

FINANCE AND ADMINISTRATION CABINET
Kentucky Public Pensions Authority
(Amendment)

105 KAR 1:330. Purchase of service credit.

RELATES TO: KRS 16.545,16.645, 61.505, 61.543, 61.552, 61.592, 78.5520, 61.685, 78.545, 78.610, 26 U.S.C. 415

STATUTORY AUTHORITY: KRS ~~61.545(2)(e)~~, 61.505(1)(f) and (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)(f) and (1)(g) and 61.645(2)(e) authorize~~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 and necessary or proper to carry out the provisions of KRS 16.505 to 16.652, 61.510 to 61.705, and 78.510~~[[20]]~~ to 78.852. KRS 16.545,16.645, 61.543, 61.552, 61.592, 78.5520, 61.685, 78.545, and 78.610 provide for purchasing service credit and out-of-state service credit for Kentucky Employees Retirement Systems members. KRS 16.645(19) and 78.545(7) provide that purchase of service credit for members of the State Police Retirement System and County Employees Retirement System, respectively, shall be administered in the same manner subject to the same limitations and requirements as provided for the Kentucky Employees Retirement System. 26 U.S.C. 415 establishes federal requirements regarding purchases of service credit. This administrative regulation establishes the requirements and forms for eligibility and purchase of~~documentation required from the employee or person as proof of eligibility for purchasing~~ service credit, and the filing deadlines on which the cost calculation will be made~~, and the procedures for purchase of service credit~~.

Section 1. ~~Definitions.~~

~~[(1)] Unless otherwise defined in this section, the definitions contained in KRS 16.505, 61.510, and 78.510 shall apply to this administrative regulation.~~

~~[(2)] Prior to April 1, 2021, "agency" means the Kentucky Retirement Systems, which administers the State Police Retirement System, the Kentucky Employees Retirement System, and the County Employees Retirement System. Effective April 1, 2021, "agency" means the Kentucky Public Pension 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.~~

~~[(3)] "File" means delivering or submitting a form to the retirement office by mail, fax, secure email, in-person delivery, or upload via Self Service on the Web site maintained by the agency (if available). A form shall not be deemed filed until it has been received at the retirement office.~~

~~[(4)] "Provide" means the agency makes a form or document available to a member, retired member, or person by mail, fax, secure email, or upload via Self Service on the Web site maintained by the agency (if available).~~

~~[(5)] "Systems" means the State Police Retirement System, the Kentucky Employees Retirement System, and the County Employees Retirement System.~~

~~[(6)] "Valid" means that all required sections on a form are completed and all required signatures on a form are executed.~~

~~Section 2.] Cost Calculation Date for Determining the Cost of the Service Purchase.~~

(1) The cost calculation date for determining the cost of the service to be purchased shall be the later of the last day of the month:

