

161.597 Installment payments for purchase of service credit by active contributing members.

- (1) A member in active contributing status may purchase any service credit which the member is authorized to purchase by making installment payments in lieu of a lump-sum payment.
- (2) To initiate an installment payment plan, a member shall make a written request to the retirement system for an estimate to purchase service credit by making installment payments.
- (3) To qualify for installment payments, the total cost of the service purchase, including any chargeable interest, shall exceed one thousand dollars (\$1,000).
- (4) Installment payments shall be at least fifty dollars (\$50) per month and shall be made for a period of time which is not less than twelve (12) months nor more than sixty (60) months. Interest at eight percent (8%) per annum, unless the board specifies in an administrative regulation a different interest rate, shall be charged on all installment payment purchases of service credit that are purchasable at less than full actuarial cost. Interest shall be assigned to the guarantee fund.
- (5) Installment payments shall be made on a monthly basis by electronic fund transfer. The payments shall be considered accumulated contributions and shall not be picked up as provided in KRS 161.560, except that subject to approval by the Internal Revenue Service and only as permitted by the Internal Revenue Code, installment payments shall be made on a tax-deferred basis.
- (6) A member may elect to terminate electronic fund transfers at any time and purchase the remaining service credit by lump-sum payment. A member on a leave of absence may continue to make installment payments. Termination of employment in a covered position shall terminate installment payments. If the member is later employed by a different employer in a covered position, the member may request a new estimate and reinstate installment payments. A member that misses two (2) consecutive installment payments shall be in default. A member in default shall receive a refund of all prior installment payments and the member's service credit shall be reduced accordingly. A member in default may not reinstate installment payments for twelve (12) months from the date the member was in default.
- (7) If a member dies before completing scheduled installment payments, the named beneficiary of the member's retirement account may pay the remaining balance due by a lump-sum payment within thirty (30) days of the death of the member.

Effective: June 29, 2021

History: Amended 2021 Ky. Acts ch. 192, sec. 15, effective June 29, 2021. -- Amended 2004 Ky. Acts ch. 121, sec. 14, effective July 13, 2004. -- Amended 1998 Ky. Acts ch. 515, sec. 10, effective July 1, 1998. -- Created 1996 Ky. Acts ch. 359, sec. 1, effective July 1, 1996.