

FINANCE AND ADMINISTRATION CABINET
Kentucky Public Pensions Authority
(Amendment)

105 KAR 1:001. Definitions for 105 KAR Chapter 1.

RELATES TO: KRS 16.505-16.652, 61.510-61.705, 78.510-78.852

STATUTORY AUTHORITY: KRS 61.505(1)(g)

NECESSITY, FUNCTION, AND CONFORMITY: KRS 61.505(1)(g) authorizes the Kentucky Public Pension Authority on behalf of the Kentucky Retirement Systems and the County Employees Retirement System to promulgate administrative regulations that are consistent with the provisions of KRS 16.505 to 16.652, 61.505, 61.510 to 61.705, and 78.510 to 78.852. This administrative regulation establishes definitions for 105 KAR Chapter 1.

Section 1. Definitions. The following definitions shall apply to 105 KAR Chapter 1 unless otherwise required by context or otherwise defined in a specific administrative regulation:

- (1) "AAC" means:
 - (a) Prior to April 1, 2021, the Administrative Appeals Committee of the Board of Trustees of the Kentucky Retirement Systems.
 - (b) Beginning April 1, 2021, the separate or joint Administrative Appeals Committees of the Board of Trustees of the Kentucky Retirement Systems and the Board of Trustees of the County Employees Retirement System in accordance with KRS 61.645(16) and 78.782(16).
- (2) "Accumulated account balance" is defined by KRS 16.505(40), 61.510(41), and 78.510(38).
- (3) "Accumulated contributions" is defined by KRS 16.505(7), 61.510(12), and 78.510(12).
- (4) "Accumulated employer credit" is defined by KRS 16.505(39), 61.510(40), and 78.510(37).
- (5) "Act in line of duty" or "in line of duty" is defined by KRS 16.505(19) and 78.510(48).
- (6) "Active member" means a member who is participating in the systems.
- (7) "Actuarial equivalent" is defined by KRS 16.505(13), 61.510(17), and 78.510(17).
- (8) "Agency" means:
 - (a) Prior to April 1, 2021, the Kentucky Retirement Systems, which administered the State Police Retirement System, the Kentucky Employees Retirement System, and the County Employees Retirement System; and
 - (b) Beginning April 1, 2021, the Kentucky Public Pensions Authority, which is authorized to carry out the day-to-day administrative needs of the Kentucky Retirement Systems (comprised of the State Police Retirement System and the Kentucky Employees Retirement System) and the County Employees Retirement System.
- (9) "Agency reporting official" is defined by KRS 78.510(20).
- (10) "Alternate payee" is defined by KRS 16.505(38), 61.510(39), and 78.510(36).
- (11) "Authorized leave of absence" is defined by KRS 16.505(14).
- (12) "Beneficiary" is defined by KRS 16.505(25), 61.510(26), and 78.510(25).
- (13) "Boards" means the Board of Trustees of the Kentucky Retirement Systems and the Board of Trustees of the County Employees Retirement System.
- (14) "Bona fide promotion or career advancement" is defined by KRS 61.598(1) and 78.545(22).
- (15) "Career threshold" is defined by KRS 61.702(4)(e).9.a. and 78.5536(4)(e)9.a.

