

**FINANCE AND ADMINISTRATION CABINET**  
**Kentucky Public Pensions Authority**  
**(Amended After Comments)**

**105 KAR 1:380. Minimum distribution.**

RELATES TO: KRS ~~61.635(4)(16)~~, 61.645(9)(e), 26 C.F.R. 1.401(a)(9)-1-1.401(a)(9)-9, 26 U.S.C. 401(a)(9), 26 U.S.C. 414(d).

STATUTORY AUTHORITY: KRS ~~61.635(4)(16)(b)(4)~~, 61.645(9)(e)

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 61.645(9)(g) requires the Kentucky Public Pensions Authority~~[Board of Trustees of Kentucky Retirement Systems]~~ to promulgate administrative regulations necessary to carry out the provisions of KRS 61.515 to 61.705, 16.510 to 16.652, and 78.520 to 78.852. KRS 61.645(9)(e) and this administrative regulation implement the statutory requirements of IRC Section 401(a)(9), which is codified as 26 U.S.C. 401(a)(9)~~], and are meant to be a reasonable good faith interpretation of those statutory requirements~~. **KRS 61.635(4)(16)(b)(4) authorizes the KPPA to promulgate administrative regulations regarding beneficiaries of state-administered plans that are special needs trusts.** This administrative regulation establishes minimum distribution requirements as applied to a governmental plan pursuant to 26 U.S.C. 414(d)~~, in compliance with 26 U.S.C.~~ 401(a)(9), and the federal SECURE Act of 2022.

Section 1. Definitions.

(1) "Applicable age" means the age established in 26 U.S.C. 401(a)(9)(C)(v). ~~["Member" means a member of a retirement fund established in accordance with KRS 61.515 to 61.705, 16.510 to 16.652, and 78.520 to 78.852, and administered by the Kentucky Retirement Systems.]~~

(2) "Designated beneficiary" means:

(a) An ~~an~~ individual designated as the beneficiary under applicable plan provisions or by a participant's affirmative election ; or

(b) A special needs trust as defined by KRS 16.505, 61.510, or 78.510 that is also a trust described in 26 C.F.R. 1.401(a)(9)-(4)(f)(1)(i) designated as the beneficiary under applicable plan provisions or by a participant's affirmative election .

(3) ~~(2)~~ "Required beginning date" means April 1 of the calendar year following the later of the calendar year in which the member attains the applicable age or retires[-]

~~[(a)] [The calendar year in which the member attains age seventy and one half (70 1/2); or]~~

~~[(b)] [The calendar year in which the member retires].~~

Section 2.

(1) This administrative regulation shall apply to members of a fund established in accordance with KRS 61.515 to 61.705, 16.510 to 16.652, and 78.520 to 78.852.

(2) Kentucky Public Pensions Authority~~[Retirement Systems]~~ shall pay all benefits in accordance with~~[a good faith interpretation of the requirements of]~~ 26 U.S.C. 401(a)(9) and the Code of Federal Regulations in effect under that section, as applicable to a governmental plan within the meaning of 26 U.S.C. 414(d). The requirements of 26 U.S.C. 401(a)(9) and Title 26 of the Code of Federal Regulations shall take precedence over any inconsistent provisions of this administrative regulation or KRS 61.515 to 61.705, 16.510 to 16.652, and 78.520 to 78.852.

(3) The member's entire interest shall be distributed over the member's life or lives of the member and a designated beneficiary, or over a period not extending beyond the life

expectancy of the member or of the member and a designated beneficiary.

### Section 3.

(1) Except as provided in subsection (2) of this section, the member's entire interest shall be distributed~~[,]~~ or begin to be distributed~~[, to the member]~~ no later than the member's required beginning date.

(2) If the member dies before distributions begin, the member's entire interest shall be distributed, or begin to be distributed, no later than as established in this subsection.~~[follows:]~~

(a) Except as provided in subsection (3) of this section,~~[if the member's surviving spouse is][ the member's sole designated beneficiary,]~~ distributions to a member's sole designated beneficiary~~[the surviving spouse]~~ shall begin by the later of:

1. December 31 of the calendar year immediately following the calendar year in which the member died; or
2. December 31 of the calendar year in which the member would have attained the applicable age~~[seventy and one-half (70 1/2);]~~

(b) ~~[If the member's surviving spouse is not the member's sole designated beneficiary, distributions to each designated beneficiary shall begin by December 31 of the calendar year immediately following the calendar year in which the member died; or]~~

~~[(c)]~~ If there is no designated beneficiary as of September 30 of the year following the year of the member's death, or if the beneficiary on file is a trust other than a trust that is a designated beneficiary, the member's entire interest shall be distributed by December 31 of the calendar year containing the fifth anniversary of the member's death.

