

# KENTUCKY

## TEACHERS' RETIREMENT SYSTEM

RETIRED MEMBER  
EDITION



February 2014

### KTRS's Long-Term Investment Philosophy Continues to Serve Teachers Well

A Message from the Executive Secretary  
Gary L. Harbin, CPA

#### Headlines

KTRS's Long-term  
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ARE YOU TURNING  
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We want to provide  
some very important  
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MEHP 2014 Monthly  
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Important MEHP  
Mailing During  
February 2014

For the twelve month period ended June 30, 2013, KTRS's investment program produced total returns of 14.1%. This means that, during the one year period, teachers' retirement assets increased by \$1.3 billion from \$14.8 billion to \$16.1 billion. This performance ranked in the top 10% of returns for pension funds with over \$1 billion in assets. In the last five years, KTRS's investment performance ranked in the top 7%. Moreover, in the last thirty years, KTRS investment returns have averaged 8.9%, which is consistent with the long-term assumed rate of return of 7.5%.

This history of solid performance is truly remarkable considering investment markets returned near zero for the thirteen year period from June 2000 through June 2013. Only the Great Depression of the 1930s produced more stress on the global financial system. The recent 13 year period was marked by some investors "chasing returns" in high-risk, complex, and unregulated financial instruments. Although some illusory short-term

gains were reported, the risk-takers' investments mostly turned into devastating long-term losses.

Moreover, their recklessness damaged the financial system and only now are we beginning to see signs of a durable recovery.

KTRS's investment program continues to serve teachers of Kentucky well with its diversification, governance structure, performance, and cost effectiveness. Hewitt Ennis Knupp, a nationally recognized investment consulting firm, serves as KTRS's General Investment Consultant. In addition, two nationally recognized investment experts serve on the KTRS Investment Committee.

Since 1940, KTRS has provided low-cost, high-quality retirement security for the teachers of Kentucky whether financial markets were tranquil or volatile, on the rise or falling. Although there has been considerable turmoil in the global financial system over the last seventy-four years, KTRS's long-term investment philosophy continues to serve teachers well.

## Beware of a Predatory Loan Disguised as a “Pension Advance”

KTRS wants to make you aware of a new scam aimed at retirees called a “pension advance.” The scheme promises to convert future retirement checks into immediate cash so that you can take a dream vacation, buy a boat, or pay off a debt.

Unfortunately, rather than being a legitimate solution for a short-term financial need, the schemes are actually carefully disguised predatory loans. According to an article in *The New York Times*, the actual interest rates charged on these loans may range from 27% to 106%.<sup>1</sup> In short, the interest rates charged on these loans may be many times greater than the interest rates charged on credit cards and lead to a cycle of indebtedness that is impossible to escape.

You, as a KTRS retiree, are not immune from being targeted by companies who deal in predatory loans and pension advances. Therefore, before you obligate yourself on any loan or pension advance transaction, make certain you understand all of the terms associated with the deal including the actual interest rate, associated fees, and other costs. Moreover, beware of any lender that asks you to assign your future retirement income as a condition of getting a loan. State law provides that your KTRS retirement allowance is not subject to assignment.

For more information about pension advance scams, call or visit the website of the Consumer Financial Protection Bureau: (855) 411-CFPB (2372) or <http://www.consumerfinance.gov/contact-us/>.

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<sup>1</sup> *The New York Times*, “Loans Borrowed Against Pensions Squeeze Retirees,” by Jessica Silver-Greenberg, April 27, 2013.

## Disability Earnings Limitation

By law, retirees who receive a disability retirement allowance may earn in permitted employment additional income in an amount that when added to their disability retirement allowance does not exceed a set earnings limitation. If the earnings limitation is exceeded with employment income, a retiree’s disability retirement allowance is reduced on a dollar-for-dollar basis. The current earnings limitation is \$41,982. If you have questions regarding the earnings limitation or what constitutes permitted employment, please contact KTRS.

