

**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)~~[61.645(9)(c)]~~

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)(c)]~~ authorizes the ~~[Board of Trustees of]~~ Kentucky Public Pensions Authority, on behalf of County Employees Retirement System and Kentucky Retirement Systems,~~[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~~[described]~~ in KRS 78.616(5).

(2) "Standard plan" means the sick leave program established~~[described]~~ in KRS 61.546 or 78.616(1), (3) and (4).

Section 2. An employer~~[agency]~~ participating in the County Employees Retirement System;

(1) May ~~[may]~~ provide a sick leave program under KRS 78.616 by adopting an order appropriate to the employer~~[agency]~~;

(a) ~~[(1)]~~ Shall offer only ~~[Only]~~ one (1) sick leave program under KRS 78.616 to its employees~~[shall be offered to the employees of an agency]~~;

(b) ~~[(2)]~~ Shall ~~[The agency shall]~~ certify to the agency~~[retirement system]~~ that the program shall be universally administered;~~[-]~~

(c) ~~[(3)]~~ Shall ~~[The agency shall]~~ pay all costs of the program; and~~[-]~~

(d) ~~[(4)]~~ Shall ~~[The agency shall]~~ certify to the agency~~[retirement system]~~ the number of hours that constitutes a regular working day for its employees~~[of the agency]~~.

(2) ~~[(5)]~~

(a) If an employer~~[agency]~~ 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~~[agency]~~ adopting the standard plan may elect to purchase credit:

a. Only ~~[To purchase credit only]~~ for the first six (6) months of accrued sick leave;

b. For ~~[To purchase credit for]~~ the first six (6) months and to pay fifty (50) percent of the cost for service above six (6) months; or

c. For ~~[To purchase credit for]~~ all accumulated sick leave.

2. An employer[agency] 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[agency] 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[the agency] 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[agency] shall file at the agency[retirement office] a description of the employer's[agency'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[agency].

(b) Employers [Agencies] 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[agency] shall continue to offer a sick leave program to its employees.

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

(1) Each employer[agency] 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[his] 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[retirement system] 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[agency] 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[agency] shall verify an alternate number of average working days per month.

(b) For each employer[agency] 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[described] in KRS 61.552(10)(a)[61.5525], shall be paid by the employer[agency] within thirty (30) days of notification by the agency[retirement system].

(c) If the member accrued sick leave credit in the Kentucky Employees Retirement System, the last employer[agency] with which the member was employed shall pay the cost of sick leave credit [in excess of six (6) months, if any]. 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[agency] is greater than six (6) months and the employer[agency] 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[described] in KRS 61.552(10)(a)[61.5525],

to the agency[retirement system] before their[his] termination, but no earlier than three (3) months from their[his] effective retirement date.

(b) If the total sick leave accrued at a County Employees Retirement System employer[agency] is greater than six (6) months and the employer[agency] 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[described] in KRS 61.552(10)(a)[61.5525], to the agency[retirement system] before their[his] termination, but no earlier than three (3) months from their[his] effective retirement date, and the employer pays the remaining fifty (50) percent.

Section 4. Alternate Sick Leave Plans. An employer[agency] 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[agency] 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[agency] 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[agency] 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[retirement office] 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.[follows:]

(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[his] 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[his] 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[his] final compensation has[have] 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[members] 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~~[11/00]~~; and

(b) Form 6501, "Alternate Sick Leave Authorization", KPPA, 1/2026~~[11/00]~~.

(2) This material may be inspected, copied, or obtained, subject to applicable copyright law, at Kentucky Public Pensions Authority~~[Retirement Systems, Perimeter Park West]~~, 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](http://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.

CONTACT PERSON: Carole J. Catalfo, Policy Specialist, Kentucky Public Pensions Authority, 1260 Louisville Road, Frankfort, Kentucky 40601, Phone (502) 696-8679, Fax

(502) 696-8615, Email: [Legal.Non-Advocacy@kyret.ky.gov](mailto:Legal.Non-Advocacy@kyret.ky.gov)

## REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

**Contact Person:**Carole J. Catalfo

**Subject Headings:**Boards and Commissions, Health Benefit Plans, Retirements and Pensions, State Employee Health Plans, State Employees, State Police

**(1) Provide a brief summary of:**

**(a) What this administrative regulation does:**

This administrative regulation establishes the requirements for participation in the program by individual county agencies, calculation of service credit, and payment of the employer's cost of the credit; it also establishes the formula for prorating sick leave if it is earned by a member partly under SPRS, partly under KERS hazardous duty coverage, and partly under the KERS nonhazardous coverage; and it establishes the formula for use of sick leave in calculating months of service for health insurance benefits.

