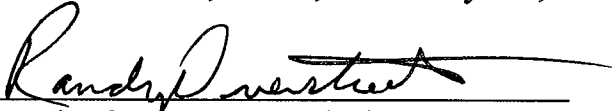


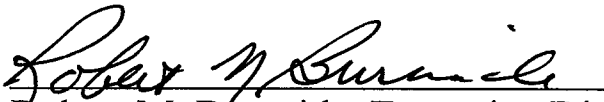
KENTUCKY RETIREMENT SYSTEMS
PERSONNEL POLICIES

As Amended May 15, 2008

This will confirm that, in accordance with the provisions of KRS 61.645, the Board of Trustees of Kentucky Retirement Systems adopted the Kentucky Retirement Systems Personnel Policies during its regular quarterly meeting held on November 21, 2002 with an effective date of December 1, 2002. Amendments to the Kentucky Retirement Systems Personnel Policies were adopted by the Board of Trustees of Kentucky Retirement Systems on February 27, 2003, amended for technical purposes at the Administrative Regulation Review Subcommittee meeting on May 13, 2003, and amended by the Board of Trustees of Kentucky Retirement Systems on October 22, 2004, August 17, 2006, November 16, 2006, and May 15, 2008.



Randy Overstreet, Chair,
Board of Trustees of Kentucky Retirement Systems



Robert M. Burnside, Executive Director,
Kentucky Retirement Systems

Attest:



Amy Fields, Recording Secretary

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SECTION 1
GENERAL INFORMATION

(1) Administration of Policies

The personnel administration of Kentucky Retirement Systems shall be governed by the Policies adopted by the Board of Trustees of Kentucky Retirement Systems in accordance with KRS 61.645.

(2) Applicability of the Policies

The Policies are applicable to all appointed employees of Kentucky Retirement Systems unless specific exceptions are clearly indicated.

(3) Exceptions

The provisions of Sections 6.02 through 6.08 inclusive (Separations, Disciplinary Actions, and Appeals) are not applicable to the following persons:

- (a) The Executive Director;
- (b) The Chief Investment Officer;
- (c) The Chief Operations Officer;
- (d) The Chief Benefits Officer;
- (e) The General Counsel;
- (f) The Legislative Liaisons of the Executive Director;
- (g) The Medical Insurance Ombudsman of the Executive Director;
- (h) The Division Directors; and
- (i) The other employees or officers holding a policy making position so designated upon appointment.

These exceptions mean the employees listed above are not classified with status and do not have a right of appeal of grievances.

SECTION 2
CODE OF CONDUCT

SECTION 2.01 General

- (1) Employees of Kentucky Retirement Systems must manage personal and business affairs so as to avoid any violation of the Executive Branch Code of Ethics. Employees of Kentucky Retirement Systems must manage personal and business affairs so as to fulfill the duty owed to the general public of the Commonwealth of Kentucky and the members, retirees, and beneficiaries of the retirement systems administered by Kentucky Retirement Systems.
- (2) The Code of Conduct will provide basic guidance for all employees concerning matters affecting their work. In case of any conflict between the Code of Conduct and the Executive Branch Code of Ethics, the Executive Branch Code of Ethics shall prevail.
- (3) Employees of Kentucky Retirement Systems are reminded that common sense and good judgment dictate the proper course of action in most situations. However, if an employee has even a slight concern with a possible violation with the Code of Conduct, the employee should resolve such concern by conferring with a supervisor or director. By timely discussing potential Code of Conduct issues with the supervisor or director, the employee should avoid any occasion for disciplinary action. However, a violation of the Code of Conduct may still result in disciplinary action. Depending upon the circumstances and severity of the violation, such disciplinary action could include, but is not limited to, any one or a combination of the following: verbal counseling, written reprimand, probation, demotion, suspension, or dismissal.

