



COMMONWEALTH OF KENTUCKY  
OFFICE OF THE ATTORNEY GENERAL

RUSSELL COLEMAN  
ATTORNEY GENERAL

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February 5, 2026

VIA HAND-DELIVERY

Senator Stephen West, Co-Chair  
Representative Derek Lewis, Co-Chair  
c/o Ange Darnell  
Administrative Regulation Review Subcommittee  
Legislative Research Commission  
083, Capitol Annex  
Frankfort KY 40601

Re: 40 KAR 12:440. Health Spas

Dear Co-Chairs West and Lewis:

After discussions with Administrative Regulation Review Subcommittee staff of the issues raised by 40 KAR 12:440, the Kentucky Office of Regulatory Relief (“KORR”) proposes the attached amendments.

Sincerely,

RUSSELL COLEMAN  
ATTORNEY GENERAL

By: 

Stephen B. Humphress, Executive Director  
Kentucky Office of Regulatory Relief  
1024 Capital Center Drive, Suite 200  
Frankfort, KY 40601  
502-696-5481  
Email: [steve.humphress@ky.gov](mailto:steve.humphress@ky.gov)

Attachments

**SUGGESTED SUBSTITUTE**

**40 KAR 12:440. Health spas.**

RELATES TO: KRS 367.900, 367.905, 367.906

STATUTORY AUTHORITY: KRS 15.180, 367.150(4), 367.905, 367.906

CERTIFICATION STATEMENT: This is to certify that this administrative regulation amendment complies with the requirements of 2025 RS HB 6, Section 8.

NECESSITY, FUNCTION, AND CONFORMITY: KRS 15.180 authorizes the Attorney General to promulgate administrative regulations that will facilitate performing the duties and exercising the authority vested in the Attorney General and the Department of Law. KRS 367.150(4) requires the Department of Law to recommend administrative regulations in the consumers' interest. KRS 367.905 requires health spas to file registration statement applications and renewal statement applications with the Attorney General. KRS 367.906 requires the Attorney General to establish a surety bond form for use by health spas. This administrative regulation establishes the registration and renewal statement applications and surety bond form to be used by health spas.

Section 1. Health Spa Registration Statement Application.

(1) The Attorney General ~~shall~~must approve a health spa's registration application before a health spa may offer health spa services or facilities at a specific location in the Commonwealth of Kentucky.

(2) A health spa shall complete and submit a Health Spa Registration ~~Statement~~ Application, form HS-1, to the Attorney General's office, and submit:

(a) Payment of the \$100 registration fee;

(b) The applicant's certificate of existence, authorization certificate from the Kentucky Secretary of State's office, or other evidence of the applicant's authority to transact business in Kentucky; and

(c) Unless exempted by KRS 367.906(4), a completed Health Spa Surety Bond, form HS-3.

(3)(a) ~~Each applicant~~(2) Applicants shall complete or submit additional information or documents for ~~an~~their application within thirty (30) days of ~~a~~any request by the Attorney General.

(b) The Attorney General may deny ~~an~~any application if an applicant fails to timely complete the application by not paying the application fee or not providing requested missing information or required documents.

Section 2. Health Spa Renewal Application.

(1) ~~An approved~~ health spa ~~registration or renewal shall be~~Registrations are valid for a one (1) year period from July 1 to June 30th of the following year.

(2) On or before June 1st of a current registration year, a registered health spa may renew its registration.

~~Registration renewal shall be accomplished~~ by completing and submitting a Health Spa Registration Renewal Application, form HS-2, to the Attorney General's office on or before June 1st of a current registration year, and submitting:

(a) Payment of the fifty (50) dollar registration renewal fee; and

(b) Unless exempted by KRS 367.906(4), a completed Health Spa Surety Bond, form HS-3, when a prior filed bond is not current or the bond amount is insufficient.

(3)(a) ~~Each applicant~~(Applicants) shall complete or submit additional information or documents for ~~a~~their renewal application within thirty (30) days of ~~a~~any request by the Attorney General.

***(b)*** The Attorney General may deny a[any] renewal application if an applicant fails to timely complete the application by not paying the renewal application fee or not providing[provide] requested missing information or required documents.

Section 3. Written Notification of Material Changes. A registered health spa shall notify the Attorney General, in writing, within fourteen (14) days of any material change to information provided in the registrant's original application, a[any] renewal application, or application attachments.

Section 4. Record Requests. A health spa shall make business records and[requested records,] documents and information related to an investigation or inquiry readily available to the Attorney General for inspection and copying upon request.

Section 5. Incorporation by Reference.

(1) The following materials are incorporated by reference:

- (a) "Health Spa Registration Application", Form HS-1, Nov. 2025;
- (b) "Health Spa Registration Renewal Application", Form HS-2, Nov. 2025; and
- (c) "Health Spa Surety Bond", Form HS-3, Nov. 2025;

(2) This material may be inspected, copied, or obtained, subject to applicable copyright law, at Office of the Attorney General Capital Complex East, 1024 Capital Center Drive, Suite 200, Frankfort, Kentucky 40601, Monday through Friday, between the hours of 8:00 a.m. and 4:30 p.m. This material is also available on the Attorney General's website, <https://ag.ky.gov/Pages/default.aspx>.



## KENTUCKY PUBLIC PENSIONS AUTHORITY

Ryan Barrow, Executive Director

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February 2, 2026

Senator Stephen West  
Representative Derek Lewis  
Legislative Research Commission  
083, Capitol Annex  
702 Capitol Avenue  
Frankfort, KY 40601



RE 105 KAR 1:020

Dear Co-Chairs West and Lewis,

After discussion with the Administrative Regulation Review Subcommittee staff of issues raised by 105 KAR 1:020, the Kentucky Public Pensions Authority accepts the attached proposed staff suggested amendment.

Sincerely,

A handwritten signature in blue ink, appearing to read "Carole Catalfo".

Carole Catalfo, Public Policy Specialist  
Kentucky Public Pensions Authority  
1260 Louisville Rd.  
Frankfort, KY 40601

**FINANCE AND ADMINISTRATION CABINET**  
**Kentucky Public Pensions Authority**  
**(Amendment)**

**105 KAR 1:020. Reciprocal program between CERS, KERS, SPRS, TRS, JRP and LRP.**

RELATES TO: KRS 6.500-6.577, 16.505 – 16.652[~~16.505 – 16.645~~], 21.345-21.570, 61.510-61.705, 78.510-78.990, 161.600(3), 161.661, 161.675

STATUTORY AUTHORITY: KRS 61.505(1)(g), 61.645(9)(e), 61.680, 78.552

CERTIFICATION STATEMENT: This is to certify that this administrative regulation complies with the requirements of KRS 13A.105(2) because it does not have a major economic impact.

NECESSITY, FUNCTION, AND CONFORMITY: KRS 61.505(1)(g) and 61.645(9)(e) authorize[authorizes] the Board of Trustees of the Kentucky Public Pensions Authority[Kentucky Retirement Systems] to promulgate all administrative regulations necessary or proper in order to carry out the provisions of KRS 16.505 to 16.652, 61.505[61.515] to 61.705,[~~16.510 to 16.652~~] and 78.520 to 78.852. KRS 61.680 and 78.5542 provide[provides] for the combining of retirement accounts for public employees having a retirement account in more than one (1) of the following state administered retirement systems: County Employees Retirement System, Kentucky Employees Retirement System, Judicial Retirement Plan, Legislators Retirement Plan, State Police Retirement System and Teachers' Retirement System. This administrative regulation establishes requirements to implement KRS 61.680 and 78.5542.

Section 1. Definitions. "Death benefit" or "survivor benefit" means a payment to a beneficiary of a deceased member who met the eligibility requirements of KRS 16.578(1), 61.640(1), or 78.5532(1) on the date of his or her[their] death.

Section 2. General Provisions.

(1) To determine benefits upon the[Upon] death, disability, or service retirement of a member having an account in more than one (1) state-administered retirement system, the Kentucky Public Pensions Authority shall[the following procedure shall be applicable in order to determine benefits for a member having an account in more than one (1) retirement system]:

(a)[(1)] Combine the member's service in all systems;[.]

(b)[(2)] Determine eligibility in each system based on combined service;[.]

(c)[(3)] If eligible in any system, determine benefits; and[.]

(d)[(4)] Check for specific exceptions such as prior service, request for separate account, or special death or disability exception.

