

KENTUCKY

TEACHERS' RETIREMENT SYSTEM

ACTIVE MEMBER
EDITION



FEBRUARY
2015

~ GOOD NEWS ~

Long-Term Funding Plan Being Considered by General Assembly AND Auditor of Public Accounts Tells Education Groups KTRS is Well Managed

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

Long-term Funding Plan being considered by General Assembly. On Friday, January 9th, 2015, Greg Stumbo, Speaker of the House of Representatives of the Kentucky General Assembly, filed House Bill 4¹ that provides a long-term funding solution for teachers' pensions. This plan has been a topic of discussion among legislators and has received strong support from teachers and education groups.

The components of the funding plan include an immediate infusion into teachers' pension funds of up to \$3.3 billion from bonds issued by the Commonwealth. Thereafter, the bill provides for the state phasing into fully funding the annual contributions needed to ensure the retirement security of Kentucky's teachers. In filing the bill, Speaker Stumbo noted that current historically low interest rates provide a window of opportunity to develop a long-term funding solution.

The filing of House Bill 4 is a very important step toward a long-term funding solution for teachers' pensions. The 2015 Legislative Session is scheduled to adjourn on March 24, 2015. During the session, House Bill 4 will be discussed among members of the General Assembly and in legislative committees. Its passage would require approval by a super-majority of both Chambers of the General Assembly and the Governor. Leaders of both the Senate and the

House have expressed their commitment to protecting teachers' pensions.

APA Tells Education Groups KTRS is well managed. For the last 12 months, Adam Edelen, the Kentucky Auditor of Public Accounts (APA), has undertaken a very thorough review of KTRS. The APA examined KTRS's financial statements, accounting processes, information technology systems, investment program, and other facets of business operations.

On January 22, 2015, Auditor Edelen met with education groups to discuss the audit. Auditor Edelen congratulated the KTRS Board of Trustees for achieving excellence in the administration of the system. Although the APA did make some recommendations to enhance administrative processes, there were no material findings². The Auditor also noted that KTRS's investment program was one of the top performing portfolios in the country.

Finally, the Auditor said that he supports House Bill 4 as a means to keep KTRS on solid financial ground, noting that it is absolutely critical to implement a long-term funding solution for teachers' pensions. The Auditor applauded legislators for taking up the issue this session.

Having a long-term funding plan being considered by the General Assembly is

"Good News" continued on page 2

Headlines

Long-Term
Funding Plan
Being
Considered by
General
Assembly AND
Auditor of
Public Accounts
Tells
Education
Groups KTRS is
Well Managed

◆
Board Structure
& Solicitation of
Candidates for
Consideration

◆
The Pathway
System:
Member
Benefits,
Insurance, and
Retiree Payroll
Functions on
Track for 2015

◆
Essentials for
the 2015
Retiree

◆
What You Will
Need for a
Successful
Retirement
Experience!

◆
Retirement 101
& Pre-
Retirement
Seminars

◆
Deadlines for
Purchasing
Service Credit

good news. If the plan is enacted, it will help ensure the retirement security of Kentucky's teachers and ease burdens on taxpayers.

¹ House Bill 4, and its progress during the 2015 Legislative Session, may be viewed by clicking on the web link at

<http://www.lrc.ky.gov/RECORD/15RS/HB4.htm>

² A copy of the Audit Report may be viewed by clicking on the web link at http://ktrs.ky.gov/05_publications/index.htm

BOARD of Trustees

Board Structure & Solicitation of Candidates for Consideration

The Teachers' Retirement System is governed by a nine-member Board of Trustees. Two members of the Board, the Chief School Officer and the State Treasurer, are ex-officio members. The remaining seven trustees are elected by the combined retired and active membership. Two of the seven elected trustees are identified as "lay members," and are persons who are not KTRS members. One trustee is a retired teacher; the other four trustees are active members, one of which is customarily an administrator. A vacancy has occurred for an active teacher trustee as of January 1, 2015. This term is scheduled to expire in June 30, 2016. Pursuant to KRS 161.270, the Board will select an interim replacement.

Members who wish to submit the name of an active KTRS teacher for the Board's consideration to complete the remaining term should forward submissions to the address below:

**Chairman of the Nominating Committee
Kentucky Teachers' Retirement System
479 Versailles Road
Frankfort, KY 40601**

Suggested candidates for the interim appointment must be **postmarked** no later than **February 27, 2015**.

The Pathway System: Member Benefits, Insurance, and Retiree Payroll Functions on Track for 2015

In August 2011, staff began designing and building the "Pathway System," which is KTRS's new information technology system for members and employers. The Pathway System will support internet based transactions between members, employers, and KTRS, and will allow members to directly access and transact in their retirement accounts. "The Pathway System will provide the backbone of our services to our members," said Gary Harbin, KTRS Executive Secretary.