SECTION 2.02 Performance of Duties

- (1) Employees should perform official duties diligently during working hours.
- (2) Employees should always perform their duties with courtesy and respect for the public and for co-workers without bias or prejudice manifested by words or conduct based upon race, ethnic origin, color, creed, religion, gender, sexual orientation, age, disability or political affiliation.
- (3) Employees should seek to maintain and improve their personal and professional growth and development and that of their co-workers through cooperation and participation in educational programs relevant to their duties and through any licensing or certification required for their position.
- (4) Employees should perform their duties impartially in a manner consistent with the law and the public interest unswayed by kinship, position, partisan interests, public clamor or fear of criticism or reprisal.

SECTION 2.03 Abuse of Position

- (1) No employee should use or attempt to use his or her official position to secure unwarranted privileges or exemptions.
- (2) No employee or a member of the employee's family should accept, solicit, or agree to accept any gift, favor or anything of value with the understanding that the official actions of any employee will be influenced.
- (3) No employee should request or accept any fee or compensation beyond that received by the employee in his or her official capacity, for advice or assistance given in the course of his or her public employment.
- (4) Each employee should use the public resources, property and funds under the employee's control responsibly and for the public purpose intended by the law and not for any private purpose.

SECTION 2.04 Conflict of Interest

Every employee has an obligation to diligently identify, disclose, avoid, and manage conflicts of interest. Potential conflicts of interest exist when an employee or an employee's family may be directly or indirectly financially impacted, whether favorably or detrimentally, by a decision made by Kentucky Retirement Systems in which the employee participates. Even if no abuse of position actually occurs, a conflict of interest or its appearance can seriously undermine the public's confidence and trust in Kentucky Retirement Systems and the Commonwealth of Kentucky.

- (1) Employees and their family members should not enter into any contract with the Kentucky Retirement Systems, or any agency doing business with Kentucky Retirement Systems, for financial gain, apart from an employment contract, without full disclosure and satisfactory management of any potential conflict of interest in accordance with the Executive Branch Code of Ethics.
- (2) Employees should not be involved in the decision to hire or in the supervision of any member of their immediate family.
- (3) Employees should not conduct business or participate in decisions with a company or agency in which the employee or family member is employed or is actively seeking employment.
- (4) Employees should not accept gifts, loans, gratuities, discounts, favors, hospitality, services or other compensation under circumstances from which it could reasonably be inferred that a major purpose of the donor is to influence the employee in the performance of duties.

SECTION 2.05 Outside Employment

- (1) Although Kentucky Retirement Systems does not oppose an employee engaging in outside employment, each full-time employee should consider their position with Kentucky Retirement Systems to be the primary place of employment. Even outside employment of a part-time employee can affect Kentucky Retirement Systems. Therefore, Kentucky Retirement Systems will oppose outside employment when it interferes with any employee's duties with the Kentucky Retirement Systems, or violates the provisions of the Executive Branch Code of Ethics. All employees who engage in outside employment shall disclose such work to their direct supervisor as required by the Executive Branch Code of Ethics. Requests for approval of outside employment must be in writing and directed to the employee's direct supervisor. Outside employment is subject to review for conformance to this Code of Conduct. Employees engaged in outside employment determined not to be in conformance may be required to cease such employment or face disciplinary action.
- (2) In addition to conflict of interest situations addressed above, employees are specifically prohibited from:
 - (a) Outside employment with an entity that conducts business with Kentucky Retirement Systems.
 - (b) Outside employment which cannot be accomplished outside the employee's normal working hours or is otherwise incompatible with the performance of the employee's duties by placing the employee in a position of conflict between the employee's role at Kentucky Retirement Systems and the employee's role in the outside employment.
 - (c) Performance of work for any state governmental entity within the Commonwealth of Kentucky without the written consent of both employers.
 - (d) Outside employment that exploits official position or uses confidential information acquired in the performance of official duties at Kentucky Retirement Systems.
- (3) In the event that Kentucky Retirement Systems determines that the outside employment is not in compliance with this Code of Conduct, the employee may appeal this determination utilizing the Appeal and Grievance Procedure in Section 6.
- (4) This Section shall not be interpreted in a manner that would be more restrictive than the provisions found in Kentucky Revised Statutes Chapter 11A.

