

# **KENTUCKY RETIREMENT SYSTEMS REIMBURSEMENT OF MOVING EXPENSES POLICY**

Approval Date: February 19, 2009

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## **INTRODUCTION**

### **Adoption of Reimbursement of Moving Expenses Policy:**

Pursuant to the provisions of KRS 61.645, the Board of Trustees ("Board") of the Kentucky Retirement Systems ("KRS") is permitted to adopt procedures necessary to conduct the business of the Retirement Systems as needed. The law shall control if any inconsistency exists between the law and this policy.

### **Statement of Reimbursement of Moving Expenses Policy:**

Kentucky Retirement Systems strives to attract the best and brightest candidates to serve the membership of KRS. KRS recognizes that, in certain instances, a factor in the recruitment of these candidates may involve assistance in the relocation process. This policy is intended to provide the procedures and limitations of when such relocation assistance may be made available to new employees of KRS.

### **Purpose:**

The purpose of this Reimbursement of Moving Expenses Policy is to: a) establish the standards by which new employees may be reimbursed for their moving expenses; and b) establish the procedures for the reimbursement of allowable moving expenses made by a new employee of KRS.

## **PROCEDURES FOR THE REIMBURSEMENT OF MOVING EXPENSES**

### Section 1: Approval of Reimbursement of Moving Expenses

1. Any requests for reimbursement of moving expenses must be made in advance, as a part of the recruitment and hiring process.
2. The Executive Director or the Search Committee of the Board of Trustees, if the new employee is appointed by the Search Committee of the Board of Trustees, shall determine whether or not allowable moving expenses shall be reimbursed.
3. Reimbursement of moving expenses shall be reserved for those occasions when it is necessary for the recruitment of the best candidate for a position.
4. KRS is an "accountable plan" as defined by the Internal Revenue Service ("IRS"), and thus, this policy is intended to meet the IRS guidelines with regard to the deduction of moving expenses. Reimbursement will not be allowed for expenses that exceed or do not meet the IRS guidelines as this will result in ordinary income to the new employee.

## Section 2: Description of Allowable Expenses and Limitations

1. Reimbursement will only be made for reasonable moving expenses.
2. Reimbursement will only be permitted for a move that is closely related to the employee's start to work at KRS.
3. Reimbursement will only be permitted for a move that is equal to or greater than 100 miles in distance.
4. Reimbursement will only be made if the employee is beginning work as a full-time, permanent employee of KRS. If the employee does not remain employed by KRS for a period of time greater than 39 weeks, then the employee must repay all moving expense reimbursement to KRS.
5. No expense that would not be deductible from the individual's tax return will be an allowable expense for reimbursement under this policy.
6. Deductible expenses are defined as the reasonable expenses of moving the employee's household goods and personal effects, and traveling to the new home.
7. The new employee may be reimbursed for the actual cost of allowable expenses in an amount not to exceed ten percent (10%) of the employee's annual salary.
8. Allowable expenses include:
  - a. the cost of packing, crating, and transporting household goods and personal effects;
  - b. mileage if traveling by car paid in accordance with the KRS Travel Policy;
  - c. lodging expenses while traveling to the new home;
  - d. in-transit or foreign-move storage costs;
  - e. the cost of insuring household goods and personal effects while in transit; and
  - f. the cost of temporary living expenses, including a hotel or temporary apartment rental, for a period not to exceed 30 days, in an amount not to exceed \$1500.
9. Expenses that are specifically not allowable include, but are not limited to:
  - a. meals while traveling;
  - b. expenses of buying or selling a home; including closing costs, mortgage fees and points;
  - c. any part of the purchase price of the employee's new home;
  - d. expenses of entering into or breaking a lease;
  - e. security deposits, including any forfeited due to the move;
  - f. the cost of home improvements to help sell the employee's previous home;
  - g. loss on the sale of the employee's previous home;
  - h. mortgage penalties;
  - i. pre-moving house-hunting expenses;
  - j. real estate taxes;
  - k. refitting of carpets and/or draperies;

- l. the cost of car tags or driver's licenses;
- m. losses from disposing of memberships in clubs;
- n. return trips to the employee's former home; and
- o. storage charges, except those incurred in transit and for foreign moves.

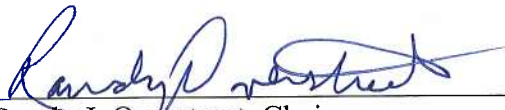
### Section 3: Procedures for Reimbursement of Moving Expenses

1. The new employee must receive advance approval for moving expenses.
2. The new employee must account to KRS for these expenses within a reasonable period of time.
3. If the employee wishes to use a moving company to transport his or her personal belongings as provided above, three (3) bids must be obtained and submitted to the Search Committee of the Board of Trustees or designee for approval. The employee will be notified as to which moving company is approved.
4. Receipts for all approved expenses eligible for reimbursement must be submitted with a Travel Payment Voucher as provided for in the KRS Travel Policy to the Search Committee of the Board of Trustees or designee for approval.
5. Any requests for exceptions to the guidelines in this policy must be submitted in writing to the Search Committee of the Board of Trustees for approval prior to the expenses being incurred.

### ETHICS

Ethics in the reimbursement of moving expenses shall conform to the Executive Branch Code of Ethics as set forth in KRS Chapter 11A.

Adopted: February 19, 2009



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