

**Kentucky Public Pensions Authority  
Quarterly Meeting  
June 27, 2024, at 10:00 a.m. EST  
Live Video Conference/Facebook Live  
AGENDA**

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|---|---|
| 1. Call to Order  | Jerry Powell                                    |
| 2. Legal Opening Statement  | Michael Board                                   |
| 3. Roll Call  | Sherry Rankin                                   |
| 4. Public Comment   | Sherry Rankin                                   |
| 5. Approval of Minutes – April 25, 2024*  | Jerry Powell                                    |
| 6. KPPA Bylaw Amendments*   | Michael Board                                   |
| 7. Contract Extension for David Eager as Consulting Executive Director*   | Michael Board                                   |
| 8. Introduction of Ryan Barrow, Executive Director of KPPA  | David Eager                                     |
| 9. FYE 6/30/2024 – CERS and KRS ACFRs – Engagement letter*  | Michael Lamb<br>Ryan Graham - Blue & Co.        |
| 10. FY25 Administrative Budget, FY25 Hybrid Percentage,<br>FY25 Investment Budget, and FY24 Board Separation Expenses*  | Michael Lamb                                    |
| 11. Investment Department Update  | Steve Willer                                    |
| 12. KPPA Audit Committee Recommendations*   | Kristen Coffey                                  |
| 13. Updates to Administrative Regulation 105 KAR 1:140, Employer’s<br>Administrative duties; New Administrative Regulation 105 KAR<br>1:142, Limitations and exclusions on creditable compensation* | Carrie Bass<br>Jessica Beaubien<br>Jillian Hall |
| 14. Approval of Updates to KPPA Open Records Policy*  | Victoria Hale                                   |
| 15. Agency Reorganization*  | Lori Casey                                      |
| 16. KPPA Update   | David Eager                                     |
| 17. 2024 – 2028 Strategic Plan*   | Rebecca Adkins                                  |
| 18. Closed Session**  | Jerry Powell                                    |
| 19. Adjourn*  | Jerry Powell                                    |

*\*Board Action Required*

*\*\*Board Action May Be Required*

**MINUTES OF MEETING**  
**KENTUCKY PUBLIC PENSIONS AUTHORITY**  
**ANNUAL MEETING**  
**VIA LIVE VIDEO TELECONFERENCE**  
**APRIL 25, 2024, AT 10:00 AM ET**

At the meeting of the Kentucky Public Pensions Authority held on April 25, 2024, the following Members were present: Keith Peercy, George Cheatham, Prewitt Lane, William O'Mara, Dr. Merl Hackbart, Lynn Hampton, Jerry Powell, and William Summers, V. Staff members present were KRS CEO John Chilton, CERS CEO Ed Owens, III, David Eager, Rebecca Adkins, Erin Surratt, Michael Board, Leigh Ann Davis, Victoria Hale, Lori Casey, Steve Willer, Anthony Chiu, Michael Lamb, Connie Davis, D'Juan Surratt, Kristen Coffey, Ashley Gabbard, Katie Park, Phillip Cook and Sherry Rankin. Others present included Katie Wright with Frost Brown Todd and Ryan Barrow with the Kentucky Office of Financial Management.

Mr. Peercy called the meeting to order.

Mr. Board read the Legal Opening Statement.

Ms. Rankin called roll.

Ms. Rankin advised that one **Public Comment** (Video 00:06:47 to 00:09:15) was received and read the comment aloud.

Submitted by Beth Mary Brueggeman

*I request this comment to be made public at the meeting of the Board of Trustees of KPPA. I am a retired classified employee of Kentucky schools. I am friends with retired teachers whom I worked with for almost 20 years. During our employment, all employees selected their health insurance from the same options. Now in retirement, I am aware through research that there is a huge disparity in the plans offered teachers (Renew Active) versus KPPA (Silver Sneakers). Renew Active offers a plethora of in-person, teacher led, daily classes at local gyms (Silver Lake and Better Bodies) and specialty exercise classes (Pure Bare and Club Pilates). Silver Sneakers is primarily on-line and self directed exercise with gyms that offer little (Esporta-two water aerobic) or no (Planet Fitness) weekly classes. They offer seniors to go to very sporadic, already free classes at*

*Senior Centers. There isn't a senior center in Kenton County. I feel my life and health are of equal importance to all of Kentucky employees. I believe that in-person exercise has safety (assistance with modifications and correction of improper form from instructors) and social benefits, especially for retirees who find themselves trying to fill the void of former work connections. I respectfully ask that the Board of Trustees/Kentucky Retiree Health Plan Committee review and make changes to make plans for all Kentucky employees equitable. We all deserve the same chance at a long, healthy life. Thank you for your consideration of this matter. Sincerely, Beth Brueggeman.*

Mr. Powell introduced agenda item **Approval of Minutes – a) KPPA Board for March 19, 2024; March 21, 2024; March 26, 2024, and March 27, 2024, and February 7, 2024; and b) KPPA Ad Hoc Executive Search Committee for March 1, 2024** (Video 00:09:16 to 00:10:07). Mr. Powell made a motion and was seconded by Mr. Lane to approve all minutes as presented. The motion passed unanimously.

Mr. Powell introduced agenda item **Election of Chair** (Video 00:10:08 to 00:11:40). Mr. Eager requested nominations for KPPA Chair. Ms. Hampton nominated Mr. Jerry Powell for the role of KPPA Chair. Mr. O’Mara seconded the nomination. The Authority declared Mr. Powell the KPPA Chair for the next year by acclamation.

Mr. Powell introduced agenda item **Election of Vice Chair and Committee Assignments** (Video 00:11:41 to 00:16:34). Next, Powell requested nominations for CERS Vice-Chair. Mr. Powell nominated Mr. Keith Peercy for the role of KPPA Vice-Chair. Mr. Lane seconded the nomination. The Authority declared Mr. Peercy the KPPA Vice-Chair for the next year by acclamation.

Mr. Powell stated that committee assignments would be finalized at a later date. However, Mr. Powell appointed Mr. O’Mara and Ms. Hampton to the KPPA Ad Hoc Budget Committee so that the budget process may begin. Ms. Hampton requested that Mr. Lane take her place on the KPPA Ad Hoc Budget Committee. Mr. Powell was agreeable to the request. Mr. O’Mara (Chair) and Mr. Lane agreed to serve on the committee. Mr. Powell also appointed himself, Mr. Peercy, and Mr. Cheatham to the KPPA Ad Hoc Regulation Committee. All other committee assignments were postponed.

Mr. Powell introduced agenda item **ACFR Recommendation** (Video 00:16:35 to 00:21:03). Mr. Lamb presented a detailed memorandum outlining his research regarding the presentation of the

Annual Comprehensive Financial Report (ACFR). Beginning with fiscal year ended June 30, 2024, he recommended that KPPA contract with an outside certified public accountant to perform two separate financial statement audits and have KPPA publish two separate ACFRs:

- One ACFR for the Kentucky Retirement Systems, inclusive of the Kentucky Employees Retirement System (KERS) and the State Police Retirement System (SPRS), and their related pension and insurance trust plans and;
- One ACFR for the County Employees Retirement System, and their related pension and insurance trust plans.

Ms. Hampton made a motion to accept the recommendation by KPPA Staff to publish two separate ACFRs as presented by the KPPA Division of Accounting. Mr. O'Mara seconded the motion and the motion passed unanimously.

Mr. Powell introduced agenda item *Approval of Employment Contract with Ryan Barrow* (Video 00:21:03 to 00:21:42). Mr. Powell requested a motion to mend the agenda and postpone discussion of the item until Mr. Summers joined the meeting. Ms. Hampton made the motion and was seconded by Mr. Cheatham. The motion passed unanimously.

Mr. Powell introduced agenda item *KPPA Strategic Plan* (Video 00:21:43 to 00:32:29). Ms. Adkins provided a brief update on the KPPA Strategic Planning process.

Mr. Powell introduced agenda item *KPPA Update* (Video 00:32:30 to 00:44:16). Mr. Eager provided a written KPPA Update. However, he provided an oral update on legislation and obtaining an office space in Louisville for the KPPA Office of Investments. Additionally, he advised that the new KPPA Executive Director, Ryan Barrow, will be meeting with several key KPPA staff members and legislators. Mr. Eager invited the Authority Members to reach out to Ms. Rankin to schedule a meeting with Mr. Barrow.

*\*\*\*Mr. Summers entered the meeting\*\*\**

Ms. Hampton announced that Mr. Barrow may not be able to begin his service as Executive Director until mid-June. She expressed concern that a two-week transition period would not be sufficient. Therefore, Ms. Hampton asked Mr. Eager to postpone his retirement until July 31, 2024. Mr. Eager agreed; therefore, a draft contract will be presented to the Authority in June, said Mr. Board.



Ms. Hampton made a motion to add an addendum to Mr. Eager's current contract extending his service by one month. The motion was seconded by Mr. Summers and passed unanimously.

Mr. Powell introduced agenda item *Approval of Employment Contract with Ryan Barrow* (Video 00:44:17 to 01:04:38). Ms. Katie Wright with Frost Brown Todd updated the Authority Members on the contract negotiations with Ryan Barrow. She presented and reviewed a draft personal service contract for Executive Director. The most recent prior contracts with the Executive Director have been for 2-year terms; however, Mr. Barrow requested a 3-year contract term. Mr. Barrow presented his reasoning for the requested term length.

The Authority Members wished to follow suit with other current personal service contracts held with the KPPA. Mr. Percy made a motion to approve the the employment contract for the position of Executive Director with Ryan Barrow as presented with an expiration date of June 30, 2026, for a 2-year term. Mr. Summers seconded the motion and the motion passed unanimously.

Mr. Powell introduced agenda item *KPPA Service Recognition Awards* (Video 01:04:39 to 01:15:09). Ms. Lori Casey, Division Director of Human Resources, presented the KPPA Service Recognition Awards. She congratulated those celebrating 5, 10, 15, 20, and 25 years of service to KPPA.

Mr. Powell introduced agenda item *New Business* (Video 01:15:10 to 01:46:34). Mr. Cheatham proposed that the KPPA bylaws be amended to allow CERS and KRS Trustees outside of the KPPA to be participants on KPPA Committees. Mr. Board advised that these changes are permitted. Additionally, Mr. Cheatham wished to increase the number of members on KPPA Committees to allow to greater participation and increase expertise. The KPPA Chair would appoint one additional CERS Trustee and one additional KRS Trustee based the recommendation of the respective Board Chairs, said Mr. Cheatham.

Mr. Powell proposed the following: (1) direct KPPA Staff to research and propose amendments to the KPPA bylaws allowing members from the CERS Board of Trustees and KRS Board of Trustees to be part of the committees of KPPA and that the chair of KPPA committees be KPPA members; however, the other members may be from CERS or KRS; and (2) direct KPPA Staff to research and propose amendments to the KPPA bylaws expanding each KPPA committee by two members.

Mr. Cheatham made a motion to direct KPPA Staff to research and propose amendments to the KPPA bylaws allowing non-KPPA members to serve on the KPPA committees, research the possibility of those members being non-voting ex officio members, and expand the KPPA Audit Committee by two members: one from the KRS Board of Trustees and one from the CERS Board of Trustees. Ms. Hampton seconded the motion and the motion passed unanimously.