(2) The earliest membership date among the systems in which the member has service shall be used to calculate the benefits in each system.

[5)] [Each system shall pay the applicable percentage of total benefit unless a specific exception exists.]

Section 3.[Section 2.] Service Retirement.

(1) A member eligible to retire who elects service retirement from one (1) system, shall be paid from all systems in which the member[he] has an account unless he or she requests that his or her[they request that their][he requests that his] accounts be separated.

(2) The "final compensation" shall be calculated by:

(a) For a member with a membership date prior to September 1, 2008, using the five (5) highest, or three (3) highest, if eligible, fiscal years creditable compensation regardless of the system under which the service was earned, except as provided in KRS 61.680(7); ~~or[-]~~

(b) For a member with a membership date on or after September 1, 2008 but prior to January 1, 2014 who is employed in a:

1. Nonhazardous position, using the five (5) complete fiscal years immediately preceding retirement regardless of the system under which the service was earned, except as provided in KRS 61.680(7). Fiscal years added to the final compensation calculation to reach sixty (60) months shall be added regardless of the system under which the service was earned; ~~or[and]~~

2. Hazardous position, by using the highest complete fiscal years regardless of the system under which the service was earned, except as provided in KRS 61.680(7). Fiscal years added to the final compensation calculation to reach thirty-six (36) months shall be added regardless of the system under which the service was earned.

(3) Each system shall determine benefit payments on the basis of the final compensation but using only the service earned in that system. Payments shall be made by each system in accordance with its usual procedures. If a member is not eligible for an unreduced benefit, benefits shall be actuarially reduced based on factors adopted by the respective retirement boards.

(4) The retiring member or beneficiary shall be required to elect the same payment option in each system administered by the Kentucky Public Pensions Authority~~[Retirement Systems]~~ except that a member of the State Police Retirement System~~[state policeman]~~ or a member with hazardous service may select the "Ten (10) Year Certain" option established~~[set forth]~~ in KRS 16.576(4) irrespective of the option chosen for nonhazardous service in another retirement system administered by the Kentucky Public Pensions Authority.

(5)

~~(a)~~ A~~[retiring]~~ member may elect to have each system treat his or her[their]~~[his]~~ service credit in that system without regard to any other service credit, by:

(a) Requesting that his or her[their]~~[his]~~ accounts be separated by filing a Form 2022, Separation of Accounts; or

(b) Failing to retire from the other state-administered retirement system within one (1) calendar month of his or her[their] effective retirement date with the retirement systems administered by Kentucky Public Pensions Authority. A member shall~~[will]~~ not be considered to have failed to retire from the other state-administered retirement system on the basis of the other state-administered retirement system's determination, notwithstanding the provisions of KRS 61.680, that the member is only eligible for a refund of contributions from the other state-administered retirement system ~~[, with the Form 6000, Notification of Retirement]~~.

(6) If so requested, "final compensation" shall be based on the creditable compensation earned under each system separately.

#### Section 4.[Section 3.] Disability Retirement.

(1)

(a) If a contributing member of one (1) of the six (6) state-administered retirement systems qualifies for disability benefits, all systems under which the combined service meets service requirements shall participate in benefit payments unless accounts are separated by provisions of KRS 61.680(2)(b).

(b) Each system shall calculate benefits using the formula in effect in that system.

(c) Service added to County Employees Retirement System, Kentucky Employees Retirement System and State Police Retirement System accounts in accordance with the appropriate disability formula

established in 105 KAR 1:210, Section 11[9], shall be prorated between system accounts based on a percentage of actual earned service in each system unless such proration conflicts with maximum added service permitted by law governing each system.

(d) Service added to Teachers Retirement System accounts pursuant to KRS 161.661(4) shall be actual earned service and upon such an award of service the Kentucky Public Pensions Authority shall recalculate the service to be added to the County Employees Retirement System, Kentucky Employees Retirement System, and State Police Retirement System accounts using the appropriate disability formula as established in 105 KAR 1:210, Section 11.

(2) If the combined service of a member meets service requirements in only one (1) system, then that system shall pay benefits under the disability formula and the other system shall pay[as follows]:

- (a) Benefits based on separate accounts if the member elects to maintain separate accounts;
- (b) An actuarial accrued benefit based on the member's age, service and final compensation; or
- (c) A refund, if requested by the member.

(3) The medical requirements for disability benefits shall be those of the system to which the member last contributed if combined service meets service requirements of that system. If service requirements are met in only one (1) system, the medical requirements of that system shall prevail.

(4) The process established in this section shall also be followed if the member qualifies for duty-related injury or death benefits pursuant to KRS 61.621.

Section 5.[Section 4.] Survivor Benefit. A member contributing to any of the six (6) state-administered retirement systems who has combined service sufficient to qualify his or her/their beneficiaries for a survivor[death] benefit shall have his or her/their[his] County Employees Retirement System, Kentucky Employees Retirement System, or State Police Retirement System benefits computed under the regular survivor[death] formula based on his or her/their[his] service in each of the three (3) systems.

Section 6.[Section 5.] Service Purchases. A member having valid service credit in more than one (1) of the retirement systems administered by Kentucky Public Pensions Authority[Retirement Systems] who is eligible to purchase service credit may elect to purchase service credit in one (1) system, or[he] may divide the service credit between the systems permitting purchase. If service is to be divided[, the following additional requirements shall be met]:

- (1) The same years of service shall not be used in more than one (1) system; and[.]
- (2) Each system shall calculate the costs of the retirement credit pursuant to[in keeping with] the statutes and administrative regulations of that system.

Section 7.[Section 6.] Medical Insurance.

(1) A retiring member with service in more than one state-administered retirement system[the Kentucky Teachers' Retirement System and one (1) or more of the three (3) systems administered by Kentucky Retirement Systems] shall have his or her/their[his] total service in all[four (4)] systems combined to determine his or her/their[his] eligibility for medical insurance benefits. The systems shall share the cost of the member's premium under this section based on the member's[his] combined service.

(2) If the member meets the minimum eligibility requirements, the member may elect to participate in the insurance program established in[under] KRS 6.577, 16.645, 21.427, 61.702, 78.5536, or 161.675. The premium paid from the insurance funds shall not be more than 100 percent of the single premium amount adopted by the respective boards of trustees or more than the maximum percentage payable under the program established under KRS 6.577, 16.645, 21.427, 61.702, 78.5536, or 161.675.

(3)

(a) If the member elects to participate in the program under KRS 61.702 or 78.5536, the member's service in the state-administered retirement systems shall be combined to determine the applicable percentage that shall be paid toward his or her[their][his] individual coverage under KRS 61.702(3) and 78.5536(3).

(b) The state-administered retirement systems shall pay a pro rata share of the member's premium based on the service in each system expressed as a percentage of total service credit earned in all systems not to exceed the amount of the single monthly contribution rate[premium cost] adopted by the Board of Trustees of Kentucky Retirement Systems or the Board of Trustees of County Employees Retirement System.

1. The amount paid by the Kentucky Teachers' Retirement System shall not exceed the amount of the single monthly contribution rate[premium cost] adopted by the Board of Trustees of the Kentucky Teachers' Retirement System.
2. The Kentucky Teachers' Retirement System shall not pay a percentage of the premium for a[the] spouse or[and] dependents.

(4)

(a) If the member elects to participate in the program under KRS 161.675, the member's service in the state-administered retirement systems shall be combined to determine the applicable percentage that shall be paid under KRS 161.675(4)[161.675(3)].

(b) The state-administered retirement systems shall pay a pro rata share of the member's premium based on the service in each system expressed as a percentage of total service credit earned in all systems,[including service in the Legislators' Retirement Plan and Judicial Retirement Plan] not to exceed the amount paid toward the monthly contribution[premium cost] adopted by the Board of Trustees of Kentucky Teachers' Retirement System.

1. The amount paid by the Kentucky Employees Retirement System, County Employees Retirement System, and State Police Retirement System shall not exceed the amount of the single monthly contribution[premium cost] adopted by the Board of Trustees of the Kentucky Retirement Systems and the Board of Trustees of County Employees Retirement System.

2. The Kentucky Employees Retirement System, County Employees Retirement System and State Police Retirement System shall not pay a percentage of the premium for a[the] spouse or dependents.

(c) Premiums payable pursuant to KRS 161.675 shall be paid by the Kentucky Teachers' Retirement System. The County Employees Retirement System, Kentucky Employees Retirement System, and State Police Retirement System shall reimburse the Teachers' Retirement System for the portion of the premium attributable to service in those systems.

