

FINANCE AND ADMINISTRATION CABINET
Kentucky Public Pensions Authority
(Amendment)

105 KAR 1:160. Sick leave plans.

RELATES TO: KRS 61.546, 61.5525, 78.616, 161.155

STATUTORY AUTHORITY: KRS 61.505(1)(g)

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) authorizes the Kentucky Public Pensions Authority, on behalf of County Employees Retirement System and Kentucky Retirement Systems, to promulgate all administrative regulations necessary or proper in order to carry out the provisions of KRS 61.515 to 61.705, 16.510 to 16.652, and 78.520 to 78.852. KRS 61.546 provides for retirement service credit for unused sick leave for members of the Kentucky Employees Retirement System and the State Police Retirement System who began participating before January 1, 2014. KRS 78.616 provides for retirement service credit for unused sick leave for members of the County Employees Retirement System who began participating before January 1, 2014. This administrative regulation establishes the requirements for participation in the program by individual county agencies, calculation of the service credit, and payment of the employer's cost of the credit. This administrative regulation also establishes the formula for prorating sick leave if it is earned by a member partly under SPRS, partly under KRS hazardous duty coverage, and partly under the Kentucky Employees Retirement System nonhazardous coverage. This administrative regulation also establishes when service credit due to sick leave may be used to calculate health insurance payments under KRS 61.702 or 78.5536.

Section 1. Definitions.

- (1) "Alternate plan" means the sick leave program established in KRS 78.616(5).
- (2) "Standard plan" means the sick leave program established in KRS 61.546 or 78.616(1), (3) and (4).

Section 2. An employer participating in the County Employees Retirement System:

- (1) May provide a sick leave program under KRS 78.616 by adopting an order appropriate to the employer;
 - (a) Shall offer only one (1) sick leave program under KRS 78.616 to its employees;
 - (b) Shall certify to the agency that the program shall be universally administered;
 - (c) Shall pay all costs of the program; and
 - (d) Shall certify to the agency the number of hours that constitutes a regular working day for its employees.
- (2)
 - (a) If an employer participating in the County Employees Retirement System has no retirement sick leave program, it may choose the standard plan or it may choose the alternate plan.
 1. An employer adopting the standard plan may elect to purchase credit:
 - a. Only for the first six (6) months of accrued sick leave;
 - b. For the first six (6) months and to pay fifty (50) percent of the cost for service above six (6) months; or
 - c. For all accumulated sick leave.
 2. An employer which elects to pay only for the first six (6) months of accumulated sick leave may at a later date elect to pay fifty (50) percent or all of the cost of service above six (6) months. An employer which elects to pay for the first six (6)

months and fifty (50) percent of the cost for service above six (6) months, may at a later date elect to pay for all accrued sick leave.

3. If an employer adopted the standard plan prior to July 1988, it may choose to adopt the alternate plan.

4. Within thirty (30) days of adoption of a sick leave plan, the employer shall file at the agency a description of the employer's sick leave policy which shall specify:

- a. The maximum sick leave that may be accrued;
- b. Whether the policy applies to sick leave accrued prior to the adoption of the sick leave plan; and
- c. Whether the policy applies to current and former employees or only to employees who retire from the employer.

(b) Employers participating in the Kentucky Employees Retirement System or the State Police Retirement System shall provide sick leave credit for all accrued sick leave.

(c) Once a sick leave program is adopted, the employer shall continue to offer a sick leave program to its employees.

Section 3. If an employer adopts the standard plan, upon a member's retirement:

(1) Each employer participating in the Kentucky Employees Retirement System, County Employees Retirement System, or State Police Retirement System with which the member has accrued sick leave credit or to which their accrued sick leave transferred, shall certify the unused sick leave credit which the member has accrued on Sick Leave Authorization, Form 6500.

(2)

(a) The agency shall determine the number of days of credit and divide the number of days by twenty-one (21), the average number of working days in a month, unless the employer verifies an alternate number of average working days per month. If the remainder is equal to or greater than eleven (11), the member shall receive credit for an additional month. If an employee has an alternate work schedule, the employer shall verify an alternate number of average working days per month.

(b) For each employer participating in the Kentucky Employees Retirement System or County Employees Retirement System with which the member accrued sick leave credit, the cost of the credit, determined by utilizing the member's final compensation with the formula established in KRS 61.552(10)(a), shall be paid by the employer within thirty (30) days of notification by the agency.

(c) If the member accrued sick leave credit in the Kentucky Employees Retirement System, the last employer with which the member was employed shall pay the cost of sick leave credit. If the member has multiple last employers, the cost due from the last employers under this subsection shall be equally apportioned between them.

(3)

(a) If the total sick leave accrued at a County Employees Retirement System employer is greater than six (6) months and the employer does not pay for service greater than six (6) months, the employee may purchase some or all of the additional months by paying the cost, determined by utilizing the member's final compensation with the formula established in KRS 61.552(10)(a), to the agency before their termination, but no earlier than three (3) months from their effective retirement date.

