



KPPA
Kentucky Public Pensions Authority

General Information



Governor's Local Issues Conference

Agenda

- ❑ The Systems
- ❑ Plan Funding
- ❑ Retirement Eligibility
- ❑ The Benefit Formula
- ❑ Member Self Service
- ❑ Insurance Overview



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CERS

County Employees Retirement System



KERS

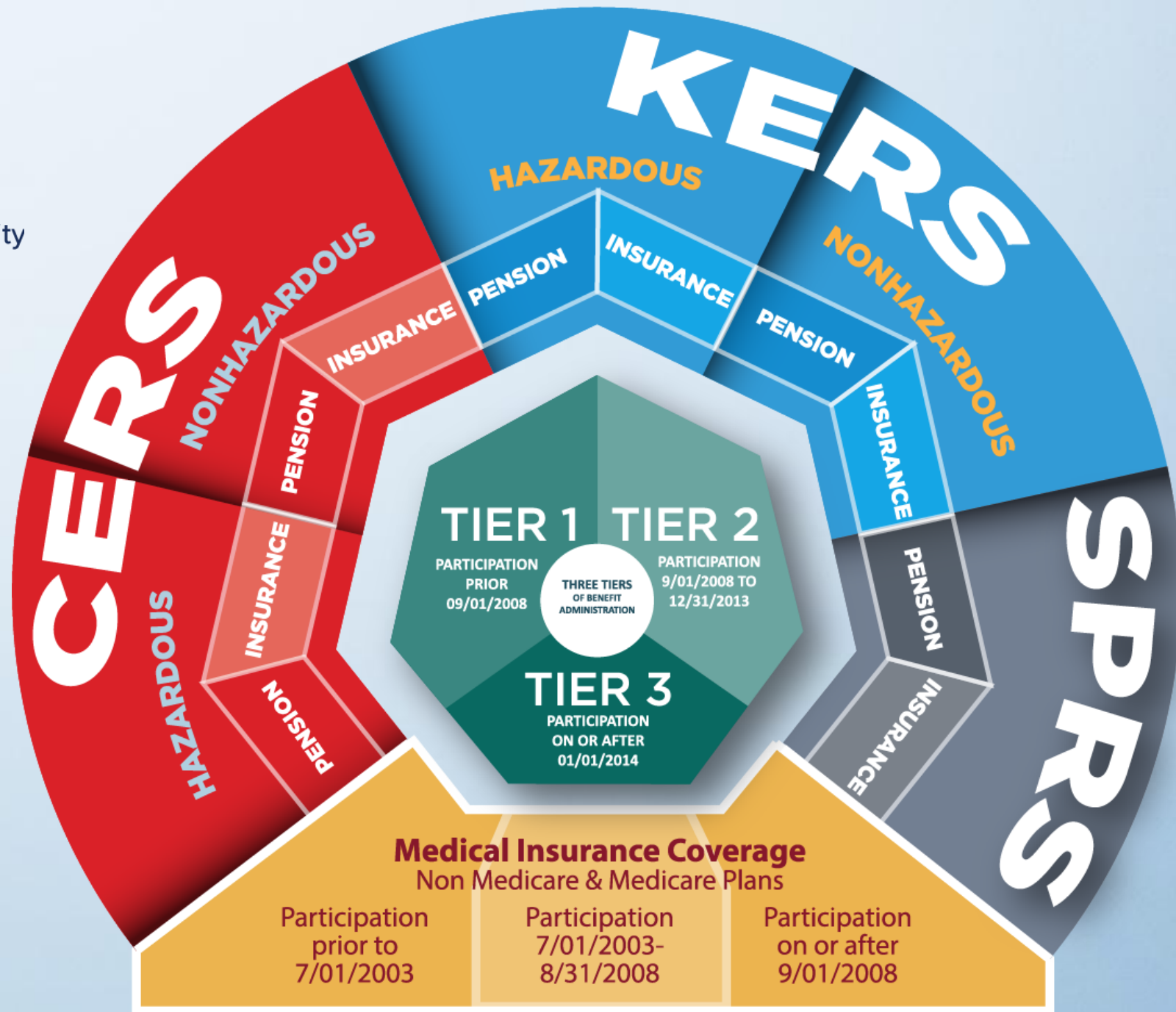
Kentucky Employees Retirement System



SPRS

State Police Retirement System

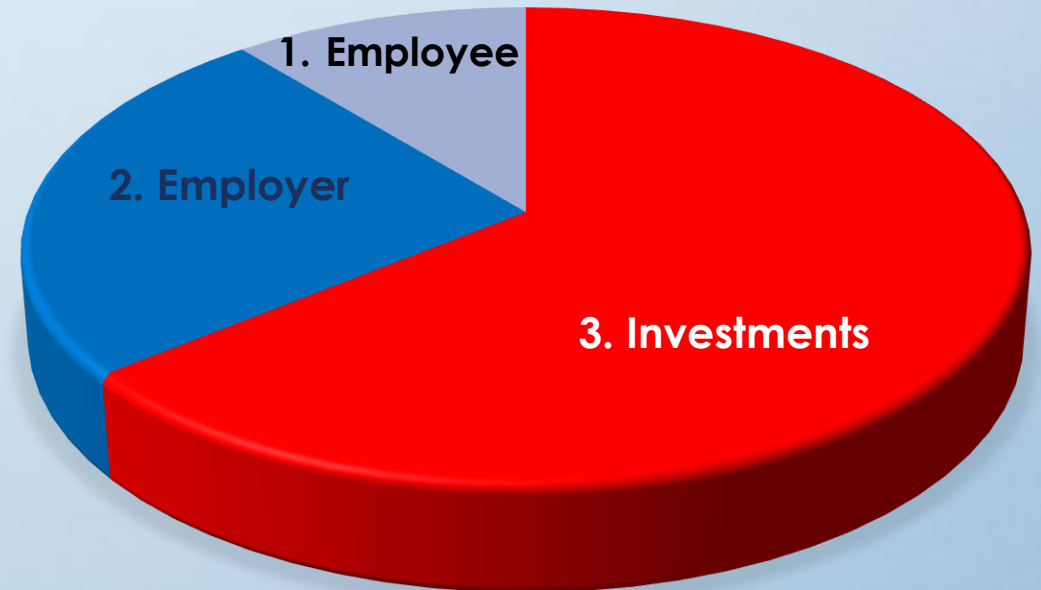
...A unique and complex retirement system



Plan Funding

Benefits are funded through three (3)
different sources:

1. Employee (Member) Contributions
2. Employer Contributions
3. Return on Investments



Participation Dates

Tier 1

Defined Benefit Plan

Participation date
prior to 9/1/2008

TIER
1

Tier 2

Defined Benefit Plan
Participation date on
9/1/2008 through
12/31/2013

TIER
2

Tier 3

Hybrid Cash Balance
Plan
Participation date on
or after 1/1/2014

TIER
3

Defined Benefit Plan



- Pays benefits based upon a formula
- Benefit is a lifetime payment to the member with the option to leave a lifetime payment to the beneficiary

Hybrid Cash Balance Plan



- Has characteristics of both a Defined Benefit (DB) plan and a Defined Contribution (DC) plan (i.e. 401(k), 457, etc.)
- Pays lifetime benefits based upon a formula (like a DB plan)
- Determines the value of benefits for each participant based on individual accounts (like a DC plan)