- (16) "County" is defined by KRS 78.510(3).
- (17) "Creditable compensation" is defined by KRS 16.505(8), 61.510(13), and 78.510(13).
- (18) "Current rate of pay" is defined by KRS 16.505(24), 61.510(25), and 78.510(24).
- (19) "Current service" is defined by KRS 16.505(4), 61.510(10), and 78.510(10).
- (20) "DAC" means:
- (a) Prior to April 1, 2021, the Disability Appeals Committee of the Board of Trustees of the Kentucky Retirement Systems.
 - (b) Beginning April 1, 2021, the separate or joint Disability Appeals Committees of the Board of Trustees of the Kentucky Retirement Systems and the Board of Trustees of the County Employees Retirement System in accordance with KRS 61.665(4) and 78.545(11).
- (21) "Department" is defined by KRS 61.510(3).
- (22) "Dependent child" is defined by KRS 16.505(17) and 78.510(49).
- (23) "Disability retirement date" is defined by KRS 16.505(16), 61.590(5)(b), and 78.510(51).
- (24) "Duty-related injury" is defined by KRS 61.621(2) and 78.545(20).
- (25) "Early retirement date" is defined by KRS 16.505(20), 61.590(5)(c), and 78.545(4).
- (26) "Employee" is defined by KRS 61.510(5) and 78.510(6).
- (27) "Employer" is defined by KRS 16.505(3), 61.510(6), and 78.510(7).
- (28) "Employer's effective cessation date" is defined by KRS 61.522(1)(c) and 78.535(1)(c).
- (29) "End of day" means:
- (a) 11:59 p.m. Eastern Time, on the date referenced; and
 - (b) If the date referenced falls on a Saturday, Sunday, a public holiday listed in KRS 2.110, a day on which the retirement office is actually and legally closed, or any other state or federal holiday that disrupts mail service, then the time period shall be met if the application, documentation, form, notice, or other requested or required information is filed or submitted no later than 11:59 p.m. Eastern Time on the next business day following the weekend, holiday, or date of closure.
- (30) "Examiner" means the medical examiners as provided in KRS 61.665 and 78.545(11).
- (31) "File" means a form or document has been received at the retirement office by mail, fax, secure email, in-person delivery, or via Self Service on the Web site maintained by the agency (if available).
- (32) "Final compensation" is defined by KRS 16.505(9), 61.510(14), and 78.510(14).
- (33) "Final rate of pay" is defined by KRS 16.505(10), 61.510(15), and 78.510(15).
- (34) "Fiscal year" is defined by KRS 16.505(32), 61.510(19), and 78.510(19).
- (35) "Full-time student" means a person:
- (a) Enrolled in a postsecondary program of study that meets the full-time student requirements of the institution in which he or she is enrolled;
 - (b) Enrolled in a continuing education or training program that meets the full-time requirements of the program or institution in which he or she is enrolled; or
 - (c) Enrolled in high school or a GED program that meets the full-time student requirements of the program or institution in which he or she is enrolled.
- ~~(36)~~ ~~{(35)}~~ "Gainful employment" means work in any capacity that is, or may be, performed with regularity and is, or may be, usually done for pay, whether or not pay is received, including seasonal, volunteer, part-time, and on-call work.
- ~~(37)~~ ~~{(36)}~~ "Grandfathered service" is defined by KRS 61.552(9)(b) and 78.545(7).
- ~~(38)~~ ~~{(37)}~~ "Hazardous disability" is defined by KRS 16.505(23) and 78.510(47).
- ~~(39)~~ ~~{(38)}~~ "Hazardous position" means a regular full-time officer as defined by 16.505(22), or a "hazardous position" as defined by 61.592(1)(a), 78.510(42), and

78.5520(1).

~~(40)~~ "Hazardous service" means the number of years and months of employment as an employee in a hazardous position.

~~(41)~~ ~~{(39)}~~ "Hospital and medical insurance plan" is defined by KRS 61.702(1)(a) and 78.5536(1)(a).

~~(42)~~ ~~{(40)}~~ "In line of duty" or "act in line of duty" is defined by KRS 16.505(19) and 78.510(48).

~~(43)~~ ~~{(41)}~~ "Inactive member" means a member who is not participating in the system.

~~(44)~~ ~~{(42)}~~ "Increment" is defined by KRS 61.510(29) and 78.510(44).

~~(45)~~ ~~{(43)}~~ "Instructional staff" is defined by KRS 61.510(48).

~~(46)~~ ~~{(44)}~~ "Invalid," if used in reference to a form, means that the form does not meet the requirements to be valid, and shall not be processed by the agency.

~~(47)~~ ~~{(45)}~~ "Last day of paid employment" is defined by KRS 16.505(30), 61.510(32), and 78.510(45).

~~(48)~~ ~~{(46)}~~ "Level percentage of payroll amortization method" is defined by KRS 61.510(28) and 78.510(43).