Mr. Board advised that the KPPA Audit Committee is scheduled to meet prior to the next meeting of the KPPA; therefore, KPPA committees must continue to abide by the current bylaws until the requested amendments are reviewed and approved.

Mr. Powell introduced agenda item ***Closed Session*** (*Video 01:46:35 to 01:47:40*). Mr. Cheatham made a motion and was seconded by Dr. Hackbart to enter closed session to discuss pending litigation. The motion passed unanimously.

Mr. Powell read the following closed session statement: A motion having been made in open session to move into a closed session for a specific purpose, and such motion having carried by majority vote in open, public session, the Board shall now enter closed session to consider litigation matters, pursuant to KRS 61.810(1)(c), because of the necessity of protecting the confidentiality of the KPPA's litigation strategy and preserving any available attorney-client privilege.

All other attendees exited the meeting.

***Closed Session*** (*Video - Part 2 - 00:01:00 to 00:01:19*). Mr. Powell called the meeting back to open session and stated that there would be no action taken as result of the closed session discussion.

There being no further business, Mr. Powell ***adjourned*** the meeting.

Copies of all documents presented are incorporated as part of the Minutes of the KPPA held April 25, 2024, except documents provided during a closed session conducted pursuant to the open meetings act and exempt under the open records act.

## CERTIFICATION

I do certify that I was present at this meeting, and I have recorded the above actions of the Board on the various items considered by it at this meeting. Further, I certify that all requirements of KRS 61.805-61.850 were met in conjunction with this meeting.

\_\_\_\_\_  
Recording Secretary

We, the Chair of the Kentucky Public Pensions Authority and Executive Director, do certify that the Minutes of Meeting held on April 25, 2024, were approved on June 27, 2024.

\_\_\_\_\_  
KPPA Board Chair

\_\_\_\_\_  
Executive Director

I have reviewed the Minutes of the April 25, 2024, Kentucky Public Pensions Authority Meeting for content, form, and legality.

\_\_\_\_\_  
Executive Director, Office of Legal Services

**KENTUCKY PUBLIC PENSIONS AUTHORITY  
STATEMENT OF BYLAWS AND COMMITTEE ORGANIZATION**

Effective June 28, 2023

**Section 1.1 GENERAL ADMINISTRATION.**

This Statement of Bylaws and Committee Organization of the Kentucky Public Pensions Authority Board is adopted pursuant to the authority of KRS 61.505(3)(b). State and Federal law shall control any inconsistency that exists or may exist between the law and this Statement of Bylaws and Committee Organization.

**I. Definitions.**

1. KPPA: “The KPPA” refers to the Kentucky Public Pensions Authority.
2. KPPA member: “KPPA member” used in reference to the KPPA means one of the eight (8) members of the KPPA Board pursuant to Kentucky Revised Statutes 61.505(2).
3. KPPA Board: “KPPA Board” refers to the eight-member board tasked with administering and operating the KPPA in accordance with Kentucky Revised Statutes 61.505.
4. Committee member: “Committee member” ~~or “member”~~ used in relation to a Committee refers to a member of the KPPA Board, or a Trustee of the Kentucky Retirement Systems or County Employees Retirement System, serving on an ad hoc or Standing Committee of the KPPA.
5. Board Year: The Board Year shall be from April 1 of each calendar year through March 31 of the following year.
6. Bylaws: “Bylaws” refers to the Statement of Bylaws and Committee Organization.
6. Executive Director: “Executive Director” refers to the KPPA Executive Director, as outlined in KRS 61.505(8).
7. CEO: “CEO” refers to the Chief Executive Officer of the Kentucky Retirement Systems and/or the Chief Executive Officer of the County Employees Retirement System.
8. KRS: “KRS” refers to the Kentucky Revised Statutes.
9. Non KPPA Member Trustee: “Non KPPA Member Trustee” refers to a Trustee of either the Kentucky Retirement Systems or County Employees Retirement System selected to serve on a KPPA Committee.
910. Retirement Office: “Retirement Office” refers to the offices of the KPPA located at 1260 Louisville Road, Frankfort, Kentucky 40601.
1011. Take action: “Take action” used in relation to the KPPA Board refers to a motion being made, seconded, and voted upon by the KPPA Board in compliance with Robert’s Rules of Order. [RONR (11<sup>th</sup> ed., as amended)].

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II. **Quorum; Parliamentary Authority.**

1. **KPPA Board quorum.** As required by KRS 61.505(7)(c), a majority of the KPPA members shall constitute a quorum and all actions taken by the KPPA Board shall be by affirmative vote of a majority of the KPPA members present.
2. **KPPA Committee quorum.** A majority of the ~~KPPA members~~Committee members on any *ad hoc* or Standing Committee shall constitute a quorum and all actions taken by the Committee shall be by affirmative vote of a majority of the Committee members present.
3. **Parliamentary authority.** The most recent edition of Robert's Rules of Order shall be the parliamentary authority. [RONR (11<sup>th</sup> ed., as amended)]

III. **Meetings.** Meetings of the KPPA Board and its Committees shall be conducted consistent with the Open Meetings Act, KRS 61.805 to 61.850. The Open Meetings Act shall control if any inconsistency exists between the Open Meetings Act and these Bylaws.

1. **Annual Meeting.** The annual meeting of the KPPA Board shall be held ~~on the fourth (4<sup>th</sup>) Wednesday of~~ in April of each Board Year.
2. **Regular Meetings.** The Board shall determine and approve, on an annual basis in advance, no later than the preceding December Board meeting, the following years' regular Board and Standing Committee meeting schedule.
3. **Special Meetings.**
  - A. Special meetings of the KPPA Board shall be held upon the call of the Chair of the KPPA Board or the Executive Director.
  - B. Special meetings of an *ad hoc* or Standing Committee of the KPPA Board shall be held upon the call of the Committee Chair, Chair of the KPPA, or the Executive Director.
  - C. A KPPA member, ~~or a Committee member,~~ may request that the Executive Director, Chair of the KPPA Board (in the case of a special meeting of the KPPA), or Committee Chair (in the case of a special meeting of an *ad hoc* or Standing Committee) call a special meeting by email or other written means. Upon receipt of email or other written requests to call a special meeting from a majority of the KPPA members ~~or Committee members,~~ the Executive Director, KPPA Board Chair, or Committee Chair shall call the requested special meeting.
4. **Notice of Meetings.**

- A. Regular Meetings. Notice of a regular meeting of the KPPA Board or Standing Committee shall be posted at least ~~ten (10)~~ seven (7) days (inclusive of weekends and holidays) before the meeting is scheduled. The notice of a regular meeting shall include the date, time, and location of the meeting, and the agenda for the meeting. The agenda shall be determined under the direction of and approval by the Chair of the KPPA Board or the Chair of the Standing Committee. Changes or revisions to the agenda may be proposed by the Executive Director, ~~or a KPPA member,~~ or a Committee member, provided such proposed changes shall be delivered to the Chair for approval not less than ninety-six (96) hours before the meeting is scheduled and further provided that nothing in this sentence shall prevent a KPPA member from introducing new items of business during a regular meeting. Approved changes or revisions to the agenda shall be posted not less than seventy-two (72) hours before the meeting is scheduled.
- B. Special Meetings. When circumstances warrant a special meeting of the KPPA Board or of an *ad hoc* or Standing Committee, notice shall be posted as soon as reasonably possible, but not less than twenty-four (24) hours before the meeting is scheduled. The notice of a special meeting shall include the date, time, and location of the special meeting and the agenda for the meeting. Discussions and action at the meeting shall be limited to items listed on the agenda in the notice.
5. Change in Meeting Dates. Any regular or special meeting of the KPPA Board or Standing Committee may be changed by following the procedure prescribed in these Bylaws for calling special meetings.
6. Records of Proceedings. All official acts of the KPPA Board shall be recorded in the minutes of the regular or special meeting at which the action was approved or adopted. The Executive Director shall cause the minutes to be transcribed and presented for approval or amendment at the next regular meeting. An electronic copy (certified by the Chair and the Executive Director) shall be on file in the Retirement Office for public inspection and posted on the KPPA website. Electronic copies are maintained on the KPPA Website for KPPA Board and Committee actions. Copies that have been archived from the website are available on request.
- IV. Chair and Vice-Chair of the KPPA. The KPPA Board shall elect a Chair and a Vice-Chair at each annual meeting to hold office for the ensuing Board Year or until their successors are elected. The Chair shall not serve more than four (4) consecutive years as Chair or Vice-Chair (in combination) of the KPPA Board. The Vice-Chair shall not serve more than four (4) consecutive years as Chair or Vice-Chair (in combination) of the KPPA Board. A KPPA member who has served four (4) consecutive years as Chair or Vice-Chair of the KPPA Board may be elected Chair or Vice-Chair of the KPPA after an absence of two (2) years from both positions.

**V. Committees.** As specified in Sections 2.1 through 2.3 below, the KPPA Board may create *ad hoc* or Standing Committees with such powers and duties as established by the KPPA Board. The Chair of the KPPA Board also has the authority to create an *ad hoc* Committee. The Chair of the KPPA Board, unless otherwise stipulated or determined by the KPPA Board, shall appoint the members of each *ad hoc* or Standing Committee, and such appointments shall be recorded in the minutes of the current or next-following regular KPPA Board meeting. If passed by majority vote of the KPPA Board, the Kentucky Retirement Systems Board of Trustees and the County Employees Retirement System Board of Trustees each may appoint one Non-KPPA Member Trustee to serve on any specified KPPA Committee. The Chair shall also appoint a Chair for each *ad hoc* or Standing Committee and may appoint a Vice Chair for each *ad hoc* or Standing Committee, unless otherwise determined by the KPPA Board. The Chair and Vice Chair for each *ad hoc* or Standing Committee shall be a KPPA Member so they may present each Committee's recommendations to the KPPA Board. The Non-KPPA Committee member Trustees shall not have a vote on any matter before the KPPA Board, including their Committee's recommendation(s) before the KPPA Board. Committee members, Committee Chair, and Committee Vice Chair, if applicable, shall serve concurrently with the appointing Chair.

Any Non-KPPA Member Trustee serving on a KPPA Committee accepts the requirements of KRS 61.505(12)(a), specifically, KRS 61.505(12)(a)(3), to act in a manner he or she honestly believes to be in the best interest of both the County Employees Retirement System and the Kentucky Retirement Systems, as applicable.

**VI. Conflicts of Interest.**

1. KPPA members shall file a statement of financial disclosure with the Executive Branch Ethics Commission within thirty (30) days of taking office and provide a copy to the KPPA legal staff.
2. KPPA members shall also file a statement of financial disclosure by April 15 of each calendar year, and within thirty (30) days following departure from office as a KPPA member, or as otherwise provided by law, with the Executive Branch Ethics Commission and provide a copy to the KPPA legal staff.
3. KPPA members shall also file a written conflict of interest statement as required pursuant to the KPPA Conflict of Interest Policy.