## Minimum Distribution Requirements

Regardless of whether you are vested with at least five (5) years of service or not, if you are no longer working for a participating KTRS employer, federal tax law requires you to take action soon after you reach age 70½ to withdraw the contributions that have been deposited in your retirement account. If you are vested with at least five (5) years of service, you are required to withdraw your contributions by filing a retirement application to start receiving your retirement allowance. If you are not vested with at least five (5) years of service, you are required to file an application for a refund of your account. Failure to take action to timely withdraw the contributions that have been deposited in your retirement account may result in federal tax penalties.

If you are age 70½ or over and no longer contributing to the retirement system, please contact KTRS immediately for the appropriate forms to apply for retirement or a refund to avoid substantial and recurring federal tax penalties. Federal tax law also requires the beneficiary of an active or retired member to begin receiving benefits or take a refund soon after the member's death.

Beneficiaries should contact the retirement office soon after the member's death to begin receiving benefits or take a refund in order to avoid any applicable penalties.

~ MEHP ~

## ARE YOU TURNING AGE 65?

We want to provide some very important guidance ...

If you are enrolled through the KTRS insurance plan, you will receive a packet approximately three months before your 65th birthday. The following is a sample of the information you will receive.

As of the first day of the month that you reach your 65th birthday, or one month earlier if you were born on the first day of the month, you will no longer be eligible for the Kentucky Employees' Health Plan. **You must obtain Medicare to continue medical and prescription coverage through KTRS.** Contact or visit your local Social Security office to enroll in Medicare approximately three months before your birth month. The necessary parts of Medicare are explained later in this article. If your birthday is the first day of the month, your Medicare and KTRS Medicare Eligible Health Plan (MEHP) will start on the first day of the prior month and you must return all forms to KTRS two months before your birth month. All others must return their forms by the end of the month before turning 65 and coverage will start on the first day of your birth month. If you do not submit the required enrollment form and proof of Medicare enrollment, you will not be enrolled in the MEHP.

If you do not wish to be enrolled in the KTRS coverage, complete the form to waive the MEHP coverage. The MEHP is a Humana Medicare Advantage PPO and an Express Scripts Medicare Part D prescription drug plan. Spouses of retired teachers, please see the "Notice to Spouses".

Upon receipt of the MEHP enrollment form, KTRS will submit enrollment to Humana and Express Scripts. Humana and Express Scripts will then submit your enrollment directly to Medicare for approval. If your Medicare enrollment has not been processed and you are not showing enrolled in Medicare, your enrollment will be rejected.

Also, in the event that proof of your Medicare Part B coverage (Parts A & B required for spouse enrollment) is not provided to KTRS before your effective date, you will not be enrolled in the MEHP coverage through KTRS. If you are the retiree and your coverage terminates, then your spouse is not eligible for coverage. Outside of the annual open enrollment, retirees will only be eligible to re-enroll within 30 days of a valid qualifying event.



### ENROLLING IN MEDICARE

Visit or call your local Social Security office to enroll in Medicare. Retirees are only required to have Medicare Part B. Spouses are required to have Medicare Parts A and B. You will have Part D through KTRS. No need to enroll in Part D at your local Social Security office. Your name, date of birth, and address at Social Security MUST match what you have on file at KTRS. Since Medicare will not accept a PO Box address, you must supply KTRS with a permanent street address also.

### NOTICE TO SPOUSES

Medicare Parts A & B are required for KTRS MEHP enrollment. If you are the spouse of a KTRS retiree and you waive the MEHP coverage, you will not be permitted to enroll in the future unless you experience a valid KTRS qualifying event. Spouses are not permitted to enroll during open enrollment.