(5)

(a) If the member elects to participate in the program under KRS 6.577 or 21.427, the member's service in the systems shall be combined to determine the applicable percentage that shall be paid under KRS 21.427(2)(a).

(b) The state-administered systems shall each pay a pro rata share of the member's premium based on the service in each system expressed as a percentage of total service credit earned in all state-administered retirement systems, not to exceed the amount paid toward the monthly contribution adopted by the Board of Trustees of the Judicial Form Retirement System.

1. The amount paid by the County Employees Retirement System, Kentucky Employees Retirement System, and State Police Retirement System shall not exceed the amount of the single monthly contribution adopted by the Board of Trustees of the Kentucky Retirement Systems and the Board of Trustees of the County Employees Retirement Systems.

2. The County Employees Retirement System, Kentucky Employees Retirement System, and State Police Retirement System shall not pay a percentage of the monthly contribution for a spouse or dependents.

(c) Premiums payable pursuant to KRS 6.577 or 21.427 shall be paid by the Judicial Form Retirement System. The County Employees Retirement System, Kentucky Employees Retirement System, and State Police Retirement System shall reimburse Judicial Form Retirement System for the portion of the premium attributable to service in those systems.

(6)

(a) Premiums payable pursuant to[under] KRS 61.702 and 78.5536 shall be paid by the Kentucky Employees Retirement System, County Employees Retirement System, and State Police Retirement System. The Kentucky Teachers' Retirement System or Judicial Form Retirement System shall reimburse the systems for the portion of the premium attributable to service in that system.

(b) Premiums payable pursuant to[under] KRS 161.675 shall be paid by the Kentucky Teachers' Retirement System. The Kentucky Employees Retirement System, County Employees Retirement System, and State Police Retirement System shall reimburse the system for the portion of the premium attributable to service in those systems.

#### Section 8.[Section 7.] Incorporation by Reference.

(1) [The following material is incorporated by reference:]

[(a)] ["Form 2022, "Separation of Accounts," 11/25/11, Kentucky Public Pensions Authority] is incorporated by reference[August 2002", Kentucky Retirement Systems; and]

[(b)] ["Form 6000, Notification of Retirement, July 2004", Kentucky Retirement Systems].

(2) This material may be inspected, copied, or obtained, subject to applicable copyright law, at the Kentucky Public Pensions Authority[Retirement Systems, Perimeter Park West], 1260 Louisville Road, Frankfort, Kentucky 40601-6124, Monday through Friday, 8 a.m. to 4:30 p.m. and on the agency's website at kyret.ky.gov.



## KENTUCKY PUBLIC PENSIONS AUTHORITY

Ryan Barrow, Executive Director

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February 2, 2026

Senator Stephen West  
Representative Derek Lewis  
Legislative Research Commission  
083, Capitol Annex  
702 Capitol Avenue  
Frankfort, KY 40601



RE 105 KAR 1:150

Dear Co-Chairs West and Lewis,

After discussion with the Administrative Regulation Review Subcommittee staff of issues raised by 105 KAR 1:150, the Kentucky Public Pensions Authority accepts the attached proposed staff suggested amendment.

Sincerely,

A handwritten signature in blue ink that appears to read "Carole Catalfo".

Carole Catalfo, Public Policy Specialist  
Kentucky Public Pensions Authority  
1260 Louisville Rd.  
Frankfort, KY 40601

**FINANCE AND ADMINISTRATION CABINET  
Kentucky Public Pensions Authority  
(Amendment)**

**105 KAR 1:150. Installment purchase procedures.**

RELATES TO: KRS 16.560, 16.645(19), 61.552(9)[61.373, 61.377, 61.552(14), 61.552(24)], 61.575, 78.545(7), 78.640[78.545(34)], 26 U.S.C. 414(h), 415[29 U.S.C. 28], 38 U.S.C. 43

STATUTORY AUTHORITY: KRS 16.645, 61.505(1)(g), 61.552(9), 78.545[61.552(14), (24), 61.645(9)(e)]

CERTIFICATION STATEMENT: This is to certify that this administrative regulation complies with KRS 13A.150(2) because it does not have a major economic impact.

NECESSITY, FUNCTION, AND CONFORMITY: KRS 61.505(1)(g)[61.645(9)(e)] authorizes the Kentucky Public Pensions Authority on behalf[Board of Trustees] of Kentucky Retirement Systems and County Employees Retirement System to promulgate[all] administrative regulations that are consistent with and necessary or proper[in order] to carry out the provisions of KRS 16.505 to 16.652, 61.505[61.515] to 61.705, and 78.510[16.510 to 16.652, and 78.520] to 78.852. KRS 16.645, 61.552(9), and 78.545 permit[61.552(14) and 61.552(24) permits] an employee participating in the Kentucky Retirement Systems or the County Employees Retirement System to purchase service credit by payroll deducted installments. This administrative regulation establishes the process and forms related to this option, and provides for the preservation of installment purchases for military personnel called into service.

Section 1. Definitions.

- (1) "Amortization schedule~~I-J~~" means a table of installment payments for the entirety of the repayment period that includes each month's interest, principal, and remaining balance.
- (2) "Omitted service" is defined by KRS 61.552.
- (3) "Recontribution of a refund" is defined by KRS 61.552.
- (4) "Remit" means to make payment to the agency through the normal State Treasurer Office process.
- (5) "Termination date" means the date on which the member has ceased or will cease his or her~~their~~ employment with the~~their~~ participating employer.

Section 2. Eligibility for installment payment plan.

- (1) An employee may purchase or regain service credit by making installment payments in lieu of a lump-sum pursuant to KRS 16.645, 61.552(9)(a)2., and 78.545.
- (2) Installment payment plans shall be allowed for participating~~the~~ employees of a participating employer if:
  - (a) The employee has complied with all requirements to purchase service credit pursuant to 105 KAR 1:130 and 1:260;
  - (b) One (1) year of installment payments shall be made for each \$1,000 or any part thereof of the total cost, except that the total period allowed for installments shall not be less than one (1) year and shall not exceed five (5) years;
  - (c) The agency has provided notification to the employee that he or she is~~they are~~ eligible to purchase or regain service by installment payments; and
  - (d) The employer certifies~~an agency that has certified~~ its agreement to deduct and remit installment payments on all participating employees by submitting to the agency a completed~~participating in the~~

~~Kentucky Retirement Systems. The certification shall be made on the] [Form 7280, "Employer Certification for Installment Purchase of Service," incorporated by reference in 105 KAR 1:120[provided by the retirement system].~~

(3) The agency may refuse to allow new installment purchase agreements for employees of an employer that has previously failed to deduct and remit installment payments for other employees pursuant to administration regulations established in KAR Title 105.

(4)

(a) Multiple service purchases may be combined under a single installment purchase, except that an employee shall not make more than one (1) installment purchase at the same time; and

(b) Once multiple service purchases have been combined in an installment purchase, the employee shall not separate the purchases or pay a portion of one (1) of the purchases even if the installment payment plan ceases.

### Section 3.[Section 2.] Calculation and Selection.

(1) The agency[retirement system] shall:

(a) Calculate[calculate] the monthly installment payment necessary to pay the cost of the service being purchased pursuant to KRS 16.645, 61.552(9)(c)1., and 78.545; and

(b) Provide the calculations and monthly payment options to the employee on a:

1. After Tax Installment Purchase of Service Agreement pursuant to KRS 16.645, 61.552(9)(a)2.b., and 78.545, and shall not exceed the limitations for annual additional contributions established in 26 U.S.C. 415; and

2. Before Tax Installment Purchase of Service Agreement pursuant to KRS 16.645, 61.552 (9)(a)2.a, and 78.545.

(2) The employee shall choose, complete, and file his or her/their selected payment option on the applicable installment agreement.

