and/or dependents if the required forms and documentation are filed with KPPA.

HAZ	<p>Participation Date prior to 7/1/2003: Percentage of the monthly contribution rate paid based on years of service</p> <p>Participation Date on or after 7/1/2003:</p> <ul style="list-style-type: none"> Dollar amount is paid toward insurance coverage \$15 per month for each year of service increased annually by 1.5% Must have a minimum of 10 years of service 	<ul style="list-style-type: none"> Dollar amount is paid toward insurance coverage \$15 per month for each year of service increased annually by 1.5% Must have a minimum of 15 years of service 	<ul style="list-style-type: none"> Dollar amount is paid toward insurance coverage \$15 per month for each year of service increased annually by 1.5% Must have a minimum of 15 years of service
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Hazardous members may receive additional contribution for eligible spouse and/or dependents if the required forms and documentation are filed with KPPA.

COST OF LIVING ADJUSTMENT (COLA)

ALL MEMBERS

During the 2013 Regular Session, the General Assembly changed the law for granting COLAs. The law states that COLAs will only be granted in the future if:

Scenario 1: The respective Boards of Trustees determine that assets of the system are greater than 100% of the actuarial liabilities and legislation authorizes the use of surplus funds for the COLA; or

Scenario 2: The General Assembly fully pre-funds the COLA or directs the payment of funds in the year the COLA is provided.

It is possible that retired members of one system may receive a COLA while retired members of another system would not, depending on the action of the General Assembly. [Learn more about how COLAs are authorized](#)

This Benefit Tier Comparison provides general information about retirement and insurance benefits and should be used in conjunction with the [Summary Plan Description](#). We recommend using these documents as an overview of what may be available to you, and then contacting the retirement office for specific information applicable to your situation before making any decision that may affect your retirement benefits.

KPPA offers extensive online resources through our website at kyret.ky.gov and Self Service at myretirement.ky.gov. All members are encouraged to take advantage of Self Service which provides 24/7 account access.

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