105 KAR 1:020. Reciprocal program between CERS, KERS, SPRS, TRS, JRP and LRP.

RELATES TO: KRS 6.500-6.577, 16.505-16.645, 21.345-21.570, 61.510-61.705, 78.510-78.990, 161.600(3), 161.675

STATUTORY AUTHORITY: KRS 61.645(9)(e)

NECESSITY, FUNCTION, AND CONFORMITY: KRS 61.645(9)(e) authorizes the Board of Trustees of Kentucky Retirement Systems to promulgate all administrative regulations necessary or proper in order to carry out the provisions of KRS 61.515 to 61.705, 16.510 to 16.652, and 78.520 to 78.852. KRS 61.680 provides for the combining of retirement accounts for public employees having a retirement account in more than one (1) of the following state administered retirement systems: County Employees Retirement System, Kentucky Employees Retirement System, Judicial Retirement Plan, Legislators Retirement Plan, State Police Retirement System and Teachers' Retirement System. This administrative regulation establishes requirements to implement KRS 61.680.

Section 1. Upon death, disability or service retirement the following procedure shall be applicable in order to determine benefits for a member having an account in more than one (1) retirement system:

(1) Combine the member's service in all systems.

(2) Determine eligibility in each system based on combined service.

(3) If eligible in any system, determine benefits.

(4) Check for specific exceptions such as prior service, request for separate account or special death or disability exception.

(5) Each system shall pay the applicable percentage of total benefit unless a specific exception exists.

Section 2.

(1) A member eligible to retire who elects service retirement from one (1) system, shall be paid from all systems in which he has an account unless he requests that his accounts be separated.

(2) The "final compensation" shall be calculated by using the five (5) highest, or three (3) highest, if eligible, fiscal years creditable compensation regardless of the system under which the service was earned, except as provided in KRS 61.680(7).

(3) Each system shall determine benefit payments on the basis of the final compensation but using only the service earned in that system. Payments shall be made by each system in accordance with its usual procedures. If a member is not eligible for an unreduced benefit, benefits shall be actuarially reduced based on factors adopted by the respective retirement boards.

(4) The retiring member or beneficiary shall be required to elect the same payment option in each system administered by the Kentucky Retirement Systems except that a state policeman or a member with hazardous service may select the "Ten (10) Year Certain" option set forth in KRS 16.576(4) irrespective of the option chosen for nonhazardous service.

(5) A retiring member may elect to have each system treat his service credit in that system without regard to any other service credit, by requesting that his accounts be separated by filing a Form 2022, Separation of Accounts, with the Form 6000, Notification of Retirement. If so requested, "final compensation" shall be based on the creditable compensation earned under each system separately.

Section 3.

(1)

(a) If a contributing member of one (1) of the six (6) systems qualifies for disability benefits, all systems under which the combined service meets service requirements shall participate in benefit payments unless accounts are separated by provisions of KRS 61.680(2)(b).

(b) Each system shall calculate benefits using the formula in effect in that system.

(c) Service added to County Employees Retirement System, Kentucky Employees Retirement System and State Police Retirement System accounts in accordance with the appropriate disability formula in 105 KAR 1:210, Section 9, shall be prorated between system accounts based on a percentage of actual earned service in each system unless such proration conflicts with maximum added service permitted by law governing each system.

(2) If the combined service of a member meets service requirements in only one (1) system then that system shall pay benefits under the disability formula and the other system shall pay as follows:

(a) Benefits based on separate accounts if the member elects to maintain separate accounts;

(b) An actuarial accrued benefit based on the member's age, service and final compensation; or

(c) A refund, if requested by the member.

(3) The medical requirements for disability benefits shall be those of the system to which the member last contributed if combined service meets service requirements of that system. If service requirements are met in only one (1) system, the medical requirements of that system shall prevail.

Section 4. A member contributing to any of the six (6) retirement systems who has combined service sufficient to qualify for a death benefit shall have his County Employees Retirement System, Kentucky Employees Retirement System or State Police Retirement System benefits computed under the regular death formula based on his service in each of the three (3) systems.

