

APPENDIX A- KCTCS Retirement Policies

2.8.4 Retirement

Board of Regents Policy - Effective date 4-30-99; revised 3-11-05

Eligible KCTCS employees in all employment status categories may retire in accordance with the applicable retirement plan's policies and procedures. Proper notice of retirement shall be given according to *KCTCS Administrative Policies and Procedures* and the applicable retirement plan.

2.8.4. Retirement

Administrative Policy and Procedures - Effective date 6-22-98; revised 3-11-05

Eligible KCTCS employees in all employment status categories may retire in accordance with the applicable retirement plan's policies and procedures. Proper notice of retirement shall be given. For the KCTCS 403b retirement plan an employee shall give notice of retirement no less than 3 (three) months in advance of retirement, although this requirement may be waived by the college president/ceo. Requirements for giving notice of retirement under the UK 403b retirement plan are specified in the UK Administrative Regulations. Requirements for giving notice of retirement under the defined benefit plans are specified in the state statutes pertaining to the state retirement plans.

To be considered as an official retiree under the respective retirement plans, the terminating employee shall meet the age and service requirements as specified in the KCTCS retirement plan policies and procedures and the respective regulations for the retirement plans.

3.7 Kentucky Community and Technical College System Retirement Plan Policies

Board of Regents Policy - Effective date 9-16-98, revised 8-15-03

3.7.1 Retirement Plans

Board of Regents Policy - Effective date 9-16-98, revised 8-15-03

KCTCS provides employees with the option to join a Defined Benefit Plan or a Defined Contribution 403 (b) Plan. The Defined Benefit Plan includes either the Kentucky Teachers Retirement System (KTRS) or the Kentucky Employees Retirement System (KERS). The election to join a retirement plan must be made within 30 days of regular full-time employment. Participation in a KCTCS retirement plan is mandatory for regular full-time employees and a condition of employment.

3.7.2 Defined Benefit Plans

Board of Regents Policy - Effective date 9-16-98, revised 8-15-03

KTRS is a defined benefit plan for employees employed in selected education-related organizations working in a position that requires certification or a degree from a four-year college or university. KERS is a defined benefit plan for non-instructional employees working in a position with a state university that does not require a degree or certification. The rates for contributions and multipliers for retirement annuities are defined by state statute. An irrevocable, one-time election is made to enter either plan. The employee must remain in that retirement system as long as they are in a position that is covered under that retirement system.

3.7.3 Defined Contribution 403 (b) Plan

Board of Regents Policy - Effective date 9-16-98, revised 8-15-03

Employees that enroll in a defined contribution plan make an irrevocable, one-time salary reduction (pre-tax) agreement when entering the plan. The employee may not withdraw from the KCTCS Defined Contribution 403 (b) Plan as long as that employee remains eligible for plan participation.

3.7.3.1 Contributions as a Percent of Annual Salary
*Board of Regents Policy - Effective date 9-16-98,
revised 8-15-03*

By the Participant	By the Institution	Total
5%	10%	15%

KCTCS, or its designate, will withhold the contribution of the participant from regular salary payments, add its contribution, and remit the combined sum to the retirement plan carrier selected by the participant for the purchase of retirement benefits. Retirement contributions are made on the participant's salary. Retirement benefits purchased with the combined participant and KCTCS contributions shall become the property of individual participants immediately upon purchase. There is no vesting period. All benefits are for the sole purpose of providing retirement benefits, or death benefits, or both. Participants cannot access their retirement accounts until they separate from service with KCTCS except to use their retirement account as collateral on a 403(b) loan, if allowed, from their 403(b) carrier.

In addition to other applicable limitations stated in the plan, and notwithstanding any other provisions of the KCTCS retirement policies to the contrary, the annual compensation of each employee taken into account under the plan shall not exceed the Omnibus Budget Reconciliation Act of 1993 (OBRA '93) annual maximum includable compensation limit.