- (a) In ~~the last day of the month in~~ which the request for the cost of the service is filed at the agency~~retirement office~~;
- (b) The ~~last day of the month the~~ employee or person designates as the intended purchase date;
- (c) In ~~the last day of the month in~~ which documentation of the service is filed at the agency~~retirement office~~;
- (d) In ~~the last day of the month in~~ which the employee attains sufficient service credit to be eligible to make the purchase; or
- (e) In ~~the last day of the month in~~ which the employee terminates employment if the employee files a completed Form 4172, Notice of Intent to Transfer Lump Sum Payment(s) to Qualified Employer Sponsored Plan, at the agency~~retirement office~~ indicating that the employee intends to defer the employee's lump sum payment for accrued compensatory and annual leave to be paid to the employee at termination to the Kentucky Public Employees Deferred Compensation Authority or other qualified employer sponsored plan. The employee shall then rollover the funds from the Kentucky Public Employees Deferred Compensation Authority or other qualified employer sponsored plan to the agency as payment, in whole or in part, for the employee's service purchase.
- (2)
- (a) The purchase deadline date shall be the later of the end of the day as defined by 105 KAR 1:001 on the cost calculation date or thirty (30) days from the date the purchase cost is provided to the employee~~, unless day thirty (30) is a Saturday, Sunday, a public holiday listed in KRS 2.110, a day on which the public office is actually and legally closed, or any other federal or state holiday that disrupts mail service, then the purchase deadline date shall be the next business day~~.
- (b) Upon discovery of a delay in providing the purchase cost to the employee or person, the agency may extend the purchase deadline date in paragraph (a).
- (3) An employee or person shall not make a new request for cost calculation for purchase of service previously requested until the purchase deadline date has passed.
- (4) Payment for purchase of service credit shall be filed at the agency~~retirement office~~ while the employee is participating in an eligible retirement system and prior to the employee's termination date, except if the:
- (a) Purchase ~~if the purchase~~ of service credit is made pursuant to KRS 61.552(2)(a)~~under KRS 61.552(2)~~;
- (b) Employee ~~if the employee~~ files a Form 4170, Direct Transfer/Rollover Authorization Form, at the agency~~retirement office~~ while the employee is participating in an eligible retirement system and prior to the employee's termination date, and so long as the financial institution completes the transfer or rollover within sixty (60) days of the payment due date, the payment for purchase of service credit by transfer or rollover may occur when the employee is no longer participating in an eligible retirement system and after the employee's termination date; or
- (c) Agency ~~if the agency~~ discovers an error or omission in the service purchase cost the~~:~~
- Agency ~~then the agency~~ may provide corrected costs to the employee, person, member, or retired member; and~~;~~
 - Employee ~~to have the service purchase credited to his or her account, the employee~~, person, member, or retired member shall pay any additional amount due for the corrected costs to have the service purchase credited to their account.
- (5) If the employee elects to purchase only a portion of the service for which they ~~have he or she has~~ requested a cost calculation, the employee shall be required to obtain a new cost calculation for the remaining service unless the remaining service is service pursuant to~~under~~ KRS 61.552(2) or (3).

Section 2. ~~[Section 3.]~~ General Requirements to Purchase Service.

- (1) The employee or person shall file at the agency~~[retirement office]~~ all documentation necessary for the agency to determine that the service meets the eligibility requirements for purchase of service.
- (2) The agency may require that any statement, letter, form, or other document required by ~~it~~ this administrative regulation be notarized, made under oath as defined in KRS 523.010, or both.
- (3) An employee or person shall not certify their~~[his or her]~~ own service on any of the statements, letters, forms, or other documents required by this administrative regulation.
- (4)
 - (a) The agency shall determine how much service is eligible for purchase by statute and shall notify the employee or person in writing of the cost of the service that qualifies for purchase.
 - (b) If the agency determines that the service is not eligible for purchase, it shall notify the employee or person in writing of the reasons.

Section 3. ~~[Section 4.]~~ Purchase of Omitted Service.

- (1)
 - (a) To purchase omitted service pursuant to KRS 61.552(2) and 78.545, the employee or person shall file at the agency~~[retirement office]~~ a valid Form 4225, Verification of Past Employment.
 - (b) If the employee or person is seeking to purchase omitted service based on employment with the Executive Branch, copies of personnel and wage records provided by the employer may~~[shall]~~ be filed at the agency~~[retirement office]~~ instead of Form 4225~~[, Verification of Past Employment]~~.
 - (c) The agency may determine eligibility to purchase omitted service based on records submitted pursuant to KRS 61.675, 78.625, or 105 KAR 1:130 without an application by the employee.
- (2) If the agency determines that the employer records~~[submitted on Form 4225, Verification of Past Employment, or the personnel and wage records from the Executive Branch employer]~~ are not sufficient, the agency may require the employee or person to supplement the employer records with copies of check stubs, W-2 forms, personnel action forms, or payroll records in the employee's or person's possession.
- (3) If the employee or person does not have additional documentation of the service, the employee or person may file at the agency~~[retirement]~~ office a report of detailed earnings from the Social Security Administration for the period of service, along with two (2) Form 4160s, Affidavit and Certification for Documentation of Service completed by persons who earned, or were eligible for, service for the same period in a state-administered~~[state administered]~~ retirement system with the same employer. Each affiant shall detail the employee's or person's employment status and length of service.