(3) Installment payments shall be established in accordance with KRS 16.645,~~, and~~ 61.552(9)(c)5, and 78.545

~~[(2) [The employee may select a payment period of not less than one (1) year and not more than five (5) years in accordance with KRS 61.552(14)(c).]~~

~~[(3) [The retirement system shall provide to the employee a "Form 5708, After Tax Installment Service Agreement" and a "Form 5709, Before Tax Installment Purchase of Service Agreement." The employee shall complete and return to the retirement systems only one (1), but not both, of either the Form 5708, After Tax Installment Purchase of Service Agreement or the Form 5709, Before Tax Installment Purchase of Service Agreement. An employee shall not enter into more than one (1) installment purchase of service agreement at any given time.]~~

~~[(4) [The agreement shall contain a space for selecting the payment option and an authorization for withholding the installment payments.]~~

~~[(5) [The agreement shall provide a space for the employee to indicate the amount of any down payment to be made by the employee, whether by personal check or rollover or transfer of funds from a qualified retirement plan or deferred compensation arrangement.]~~

~~[(6) [The monthly payment options offered to the employee on the Form 5708 After Tax Installment Purchase of Service Agreement shall not exceed the limitations for annual additional contributions in 26 U.S.C. 415].~~

### Section 4.[Section 3.] Administration of the Installment Purchase of Service Agreement.

(1) Upon receipt of ~~a valid[the completed and signed Form 5708,]~~ After Tax Installment Purchase of Service Agreement or~~[the Form 5709,]~~ Before Tax Installment Purchase of Service Agreement, the

agency[retirement system] shall provide the employee with an amortization schedule[notify the employee and employer of the amount of the installment payment, the date the payments shall begin, the date the payments shall end, and the total payments].

(2) After receipt of any[If the employee is making a] down payment by transfer or rollover from a qualified retirement plan or deferred compensation arrangement pursuant to Section 7 of this administrative regulation, if applicable, the agency[retirement system] shall notify the employee and employer of the:

(a) Amount[amount] of the monthly installment payments;

(b) Total installment payments; and

(c) Dates the installment payments shall begin and shall end[following receipt of the transferred or rolled over funds.]

[3)] [An amortization schedule shall be sent to the employee].

(3)[4)] The agency shall reject an[Form 5708, After Tax] Installment Purchase of Service Agreement[or the Form 5709, Before Tax Installment Purchase of Service Agreement shall be rejected] and shall calculate a new[calculation of the] cost of the purchase[shall be performed] if the employee:

(a) Does not file a valid[The Form 5708, After Tax] Installment Purchase of Service Agreement[or the Form 5709, Before Tax Installment Purchase of Service Agreement is not filed at the retirement systems] by the deadline for purchase of the service credit;

(b) Fails[The employee fails] to fully and properly complete and sign the[Form 5708, After Tax] Installment Purchase of Service Agreement[or the Form 5709, Before Tax Installment Purchase of Service Agreement];

(c) Indicates[The employee indicates] that a down payment is to be made, but the employee does not pay the down payment pursuant to Section 7 of this administrative regulation[include the check or proof of eligibility to rollover or transfer funds from a qualified retirement plan or deferred compensation arrangement with the Form 5708, After Tax Installment Purchase of Service Agreement or Form 5709, Before Tax Installment Purchase of Service Agreement by the deadline for purchase of the service credit]; or

(d) Fails[The employee fails] to file a corrected valid Installment Purchase of Service Agreement by the end of the thirtieth (30<sup>th</sup>) calendar day from[Installment Purchase of Service Agreement within thirty (30) days of] a recalculation of the cost to purchase.

(4)[5)] If the agency rejects an[Form 5708, After Tax] Installment Purchase of Service Agreement[or Form 5709]pursuant to[Before Tax Installment Purchase of Service is rejected under] subsection (3)[4)] of this section, any down payment shall be refunded to the member or, if rollover or transfer, returned to the qualified retirement plan or deferred compensation arrangement.

## Section 5.[Section 4.] After Tax Installment Purchase of Service Agreement.

(1) The employer shall[remit the installments to the retirement system as required by the agreement, but shall] be solely responsible for withholding sufficient amounts through payroll reduction from the employee to allow the payment of After Tax Installment Purchase of Service Agreement[the] installments.

(2) [The installments shall be remitted to the retirement systems only with the employer's contribution report.] If the employee is not employed twelve (12) months each fiscal year, the employer[agency] shall withhold sufficient funds from the employee's wages to allow the employer[agency] to remit the required reductions[deductions] with the employer's contribution reports during any months in which the employee is not paid.

(3)

(a) The [retirement system shall not accept personal checks from the employee as payment for these deductions.]

[Section 5.]

(1) [The amount required to purchase one (1) month of service credit shall be calculated by dividing the total of the installment payments due under the agreement by the number of months of service credit being purchased.]

(2) [Upon receipt of installment payments equal to this amount, the retirement system shall credit one (1) month of service credit to the member's account.]

[Section 6.]

(1) [The] employee shall notify the agency[retirement system] in writing if he or she desires/they desire [he desires] to terminate the agreement[Form 5708, After Tax Installment Purchase of Service Agreement].

(b) Upon receipt of the notice from the employee, the agency[retirement system] shall notify the employee and[his] employer of the date to stop reductions[deductions].

(c) Payments made prior to cancellation shall/will be credited in accordance with Section 8(2) of this administrative regulation. Any payment amount remaining that does not purchase a full month of service credit shall be refunded.

(4)(2) The employee may request a payoff amount for the[Form 5708,] After Tax Installment Purchase of Service Agreement and[. The employee] shall have until the end of the sixtieth (60<sup>th</sup>) calendar day[sixty (60) days] from the payoff date, requested by the employee and agreed to by the agency[retirement system], to pay the installment agreement in full by lump sum payment, but the payoff shall be made prior to the effective date of retirement[. At the end of the due date of the contract, the contract shall be terminated and any payment received shall be credited for service, and any payment amount remaining that will not purchase the next month of service shall be refunded.] to add one or more service purchases if they are otherwise qualified to do so.

(5) The employee may have the installment agreement recalculated to add one (1) or more service purchases if he or she is/they are otherwise qualified to do so.

(6) The employee shall not receive a return of the payroll reductions pursuant to this administrative regulation except pursuant to the normal disbursement procedures for a member's accumulated contributions or accumulated account balance under KRS 61.575 and 78.640.

(7) The After Tax Installment Purchase of Service Agreement shall be void if the employer fails to remit installment payments in accordance with Section 8(1) of this administrative regulation for sixty (60) calendar days. The employee may request a:

(a) Payoff pursuant to subsection (4) of this section; or  
(b) New installment agreement for the balance if they are otherwise qualified to do so.

Section 6. Before Tax Installment Purchase of Service Agreement.

(1)

(a) A valid

(3) [The Form 5709,] Before Tax Installment Purchase of Service Agreement including all specified payroll reduction authorizations, amounts, and deductions, shall be an irrevocable, binding agreement if properly and fully completed and signed by the employee, authorized by the employer, and accepted by the agency[retirement systems].

(b) Once the employee enters into the irrevocable agreement:

1. Prepayments shall not be accepted for the purchase of service credit that is subject to the installment purchase agreement; and

2. The employee shall not receive the payroll reduction or installment payment directly instead of having it contributed to the systems.

(c) For the purposes of this section, after-tax contributions shall only be received to the extent allowed by 26 U.S.C. 415.

(d) Payroll reductions shall cease only after the installment purchase agreement has expired by its terms or upon:

1.

a. The employee's death if the employee's beneficiary pays the remaining amount owed by lump sum payment using after-tax dollars by the end of the sixtieth (60th) calendar day from the employee's date of death.

b. If the balance is not paid, the beneficiary shall receive credit for each one (1) month period of service credit purchased. The beneficiary shall receive any installment payment that[which] had already been made when the employee's death occurred, and that was[which were] not used to purchase a one (1) month period of service credit pursuant to the normal disbursement procedures for a member's accumulated contributions or accumulate account balance pursuant to KRS 61.575 and 78.640; or[.]

2.

a. Termination of the member's employment if the member pays the remaining amount owed by lump sum payment by the end of the sixtieth (60th) calendar day from the member's termination date but prior to the member's effective retirement date.

b. If the balance is not paid, the member shall only be entitled to receive credit for each one (1) month period of service credit actually purchased. The member shall receive any contributions that [which] were not used to purchase one (1) month period of service credit pursuant to the normal disbursement procedures for the member's accumulated contributions or accumulated account balance pursuant to KRS 61.575 and 78.640.

(2)

(a) If a valid Before Tax Installment Purchase of Service Agreement is on file, the monthly reductions for installment payments shall be:

1. Through employer pick-up contributions established in 26 U.S.C. 414(h)(2); and

2. Remitted to the agency from the same funding source used to pay earnings to employees.

(b)

1. The employer shall pick up these contributions by a corresponding reduction in the cash salary of the employees;

2. Although designated as employee contributions, the contributions shall be paid by the employer in lieu of contributions by the employee; and

3. The pick-up shall:

a. Not commence earlier than the month after the authorization is signed; and

b. Only be applicable to contributions to the extent that the compensation that[which] is reduced for the contributions is limited to compensation earned for services after the effective date of the pick-up.