(b) If the total sick leave accrued at a County Employees Retirement System employer is greater than six (6) months and the employer pays fifty (50) percent of the cost of additional months, the employee shall receive credit for all or some of the additional months if the employee pays fifty (50) percent of the cost determined by utilizing the member's final compensation with the formula established in KRS 61.552(10)(a), to

the agency before their termination, but no earlier than three (3) months from their effective retirement date, and the employer pays the remaining fifty (50) percent.

Section 4. Alternate Sick Leave Plans. An employer adopting the alternate plan shall also certify the maximum number of sick leave days that an employee may accumulate prior to termination.

(1) The employer shall compensate the member for all accrued sick leave up to the maximum allowed, upon termination. If the employee is a classified employee of a school board, the employer shall compensate the employee for accrued sick leave, upon the employee's retirement or death, pursuant to KRS 161.155. The rate of compensation for each day shall be based on the employee's current rate of pay.

(2) Each month, the employer shall withhold employer and employee contributions from the sick leave compensation of employees who terminate, and shall remit the contributions along with the Form 6501 for each employee. The forms and contributions deducted during the month shall be sent to the agency within ten (10) days following the end of the month. The contributions and compensation shall not be reported with the regular payroll.

(3) If the member has one (1) or more months of service credit as determined in Section 3 of this administrative regulation, the service shall be added to the member's total service credit.

(4) Compensation and service shall be included in the member's final compensation as established in this subsection.

(a) The member's sick leave credit expressed in months and the compensation for those months shall be included in the fiscal year with the highest average monthly salary used in their final compensation until the service credit in the fiscal year has reached twelve (12) months.

(b) When service credit in the fiscal year with the highest average monthly salary has reached twelve (12) months, the remaining months of service and compensation shall be included in the fiscal year with the lowest average monthly salary used in their final compensation until service credit in the fiscal year has reached twelve (12) months.

(c) When service credit in the two (2) fiscal years with the highest and lowest average monthly salary used in their final compensation has reached twelve (12) months, the remaining months and compensation shall be used in lieu of the member's service and salary in the fiscal year with the lowest average monthly salary of the member's final compensation. The salary replaced shall be the monthly average of the member's actual salary in the fiscal year.

Section 5. An employee who has service credit in the Kentucky Employees Retirement System as hazardous and nonhazardous, or who has service credit in both the Kentucky Employees Retirement System and the State Police Retirement System, shall have accrued sick leave prorated between the systems and between the hazardous and nonhazardous accounts based on the ratio of service in each account, including purchased service, and to the total service credit.

Section 6. Use of Sick Leave in Calculating Months of Service for Health Insurance Benefits.

(1) Unless otherwise prohibited by statute or this section, service credit attributable to sick leave shall be used to calculate health insurance benefits pursuant to KRS 61.702 or 71.5536 in the same manner as the credit is used to calculate eligibility for retirement benefits.

(2) Service credit attributable to sick leave shall not be used to determine whether a member with service in a:

- (a) Nonhazardous position meets the minimum service requirements of "career threshold" as defined by KRS 61.702(4)(e)9. or KRS 78.5536(4)(e)9.; and
 - (b) Hazardous position meets the minimum service requirements of "career threshold" as defined by KRS 61.702(4)(e)9. or 78.5536(4)(e)9. if the member began membership on or after September 1, 2008.
- (3) A member who otherwise qualifies for career threshold status shall have the service credit attributable to sick leave used to calculate any insurance contribution due pursuant to KRS 61.702(4)(e)6.b. or 78.5536(4)(e)6.b. for service as a participating employee beyond the career threshold.

Section 7. Incorporation by Reference.

- (1) The following material is incorporated by reference:
 - (a) Form 6500, "Sick Leave Authorization", KPPA, 1/2026; and
 - (b) Form 6501, "Alternate Sick Leave Authorization", KPPA, 1/2026.
- (2) This material may be inspected, copied, or obtained, subject to applicable copyright law, at Kentucky Public Pensions Authority, 1260 Louisville Road, Frankfort, Kentucky 40601, Monday through Friday, 8 a.m. to 4:30 p.m. or on the agency's website at kyret.ky.gov.

RYAN BARROW, Executive Director

APPROVED BY AGENCY: December 10, 2025

FILED WITH LRC: January 9, 2026 at 10:45 a.m.

PUBLIC HEARING AND COMMENT PERIOD: A public hearing on this administrative regulation shall be held on Monday, March 23, 2026 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 (5) workdays prior to the hearing of their intent to attend. If no notification of intent to attend the hearing is received by that date, the hearing may be canceled. This hearing is open to the public. Any person who wishes to be heard will be given an opportunity to comment on the proposed administrative regulation. 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 March 31, 2026 and shall receive the same consideration as verbal comments. Send written notification of intent to be heard at the public hearing, or written comments on the proposed administrative regulation, to the contact person. KPPA shall file a response with the Regulations Compiler to any public comments received, whether at the public comment hearing or in writing, via a Statement of Consideration no later than the 15th day of the month following the end of the public comment period, or upon filing a written request for extension, no later than the 15th day of the second month following the end of the public comment period.

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