SECTION 3
APPOINTMENTS

SECTION 3.01 Appointing Authority

The appointing authority is the Executive Director of the Kentucky Retirement Systems. The Executive Director is authorized to employ and dismiss employees. (See Dismissal Procedures Sections 6.04 & 6.05). The Executive Director may adopt a procedure for delegating the ability to employ and dismiss employees as necessary during circumstances in which the Executive Director is unavailable for an extended period of time, medically incapacitated, the position of Executive Director is vacant, or otherwise as determined necessary by the Executive Director. At the discretion of the appointing authority, a criminal background check, including the fingerprinting of the applicant or appointee, may be required. Appointments may be made on a conditional basis pending the completion of a criminal background check. Pursuant to KRS 335B.020, no person shall be disqualified from public employment solely because of a prior conviction of a crime, unless the crime is one described in KRS 335B.010(4) or otherwise directly relates to the position of employment sought. Applicants and appointees for management and sensitive positions in investments and accounting may be required to make sworn statements as required by the Securities and Exchange Commission or the Commodity Futures Trading Commission or any other similar federal or state agency.

SECTION 3.02 Appointments

There are three types of Appointments: probationary, permanent, and temporary.

(1) Probationary

A probationary appointment is an appointment for the purpose of observing, evaluating and determining whether an employee can perform the duties of a particular position. The first nine months of service from the effective date of hire, promotion, reemployment, or reinstatement shall constitute a probationary period. On or prior to the expiration date of the probationary period, the appointing authority shall determine whether to confer permanent status or to retain the employee in a promoted position. The appointing authority shall notify the employee of permanent status on or prior to the date of the expiration of the probationary period and the employee shall receive a probationary increment. On or prior to the expiration of the probationary period, the appointing authority shall comply with Section 6.05 regarding the dismissal of a probationary employee if the appointing authority decides not to confer permanent status. However, if the employee is a probationary employee due to a promotion and the appointing authority decides not to retain the employee in the promoted position, the appointing authority shall comply with Section 4.04(1) of these Policies. If an employee is moved from a part-time or temporary position to a permanent full-time position, the time served in the part-time or temporary position is not

creditable toward the completion of the probationary period in the full-time position.

(2) Permanent

- (a) A permanent appointment shall include an appointment to one of the following positions:
 - (1) Full-time, 37 ½ hours per week with benefits.
 - (2) Part-time, limited to less than 100 hours per month on a regular basis without benefits. The less than 100 hour limit may only be exceeded under extraordinary circumstances and only with the approval of the Executive Director or designee.
- (b) An appointment becomes permanent when the appointing authority decides on or prior to the expiration of the probationary period to confer permanent status and the probationary period in a permanent full-time or permanent part-time position has been completed.

(3) Temporary

A temporary appointment is an appointment made to fill a temporary position for a specified period of time, usually not to exceed six months. A temporary employee is not entitled to receive benefits.

SECTION 3.03 Equal Employment Policy

(1) Statement of Policy

Equal employment opportunities shall be provided by Kentucky Retirement Systems in employment practices, including recruitment, appointment, job assignment, promotion, compensation, training and fringe benefits, without regard to race, ethnic origin, color, creed, religion, gender, sexual orientation, age, political affiliation, or qualified individuals with disabilities. Nothing in this policy shall be construed to be in conflict with Title VII of the Civil Rights Act of 1964, as amended or KRS Chapter 344.

The purposes of this policy are to promote and assure equitable treatment of all persons who are now employed, being considered for employment, seeking employment, and who will be recruited for employment in the future.