(3) Employee contributions picked up pursuant to this section shall:

(a) Be treated as tax-deferred employer pick-up contributions pursuant to 26 U.S.C. 414(h);

(b) Not be included in the gross income of the employee until they are distributed or made available pursuant to 26 U.S.C. 414(h);

- (c) Not have federal income taxes withheld;
- (d) Be remitted to the agency in accordance with Section 8 of this administrative regulation; and
- (e) Be credited to the employee's account and treated, for all other purposes, as if the amount were part of the employee's annual compensation.

#### Section 7. Down Payment.

- (1) A down payment shall be made by:
  - (a) Completing and filing a valid Form 4170, "Direct Transfer/Rollover Authorization Form", incorporated by reference in 105 KAR 1:330, for the amount of the down payment; or
  - (b) Personal check if the service purchase is for:
    1. Recontributed of a refund as defined by Section 1 of this administrative regulation;
    2. Omitted service as defined by Section 1 of this administrative regulation; or
    3. Grandfathered service as defined by 105 KAR 1:001.
- (2) The down payment shall be made no later than the end of due date indicated on the Installment Purchase of Service Agreement~~[The retirement system may refuse to allow new installment agreements for employees of an agency which fails to deduct and remit the installment payments in accordance with Sections 1 through 10 of this administrative regulation]~~.

#### Section 8. Remission of Installment Payments and Service Credit.

- (1) The employer shall remit installment payments to the agency:
  - (a) As required by the Installment Purchase of Service Agreement; and
  - (b) In conjunction with the employer's contribution report as established in 105 KAR 1:140.
- (2) The amount required to purchase one (1) month of service credit shall be calculated by dividing the total of the installment payments due under the agreement by the number of months of service credit being purchased. Upon receipt of installment payments equal to this amount, the agency shall credit one (1) month of service credit to the member's account.
- (3) On the end date of the Installment Purchase of Service Agreement:
  - (a) The agreement shall be terminated;
  - (b) Any payments received shall be credited for service; and
  - (c) Any payment amount remaining that does not purchase a full month of service credit shall be refunded.

#### Section 9. Suspension of Installment Purchase of Service Agreement Due to Military Service.

- (1) The~~[If an employee leaves a position to perform military duty as provided in KRS 61.377, the]~~ employer shall advise the agency~~[retirement system]~~ in writing or by appropriate personnel action that the employee is on active military duty, and the employee's installment purchase agreement shall be suspended during the period of military duty for which the employee does not receive creditable compensation from the employer.
- (2) When an employee who did not receive creditable compensation during military leave returns to employment~~[Upon return to employment as provided in KRS 61.373]~~, the employee's installment purchase agreement shall not be recalculated and the employer shall resume remitting the remaining reductions~~[deductions]~~ unless the employee terminates or pays the balance of his or her~~[their]~~ After Tax Installment Purchase of Service Agreement pursuant to Section 5~~[the installment agreement as provided in Section 6]~~ of this administrative regulation.

#### Section 10.~~[Section 9.]~~ Suspension of Installment Purchase Service Agreement Due To Sick Leave Without Pay.

(1) The employer shall notify the agency~~[advise the retirement system]~~ in writing or by appropriate personnel action that the employee is on sick leave without pay, and the installment purchase agreement~~[of an employee placed on sick leave without pay]~~ shall be suspended during the period of sick leave without pay.

(2) Upon return to the employer from the period of sick leave without pay, the employee's installment purchase agreement shall not be recalculated. The employer shall resume remitting the remaining reductions~~[deductions]~~ unless the employee terminates or pays the balance of his or her~~[their]~~ After Tax Installment Purchase Service Agreement pursuant to Section 5~~[the installment agreement as provided in Section 6]~~ of this administrative regulation.

[Section 10.]

~~[(1) [KRS 61.552(14) allows a member to purchase and reinstate credit under any of the provisions of KRS 16.510 to 16.652 and 61.515 to 61.705 and 78.520 to 78.852 in the retirement systems administered by the Kentucky Retirement Systems by making installment payments in lieu of a lump sum payment by establishing an irrevocable employer pick-up of member contributions as described by 26 U.S.C. 414(h)(2).]~~

~~[(2) [The cost of the service shall be computed in the same manner as for a lump sum payment which shall be the principal; and interest compounded annually at the actuarial rate in effect when the member elects to make the purchase shall be added for the period that the installments are to be made. One (1) year of installment payments shall be made for each \$1,000 or any part thereof of the total cost, except that the total period allowed for installments shall not be less than one (1) year and shall not exceed five (5) years. Multiple service purchases shall be combined under a single installment purchase; however, an employee shall not make more than one (1) installment purchase at the same time. Once multiple service purchases have been combined in an installment purchase, the employee shall not separate the purchases or pay a portion of one (1) of the purchases.]~~

~~[(3) [The employer shall pay the installments by payroll reduction. Upon notification by the retirement systems, the employer shall report the installment payments either monthly or semimonthly continuously over each twelve (12) month period at the same time as, but separate from, regular employer contributions as provided in 105 KAR 1:140, Section 1(1). The employer shall pay the monthly reductions the employee elects to have applied to purchase service credit through pick-up contributions. The payroll reductions shall be paid to the Kentucky Retirement Systems through the normal State Treasurer Office remittance process, from the same source of funds that is used in paying earnings to the employees. The employer shall pick up these contributions by a corresponding reduction in the cash salary of the employees. These contributions, although designated as employee contributions, shall be paid by the employer in lieu of contributions by the employee.]~~

~~[(4) [An employee may elect to pay all or part of any contribution to purchase or reinstate service credit. An employee's election to purchase or reinstate service credit through pick-up contributions shall be pursuant to an irrevocable, binding written authorization on a Form 5709, Before Tax Installment Purchase of Service Agreement, which specifies the amount of the monthly payroll reductions and the period over which the payroll reductions shall be made. The pick-up shall not commence earlier than the month after the authorization is signed. The pick-up shall only be applicable to contributions to the extent the compensation which is reduced for the contributions is limited to compensation earned for services after the effective date of the pick-up. Once the employee enters into the irrevocable agreement, prepayments shall not be accepted for the purchase of the service that is subject to the irrevocable authorization, and the employee shall not receive the contributions directly instead of having the contributions contributed to the retirement system. However, an employee shall not be prevented~~

~~from paying any amounts not covered by the authorization with after-tax dollars, subject to any applicable statutes and rules. An employee shall not have at any given time more than one (1) irrevocable reduction authorization.]~~

~~[(5)] [Contributions picked up as provided by subsection (4) of this section shall be treated as tax-deferred employer pick-up contributions pursuant to 26 U.S.C. 414(h). Based upon the Internal Revenue Service ruling that pursuant to 26 U.S.C. 414(h) these picked up contributions are not includable in the gross income of the employee until such time as they are distributed or made available, each employer shall not withhold federal income taxes on these picked up contributions.]~~

~~[(6)] [Employee contributions picked up as provided by subsection (4) of this section shall be transmitted to the retirement systems and shall be credited to the employee's account and treated, for all other purposes, as if the amount were a part of the employee's annual compensation.]~~

~~[(7)] [All payroll reduction authorizations, including the amounts and duration specified, shall be binding and irrevocable upon the employee's execution of a Form 5709, Before Tax Installment Purchase of Service Agreement. These reductions shall cease only after the authorization has expired by its terms or upon any of the following events:]~~

~~[(a)] [The employee's death. If the death of an employee occurs, the employee's beneficiary shall have the option of paying the remaining amount owed by lump sum payment, using after-tax dollars, within sixty (60) days of the employee's death. If the balance is not paid, the beneficiary shall be entitled to receive credit for each one (1) month period of service purchased. The beneficiary shall receive any contributions of the employee which had already been made when the employee's death occurred and which were not used to purchase a one (1) month period of service credit only pursuant to the normal disbursement procedures for a member's accumulated contributions under KRS 61.575.]~~