**VII. Confidentiality.** KPPA members shall file a written confidentiality statement as required by the KPPA Confidentiality Policy.

**VIII. Travel Policy Guidelines.**

1. All travel for official business of KPPA must be done in accordance with the requirements of and be consistent with KRS Chapter 45A and the KPPA Per Diem and Reimbursement Policy.
2. No more than three (3) KPPA members may be passengers in the same common carrier. A maximum of one (1) executive staff of the KPPA may be a passenger in the same common carrier.

3. To avoid an accidental violation of Kentucky Open Meetings Laws, other than for scheduled meetings, no more than four (4) KPPA members, nor a quorum of any KPPA Committee, may attend the same off-site conference, training, etc., at the same time. The Executive Director, or his or her designee, shall review KPPA member travel requests to coordinate attendance and avoid noncompliance with Kentucky Open Meetings Laws.

- IX. **Violations of KPPA Policies and Guidelines.** If a complaint is made that a KPPA member, or a Committee member, violated these Bylaws or any policy approved by the KPPA Board, the KPPA Board shall follow the procedure found in the KPPA Conflict of Interest and the KPPA Confidentiality Policies in investigating the complaint.

**Section 1.2 KPPA MEMBER REQUIREMENTS.**

- I. A vacancy on the KPPA Board shall be filled by the Kentucky Retirement Systems or the County Employees Retirement System, as appropriate, in the same manner provided for the selection of the particular KPPA member position in KRS 61.505(2).
- II. No person shall serve in more than one (1) position as a KPPA member and if a person holds more than one (1) position as a KPPA member, he or she shall resign a position.
- III. Membership on the KPPA Board shall not be incompatible with any other office unless a constitutional incompatibility exists.
- IV. A KPPA member shall be removed from office upon conviction of a felony or for a finding of a violation of any provision of KRS 11A.020 or 11A.040 by a court of competent jurisdiction.
- V. KPPA members are expected to comply with the Trustee Education Policy of the Board of Trustees of the Kentucky Retirement Systems or the Trustee Education Policy of the County Employees Retirement System, as applicable. The Executive Director may schedule additional KPPA member education at any Annual Meeting or Regular Meeting of the KPPA Board. If a KPPA member fails to comply with the Trustee Education Policy of either the Board of Trustees of the Kentucky Retirement Systems or the Board of Trustees of the County Employees Retirement System (as applicable), or fails to attend additional KPPA member education scheduled by the Executive Director, then any reimbursement or per diem of the KPPA member shall not be paid until the KPPA member is in compliance with the applicable Trustee Education Policy or receives the additional KPPA member education.

**Section 1.3 KPPA BOARD RESPONSIBILITIES.**

- I. The KPPA Board shall make and maintain Bylaws.



- II. The KPPA Board shall appoint an Executive Director, fix the Executive Director’s salary, and perform an annual evaluation of the Executive Director.
- III. The KPPA Board shall appoint a Chief Auditor, fix the Chief Auditor’s salary, and perform an annual evaluation of the Chief Auditor.
- IV. The KPPA Board may act on contracts for rental of office space, and professional services, including, but not limited to, the auditor, legal counsel, medical examiners, and hearing officers, in accordance with the requirements of the Commonwealth of Kentucky Model Procurement Act (KRS Chapter 45A).
- V. The KPPA Board shall consider and take action on changes to administrative regulations proposed by the staff of the KPPA.
- VI. The KPPA Board shall take action on the audited financial statements of the KPPA, which includes the Kentucky Retirement Systems and the County Employees Retirement System plans.
- VII. The KPPA Board shall consider and take action on the recommendations of all of its Committees.
- VIII. The KPPA Board shall receive reports from the KPPA Audit Committee, and shall be responsible for ensuring that the recommendations of the KPPA Audit Committee are implemented.
- IX. The KPPA Board shall, in compliance with KRS Chapter 45A, issue a Request for Proposal and through KPPA staff select and contract with the actuary, who shall be a Fellow of the Conference of Consulting Actuaries or a member of the American Academy of Actuaries, pursuant to KRS 61.505(1)(e), KRS 61.645(2)(d), and KRS 78.782(2)(d) in order to allow the Kentucky Retirement Systems and the County Employees Retirement System to carry out their obligations in accordance with KRS 61.670 and KRS 78.784. The KPPA may also consult with the actuary as needed in accordance with KRS 61.505(12)(c)2.
- X. The KPPA Board shall provide oversight concerning programs and services for Kentucky Retirement Systems’ and County Employees Retirement System’s members, beneficiaries, recipients, and participating employers.
- XI. The KPPA Board, ~~and~~ individual KPPA members, and Committee members should ordinarily refer all news media inquiries to the Executive Director and/or the KPPA Board Chair, and should not speak on behalf of the KPPA with the news media. However, nothing in this subsection is intended to prevent individual KPPA members from speaking to the media concerning their actions, opinions, and decisions as individual KPPA members.
- XII. The KPPA Board shall review and approve the KPPA biennial administrative budget and necessary budget amendments. The Executive Director (or designee) will schedule meetings, prepare budget documents and supporting schedules, and present them to KPPA members prior to the date of a meeting. The KPPA biennial administrative budget will include the budgets of the Kentucky Retirement Systems and the County Employees Retirement Systems.

**Section 1.4 EXECUTIVE DIRECTOR RESPONSIBILITIES.**

**Commented [B(1)]:** What if the KPPA disagrees with the recommendations of the KPPA Audit Committee?

**Commented [BM(2R1)]:** Now that the Audit Committee is a KPPA Committee, the Board should have authority to either implement or not implement the recommendations.

- I. The Executive Director shall appoint all employees deemed necessary to transact the business of the KPPA, except for the employees who report directly to the KPPA Chief Auditor. The KPPA Executive Director shall be responsible for oversight and implementation of agency-related human resources management, e.g., affirmative action and similar matters. All employees of the KPPA, except for the Executive Director, the Chief Auditor, the Executive Director of the Office of Investments, and the Deputy Executive Director of the Office of Investments shall be subject the state personnel system established pursuant to KRS 18A.005 to 18A.204 and shall have their salaries determined by the secretary of the Personnel Cabinet.
- II. The Executive Director shall seek appropriate input from the CEOs of the Kentucky Retirement Systems and the County Employees Retirement System and the Investment Committee Chairs of the Board of Trustees of the Kentucky Retirement Systems and the Board of Trustees of the County Employees Retirement System regarding the hiring, firing, and performance evaluations of the Executive Director of the Office of Investments. The Executive Director shall also have personnel authority over all employees of the Office of Investments. However, all Office of Investments employees, including the Executive Director of the Office of Investments, shall take direction on investment management and performance from the Investment Committees of the Board of Trustees of the Kentucky Retirement Systems and the Board of Trustees of the County Employees Retirement System.
- III. The Executive Director will coordinate with the CEOs of the Kentucky Retirement Systems and the County Employees Retirement System to develop a biennial budget and necessary budget amendments for approval by the KPPA and shall submit the budget to the Governor's office. The KPPA biennial administrative budget will include the budgets of the Kentucky Retirement Systems and the County Employees Retirement Systems. The Executive Director (or designee) shall present a budget-to-actual expenditure analysis to the KPPA at each regular quarterly meeting of the KPPA.
- IV. The Executive Director shall ensure that information and records management is comprehensive and efficient, and shall ensure that a disaster recovery plan, continuity of operations plan, and policies to ensure cyber-security are developed and maintained.
- V. The Executive Director shall develop recommendations for improvements and revisions of KPPA Board policies and submit such revisions for KPPA Board approval. —The Executive Director shall ensure that approved policies are implemented in conformance with statutes, regulations, and relevant policies of the Kentucky Retirement Systems and the County Employees Retirement System.
- VI. The Executive Director shall collaborate with the KPPA Office of Legal Services to monitor litigation affecting the KPPA and the Kentucky Retirement Systems, and the County Employees Retirement System, jointly. The Executive Director shall report significant relevant developments to the KPPA Board. Litigation affecting only the Kentucky Retirement Systems or only the County Employees Retirement System shall not be reported to the KPPA.

- VII. The Executive Director shall collaborate with the CEOs of the Kentucky Retirement Systems and the County Employees Retirement System in acting as legislative liaison and represent the KPPA at legislative hearings and other legislative meetings. The Executive Director will review proposed legislation that is likely to affect the KPPA, the Kentucky Retirement Systems, and the County Employees Retirement System and advise the KPPA Board about pending legislation.
- VIII. The Executive Director shall collaborate with the CEOs of the Kentucky Retirement Systems and the County Employees Retirement System to provide technical assistance to the members of the General Assembly, the Governor's office, and state and local government officials.
- IX. The Executive Director shall collaborate with the CEOs of the Kentucky Retirement Systems and the County Employees Retirement System to recommend legislative or regulatory changes and propose draft language.
- X. The Executive Director shall implement any statutory or regulatory changes and take appropriate action to conform to state and federal law.
- XI. The Executive Director shall sign all documents necessary to promulgate or amend an administrative regulation on behalf of the KPPA in accordance with KRS 13A.220 and KRS 61.505(1)(f).
- XII. The Executive Director shall collaborate with the CEOs of the Kentucky Retirement Systems and the County Employees Retirement System to communicate with the mass media and other agencies, entities, or institutions, including responding to correspondence or inquiries addressed to the KPPA.
- XIII. The Executive Director shall assist the CEOs of the Kentucky Retirement Systems and the County Employees Retirement System in coordinating reciprocal benefits with the other state administered retirement systems in Kentucky.
- XIV. In the case of emergency conditions that threaten the functioning of the KPPA, the Kentucky Retirement Systems, or the County Employees Retirement System; the preservation or protection Kentucky Retirement Systems' property or assets or the County Employees Retirement System's property or assets; vital data; or the health and safety of any person, and where a quorum of the KPPA Board is unavailable, the Executive Director may take actions necessary to prevent or mitigate the threat, even if a vote of the KPPA Board would otherwise be necessary to take such action. When a quorum of the KPPA Board becomes available, any such actions taken by the Executive Director shall be reviewed and ratified as necessary.
- XV. The Executive Director shall designate KPPA staff to act as the Records Custodian for the KPPA, the Kentucky Retirement Systems, and the County Employees Retirement System, and shall ensure compliance with Kentucky's Open Records Act, KRS 61.870, et seq.
- XVI. The Executive Director shall ensure that all Board and/or Committee meeting materials are distributed to Trustees at least one week in advance of the meeting to allow Trustees ample time to review documents.

**Section 1.5 CHIEF AUDITOR RESPONSIBILITIES**

- I. The Chief Auditor shall report directly to the KPPA Board in the performance of internal audit functions.
- II. The Chief Auditor shall appoint the employees who report directly to them.
- III. The Chief Auditor shall work cooperatively with the CEOs of the County Employees Retirement System and the Kentucky Retirement Systems.
- IV. The remainder of the Chief Auditor’s responsibilities are detailed in the Internal Audit Charter.

