

**Example:**

Custodian - 27 years of service w/ 160  
sick days accrued

Basic  
Mo Benefit

5 year high w/o sick leave 324 months (27 years x 12)	\$ 25,056.00	\$ 1,240.27
5 year high with 30% sick leave payout 324 months service (27 years x 12)	\$ 25,248.00	\$ 1,249.78
5 year high with 30% sick leave payout 326 months service (27 years + 2 mo)	\$ 25,248.00	\$ 1,257.49

**Additional service computation:**

160 days accrued x 8 hrs x 30%

384.00 hours

8 hrs per day

convert to days

48.00

days required for 1 mo of service

21.00

2 month service - rounded down

2.29

**Cost to District:**

384.00 hours

\$ 13.22

\$ 5,076.48

19.55% current year rate

\$ 992.45

Please note: The sick leave payout under KRS does not add to the five high years in the same manner as KTRS. The Kentucky Retirement System will replace the lowest months of service in the calculation of benefits with the higher amount paid through the sick leave payment. Using the above example, the lowest two months of the original 5 year high average was replaced with the two months of sick leave payment.



## Kentucky Retirement Systems

Perimeter Park West • 1260 Louisville Rd. • Frankfort KY 40601-6124  
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Revised 09/2010

### COUNTY EMPLOYEES RETIREMENT SYSTEM (CERS) SICK LEAVE PROGRAMS

KRS 78.616 provides an opportunity for CERS employers to extend benefits to their employees by purchasing additional retirement service credit for accumulated sick leave. Employees of CERS may receive service credit for their sick leave at the time of retirement if their employer has adopted a sick leave program with the Kentucky Retirement Systems. There are two (2) sick leave programs that the CERS employer may adopt – "Standard" as described in KRS 78.616 (1)(2)(3) and (4) or "Alternate" as described in KRS 78.616 (2) and (5). The programs are described on the following pages. Please contact your Employer Compliance and Education representative with any questions regarding the adoption and administration of these sick leave programs.

In order to participate in either Unused Sick Leave Program, the following provisions must be met:

1. The employer must verify to the Board of the Kentucky Retirement Systems that a sick leave program has been formally adopted by the employer and is universally administered to its employees by submitting documented proof of the sick leave program as adopted by the governing body (i.e. personnel policy).
2. Participation in the sick leave program is at the option of each employer. Each employer electing to participate in one of the programs will be required to adopt an "Order of Participation" designating the plan for the unused sick leave program. Enclosed is an Order to be adopted.
3. Pursuant to 105 KAR 1:160 Section 2(5)(c), **"Once a sick leave program is adopted, the agency shall continue to offer a sick leave program to its employees."**
4. The employer may select either the Alternate or Standard Unused Sick Leave Plan, but not both.

#### **STANDARD UNUSED SICK LEAVE PROGRAM - KRS 78.616 (1)(2)(3) and (4)**

Under the Standard sick leave program, an employer participating in CERS may purchase service credit for up to six (6) months of unused sick leave for each retiring employee.

Effective July 15, 1998, CERS employers became eligible to pay for additional sick leave in excess of six months. Employers may pay either the entire cost of sick leave in excess of six months or the cost of sick leave in excess of six months can be split with the employee.

Additional months of service credit awarded to an employee for sick leave may be used to determine eligibility for retirement and will increase the employee's retirement benefit. Per KRS 78.616 (3)(d), employees with a participation date in a state administered retirement system on or after September 1, 2008 may receive credit for no more than twelve (12) months of sick leave, and while it will be used to increase the employee's retirement benefit, this service credit may not be used to determine retirement eligibility.

For employees whose employer participates in the standard sick leave program, any portion of the accumulated sick leave balance paid to the employee at the time of retirement is excluded from conversion to additional months of service credit.

In order to convert the hours to months, the total accumulated hours are divided by the number of hours the employee is scheduled to work per day at the time of termination, which provides the total days of sick leave. The total number of sick leave days is divided by 21 and rounded to the nearest whole month. It is Kentucky Retirement Systems' policy to credit the employee with the first month of sick leave credit if the employee has 11 days of sick leave. Please see the Sick Leave Chart included in this packet.