Defined Benefit vs. Hybrid Cash Balance



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Retirement Eligibility

Unreduced Retirement (no penalty)



Tier 1

Non-Hazardous
Hazardous

- 27 years of service, regardless of age OR age 65
- 20 years of service, regardless of age OR age 55



Tier 2 & Tier 3

Non-Hazardous

- “Rule of 87” OR age 65 with 60 months of service (Member’s age + years of service = 87 and member must be 57 or older)

Hazardous

- 25 years of service, regardless of age OR age 60 with 60 months of service



Retirement Eligibility

Early Retirement (penalty)

Tier 1

Non-Hazardous

- 25 years of service, regardless of age OR age 55 with 60 months of service



Tier 2

Non-Hazardous

- Age 60 with 120 months of service



Tier 3

Non-Hazardous

- NO EARLY RETIREMENT ALLOWED



Benefit Calculation

Unreduced Retirement (no penalty)



Tier 1 & 2- DEFINED BENEFIT PLAN

FINAL COMPENSATION x BENEFIT FACTOR x YEARS OF SERVICE



Tier 3- HYBRID CASH BALANCE PLAN

ACCUMULATED ACCOUNT BALANCE ÷ ACTUARIAL FACTOR



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Breakdown of the Formula – Tier 1

Final Compensation x Benefit Factor x Years of Service



Final Compensation is defined as the average of the HIGHEST FIVE (5) FISCAL YEARS with the highest monthly average salary for **NON-HAZARDOUS** and the HIGHEST THREE (3) FISCAL YEARS with the highest monthly average of salary for **HAZARDOUS**.