**Section 2.1 AD HOC COMMITTEES.**

The Chair or the KPPA Board may at any time establish an *ad hoc* Committee of the KPPA Board and fix its duties and responsibilities for any purpose which, in the judgment of the Chair or the KPPA Board, is served by an *ad hoc* Committee. The Chair shall appoint the members of each *ad hoc* Committee. Each *ad hoc* Committee shall consist of two (2) KPPA members who also serve on the Board of Trustees of the Kentucky Retirement Systems and two (2) KPPA members who also serve on the Board of Trustees of the County Employees Retirement System. If passed by majority vote of the KPPA Board, *ad hoc* Committees may include Non-KPPA Member Trustees as described in Section 1.1, Paragraph V above, in addition to the KPPA members appointed by the KPPA Chair. The Chair shall also appoint a Chair for each *ad hoc* Committee and may appoint a Vice Chair, unless otherwise determined by the KPPA Board.

**Section 2.2 STANDING COMMITTEES**

The Board shall have the Standing Committees specified in Section 2.3, each of them to have the duties and responsibilities as therein set forth, together with such other duties and responsibilities as the Board may by resolution determine. In each Board Year, the Chair, elected at the annual meeting, shall appoint members to Committees as specified in Section 2.3, unless otherwise determined by the Board. Each Committee shall have a Chair and the Board Chair shall appoint the Chair of each Committee, unless otherwise determined by the Board. A Committee may (but is not required to) elect a Vice-Chair from among its committee members by a majority vote of the Committee, if one is not appointed by the Chair of the KPPA Board. A Vice-Chair so elected shall preside at meetings of the Committee in the absence or inability to act of the Committee Chair. Any member may attend any meeting of any Committee of which he or she is not a Committee member but shall not have a vote.

**Section 2.3 STANDING COMMITTEES; DUTIES AND RESPONSIBILITIES.**

The Standing Committees of the Board are, and shall have respective duties and responsibilities, as follows:

- a. **Audit Committee.** The Audit Committee shall consist of four (4) members total, two (2) Trustees from the County Employees Retirement System Board and two (2) Trustees from the Kentucky Retirement Systems Board. The Audit Committee shall consist of the members appointed annually by the KPPA Chair, and any Non-KPPA Member Trustees appointed by their respective Board. The Audit Committee shall recommend actions to the KPPA Board in fulfilling its oversight responsibilities for the system of internal

control, the internal and external audit processes, and the process for monitoring compliance with laws, regulations, and the code of conduct.

1. **Audit Committee Responsibilities.** The Audit Committee will meet quarterly, with authority to convene additional meetings, as circumstances require. The Audit Committee shall have the authority to review reports by the Chief Auditor and to recommend appropriate policies and procedures. Additional responsibilities are enumerated in the Audit Committee Charter.
2. **Chief Auditor Responsibilities.** The KPPA Chief Auditor will be responsible for the planning, implementation, and reporting of audits and internal audit plans. The Chief Auditor will also be responsible for the functional control and audit activities in the relation to the objectives of the KPPA Division of Internal Audit. Additional responsibilities are enumerated in the KPPA Division of Internal Audit Charter.
3. **Audit Charters.** The Audit Committee Charter and the KPPA Division of Internal Audit Charter are hereby incorporated by reference.

**Section 2.4 DELEGATIONS OF AUTHORITY BY THE KPPA BOARD.**

**Delegation of Authority.** Except as may be prohibited by or inconsistent with law, the KPPA Board may delegate to any *ad hoc* or Standing Committee of the KPPA any power, authority, duty, or responsibility conferred on the KPPA Board by law. In the case of any such delegation, the decision or action of the *ad hoc* or Standing Committee within the scope of its delegated authority shall constitute the decision or action of the KPPA Board and shall be reported to the KPPA Board at its next regularly scheduled meeting. The KPPA Board may at any time rescind the delegated authority as a whole or in part.

**Section 2.5 LIMITATIONS ON AUTHORITY.**

No *ad hoc* or Standing Committee shall have any power or authority, nor shall the KPPA Board delegate to itself, power or authority, as to any of the following:

- I. The amendment or repeal of any KPPA Board resolution.

Action on other matters committed by KPPA Board resolution or by Kentucky law (including the common law of trusts respecting the delegation or the non-delegation of fiduciary responsibilities) to the KPPA Board under terms or provisions that make such action non-delegable.

**Section 2.6 AMENDMENT OF BYLAWS.**

These Bylaws may be amended at any regular or special meeting of the KPPA Board by a vote of a majority of the entire membership of the KPPA Board.

**Section 3.0 LITIGATION DEFENSE FOR TRUSTEES AND EMPLOYEES OF KPPA, COUNTY EMPLOYEES RETIREMENT SYSTEMS AND KENTUCKY RETIREMENT SYSTEMS.**

The KPPA shall provide and pay for the defense of any current or former Board Member or employee of the KPPA, or trustee County Employees Retirement Systems and Kentucky Retirement Systems who is named in any action arising out of an act or omission occurring

**Commented [HV(3):** If the entire membership of the KPPA Board is not present but only 5 members are, does this mean that a vote of 3 members, or a quorum of those present is not enough to approve the amendments to the Bylaws?

within the scope of the Trustee or employee’s duty as a member or employee of one of those Boards and to pay any judgment, compromise or settlement of the action provided that the Trustee or employee notifies in writing the KPPA within 10 days of receipt of service. The KPPA shall not pay a judgement or settlement or may recover payments made on behalf of a Trustee or employee if it is determined through the course of litigation that the Trustee or employee: acted or failed to act because of malice, fraud or corruption; the actions are clearly outside the actual or apparent scope of the Trustee or employee’s duties; the Trustee or employee willfully failed or refused to assist in the defense of the cause of action; or the Trustee or employee compromised or settled the claim without the approval of the KPPA. If the Trustee or employee obtains private counsel KRS 78.782 and KRS 61.645 shall apply.

**Section 4.0 CERTIFICATION OF STATEMENT OF BYLAWS AND COMMITTEE ORGANIZATION.**

We, the Chair of the Kentucky Public Pensions Authority Board and the Executive Director of the Kentucky Public Pensions Authority, do certify that this Statement of Bylaws and Committee Organization was approved and adopted by the KPPA Board on the 28 27<sup>th</sup> day of June, 2024.

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Keith Peerey Jerry W. Powell, Chair  
Kentucky Public Pensions Authority

\_\_\_\_\_  
Date

\_\_\_\_\_  
David L. Eager, Executive Director  
Kentucky Public Pensions Authority

\_\_\_\_\_  
Date

**ADDENDUM TO PERSONAL SERVICES CONTRACT  
FOR  
EXECUTIVE DIRECTOR**

Pursuant to **Section I, Scope of Agreement**, Subparagrah 6.E. (Waivers and Amendments), in the Personal Service Contract ("PSC") for an Executive Director entered into by and between the Kentucky Public Pensions Authority (KPPA) and David L. Eager ("Employee") on or about May 30, 2023, the following amendments and terms and conditions are incorporated into and form a part of the PSC:

**I.  
Preamble**

The first paragraph of the preamble is hereby amended as follows:

This Personal Service Contract (PSC) is entered into, by and between the Kentucky Public Pensions Authority ("Authority" or "KPPA") and David L. Eager ("the Employee") to establish a contract for a Consulting Executive Director of the Kentucky Public Pensions Authority. The previous PSC was effective 7/1/2023 – 6/30/2024.

**II.  
Preamble**

The third paragraph of the preamble is hereby amended as follows:

This PSC is effective 07/01/2024 and expires 07/31/2024. The KPPA Board reserves the right to renew this agreement per the authority granted to them in KRS 61.505 and by House Bill 9, which passed in the 2021 Regular Legislative Session.

**III.  
Section I. Scope of Agreement**

**Section I. Scope of Agreement**, Subparagraph 1. Duties is hereby amended as follows:

The Board of the Kentucky Public Pensions Authority ("KPPA") agrees to employ David L. Eager ("Employee") as Consulting Executive Director. Employee will report to the Board of the Kentucky Public Pensions Authority and shall perform the duties and responsibilities outlined below competently, carefully, and faithfully as required herein and in the KPPA Policies, as applicable.

Employee shall coordinate meetings between the new Executive Director and all parties necessary to assist in the onboarding of the new Executing Director. Employee shall compile and provide background and reference material to the new Executive Director to further assist with onboarding. Employee shall be available for discussion regarding the provided material. Employee shall accompany the new Executive Director to Board and Committee meetings, internal staff meetings, and external

meetings. Employee shall be generally available to the new Executive Director for pre and post meeting follow-up. Employee shall ensure all Executive Director duties and responsibilities are handed over to the new Executive Director by the end of the contract term.

**IV.**

**Section I. Scope of Agreement**

**Section I. Scope of Agreement**, Subparagrah 2. Contract Term, is hereby amended as follows:

The term of Employee's employment with KPPA shall be for the period from July 1, 2024 through July 31, 2024 (the "Contract Term"), unless earlier terminated pursuant to this Agreement. Nothing in this Agreement shall be construed to create any commitment, guarantee, agreement or understanding of any kind that KPPA shall continue to employ Employee after the end of the Contract Term.

**V.**

**Section I. Scope of Agreement**

**Section I. Scope of Agreement**, Subparagrah 4.A. Compensation (Salary) is hereby amended as follows:

The Authority shall pay Employee, as compensation for the performance of his obligations under this Agreement \$19,080, which is 1/12 of the annual salary included in the previous agreement, which was \$228,960. Employee understands that no variable or performance linked compensation is envisioned during the term of this agreement. The salary shall be paid in such periodic installments as KPPA pays its employees.

**VI.**

**Section I. Scope of Agreement**

**Section I. Scope of Agreement**, Subparagraph 4.B. Compensation (Benefits) is hereby amended as follows:

The Authority shall provide Employee for the duration of the Contract Term with all benefits received by other employees of the KPPA as set forth in the Commonwealth of Kentucky Employee Handbook.

It is understood and agreed by Employee that the annual salary and benefits set forth above shall not be changed during the Contract Term.

**VII.**

**Section III. Pricing**

**Section III. Pricing**, Subparagraph 1. Salary is hereby amended as follows:



The Authority shall pay Employee, as compensation for the performance of his obligations under this Agreement \$19,080, which is 1/12 of the annual salary included in the previous agreement, which was \$228,960, and benefits as determined and set forth herein. Employee understands that no variable or performance linked compensation may be paid during the term of this agreement. Any and all changes to this Agreement must be processed in the same manner as the original Agreement. The salary shall be paid in such periodic installments as KPPA pays its employees.