~~[(c)]~~ If the member's surviving spouse is the member's sole designated beneficiary and the surviving spouse dies after the member but before distributions to the surviving spouse begin, this subsection, except for paragraph (a), shall apply as if the surviving spouse were the member as established in 26 C.F.R. 1.401(a)(9)-3(e).

(3) If a member dies after the required distribution of benefits has begun, the remaining portion of the member's interest shall be distributed at least as rapidly as under the method of distribution before the member's death.

(4)

(a) For purposes of Section 3(2) to (3) and Section 6 of this administrative regulation, distributions shall~~[be required to]~~ begin on the member's required beginning date.

(b) If annuity payments irrevocably commence to the member before the member's required beginning date, or to the member's surviving spouse before the date distributions are required to begin to the surviving spouse pursuant to subsection (2)(a) of this section, the date distributions are considered to begin shall be the date distributions actually commence.

### Section 4.

(1) If the member's interest is paid in the form of annuity distributions, payments pursuant to the annuity shall~~[satisfy the following requirements]:~~

(a) Be ~~[The annuity distributions shall be]~~ paid in monthly periodic payments;

(b) Have a ~~[The]~~ distribution period~~[shall be]~~ over a life or lives~~[(or lives)]~~ or over a period certain not longer than the period established in Title 26 of the Code of Federal Regulations~~[described in this section or Section 5 or 6 of this administrative regulation];~~

(c) Not change the period certain once ~~[Once]~~ payments have begun over a period certain,~~[the period certain shall not be changed]~~ even if the period certain is shorter than the maximum permitted; and

(d) Increase payments only ~~[Payments shall increase only as follows]:~~

1. By the annual percentage increase provided for pursuant to KRS 61.515 to 61.705, 16.510 to 16.652, and 78.520 to 78.852;
2. To the extent of the reduction in the amount of the member's payments to provide for a survivor benefit upon death, but only if the beneficiary whose life was being used to determine the distribution period described in this section dies, or if the beneficiary is the member's spouse and they divorce, as provided in KRS 61.635(10);
3. To provide cash refunds of employee contributions upon the member's death; or
4. To pay any increased benefits that result from a plan amendment.

(2)

(a) The amount that shall be distributed on or before the member's required beginning date, or if the member dies before distributions begin, the date distributions are required to begin pursuant to Section ~~3(2)~~ of this administrative regulation, shall be the payment that is required for one (1) month.

(b) The second payment shall not be required to be made until the end of the next payment interval even if that payment interval ends in the next calendar year.

(c) All of the member's benefit accruals as of the last day of the first distribution calendar year shall be included in the calculation of the amount of the annuity payments for months ending on or after the member's required beginning date.

#### Section 5.

(1) The amount of annuity paid to a member's beneficiary shall not exceed the maximum determined under the incidental death benefit requirement ~~established in~~ 26 U.S.C. 401(a)(9)(G), and the minimum distribution incidental benefit rule ~~established in~~ 26 C.F.R. 1.401(a)(9)-6(b) ~~under 26 C.F.R. 1.401(a)(9)-6, Q&A-2~~.

(2) The death and disability benefits provided by Kentucky Retirement Systems and County Employees Retirement System ~~systems~~ shall be limited by the incidental benefit rule ~~established~~ ~~set forth~~ in 26 U.S.C. 401(a)(9)(g) and 1.401-1(b)(1)(i) ~~for any successor law~~. As a result, the total death or disability benefits payable shall not exceed twenty-five (25) percent of the cost of all of the members' benefits received from Kentucky Retirement Systems and County Employees Retirement System.

(3)

(a) Unless the member's spouse who is more than ten (10) years younger than the member is the sole designated beneficiary and the form of distribution is a period certain and no life annuity, the period certain for an annuity distribution commencing during the member's lifetime shall not exceed the applicable distribution period for the member pursuant to the uniform lifetime table established in 26 C.F.R. 1.401(a)(9)-9 for the calendar year that contains the annuity starting date.

(b) If the member is younger than the applicable age on the member's birthday in the calendar year that includes the annuity starting date, the period certain may not exceed the limitation on the period certain for a person who has attained the applicable age, increased by the number of years the member is younger than the applicable age on that birthday ~~annuity starting date precedes the year in which the member reaches age seventy (70), the applicable distribution period for the member shall be the distribution period for age seventy (70) under the uniform lifetime table established in 26 C.F.R. 1.401(a)(9)-9 plus the excess of seventy (70) over the age of the member as of the member's birthday in the year that contains the annuity starting date~~.