NON-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 members.

Compensatory payments can be reported as salary and used in determining the average salary.

Breakdown of the Formulas

Final Compensation x Benefit Factor x Years of Service

 KERS	KERS Non-Hazardous (1) If a member does not have 13 months credit for 1/1/1998-1/1/1999	1.97%
	KERS Non-Hazardous (2) If a member has 13 months credit for 1/1/1998-1/1/1999	2.00%
	KERS Hazardous Only approved hazardous duty positions are eligible	2.49%
 CERS	CERS Non-Hazardous (1) If a member began participating on 8/1/2004-8/31/2008	2.00%
	CERS Non-Hazardous (2) If a member began participating prior to 8/1/2004	2.20%
	CERS Hazardous Only approved hazardous duty positions are eligible	2.50%
 SPRS	SPRS Hazardous Only approved hazardous duty positions are eligible	2.50%

Benefit factors are set by state law and vary based on the type of service and participation date.





EXAMPLE

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Tier 1 Example

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

Retirement Date is
8/1/2027

Final Compensation
is \$45,623.76

28 years of Service
Credit



RETIREMENT FORMULA:
Members participating prior to 9/1/08



$$\begin{array}{r} \$45,623.76 \times \\ 2.2\% \times 28 \text{ yrs} = \\ \hline \$28,104.24 \end{array}$$

Breakdown of the Formula – Tier 2

Final Compensation x Benefit Factor x Years of Service



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.

Breakdown of the Formulas

Final Compensation x Benefit Factor x Years of Service



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*

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

HAZARDOUS

1.30%	<120 months
1.50%	121 - 240 months
2.25%	241 - 299 month
2.50%	> 300 months

Benefit factors are set by state law and vary based on the type of service, amount of service, participation date and the retirement date.



EXAMPLE

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

Retirement Date is
1/1/2039

Final Compensation
is **\$42,100.00**

30 years of
Service Credit, age
57

Tier 2 Example



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

Breakdown of the Formula

Accumulated Account Balance ÷ Actuarial Factor



Accumulated Account Balance



Member
Contributions

Employer Pay
Credits

Base Interest

Upside Sharing

Member
Contributions

Non-Hazardous – 5% (+1% paid into Health Insurance Contribution account)
Hazardous – 8% (+1% paid into Health Insurance Contribution account)

Employer Pay
Credits

Non-Hazardous – 4%
Hazardous – 7.5%

Base Interest
Credit

Member's account earns a base interest of **4%** on Member Contributions and Employer Pay Credits

Upside Sharing
Interest

Additional interest credit that may be applied to a Tier 3 account. It is NOT guaranteed.

Upside Sharing

Explained

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.



Breakdown of the Formula

Accumulated Account Balance ÷
Actuarial Factor



Notice: Actuarial Factors
could change in the future

Accrued benefits are
protected but the General
Assembly could change
future benefits if fiscal
circumstances call for it.

		Hazardous	
		Age at Retirement	Actuarial Factor
Non-Hazardous			
Age at Retirement	Actuarial Factor		
		43	184.899713
		44	183.485962
57	162.547424	45	182.005203
58	160.265884	46	180.458019
59	157.902913	47	178.844885
60	155.457923	48	177.165782
61	152.926715	49	175.420900
62	150.302063	50	173.610445
63	147.573818	51	171.734089
64	144.731445	52	169.790947
65	141.769442	53	167.779714
66	138.682835	54	165.698301
67	135.478140	55	163.545151
68	132.162411	56	161.318552
69	128.749971	57	159.018088



