



# Teachers' Retirement System

RETIRED  
MEMBER EDITION

FEBRUARY  
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## From the Executive Secretary **Honoring a Monumental Retiree** By Gary L. Harbin, CPA

So many TRS staff members do so much to assist Kentucky's public school teachers that singling anyone out must be done with caution. But when one of the Mount Rushmore faces decides to retire, singling out those contributions is appropriate. And that's where TRS is as Jane Cheshire Gilbert retires after nearly 23 years here, almost all of which was as the retiree health care director. For the last year and a half, she's focused on being TRS's senior liaison on federal issues.



Recently, a TRS trustee attending a seminar at the Harvard University law school introduced herself as being on the teacher retirement board in Kentucky and someone there immediately asked, "Oh, do you know Jane Gilbert?"

Whether it's in a hallway at Harvard, the halls of Congress, the trenches of the federal administrative healthcare bureaucracy or Kentucky's own capitol annex, Jane made herself known. But never was any of it about her. Kentucky's retired teachers have had no greater friend or advocate than Jane Gilbert. In countless ways, Jane has brought the Teachers' Retirement System of the State of Kentucky recognition – and respect – from all corners.

In April 2002, Jane was handed a pay-as-you-go benefit with an uncertain future. Jane has built what arguably is the most modern, well-funded retired teacher health care plan in the United States. She helped conceive of the solution we now know as Shared Responsibility, helping convince teachers and administrators to sacrifice some of their hard-earned wages to ensure they and other retired teachers would have a benefit on which they could rely for decades to come. The Health Insurance Trust now is more than 80% funded and could be fully funded within several years. Combined with other cost control measures, more than \$5 billion in actuarial

*See From the Executive Secretary, page 2*

# Retired Financial Trader Appointed to Board

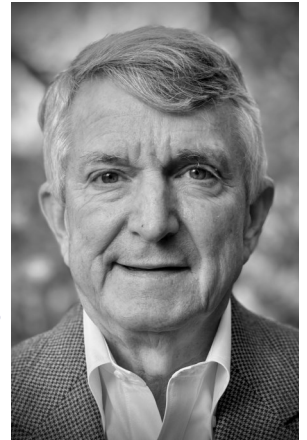
Louisville retired financial trader and teacher William Crawford has been appointed to the TRS Board of Trustees by Gov. Andy Beshear.

Mr. Crawford worked for more than two decades as a trader including at the Chicago Board Options Exchange/Chicago Board of Trade and NP Energy. He also worked 12 years as a high school math teacher, including at Iroquois High School in Louisville.

He has a bachelor's degree from Washington and Lee University and did graduate work at the University of Louisville. He serves on the board of the West End School in Louisville.

Mr. Crawford's appointment is for the unexpired term of John Boardman, who resigned.

By law, gubernatorial appointees must have investment experience and are subject to Senate confirmation.



## *From the Executive Secretary, from page 1*

accrued liability has been eliminated from the trust. And Jane did all this while maintaining premiums at levels they were at 25 years ago and providing a benefit that makes retired teachers confident they are well cared for.

Jane also innovated in ways that might have been unimaginable when she arrived. She helped take the Know Your Rx Coalition from an idea to a force in regional health care. The coalition now is among the most beloved benefits that retired teachers have, and it serves as a central bedrock for so much of the value that TRS provides retired teachers. One major example of that and Jane's innovative ways is Personalized Medicine, TRS's leading-edge pharmacogenomics program that uses a DNA test to improve the wellness of

retirees. This has resulted in reductions in medical spending and hospitalizations for those involved – and these benefits, we believe, are just the beginning.

Jane would be the first to say she couldn't have done any of this without her incredible staff in the retiree health insurance department. And thanks to Jane's mentorship, retired teachers will continue to be in good hands.

I and everyone else at TRS wish Jane the very best in the many years to come and thank her again for a phenomenal career.



*Jane Gilbert speaks at the 2020 celebration for Shared Responsibility's 10th anniversary.*

# Members, Retirees Should Be Aware of Deadlines

Certain benefits provided by law through TRS have deadlines that are the responsibility of the member, retiree or beneficiary to meet. Many of the deadlines are dependent on life events, like a change in marital status, death or birth of a child.

Deadlines are communicated through a number of means, including newsletters, correspondence, informational fliers, summary plan descriptions (<https://trs.ky.gov/administration/plan-information-and-law-book/>), administrative regulations and law.

Qualifying events have strict deadlines for retiree insurance and member benefits. For health insurance, you normally have 30 days from the life event to enroll in or terminate health insurance and or to add a new spouse. For member benefits, retirees have 60 days from the qualifying event to change a retirement option and or change a beneficiary.