Section 4. ~~[Section 5.]~~ Purchase of School Board Service. For service with a school board, the employee shall file at the agency~~[retirement office]~~ a valid Form 4225, Verification of Past Employment.

Section 5. ~~[Section 6.]~~ Vested Service Purchases.

- (1) In order to purchase service credit pursuant to this section, a member shall be:
 - (a) Participating in one of the retirement systems administered by the Kentucky Public Pensions Authority; and
 - (b) Vested as defined by KRS 16.505(29), 61.510(22), or 78.510(30).
- (2)
 - (a) ~~[(1)]~~

~~{(a)}~~ To purchase service credit for active duty service in the Armed Forces of the United States pursuant to KRS 61.552(5)(d) and 78.545, the employee shall file at the ~~agency, retirement office~~ a copy of the federal form DD-214 or other official military documents clearly indicating the:

1. Date ~~{The date}~~ of entry into active duty service;
2. Date ~~{The date}~~ of discharge from active duty service; and
3. Type ~~{The type}~~ of discharge.

(b) To purchase service credit for service in the National Guard or the military reserve forces pursuant to KRS 61.552(5)(e) and 78.545, including periods of active duty training, ~~for for service in the National Guard,~~ the employee shall file at the ~~agency, retirement office~~ copies of official military documents clearly indicating the date of entry and current participation or date of discharge.

(c) The documents required ~~by~~ ~~in~~ paragraphs (a) or (b) of this subsection shall be verified by a statement or letter signed by an authorized employee of the military.

(d) The agency shall verify with the employer the beginning and ending dates of the period of leave associated with active duty service in the Armed Forces of the United States, or service in the National Guard~~,~~ ~~or~~ ~~service in~~ the military reserve forces.

~~{(2)}~~

(a) To purchase service for a period when the employee was on educational, maternity, or sick leave without pay pursuant to KRS 61.552(5)(i) and 78.545, the employee shall file at the ~~agency, retirement office~~ a statement or letter from the reporting official, personnel director, or agency head certifying the beginning and ending dates of ~~the period of leave~~ and the type of leave designated by the employer.

(b) The agency shall verify with the employer the beginning and ending dates of ~~the period of~~ educational, maternity, or sick leave without pay.

~~{(3)}~~ To purchase state university service pursuant to KRS 61.552(5)(b) and 78.545, the employee shall file at the ~~agency, retirement office~~ a valid Form 4120, Verification of Employment with a State University.

~~{(4)}~~ To purchase federal service pursuant to KRS 61.552(5)(f) and 78.545, the employee shall file at the ~~agency, retirement office~~ a valid Form 4115, Federal Verification.

~~{(5)}~~

(a) To purchase past seasonal, emergency, interim, probationary, temporary, or part-time employment that averages the required hours of work per month pursuant to KRS 61.552(5)(g) and 78.545, the employee shall file at the ~~agency, retirement office~~ a valid Form 4225, Verification of Past Employment.

(b) If the employee is seeking to purchase service based on past seasonal, emergency, interim, probationary, temporary, or part-time employment with the Executive Branch, documentation to be filed at the agency shall include:

1. Copies ~~{copies}~~ of personnel and wage records provided by the employer;
2. A Form 4225; or
3. Other documentation the agency deems necessary to confirm the employment that the service purchase is being based on ~~{shall be filed at the retirement office instead of Form 4225, Verification of Past Employment}~~.