**All other terms and conditions of the May 30, 2023, PSC remain unchanged and in full force and effect.**

**IN WITNESS WHEREOF**, the parties have executed this Addendum as of the date of execution by both parties below.

**KPPA:**

**Employee:**

KENTUCKY PUBLIC PENSIONS AUTHORITY

DAVID L. EAGER

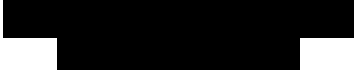
By: \_\_\_\_\_  
Name: Jerry Powell  
Title: KPPA Board Chair  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: David L. Eager  
Title: KPPA Consulting Exec. Dir.  
Date: \_\_\_\_\_

**APPROVED AS TO FORM AND LEGALITY:**

By: \_\_\_\_\_  
Name: Michael Board  
Title: Executive Director, Office of Legal Services

PERSONAL SERVICE CONTRACT FOR  
EXECUTIVE DIRECTOR  
BETWEEN  
KENTUCKY PUBLIC PENSIONS AUTHORITY  
AND  
DAVID L. EAGER



This Personal Service Contract (PSC) is entered into, by and between the Kentucky Public Pensions Authority ("Authority" or "KPPA") and David L. Eager ("the Employee") to establish a contract for the Executive Director of the Kentucky Public Pensions Authority. The previous PSC was effective 7/1/2021 – 6/30/2023.

No solicitation was issued for these services. Employee's appointment to this position was determined under the statutory authority of KPPA. Per KRS 61.505(8)(a), "The Kentucky Public Pensions Authority shall appoint or contract for the services of an executive director and fix the compensation & other terms of employment without limitation of the provisions of KRS Chapters 18A, 45A and KRS 64.640."

This PSC is effective 7/1/2023 and expires 6/30/2024. The Board reserves the right to renew this agreement per the authority granted to them in KRS 61.505 and by House Bill 9, which passed in the 2021 Regular Legislative Session.

Previous Contract number: PON2 100 2000002110-1

KPPA and Employee agree to the following:

**I. Scope of Agreement**

Services required

Employment Duties, Contract Term and Application of Personnel Policies.

1. Duties.

The Board of the Kentucky Public Pensions Authority ("KPPA") agrees to employ David L. Eager ("Employee") as Executive Director. Employee will report to the Board of the Kentucky Public Pensions Authority Board and shall perform his duties and discharge his responsibilities competently, carefully and faithfully as required herein and in the KPPA Policies, as applicable. Employee will devote his full time and best efforts to the affairs of KPPA and shall complete all assigned tasks to the satisfaction of the Board and within any prescribed timeframe.

2. Contract Term.

The term of Employee's employment with KPPA shall be for the period from July 1, 2023, through June 30, 2024 (the "Contract Term"), unless earlier terminated pursuant to this Agreement. Nothing in this Agreement shall be construed to create any commitment, guarantee, agreement or understanding of any kind that the Authority shall continue to employ Employee after the end of the Contract Term.

3. Policies.

The Employee is subject to the Commonwealth of Kentucky Employee Handbook, any Personnel Policies, Conflict of Interest Policies, Confidentiality Policies or any other personnel related policies or statutes which apply to KPPA employees except to the extent his unclassified position is exempted therefrom in any statute or exempted as set forth in this Agreement.

4. Compensation.

A. Salary.

The Authority shall pay Employee, as compensation for the performance of his obligations under this Agreement, an annual salary of \$ 228,960. Employee understands that no variable or performance linked compensation is envisioned during the term of this agreement. The salary shall be, paid in such periodic installments as the Authority may pay its other employees.

B. Benefits.

The Authority shall provide Employee for the duration of the Contract Term with all benefits received by other employees of the KPPA as set forth in the Commonwealth of Kentucky Employee Handbook. Additionally, Employee shall receive five (5) days of paid vacation leave over and above the vacation leave to which Employee is entitled under the terms of the Commonwealth of Kentucky Employee Handbook. This additional leave shall vest at the beginning of each fiscal year during the Contract Term.

It is understood and agreed by Employee that the annual salary and benefits set forth above shall not be changed during the Contract Term.

5. Early Termination of Employment.

A. Termination for Cause.

The Authority may immediately terminate Employee's employment with KPPA at any time prior to the end of the Contract Term for "Cause" as defined in 3(b) below. The decision to terminate the Employee for Cause shall require a majority vote of the full KPPA Board. The existence of Cause shall be determined in the sole and absolute discretion of the KPPA Board.

Definition and Determination of "Cause."

As used herein, "Cause" shall include but not be limited to the following:

Failure or neglect by Employee to satisfactorily perform the duties of the Employee's position.

Failure of the Employee to obey lawful orders or to comply with lawful directives to him.

Misconduct in connection with the performance of any of his duties, including but not limited to misappropriations of funds or property of KPPA, misrepresentations to KPPA or any regulatory authority, the violation of any laws, regulations or policies to which KPPA is subject or the Employee's position is subject, violation of a provision of the Kentucky Executive Branch Code of Ethics or any policies of the Kentucky Public Pensions Authority.

Commission by Employee of an act involving moral turpitude, dishonesty, theft, unethical business conduct, or conduct that impairs or injures the reputation of, or harms, KPPA.

The performance of any act outside the authority of the Executive Director.

Failure to cooperate fully in any investigation by KPPA or by any regulatory or law enforcement authority that may properly investigate the KPPA.

Disclosure of any confidential or proprietary information.

Use or abuse of alcohol or drugs which interferes with the Employee's performance of his duties.

The Authority shall provide Employee with written notice of termination for Cause citing the specific reasons for the termination. The Employee is non-classified and therefore Employee does not have the right to appeal any termination in any manner to a neutral decision maker. Consequently, Employee shall have no rights to the Grievance and Appeal Procedures set forth in the Commonwealth of Kentucky Employee Handbook and shall have no right of appeal to the Kentucky Personnel Board. The Employee's only rights of recourse are set forth in this Agreement.

**B. Termination without Cause.**

The Board of KPPA may terminate Employee's employment with KPPA prior to the end of the Contract Term at any time without Cause by providing written notice of the same. If Employee's employment with KPPA is terminated prior to the end of the Contract Term for reasons other than Cause, the Employee shall be entitled to three (3) months of the contractual compensation or the amount of the contractual compensation remaining through the end of the Contract Term, whichever is less. This amount shall be payable to Employee in one lump sum within thirty (30) calendar days of termination; provided, however, KPPA shall not be required to make any such payment until, upon the request of and in form acceptable to KPPA, Employee executes and delivers a full and complete release of KPPA, KPPA's Board, and the Authority's employees, individually and in their official capacities, for any and all claims and potential claims of any nature, employment related or otherwise, whether arising by statute, contract or common law, that Employee could assert against KPPA, such release to be in a form satisfactory to KPPA and its counsel.

In the event of termination without Cause, the only obligation for compensation to Employee shall be as stated in this subparagraph, and Employee shall not be entitled to compensation for the remaining term of employment under this Agreement.

C. Voluntary Termination.

Employee shall have the right to terminate his employment with KPPA voluntarily, at any time, by giving at least sixty (60) days written notice to the Chair of the KPPA Board. Under the terms of a voluntary termination, Employee is entitled to his contractual compensation, as set forth herein, through the date of resignation.

6. Miscellaneous.

A. Notices.

Any notice or other communication required, or which may be given to any party hereunder shall be in writing and shall be delivered personally, or sent by certified, registered or express mail, postage prepaid, and shall be deemed given when so delivered personally, or if mailed, five days after the date of mailing to the respective party as follows:

To KPPA: Kentucky Public Pensions Authority  
Attention: KPPA Board Chair  
1260 Louisville Road  
Frankfort, KY 40601

To Employee: David L. Eager  


B. Successors and Assigns.

This Agreement shall inure to the benefit of and be binding upon KPPA and its successors and assigns, and Employee and his heirs and personal representatives, but Employee's rights hereunder are personal to him and shall not be subject to voluntary or involuntary alienation, assignment or transfer. For the purposes of this Agreement, the term "successors and assigns" shall mean any person, firm, corporation, or other entity which at any time, whether by change in law, merger, purchase or otherwise, shall manage or acquire all, or substantially all, of the assets or business of KPPA.

C. Governing Law.

This Agreement shall be governed by, and construed in accordance with, the laws of the Commonwealth of Kentucky.

D. Entire Agreement.

This Agreement is the entire and exclusive agreement between Employee and KPPA with regard to the subject matter hereof and supersedes all previous oral and written agreements or understandings, and all contemporaneous oral and written negotiations, commitments, understandings and communications between the parties, relating to the subject matter of this Agreement. Either KPPA or Employee may terminate the employment relationship at any time for any reason pursuant to the terms of this Agreement. Nothing in this Agreement is

intended, nor should be construed, to limit or modify this mutual right. This Agreement was negotiated between the Employee and representatives of the KPPA Board.

E. Waivers and Amendments.

This Agreement may be amended, modified, superseded, cancelled, renewed or extended, and the terms and conditions hereof may be waived, only by a written instrument signed by the Chair of the KPPA Board of Trustees and Employee or, in the case of a waiver, by the party waiving compliance. No delay on the part of the KPPA Board or Employee in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of KPPA Board or Employee of any right, power or privilege hereunder, or any single or partial exercise of any right, power or privilege hereunder, preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder. The rights and remedies herein provided are cumulative and are not exclusive of any rights or remedies that KPPA Board or Employee may otherwise have at law or in equity, except as expressly excluded herein.

F. Severability.

The invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions hereof.

G. Counterparts.

This Agreement may be executed in two (2) or more Counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

H. Headings.

The headings in this Agreement are for reference purposes only and shall not in any way affect the meaning, construction or interpretation of this Agreement. Any rule of construction to the effect that ambiguities are to be resolved against the drafting party does not apply in interpreting this Agreement. The language in all parts of this Agreement is to be construed according to its fair meaning, and not strictly for or against any party hereto.

I. Jurisdiction.

KPPA and Employee hereby irrevocably consent and submit to the jurisdiction of (A) the Circuit Court of Franklin County, Commonwealth of Kentucky or (B) the United States District Court sitting in and for the district which includes the City of Frankfort, Commonwealth of Kentucky in any dispute, action, claim or proceeding arising out of or relating to this Agreement, and irrevocably agree that any and all claims arising out of or relating to this Agreement shall be heard and determined in these Courts, without regard to the principle of conflicts of law.

J. Conflict-of-Interest Laws and Principles.

The Employee certifies that he is legally entitled to enter into this Agreement with KPPA, and by holding and performing this Agreement, he will not be violating any Conflict-of-Interest Statute or Policy, or KRS 11A.040 of the Executive Branch Code of Ethics.

K. Survival.

This Agreement shall survive the termination of Employee's Employment with KPPA.

**II. Contract Components and Order of Precedence**

KPPA's appointment of the Employee as its Executive Director shall create a valid contract between the Parties consisting of the following:

1. Any written Agreement between the Parties.
2. Any Addenda to the Agreement.

In the event of any conflict between or among the provisions contained in the Agreement, the order of precedence shall be as enumerated above.

**III. Pricing**

1. Salary.

Kentucky Public Pensions Authority shall pay Employee, as compensation for the performance of his obligations under this Agreement, a base annual salary of \$ 228,960 and benefits as determined and set forth herein. Employee understands that no variable or performance linked compensation may be paid during the term of this agreement. Any and all changes to this Agreement must be processed in the same manner as the original Agreement. The salary shall be paid in such periodic installments as KPPA pays its other employees.

**IV. Invoicing**

1. Payment.

Payment is processed through the Commonwealth of Kentucky's KHRIS system.