Other deadlines include:

- A retirement application must be completed and filed one month prior to the retirement date.
- Members and new retirees have until the 15th of the month they retire to rescind the retirement.
- New retirees have until the 15th of the month in which they retire to make changes to their retirement applications.
- Retirees changing their direct deposit or tax withholding must have the proper form submitted to TRS by 10th of the month in which the change is to be effective.
- A current leave of absence must be purchased by June 30 of the fiscal year following the fiscal year when the leave occurs.
- Fractional service credit purchases for unpaid days must be made by Dec. 31 of the fiscal year following the fiscal year when the unpaid days occurred.
- University members changing from an optional retirement plan (ORP) to a TRS retirement plan and purchasing their ORP service must do so within the first six years and six months of continuous service with an ORP employer.
- Appeals of decisions that materially affect benefits must be in writing and filed with TRS within 30 days of the first notice of TRS's decision.
- Disability retirement applications are due by the first day of the retirement month, but must be filed while the member remains actively employed by a TRS employer.
- In addition to meeting the required 30-day qualifying event deadline, health insurance applications must be received before the effective date of coverage. Coverage is not retroactive.

Contact TRS if you have questions about any of this information.

## Reminder: TRS Account Type Names

TRS has four account types based on date of entry.

TRS 1	TRS 2	TRS 3	TRS 4
Entry before July 1, 2002	Entry on or between July 1, 2002, and June 30, 2008	Entry on or between July 1, 2008, and Dec. 31, 2021	Entry on or after Jan. 1, 2022

## 2–Page Section for You and Your Tax Preparer

# 2024 Tax Year Information

This is intended to help you complete the pension-related parts of tax returns. Any information here should not be considered the only advice needed. Rules and forms likely will differ for retirees living outside Kentucky. Retirees may want to confer with a tax adviser for tax form preparation. TRS has no liability in providing this guidance. It is a member’s responsibility to declare the proper amount of taxable income on income tax returns.

## 1099-R

TRS mails 1099-R tax forms at the end of every January. The graphic highlights the 1099-R components.

The tax statement contains confidential information and only can be mailed to the member’s address that is currently on record with TRS. For TRS to send the form to a different address, the member, beneficiary or power of attorney must submit a written, signed request to TRS. The written, signed request may be mailed to TRS or faxed to 502-573-0254 and should specify if the address change is permanent. The address change form is available on the Retired Member forms page at [trs.ky.gov](https://trs.ky.gov). Duplicates are available using Pathway ([mss.trs.ky.gov](https://mss.trs.ky.gov)), which provides members online access to account information, or by calling 800-618-1687. The TRS information center staff will verify your correct name and address for mailing the duplicate form and for the permanent record file.

**Box 1:** Shows total pension benefit before withholding.

**Box 2a:** Shows taxable portion of benefit. If blank, “Taxable Amount Not Determined” in Box 2b should be marked.

**Box 5:** Shows the amount member personally contributed to what was received. The Box 5 amount is

nontaxable and is **not** used on personal returns (i.e. IRS Form 1040, Ky. Form 740).

**Box 7:** Generally, the box 7 value is defaulted to “7” for most benefit types. However, depending on the member’s individual circumstances, the distributions may have been coded differently. Refer to the following distribution codes for more detail:

- 1 – Early distribution, no known exception
- 2 – Early distribution, exception applies
- 3 – Disability
- 4 – Payment to beneficiary or beneficiaries based on death of active or retired member
- 7 – Normal distribution
- G – Direct rollover

**Box 9b:** Only used in first year of retirement to show amount of previously taxed contributions.

**Bottom box:** Includes posttax insurance premiums paid, if applicable.

CORRECTED (if checked)      COPY B: Report this income on your Federal tax return. If this form shows Federal income tax withheld in Box 4, attach this copy to your return.

Form 1099-R 2024		OMB No. 1545-0119 Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. This information is being furnished to the Internal Revenue Service.		Payer's Federal Identification Number 61-0600439	FEDERAL Copy B-File with Recipient's FEDERAL Tax Return
Recipient Information		1. Gross Distribution <b>1</b>	2a. Taxable Amount <b>2a</b>	2b. Taxable Amount Not Determined <input type="checkbox"/> Total Distribution	
Recipient Identification Number		3. Amount in Box 2a Eligible for Capital Gain Election	4. Federal Income Tax Withheld	5. Employee Contributions <b>5</b>	
Payer's Full Name & Address TEACHERS' RETIREMENT SYSTEM 479 VERSAILLES ROAD FRANKFORT, KY 40601-3800		6. Net unrealized appreciation in employer's securities	7. Distrib Code <b>7</b>	8. Other <input type="checkbox"/> IRA/SEP/Simple	
		9a. Your Percent of Total Distribution	9b. Total Employee Contribution <b>9b</b>	10. Amount allocable to IRR within 5 years	
		14. State Tax Withheld	15. State/Payer's State Number KY 077156	16. State Distribution State Taxable Percentage %	
<b>Bottom box</b>					