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Tier 3 Example

Jim Doe works in a
Non-Hazardous
position for an
agency participating
in KERS

Retirement Date is
9/1/2044

Accumulated
Account Balance is
\$205,398.16

30 years of Service
Credit

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

RETIREMENT FORMULA:

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


$$\begin{array}{r} \$205,398.16 / 162.547424 \\ = \text{Monthly Life Annuity} \\ \$1,263.62 \end{array}$$

Accumulated Account Balance / Actuarial Factor = Annuity



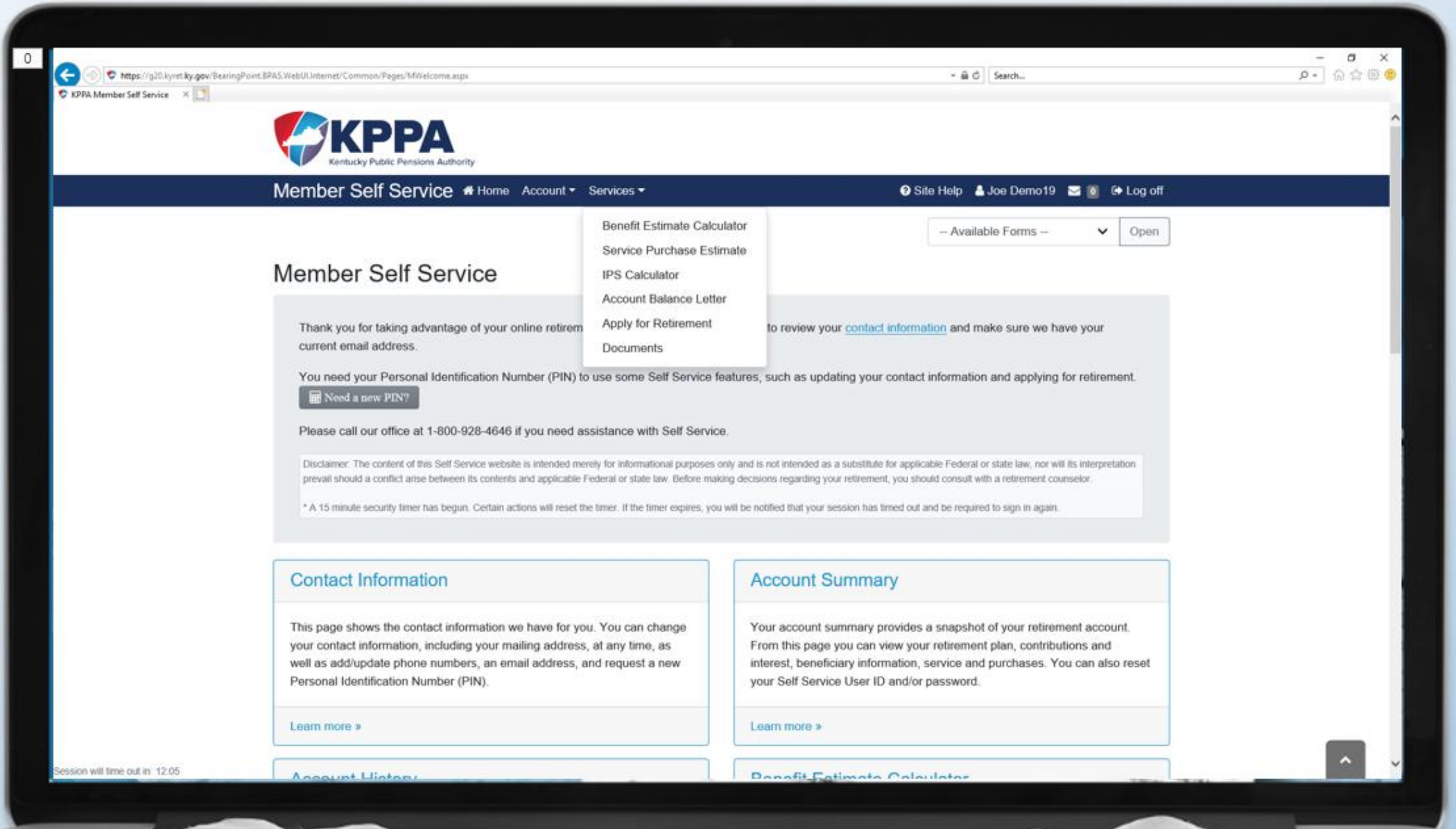
Registering for Self Service

Go to:

[Myretirement.ky.gov](https://myretirement.ky.gov)

To Register for Member/Retiree Self Service you will need the following:

- ✓ Social Security Number
- ✓ Date of Birth
- ✓ Four-digit Personal Identification Number (PIN)
- ✓ Email address



Member Self Service

Medical Insurance Benefits

Insurance

Kentucky Public
Pensions
Authority offers
Medicare and
non-Medicare
plans to eligible
retirees.