~~[(b)] [The termination of the member's employment. If the member's employment is terminated, the member shall have the right to pay the remaining amount owed by lump sum payment on or within sixty (60) days of the member's termination of employment, but prior to the effective retirement date of the member. If the balance is not paid, the member shall be entitled to receive credit only for each one (1) month period of service actually purchased. The member shall receive any contributions which were not used to purchase one (1) month period of service credit pursuant to the normal disbursement procedures for a member's accumulated contributions under KRS 61.575.]~~

~~[(c)] [For purposes of subsection (7)(a) and (b) of this section, after-tax contributions shall only be received to the extent allowed by 26 U.S.C. 415.]~~

~~[(8)] [If the employee is on military leave or sick leave without pay, the installment purchase shall cease and shall be suspended during the period of leave and shall resume without recalculation upon the employee's return from leave.]~~

~~[(9)] [The employee shall not receive a return of the payroll reductions made under Sections 1 through 10 of this administrative regulation, except pursuant to the normal disbursement procedures for a member's accumulated contributions under KRS 61.575.]~~

~~[(10)] [Payroll reductions under this section shall not last longer than five (5) years.]~~

~~[(11)] [The retirement systems shall begin accepting before tax payroll reduction agreements from employees in February 2003. The earliest effective date for receipt of before tax contributions from employers shall be those payroll reports due in March 2003. An employee who has a current post-tax installment purchase of service agreement in place as of January 31, 2003 may terminate this purchase and make an election under this section to convert the installment purchase of service agreement to an irrevocable pretax employer pick-up of contributions before December 31, 2003.]~~

[Section 11.] [Incorporation by Reference.]

[{(1)}] [The following material is incorporated by reference:]

[{(a)}] ["Form 7280, Employer Certification for Installment Purchase of Service, November 2002," Kentucky Retirement Systems;]

[{(b)}] ["Form 5708, After Tax Installment Purchase of Service Agreement, June 2003," Kentucky Retirement Systems; and]

[{(c)}] ["Form 5709, Before Tax Installment Purchase of Service Agreement, January 2003," Kentucky Retirement Systems.]

[{(2)}] [This material may be inspected, copied, or obtained, subject to applicable copyright law, at the Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky, Monday through Friday, 8 a.m. to 4:30 p.m.]



## KENTUCKY PUBLIC PENSIONS AUTHORITY

Ryan Barrow, Executive Director

1260 Louisville Road • Frankfort, Kentucky 40601  
kyret.ky.gov • Phone: 502-696-8800 • Fax: 502-696-8822



February 2, 2026

Senator Stephen West  
Representative Derek Lewis  
Legislative Research Commission  
083, Capitol Annex  
702 Capitol Avenue  
Frankfort, KY 40601



RE 105 KAR 1:350

Dear Co-Chairs West and Lewis,

After discussion with the Administrative Regulation Review Subcommittee staff of issues raised by 105 KAR 1:350, the Kentucky Public Pensions Authority accepts the attached proposed staff suggested amendment.

Sincerely,

A handwritten signature in blue ink, appearing to read "Carole Catalfo".

Carole Catalfo, Public Policy Specialist  
Kentucky Public Pensions Authority  
1260 Louisville Rd.  
Frankfort, KY 40601

**FINANCE AND ADMINISTRATION CABINET**  
**Kentucky Public Pensions Authority**  
**(Amendment)**

**105 KAR 1:350. Collection of account under \$1,000 by next of kin[without formal administration of estate].**

RELATES TO: KRS **16.505-16.652, 61.505-61.705, 78.510-78.852, 391.030[61.703, 78.545]**

STATUTORY AUTHORITY: KRS 61.505(1)(g), 61.645(9)(e), 61.703(2)

CERTIFICATION STATEMENT: This is to certify that this administrative regulation complies with KRS 13A.150(2) because it does not have a major economic impact.

NECESSITY, FUNCTION, AND CONFORMITY: KRS 61.703 provides upon the death of a member, retiree, or recipient who has an existing account or other benefit that totals no more than \$1,000, a surviving spouse, child, parent, or brother or sister may without formal administration of the estate collect the account by filing an appropriate affidavit, that conforms to the requirements of the administrative regulation promulgated by the board, with the Kentucky Public Pensions Authority[Retirement Systems]. KRS 61.505(1)(g) and 61.645(9)(e) authorize the Kentucky Public Pensions Authority on behalf of Kentucky Retirement Systems and County Employees Retirement System to promulgate administrative regulations that are consistent with and necessary or proper to carry out the provisions of KRS 16.505 to 16.652, 61.505 to 61.705, and 78.510 to 78.852. This administrative regulation establishes the process to file[for filing] for collection of the account.

Section 1. The survivor who makes demand for the deceased member, retiree, or recipient account shall file with the agency[retirement office] a Form 6826, "Affidavit for Collection of Account **Under \$1000 by Next of Kin**"[Without Formal Administration of Estate] or other notarized affidavit, and shall confirm or state:

- (1) The affidavit is for the collection of deceased member, retiree, or recipient account and is made in accordance with the provisions of KRS 61.703 allowing for the collection of the account without formal administration of the estate;
- (2) The date of death of the member, retiree, or recipient, and confirm that ninety (90) days have elapsed since the date of death;
- (3) No application or petition for the appointment of a personal representative of the estate of the member, retiree, or recipient is pending or has been granted in any jurisdiction;
- (4) The value of the gross estate, wherever located and less liens and encumbrances, of the deceased member, retiree, or recipient does not exceed the exemption amount established in KRS 391.030 or the amount exempt from formal distribution in the state in which the member was domiciled at the time of his or her[their] death[\$7,500];
- (5) That the affiant[he or she] is the surviving spouse; or if none, a surviving child; or if none, a surviving parent; or if none, a surviving brother or sister;
- (6) That the affiant[he or she] is entitled to payment of the account; and
- (7) That the Kentucky Public Pensions Authority[Retirement Systems] shall be discharged and held harmless to the same extent as if conducting business with a personal representative; and in the event any person or entity establishes a superior right to the account, the affiant[survivor] shall acknowledge

that he or she[they]~~he or she~~, and not the Kentucky Public Pensions Authority[Retirement Systems], shall be answerable and accountable for the member, retiree, or recipient account to any creditor or appointed personal representative of the estate.

Section 2. The affidavit shall be accompanied by the death certificate, or if no death certificate is available, other acceptable evidence of death of the member, retiree, or recipient.

Section 3. The Kentucky Public Pensions Authority[Retirement Systems], upon receipt of a properly executed~~properly executed~~ affidavit for collection of account without formal administration of estate accompanied by death certificate, shall make payable to the surviving spouse, child, parent, or brother or sister the assets~~account~~ of the deceased member, retiree, or recipient if the assets due to the estate are less than \$1,000.

Section 4. Incorporation by Reference.

(1) ["]Form 6826, "Affidavit for Collection of Account **Under \$1000 by Next of Kin[Without Formal Administration of Estate]**," 11/2025[August 2002]"~~["]Form 6826, "Affidavit for Collection of Account **Under \$1000 by Next of Kin[Without Formal Administration of Estate]**," 11/2025[August 2002]"~~, Kentucky Public Pensions Authority[Retirement Systems], is incorporated by reference.

(2) This material may be inspected, copied, or obtained, subject to applicable copyright law, at the Kentucky Public Pensions Authority[Retirement Systems, Perimeter Park-West], 1260 Louisville Road, Frankfort, Kentucky 40601-6124, Monday through Friday, 8 a.m. to 4:30 p.m. and on the agency's website at kyret.ky.gov.



## KENTUCKY PUBLIC PENSIONS AUTHORITY

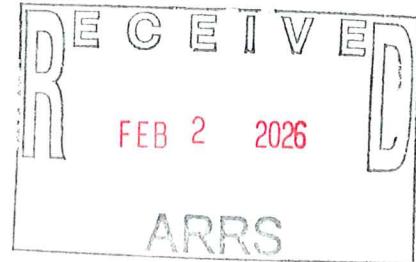
Ryan Barrow, Executive Director

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February 2, 2026

Senator Stephen West  
Representative Derek Lewis  
Legislative Research Commission  
083, Capitol Annex  
702 Capitol Avenue  
Frankfort, KY 40601



RE 105 KAR 1:445

Dear Co-Chairs West and Lewis,

After discussion with the Administrative Regulation Review Subcommittee staff of issues raised by 105 KAR 1:445, the Kentucky Public Pensions Authority accepts the attached proposed staff suggested amendment.

Sincerely,

A handwritten signature in blue ink, appearing to read "Carole Catalfo".