**Medicare Part A** - Generally covers services furnished by hospitals, or skilled nursing facilities. Most people automatically receive Part A coverage free from Social Security. This is

*"Are You Turning 65" continued on page 4 ...*



because they or a spouse paid Medicare taxes while working. Retirees who do not automatically receive Part A at no cost, are not required to purchase Part A. The KTRS plan will pay as Medicare would have paid on Part A expenses, excluding the MEHP deductibles and copayments. Spouses are required to have Part A to enroll in the KTRS MEHP. When you contact or visit Social Security to enroll in Medicare, please make sure they check to see if you qualify for Part A for free not only through your Social Security and/or Medicare tax payments, but also through your spouse's. You could also qualify through an ex-spouse or a deceased spouse.

**Medicare Part B** - Generally covers physician and outpatient services. All retirees/spouses must enroll in Part B and pay the required monthly income adjusted premium to Social Security. Contact or visit Social Security to determine your Part B income adjusted premium. (See section on higher income persons.) In some cases, your Part B premium could be higher if you fail to enroll when you first become eligible. If you fail to enroll in Part B, you will not be enrolled in the KTRS MEHP. 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 KTRS MEHP and you will be responsible for the actual cost of any claims. Upon termination, you may not be eligible for future enrollment.

**Medicare Part D** - Covers prescription drugs and is available to anyone who is eligible for and enrolled in Medicare Part A and/or Part B. If you are in the MEHP and have Medicare, you will have Medicare Part D prescription coverage through KTRS via Express Scripts. **You must NOT enroll in a Medicare Part D plan outside of KTRS. If you enroll in another Medicare Part D plan, your Humana and ESI coverage through the KTRS MEHP will be terminated immediately. Upon termination, you may not be eligible for future enrollment!** Medicare Part D requires monthly income adjusted premium payments to Social Security just like Part B. Contact Social Security to determine your Part D income adjusted premium (if any). (See section on higher income persons.)

## **HIGHER INCOME PERSONS**

Medicare law requires some higher income persons to pay higher premiums to Social Security for Medicare Part B (medical insurance) and Medicare Part D (prescription drug coverage). This Medicare law generally affects individuals with incomes higher than \$85,000 and/or couples with incomes higher than \$170,000. Medicare/Social Security will contact the Internal Revenue Service to get information about your total income.

## **YOUR KTRS MEDICAL COVERAGE**

The MEHP medical plan is a Medicare Advantage plan currently administered by Humana. This plan allows you the same in and out-of-network cost-share; therefore you can see any licensed provider who accepts Medicare patients, Medicare assignment and agrees to bill Humana directly. If any of your providers are unfamiliar with the Medicare Advantage plan for KTRS, please have them call Humana Provider Relations at 1-800-626-2741. Show your new Humana Medicare Advantage ID card each time you receive care and have providers file claims directly with Humana instead of Medicare. If the Humana Medicare Advantage plan ever denies a claim or a service, you have the right to appeal and ask for a review of the denied claim or service. If Humana's decision is not made in your favor, an independent organization that works for Medicare will automatically review your appeal. Please note: If you enroll in another Medicare Advantage Plan outside of KTRS, including Kentucky Retirement Systems (KRS) your Humana and Express Scripts coverage will be terminated immediately. If you are the spouse of a KTRS retiree, you will not be eligible for future re-enrollment unless you experience a valid KTRS qualifying event.

## **YOUR KTRS PRESCRIPTION COVERAGE**

The KTRS MEHP Prescription Drug Plan is a Medicare-approved Part D plan insured by Express Scripts (ESI). The program consists of a Retail Drug Program and a Home Delivery Drug Program. The Retail Drug Program includes a \$150 annual deductible and is designed for initial and short-term prescriptions to be obtained at a retail network pharmacy. As an added

*"Are You Turning 65" continued from page 4 ...*

convenience, a 90-day supply of prescription medication may be filled at retail for the \$150 deductible **plus** the full coinsurance cost times three months.