#### **Administration of Standard Unused Sick Leave Program**

The employer must complete the enclosed Order of Participation establishing the effective date the employer will begin participating under the Standard Unused Sick Leave Program with CERS. The effective date of the order must be the first day of a month. This must be submitted, along with a copy of the personnel policy governing sick leave, to Kentucky Retirement Systems prior to the effective date of the order.

If changes are made to this personnel policy at any time, the employer must submit an amended copy of the personnel policy to the Kentucky Retirement Systems as soon as possible following the change. At the time of an employee's termination, death or retirement, the employer shall certify on the monthly contribution report the number of hours of accumulated unused sick leave credit the employee has at the time.

#### **STANDARD UNUSED SICK LEAVE PROGRAM *continued***

The unused sick leave is converted to additional months of credit at the direct expense of the employer, unless the employer has opted to split the cost of sick leave in excess of six months with the employee. Three months following retirement, Kentucky Retirement Systems will calculate the cost to the employer for the appropriate amount of the employee's sick leave. The employer is required to pay the cost of the service within thirty (30) days of notification of the cost.

#### **ALTERNATE UNUSED SICK LEAVE PROGRAM - KRS 78.616 (2) and (5)**

Under the Alternate sick leave program, employees are compensated for as many accumulated, unused sick leave days as the employer's sick leave policy provides. The policy must be written and universally applied to all employees. Payment for unused sick leave days is incorporated into the member's final compensation when the employee and employer contributions are made to the retirement system for the sick leave payment.

The number of sick leave days for which the employee is compensated shall be divided by the average working days in a month (21) in county service and rounded to the nearest number of whole months. This number of months is added to the employee's total service credit and to the number of months used to determine creditable compensation pursuant to KRS 78.510, but no more than sixty (60) months shall be used to determine creditable compensation.

#### **Administration of Alternate Unused Sick Leave Program**

The employer must complete the enclosed Order of Participation establishing the effective date the employer will begin participating under the Alternate Unused Sick Leave Program with CERS. The effective date of the order must be the first day of a month. This must be submitted, along with a copy of the personnel policy governing sick leave, to Kentucky Retirement Systems **prior** to the effective date of the order.

If changes are made to this personnel policy at any time, the employer must submit an amended copy of the personnel policy to Kentucky Retirement Systems as soon as possible following the change.

At the time the member terminates, the employer shall compensate the employee for as many unused sick leave days as it is the uniform policy of the employer to allow. Employee and employer retirement contributions shall be withheld on this payment. The employer shall report this payment and the corresponding sick leave balance on the monthly contribution report.

**Due to the complexity of the Alternate Sick Leave Program, it is recommended that the Kentucky Retirement Systems be contacted prior to adoption of the plan.**

# Sick Leave Requirements by Hours and Days Worked

<u>4 hr. day</u>	<u>5 hr. day</u>	<u>5 ½ hr. day</u>	<u>6 hr. day</u>	<u>6 ½ hr. day</u>	<u>7 hr. day</u>	<u>7 ½ hr. day</u>	<u>8 hr. day</u>	<u>Months of Service Credit</u>	<u>Number of Days</u>
44 – 84	55 – 105	60.5 – 115.5	66 – 126	71.5 – 136.5	77 – 147	82.5 – 157.5	88 – 168	1	11 – 21
128 – 168	160 – 210	176.0 – 231.0	192 – 252	208.0 – 273.0	224 – 294	240.0 – 315.0	256 – 336	2	32 – 42
212 – 252	265 – 315	291.5 – 346.5	318 – 378	344.5 – 409.5	371 – 441	397.5 – 472.5	424 – 504	3	53 – 63
296 – 336	370 – 420	407.0 – 462.0	444 – 504	481.0 – 546.0	518 – 588	555.0 – 630.0	592 – 672	4	74 – 84
380 – 420	475 – 525	522.5 – 577.5	570 – 630	617.5 – 682.5	665 – 735	712.5 – 787.5	760 – 840	5	95 – 105
464 – 504	580 – 630	638.0 – 693.0	696 – 756	754.0 – 819.0	812 – 882	870.0 – 945.0	928 – 1008	6	116 – 126
						1027.5 – 1102.5	1096 – 1176	7	137 – 147
						1185.0 – 1260.0	1264 – 1344	8	158 – 168
						1342.5 – 1417.5	1432 – 1512	9	179 – 189
						1500.0 – 1575.0	1600 – 1680	10	200 – 210
						1657.5 – 1732.5	1768 – 1848	11	221 – 231
						1815.0 – 1890.0	1936 – 2016	12	242 – 252
						1972.5 – 2047.5	2104 – 2184	13	263 – 273
						2130.0 – 2205.0	2272 – 2352	14	284 – 294
						2287.5 – 2362.5	2440 – 2520	15	305 – 315
						2445.0 – 2520.0	2608 – 2688	16	326 – 336
						2602.5 – 2677.5	2776 – 2856	17	347 – 357
						2760.0 – 2835.0	2944 – 3024	18	368 – 378
						2917.5 – 2992.5	3112 – 3192	19	389 – 399
						3075.0 – 3150.0	3280 – 3360	20	410 – 420