Carole Catalfo, Public Policy Specialist  
Kentucky Public Pensions Authority  
1260 Louisville Rd.  
Frankfort, KY 40601

**FINANCE AND ADMINISTRATION CABINET  
Kentucky Public Pensions Authority  
(Amendment)**

**105 KAR 1:445. Trustee elections.**

RELATES TO: KRS 11A.020, 11A.040, 61.080, 61.505, 61.645, 78.782

STATUTORY AUTHORITY: KRS 61.505(1)(g), 61.645(4)(j), 78.782(4)(j)

CERTIFICATION STATEMENT: This is to certify that this administrative regulation complies with the requirements of KRS 13A.105(2) because it does not have a major economic impact.

NECESSITY, FUNCTION, AND CONFORMITY: KRS 61.505(1)(g) authorizes the Kentucky Public Pensions Authority to promulgate administrative regulations on behalf of the Kentucky Retirement Systems and the County Employees Retirement System that are consistent with KRS 16.505 to 16.652, 61.505, 61.510 to 61.705, and 78.510 to 78.852. KRS 61.645(4)(j) and 78.782(4)(j) authorize the systems to promulgate an administrative regulation to implement the use of electronic and telephonic ballots in the trustee election process and requires paper ballots to be mailed upon request of any eligible voter. This administrative regulation establishes the procedures and requirements for preparing and casting electronic, telephonic, and paper ballots, and the tabulation of the ballots for trustee elections.

Section 1. Definitions.

(1) "Ballot" means an electronic or paper document that meets[includes] the requirements of[provisions required by] KRS 61.645(4)(c) and 78.782(4)(c), and for each candidate includes[the candidate's]:

- (a) A recent[Recent] photograph;
- (b) City and county of residence;
- (c) Employer and position title, or the employer from which the candidate last worked or retired, and the position title of the last position held;
- (d) Education, including schools and universities attended and degrees earned;
- (e) Any professional licenses or certifications[held by the candidate];
- (f) Any organization of which the candidate is a member that is listed on the candidate's application; and
- (g) The website[Web site] address where each candidate's materials are[filed Application for Trustee and resume is] available for viewing.

(2) "Board" means the Board of Trustees of the Kentucky Retirement Systems or the Board of Trustees of the County Employees Retirement System.

(3) "Candidate" means a participant of the system for which the election is being held who is nominated by:

- (a) The[Is nominated by the] relevant board; or
- (b) Petition[Is nominated by petition] of the members of the relevant system.

(4) "Election year" means the year of the:

- (a) Expiration of a trustee's term of office; and[the year of the]
- (b) Trustee election.

(5) "Eligible voter" means any person who:

- (a) Is a participant of the system for which the vote is being taken on or before December 31 of the year preceding the election year; and
- (b) Has on file:
  - 1. A valid email address; or
  - 2. If a paper ballot is requested pursuant to KRS 61.645(4)(j), a valid physical mailing address.

(6) "Plurality of votes" means a majority of valid votes cast in an election.

(7) "Resume" means a document that at a minimum includes the participant's:

- (a) First and last name;
- (b) Address;
- (c) Phone number;
- (d) E-mail address;
- (e) Educational background; and
- (f) Professional employment history that includes dates of employment, job title, employer name and address, and type of business.

(8) "Term of Office" means the period of membership on the relevant Board, which begins on April 1 of the year elected or appointed and ends on March 31 four (4) years thereafter.

(9) "Valid email address" means an email address the agency has on file for a participant that is operational and able to receive messages, or has not otherwise been deemed an invalid email address by the agency.

(10) "Valid physical mailing address" means the mailing address on file at which~~[for]~~ a participant~~[where he or she]~~ is able to receive U.S. mail, including a:

- (a) Current~~[A current]~~ street address;
- (b) ~~[A]~~ Post Office box registered with the United States Postal Service; or
- (c) Private~~[A private]~~ mailbox registered with a commercial mail receiving agency established pursuant to the United States Postal Service regulation.

(11) "Valid vote" means a timely cast vote by an eligible voter that clearly designates~~[has clearly designated]~~ the voter's choice of an eligible candidate or candidates.

(12) "Write-in" means casting a valid vote for an eligible candidate~~[a person]~~ not listed on the ballot as a candidate by:

- (a) Inserting his or her~~[their]~~[his or her] name in the designated place when casting the vote by mail or electronically; or
- (b) Providing his or her~~[their]~~[his or her] name when casting the vote by telephone.

(13) "Write-in candidate" means a person who is not listed on the ballot as a candidate and has been inserted or provided as a write-in.

Section 2. Use of Third-party Vendors. Subject to KRS 61.505(3)(d), the agency may contract with third-party vendors to provide services for the trustee election process as provided by KRS 61.645(4) and 78.782(4).

### Section 3. Election and ballot requirements.

- (1) At the expiration of an elected trustee's term of office, an election shall occur for the:
  - (a) ~~[The]~~ Kentucky Retirement Systems Board of Trustees pursuant to KRS 61.645; and
  - (b) ~~[The]~~ County Employees Retirement System Board of Trustees pursuant to KRS 78.782.
- (2) Ballots shall include:
  - (a) Candidates nominated by the Board in accordance with Section 4 of this administrative regulation;
  - (b) Candidates nominated by Petition in accordance with Section 5 of this administrative regulation;
  - or

(c) A write-in option.

(3)

(a) On or before June 30~~[May 31]~~ of the year immediately preceding an election year, the agency shall provide notice to current participants detailing the steps he or she~~[they]~~[he or she] shall take to become a potential candidate.

(b) A participant shall only be a potential candidate if he or she~~[they]~~[he or she]:

1. Is/Are~~[Is]~~ a member or retired member of the system in which he or she is/they are~~[he or she is]~~ seeking placement on the ballot;~~[,]~~~~[or is a retired member with the majority of his or her service in that system]~~;

2. Is/Are a member or a retired member of County Employees Retirement System if he or she is/they are seeking placement on the ballot for the County Employees Retirement System, and the agency verifies the majority of his or her[their]~~[his or her]~~ service was earned in that system in a:

a. Nonhazardous position if he or she is/they are seeking placement on the ballot for a trustee position under KRS 78.782(1)(a)(1); or

b. Hazardous position if he or she is/they are seeking placement on the ballot for a trustee position under KRS 78.782(1)(a)(2);

3.~~[2.]~~ Is/Are~~[Is]~~ not statutorily prohibited by virtue of term limits as established in KRS 61.645(3) and 78.782(3);

4.~~[3.]~~ Completes/Complete~~[Completes]~~ the requirements of paragraph (c) of this subsection;

5.~~[4.]~~ Passes/Pass~~[Passes]~~ the background check in accordance with subsection (4)(b) of this section;

6.~~[5.]~~ Is/Are~~[Is]~~ determined constitutionally compatible in accordance with subsection (4)(c) of this section;

7.~~[6.]~~ Is/Are~~[Is]~~ not a current or former employee of the agency, Kentucky Retirement Systems, or County Employees Retirement System, or is/are not otherwise prohibited from being placed~~[or the Board in which he or she is seeking placement]~~ on the ballot,~~[,]~~ pursuant to KRS 61.545(6)(c) or 78.782(6)(c); and

8.~~[7.]~~ Is/Are~~[Is]~~ not in violation of any provision of KRS 11A.020 or 11A.040 by a court of competent jurisdiction or any other statute.

(c) Each participant seeking to be a potential candidate shall file in accordance with~~[the notice indicated in]~~ paragraph (a) of this subsection:

1. A valid Application for Trustee;
2. A resume with cover letter;
3. A recent color photograph; and
4. An authorization for the agency to complete a background check.

(4)

(a) The agency shall review the filed documentation to ensure a potential candidate meets the requirements established in subsection (3)(b) of this section, and completed the requirements established in subsection (3)(c) of this section and KRS 61.645 and 78.782.

(b) A background check shall be completed for each potential candidate.

(c) If currently employed, the Kentucky Attorney General's Office shall review the potential candidate's employment to determine if it is constitutionally compatible with the trustee position in accordance with KRS 61.080, 61.645, 78.782, and the Kentucky Constitution Section 165. If the Kentucky Attorney General's Office indicates that the potential candidate's employment is not constitutionally compatible with the trustee position, the potential candidate shall be:

1. Excluded~~[Be excluded]~~ from placement on the ballot; or

2. Included[Be included] for possible placement on the ballot if he or she provides/they provide a written statement confirming his or her/their agreement[he or she agrees] to resign from his or her/their[his or her] current position if elected[, and provides a written statement as such].