(4) If the member's spouse is ten (10) years younger than the member and is the member's sole designated beneficiary and the form of distribution is a period certain and no life annuity, the period certain shall not exceed the longer of the member's applicable distribution period, as determined pursuant to this subsection, or the joint life and last survivor expectancy of the member and the member's spouse as determined pursuant to

the joint and last survivor table established in 26 C.F.R. 1.401(a)(9)-9, using the member's and spouse's attained ages as of the member's and spouse's birthdays in the calendar year that contains the annuity starting date.

Section 6.

(1) If the member dies before the date distribution of the member's interest begins and there is a designated beneficiary, the entire interest payable to the member shall be distributed, beginning no later than the time established in Section 3(2)(a) or (b) of this administrative regulation, over the life of the designated beneficiary or over a period certain not exceeding:

(a) Unless the annuity starting date is before the first distribution calendar year, the life expectancy of the designated beneficiary determined using the beneficiary's age as of the beneficiary's birthday in the calendar year immediately following the calendar year of the member's death; or

(b) If the annuity starting date is before the first distribution calendar year, the life expectancy of the designated beneficiary determined using the beneficiary's age as of the beneficiary's birthday in the calendar year that contains the annuity starting date.

(2) If the member dies before the date distribution of ~~their~~<sup>his or her</sup> interest begins, the member's surviving spouse is the member's sole designated beneficiary, and the surviving spouse dies before distributions to the surviving spouse begin, this section shall apply as if the surviving spouse were the member, except that the time by which distributions are required to begin shall be determined without regard to Section 3(2)(a) of this administrative regulation.

*105 KAR 1:380 Minimum distribution (amended after comments) is approved for filing.  
RYAN BARROW, Executive Director*

APPROVED BY AGENCY: April 14, 2026  
FILED WITH LRC: April 14, 2026 at 10:45 a.m.

## REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

**Contact Person:**Carole J. Catalfo

**Subject Headings:**Boards and Commissions, Retirements and Pensions, State Employees

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

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

This administrative regulation establishes minimum distribution requirements as applied to a governmental plan pursuant to 26 U.S.C. 414(d), 26 U.S.C. 401(a)(9), and the federal SECURE Act of 2022.

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

This administrative regulation is necessary to establish minimum distribution requirements as applied to a governmental plan pursuant to 26 U.S.C. 414(d), 26 U.S.C. 401(a)(9), and the federal SECURE Act of 2022.

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

KRS 61.645(9)(g) requires the Kentucky Public Pensions Authority to promulgate administrative regulations necessary to carry out the provisions of KRS 61.515 to 61.705, 16.510 to 16.652, and 78.520 to 78.852. KRS 61.645(9)(e) and this administrative regulation implement the statutory requirements of IRC Section 401(a)(9), which is codified as 26 U.S.C. 401(a)(9). This administrative regulation establishes minimum distribution requirements as applied to a governmental plan pursuant to 26 U.S.C. 414(d), 26 U.S.C. 401(a)(9), and the federal SECURE Act of 2022.

**(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 minimum distribution requirements as applied to governmental plans pursuant to 26 U.S.C. 414(d), 26 U.S.C. 401(a)(9), and the federal SECURE Act of 2022.

**(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 revises definitions, updates references to and the requirements of the Code of Federal Regulations, adds the new rule regarding distributions to a spouse who is ten (10) or more years younger than the member pursuant to the federal SECURE Act of 2022, and updates language to comply with KRS Chapter 13A drafting requirements. Since filing this administrative regulation, SB 85, signed by Governor Beshear on April 3, 2026, amends sections of KRS 116.505, 61.510, 78.510 to include a definition for "special needs trust", redefine "beneficiary" to include special needs trusts for the purposes of the state-administered retirement systems, and enact KRS 61.635(4)(16)(b)(4) which establishes parameters for beneficiaries that are special needs trusts and authorizes the KPPA to promulgate administrative regulations regarding beneficiaries of state-administered plans that are special needs trusts. The amendment to the regulation revises the definition of "beneficiary" to include a

special needs trust, and clarifies when a member's entire interest must be distributed if the beneficiary is a trust.