The Home Delivery Drug Program is designed for maintenance prescriptions that are taken on a long-term basis and allows up to a 90-day supply of medication to be obtained through ESI's home delivery pharmacy service. There is no deductible applied and a 90-day supply of medication can be obtained by paying a flat copayment for preferred drugs. Please be advised that you will pay a 50% coinsurance for non-preferred drugs. If you need specific information regarding a prescription cost and/or restrictions prior to your effective date of coverage, you can contact a KY Rx Coalition pharmacist at 1-855-218-5979. If you are ever denied coverage for your prescriptions, Express Scripts will explain the decision to you. You have the right to appeal and ask for a review of the denied claims. To avoid any possible lapse in your medication with the KTRS MEHP, we recommend obtaining a refill through your current plan on the last day of the month prior to your birth month. Enrolling in another Medicare Part D plan will terminate the KTRS MEHP.

### **BENEFIT BOOKLETS AND IDENTIFICATION CARDS**

You can access benefit documents at [www.ktrs.ky.gov](http://www.ktrs.ky.gov). After your coverage begins you will receive Evidence of Coverage Booklets that state the ESI and Humana plan rules. If your MEHP application is submitted to KTRS in a timely manner and Medicare approves your enrollment, you should receive ID cards before your coverage is effective. On the effective date of coverage, if Humana and ESI have processed your enrollment, you can access a letter of medical coverage or print a temporary ID card by registering at [www.humana.com](http://www.humana.com) and [www.Express-Scripts.com](http://www.Express-Scripts.com).

Always pay your Medicare Part B premium and any additional Part B and D income adjusted premium billed by Social Security or your Medicare coverage will be terminated. A lapse in your Medicare coverage will terminate the KTRS MEHP. If you are being billed quarterly for your Medicare premiums, call 1-800-MEDICARE or go to [www.medicare.gov](http://www.medicare.gov) to obtain a Medicare Easy Pay form. Medicare Easy Pay is a free, electronic payment option that allows people to have their Medicare premium payments automatically deducted from a savings or checking account each month.

Reciprocity retirees with service in KTRS and KRS should contact KTRS to determine their rates.

## MEHP 2014 Monthly Rate Chart

Medical & Rx		New Retirees & New Age Ins Use ★ Columns below ... Retired and /or Age 65 On or After 01/01/05			Spouses Pay Full Premium Rate of:
Years of Service	Retired & Age 65 Before 01/01/05	Entry Date Before 07/01/02 ★	Entry Date On or After 07/01/02 ★	Entry Date On or After 07/01/08 ★	
5-9.99	\$87.00	\$217.50	\$261.00	Not Eligible	<b>\$290</b>
10-14.99	\$58.00	\$145.00	\$217.50	Not Eligible	
15-19.99	\$29.00	\$72.50	\$159.50	\$159.50	
20-24.99	\$0.00	\$0.00	\$101.50	\$101.50	
25-25.99	\$0.00	\$0.00	\$29.00	\$29.00	
26-26.99	\$0.00	\$0.00	\$14.50	\$14.50	
27 or more	\$0.00	\$0.00	\$0.00	\$0.00	

*All Medicare eligible retirees & spouses pay the monthly Medicare Part B premium directly to Social Security (on average \$104.90 for 2014).*

*Contact the Social Security Office @ 1-800-772-1213 for more information regarding your Part B premium.*

**For answers to any of your questions please call:  
Kentucky Teachers' Retirement System  
TOLL FREE: 1-800-618-1687.**

