

KENTUCKY PUBLIC PENSIONS AUTHORITY

General Rules

(Amendment)

105 KAR 1:020. Reciprocal program between CERS, KERS, SPRS, TRS, JRP and LRP.

RELATES TO: KRS 6.500-6.577, 16.505 – 16.652, 21.345-21.570, 61.510-61.705, 78.510-78.990, 161.600(3), 161.661, 161.675

STATUTORY AUTHORITY: KRS 61.505(1)(g), 61.645(9)(e), 61.680, 78.552

CERTIFICATION STATEMENT: This is to certify that this administrative regulation complies with the requirements of KRS 13A.105(2) because it does not have a major economic impact.

NECESSITY, FUNCTION, AND CONFORMITY: KRS 61.505(1)(g) and 61.645(9)(e) authorize the Board of Trustees of the Kentucky Public Pensions Authority to promulgate all administrative regulations necessary or proper in order to carry out the provisions of KRS 16.505 to 16.652, 61.505 to 61.705, and 78.520 to 78.852. KRS 61.680 and 78.5542 provide for the combining of retirement accounts for public employees having a retirement account in more than one (1) of the following state administered retirement systems: County Employees Retirement System, Kentucky Employees Retirement System, Judicial Retirement Plan, Legislators Retirement Plan, State Police Retirement System and Teachers' Retirement System. This administrative regulation establishes requirements to implement KRS 61.680 and 78.5542.

Section 1. Definitions. "Death benefit" or "survivor benefit" means a payment to a beneficiary of a deceased member who met the eligibility requirements of KRS 16.578(1), 61.640(1), or 78.5532(1) on the date of his or her death.

Section 2. General Provisions.

(1) To determine benefits upon the death, disability, or service retirement of a member having an account in more than one (1) state-administered retirement system, the Kentucky Public Pensions Authority shall:

- (a) Combine the member's service in all systems;
- (b) Determine eligibility in each system based on combined service;
- (c) If eligible in any system, determine benefits; and
- (d) Check for specific exceptions such as prior service, request for separate account, or special death or disability exception.

(2) The earliest membership date among the systems in which the member has service shall be used to calculate the benefits in each system.

Section 3. Service Retirement.

(1) A member eligible to retire who elects service retirement from one (1) system, shall be paid from all systems in which the member has an account unless he or she requests that his or her accounts be separated.

(2) The "final compensation" shall be calculated by:

(a) For a member with a membership date prior to September 1, 2008, using the five (5) highest, or three (3) highest, if eligible, fiscal years creditable compensation regardless of the system under which the service was earned, except as provided in KRS 61.680(7); or

(b) For a member with a membership date on or after September 1, 2008 but prior to January 1, 2014 who is employed in a:

1. Nonhazardous position, using the five (5) complete fiscal years immediately preceding retirement regardless of the system under which the service was earned,

except as provided in KRS 61.680(7). Fiscal years added to the final compensation calculation to reach sixty (60) months shall be added regardless of the system under which the service was earned; or

2. Hazardous position, by using the highest complete fiscal years regardless of the system under which the service was earned, except as provided in KRS 61.680(7). Fiscal years added to the final compensation calculation to reach thirty-six (36) months shall be added regardless of the system under which the service was earned.

(3) Each system shall determine benefit payments on the basis of the final compensation but using only the service earned in that system. Payments shall be made by each system in accordance with its usual procedures. If a member is not eligible for an unreduced benefit, benefits shall be actuarially reduced based on factors adopted by the respective retirement boards.

(4) The retiring member or beneficiary shall be required to elect the same payment option in each system administered by the Kentucky Public Pensions Authority except that a member of the State Police Retirement System or a member with hazardous service may select the "Ten (10) Year Certain" option established in KRS 16.576(4) irrespective of the option chosen for nonhazardous service in another retirement system administered by the Kentucky Public Pensions Authority..

