



All-Tiers Overview





**Kentucky Employees
Retirement System**
Hazardous | Non-hazardous



**State Police
Retirement System**



**County Employees
Retirement System**
Hazardous | Non-hazardous

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.

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



PLAN FUNDING

Check these pages in your **PREP Handbook**

5

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.

	2018-2019 Fiscal Year	Employee Contribution Rate*	Employer Contribution Rate Effective 7/1/2018	Employer Contribution Rate Effective 7/1/2019
	Non-Hazardous	5%	83.43%	83.43%
	Hazardous	8%	36.85%	36.85%
	Non-Hazardous	5%	21.48%	24.06%
	Hazardous	8%	35.34%	39.58%
	SPRS	8%	146.28%	146.28%

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

Check these pages in your **PREP Handbook**

5



WHAT IS CREDITABLE COMPENSATION?



**CREDITABLE
COMPENSATION**
is earnings that must
be reported to KRS and
is used to calculate
retirement benefits.

Check
these
pages in
your
PREP
Handbook

6

WHAT IS INCLUDED?

Check these pages in your
PREP
Handbook

6



- **All salary, wages, tips and fees, plus payments for *compensatory time** paid to you as a result of services performed for the employer, including time when you are on paid leave.

- **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.

**For employees hired on or after September 1, 2008, creditable compensation will not include any payments for compensatory time.*





WHAT IS **NOT** INCLUDED?

Check these pages in your **PREP** Handbook

6



- 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)*

MEMBER ACCOUNTS

Check
these
pages in
your
PREP
Handbook

7



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





MEMBER ACCOUNTS

Keep your
email address
current!

We now offer
Call Back
Assist!



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

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:



DEFINED BENEFIT PLAN

*Participation date
prior to
September 1, 2008*



DEFINED BENEFIT PLAN

*Participation date
on, or after,
September 1, 2008 through
Dec 31, 2013*



HYBRID CASH BALANCE PLAN

*Participation date
On, or after,
January 1, 2014*

DEFINED BENEFIT & HYBRID CASH BALANCE



Tiers 1 & 2 are known as “Defined Benefit Plans”

A defined benefit plan pays benefits based upon a formula.



Tier 3 is known as a “Hybrid Cash Balance Plan”

A hybrid cash balance plan has characteristics of both a *defined benefit plan* and a *defined contribution plan*.

A cash balance plan resembles a defined contribution plan because it determines the value of benefits for each participant based upon individual accounts.

However, the assets of the plan remain in a single investment pool like a traditional benefit plan.

A cash balance plan is a defined benefit plan since it uses a specific formula to determine benefits.





MEMBER ACCOUNTS

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.



MEMBER ACCOUNTS

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
 - **Vested Refund** – if you have 60 or more months of service, you receive all member contributions, the employer pay credit, and all interest credited to both amounts.
 - **Non-Vested Refund** – if less than 60 months of service, you receive all member contributions and interest credited to the member balance.

If you take a vested refund, you are not eligible to participate in a KRS retirement plan in the future.

BENEFIT ESTIMATE

The Benefit Estimate page uses real-time information to determine:

- Your earliest retirement date
- Your first unreduced retirement date
- Your payment options and amounts

KERSHZ SELF SERVICE

Member Self Service | Home | Account | Services | Site Help | Ima Testuser | Log off

100%

Member Date of Birth: 4/5/1967
 Member Age at Retirement: 52 Years 4 Months
 Total Months of Service: 222
 Beneficiary Name: MARGE SMITH
 Beneficiary Date of Birth: 11/26/1948
 Beneficiary Age: 70 Years 9 Months
 Total Annual Basic Benefit: \$20,599.17

[CERSHZ Plan Benefit Details »](#)
[KERSNHZ Plan Benefit Details »](#)

Benefit(s)				
Option	Monthly	One-time	Survivor Monthly	Survivor One-time
Basic	\$1,716.60	\$0.00	\$0.00	\$0.00
Life with 10 Years Certain	\$1,702.85	\$0.00	\$1,702.85 / \$0	\$0.00
Life with 15 Years Certain	\$1,686.46	\$0.00	\$1,686.46 / \$0	\$0.00
Life with 20 Years Certain	\$1,664.73	\$0.00	\$1,664.73 / \$0	\$0.00
Survivorship 100% / Life Annuity	\$1,679.57	\$0.00	\$1,679.57	\$0.00
Survivorship 66 2/3%	\$1,691.74	\$0.00	\$1,127.88	\$0.00
Survivorship 50%	\$1,697.88	\$0.00	\$848.95	\$0.00
Pop-Up	\$1,663.55	\$0.00	\$1,663.55	\$0.00