~~{(6)}~~ To purchase service with a non-participating agency whose service is authorized pursuant to KRS 61.552(5)(j) and 78.545, the employee shall file at the ~~agency, retirement office the following documentation and may be required to file additional information, if necessary for determination~~:

(a) The beginning and ending dates of the service and any breaks that may have occurred during the service, listed by fiscal year;

(b) The number of calendar months worked;

- (c) The position title and status, including full-time, part-time, probationary, emergency, seasonal, temporary, or interim;~~and~~
- (d) If the employee participated in a retirement plan, and if so, if the:
1. Plan ~~[plan]~~ was a defined contribution or defined benefit plan;~~and~~
 2. Employee ~~[if the employee]~~ has taken a refund of contributions to the plan; and
- (e) Any other documentation the agency deems necessary to determine eligibility.
- (8) ~~[(7)]~~ To purchase urban-county government service pursuant to KRS 61.552(5)(k) and 78.545, the employee shall file at the agency~~[retirement office]~~ a valid Form 4131, Verification of Urban-County Government Service.
- (9) ~~[(8)]~~ Out-of-State Service Credit.
- (a) To purchase service credit for any out-of-state public service pursuant to KRS 61.552(5)(c) and 78.545, the employee shall file at the agency~~[retirement office]~~ a valid Form 4140, Verification of Out-of-State Service.
- (b) To purchase nonhazardous out-of-state service credit pursuant to KRS 61.552(5)(c), a member shall:
1. Have been employed in a regular, full-time position;
 2. Have earned the out-of-state service credit in a state or local defined benefit plan other than a plan for teachers; and
 3. Provide documentation or other evidence that they are not eligible for a retirement benefit from the out-of-state plan for the same period of service.
- (c) ~~[(b)]~~ To purchase out-of-state service credit for a hazardous duty position, the employee shall:~~also~~
1. File ~~[file]~~ at the agency a Form 4140 and~~[retirement office]~~ a copy of the description of the duties of the out-of-state position from their~~[his or her]~~ former out-of-state employer;~~and~~
 2. Meet the eligibility requirements established in subsection (9)(b) of this section;
 3. Be vested in any system in which the member has a hazardous service account based solely upon service in that system; and
 4. Have been employed in an out-of-state
- ~~[(e)]~~ ~~[Out-of-state service credit shall be eligible for purchase as hazardous duty if the position that is the same as or substantially similar to positions for which hazardous duty credit has been approved pursuant to, and meets the definition of a hazardous position as established in, under] KRS 61.592 or 78.5522.~~
- (d) Nonhazardous service may not be used to meet the vesting requirement for a hazardous service credit purchase.

Section 6. ~~[Section 7.]~~ Service Purchase Calculations Based on Actuarial Cost.

- (1) Except for employees of a school board paid under an employment contract, for a purchase based on the actuarial cost, in accordance with KRS 61.552(10)(a) and 78.545, the higher of the current rate of pay, final rate of pay, or final compensation times the actuarial age factor shall be~~determined as follows~~:
- (a) Current rate of pay shall be~~determined as follows~~:
1. For an hourly employee paid on a seven and one-half (7 1/2) hour day, the hourly rate times 1,950;
 2. For an hourly employee paid on an eight (8) hour day, the hourly rate times 2,080;
 3. For an employee paid by the day, the daily rate times 260;
 4. For an employee paid by the week, the weekly rate times fifty-two (52);
 5. For an employee paid by the month, the monthly rate times twelve (12);
 6. For a part-time employee who averages 100 or more hours per month, the hourly rate times hours per day times 260. If the number of hours worked per day is not fixed by the employer, seven and one-half (7 1/2) hours shall be used;

7. For an employee who receives a fixed amount in addition to an hourly, daily, weekly, monthly, or annual rate, the current rate shall include all fixed amounts, averaged into the same period;

8. For an employee simultaneously employed in more than one (1) of the systems, the higher of the combined current rate of pay, combined final rate of pay, or combined final compensation shall be used as of the cost calculation date.

