

## 2026 REGULAR SESSION SUMMARY

The 2026 Regular Session of the Kentucky General Assembly adjourned on Wednesday, April 15, 2026. Unless otherwise noted, all legislation enacted during the 2026 Session will become effective on Wednesday, July 15, per OAG 26-03. The information below does not constitute legal advice and members with questions should contact the appropriate state retirement system.

BILL	SYSTEM	BRIEF SUMMARY OF KEY POINTS
SB 85	JFRS, All KPPA systems, TRS	<ul style="list-style-type: none"> <li>• <b>Background:</b> Retirees can name one person, a trust, or an estate as beneficiary of their retirement benefits but lifetime survivorship payments can only be made to one person.</li> <li>• <b>Summary of changes:</b> SB 85 allows JFRS, KPPA, and TRS retirees to designate a special needs trust (SNT) for the benefit of one person as beneficiary and allow retiring members to provide lifetime survivorship payments to the one person named in the SNT.</li> <li>• <b>Notes:</b> SNT enable assets to be held on a disabled beneficiary's behalf in order to avoid disqualification for income/asset tested public benefits like Medicaid or SSI.</li> </ul>
HB 213	CERS & KERS	<ul style="list-style-type: none"> <li>• <b>Background:</b> Retirees who return to work with a participating KPPA employer on or after September 1, 2008, do not earn a second retirement account and do not contribute to the systems. Unless specifically exempted by statute, all employers are required to pay employer contributions on reemployed retirees to help pay down the unfunded liabilities and to reimburse the systems for the retiree's health premium costs, not to exceed the single premium. Since 2008, exemptions to the employer contribution requirements/health reimbursements have been established for retirees returning to work as a police officer/deputy sheriff, provided the retiree and employer meet certain statutory requirements.</li> <li>• <b>Summary of changes:</b> HB 213 amends statutory programs that allows cities, sheriff's departments, and regional universities to hire retired police officers and remain exempt from the KPPA employer contribution requirements. Specifically, employers will have the option to provide health insurance coverage/benefits to officers reemployed under these programs effective August 1, 2026.</li> </ul>
HB 220	All KPPA systems	<ul style="list-style-type: none"> <li>• <b>Background:</b> The KPPA pension spiking law provides that annual increases in pay greater than 10% during a member's last 5 years of employment will not apply to the calculation of their average salary at retirement unless that increase is covered by a statutory exemption like a "bona fide promotion or career advancement".</li> <li>• <b>Summary of changes:</b> Legislative action in 2025 codified a court ruling/KPPA adm. regulation that included increases in pay authorized or funded by a legislative or administrative body of an employer as a "bona fide promotion or career advancement". The change was effective for KPPA members who retired on or after July 1, 2024. HB 220 retroactively applies this exemption to KPPA pension spiking to those who retired on or after July 1, 2021.</li> </ul>
Budget Bills	KPPA, TRS, JFRS	<ul style="list-style-type: none"> <li>• <b>Key Provisions Impacting State Systems:</b> Appropriates funds to meet the actuarially determined contribution (ADC) of the state systems. For the KERS nonhazardous pension fund, an additional \$78.5 million in FY 26-27 is appropriated above the ADC to pay down the unfunded liability. Budget bills include HB 500 (executive branch), 503 (legislative branch), and 504 (judicial branch).</li> </ul>
HB 642	TRS	<ul style="list-style-type: none"> <li>• TRS Housekeeping bill (provisions and description below)</li> <li>• <b>Reemployment After Retirement: (1)</b> Reinstates the pension waiver program (previously removed by legislative action in 2025) but with a 10% cap on benefit improvements for each full year worked. Under the waiver program a retiree stops receiving monthly benefits during reemployment but can earn additional service/salary credit on their original pension benefit. Upon final retirement, the benefit is recalculated to reflect the additional service/salary earned. <b>(2)</b> For other reemployment programs like the part-time program and full-time program that limit reemployment income to a % of the daily rate they earned at retirement, state law allows for a statutory minimum to be earned without penalty which in HB 642 is being raised from \$170 to \$200 per day; and <b>(3)</b> Removes the provision that allowed a member to return to work after 2 months and forfeit their pension payment until the required break is met (3 months or 12 months depending upon program).</li> <li>• <b>Reciprocity:</b> Specifies that once TRS records a membership date in the system, a loss or gain of prior service in another state system will not change the TRS membership date (determines benefit tier).</li> <li>• <b>Other: (1)</b> Allows a member who is a parent to apply for and manage payments to a disabled child without the necessity of a court order or other legal authority. <b>(2)</b> Removes requirement for dependent children over age 18 to have their mental or physical condition approved by a majority vote of a medical review committee in order to receive survivor benefits.</li> </ul>