## Kentucky state tax laws

Many TRS members who are Kentucky residents do not owe Kentucky state taxes on TRS benefits. TRS strongly recommends you seek the advice of a qualified tax preparer for any specific questions concerning Kentucky income taxes on your pension. You may want to take this information to your tax preparer.



With the understanding that no pension income from Kentucky public service before Jan. 1, 1998, is taxable, Kentucky law also excludes up to \$31,110 in pension income from state tax. Don't forget to apply the Kentucky pension income exclusion against the amount taxable by the state.

Here's how:

The Kentucky return begins with the federal adjusted gross income, which is on line 5 of Form 740. But that figure can be lowered using the above-referenced pension-income deduction.

If you have Kentucky service before Jan. 1, 1998, use Schedule P to calculate the amount of your pension income that is exempt from Kentucky taxes.

For retirees, regardless of when the service occurred, the amount of the pension deduction is reported on Schedule M along with any other deductions.

Tax forms may be obtained through the Kentucky Department of Revenue (<https://revenue.ky.gov/Get-Help/Pages/Forms.aspx>). Make sure to look for Schedule M (adjusted gross income modifications) and Schedule P (pension income exclusion). Also, the telephone numbers below can provide more information.

## Federal taxes

Upon retirement you must report your federal taxable income to the IRS. Under federal tax law, members must pay taxes on their tax-sheltered annuities. If you made contributions prior to August 1982 or made personal payments to the retirement system, TRS will calculate the amount of your contributions upon which you already have paid federal income tax and will report on the 1099-R the amount of your annuity that is still subject to income tax.



## Need help?

Tax forms may be obtained through the Kentucky Department of Revenue at <https://revenue.ky.gov/Get-Help/Pages/Forms.aspx>.

- TRS: 502-848-8500, toll free at 800-618-1687
- KPPA: 502-696-8800, toll free at 800-928-4646
- Kentucky Revenue Cabinet: 502-564-4581
- IRS: 800-829-1040

## Reminder

# Two Retiree Health Plans for TRS Retirees

This newsletter and many other TRS communications use this color scheme to help members and retirees understand which retiree health insurance plan is the subject of the article. The Kentucky Employees' Health Plan (KEHP) is for retirees who are under 65 and not Medicare-eligible. The Medicare Eligible Health Plan is for Medicare-eligible and 65 and over retirees.



**Kentucky  
Employees'  
Health Plan**

**Under 65 and not Medicare-eligible**



**Medicare  
Eligible  
Health Plan**

**Medicare-eligible or 65 and over**

## Return-to-Work Health Insurance Reminder

**KEHP**

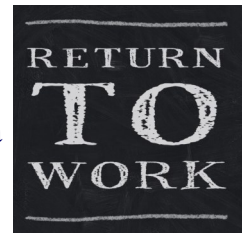
**MEHP**

If you are retired or retiring soon and considering employment in any capacity after retirement, it is important to contact TRS to discuss the consequences of reemployment on your TRS health insurance. Read this article for details of those consequences. This article also is important for retirees who currently are active in a return-to-work account and for active members who are close to retirement and would like to return to work in the future.

Any retiree or spouse who is offered health insurance as a result of **any** active employment must drop **any** TRS health insurance coverage. Contact TRS to drop TRS insurance coverage if you are eligible for insurance through your employment. If you are retired and reemployed with a TRS employer, you also should confirm with your employer that they have submitted your coverage effective date to TRS (either by letter or email to [info@trs.ky.gov](mailto:info@trs.ky.gov)).

Then, prior to losing eligibility for the active employment insurance, you must contact the TRS Insurance Department if you wish to reenroll in TRS coverage. You must submit a new TRS insurance application and provide the required documentation from your employer indicating the coverage termination date to reenroll in TRS coverage. If you wait until your active employment coverage is already terminated, you could have a gap in coverage.

If you have chosen a Waiver Health Reimbursement Arrangement (HRA) through your active employer, you only can reenroll in TRS coverage during the fall open enrollment for coverage effective Jan. 1. Losing eligibility for one of the Waiver HRA options through the Kentucky Employees' Health Plan (KEHP) is not considered a qualifying event.



