

KEEPING THE PROMISE

KERS-NH / CERS-NH

- No reduction in cost of living adjustments (COLAs) for current retirees
- No change to full retirement age
- Tier 1 employees will continue to accrue full unreduced retirement eligibility (27 years of service or age 65) within current defined benefit program
- Tier 2 employees will continue to accrue full unreduced retirement eligibility ("Rule of 87" or age 65) within current defined benefit program
- Tier 1 and Tier 2 employees will move into a defined contribution plan after reaching the threshold service accrual for an unreduced retirement benefit (i.e. 27 years/Rule of 87)
- Tier 3 employees will immediately roll over into the defined contribution program
- All new hires will enroll in the defined contribution program
- 3% of employee's salary as additional contribution to fund retiree healthcare program
- Future retirees must suspend pension to accept full-time* positions in the public sector for duration of their reemployment
- Caps sick leave to sick leave balance accrued on June 30, 2018. Sick leave credit no longer used to determine retirement eligibility effective for retirements on or after July 1, 2018
- Comp time payments included in benefit calculation for any member retiring on or before July 1, 2023
- Requires "High 5" to be a full 60 months of service
- Aligns upper limit of eligible compensation for benefit calculation with social security; uniform/equipment allowance is no longer included as creditable compensation

*Full-time refers to more than 100 hours worked per month

KEEPING THE PROMISE

KTRS

- No change to full retirement age
- No Social Security coverage for current or future teachers
- Defined benefit plan remains open to current teachers/university members until accruing full unreduced retirement eligibility (27 years of service or age 60)
- Current teachers who have met the threshold (i.e. 27 years) on July 1, 2018, will have the option to continue to accrue service credit in their defined benefit plan for up to three additional years or move into a Social Security replacement defined contribution plan. The defined contribution plan will be a generous defined contribution plan - 18% of their salary.
- New teachers and those who meet the unreduced retirement threshold after July 1, 2018 will enroll in the generous defined contribution plan with the option to max out 18% of their salary. Employee contribution will be 9% with the option to invest an additional 3%. Employer contribution will be 6% with the state's portion being 4% and the local school district employer's contribution at 2%
- Current teachers/university members, with less than five years of service in the current defined benefit plan, will have the option to transfer to the defined contribution plan
- Use of "High 3" for benefit calculation permitted for any member retiring before June 30, 2023; after June 30, 2023 a "High 5" will be utilized for benefit calculations
- School districts can continue to provide payment for up to 30% of a retiring member's accumulated sick leave and payments for accumulated sick leave will be utilized in retirement benefit calculations for those retiring on or before July 1, 2023; after that date, payments for sick leave will not be utilized for benefit calculations

KEEPING THE PROMISE

KTRS (cont.)

- Sick leave balances frozen as of July 1, 2018 for university members who receive service credit for accumulated sick leave
- 3% of employee's salary as additional contribution to fund retiree healthcare program
- No reduction in previously granted cost of living adjustments (COLAs) for current retirees
- Future COLAs for current retirees temporarily suspended for five years
- COLAs for future retirees will begin after five years in retirement
- Future retirees required to suspend their pension to accept a full-time* position in the public sector for the duration of their reemployment
- Aligns upper limit of eligible compensation for benefit calculation with social security guidelines

*Full-time refers to more than 100 hours worked per month

KEEPING THE PROMISE

KERS HAZ. / CERS HAZ. / SPRS

- No reduction in cost of living adjustments (COLAs) for current retirees
- Defined benefit and cash balance plans remain open to current hazardous employees
- No change to retirement age
- New employees will continue to enroll in current cash balance plan but may elect to switch to a defined contribution plan
- Caps sick leave to sick leave balance accrued on June 30, 2018. Sick leave credit no longer used to determine retirement eligibility effective for retirements on or after July 1, 2018
- Comp time for retirement compensation purposes will continue to be utilized for Tier 1 employees only; comp time for retirement compensation purposes is already not applicable to Tier 2 and Tier 3
- “High 3” will be a full 36 months of service
- Uniform/equipment allowance is no longer included as creditable compensation; KLEPFP payments are included
- Reemployment after retirement will require both an employee and employer normal cost contribution to be paid to the system from which the employee retired; no second retirement account
- 3% of employee’s salary as additional contribution to fund retiree healthcare program
- Closes loophole to ensure payment of death benefits for the families of hazardous employees

KEEPING THE PROMISE

Legislative Retirement

- Stops defined benefits plan for all legislators, moving them into the same defined contribution plan as other state employees under the jurisdiction of the KRS Board
- Cash balance plan members will immediately roll over into the defined contribution program
- New legislators enroll in the defined contribution plan
- Existing defined benefit members and current retirees will have their benefit calculation based solely on their legislative salary
- 3% of employee's salary as additional contribution to fund retiree healthcare program

KEEPING THE PROMISE

Judicial Retirement

- Defined benefit plan remains open to current employees until accruing full unreduced retirement eligibility
- Members will move into a defined contribution plan after reaching threshold years of service
- Cash balance plan members will immediately roll over into defined contribution plan
- New members enroll in the defined contribution plan
- 3% of employee's salary as additional contribution to fund retiree healthcare program

KEEPING THE PROMISE

Additional Reforms

- Level dollar amortization replaces percent of payroll for ADC/ARC calculation for all systems
- Two-year window available for KRS and TRS outside agencies, non-profits and universities to pay full actuarial cost of promised benefits and cease participation in the retirement systems
- Legislative and judicial retirement systems (KJFRS) will be under jurisdiction of KRS Board