**(b) The necessity of this administrative regulation:**

This administrative regulation is necessary to establish the requirements for participation in the program by individual county agencies, calculation of service credit, and payment of the employer's cost of the credit; to establish the formula for prorating sick leave if it is earned by a member partly under SPRS, partly under KERS hazardous duty coverage, and partly under the KERS nonhazardous coverage; and the formula for use of sick leave in calculating months of service for health insurance benefits.

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

KRS 61.505(1)(g) authorizes the Board of Trustees of Kentucky Public Pensions Authority to promulgate all administrative regulations necessary or proper in order to carry out the provisions of KRS 61.515 to 61.705, and 16.510 to 16.652. 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, and the formula for use of sick leave in calculating months of service for health insurance benefits.

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

This administrative regulation assists in the effective administration of the statutes by establishing the requirements for participation in the program by individual county agencies, calculation of service credit, and payment of the employer's cost of the credit; establishing the formula for prorating sick leave if it is earned by a member partly under SPRS, partly under KERS hazardous duty coverage, and partly under the KERS nonhazardous coverage; and the formula for using sick leave to calculate months of service for health insurance benefits.

**(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:**

The amendment to this administrative regulation updates statutory references and materials incorporated by reference, aligns language with KRS Chapter 13A drafting requirements, clarifies retirement service credit for unused sick leave for members who started participating prior to January 1, 2014, and establishes the formula for the use of sick leave to calculate months of service for health insurance benefits.

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

The amendment to this administrative regulation is necessary to update statutory references and materials incorporated by reference, align language with KRS Chapter 13A drafting requirements, clarify retirement service credit for unused sick leave for members who started participating prior to January 1, 2014, and establish the formula for the use of sick leave to calculate months of service for health insurance benefits.

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

KRS 61.505(1)(g) authorizes the Board of Trustees of Kentucky Public Pensions Authority to promulgate all administrative regulations necessary or proper in order to carry out the provisions of KRS 61.515 to 61.705, and 16.510 to 16.652. 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, and the formula for use of sick leave in calculating months of service for health insurance benefits.

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

The amendment to this administrative regulation will assist in the effective administration of the statutes by updating statutory references and materials incorporated by reference, aligning language with KRS Chapter 13A drafting requirements, clarifying retirement service credit for unused sick leave for members who started participating prior to January 1, 2014, and establishing the formula for the use of sick leave to calculate months of service for health insurance benefits.

**(3) Does this administrative regulation or amendment implement legislation from the previous five years? {If yes, provide the year of the legislation and either the bill number or Ky Acts chapter number being implemented.)** KRS 61.505 - Amended 2024 Ky. Acts ch. 55, sec. 1, effective July 15, 2024. -- Amended 2023 Ky. Acts ch. 28, sec. 1, effective June 29, 2023. -- Amended 2022 Ky. Acts ch. 216, sec. 2, effective April 14, 2022. -- Amended 2021 Ky. Acts ch. 102, sec. 76, effective April 1, 2021. -- Created 2020 Ky. Acts ch. 79, sec. 2, effective April 1, 2021. KRS 61.546 - Repealed, reenacted, and amended 2024 Ky. Acts ch. 55, sec. 7, effective July 15, 2024. KRS 61.702 - Repealed and reenacted with all new language in 2021 Ky. Acts ch. 102, sec. 73 and amended in 2021 Ky. Acts ch. 106, sec. 4. KRS 78.5536 - Amended 2025 Ky. Acts ch. 37, sec. 1, effective June 27, 2025. -- Amended 2024 Ky. Acts ch. 55, sec. 22,

effective July 15, 2024. -- Amended 2022 Ky. Acts ch. 152, sec. 3, effective July 14, 2022; and ch. 216, sec. 23, effective April 14, 2022. -- Created 2021 Ky. Acts ch. 102, sec. 14, effective April 1, 2021. KRS 78.616 - Amended 2021 Ky. Acts ch. 102, sec. 23, effective April 1, 2021.