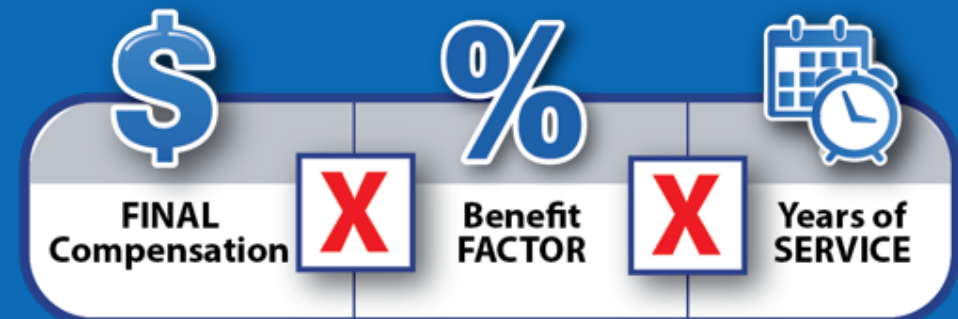


YEARS OF SERVICE

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.

Types of Service Credit





SICK LEAVE SERVICE CREDIT

Check
these
pages in
your
PREP
Handbook

12



KERS & SPRS – Standard Plan

TIER 1 - pre 9/2008 participation: unlimited

TIER 2 - post 9/2008 participation: 12 months maximum



KERS & SPRS– Standard Plan

TIER 3 is not eligible for sick leave credit



SICK LEAVE SERVICE CREDIT

Check
these
pages in
your
PREP
Handbook

12



**For Pre 9/2008 participants,
sick leave service credit counts
toward retirement eligibility and
health insurance benefits.**



SICK LEAVE SERVICE CREDIT



7 ½ Hour Day	8 Hour Day	Months of Service
82.5	88	1 Month
240	256	2 Months
397.5	424	3 Months
555	592	4 Months
712.5	760	5 Months
870	928	6 Months
1,027.5	1,096	7 Months
1,185	1,264	8 Months
1,342.5	1,432	9 Months
1,500	1,600	10 Months
1,657.5	1,768	11 Months
1,815	1,936	12 Months

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

Days	Months of Credit
5-10	1
15-20	2
25-30	3
35-40	4
45-50	5
55-60	6

For more chart information,
please refer to your PREP
Handbook.



PURCHASED SERVICE

Check
these
pages in
your
PREP
Handbook

14

Basic Requirements for Purchased Service Credit

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

Current Service

- + Sick Leave Service
- + Purchased Service

=Years of SERVICE

- 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.



PURCHASED SERVICE

Check these pages in your **PREP Handbook**

14

Can I Buy Additional Service Credit?

Current Service

+ Sick Leave Service

+ Purchased Service

= Years of SERVICE

• 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.





PURCHASING SERVICE

Types of Service Credit

Check
these
pages in
your
PREP
Handbook

15

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.*



PURCHASING SERVICE

Types of Service Credit for Tiers 1 and 2

Check these pages in your **PREP Handbook**

15-17



VESTED PURCHASE TYPES

Past Service	Active Duty Military	National Guard/Reserves	State University Service	Out of State Service
Temporary	Seasonal	Other Public Service	Educational Leave	Federal Government
Interim	Emergency	Maternity Leave	Sick Leave Without Pay	Part-Time

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

Check
these
pages in
your
PREP
Handbook

15-17

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.



PURCHASING SERVICE

Types of Service Credit for Tier 3



VESTED PURCHASE TYPES

Recontribution
of Refund*

Omitted
Service

Omitted with
Interest

Military
Omitted

USERRA

Decompression

** The purchase does not reinstate the original participation date from that service.*



Paying for **SERVICE PURCHASE**

Check
these
pages in
your
PREP
Handbook

18-19



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)}

Retirement Eligibility

When can I retire?





When can I retire?