~~(49)~~ ~~{(47)}~~ "Medical information" as used in KRS 61.610, 61.615, 61.665, 78.5526 and 78.5528:

- (a) Means reports of examinations or treatments; medical signs that are anatomical, physiological, or psychological abnormalities that can be observed; psychiatric signs that are medically demonstrable phenomena indicating specific abnormalities of behavior, affect, thought, memory, orientation, or contact with reality; or laboratory findings that are anatomical, physiological, or psychological phenomena that can be shown by medically acceptable laboratory diagnostic techniques, including chemical tests, electrocardiograms, electroencephalograms, X-rays, and psychological tests; and
- (b) Does not mean written statements from medical providers alone unless accompanied by supporting contemporaneous records as established in paragraph (a) of this subsection.

~~(50)~~ ~~{(48)}~~ "Member" is defined by KRS 16.505(21), 61.510(8), and 78.510(8).

~~(51)~~ ~~{(49)}~~ "Membership date" is defined by KRS 16.505(35), 61.510(36), and 78.510(33).

~~(52)~~ ~~{(50)}~~ "Month" is defined by KRS 16.505(34), 61.510(35), and 78.510(32).

~~(53)~~ ~~{(51)}~~ "Monthly average pay" is defined by KRS 16.505(41), 61.510(45), and 78.510(52).

~~(54)~~ ~~{(52)}~~ "Monthly contribution rate" means the maximum contribution the systems will pay toward the premium of a retired member based on:

(a) The amount determined by the boards as provided in KRS 61.702(1)(b), 61.702(4)(b)-(d), 78.5536(1)(b), and 78.5536(4)(b)-(d) for a retired member who began participating in the systems on or before June 30, 2003; or

(b) The amount per month earned by the retired member based on years of service as provided in KRS 61.702(4)(e) and 78.5536(4)(e) for a retired member who began participating in the systems on or after July 1, 2003. ~~{is defined by KRS 61.702(1)(b) and 78.5536(1)(b)}.~~

~~(55)~~ ~~{(53)}~~ "Nominal fee" is defined by KRS 61.510(43) and 78.510(40).

~~(56)~~ ~~{(54)}~~ "Non-core services independent contractor" is defined by KRS 61.5991(9).

~~(57)~~ ~~{(55)}~~ "Nonhazardous position" is defined by KRS 61.510(44) and 78.510(41).

~~(58)~~ "Nonparticipating position" means any position of employment with a participating employer other than a regular full-time position or a regular full-time officer position.

~~(59)~~ ~~{(56)}~~ "Normal retirement age" means the age at which the member meets the requirements for his or her normal retirement date.

~~(60)~~ ~~{(57)}~~ "Normal retirement date" is defined by KRS 16.505(15), 61.510(18), 61.590(5)(a), and 78.510(18).