# “Quick Step Guide”

## Medicare Eligible Health Plan (MEHP)

<b><u>RETIREE</u> - GUIDE TO ENROLLING IN THE KTRS MEHP</b>	
<b>Step 1</b>	<p>Contact Social Security toll free at 1-800-772-1213 OR visit your local office.</p> <ul style="list-style-type: none"> <li>• Enroll in Medicare Part B.</li> <li>• Enroll in Medicare Part A only <u>if</u> you qualify for Part A and it’s FREE. See page 2 for ways you might qualify for Part A free.</li> <li>• DO NOT enroll in Medicare Part D. You will have Part D when you enroll in the MEHP.</li> </ul>
<b>Step 2</b>	Complete an MEHP Enrollment Form providing the Medicare claim number obtained from either Social Security or your Medicare card.
<b>Step 3</b>	Mail MEHP Enrollment Form back to KTRS at least two months before your birth month. If available, include a copy of your Medicare card. Otherwise, submit a copy upon receipt.
<b>Step 4</b>	If currently covering dependents, complete and return the KEHP Enrollment/Change Application to continue or waive coverage for remaining dependents.

<b><u>SPOUSE</u> - GUIDE TO ENROLLING IN THE KTRS MEHP</b>	
<b>Step 1</b>	<p>Contact Social Security toll free at 1-800-772-1213 OR visit your local office.</p> <ul style="list-style-type: none"> <li>• Enroll in Medicare Part A <u>and</u> Part B.</li> <li>• DO NOT enroll in Medicare Part D. You will have Part D when you enroll in the MEHP.</li> </ul>
<b>Step 2</b>	Complete an MEHP Enrollment Form providing the Medicare claim <u>number obtained from</u> either Social Security or your Medicare card.
<b>Step 3</b>	Mail MEHP Enrollment Form back to KTRS at least two months before your birth month. If available, include a copy of your Medicare card. Otherwise, submit a copy upon receipt.

### POINTS OF INTEREST ...

The KTRS MEHP is a Humana Medicare Advantage PPO medical plan and a Medicare Part D prescription drug plan through Express Scripts.

If your birthday is the first day of the month, your Medicare begins on the first day of the prior month and you are eligible for the KTRS MEHP on that date.

If you are a spouse of a KTRS retiree and waive this coverage, you will NOT be permitted to enroll in the future unless you experience a valid KTRS qualifying event.

# 2013 TAX YEAR INFORMATION

KTRS mailed the 1099R tax forms at the end of January 2014. The tax statement contains confidential information and can only be mailed to the member's address currently on record with KTRS. For your privacy and protection, the member, power of attorney, or beneficiary, must submit a written request to KTRS in order to send the 1099R form to an address that is different from the one currently on record with KTRS. The written request may be mailed to KTRS, or faxed to (502) 573-0254. This special request will not change your permanent address record unless you specifically request that it be changed. You may also visit the KTRS Website at [www.ktrs.ky.gov](http://www.ktrs.ky.gov) for additional information and forms, including the change of address forms.

To request a duplicate for a lost 1099R form, please call 1-800-618-1687. The KTRS Call Center staff will verify your correct name and address for mailing the duplicate form and for the permanent record file.

## Need to contact someone?

KTRS ..... 502-848-8500  
 Toll Free ..... 800-618-1687  
 KERS ..... 502-696-8800  
 Toll Free ..... 800-928-4646  
 Deferred Compensation ... 502-573-7925  
 Toll Free ..... 800-542-2667  
 KY Revenue  
 Cabinet ..... 502-564-4581  
 IRS ..... 800-829-1040

## UNDERSTANDING YOUR 1099-R

**BOX 1**  
Shows your total KTRS pension benefit prior to withholdings.

1

**BOX 2a**  
Shows the taxable portion of your benefit. If blank, Box 2b "Taxable Amount Not Determined" should be marked. *In this case, please see your tax advisor.*

2a

**BOX 5**  
Shows the nontaxable portion of the total. This amount is NOT reported anywhere on your tax return. It is an "information only" box.

5

**BOX 9b**  
This box will only show an amount in the first year of retirement. It provides the total amount of previously taxed contributions.