#### Section 4. Nomination by the Board.

(1) The agency shall provide the respective Board of each system[system's Board] with a list of potential candidates who meet the requirements of Section 3(3) and (4) of this administrative regulation, and each of his or her/their[his or her] completed corresponding Applications for Trustee.

(2) The name of each candidate nominated by the respective Board within six (6) months prior to the end of a term of office shall be placed on the ballot.

#### Section 5. Petitions.

(1) To be included on the ballot by petition, the potential candidate shall file a valid petition no later than October 31 of the year preceding the election year[four (4) months from the end of the term of office set to expire].

(2) A valid petition is a petition that meets the requirements of:

- (a) [Meets the requirements of]Section 3(3) and (4) of this administrative regulation; and
- (b) KRS 61.645(4)(b) or 78.782(4)(b).

(3) Each petition shall be reviewed by the agency to verify that each signature belongs to a participant of the respective system.

(4) The name of each candidate who meets the requirements of this section shall be placed on the ballot.

#### Section 6. Default to electronic ballots.

(1) The agency shall notify each eligible voter that an electronic ballot shall be provided unless he or she requests/they request[he or she requests] a modification to the ballot type received in accordance with subsection (2) of this section.

(2)

(a) A request to modify the ballot type shall be received on or before November 30 of the year preceding the election year in order to be effective for the upcoming election. Modifications of the ballot type include changing from:

1. An[From an] electronic ballot to a paper ballot; and
2. A[From a] paper ballot to an electronic ballot.

(b) An eligible voter shall request a change in[change in] the type of ballot:

1. Through the Self-Service Web site;
2. Via phone by calling the agency and providing his or her/their agency-issued[his or her agency issued] personal identification number (PIN); or
3. By filing a signed written request.

(3) Once an eligible voter modifies the ballot type he or she receives/they receive[he or she receives], the eligible voter shall receive the specified ballot type until he or she requests/they request[he or she requests] a change in the ballot type in accordance with subsection (2) of this section.

#### Section 7. Ballot Preparation and Delivery.

(1) The agency or its third-party vendor shall prepare the official ballot within four (4) months of the nominations of the respective Board[no later than three (3) months prior to the expiration of the term of office]. The ballot shall:

- (a) Provide a unique voter identification number;
- (b) Provide details on how to vote[by telephone];

(c) Contain instructions defining what constitutes a valid vote; and  
(d) Indicate that any invalid vote shall not be counted.

(2) Ballots shall be provided to eligible voters~~[the eligible voter]~~ on or before January 28~~[20]~~ of the election year.

(a) The agency or its third-party vendor shall email electronic ballots to~~[For an electronic ballot,]~~ the email address on file unless the eligible voter:

1. Has requested a paper ballot, which shall be sent to~~[his or her]~~ last valid physical mailing address on file; or

2. Only has a valid physical mailing address on file to which a paper ballot shall be sent.~~[on or before December 31 of the year preceding the election year shall be used. If the eligible voter does not have a valid email address on file, the electronic ballot shall not be sent. If the agency discovered the invalid email address on or before one (1) week prior to the deadline to cast a valid vote, a paper ballot shall be mailed in accordance with paragraph (b) of this subsection.]~~

[(b)] ~~[For a paper ballot, the valid physical mailing address on file on or before December 31 of the year preceding the election year shall be used. If a returned paper ballot is received:]~~

[1.] ~~[With notification of a new mailing address from the United States Postal Service, the ballot will be mailed to the new address if the notification is received on or before one (1) week prior to the date the vote shall be cast; or]~~

[2.] ~~[With no notification of a new mailing address from the United States Postal Service on or before one (1) week prior to deadline to cast a valid vote, if the participant has a valid email address on file, an electronic ballot shall be sent in accordance with paragraph (a) of this subsection.]~~

(b) ~~[(c)] The ballot shall not be provided if there is no valid physical mailing address and no valid email address on file.~~

(3) The agency and its third-party vendor shall be held harmless for any incorrect email address or mailing address submitted by the participant or inadvertently entered by the agency or its third-party vendor.

## Section 8. Casting of Votes.

(1) In order to be accepted and counted as a valid vote pursuant to KRS 61.645:

(a) Electronic votes and votes by telephone shall be cast on or before March 1 of the election year;  
~~[and [For an electronic vote or vote by telephone to be accepted and counted as a valid vote, it shall be cast on or before the end of day on March 1 of the election year, except as provided in paragraph (b) of this subsection.]~~

(b) Paper votes~~[For paper voting, the vote]~~ shall be on a ballot postmarked to the required address by~~[the end of day on]~~ March 1 of the election year.

(2)

(a) For an electronic or paper ballot, the eligible voter shall:

1. Indicate the candidate or candidates of his or her~~[their]~~~~[his or her]~~ choice pursuant to KRS 61.645(4)(f) and 78.782(4)(f); or

2. Indicate a write-in option and add the name of an eligible participant as specified by the Board for which the vote is being cast.

(b) To cast a vote by electronic ballot, the eligible voter shall electronically sign the completed ballot on the Web site provided~~[to him or her]~~ and follow any other prompts.

(c) To cast a vote by paper ballot, the eligible voter shall sign the completed ballot and mail it to the address indicated on the paper ballot.

(3) To cast a vote by telephone, the eligible voter shall:

- (a) Call the number provided on the paper or electronic ballot;
- (b) Provide his or her[their]~~his or her~~ unique voter identification number;
- (c) Indicate the candidate or write-in candidate of his or her[their]~~his or her~~ choice verbally; and
- (d) Follow any other prompts.

(4) Each eligible voter shall cast only one (1) vote per open position in each applicable system and any subsequent vote received or submitted shall be invalid and not accepted.

#### Section 9. Review of Cast Votes.

- (1) The third-party vendor shall review each cast vote to determine[ascertain] whether it is a valid vote.
- (2)
  - (a) Invalid votes shall include ballots:
    - 1. Returned to the agency or third-party vendor for faulty or invalid physical mailing addresses or email addresses;
    - 2. Incorrectly returned or mailed to the street address of the agency or third-party vendor; or
    - 3. That do not comply with Section 8 of this administrative regulation.
  - (b) Invalid votes shall not be considered or counted. Once the final results are announced, the ballots from these invalid votes shall be shredded or otherwise electronically destroyed by the third-party vendor and a certificate shall be provided to the agency confirming the shredding or destruction of these ballots.

#### Section 10. Tabulation of Votes.

- (1) After totaling the valid votes, the third-party vendor shall certify the results of the election in writing to the Chair of the respective Board in care of the Chief Executive Officer. The certified results shall be provided to the agency on or before March 15 of the election year.
- (2) Once all valid votes have been counted and the results are final, the third-party vendor shall destroy all ballots, including ballots or data generated and stored from electronic or telephone votes, and provide a certificate confirming the destruction of the ballots or data to the agency.
- (3) The candidate or write-in candidate with the plurality of votes is[votes] elected to the vacant trustee position and shall begin his or her[their]~~his or her~~ term of office on April 1 of the election year.
- (4) The agency shall notify each balloted candidate~~and write-in candidate~~ of the outcome of the election.

#### Section 11. Board Vacancies.

- (1) The agency shall notify participants of the vacancy of an elected trustee during an unexpired term within thirty (30) days of the vacancy occurring. The notice shall detail the steps members or retired members shall take to become a potential candidate.
- (2) In order to be an eligible candidate for the trustee vacancy, a participant shall:
  - (a) Meet the requirements established in Section 3(3)(b) of this administrative regulation; and
  - (b) File the materials established in Section 3(3)(c) of this administrative regulation with the agency no later than sixty (60) days after the vacancy occurs.
- (3) The agency shall provide a list of eligible candidates to the applicable board for consideration and appointment by majority vote of the remaining elected trustees pursuant to KRS 61.645(5) or 78.782(5)(a).

#### Section 12. Incorporation by reference.

- (1) "Application for Trustee", March 2022, is incorporated by reference.

(2) This material may be inspected, copied, or obtained, subject to applicable copyright law, at the Kentucky Public Pensions Authority, 1260 Louisville Road, Frankfort, Kentucky 40601, Monday through Friday, 8 a.m. to 4:30 p.m. This material is also available on the agency's website**[Web-site]** at <https://kyret.ky.gov>.