(b) Final compensation shall be determined as of the cost calculation date, except that if the agency provides or corrects a cost calculation for a retired member, final compensation shall be based on the definition of final compensation as established in 105 KAR 1:001 in effect on their retirement date. To determine final compensation in effect for the cost calculation or correction for a retired member, the agency shall use~~the final compensation of nonhazardous members of the County Employees Retirement System or Kentucky Employees Retirement System with an effective retirement date within the window provided in KRS 61.510(14)(b) and 78.510(14)(b) shall be based on the three (3) fiscal years with the highest average monthly earnings if the sum of the employee's service when added to his age would equal at least seventy-five (75), assuming~~ the employee's actual service, including~~includes~~:

1. All service~~remaining on an active installment purchase agreement;~~
~~[2.] [All service]~~ which the employee purchased pursuant to~~is eligible to purchase under~~ KRS 61.552(2), 61.552(3), and 78.545; and

2. The employee's age at retirement

~~[3.] [All service the employee would accrue if employment continued through December 31, 2008.]~~

~~(c) [The employee's age rounded to the nearest year as of the cost calculation date shall be used].~~

~~(c) [(d)]~~ The benefit factor used to determine the actuarial cost, in accordance with KRS 61.552(10)(a) and 78.545, shall be the benefit factor to which the employee is entitled on the first day of the month following the cost calculation date, except that the benefit factor for nonhazardous employees of the County Employees Retirement System and the Kentucky Employees Retirement System with an effective retirement date within the window established~~provided~~ in KRS 61.510(14)(b) and 78.510(14)(b) shall be the highest benefit factor to which the employee would be entitled, assuming total service as determined in paragraph (b) of this subsection.

(2) For employees of a school board paid under an employment contract, for a purchase based on the actuarial cost, in accordance with KRS 61.552(10)(a) and 78.545, the higher of the current rate of pay, final rate of pay, or final compensation times the actuarial age factor shall be~~determined as follows~~:

(a) The current rate of pay shall be equal to the final compensation as of the cost calculation date.

(b) Final compensation shall be determined as of the cost calculation date, except that the final compensation of nonhazardous members of the County Employees Retirement System or Kentucky Employees Retirement System with an effective retirement date within the window established~~provided~~ in KRS 61.510(14)(b) and 78.510(14)(b) shall be based on the three (3) fiscal years with the highest average monthly earnings if the sum of the employee's service when added to their~~his~~ age would equal at least seventy-five (75), assuming the employee's service includes all service:

1. Remaining ~~[All service remaining]~~ on an active installment purchase agreement;

2. Which ~~[All service which]~~ the employee is eligible to purchase under KRS 61.552(2), 61.552(3), and 78.545; and

3. The ~~[All service the]~~ employee would accrue if employment continued through December 31, 2008.

(c) The employee's age rounded to the nearest year as of the cost calculation date shall be used.

(d) The benefit factor used to determine the actuarial cost, in accordance with KRS 61.552(10)(a) and 78.545, shall be the benefit factor to which the employee is entitled on the first day of the month following the cost calculation date, except that the benefit factor for nonhazardous employees of the County Employees Retirement System and the Kentucky Employees Retirement System with an effective retirement date within the window established~~[provided]~~ in KRS 61.510(14)(b) and 78.510(14)(b) shall be the highest benefit factor to which the employee would be entitled, assuming total service as determined in paragraph (b) of this subsection.

Section 7. ~~[Section 8.]~~ Correction Upon Discovery of Error or Omission in Service Purchase Costs.

(1) After the employee, member, or retired member has purchased service, the agency may recalculate the cost of the service if, upon audit, the agency determines that any of the information utilized to calculate the cost of the service was incorrect.

(2) If the recalculation results in an increase in the cost of \$100 or more, the employee or person, member, or retired member shall have thirty (30) days to pay the additional amount.

(3) If the employee, member, retired member, or the employer, fails to pay the additional amount, the employee's, member's, or retired member's service shall be reduced to the next lower increment or number of months for which the employee, member, or retired member is eligible based on the original payment, and the difference shall be refunded to the employee, member, or retired member.

Section 8. ~~[Section 9.]~~ Special Considerations for Purchase of Refunded or Past Service.