Section 5. A member having valid service credit in more than one (1) of the retirement systems administered by Kentucky Retirement Systems who is eligible to purchase service credit may elect to purchase service credit in one (1) system, or he may divide the service credit between the systems permitting purchase. If service is to be divided, the following additional requirements shall be met:

(1) The same years of service shall not be used in more than one (1) system.

(2) Each system shall calculate the costs of the retirement credit in keeping with the statutes and administrative regulations of that system.

Section 6.

(1) A retiring member with service in the Kentucky Teachers' Retirement System and one (1) or more of the three (3) systems administered by Kentucky Retirement Systems shall have his total service in all four (4) systems combined to determine his eligibility for medical insurance benefits. The systems shall share the cost of the member's premium under this section based on his combined service.

(2) If the member meets the minimum eligibility requirements, the member may elect to participate in the insurance program established under KRS 61.702 or 161.675. The premium paid from the insurance funds shall not be more than 100 percent of the single premium amount adopted by the respective boards of trustees or more than the maximum percentage payable under the program established under KRS 61.702 or 161.675.

(3)

(a) If the member elects to participate in the program under KRS 61.702, the member's service in the systems shall be combined to determine the applicable percentage that

shall be paid toward his individual coverage under KRS 61.702(3).

(b) The systems shall pay a pro rata share of the member's premium based on the service in each system expressed as a percentage of total service credit earned in all systems not to exceed the amount of the single premium cost adopted by the Board of Trustees of Kentucky Retirement Systems.

1. The amount paid by the Kentucky Teachers' Retirement System shall not exceed the amount of the single premium cost adopted by the Board of Trustees of the Kentucky Teachers' Retirement System.

2. The Kentucky Teachers' Retirement System shall not pay a percentage of the premium for the spouse and dependents.

(4)

(a) If the member elects to participate in the program under KRS 161.675, the member's service in the systems shall be combined to determine the applicable percentage that shall be paid under KRS 161.675(3).

(b) The systems shall pay a pro rata share of the member's premium based on the service in each system expressed as a percentage of total service credit earned in all systems, including service in the Legislators' Retirement Plan and Judicial Retirement Plan, not to exceed the amount paid toward the monthly premium cost adopted by the Board of Trustees of Kentucky Teachers' Retirement System.

1. The amount paid by the Kentucky Employees Retirement System, County Employees Retirement System and State Police Retirement System shall not exceed the amount of the single premium cost adopted by the Board of Trustees of the Kentucky Retirement Systems.

2. The Kentucky Employees Retirement System, County Employees Retirement System and State Police Retirement System shall not pay a percentage of the premium for the spouse or dependents.

(5) Premiums payable under KRS 61.702 shall be paid by the Kentucky Employees Retirement System, County Employees Retirement System, and State Police Retirement System. The Kentucky Teachers' Retirement System shall reimburse the systems for the portion of the premium attributable to service in that system. Premiums payable under KRS 161.675 shall be paid by the Kentucky Teachers' Retirement System. The Kentucky Employees Retirement System, County Employees Retirement System, and State Police Retirement System shall reimburse the system for the portion of the premium attributable to service in those systems.

Section 7. Incorporation by Reference.

(1) The following material is incorporated by reference:

(a) "Form 2022, Separation of Accounts, August 2002", Kentucky Retirement Systems; and

(b) "Form 6000, Notification of Retirement, July 2004", Kentucky Retirement Systems.

(2) This material may be inspected, copied, or obtained, subject to applicable copyright law, at the Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601-6124, Monday through Friday, 8 a.m. to 4:30 p.m.

(1 Ky.R. 717; eff. 5-14-1975; 9 Ky.R. 1162; eff. 5-4-1983; 19 Ky.R. 962; eff. 12-9-1992; 29 Ky.R. 755; 1243; eff. 11-12-2002; 31 Ky.R. 380; eff. 11-5-2004; TAm eff. 3-5-2019; Crt eff. 3-5-2019.)