9b

Form 1099-R 2013		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		STATE COPY 1- File with Recipient's STATE 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 <input type="checkbox"/>
Recipient Identification Number	3 Amount in Box 2a Eligible for Capital Gain Selection	4 Federal Income Tax Withheld	5 Employee Contributions <b>5</b>
	6 Net unrealized appreciation in employer's secur	7 Distribution Code	IRA/SEP/Simple <input type="checkbox"/> 8 Other
Payer's Full Name and Address KENTUCKY TEACHERS' RETIREMENT SYSTEM 479 VERSAILLES ROAD FRANKFORT KY 40601-3800	9a Your Percent. of Total Distrib.	9b Total Emp. Contrib. <b>9b</b>	10 Amount allocable to IRR within 5 years
	12 State Tax Withheld	13 State/Payer's State Number	14 State Distribution
			11 1st year of desig. Roth contrib. State Taxable Percentage %

**NOTE:**

**Box 1**

**– Box 2a**

**= Box 5**



# KENTUCKY STATE TAX LAWS

The majority of our members do not owe Kentucky state taxes on KTRS benefits. KTRS strongly recommends you seek the advice of a qualified tax preparer for any specific questions concerning Kentucky income taxes on your pension.

The good news is that when calculating your Kentucky state income tax liability, there is a \$41,110 EXCLUSION for total state taxable pension income on the Form 740 Kentucky Income Tax Return. Your Form 740 begins with the federal adjusted gross income (AGI). Schedule M of the KY state return allows adjustments to the federal AGI. Schedule P of the KY state return is NOT always required; it reports pension income in more detail. You may want to take this newsletter to your tax preparer.

You must compute the state taxable amount. Multiply the state taxable percentage (next to box 12) by the federal taxable amount in box 2a to arrive at the state taxable amount. **DON'T FORGET TO APPLY THE KENTUCKY PENSION INCOME EXCLUSION AGAINST THE STATE TAXABLE AMOUNT.**

The Internal Revenue Service (IRS) requires that a qualified retirement plan like KTRS must treat a same-sex spouse as a spouse for federal tax law purposes. This IRS requirement applies to a spouse in a same-sex marriage validly entered into in a jurisdiction whose laws authorize the marriage, even if the spouse lives in a state that does not recognize the validity of same-sex marriage. A domestic partnership or civil union is

not considered a marriage for federal tax law. For more information, see IRS Revenue Ruling 2013-17 and IRS "Answers to Frequently Asked Questions for Individuals of the Same Sex Who Are Married Under State Law."

## Kentucky Tax Form 740 | Schedule M

Add all your 1099R, Box 2a, FEDERAL taxable amounts.

**IF THE TOTAL IS UNDER \$41,110 YOU DO NOT HAVE TO FILL OUT KY 740 - SCHEDULE P.**

Just subtract the amount from the federal AGI by entering the amount on Part II, line 11. Therefore, you do not owe any state taxes on pensions.

**IF THE TOTAL IS OVER \$41,110 YOU MUST FILL OUT KY 740 - SCHEDULE P.** Even if you are required to fill out a KY 740 -Schedule P, most retired teachers still do not owe any Kentucky state taxes.

## Kentucky Tax Form 740 | Schedule P

Add all your 1099R, STATE taxable amounts.  
Enter the total on Part II of Schedule P.

**IF THE TOTAL IS UNDER \$41,110 YOU DO NOT OWE ANY KENTUCKY STATE INCOME TAX ON PENSIONS.** Follow instructions on completing the schedule.

**IF THE TOTAL IS OVER \$41,110 YOU OWE KY STATE TAXES ON THE AMOUNT ABOVE THE EXCLUSION AMOUNT.** Again, follow instructions on completing the schedule.

