

**78.615 Deduction of employee contributions -- Service credit -- Employer's report -- Picked-up employee contributions.**

- (1) Employee contributions shall be deducted each payroll period from the creditable compensation of each employee of an employer participating in the system while he or she is classified as regular full-time as defined in KRS 78.510 unless the person did not elect to become a member as provided by KRS 78.540 or is not eligible to participate in the system as provided by KRS 78.535. After August 1, 1982, employee contributions shall be picked up by the employer pursuant to KRS 78.610(4).
  - (a) For employees who are not employed by a school board, service credit shall be allowed for each month contributions are deducted or picked up during a fiscal or calendar year, if the employee receives creditable compensation for an average of one hundred (100) hours or more of work per month based on the actual hours worked in a calendar or fiscal year. If the average number of hours of work is less than one hundred (100) hours per month, the employee shall be allowed credit only for those months he or she receives creditable compensation for one hundred (100) hours of work.
  - (b) For noncertified employees of school boards, for service prior to July 1, 2000, service credit shall be allowed for each month contributions are deducted or picked up under the employee's employment contract during a school year determined by dividing the actual number of contracted calendar days worked by twenty (20) and rounded to the nearest whole month if the employee receives creditable compensation for an average of eighty (80) or more hours of work per month based on the employee's employment contract. The school board shall certify the number of calendar days worked, the rate of pay, and the hours in a work day for each employee monthly or annually. The employer shall file at the retirement office the final monthly report or the annual report for a fiscal year no later than twenty (20) days following the completion of the fiscal year. The retirement system shall impose a penalty on the employer of one thousand dollars (\$1,000) if the information is not submitted by the date required with an additional two hundred and fifty dollars (\$250) for each additional thirty (30) day period the information is reported late.
    1. If the employee works fewer than the number of contracted calendar days, the employee shall receive service credit determined by dividing the actual number of contracted calendar days worked by twenty (20) and rounded to the nearest whole month, provided that the number of hours worked during the period averages eighty (80) or more hours.
    2. If the employee works fewer than the number of contracted calendar days and the average number of hours worked is less than eighty (80) per month, then the employee shall receive service credit for each calendar month in which he or she worked eighty (80) or more hours.
    3. The retirement system shall refund contributions and service credit for any period for which the employee is not given credit under this

subsection.

- (c) For noncertified employees of school boards, for service on and after July 1, 2000, at the close of each fiscal year, the retirement system shall add service credit to the account of each employee who made contributions to his or her account during the year. Employees shall be entitled to a full year of service credit if their total paid calendar days were not less than one hundred eighty (180) calendar days for a regular school or fiscal year. In the event an employee is paid for less than one hundred eighty (180) calendar days, the employee may purchase credit according to administrative regulations promulgated by the system. In no case shall more than one (1) year of service be credited for all service performed in one (1) fiscal year. Employees who complete their employment contract prior to the close of a fiscal year and elect to retire prior to the close of a fiscal year shall have their service credit reduced by eight percent (8%) for each calendar month that the retirement becomes effective prior to July 1. Employees who are employed and paid for less than the number of calendar days required in their normal employment year shall be entitled to pro rata service credit for the fractional service. This credit shall be based upon the number of calendar days employed and the number of calendar days in the employee's annual employment agreement or normal employment year. Service credit may not exceed the ratio between the school or fiscal year and the number of months or fraction of a month the employee is employed during that year.
  - (d) Notwithstanding paragraph (c) of this subsection, a noncertified employee of a school board who retires between July 1, 2000, and August 1, 2001, may choose to have service earned between July 1, 2000, and August 1, 2001, credited as described in paragraph (b) of this subsection, if the employee or retired member notifies the retirement system within one (1) year of his or her initial retirement. The decision once made shall be irrevocable.
- (2) Employee contributions shall not be deducted from the creditable compensation of any employee or picked up by the employer while he or she is seasonal, emergency, temporary, or part-time. No service credit shall be earned.
  - (3) Contributions shall not be made or picked up by the employer and no service credit shall be earned by a member while on leave except:
    - (a) A member on military leave shall be entitled to service credit in accordance with KRS 61.552; and
    - (b) A member on approved educational leave, who is receiving seventy-five percent (75%) or more of full salary, shall receive service credit and shall pay member contributions in accordance with KRS 78.610, and his or her employer shall pay employer contributions in accordance with KRS 78.635. If a tuition agreement is broken by the member, the member and employer contributions paid or picked up during the period of educational leave shall be refunded.
  - (4) The retirement office, upon detection, shall refund any erroneous employer and employee contributions made to the retirement system and any interest

credited in accordance with KRS 78.640.

**Effective:** April 1, 2021

**History:** Amended 2021 Ky. Acts ch. 102, sec. 22, effective April 1, 2021. -- Amended 2020 Ky. Acts ch. 79, sec. 37, effective April 1, 2021. -- Amended 2017 Ky. Acts ch. 32, sec. 20, effective June 29, 2017. -- Amended 2015 Ky. Acts ch. 28, sec. 12, effective June 24, 2015. -- Amended 2002 Ky. Acts ch. 52, sec. 20, effective July 15, 2002. -- Amended 2001 Ky. Acts ch. 151, sec. 1, effective June 21, 2001. -- Amended 2000 Ky. Acts ch. 299, sec. 1, effective July 14, 2000. -- Amended 1998 Ky. Acts ch. 105, sec. 23, effective July 15, 1998; and ch. 154, sec. 73, effective July 15, 1998. -- Amended 1996 Ky. Acts ch. 167, sec. 25, effective July 15, 1996. -- Amended 1994 Ky. Acts ch. 485, sec. 29, effective July 15, 1994. Amended 1992 Ky. Acts ch. 240, sec. 57, effective July 14, 1992. -- Amended 1990 Ky. Acts ch. 117, sec. 3, effective July 13, 1990; and ch. 222, sec. 8, effective July 13, 1990. -- Amended 1986 Ky. Acts ch. 176, sec. 3, effective July 15, 1986. -- Amended 1982 Ky. Acts ch. 166, sec. 10, effective July 15, 1982; and ch. 423, sec. 18, effective July 15, 1982. -- Amended 1978 Ky. Acts ch. 311, sec. 24, effective June 17, 1978. -- Amended 1976 Ky. Acts ch. 321, sec. 34. -- Created 1972 Ky. Acts ch. 116, sec. 67.