(5) A member may elect to have each system treat his or her service credit in that system without regard to any other service credit, by:

(a) Requesting that his or her accounts be separated by filing a Form 2022, Separation of Accounts; or

(b) Failing to retire from the other state-administered retirement system within one (1) calendar month of his or her effective retirement date with the retirement systems administered by Kentucky Public Pensions Authority. A member shall not be considered to have failed to retire from the other state-administered retirement system on the basis of the other state-administered retirement system's determination, notwithstanding the provisions of KRS 61.680, that the member is only eligible for a refund of contributions from the other state-administered retirement system .

(6) If so requested, "final compensation" shall be based on the creditable compensation earned under each system separately.

Section 4. Disability Retirement.

(1)

(a) If a contributing member of one (1) of the six (6) state-administered retirement systems qualifies for disability benefits, all systems under which the combined service meets service requirements shall participate in benefit payments unless accounts are separated by provisions of KRS 61.680(2)(b).

(b) Each system shall calculate benefits using the formula in effect in that system.

(c) Service added to County Employees Retirement System, Kentucky Employees Retirement System and State Police Retirement System accounts in accordance with the appropriate disability formula established in 105 KAR 3:210, Section 11, shall be prorated between system accounts based on a percentage of actual earned service in each system unless such proration conflicts with maximum added service permitted by law governing each system.

(d) Service added to Teachers Retirement System accounts pursuant to KRS 161.661(4) shall be actual earned service and upon such an award of service the Kentucky Public Pensions Authority shall recalculate the service to be added to the County Employees Retirement System, Kentucky Employees Retirement System, and State Police Retirement System accounts using the appropriate disability formula as established in 105 KAR 3:210, Section 11.

(2) If the combined service of a member meets service requirements in only one (1) system, then that system shall pay benefits under the disability formula and the other system shall pay:

- (a) Benefits based on separate accounts if the member elects to maintain separate accounts;
- (b) An actuarial accrued benefit based on the member's age, service and final compensation; or
- (c) A refund, if requested by the member.

(3) The medical requirements for disability benefits shall be those of the system to which the member last contributed if combined service meets service requirements of that system. If service requirements are met in only one (1) system, the medical requirements of that system shall prevail.

(4) The process established in this section shall also be followed if the member qualifies for duty-related injury or death benefits pursuant to KRS 61.621.

Section 5. Survivor Benefit. A member contributing to any of the six (6) state-administered retirement systems who has combined service sufficient to qualify his or her beneficiaries for a survivor benefit shall have his or her County Employees Retirement System, Kentucky Employees Retirement System, or State Police Retirement System benefits computed under the regular survivor formula based on his or her service in each of the three (3) systems.

Section 6. Service Purchases. A member having valid service credit in more than one (1) of the retirement systems administered by Kentucky Public Pensions Authority who is eligible to purchase service credit may elect to purchase service credit in one (1) system, or may divide the service credit between the systems permitting purchase. If service is to be divided:

- (1) The same years of service shall not be used in more than one (1) system; and
- (2) Each system shall calculate the costs of the retirement credit pursuant to the statutes and administrative regulations of that system.

Section 7. Medical Insurance.

(1) A retiring member with service in more than one state-administered retirement system shall have his or her total service in all systems combined to determine his or her eligibility for medical insurance benefits. The systems shall share the cost of the member's premium under this section based on the member's combined service.

(2) If the member meets the minimum eligibility requirements, the member may elect to participate in the insurance program established in KRS 6.577, 16.645, 21.427, 61.702, 78.5536, or 161.675. The premium paid from the insurance funds shall not be more than 100 percent of the single premium amount adopted by the respective boards of trustees or more than the maximum percentage payable under the program established under KRS 6.577, 16.645, 21.427, 61.702, 78.5536, or 161.675.

(3)

(a) If the member elects to participate in the program under KRS 61.702 or 78.5536, the member's service in the state-administered retirement systems shall be combined to determine the applicable percentage that shall be paid toward his or her individual coverage under KRS 61.702(3) and 78.5536(3).

(b) The state-administered retirement systems shall pay a pro rata share of the member's premium based on the service in each system expressed as a percentage of total service credit earned in all systems not to exceed the amount of the single monthly contribution rate adopted by the Board of Trustees of Kentucky Retirement Systems or the Board of Trustees of County Employees Retirement System.