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

There are approximately 433,461 participants in the Kentucky Employees Retirement System, the State Police Retirement System, and the County Employees Retirement System.

**(5) Provide an analysis of how the entities identified in question (4) 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 (4) will have to take to comply with this administrative regulation or amendment:**

The regulated community will not need to take any additional actions and will be minimally impacted because the administrative regulation is already being implemented as written.

**(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (4):**

There will be no additional costs to comply with the amendment.

**(c) As a result of compliance, what benefits will accrue to the entities identified in question (4):**

The regulated community will benefit from updated statutory references and materials incorporated by reference, language that aligns with KRS Chapter 13A drafting requirements, clarified retirement service credit for unused sick leave for members who started participating prior to January 1, 2014, and a formula for the use of sick leave to calculate months of service for health insurance benefits.

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

**(a) Initially:**

There will be no additional costs because the regulation is already being implemented as written.

**(b) On a continuing basis:**

There will be no additional costs because the regulation is already being implemented as written.

**(7) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation or this amendment:**

Administrative expenses of the Kentucky Public Pensions Authority are paid from the Retirement Allowance Account (trust and agency funds).

**(8) 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:**

No, an increase in fees or funding will not be necessary.

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

No, this administrative regulation does not establish any fees or directly or indirectly increase any fees.

**(10) TIERING: Is tiering applied?**

Yes, tiering is applied to the extent that this administrative regulation applies to members who began participating in a state-administered retirement system before January 1, 2014.

## 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), 61.546, 78.616

**(2) State whether this administrative regulation is expressly authorized by an act of the General Assembly, and if so, identify the act:**

KRS 61.505(1)(g), 61.546, 78.616

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

The promulgating agency is the Kentucky Public Pensions Authority. There are no other affected state units, parts, or divisions. (b) Estimate the following for each affected state unit, part, or division identified in (3)(a):

**(b) Estimate the following for each affected state unit, part, or division identified in (3)(a):**

**1. Expenditures:**

For the first year:None.

For subsequent years:None.

**2. Revenues:**

For the first year:None.

For subsequent years:None.

**3. Cost Savings:**

For the first year:None.

For subsequent years:None.

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

There are no affected local entities.

**(b) Estimate the following for each affected local entity identified in (4)(a):**

**1. Expenditures:**

For the first year:None.

For subsequent years:None.

**2. Revenues:**

For the first year:None.

For subsequent years:None.

**3. Cost Savings:**

For the first year:None.

For subsequent years:None.

**(5)(a) Identify any affected regulated entities not listed in (3)(a) or (4)(a):**

There are no additional affected regulated entities.

**(b) Estimate the following for each regulated entity identified in (5)(a):**

**1. Expenditures:**

**For the first year:None.**

**For subsequent years:None.**

**2. Revenues:**

**For the first year:None.**

**For subsequent years:None.**

**3. Cost Savings:**

**For the first year:None.**

**For subsequent years:None.**

**(6) Provide a narrative to explain the following for each entity identified in (3)(a), (4)(a), and (5)(a)**

**(a) Fiscal impact of this administrative regulation:**

This administrative regulation has minimal fiscal impact. It is already being implemented as written.

**(b) Methodology and resources used to reach this conclusion:**

The agency analyzed its costs and procedures for calculating and administering retirement service credit and health benefits for unused sick leave, and prorating sick leave when earned under different systems and classifications.

**(7) Explain, as it relates to the entities identified in (3)(a), (4)(a), and (5)(a):**

**(a) Whether this administrative regulation will have a "major economic impact", as defined by KRS 13A.010(14):**

No, this administrative regulation will not have a major economic impact as defined by KRS 13A.010(14).

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

The agency analyzed its costs and procedures for calculating and administering retirement service credit and health benefits for unused sick leave, and prorating sick leave when earned under different systems and classifications.