Retired Prior to January 1, 1998	Retired After January 1, 1998 <i>TOTAL FEDERAL RETIREMENT INCOME LESS THAN \$41,110</i>	Retired After January 1, 1998 <i>TOTAL RETIREMENT INCOME MORE THAN \$41,110</i>
KTRS remains as KY STATE NONTAXABLE income. If you receive more than \$41,110 federal taxable pension income you still must prepare KY 740 - Schedule P.	If total federal taxable income is less than \$41,110 then all pension income is KY STATE NONTAXABLE income.	You must fill out KY 740 - Schedule P on your State Income Tax Return. Follow the instructions. Your 1099R will have the information needed to complete the KY 740 - Schedule P.

### CAUTION:

\*Computing a Kentucky state taxable amount does not mean you owe Kentucky state taxes!!\*The requirement to prepare KY 740 - Schedule P does not mean you owe state taxes!



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## Program Information on Retirees Returning to KTRS Employment in 2013-2014

After retirement you may consider returning to work. However, before you return to work for your former employer or any other KTRS employer, it is important you understand the specific Return to Work (RTW) limitations required by law.

### Waiver Program

For retirees that want to stop their annuity check and add to their original retirement account, the Waiver Program is an option. Employers must submit a Form 29, Application for Waiver, before retirees may begin work.

### 1% Critical Shortage Program, the 3% Full-Time Program or Part-Time Program

For retirees who want to continue to receive their annuity check, the RTW programs available are the 1% Critical Shortage program, the 3% Full-Time Program and the Part-Time Program. Retirees employed in these positions contribute to a 'second' KTRS retirement account.

### Full-time or Critical Shortage Positions

Each year, Full-Time and Critical Shortage positions must be PRE-approved by KTRS. Employers are required to submit two forms to KTRS, the RET-FT and F-1 RET. If approved, retirees employed in either a Full-Time or Critical Shortage position are not eligible for KTRS health insurance, in which case, the insurance will be available through the employer. Retirees employed within the 3% Full-Time Program are subject to a Daily Wage Threshold (DWT). Please see the paragraph addressing DWTs for more information.

### Part-time Positions

The Part-Time RTW program allows the retiree to work 69% of the days the same full-time position would require. If retiring other than July 1, the 69% will be pro-rated. Retirees employed in the Part-Time Program are subject to a Daily Wage Threshold (DWT). Please see the paragraph addressing DWTs for more information.

### Daily Wage Threshold (DWT)

The Daily Wage Threshold (DWT) is the earnings limit for a **full day of work**. If the retiree does not work a full day, the DWT is prorated. **Each year**, KTRS will issue the retiree a copy of their CURRENT DWT. It is the retiree's responsibility

to share this information with their employer. The retiree cannot begin employment until the employer has officially received the retiree's DWT letter.

### Break in Service

Any retiree employed in a Critical Shortage, Full-Time or Part-Time position must have a mandatory break in service. Since retirees are starting and retiring multiple accounts after the initial retirement, please remember that a break in service is required after **each** retirement event.

### Exemptions

If you provide services for any KTRS employer and the KTRS employer is NOT going to put you on payroll or make KTRS contributions to a new account, then you (the retiree) must have that employer obtain an exemption from KTRS using Form 30-E **before** you begin providing the services. This form must be completed even if you are returning to work as a consultant, private agent, independent contractor, or by providing services through a third party. Completion of this form is a **REQUEST** for exemption. KTRS will determine whether the position is exempt from the RTW limitations required by law.

### Contribution Rate

The 2013-2014 contribution rate for a RTW account is 11.355%.

A more detailed description of each program is provided on our web site at [www.ktrs.ky.gov](http://www.ktrs.ky.gov). **If you return to work and are eligible for the Kentucky Employees' Health Plan (KEHP) health insurance through your active employer, you must terminate your KTRS health insurance. As always, if you have any questions or concerns about your RTW employment, you may contact KTRS toll free @ 800-618-1687.**



## 2014 KEHP Enrollees

If you selected the LivingWell Consumer Driven Health Plan or the LivingWell PPO plan for 2014, you agreed to:

- ◆ Complete your online HumanaVitality® Health Assessment **between January 1 and May 1, 2014**, and
- ◆ Keep your contact information (i.e. mailing address, phone number, and email) current with your retirement system.

