

**FINANCE AND ADMINISTRATION CABINET**  
**Kentucky Teachers' Retirement System**  
**(Amendment)**

**102 KAR 1:350. Full actuarial cost purchase.**

RELATES TO: KRS 161.220(22), 161.440, 161.507, 161.515, 161.545, 161.5465, 161.547, 161.548, 161.549

STATUTORY AUTHORITY: KRS 161.310(1)

NECESSITY, FUNCTION, AND CONFORMITY: KRS 161.310 requires the Board of Trustees of the Teachers' Retirement System of the State of Kentucky (TRS) to promulgate all administrative regulations for the administration of the funds of the retirement system. KRS 161.507, 161.515, 161.545, 161.5465, 161.547, 161.548, and 161.549 permit members to purchase service credit. These purchases of service credit are purchasable at full actuarial cost as defined by KRS 161.220(22). This administrative regulation provides the interest rate to be accredited to members who make an advance payment for service credit at full actuarial cost prior to retirement and the method for paying the full actuarial cost of health insurance.

Section 1. Members who make an advance payment for service credit at full actuarial cost to their effective retirement date shall be accredited regular interest against their payment(s) at the rate provided for members under KRS 161.220(13). This interest, as assigned under KRS 161.440, shall be accredited at the time of retirement when the final full actuarial cost purchase amount is reconciled and shall be subject to adjustment to reflect the actuarial experience of the retirement system.

Section 2. Unless coverage is waived, the full actuarial cost for health insurance shall be paid by the member as follows:

(1) Members shall not be required to pay in advance any lump sum amount towards health insurance in making a full actuarial cost service purchase.

(2) Members who are not otherwise eligible to retire prior to making a full actuarial cost service purchase shall pay the full amount of the health insurance premium plus any amount required under KRS 161.675(4)(b) until the date is reached that they would have been eligible to retire the account under KRS 161.600 without the purchase. Upon reaching the date at which the retiree would have been eligible to retire the account under KRS 161.600 without the purchase, the retiree shall be entitled to the monthly health insurance benefit supplement approved by the board for each year based upon their years of service credit excluding the full actuarial cost service purchased. The retiree shall continue to pay monthly to the retirement system any amount required under KRS 161.675(4)(b) and any difference between the supplement as described in the previous sentence and the full cost of the monthly premium.

(3) Members who are eligible to retire the account under KRS 161.600 prior to making a full actuarial cost service purchase shall, upon retirement, be entitled to the monthly health insurance benefit supplement approved by the board for each year based upon their years of service credit, excluding the full actuarial cost service purchased. The retiree shall pay to the retirement system monthly any amount required under KRS 161.675(4)(b) and any difference between the supplement as described in the previous sentence and the full cost of the monthly premium.

*BRENDA MCGOWN, Chair*

APPROVED BY AGENCY: June 17, 2024  
FILED WITH LRC: July 12, 2024 at 3:30 p.m.

**PUBLIC HEARING AND COMMENT PERIOD:** A public hearing on this administrative regulation shall be held on 24 September 2024, at 9:00 a.m. at the Teachers' Retirement System of the State of Kentucky 479 Versailles Road, Frankfort, Kentucky. Individuals interested in being heard at this hearing shall notify this agency in writing five (5) working days 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. If you do not wish to be heard at the public hearing, you may submit written comments on the proposed administrative regulation. Written comments shall be accepted through 30 September 2024. Send written notification of intent to be heard at the public hearing or written comments on the proposed administrative regulation to the contact person.

**CONTACT PERSON:** Robert B. Barnes, Deputy Executive Secretary of Operations and General Counsel, Kentucky Teachers' Retirement System, 479 Versailles Road, Frankfort, Kentucky 40601, phone (502) 848-8508, fax (502) 573-0199, email [Beau.Barnes@trs.ky.gov](mailto:Beau.Barnes@trs.ky.gov).