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**Form 7030**  
Revised 05/2010

### Order of Participation Alternate Unused Sick Leave Program

KRS 78.616 (2)(5)

**Whereas**, the Governing Body of \_\_\_\_\_  
is aware of the provisions established under Chapter 78 to permit participating employers in the County Employees Retirement System to purchase service credit for unused sick leave for their employees at the time of termination.

**Whereas**, the Governing Body of the Agency is aware of the fact than an established sick leave program, universally administered by the employer for their employees, is a requirement for participation in the program.

**Whereas**, the Governing Body of this Agency is aware that participation in this program is at the option of each employer participating in the County Employees Retirement System.

**Now therefore, be it resolved**, that this Agency be and is hereby authorized to participate in the Alternate Unused Sick Leave Program as provided for in the County Employees Retirement System effective \_\_\_\_\_.

**Further be it resolved**, that this agency elects to participate under the "Alternate" plan as provided below:

A. ☐ Employees may accumulate an **unlimited** amount of unused sick leave days,

or

☐ Employees may accumulate unused sick leave up to a maximum of \_\_\_\_\_ days.

B. \_\_\_\_\_ hours equal one (1) unused sick leave day.

C. The following factors are certified by the Agency to be used uniformly in determining the daily rate for unused sick leave compensation.

#### Certification:

I do hereby certify that the above is a true and correct copy of an Order adopted by the Governing Body of the above-named Agency.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Title: \_\_\_\_\_

**- CLASSIFIED PERSONNEL -****Retirement****NOTICE**

Persons retiring should give the Superintendent notice as far in advance as possible but not less than five (5) weeks prior to retirement.

**UNUSED SICK DAYS**

At the time of retirement and under provisions of [KRS 161.155](#) (10), the Board shall compensate classified employees, or their estate, for unused sick days at the rate of thirty percent (30%) of the daily salary rate for each unused sick day. This calculation shall be based on the employee's last annual salary. For personnel who begin employment with a local school district on or after July 1, 2008, unused sick leave days to be recognized in calculating reimbursement under [KRS 161.155](#) shall not exceed 300 days.<sup>1</sup>

Upon death of an employee in active contributing status who was eligible to retire by reason of service, the District shall compensate the estate of the employee.

Employees retiring from the District may be compensated for unused sick leave days only once, even if they are subsequently rehired or previously retired from another district.

Retirement shall mean retirement from the County Employees' Retirement System.

**ESCROW ACCOUNT**

The Board shall create an escrow account to maintain the funds necessary to reimburse employees who qualify for the benefit.

**REFERENCES:**

<sup>1</sup>[KRS 161.155](#)

29 U.S.C. 631

[KRS 61.545](#); [KRS 78.616](#); [KRS 157.420](#)

[OAG 81-72](#); [OAG 83-191](#); [OAG 97-28](#)

**RELATED POLICY:**

03.2232

Adopted/Amended: 08/27/2012

Order #: 35