2. Travel Expenses.

Kentucky Public Pensions Authority may reimburse the Employee for travel expenses in accordance with the state regulations established by the Finance and Administration Cabinet and in compliance with Kentucky Revised Statutes and Kentucky Administrative Regulations upon receipt of approved documentation.

3. Other Expenses.

The Employee shall be reimbursed for no other expenses of any kind, unless and except as specifically authorized within the specifications of this Agreement or authorized in advance and in writing by the Chair of the KPPA Board.

If reimbursement of such expenses is authorized, the reimbursement shall be only on an out-of-pocket basis. Request for payment of same shall be processed upon receipt from the Employee

of valid, itemized statements submitted periodically for payment at the time any fees are due. The Employee shall maintain supporting documents that substantiate every claim for expenses and shall furnish the same if requested by KPPA.

**IN WITNESS WHEREOF**, KPPA has caused this Agreement to be subscribed on its behalf by its duly authorized agent, and Employee has caused this Agreement to be subscribed on his behalf, as of the \_\_\_ day, \_\_\_\_\_, 2023. By affixing signatures below, the parties verify that they are authorized to enter into this Agreement and that they accept and consent to be bound by the terms and conditions stated herein. In addition, the parties agree that (i) electronic approvals may serve as electronic signatures; and (ii) this Agreement may be executed in any number of counterparts, each of which when executed and delivered shall constitute a duplicate original, but all counterparts together shall constitute a single contract.

KPPA:

Employee:

KENTUCKY PUBLIC PENSIONS AUTHORITY

DAVID L. EAGER

By: \_\_\_\_\_  
Name: Keith Peercy  
Title: KPPA Board Chair  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: David L. Eager  
Title: Executive Director  
Date: \_\_\_\_\_

APPROVED AS TO FORM AND LEGALITY:  
KPPA's Office of Legal Services

By: \_\_\_\_\_  
Name: Michael Board  
Title: Executive Director, Office of Legal Services





Blue & Co., LLC / 250 West Main Street, Suite 2900 / Lexington, KY 40507  
main 859.253.1100 fax 859.253.1384 email blue@blueandco.com

May 30, 2024

Mr. David Eager  
Executive Director  
Kentucky Public Pensions Authority  
1260 Louisville Road  
Frankfort, KY 40601

You have requested an audit of the financial statements of Kentucky Retirement Systems (KRS) and County Employees Retirement System (CERS) (hereby referred to as the "Systems"). We are pleased to confirm our understanding of the services we are to provide for the Systems for the year ended June 30, 2024, by means of this letter.

### **Audit Scope and Objectives**

We will audit the financial statements of the Systems, which comprise the combining statement of fiduciary net position as of June 30, 2024, the related combining statement of changes in fiduciary net position for the year then ended, and the disclosures (hereby collectively referred to as the "financial statements").

Accounting principles generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the Systems basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the Systems RSI in accordance with GAAS. These limited procedures will consist of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the RSI because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by GAAP and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis
2. Schedules of Employer Net Pension Liability
3. Schedules of Changes in Employers' Total Pension Liability
4. Schedules of Employers' Contributions Pension
5. Schedules of Employers' Net OPEB Liability

Kentucky Public Pensions Authority  
May 30, 2024  
Page 2 of 11

6. Schedules of Changes in Net OPEB Liability
7. Schedules of Employers' OPEB Contributions
8. Money Weighted Rate of Return

We have also been engaged to report on supplementary information other than RSI that accompanies Systems financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS, and we will provide an opinion on it in relation to the financial statements as a whole in a separate written report accompanying our auditor's report on the financial statements OR in a report combined with our auditor's report on the financial statement:

1. Schedule of Administrative Expenses
2. Schedule of Direct investment Expenses
3. Schedule of Professional Consultant Fees

The objectives of our audits is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP, and to report on the fairness of the supplementary information referred to in the fourth paragraph when considered in relation to the financial statements as whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

The objectives also include reporting on internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

We will conduct our audits in accordance with GAAS; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the Systems accounting records, and other procedures we consider necessary to enable us to express such an opinion. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audits.

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We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Systems or to acts by management or employees acting on behalf of the Systems. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements or noncompliance may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or on major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Systems ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, direct confirmation of receivables and certain assets and liabilities by correspondence with selected employers, funding sources, investments, and financial institutions. We will also request written representations from your attorneys as part of the engagement and they may bill you for responding to this inquiry.

Ryan Graham is the engagement director and is responsible for supervising the engagements and signing the reports or authorizing another individual to sign them. We expect to begin our audits in August 2024. Our audit engagement ends on delivery of our audit reports. Any follow-up services that might be required will be a separate, new engagement. The terms and conditions of that new engagement will be governed by a new, specific engagement letter for that service.

#### **Audit Procedures - Internal Control**

We will obtain an understanding of the Systems and their environments, including the systems of internal control, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to

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those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audits, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under American Institute of Certified Public Accountants (AICPA) professional standards, and *Government Auditing Standards*.

#### **Audit Procedures - Compliance**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Systems compliance with provisions of applicable laws, regulations, contracts, agreements, and grant. However, the objective of those procedures will not be to provide an opinion on overall compliance, and we will not express such an opinion in our reports on compliance issued pursuant to *Government Auditing Standards*.

#### **Responsibilities of Management for the Financial Statements**

Our audits will be conducted on the basis that the Systems acknowledge and understand their responsibility for designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. The Systems are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, and all accompanying information in conformity with GAAP; and for compliance with applicable laws and regulations (including federal statutes), rules, and the provisions of contracts and grant agreements (including award agreements). The Systems responsibilities also include identifying

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significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

You are also responsible for making drafts of financial statements, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which they are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the Systems from whom we determine it necessary to obtain audit evidence. At the conclusion of our audits, we will require certain written representations from the Systems and Kentucky Public Pensions Authority about the financial statements, compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by GAAS and *Government Auditing Standards*.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Systems involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Systems received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the Systems comply with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we report.

The Systems are required to disclose in the financial statements the date through which subsequent events have been evaluated and whether the date is the date the financial statements were issued or were available to be issued. You agree that you will not date the subsequent event note earlier than the date of the management representation letter.

You are responsible for preparation of the supplementary information, which we have been engaged to report on, in conformity with GAAP. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) the Systems believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant

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assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Scope and Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other audits or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions for the report, and for the timing and format for providing that information.

With regard to publishing the financial statements on your website, you understand that websites are a means of distributing information and, therefore, we are not required to read the information contained in those sites or to consider the consistency of other information on the website with the original document.

You agree to assume all management responsibilities for any other nonaudit services (nonaudit services include consulting services) we provide. Kentucky Public Pensions Authority and the Systems will be required to acknowledge in the management representation letter the any nonaudit services provided and that you have evaluated the adequacy of our services and have reviewed and approved the results of the services, the financial statements, and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

We understand that your employees will prepare all cash, accounts receivable, and other confirmations and schedules we request and will locate any documents selected by us for testing. We will schedule the engagement based in part on deadlines, working conditions, and the availability of your key personnel. We will plan the engagement based on the assumption that your personnel will cooperate and provide assistance by performing tasks such as preparing requested schedules, retrieving supporting documents, and preparing confirmations. If, for whatever reason, your personnel are unavailable to provide the necessary assistance in a timely manner, it may substantially increase the work we have to do to complete the engagement within the established deadlines, resulting in an increase in fees over our original fee estimate.

To ensure that our independence is not impaired under the AICPA's Code of Professional Conduct, you agree to inform the engagement director before entering into any substantive employment discussions with any of our personnel.

### **Reporting**

We will issue written reports upon completion of our audit of the Systems' financial statements. which will also address other information in accordance with AU-C 720, *The Auditor's Responsibilities Relating to Other Information Included in Annual Reports*. Our reports will be addressed to the board of

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directors of the Systems. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinion, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If circumstances occur related to the condition of your records, the availability of sufficient, appropriate audit evidence, or the existence of a significant risk of material misstatement of the financial statements caused by error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment prevent us from completing the audit or forming an opinion on the financial statements, we retain the right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

We will also provide a report (which does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will state that (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control on compliance and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The report will also state that the report is not suitable for any other purpose. If during our audit we become aware that the Systems are subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with GAAS and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

#### **ADMINISTRATION, FEES, AND OTHER TERMS**

Our work necessarily depends on you and your personnel's ability to provide required assistance in a timely manner; otherwise, it may substantially increase the work we have to do to complete the engagement within the established deadlines, resulting in an increase in fees over our original fee estimate.

We will provide copies of our reports to the Systems; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information, and therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

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Any additional services not addressed in this engagement letter that are requested by you and agreed to by us will be documented in a separate engagement letter covering the additional services.

The audit documentation for this engagement is our property and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain audit documentation available to the Commonwealth of Kentucky (Auditor of Public Accounts) or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of our personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

We retain records relating to professional services that we provide so that we are better able to assist you with your professional needs and, in some cases, to comply with professional guidelines. In order to guard your nonpublic personal information, we maintain physical, electronic, and procedural safeguards that comply with our professional standards.

It is our policy to keep records related to this engagement for a period of time as defined in our record retention policy. However, we do not keep any original client records, so we will return those to you at the completion of the services rendered under this engagement. When records are returned to you, it is your responsibility to retain, and protect your records for possible future use, including potential examination by any government or regulatory agencies.

By your signature on this engagement letter, you acknowledge that you understand we will destroy our records related to this engagement upon the expiration of the designated period.

Our policy is to provide any requested advice in writing. Therefore, you should not rely on any unwritten advice because it may be tentative and not fully reviewed.

We may, from time to time and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

Certain communications involving tax advice are privileged and not subject to disclosure to the Internal Revenue Service. By disclosing the contents of those communications to anyone, or by turning over information about those communications to the government, you, your employees, or agents may be



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waiving this privilege. To protect this right to privileged communication, please consult with us or your attorney prior to disclosing any information about our tax advice. Should you decide that it is appropriate for us to disclose any potentially privileged communication, you agree to provide us with written, advance authority to make that disclosure.

In the interest of facilitating our services to the Systems, we may communicate by facsimile transmission or send electronic mail over the Internet. Such communications may include information that is confidential to the Systems and/or you. While we will use our best efforts to keep such communications secure in accordance with our obligations under applicable laws and professional standards, you recognize and accept that we have no control over the unauthorized interception of these communications once they have been sent, and you consent to our use of these electronic devices.

Our charges for services will be as stated in our contract dated April 26, 2024. This fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the engagement. In the event your records are not submitted in a timely manner, or are incomplete or unusable, we reserve the right to charge additional fees and expenses for services required to correct the problem. If this occurs, we will contact you to discuss the matter and the anticipated delay in completing our engagement prior to rendering further services. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

Our billings will be rendered as the work progresses, with payment to be made 30 days subsequent to billing. Interest will be charged at a rate of 1½% per month on balances in excess of 30 days. In accordance with our firm policies, work may be suspended if your account becomes overdue and will not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been complete upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket expenditures through the date of termination.

*Government Auditing Standards* require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2023 peer review report accompanies this letter.