NON-HAZARDOUS

Members participating prior to 9/1/08

Requirements for an UNREDUCED BENEFIT:

AGE 65 OR OLDER *(48 months of service credit)*

Eligible to receive an unreduced monthly benefit based on the retirement formula.

AGE 65 OR OLDER *(with at least 1 month of service credit)*

Eligible to receive a benefit for life that is the actuarial equivalent to twice the member's contributions and interest

27 YEARS OF SERVICE CREDIT - *regardless of age*

Requirements for an REDUCED BENEFIT:

25 TO 27 YEARS OF SERVICE CREDIT - *regardless of age*

AGE 55 *(with at least 60 month of service credit)*

Check these pages in your
PREP
Handbook

23





When can I retire?

NON-HAZARDOUS

Members participating on, or after, 9/1/08 through 12/31/13

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*)

Check these pages in your
PREP
Handbook

24





When can I retire?

NON-HAZARDOUS

Members
participating
on, or after,
1/1/2014

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*)



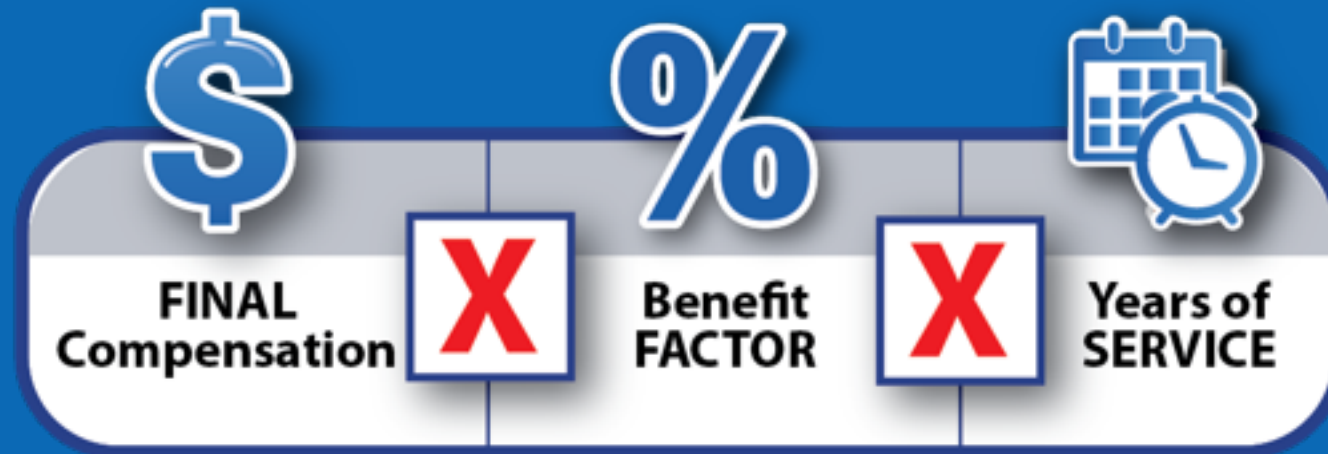


DETERMINING RETIREMENT BENEFITS- TIERS 1&2

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



X Reduced Benefit Percentage
(if applicable)





FINAL COMPENSATION

- Final Compensation is defined as the average of the **HIGHEST FIVE (5) FISCAL YEARS** of salary for **NON-HAZARDOUS** and **HIGHEST THREE (3) FISCAL YEARS** of salary for **HAZARDOUS**
- Partial years may be used to determine Final Compensation
- A minimum of 48 months may be used in the averaging of salary FOR NON-HAZARDOUS and a minimum of 24 months for HAZARDOUS
- **Compensatory payments can be reported as salary and used in determining the average salary*

Check
these
pages in
your
PREP
Handbook

26



FINAL COMPENSATION

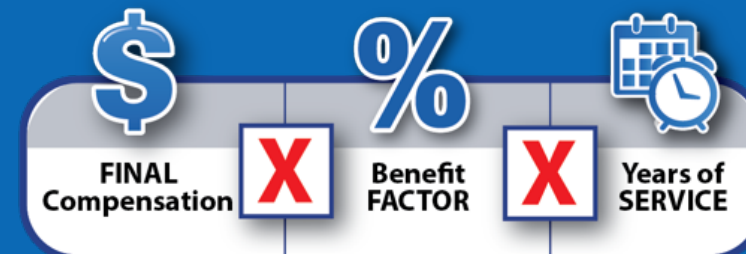
SALARY AVERAGE

Check these pages in your **PREP Handbook**

26

NON-HAZARDOUS		
HIGH 5		
YEAR	PAY	# MONTHS
Year 1	\$3,625	1
Year 2	\$31,295	12
Year 3	\$29,795	12
Year 4	\$28,295	12
Year 5	\$26,795	12
$(\\$119,805 \div 49) \times 12 = \\$29,340$		

