



*Kentucky Public Employees'
Deferred Compensation Authority*
securing a Better Tomorrow

Steven L. Beshear
Governor

Robert C. Brown, CRA, CRC
Executive Director

To: Local Public School Superintendents and Finance Officers
From: Kentucky Public Employees' Deferred Compensation Authority
Re: District Employees Retiring Effective July 1, 2009
Date: March 14, 2009

Our experience in recent years indicates that many of your retiring employees will want to shelter their payout of accumulated sick leave by deferring those dollars to their 457 and/ or 401(k) Deferred Comp account. Such an action allows them to avoid paying a lump sum tax rate on the amount, thereby providing a substantial tax savings for the retiring employee.

The Internal Revenue Service regulations that govern our Plans require that all paperwork filed with the Kentucky Public Employees' Deferred Compensation Authority to shelter the sick leave payout be signed and dated by the retiring employee no later than the month prior to the month you will be making the payout for the sick leave. Therefore, if your district has employees who will be retiring effective July 1, 2009, and you intend to cut the retiring employee's payout check during June 2009 (prior to the end of the 2008-2009 fiscal year) then **the employee must complete, sign, and date the required paperwork prior to close of business on May 31, 2009.**

Please inform all retiring employees of the requirement noted above, especially those who will retire effective July 1, 2009. Please feel free to contact the Authority's Marketing Staff if you have any questions or need additional information. Our toll-free telephone number is 800-542-2667.

Thank you for your assistance.



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