- (61) ~~((58))~~ "Objective medical evidence" is defined by KRS 16.505(31), 61.510(33), and 78.510(46).
- (62) ~~((59))~~ "Officers and employees of the General Assembly" is defined by KRS 61.510(20).
- (63) ~~((60))~~ "Optional allowance" is defined by KRS 16.505(18).
- (64) ~~((61))~~ "Participant" is defined by KRS 16.505(36), 61.510(37), and 78.510(34).
- (65) ~~((62))~~ "Participating" is defined by KRS 16.505(33), 61.510(34), and 78.510(31).
- (66) ~~((63))~~ "Participating employer" means any employer that participates in one (1) of the systems operated by the agency.
- (67) "Participating position" means a regular full-time position, a regular full-time officer position, or other positions that meet the requirements of KRS 61.680(6)(a) and 78.545.
- (68) ~~((64))~~ "Participation date" means the earlier of "membership date" as defined in this section or the date on which the member began participating in another state-administered retirement system if the member has not retired or taken a refund from the other state-administered retirement system.
- (69) ~~((65))~~ "Past service" is defined by KRS 61.552(5)(a) and 78.545(7).
- (70) ~~((66))~~ "Person" means a natural person.
- (71) ~~((67))~~ "Premium" means the monthly dollar cost required to provide hospital and medical insurance plan coverage for a recipient, a recipient's spouse, or a disabled or dependent child.
- (72) ~~((68))~~ "Prior service" is defined by KRS 16.505(5), 61.510(11), and 78.510(11).
- (73) ~~((69))~~ "Provide," if used in reference to a form or other document, means the agency makes a form or document available on its Web site (if appropriate) or by mail, fax, secure email, or via Self Service on the Web site maintained by the agency (if available).
- (74) ~~((70))~~ "Qualified domestic relations order" is defined by KRS 16.505(37), 61.510(38), and 78.510(35).
- (75) ~~((71))~~ "Recipient" is defined by KRS 16.505(26), 61.510(27), and 78.510(26).
- (76) ~~((72))~~ "Reemployment" means the retired member's first date of employment with a participating employer following his or her most recent retirement date.
- (77) ~~((73))~~ "Regular full-time officers" is defined by KRS 16.505(22).
- (78) ~~((74))~~ "Regular full-time position" is defined by KRS 61.510(21) and 78.510(21).
- (79) ~~((75))~~ "Retired member" is defined by KRS 16.505(11), 61.510(24), and 78.510(23).
- (80) ~~((76))~~ "Retirement allowance" is defined by KRS 16.505(12), 61.510(16), and 78.510(16).
- (81) "Retirement date" means a member's effective retirement date as described in KRS 61.590(5) and 78.545(4).
- (82) ~~((77))~~ "Retirement office" is defined by KRS 16.505(28), 61.510(31), and 78.510(29).
- (83) ~~((78))~~ "School board" is defined by KRS 78.510(4).
- (84) ~~((79))~~ "School term or year" is defined by KRS 78.510(28).
- (85) "Self-Service Web site" means the secure Member Self-Service or Retiree Self-Service agency Web site.
- (86) ~~((80))~~ "Service" is defined by KRS 16.505(6), 61.510(9), and 78.510(9).
- (87) ~~((81))~~ "State" means the Commonwealth of Kentucky.
- (88) "State-administered retirement system" means the retirement systems with reciprocity as described in KRS 61.680.
- (89) "Submit" means the required form, documentation, report, or payment has been received by the retirement office via mail, fax, electronic mail, the Self-Service Web site, the Employer Self-Service Web site, or other mode specifically detailed in an administrative regulation.
- (90) ~~((82))~~ "Systems" means the State Police Retirement System (KRS 16.505 to 16.652), the Kentucky Employees Retirement System (KRS 61.510 to 61.705), and the County

Employees Retirement System (KRS 78.510 to 78.852).

~~(91)~~ ~~[(83)]~~ "Total and permanent disability" is defined by KRS 16.582(1)(a) and 78.5524(1)(a)1.

~~(92)~~ ~~[(84)]~~ "Valid," if used in reference to a form, means that all required sections of a form are filled out, the form has been fully executed by the required person or the person's legal representative, and all supporting documentation required by the form is included with the form.

~~(93)~~ ~~[(85)]~~ "Volunteer" is defined by KRS 61.510(42) and 78.510(39).

DAVID L. EAGER, Executive Director

APPROVED BY AGENCY: March 21, 2024

FILED WITH LRC: March 25, 2024 at 11:15 a.m.

PUBLIC HEARING AND COMMENT PERIOD: A public hearing to allow for public comment on this administrative regulation shall be held on Tuesday, June 25, 2024, at 10:00 a.m. Eastern Time at the Kentucky Public Pensions Authority (KPPA), 1270 Louisville Road, Frankfort, Kentucky 40601. Individuals interested in presenting a public comment at this hearing shall notify this agency in writing no later than five workdays prior to the hearing of their intent to attend. If no notification of intent to attend the hearing was received by that date, the hearing may be cancelled. A transcript of the public hearing will not be made unless a written request for a transcript is made.

CONTACT PERSON: Jessica Beaubien, Policy Specialist, Kentucky Public Pensions Authority, 1260 Louisville Road, Frankfort, Kentucky 40601, phone (502) 696-8800 ext. 8570, fax (502) 696-8615, email Legal.Non-Advocacy@kyret.ky.gov.

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Contact Person: Jessica Beaubien

(1) Provide a brief summary of:

(a) What this administrative regulation does:

This administrative regulation establishes definitions for Title 105 of the Kentucky Administrative Regulations.

(b) The necessity of this administrative regulation:

This administrative regulation is necessary to establish the definitions for Title 105 of the Kentucky Administrative Regulations.

(c) How this administrative regulation conforms to the content of the authorizing statutes:

This administrative regulation conforms to the authorizing statute by establishing definitions for Title 105 of the Kentucky Administrative Regulations, which contains administrative regulations for the Kentucky Public Pensions Authority and the systems for which it provides operations.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes:

This administrative regulation will assist in the effective administration of the statutes by establishing definitions for the administrative regulations in Title 105 of the Kentucky Administrative Regulations.