To be eligible for
insurance, you
must receive a
monthly
retirement
benefit

KPPA 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

Medical Insurance Benefits

For Members participating prior to 7/1/2003:

Total Years of Service	% paid for Retirees	Total Hazardous Service	% paid interest 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-Dollar Contribution Plan



Employees must have 10 years of earned service credit (Participation date on/after 7/1/2003)



Employees must have 15 years of earned service credit

Effective July 1, 2026:

Non-Hazardous Members will earn \$15.07 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 2027 \$15.30 Non-Hazardous

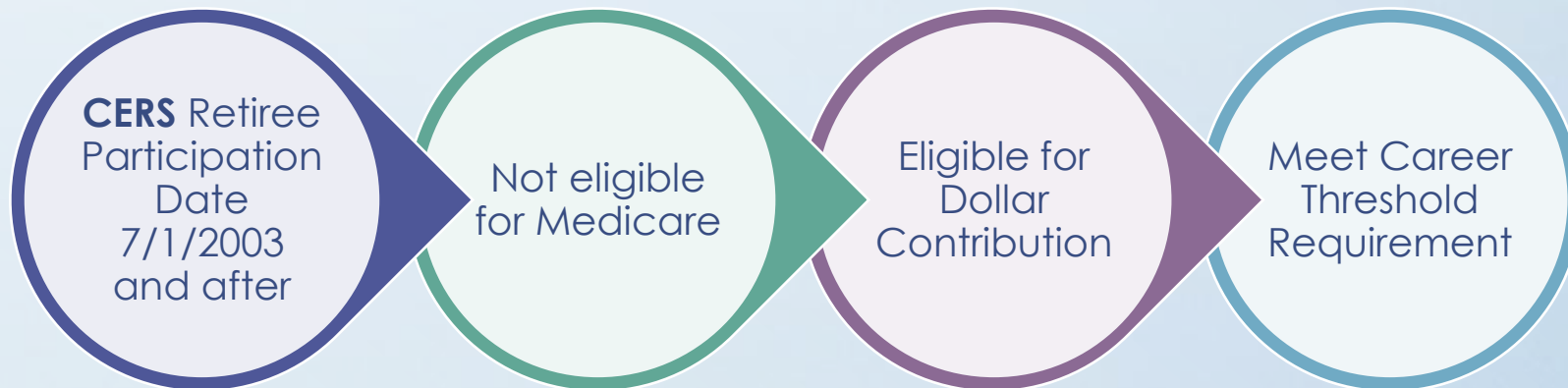
Medical Insurance Benefits-Dollar Contribution Plan



SENATE BILL 10 (2025)

Increased the Non-Medicare eligible retiree insurance dollar contribution for members who meet eligibility requirements, effective January 2026.

Eligibility Requirements



Medical Insurance Benefits-Dollar Contribution Plan (CERS)



Career
Threshold

Non-Hazardous: Retire with at least 27 years

Hazardous: Retire with at least 20 years (Tier 1) or 25 years (Tiers 2 or 3)

Non-Hazardous members who meet the eligibility requirements, will receive \$40.00 for each year.

Hazardous member who meet the eligibility requirements, will receive \$50.00 for each year.

The monthly contribution rates receive a 1.5% COLA each July 1.

Contact Us



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

KPPA website: kyret.ky.gov

Email: kppa.mail@kyret.ky.gov Email is not secure

Take advantage
of our call back
assist feature!



Telephone

(800) 928-4646



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LEGAL NOTICE

*If you have any questions about the material in this presentation please contact KPPA at
1-800-928-4646.*

This presentation is intended merely as a general information reference for members of any system operated by the KPPA.

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 Public Pensions Authority.



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Questions?