The OBRA '93 annual limit is \$150,000 (currently \$160,000), as adjusted by the Commissioner of the Internal Revenue Service for increases in the cost of living in accordance with section 401 (a) (17) (B) of the Internal Revenue Code. The cost-of-living adjustment in effect for a calendar year applies to any period, beginning in the calendar year over which compensation is determined. This is the determination period. The determination period may not exceed 12 months. If a determination period consists of fewer than 12 months, the OBRA '93 annual limit will be multiplied by a fraction, the numerator of which is the

number of months in the determination period, and the denominator, which is 12.

Any reference in this plan to the limitation under section 401 (a) (17) of the Code shall mean the OBRA '93 annual maximum includable compensation limit stated in this provision. The KCTCS Retirement Plan Year is deemed to begin July 1 of a calendar year and end June 30 of the next calendar year.

If compensation for any prior determination period is taken into account in determining an employee's benefits accruing in the current plan year, the compensation for that prior determination period is subject to the OBRA '93 annual limit in effect for that prior determination period. For this purpose, the OBRA '93 annual compensation limit is \$160,000 (indexed from \$150,000) for the first day of the first plan year beginning on or after January 1, 1998.

If by applying the above-stated percentages there would be a violation of federal or state laws, as a result of the employee or employer contributions or both, these percentages shall not be applied to the extent of violating applicable laws. In these cases, the amount of the employer contribution that cannot be forwarded to a retirement plan carrier shall be paid to the employee as a temporary salary increase for the balance of the calendar year.

3.7.3.2 Investments

*Board of Regents Policy - Effective date 9-16-98,
revised 8-15-03*

The participant must advise the retirement plan carrier which investment options have been chosen. If two or more options are selected with a retirement carrier, the part of the retirement contribution that is to be allocated to each option shall be specified. A participant may change the investment options by contacting the retirement carrier.

3.7.3.3 Termination of Contributions

*Board of Regents Policy - Effective date 9-16-98,
revised 8-15-03*

Contributions on behalf of a participant in the Retirement Plan shall terminate upon cessation of regular full-time employment or retirement.

3.7.3.4 Retirement Date

*Board of Regents Policy - Effective date 9-16-98,
revised 8-15-03*

Retirement is authorized when the combination of the employee's age and years of regular full-time service (with a minimum of 15 years of continuous service at the time of retirement) equals or exceeds the number 75. Regular part-time service will be counted on a pro rate basis. Employees that are retiring must provide written notification through normal administrative channels to their appropriate Chancellor or Vice President at least three months in advance of the desired retirement date.

3.7.3.5 Sick Leave Conversion

*Board of Regents Policy - Effective date 9-16-98,
revised 8-15-03*

Former UKCCS employees that were employed by the University of Kentucky prior to July 1, 1995, will receive a payment for unused sick leave if the accrued balance is at least 66 days. The first 22 days will be at full pay and the remaining days will be paid at the rate of the KCTCS retirement contribution rate which is currently 10%.

3.7.3.6 Retirement Benefits

*Board of Regents Policy - Effective date 9-16-98,
revised 8-15-03*

Each participant is entitled at retirement to activate any retirement benefits that have been accrued under the KCTCS retirement plan in accordance with the rules established by the retirement plan carriers. In addition to lump sum or partial lump sum provisions, there will be both annuitized and non-annuitized methods of withdrawal. There may be variances in the retirement withdrawal options among the carriers. All retirement plan carriers do not offer the same withdrawal options

3.7.3.7 Periods of Service

*Board of Regents Policy - Effective date 9-16-98,
revised 8-15-03*

As used in the defined contribution retirement plan, "period of service" means the number of years of full-time employment, plus credit allowed for part-time employment, plus periods in an approved leave of absence status. Employees can earn only one year of service per calendar year, regardless of any extra part-time employment above the normal 37.5-hour work week within KCTCS.

3.7.3.9 Purchase of Service Credit

*Board of Regents Policy - Effective date 9-16-98,
revised 8-15-03*

The Defined Contribution 403 (b) Plan does not have a feature that allows the purchase of service from prior service in military, public employment, or higher education positions. This feature is common in defined benefit plans, but is not used in a defined contribution plan.