HAZARDOUS		
HIGH 3		
YEAR	PAY	# MONTHS
Year 1	\$4,000	1
Year 2	\$46,000	12
Year 3	\$44,000	12
$(\\$94,000 \div 25) \times 12 = \\$45,120$		





BENEFIT FACTOR

Check these pages in your **PREP Handbook**

26

	KERS Non-Hazardous (1)	1.97%
	If a member does not have 13 months credit for 1/1/1998-1/1/1999.	
	KERS Non-Hazardous (2)	2.00%
If a member has 13 months credit for 1/1/1998-1/1/1999.		
	KERS Hazardous	2.49%
	Only approved hazardous duty positions are eligible.	
	CERS Non-Hazardous (1)	2.00%
If a member began participating on, or after, 8/1/2004-9/1/2008.		
	CERS Non-Hazardous (2)	2.20%
	If a member began participating prior to 8/1/2004.	
	CERS Hazardous	2.50%
Only approved hazardous duty positions are eligible.		
	SPRS	2.50%
	Only approved hazardous duty positions are eligible.	

Set by statute and vary based on:

- Participation date
- Type of service
- System

FINAL Compensation		Benefit FACTOR		Years of SERVICE



EXAMPLE

NON
HAZ
ARD

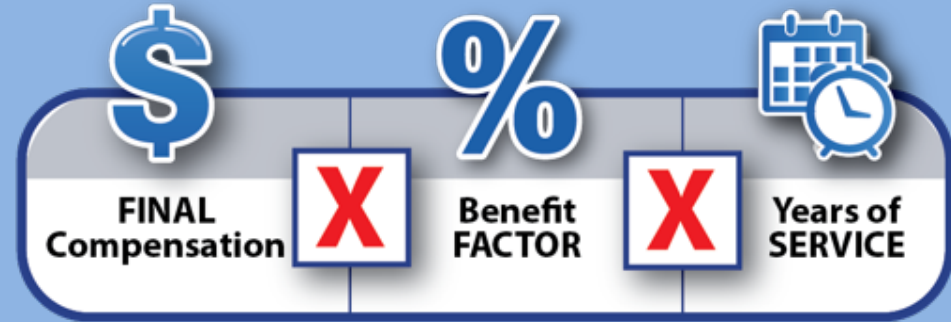
TIER 1 EXAMPLE

John Doe works in a
Non-Hazardous
position for an
agency participating
in CERS

Retirement Date is
8/1/2023

Final Compensation
is \$29,340

27 years of
Service Credit



RETIREMENT FORMULA:

Members participating prior to 9/1/08



$$\begin{aligned}
 & \$29,340 \times 2.2\% \\
 & \times 27 \text{ yrs} =
 \end{aligned}$$

\$17,427.96

Check these pages in your
PREP
Handbook

27



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

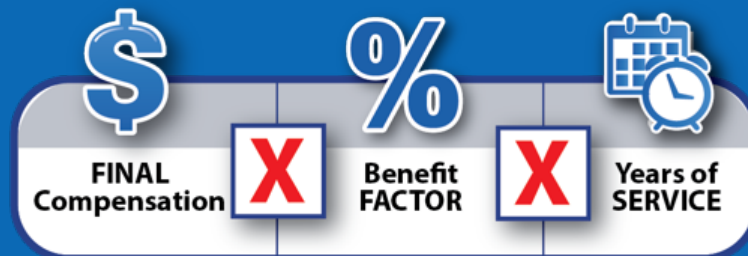
Check these pages in your **PREP Handbook**

29

SALARY AVERAGE - The average salary used for determining benefits at the time of retirement.