(1) The verified wages associated with service purchased under the provisions of KRS 61.552 and 78.545 that would have qualified as creditable compensation shall be added to the employee's account and shall be used in determining the employee's final compensation.

(2) An employee purchasing service pursuant to~~[under the preceding]~~ subsection (1) of this section by increments or by installment purchase agreement shall have the service credited in chronological order beginning with the earliest service.

Section 9. ~~[Section 10.]~~ Incorporation by Reference.

(1) The following material is incorporated by reference:

(a) Form 4172, "Notice of Intent to Transfer Lump Sum Payment(s) to Qualified Employer Sponsored Plan," April 2021;

(b) Form 4170, "Direct Transfer/Rollover Authorization Form" 1/2026~~[April 2021]~~;

(c) Form 4225, "Verification of Past Employment," 1/2026~~[April 2021]~~;

(d) Form 4160, "Affidavit and Certification for Documentation of Service," 1/2026~~[September 2010]~~;

(e) Form 4120, "Verification of Employment with a State University," April 2021;

(f) Form 4115, "Federal Verification," 1/2026~~[April 2021]~~;

(g) Form 4131, "Verification of Urban-County Government Service," April 2021; and

(h) Form 4140, "Verification of Out-of-State Service," April 2021.

(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. 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 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

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Contact Person:Carole J. Catalfo

Subject Headings:Boards and Commissions, Local Governments, Retirements and Pensions, State Employees, State Police

(1) Provide a brief summary of:

(a) What this administrative regulation does:

This administrative regulation establishes the requirements and forms for eligibility and purchase of service credit and the filing deadlines on which the cost calculation will be made.

(b) The necessity of this administrative regulation:

This administrative regulation is necessary to establish the requirements and forms for eligibility and purchase of service credit, and the filing deadlines on which the cost calculation will be made.

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

KRS 61.505(1)(f) and (1)(g) and 61.645(9)(e) authorize 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 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. KRS 16.545, 16.645, 61.543, 61.552, 61.592, 78.5520, 61.685, 78.545, and 78.610 provide for purchasing service credit and out-of-state service credit for Kentucky Employees Retirement Systems members. KRS 16.645(19) and 78.545(7) provide that purchase of service credit for members of the State Police Retirement System and County Employees Retirement System, respectively, shall be administered in the same manner submit to the same limitations and requirements as provided for the Kentucky Employees Retirement System. 26 U.S.C. 415 establishes federal requirements regarding purchases of service credit. This administrative regulation establishes the requirements and forms for eligibility and purchase of service credit, and the filing deadlines on which the cost calculation will be made.

(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 and forms for eligibility and purchase of service credit, and the filing deadlines on which the cost calculation will be made.

(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 authority and references, consolidates 105 KAR 1:260 Purchase of out-of-state service credit, which is being repealed, with this administrative regulation, removes definitions that are contained in statute and in 105 KAR 1:001 Definitions, aligns language with KRS Chapter 13A drafting requirements, and updates materials incorporated by reference.

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

The amendment to this administrative regulation is necessary to update statutory authority and references, consolidate 105 KAR 1:260 Purchase of out-of-state service credit, which is being repealed, with this administrative regulation, remove definitions that are contained in statute and in 105 KAR 1:001 Definitions, align language with KRS Chapter 13A drafting requirements, and update materials incorporated by reference.

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

KRS 61.505(1)(f) and (1)(g) and 61.645(9)(e) authorize 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 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. KRS 16.545, 16.645, 61.543, 61.552, 61.592, 78.5520, 61.685, 78.545, and 78.610 provide for purchasing service credit and out-of-state service credit for Kentucky Employees Retirement Systems members. KRS 16.645(19) and 78.545(7) provide that purchase of service credit for members of the State Police Retirement System and County Employees Retirement System, respectively, shall be administered in the same manner submit to the same limitations and requirements as provided for the Kentucky Employees Retirement System. 26 U.S.C. 415 establishes federal requirements regarding purchases of service credit. This administrative regulation establishes the requirements and forms for eligibility and purchase of service credit, and the filing deadlines on which the cost calculation will be made.