The HumanaVitality® Health Assessment includes a series of questions about you and your health habits. Go to [www.LivingWell.ky.gov](http://www.LivingWell.ky.gov). It takes approximately 15 minutes to complete. After completion, the assessment will provide your Vitality Age and goals that provide specific steps you can take to improve your health. If you do not have internet access, you may call customer service at 877-597-7474 and request a paper copy of the Health Assessment. You will receive a copy within 7-10 business days. If needed, you may contact customer service for assistance in completing your Health Assessment.

If you chose a LivingWell plan and fail to fulfill the LivingWell Promise, you will not be eligible to participate in the LivingWell Promise or choose a LivingWell plan option for the next plan year (2015). You will only be eligible for the standard plan options.

**KTRS**



**1/800 – 618 –1687**

## ~ MEHP ~ New 2014 Medicare Requirement for Prescriber Submitted Prescriptions

There is a new Medicare requirement for 2014 that affects ALL Part D Prescription Drug Plans, including the KTRS Medicare Eligible Health Plan (MEHP) administered by Express Scripts. In prior years when a doctor sent a prescription in to Express Scripts Home Delivery, in most cases the pharmacy would fill the prescription and ship out to the retiree without additional intervention. Now, Medicare has determined that before a **NEW** prescription can be filled and shipped to the retiree, he/she must communicate with Express Scripts to authorize the release of the prescription. If **you** mail in a hard copy prescription, this requirement does not apply because the assumption is that the retiree has already taken action by mailing in the prescription, and therefore it can be assumed that the intent is to have it filled and shipped. However, if **your doctor** sends a prescription to Express Scripts Home Delivery by fax, electronic prescription, or by telephone this prescription will be pended in Express Scripts' system until you provide consent for the initial fill. Express Scripts will be contacting you by phone for authorization to fill and mail your prescription. Once consent is received, the prescription will be released for processing.

If Express Scripts leaves a message please call Express Scripts Customer Service at the number listed on the back of your ID card at (877-866-5834) to notify them that you do want the prescription filled and shipped. While this requirement is an extra step in the process of getting a prescription from Express Scripts Home Delivery, it does offer you more control over what is shipped and may prevent you from receiving prescriptions you didn't want to receive. Please note that you do not have to give consent for the release of **refills** on existing prescriptions.

## Important MEHP Mailing During February 2014

Watch for an important letter from KTRS being mailed in February to all MEHP participants. It will explain the current MEHP outreach programs, including our new MEHP outreach program with Edumedics, an innovative care management program for individuals with diabetes, high blood pressure and high cholesterol.

### KEHP Enrollees Who Selected a Living Well Consumer Driven Health Plan (CDHP) or Standard CDHP

You should keep any receipts if you use your Humana Access card for any expenditures. Occasionally, Humana will require substantiation (copy of itemized receipt) to prove that you are using your Access card for covered expenses. If this substantiation is not provided when requested, your Access card could be “frozen” until the requested information is provided.

### Under Age 65 Retirees Who Waive KTRS Coverage & Erroneously Received Humana ID Cards for 2014

If you are waiving KTRS coverage in 2014 and erroneously received cards from Humana, please shred or destroy those cards.



Please remember to send KTRS **written** notification of any status changes, such as name and address. If your name has changed, you should also contact the Social Security Administration to make sure that agency’s records are updated. If your name as registered in KTRS and Social Security records does not match up, it may delay your income tax refund or cause issues in determining your future eligibility and benefit amounts for Social Security and Medicare.

MAIL your change(s) to: KTRS • 479 Versailles Road • Frankfort, KY 40601



FEB 2014

**TEACHERS' RETIREMENT SYSTEM**  
**OF THE STATE OF KENTUCKY**  
479 Versailles Road  
Frankfort, Kentucky 40601-3800