Assisting you with your compliance with the Corporate Transparency Act ("CTA"), including beneficial ownership information ("BOI") reporting, is not within the scope of this engagement. You have sole responsibility for your compliance with the CTA, including its BOI reporting requirements and the collection of relevant ownership information. We shall have no liability resulting from your failure to comply with CTA. Information regarding the BOI reporting requirements can be found at <https://www.fincen.gov/boi>. Consider consulting with legal counsel if you have questions regarding the applicability of the CTA's reporting requirements and issues surrounding the collection of relevant ownership information.

If any portion of this agreement is deemed invalid or unenforceable, said finding shall not operate to invalidate the remainder of the terms set forth in this engagement letter.

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If a dispute arises out of or relates to this engagement letter, or the breach thereof, and if the dispute cannot be settled through negotiation, the parties agree first to try in good faith to settle the dispute by mediation administered by the American Arbitration Association under the Dispute Resolution Rules for Professional Accounting and Related Services Disputes before resorting to arbitration, litigation, or some other dispute-resolution procedure mutually agreeable to the parties. The costs of any mediation proceedings shall be shared equally by all parties.

Any claim arising out of this Agreement shall be commenced within one year of the delivery of the work product to you. Any action not brought within that one-year time period shall be barred despite any other limitations period set forth by either case law or statute. Our liability for all claims, damages, and costs of the Systems arising from this engagement is limited to the total amount of fees paid for this engagement.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

*Blue & Co., LLC*





# KPPA

Kentucky Public Pensions Authority

FY 2025 Budget Workgroup  
KPPA Board Presentation 6-27-2024





# Workgroup

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- Mr. William O'Mara, KPPA Board Member and County Employees Retirement System (CERS) Trustee,
- Mr. C. Prewitt Lane, KPPA Board Member and Kentucky Retirement System (KRS) Trustee,
- Mr. David Eager, KPPA Executive Director,
- Mr. Ed Owens III, CERS CEO,
- Mr. John Chilton, KRS CEO,
- Ms. Rebecca Adkins, KPPA Deputy Executive Director,
- Mr. Mike Lamb, KPPA Chief Financial Officer

In addition, multiple KPPA employees contributed to and participated in the multiple Workgroup meetings, and we express our sincere thanks for all their efforts.



# FY 2024 Separation Costs

\*We expect one final CERS & KRS general counsel invoice for June, and we will report that total in the next set of board meetings.

Type of Expenses	Comments	FY 2021	FY 2022	FY 2023	FY 2024
Staff Salaries and Benefits	Staff Implementation Hours	\$ 182,426	\$ -	\$ -	\$ -
	CERS CEO	-	135,423	172,723	207,686
	KRS CEO	-	41,384	79,168	86,927
Legal Fees	CERS General Counsel	-	95,428	108,718	73,666 *
	KRS General Counsel	-	52,661	42,099	10,326 *
CERS, KRS, and KPPA Board Meeting Expenses	Initial meetings for set up of new boards	18,196	-	-	-
Logo Design, Signage; Badges; etc.	KPPA, KRS, and CERS Logos, office signs, employee badges.	11,007	1,434	-	-
Additional Board Member & CEE Costs	Training, equipment, software, etc.	-	6,210	-	-
<b>Total</b>		<b>\$ 211,629</b>	<b>\$ 332,540</b>	<b>\$ 402,708</b>	<b>\$ 378,606</b>



# FY 2025 Hybrid Percentage

Same methodology from prior year to determine the FY 2025 hybrid percentage.

CERS and KRS Boards of Trustees have approved their own internal allocation for the plans under their purview.

FY 2025 HYBRID %		
CERS Nonhazardous	59.00%	64.16%
CERS Hazardous	5.16%	
KERS Nonhazardous	31.514%	35.84%
KERS Hazardous	3.617%	
SPRS	0.709%	
Total	100.00%	100.00%



# FY 2025 Administrative Budget

ADMINISTRATIVE EXPENSES	FY 2024 Admin Budget	FY 2025 PROPOSED ADMIN BUDGET	Budget Difference Year to Year	% Change Budget vs Budget
<b>PERSONNEL</b>				
Subtotal	\$ 34,520,287	\$ 36,798,000	\$ 2,277,714	6.60%
<b>LEGAL CONTRACTS</b>				
Subtotal	\$ 1,210,000	\$ 2,030,000	\$ 820,000	67.77%
<b>AUDITING</b>				
Subtotal	\$ 300,000	\$ 300,000	\$ -	0.00%
<b>ACTUARIAL SERVICES</b>				
Subtotal	\$ 500,000	\$ 525,000	\$ 25,000	5.00%
<b>MEDICAL EXAMINERS / HEARING OFFICERS</b>				
Subtotal	\$ 1,800,000	\$ 1,800,000	\$ -	0.00%
<b>OTHER PERSONNEL</b>				
Subtotal	\$ 500,000	\$ 510,000	\$ 10,000	2.00%
<b>PERSONNEL TOTAL</b>	\$ 38,830,287	\$ 41,963,000	\$ 3,132,714	8.07%
<b>OPERATIONAL</b>				
<b>RENTALS - BUILDING &amp; EQUIPMENT</b>				
Subtotal	\$ 1,166,500	\$ 1,175,000	\$ 8,500	0.73%
<b>INFORMATION TECHNOLOGY</b>				
Subtotal	\$ 4,190,000	\$ 4,230,000	\$ 40,000	0.95%
<b>OTHER OPERATIONAL</b>				
Subtotal	\$ 1,371,200	\$ 1,397,500	\$ 26,300	1.92%
<b>OPERATIONAL TOTAL</b>	\$ 6,727,701	\$ 6,802,500	\$ 74,799	1.11%
<b>Unallocated Reserve</b>	4,882,812	216,000	(4,666,812)	-95.58%
<b>ADMINISTRATIVE BUDGE AMOUNT</b>	\$ 50,440,800	\$ 48,981,500	\$ (1,459,300)	-2.89%





# FY 2025 Administrative Budget

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**PERSONNEL SUBTOTAL:** Includes \$2.6M in increased salaries and related costs, \$1.7M for 9 additional positions being pursued through OSBD, offset by a decrease in employer paid retirement of (\$2.1M) as contribution rates are decreasing from 66.17% to 48.75%.

**LEGAL CONTRACTS SUBTOTAL:** The Workgroup worked with KPPA legal staff and closely examined estimated costs for on-going and pending cases.

**INFORMATION TECHNOLOGY:** Remains consistent with prior year budget amounts.

**UNALLOCATED RESERVE:** Represents the difference between the General Assembly's approved FY 2025 biennial budget amount of \$48,981,500 and the Workgroup's best estimate of expenditures for FY 2025.

**ADMINISTRATIVE BUDGET OVERSPEND:** During the FY, if an administrative expenses sub-category exceeds or is likely to exceed the approved budget amount (e.g., personnel, or legal contracts, etc.), KPPA staff will obtain KPPA Board approval to reclassify the appropriate amount from the RESERVE to the appropriate line item(s) within the relevant sub-category.



# FY 2025 Investment Budget

Investment Budget				
	FY 2024 Budget	Proposed FY 2025 Budget	Difference	% Change
<b>CONSULTING SERVICES</b>				
<b>SUBTOTAL</b>	<b>1,640,000</b>	<b>1,940,000</b>	<b>300,000</b>	<b>18.29%</b>
<b>LEGAL &amp; AUDITING SERVICES</b>				
<b>SUBTOTAL</b>	<b>4,950,000</b>	<b>6,825,000</b>	<b>1,875,000</b>	<b>37.88%</b>
<b>CONTRACTUAL SERVICES</b>				
<b>SUBTOTAL</b>	<b>3,680,500</b>	<b>3,834,350</b>	<b>153,850</b>	<b>4.18%</b>
<b>TOTAL</b>	<b>\$10,270,500</b>	<b>\$12,599,350</b>	<b>\$2,328,850</b>	<b>22.68%</b>

### Consulting Services:

Increasing for inflationary components and pursuit of private market consultants.

### Legal Services:

Increased activity in ongoing investment litigation, and the exhaustion of the KPPA fiduciary insurance policy.

### Contractual services:

Increase represents modest inflationary adjustments and new services.



## KENTUCKY PUBLIC PENSIONS AUTHORITY

David L. Eager, Executive Director  
1260 Louisville Road • Frankfort, Kentucky 40601  
kyret.ky.gov • Phone: 502-696-8800 • Fax: 502-696-8822



To: Kentucky Public Pensions Authority (KPPA) Board  
From: Mike Lamb, KPPA, Chief Financial Officer  
Date: June 27, 2024  
Subject: FY 2025 KPPA Budget Workgroup recommendations.

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The FY 2025 KPPA Budget Workgroup (the Workgroup) was finalized during the April 25, 2024, KPPA Annual Board meeting and includes:

- Mr. William O'Mara, KPPA Board Member and County Employees Retirement System (CERS) Trustee,
- Mr. C. Prewitt Lane, KPPA Board Member and Kentucky Retirement System (KRS) Trustee,
- Mr. David Eager, KPPA Executive Director,
- Mr. Ed Owens III, CERS CEO,
- Mr. John Chilton, KRS CEO,
- Ms. Rebecca Adkins, KPPA Deputy Executive Director,
- Mr. Mike Lamb, KPPA Chief Financial Officer

In addition, multiple KPPA employees contributed to and participated in the Workgroup meetings.

The Workgroup makes the following recommendations to the KPPA Board:

### **RECOMMENDATIONS:**

1. Approve the FY 2024 separation expenses of \$378,606+ the June billings when received to be paid by the CERS.
2. Approve the FY 2025 hybrid percentage of 64.16% for the CERS and 35.84% for the KRS to be applied to the administrative expenses of KPPA and continue to allow the KRS and the CERS Boards to determine the split for the plans under their administrative purview.
3. Approve the FY 2025 KPPA administrative budget of \$48,981,500, as presented.
4. Approve the FY 2025 KPPA investment budget of \$12,599,350 as presented.

**SEPARATION EXPENSES:**

In accordance with KRS 61.505(11)(a)(2), the KPPA Board is responsible for determining initial costs and any ongoing annual administrative and investment expenses that are attributable solely to establishing a separate CERS board and the KPPA. These costs shall be paid by the CERS until June 30, 2024. The FY 2024 costs to date are \$376,606 as presented below; however, we expect one final \*CERS and \*KRS general counsel invoice for June, and we will report that total in the next set of board meetings.

Type of Expenses	Comments	FY 2021	FY 2022	FY 2023	FY 2024	
Staff Salaries and Benefits	Staff Implementation Hours	\$ 182,426	\$ -	\$ -	\$ -	
	CERS CEO	-	135,423	172,723	207,686	
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	KRS General Counsel	-	52,661	42,099	10,326	*
CERS, KRS, and KPPA Board Meeting Expenses	Initial meetings for set up of new boards	18,196	-	-	-	
Logo Design, Signage; Badges; etc.	KPPA, KRS, and CERS Logos, office signs, employee badges.	11,007	1,434	-	-	
Additional Board Member & CEE Costs	Training, equipment, software, etc.	-	6,210	-	-	
<b>Total</b>		<b>\$ 211,629</b>	<b>\$ 332,540</b>	<b>\$ 402,708</b>	<b>\$ 378,606</b>	

**FY 2025 HYBRID PERCENTAGE:**

In accordance with KRS 61.505(11)(a), the KPPA Board has the responsibility of determining how to prorate, assign or allocate costs incurred by or on behalf of the KPPA to both the CERS and the KRS.