(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 authority and references, consolidating 105 KAR 1:260 Purchase of out-of-state service credit, which is being repealed, with this administrative regulation, removing definitions that are contained in statute and in 105 KAR 1:001 Definitions, aligning language with KRS Chapter 13A drafting requirements, and updating materials incorporated by reference.

(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 61.543 - Amended 2021 Ky. Acts ch. 102, sec. 49, effective April 1, 2021. KRS 61.552 - Amended 2024 Ky. Acts ch. 55, sec. 8, effective July 15, 2024. -- Amended 2022 Ky. Acts ch. 165, sec. 5, effective July 14, 2022. -- Repealed and reenacted 2021 Ky. Acts ch. 102, sec. 52, effective April 1, 2021. -- Amended 2020 Ky. Acts ch. 79, sec. 43, effective April 1, 2021. KRS 61.592. KRS 61.645 - Amended 2024 Ky. Acts ch. 55, sec. 13, effective July 15, 2024. -- Amended 2023 Ky. Acts ch. 94, sec. 3, effective June 29, 2023. -- Amended 2022 Ky. Acts ch. 216, sec. 12, effective April 14, 2022. -- Amended 2021 Ky. Acts ch. 102, sec. 66, effective April 1, 2021. -- Amended 2020 Ky. Acts ch. 79, sec. 4, effective April 1, 2021. KRS 61.685 - Amended 2024 Ky. Acts ch. 55, sec. 15, effective July 15, 2024. -- Amended 2021 Ky. Acts ch. 189, sec. 1, effective June 29, 2021. KRS 78.5520 - Created 2021 Ky. Acts ch. 102, sec. 6, effective April 1, 2021. KRS 78.545 - Amended 2021 Ky. Acts ch. 102, sec. 20, effective April 1, 2021. KRS 78.610 - Amended 2021 Ky. Acts ch. 102, sec. 21, effective April 1, 2021.

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

Of approximately 433,461 participants in the Kentucky Employees Retirement System, the State Police Retirement System, and the County Employees Retirement System, those who wish to purchase service credit are affected by this administrative regulation.

(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 be minimally impacted because the administrative regulation is already being implemented as written. The amendments are primarily technical in nature.

(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 because it is already being implemented as written. The amendment is primarily technical in nature.

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

The regulated community will benefit from having a consolidated administrative regulation that addresses purchases of both in-state and out-of-state service credit, removing definitions that are contained in statute and in 105 KAR 1:001 Definitions, and updated materials incorporated by reference.

(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?

Tiering is applied only to the extent that the documentation of service credit to be purchased may differ between hazardous and nonhazardous positions, and in-state or out-of-state service credit.

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 61.545(9)(e), 61.505(1)(f) and (1)(g), 16.545, 16.645, 61.543, 61.552, 61.592, 61.685, 78.5520, 78.545, 78.610, 26 U.S.C. 415

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

KRS 61.545(9)(e), 61.505(1)(f) and (1)(g), 16.545, 16.645, 61.543, 61.552, 61.592, 78.5520, 61.685, 78.545, and 78.610.

(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:N/A

For subsequent years:N/A

2. Revenues:

For the first year:N/A

For subsequent years:N/A

3. Cost Savings:

For the first year:N/A

For subsequent years:N/A

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

There are no additional affected entities.

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

1. Expenditures:

For the first year:N/A

For subsequent years:N/A

2. Revenues:

For the first year:N/A

For subsequent years:N/A

3. Cost Savings:

For the first year:N/A

For subsequent years:N/A **(6) Provide a narrative to explain the following for each entity identified in (3)(a), (4)(a), and (5)(a):**

(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 to implement the purchase of in-state and out-of-state service credit.

(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 to implement the purchase of in-state and out-of-state service credit.