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

The amendment to this administrative regulation is necessary to revise definitions, update references to and the requirements of the Code of Federal Regulations, add the new rule regarding distributions to a spouse who is ten (10) or more years younger than the member pursuant to the federal SECURE Act of 2022, and update language to comply with KRS Chapter 13A drafting requirements. The amendment to this administrative regulation is necessary to implement the provisions of SB 85 of the 2026 Regular Session related to designated beneficiaries that are special needs trusts. (c) How this administrative regulation conforms to the content of the authorizing statutes: KRS 61.645(9)(g) requires the Kentucky Public Pensions Authority to promulgate administrative regulations necessary to carry out the provisions of KRS 61.515 to 61.705, 16.510 to 16.652, and 78.520 to 78.852. KRS 61.645(9)(e) and this administrative regulation implement the statutory requirements of IRC Section 401(a)(9), which is codified as 26 U.S.C. 401(a)(9). This administrative regulation establishes minimum distribution requirements as applied to a governmental plan pursuant to 26 U.S.C. 414(d), 26 U.S.C. 401(a)(9), and the federal SECURE Act of 2022. SB 85 of the 2026 Regular Session, signed by Governor Beshear on April 3, 2026, establishes a definition for "special needs trust" and enacts KRS 61.635(4)(16)(b)(4) which establishes parameters for beneficiaries that are special needs trusts, and authorizes the KPPA to promulgate administrative regulations regarding beneficiaries of state-administered plans that are special needs trusts. The amendment to the regulation revises the definition of "beneficiary" to include a special needs trust, and clarifies the time period over which a member's entire interest must be distributed if the beneficiary is a trust.

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

No answer provided.

**(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 revising definitions, updating references to and the requirements of the Code of Federal Regulations, adding the new rule regarding distributions to a spouse who is ten (10) or more years younger than the member pursuant to the federal SECURE Act of 2022, and updating language to comply with KRS Chapter 13A drafting requirements. The amendment will assist in the effective administration of the statutes by expanding the definition of "beneficiary" to include "special needs trust", and clarifying when a member's entire interest must be distributed if the beneficiary is a trust.

**(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 Kentucky Acts chapter number being implemented). Yes, this amendment implements SB 85 of the 2026 Regular Session.**

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

Of the approximate 433,461 participants in the Kentucky Employees Retirement System, the State Police Retirement System, and the County Employees Retirement System, this amendment will affect only those members who designate a special needs trust as their beneficiary.

**(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 to comply. The amendment is 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 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 revised definitions, updated references to and requirements of the Code of Federal Regulations, adding the new rule regarding distributions to a spouse who is ten (10) or more years younger than the member pursuant to the federal SECURE Act of 2022, and updating language to comply with KRS Chapter 13A drafting requirements. The regulated community will benefit from having clarified rules regarding distributions to beneficiaries that are special needs trusts, and special needs trusts will benefit from a longer distribution period.

**(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 to the administrative body.

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

There will be no additional costs to the administrative body.

**(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?**

(Explain why or why not) No, tiering is not applied. The regulation applies equally to all special needs trusts.

## 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 61.635(4)(16)(b)(4), 61.645(9)(g) and (9)(e), 26 U.S.C. 401(a)(9) and 414(d), and the federal SECURE Act of 2022

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

The amendment after comments is authorized by SB 85 of the 2026 Regular Session, signed by Governor Beshear on April 3, 2026. The original amendment is authorized by KRS 61.645(9)(e) and (9)(g).

**(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):**

**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 regulated 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)**

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

This administrative regulation has minimal fiscal impact.

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

The agency analyzed costs and procedures for implementing federal minimum distribution requirements as applied to a governmental plan.

**(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(13).

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

The agency analyzed costs and procedures for implementing federal minimum distribution requirements as applied to a governmental plan.

## FEDERAL MANDATE ANALYSIS COMPARISON

**(1) Federal statute or regulation constituting the federal mandate.**

26 U.S.C. 401(a)(9) and 414(d), and the federal SECURE Act of 2022.

**(2) State compliance standards.**

KRS 61.635(4)(16), 61.645(9)(e) and (9)(g)

**(3) Minimum or uniform standards contained in the federal mandate.**

KRS 61.635(4)(16) (enacted in SB 85 of the 2026 Regular Session, signed by the Governor on April 3, 2026) implements federal requirements for minimum distributions to special needs trusts. KRS 61.645(9)(e) and this administrative regulation implement the statutory requirements of IRC Section 401(a)(9), which is codified as 26 U.S.C. 401(a)(9). This administrative regulation establishes minimum distribution requirements as applied to a governmental plan as established in 26 U.S.C. 414(d), 26 U.S.C. 401(a)(9), and the federal SECURE Act of 2022.

**(4) Will this administrative regulation impose stricter requirements, or additional or different responsibilities or requirements, than those required by the federal mandate?**

No.

**(5) Justification for the imposition of the stricter standard, or additional or different responsibilities or requirements.**

This administrative regulation does not impose a stricter standard, or additional or different responsibilities or requirements, than the federal standard.