NON-HAZARDOUS		
LAST 5		
YEAR	PAY	# MONTHS
Year 1	\$46,000	12
Year 2	\$44,000	12
Year 3	\$42,000	12
Year 4	\$40,000	12
Year 5	\$38,500	12
$(\\$210,500 \div 60) \times 12 = \\$42,100$		

HAZARDOUS		
HIGH 3		
YEAR	PAY	# MONTHS
Year 1	\$46,000	12
Year 2	\$44,000	12
Year 3	\$42,000	12
$(\\$132,000 \div 36) \times 12 = \\$44,000$		





BENEFIT FACTOR

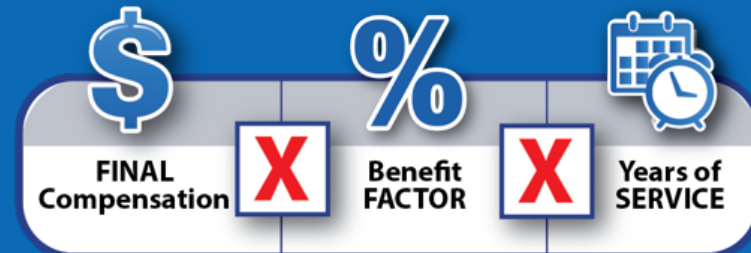
Check these pages in your **PREP Handbook**

29

NON-HAZARDOUS	
1.10%	<120 months
1.30%	121 - 240 months
1.50%	241 - 312 month
1.75%	313 - 360 months
2.00%	>361 months*
<i>* The 2.00% benefit factor only applies to service credit in excess of 30 years.</i>	
HAZARDOUS	
1.30%	<120 months
1.50%	121 - 240 months
2.25%	241 - 299 month
2.50%	> 300 months

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.





EXAMPLE

NON
HAZ
ARD

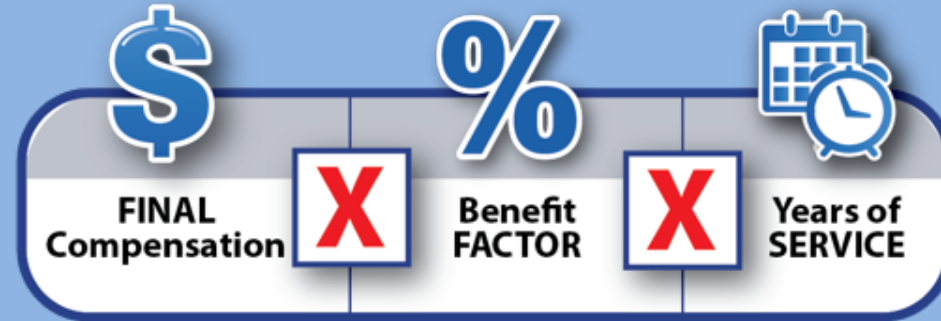
TIER 2 EXAMPLE

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



$$\begin{aligned}
 & \$42,100 \times 1.75\% \\
 & \quad \times 30 \text{ yrs} =
 \end{aligned}$$

\$22,102.50

Check these pages in your PREP Handbook

30



REDUCED BENEFIT

Non-Hazardous



REDUCED BENEFIT CHART NONHAZ

Years to Attain Age 65 or 27 Years of Service (Whichever is Less)
% of Non-Hazardous Benefit Paid



Year	% of Benefit	Year	% of Benefit
1	93.5%	6	63%
2	87%	7	58.5%
3	80.5%	8	54%
4	74%	9	49.5%
5	67.5%	10	45%

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)



REDUCED BENEFIT

Non-Hazardous



REDUCED BENEFIT CHART NONHAZ
Years to Attain Age 65 or 27 Years of Service (Whichever is Less)
% of Non-Hazardous Benefit Paid

Year	% of Benefit	Year	% of Benefit
1	93.5%	6	63%
2	87%	7	58.5%
3	80.5%	8	54%
4	74%	9	49.5%
5	67.5%	10	45%



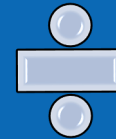
A Tier 1 Non-Hazardous member has 25 years of service and is age 55. **If the member chooses to retire, his/her benefit will be reduced to 87%.** (6.5% for each year away from 27 years of service).



DETERMINING RETIREMENT BENEFITS- TIER 3

How is my monthly payment calculated?