(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:

(a) How the amendment will change this existing administrative regulation:

This amendment adds several new definitions.

(b) The necessity of the amendment to this administrative regulation:

These additional definitions are needed to assist in the effective administration of statutes by establishing them as definitions for the administrative regulations in Title 105 of the Kentucky Administrative Regulations.

(c) How the amendment conforms to the content of the authorizing statutes:

This amendment conforms to the authorizing statute by adding definitions for Title 105 of the Kentucky Administrative Regulations, which contains administrative regulations for the Kentucky Public Pensions Authority and the systems for which it provides operations.

(d) How the amendment will assist in the effective administration of the statutes:

This amendment will assist in the effective administration of the statutes by adding definitions for the administrative regulations in Title 105 of the Kentucky Administrative Regulations.

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation:

This administrative regulation may affect over 420,000 members of the systems for which the Kentucky Public Pensions Authority provides operations as well as their spouses, dependent children, and beneficiaries. Additionally, this administrative regulation may affect 1,452 employers that participate in the State Police Retirement System, the Kentucky Employees Retirement System, and the County Employees Retirement System. Finally, this administrative regulation will affect the Kentucky

Public Pensions Authority and the three (3) systems for which it provides operations, the State Police Retirement System, the Kentucky Employees Retirement System, and the County Employees Retirement System.

(4) Provide an analysis of how the entities identified in question (3) will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:

(a) List the actions that each of the regulated entities identified in question (3) will have to take to comply with this administrative regulation or amendment:

None.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (3):

This regulation will not cost any additional funds.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (3):

This administrative regulation will assist all entities identified in question (3) with understanding the administrative regulations in Title 105 of the Kentucky Administrative Regulations. (5) Provide an estimate of how much it will cost to implement this administrative regulation:

(5) Provide an estimate of how much it will cost the administrative body to implement this administrative regulation:

(a) Initially:

None.

(b) On a continuing basis:

None.

(6) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation:

There is no funding needed.

(7) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment:

There is no increase in fees or funding required.

(8) State whether or not this administrative regulation establishes any fees or directly or indirectly increases any fees:

This administrative regulation does not establish any fees or directly or indirectly increase any fees.

(9) TIERING: Is tiering applied?

Tiering is not applied. All entities have the same requirements.

FISCAL IMPACT STATEMENT

(1) Identify each state statute, federal statute, or federal regulation that requires or authorizes the action taken by the administrative regulation.

KRS 61.505(1)(g)

(2) Identify the promulgating agency and any other affected state units, parts, or divisions:

The Kentucky Public Pensions Authority (KPPA) is the promulgating agency. The other affected state units are the employers that participate in the State Police Retirement System or the Kentucky Employees Retirement System.

(a) Estimate the following for the first year:

Expenditures:None.

Revenues:None.

Cost Savings:None.

(b) How will expenditures, revenues, or cost savings differ in subsequent years?

None.

(3) Identify affected local entities (for example: cities, counties, fire departments, school districts):

The employers that participate in the County Employees Retirement System may be impacted by this administrative regulation.

(a) Estimate the following for the first year:

Expenditures:None.

Revenues:None.

Cost Savings:None.

(b) How will expenditures, revenues, or cost savings differ in subsequent years?

None.

(4) Identify additional regulated entities not listed in questions (2) or (3):

None.

(a) Estimate the following for the first year:

Expenditures:None.

Revenues:None.

Cost Savings:None.

(b) How will expenditures, revenues, or cost savings differ in subsequent years?

None.

(5) Provide a narrative to explain the:

(a) Fiscal impact of this administrative regulation:

There is no fiscal impact for this administrative regulation.

(b) Methodology and resources used to determine the fiscal impact:

There is no fiscal impact for this administrative regulation.

(6) Explain:

(a) Whether this administrative regulation will have an overall negative or adverse major economic impact to the entities identified in questions (2) - (4). (\$500,000 or more, in aggregate)

This administrative regulation will not have a "major economic impact".

(b) The methodology and resources used to reach this conclusion:

There is no major economic impact for this administrative regulation.