- 1. The amount paid by the Kentucky Teachers' Retirement System shall not exceed the amount of the single monthly contribution rate adopted by the Board of Trustees

of the Kentucky Teachers' Retirement System.

2. The Kentucky Teachers' Retirement System shall not pay a percentage of the premium for a spouse or dependents.

(4)

(a) If the member elects to participate in the program under KRS 161.675, the member's service in the state-administered retirement systems shall be combined to determine the applicable percentage that shall be paid under KRS 161.675(4).

(b) The state-administered retirement systems shall pay a pro rata share of the member's premium based on the service in each system expressed as a percentage of total service credit earned in all systems, not to exceed the amount paid toward the monthly contribution adopted by the Board of Trustees of Kentucky Teachers' Retirement System.

1. The amount paid by the Kentucky Employees Retirement System, County Employees Retirement System, and State Police Retirement System shall not exceed the amount of the single monthly contribution adopted by the Board of Trustees of the Kentucky Retirement Systems and the Board of Trustees of County Employees Retirement System.

2. The Kentucky Employees Retirement System, County Employees Retirement System and State Police Retirement System shall not pay a percentage of the premium for a spouse or dependents.

(c) Premiums payable pursuant to KRS 161.675 shall be paid by the Kentucky Teachers' Retirement System. The County Employees Retirement System, Kentucky Employees Retirement System, and State Police Retirement System shall reimburse the Teachers' Retirement System for the portion of the premium attributable to service in those systems.

(5)

(a) If the member elects to participate in the program under KRS 6.577 or 21.427, the member's service in the systems shall be combined to determine the applicable percentage that shall be paid under KRS 21.427(2)(a).

(b) The state-administered systems shall each pay a pro rata share of the member's premium based on the service in each system expressed as a percentage of total service credit earned in all state-administered retirement systems, not to exceed the amount paid toward the monthly contribution adopted by the Board of Trustees of the Judicial Form Retirement System.

1. The amount paid by the County Employees Retirement System, Kentucky Employees Retirement System, and State Police Retirement System shall not exceed the amount of the single monthly contribution adopted by the Board of Trustees of the Kentucky Retirement Systems and the Board of Trustees of the County Employees Retirement Systems.

2. The County Employees Retirement System, Kentucky Employees Retirement System, and State Police Retirement System shall not pay a percentage of the monthly contribution for a spouse or dependents.

(c) Premiums payable pursuant to KRS 6.577 or 21.427 shall be paid by the Judicial Form Retirement System. The County Employees Retirement System, Kentucky Employees Retirement System, and State Police Retirement System shall reimburse Judicial Form Retirement System for the portion of the premium attributable to service in those systems.

(6)

(a) Premiums payable pursuant to KRS 61.702 and 78.5536 shall be paid by the Kentucky Employees Retirement System, County Employees Retirement System, and State Police Retirement System. The Kentucky Teachers' Retirement System or

Judicial Form Retirement System shall reimburse the systems for the portion of the premium attributable to service in that system.

(b) Premiums payable pursuant to KRS 161.675 shall be paid by the Kentucky Teachers' Retirement System. The Kentucky Employees Retirement System, County Employees Retirement System, and State Police Retirement System shall reimburse the system for the portion of the premium attributable to service in those systems.

Section 8. Incorporation by Reference.

(1) Form 2022, "Separation of Accounts," 11/25, is incorporated by reference.

(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 40601-6124, Monday through Friday, 8 a.m. to 4:30 p.m. and on the agency's website at kyret.ky.gov.

(105 KAR 001:020. 1 Ky.R. 717; eff. 5-14-1975; 9 Ky.R. 1162; eff. 5-4-1983; 19 Ky.R. 962; eff. 12-9-1992; 29 Ky.R. 755; 1243; eff. 11-12-2002; 31 Ky.R. 380; eff. 11-5-2004; TAm eff. 3-5-2019; Crt eff. 3-5-2019; 52 Ky.R. 997, 1505; eff. 6-2-2026; TAm eff. 9-10-2026.)