Accumulated Account
Balance



Actuarial Factor

Accumulated Account Balance
is determined at the time of
termination

Includes Employee
Contributions, Employer Pay
Credits, Base Interest, and
Upside Sharing Interest

Based on Life Expectancy
Tables

Different factors for
Non-Hazardous vs. Hazardous



DETERMINING RETIREMENT BENEFITS- TIER 3

How is my monthly payment calculated?

**Four components comprise a member's
Accumulated Account Balance:**

**Member
Contribution**

**Employer
Pay Credit**

**Base
Interest**

**Upside
Sharing**

Accumulated Account Balance / Actuarial Factor = Annuity



DETERMINATION OF BENEFITS MEMBER CONTRIBUTION

When KRS receives the employer contributions based on your creditable compensation, an Employer Pay Credit is deposited into the member's account.

**NonHazardous Member
Contribution= 5%**

**Hazardous member
Contribution= 8%**



DETERMINATION OF BENEFITS EMPLOYER PAY CREDIT

**NonHazardous Pay
Credit= 4%**

When KRS
receives the
employer
contributions
based on your
creditable
compensation

**Hazardous Pay
Credit= 7.5%**



***TIER 2 AND TIER 3 PARTICIPANTS CONTRIBUTE AN
ADDITIONAL 1% TOWARD THE KRS INSURANCE FUND.**



DETERMINATION OF BENEFITS BASE INTEREST

How is my monthly payment calculated?

Your account earns a base interest of 4% annually on both the Member Contributions and the Employer Pay Credit balance.

Interest is credited to your account each June 30, based upon your balance from the previous fiscal year.



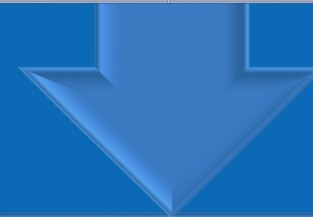
DETERMINATION OF BENEFITS UPSIDE SHARING

How is my monthly payment calculated?

Upside Sharing Interest is the additional interest credit that may be applied to a Tier 3 account. It is NOT guaranteed. The following conditions must be met before Upside Sharing Interest is credited to an account.

The system's Geometric Average Net Investment Return (GANIR) for the last five (5) years must exceed 4%.

The member must have been active and participating in the fiscal year.



If the GANIR exceeds 4%, then the member's account will be credited with 75% of the amount of the return over 4%. It is applied to the account balance as of June 30 of the previous year.

DETERMINATION OF BENEFITS UPSIDE SHARING EXAMPLE

Geometric Average net return (assumed):	7.5%	
Minus Base Interest :	<u>(4.0%)</u>	
Amount of return in excess of Base Interest=	3.5%	
Multiplied by 75%:	X 75%	
	2.63%	= Upside Sharing Interest Credit
Add Base Interest:	<u>4.0%</u>	
Total Interest Paid:	6.63%	



DETERMINATION OF BENEFITS UPSIDE SHARING 2019

Upside Sharing Interest FY 2019			
System	Base	Upside Sharing	Total
CERS Hazardous	4.00%	1.34%	5.34%
CERS Nonhazardous	4.00%	1.13%	5.13%
KERS Hazardous	4.00%	1.21%	5.21%
KERS Nonhazardous	4.00%	0.58%	4.58%
SPRS Hazardous	4.00%	0.79%	4.79%





TIER 3 EXAMPLE

NON
HAZARD

Jim Doe works in a
Nonhazardous
position for an
agency participating
in CERS

Retirement Date is
9/1/2044

Accumulated
Account Balance is
\$176,667.55

30 years of
Service Credit

The Accumulated Account Balance
divided by the Age 57 Actuarial
Factor equals the Monthly Life
Annuity.

RETIREMENT FORMULA:

Members participating on, or after, 1/1/2014

$$\begin{aligned} & \$176,667.55 / 175.163644 \\ & = \text{Monthly Life Annuity} \\ & \quad \$1,008.59 \end{aligned}$$



EXAMPLE

Accumulated Account Balance / Actuarial Factor = Annuity

RETIREMENT PAYMENT OPTIONS



RETIREMENT PAYMENT OPTIONS

Check
these
pages in
your
PREP
Handbook

38

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.