Pathway has been put into production in phases over the last 3 years. Work has been proceeding according to schedule and about 90% of the overall project has been completed.

Internet based functions including member enrollment, employer reporting, service credit purchases, and related accounting functions, were completed and put into production in July 2013. KTRS had assistance with the design work from finance and technology staff with school boards, universities, the Kentucky Department of Education, and other employers. "The assistance of the 'users' of the employer reporting functions was very much appreciated and they certainly improved overall design work for the system. The first major phase of the project remains very successful," said Harbin.

In January 2015, the project team put Member Benefits, Insurance, and Retiree Payroll into production and issued retiree payroll using the new system. The final phase of the Pathway Project will be the "Member Portal," which will provide KTRS active and retired members access to their account information via the internet. The Member Portal is scheduled to go-live in July 2015.

KTRS maintains a large amount of information that is necessary for the administration of member accounts, and it maintains this information for periods of time that can last over 80 years. To be useful, this information must be accessible, accurate, and secure. "We are designing the system to have unfailing accuracy and also to be easy to use. We think this internet based system will open up more opportunities for quality service to KTRS members and employers," said Harbin.

Essentials for the 2015 Retiree

The following answers are provided to help with often-asked questions pertaining to retirement.

If I am planning to retire this year, what should I do in preparation?

- **Request the KTRS Application for Service Retirement packet.** You will need this retirement packet from the KTRS office at **least 60 days before** your prospective date of retirement.
- You will be required to submit copies of your signed Social Security card and the official, certified birth certificate when you submit your retirement application.
- A copy of your official certified marriage license is required if married.
- If you select a payment option that provides a lifetime benefit to a surviving beneficiary, you will need to **provide a copy** of the beneficiary's official, certified birth certificate and signed Social Security card.

Does my employer need to complete any part of my retirement application?

- **YES.** Sections VIII and IX need to be completed and signed by your employer in order to finalize your retirement application. Your employer may complete these sections on the paper application or through the Pathway Employer Portal. *Please allow sufficient time for your employer to complete these sections.*

What is the deadline to file for JULY 1st retirements?

- **JULY** retirement applications must be received in the KTRS office no later than **June 1st**. All retirement applications must be submitted by the **FIRST of the month PRIOR to the month of retirement.**

When will I receive my first check?

- You will receive your first check at the end of the month in which your retirement takes effect. *For example, if you retire June 1st, your check will be direct deposited on June 26th.*
Please be reminded that as a result of 1998 legislation, all retirement payments must be sent by Electronic Funds Transfer (EFT). Section III of the retirement application requires you to supply your financial institution information and attach your voided or cancelled check.

When can I retire if my contract is completed in May?

- To be eligible for the June 1st effective date, retiring members must complete their employment contract and resign from their position by May 31st.
- A one-month service credit reduction will occur for June 1st retirements.

If I am retiring this year, when will my medical insurance become effective through KTRS?

- Your medical insurance will be effective through KTRS on the first day of the month your retirement is effective. *(Provided your completed insurance application was received by the deadline.)*

What You Will Need for a Successful Retirement Experience!

- **Your KTRS Application for Service Retirement (Form 23.)** (This application must be completed and **signed by YOU and YOUR EMPLOYER**).
- **A COPY of your official certified birth certificate.**
- **A COPY of your Social Security card.** (Issued by the SSA and bearing its seal and your signature.)
- **A COPY of your official certified marriage license.** (If married at the time of your retirement.)
- **A COPY of your beneficiary's official certified birth certificate & signed Social Security card.** (If Retirement Option III, IIIA, IV or IVA is selected.)
- **And remember to submit payment for certain service credit purchases two months prior to your retirement.** (If you are qualifying previously purchased out-of-state service or purchasing non-standard, prior military, or out-of-state service to retire, the retirement system will calculate the amount due and notify you in writing upon receipt of your completed application.)

**Attend a
PRE-RETIREMENT
SEMINAR!!**



**DATES for Future
RETIREMENT 101
WORKSHOPS
OR
PRE-RETIREMENT
SEMINARS**

**can be found on
our website**

www.ktrs.ky.gov

**YOU MUST REGISTER
TO ATTEND!**

**Deadlines for
Purchasing Service Credit**

Contact KTRS about eligibility to obtain full service and/or salary credit.

**FY 2013-2014
LEAVES OF ABSENCE
DEADLINE for purchase is
June 30, 2015**

Contact your employer for required documentation confirming the leave of absence. Use form LOA-1*

**FY 2014-2015
UNPAID DAYS**

Have your employer complete Form LS-1* and submit to KTRS.

**DEADLINE for purchase is
December 31, 2015**

* Employers can either complete the information on the KTRS Employer's Portal or download the forms at www.ktrs.ky.gov. **These forms must be completed and submitted by your employer.**