# Use Easy Pay for Your Medicare Part B Premiums

## MEHP

Upon becoming eligible for Medicare and enrolling in the TRS Medicare Eligible Health Plan (MEHP) through UnitedHealthcare and Express Scripts, you must pay the Part B monthly premium to Medicare. The 2025 standard monthly Part B premium is \$185.

If you get Social Security or Railroad Retirement Board (RRB) benefits, your Part B premium will be deducted from that monthly benefit payment. If you don't get these benefit payments, you'll get a bill for your part B premium, typically billed quarterly (every 3 months).

Medicare Easy Pay is a safe and reliable way to make sure your premiums are paid. Medicare Easy Pay is a free service that automatically deducts your Part B premium from your savings or checking account each month. This allows you to pay monthly instead of having to pay a quarterly premium bill that totals three months of premiums. To enroll in Medicare Easy Pay, visit [Medicare.gov/medicare-easy-pay](https://www.medicare.gov/medicare-easy-pay), or call 1-800-MEDICARE.

If at any time while enrolled in the MEHP, your Medicare coverage lapses due to non-payment or any other reason, you will be terminated from the MEHP and you will be responsible for the actual cost of any claims.

## Turning 65 in 2025?

### KEHP

TRS is hosting webinars geared toward retirees who are approaching Medicare eligibility. Let TRS help with a presentation on the features and benefits of the TRS Medicare Eligible Health Plan (MEHP) and a walkthrough of the enrollment process.

The webinars, which can be viewed on your computer, are March 5, April 2, May 7, June 4, July 2, Aug. 6, Sept. 3, Oct. 1, Nov. 5 and Dec. 3. To register, which is required, visit <https://trs.ky.gov/active-members/seminars-workshops#65> and click the link for the desired webinar date. A video of the recorded presentation is also available at <https://trs.ky.gov/retired-members/turning-65>.

Also, if you will be transitioning to TRS's Medicare Eligible Health Plan (MEHP) from the Kentucky Employees' Health Plan (KEHP), remember to spend all your remaining Castlight rewards before your KEHP coverage terminates. Similarly, if you have a Consumer Driven Health Plan (CDHP), remember to use any remaining Health Reimbursement Account (HRA) funds before moving to the MEHP. Neither will be available once MEHP coverage starts.

## Funded Ratios Improve for TRS Trusts

The funded ratios of TRS's two major funds, as determined by the independent actuary, both improved in the year concluded June 30, 2024.

The Retirement Annuity Trust funded ratio was 59.1% compared to 58.6% a year earlier and was the sixth gain in the last eight years.

The Health Insurance Trust reached 80.4% from 71.3% a year before, continuing the gains seen since the 2010 Shared Responsibility law (2010 RS HB 540). The Health Insurance Trust has gained every year since the 2010 Shared Responsibility law with the exception of one year when an experience study was implemented.

Both funds, in the opinion of the actuary, continue to be on track for full funding within the amortization period for each.



Teachers' Retirement System of the State of Kentucky  
479 Versailles Road  
Frankfort, KY 40601-3800

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## Keep Contact Information, Including Emails, Current

Keeping your contact information current ensures that active and retired members receive important communications from TRS, such as annual statements, newsletters, trustee election ballots, payment stubs, tax forms and retiree health insurance updates.

Besides your physical address, keep email addresses and telephone numbers up to date, especially for active members who are about to retire. TRS is starting to use email more often to keep in touch with members. Make sure your primary email address is the one that can be used by TRS.

Even if you change your address with the school district where you work (or worked), the school district doesn't report that change to TRS. So, TRS needs to be notified of the change independently by members and retirees.

TRS offers multiple ways to update personal information, including online using Pathway at <https://mss.trs.ky.gov>. Also, members and retirees may mail or fax a signed letter to TRS with your name and TRS ID and the new information. Finally, a downloadable form also is available from the website. The fax is 502-848-8599.

### Contacting TRS



#### Address

479 Versailles Road, Frankfort, KY 40601



#### Facebook

<https://www.facebook.com/KyTeachersRS>



#### YouTube Channel

<https://www.youtube.com/@trskentucky>



#### Hours

8 a.m.–5 p.m. ET Monday–Friday



#### Website

<https://trs.ky.gov>



#### Pathway

<https://mss.trs.ky.gov/>



#### Toll-free

800-618-1687



#### Email

[info@trs.ky.gov](mailto:info@trs.ky.gov)



#### X (Twitter)

[@KyTeachersRS](https://twitter.com/KyTeachersRS)