RETIREMENT PAYMENT OPTIONS

Non-Hazardous


Check these pages in your PREP Handbook

41

Go to Member Self Service for your specific retirement

LOGIN 

The payment amounts below are examples only

Payment Options	Member Payment	(or) Beneficiary Payment
Basic Option/Annuity 	\$1,452.33	\$0.00
Life with 10 years certain	\$1,432.19	\$1,432.19 (or) \$0.00
Life with 15 years certain	\$1,408.70	\$1,408.70 (or) \$0.00
Life with 20 years certain	\$1,378.87	\$1,378.87 (or) \$0.00
Survivorship 100%	\$1,321.32	\$1,321.32
Survivorship 66 2/3 %	\$1,362.28	\$908.23
Survivorship 50%	\$1,383.73	\$691.87
Pop-Up Option	\$1,310.14* (see Handbook)	\$1,310.14

John Doe can also reject all monthly payment options and request an actuarial refund of approximately \$73,344.41.

MEDICAL INSURANCE FOR RETIREES & BENEFICIARIES





MEDICAL INSURANCE BENEFITS

Check
these
pages in
your
PREP
Handbook

52

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

Check these pages in your
PREP
Handbook

57

Medical Insurance Benefits For Members participating prior to 7/1/03:

Total Years of Service	% paid for Retiree	Total Hazardous Service	% paid toward Dependent Coverage
Less than 4 years	0%	Less than 4 years	0%
4 – 9+ years	25%	4 – 9+ years	25%
10 – 14+ years	50%	10 – 14+ years	50%
15 – 19+ years	75%	15 – 19+ years	75%
20 or more years	100%	20 or more years	100%



MEDICAL INSURANCE BENEFITS

Check
these
pages in
your
PREP
Handbook

58



Participation between 7/1/03 – 8/31/08

- Employees must have 10 years of earned service credit



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 \$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 HAZARDOUS MEMBERS- FORM 6256

**ATTENTION ALL
HAZARDOUS DUTY RETIREES**

HAZ **NOTICE**

YEARLY REQUIREMENT!
Hazardous duty retirees **MUST** submit
a Form 6256 in order for eligible
spouse and dependents to receive
health insurance contribution.

- If you fail to notify KRS of changes in your dependent's eligibility (child OR spouse), you will be required to repay any insurance benefits paid on behalf of the ineligible person.



MEDICAL INSURANCE BENEFITS

2020 Under 65 Health Insurance Plans

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



*Retiree Portion



MEDICAL INSURANCE BENEFITS

2020 Over 65 Health Insurance Plans- Medicare Advantage



Available Plans	2020	2020- Mirror plan for members with no Medicare Part B
KRS Medical Only*	\$176.26	N/A
Humana Medicare Employer PPO- KRS Essential Prescription Drug Plan	\$75.56	\$214.92
Humana Medicare Employer PPO- KRS Premium Prescription Drug Plan	\$252.51	\$315.29

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



MEDICAL INSURANCE BENEFITS

Medicare Secondary Payer

Check
these
pages in
your
PREP
Handbook

55

Under the Medicare Secondary Payer (MSP) Act, in certain circumstances, a Medicare eligible retiree's re-employment with a participating agency of KRS will PROHIBIT KRS from offering or continuing to offer retiree coverage under the Humana Medicare Advantage Plan.

EMPLOYMENT AFTER RETIREMENT



RETIREMENT AND REEMPLOYMENT



Check these pages in your PREP Handbook

63

LOGIN

Ky.gov An Official Website of the Commonwealth of Kentucky



KENTUCKY RETIREMENT SYSTEMS

Members

Retirees

Employers

Investments

Publications & Forms

About

KRS-FYI

Legislative Updates

Contact

Retirees Overview

Receiving Your Benefits

Taxes and Your Responsibilities

Marital Status Change

Re-employment After Retirement

Survivor Benefits

Disability Benefits

Insurance

Retiree Self Service

Retiree Outreach

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.



RETIREMENT AND REEMPLOYMENT

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.



RETIREMENT AND REEMPLOYMENT

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.





RETIREMENT AND REEMPLOYMENT

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!



RETIREMENT AND REEMPLOYMENT WITH A PARTICIPATING AGENCY

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

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.

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."



RETIREMENT AND REEMPLOYMENT VOLUNTEERING

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.

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."





RETIREMENT AND REEMPLOYMENT



*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!

LEGAL NOTICE

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?