(2) Implementation of Policy

The Executive Director of Kentucky Retirement Systems shall be responsible for the implementation of the Affirmative Action Plan of Kentucky Retirement

Systems. The Affirmative Action Plan shall be implemented throughout all administrative and service units that are a part of Kentucky Retirement Systems.

(3) Requirements of the Plan

The Affirmative Action Plan includes the following requirements and practices for all employees who are defined by KRS 344.030:

- (a) Recognizing that current employees are an important resource in recruiting new employees, current employees will be especially diligent in seeking out and recommending qualified applicants, with special efforts to assure that minority and female applicants are given positive and timely consideration. Current employees who are members of minority groups are especially encouraged to seek out and recommend their colleagues.
- (b) The Director of Human Resources must guarantee that reasonable notice of job vacancies is provided with adequate time for potential applicants to apply and be considered before appointments are made. All vacancies that are not filled by internal advertisement or promotion must be advertised in appropriate local media at least ten working days before a vacancy is filled.
- (c) The seeking of qualified applicants and the acceptance of applications shall be a continuous process throughout Kentucky Retirement Systems and shall not be limited to periods before and after specific vacancies occur. Applications shall not be refused because no vacancy happens to exist when the application is submitted.
- (d) Job specifications and other requirements will be reviewed and revised on a continuing basis. Specifications will continue to be designed to include the broadest possible range of applicants and not exclude applicants who can perform the duties or who can be trained in a reasonable time to perform the duties.
- (e) Kentucky Retirement Systems will participate in cooperative work-study programs and other programs designed to help the disadvantaged minority community.
- (f) The Affirmative Action Plan will be placed on the agenda periodically of in-service training programs of the staff.
- (g) The appointing authority will maintain records of all applicants for each position vacancy. These records must be maintained for one (1) year. These records will include, but not be limited to: (a) the name and address of each applicant; (b) the sex and race of each applicant; and (c) the

interview notes of each applicant indicating who was rejected and who was selected for a specific position vacancy.

- (h) Advertising and recruiting techniques which are known to reach minority applicant sources must be devised and utilized.
- (i) Adherence to this Affirmative Action Plan includes adherence to the Kentucky Civil Rights Act, KRS Chapter 344. The anti-discrimination provisions of the Act are applicable to the state, any of its political or civil subdivisions or agencies.
- (j) A Status Report regarding the Affirmative Action Plan shall be presented at each quarterly meeting of the Board of Trustees of the Kentucky Retirement Systems.

SECTION 3.04 Civility and Anti-Harassment

In order for all employees to enjoy a work environment free from all forms of discrimination, Kentucky Retirement Systems prohibits the harassment of any employee, male or female, by managers, other employees, or outside parties. It is contrary to our policy for any employee to be subjected to harassment in the workplace because of sex (including pregnancy), race, color, religion, national origin, age, ethnic origin, creed, sexual orientation, physical or mental disability or political affiliation. Harassment and/or bullying in the workplace negatively affects morale, motivation, and job performance. Bullying is generally known as “the tendency of individuals or groups to use persistent aggressive or unreasonable behavior against a co-worker.” Harassment and bullying are inappropriate, offensive, and will not be tolerated.

(1) Harassment Policy

- (a) Kentucky Retirement Systems’ policy is to provide a work environment free of sexual harassment as well as all other harassment. Sexual harassment is a violation of Title VII of the Civil Rights Act of 1964, as amended, and KRS 344.040 of the Kentucky Civil Rights Act. For the purposes of this section only, “employee” is broadly defined as all personnel within Kentucky Retirement Systems including personnel classified with status and non-status and elected and appointed officials.
- (b) Harassment may include but is not limited to the following:
 - 1. Verbal: innuendo, slurs, suggestive comments, threats or insults , jokes about specific traits, sexual propositions.
 - 2. Nonverbal: Making suggestive or insulting noises, making obscene gestures, whistling, leering, trapping or restraining a