For FY 2022, 2023, and 2024, the KPPA board utilized a hybrid percentage methodology to allocate administrative costs to the CERS and the KRS.

The Workgroup has evaluated the current hybrid percentage methodology for FY 2025 and recommends continued use of this method including: using actual costs (from FY 2023), review of employee classification, and excluding direct and/or separation costs from the calculation.

1. Actual Costs. In FY 2022 and 2023 the hybrid % was calculated using budgeted administrative costs. Beginning with the FY 2024 hybrid %, KPPA began to utilize actual costs (used FY 2022 actual costs) in calculating the FY 2024 Hybrid %. (FY 2023 actual costs were not used as they would not have been finalized

until well into FY 2024). For the FY 2025 hybrid % recommendation the Workgroup has used FY 2023 actual costs in the calculation.

- Employee Classification. The workgroup has reviewed all employee classifications (and related costs) for use in the calculation of the hybrid % as follows:

FY 2025 hybrid percentage positions (using actual FYE 2023 Costs)					
KPPA Personnel Executive	KPPA Personnel Legal	KPPA Personnel Legal Advocacy	KPPA Personnel Investments	Board CEOs	All Other KPPA Staff
50/50	50/50	MEM	AUM	SPECIFIC	MEM
David Eager	Andrea Freadreacea	Carrie Slayton	Anthony Chiu	Ed Owens	
Rebecca Adkins	Barry Seidl	Deidra Douglas	Brian Caldwell	John Chilton	
Erin Surratt	Beth Camic	Jessica Buck	Jared Crawford		
Michael Board	Carrie Bass	Kari Clark	Joe Gilbert		
Michael Lamb	Chase O'Dell	Kathy Rupinen	Steve Willer		
Sherry Rankin	Crystal Smith	Kevin Edelman			
Ashley Gabbard	Jennifer Korth	Laura Stevens			
Katie Park	Jenny Jones	Leigh Ann Davis			
	Jessica Beaubien	Nathan Goodrich			
	Jillian Hall				
	JJ Alleman				
	Kristi Wackowski				
	Lisa Perry				
	Robin Goodlett				
	Stephanie Hold				
	Tracy Chambers				
	Vicki Hale				
\$1,733,603	\$1,657,653	\$1,238,645	\$1,681,612	\$251,405	\$26,422,717
<b>Total</b>					\$32,985,635
Yellow highlight represents changes from prior year					

FY 2024 hybrid percentage positions (using actual FYE 2022 Costs)					
KPPA Personnel Executive	KPPA Personnel Legal	KPPA Personnel Legal Advocacy	KPPA Personnel Investments	Board CEOs	All Other KPPA Staff
50/50	50/50	MEM	AUM	SPECIFIC	MEM
David Eager	Andrea Freadreacea	Carrie Slayton	Anthony Chiu	Ed Owens	
Rebecca Adkins	Barry Seidl	Deidra Douglas	Carol Johnson	John Chilton	
Erin Surratt	Beth Camic	Kari Clark	Jared Crawford		
Michael Board	Carrie Bass	Kathy Rupinen	Joe Gilbert		
Sherry Rankin	Chase O'Dell	Kevin Edelman	Steven Herbert		
Ashley Gabbard	Crystal Smith	Laura Stevens	Steve Willer		
	Jenny Jones	Leigh Ann Davis			
	Jessica Beaubien	Nathan Goodrich			
	Jillian Hall				
	Kristi Wackowski				
	Lisa Perry				
	Tracy Chambers				
	Vicki Hale				
\$1,454,854	\$1,270,529	\$815,697	\$1,769,497	\$176,807	\$26,489,558
<b>Total</b>					\$31,976,941

3. Excluding direct and/or separation costs from the calculation.  
Since the FY 2022 and 2023 hybrid % was calculated using budgeted administrative costs, that hybrid % included all budgeted administrative costs, including CEO salaries, budgeted legal costs (that were specific to the CERS or the KRS), as well as costs eventually deemed to be separation costs. While all these costs were charged to the appropriate plan, the inclusion of them in the budget impacted the calculation of the hybrid percentage. By using actual costs, the Workgroup was able to isolate these costs and exclude them in the hybrid percentage calculation for FY 2025.

FY 2025 hybrid percentage: CERS 64.16% and KRS 35.84%

BUDGET CATEGORY	6/30/2023 Actual Amounts			
		Total	CERS	KRS
	Membership	421,609 100.00%	277,371 65.79%	144,238 34.21%
AUM (in thousands)	\$ 16,708,475 100.00%	\$ 11,700,124 70.03%	\$ 5,008,351 29.97%	
<b>PERSONNEL</b>				
KPPA Staff	MEM	\$ 26,422,717	\$ 17,383,505	\$ 9,039,211
KPPA Exec	50/50	1,733,603	866,802	866,802
KPPA Legal	50/50	1,657,653	828,826	828,826
KPPA Legal Advocacy	MEM	1,238,645	814,905	423,741
KPPA Investments	AUM	1,681,612	1,177,633	503,979
Subtotal		\$ 32,734,230	\$ 21,071,671	\$ 11,662,559
Legal Contracts	50/50	476,416	238,208	238,208
Auditing	50/50	109,510	54,755	54,755
Actuarial Services	50/50	490,761	245,381	245,381
Medical Examiners / Hearing Officers	MEM	1,413,350	929,843	483,507
Other (Facility, HR consults, Misc)	50/50	131,005	65,503	65,503
Subtotal		\$ 2,621,042	\$ 1,533,689	\$ 1,087,353
<b>OPERATIONAL</b>				
Rentals - Building and Equipment	MEM	1,089,673	716,896	372,777
Information Technology	MEM	2,749,564	1,808,938	940,626
Other	MEM	1,007,434	662,791	344,643
CONTINGENCY	50/50	-	-	-
Subtotal		\$ 4,846,671	\$ 3,188,625	\$ 1,658,046
<b>TOTAL COSTS FOR HYBRID CALCULATION</b>		\$ 40,201,943	\$ 25,793,985	\$ 14,407,958
<b>HYBRID PERCENTAGE</b>		<b>64.16% 35.84%</b>		
PERSONNEL SEPARATION COSTS	100%	251,405	251,405	
CERS/KRS GENERAL COUNSEL	100%	150,817	150,817	
OTHER SEPARATION COSTS	100%	-	-	
CERS SPECIFIC COSTS (MOSTLY LEGAL)	100%	111,711	111,711	
KRS SPECIFIC COSTS (MOSTLY LEGAL)	100%	268,551		268,551
Subtotal of 6/30/2023 Direct Costs Removed from Hybrid		\$ 782,484	\$ 513,933	\$ 268,551
		\$ 40,984,427	\$ 26,307,919	\$ 14,676,509
(Depreciation/Amortization/Accruals )	Not Allocated	\$ 890,468		
<b>TOTAL PENSION FUND ADMIN COSTS (PAGE 117 ACFR)</b>		\$ 41,874,895		

FY 2025 hybrid percentage comparison:  
CERS (64.16% vs. 64.34%) and KRS (35.84% vs. 35.66%).

BUDGET CATEGORY	6/30/2023 Actual Amounts			6/30/2022 Actual Amounts			CHANGES			
	Total	CERS	KRS	Total	CERS	KRS	Total	CERS	KRS	
	Membership	421,609	277,371	144,238	410,082	268,788	141,294	11,527	8,583	2,944
	100.00%	65.79%	34.21%	100.00%	65.54%	34.46%	2.81%	3.19%	2.08%	
AUM (in thousands)	\$ 16,708,475	\$ 11,700,124	\$ 5,008,351	\$15,002,684	\$10,651,800	\$ 4,350,884	\$ 1,705,791	\$1,048,324	\$657,467	
	100.00%	70.03%	29.97%	100.00%	71.00%	29.00%	11.37%	9.84%	15.11%	
<b>PERSONNEL</b>										
KPPA Staff	MEM	\$ 26,422,717	\$ 17,383,505	\$ 9,039,211	\$26,489,558	\$17,361,256	\$ 9,128,302	\$ (66,841)	22,249	(89,090)
KPPA Exec	50/50	1,733,603	866,802	866,802	1,454,854	727,427	727,427	278,750	139,375	139,375
KPPA Legal	50/50	1,657,653	828,826	828,826	1,270,529	635,264	635,264	387,124	193,562	193,562
KPPA Legal Advocacy	MEM	1,238,645	814,905	423,741	815,697	534,608	281,089	422,948	280,297	142,651
KPPA Investments	AUM	1,681,612	1,177,633	503,979	1,769,497	1,256,343	513,154	(87,884)	(78,710)	(9,175)
Subtotal		\$ 32,734,230	\$ 21,071,671	\$ 11,662,559	\$31,800,134	\$20,514,898	\$11,285,236	\$ 934,096	\$ 556,773	\$377,323
Legal Contracts	50/50	476,416	238,208	238,208	192,546	96,273	96,273	283,870	141,935	141,935
Auditing	50/50	109,510	54,755	54,755	141,883	70,941	70,941	(32,373)	(16,186)	(16,186)
Actuarial Services	50/50	490,761	245,381	245,381	474,411	237,206	237,206	16,350	8,175	8,175
Medical Examiners / Hearing Officers	MEM	1,413,350	929,843	483,507	1,593,144	1,044,146	548,997	(179,794)	(114,303)	(65,490)
Other (Facility, HR consults, Misc)	50/50	131,005	65,503	65,503	122,340	61,170	61,170	8,665	4,332	4,332
Subtotal		\$ 2,621,042	\$ 1,533,689	\$ 1,087,353	\$ 2,524,323	\$ 1,509,736	\$ 1,014,587	\$ 96,718	\$ 23,953	\$ 72,766
<b>OPERATIONAL</b>										
Rentals - Building and Equipment	MEM	1,089,673	716,896	372,777	1,103,226	723,054	380,172	(13,553)	(6,158)	(7,394)
Information Technology	MEM	2,749,564	1,808,938	940,626	2,972,053	1,947,883	1,024,169	(222,489)	(138,945)	(83,543)
Other	MEM	1,007,434	662,791	344,643	963,786	631,666	332,121	43,648	31,125	12,522
CONTINGENCY	50/50	-	-	-	-	-	-	-	0	0
Subtotal		\$ 4,846,671	\$ 3,188,625	\$ 1,658,046	\$ 5,039,065	\$ 3,302,603	\$ 1,736,462	\$ (192,394)	\$ (113,978)	\$ (78,416)
<b>TOTAL COSTS FOR HYBRID CALCULATION</b>										
		\$ 40,201,943	\$ 25,793,985	\$ 14,407,958	\$39,363,522	\$25,327,237	\$ 14,036,285	\$ 838,421	\$ 466,747	\$371,673
<b>HYBRID PERCENTAGE</b>		<b>64.16% 35.84%</b>			<b>64.34% 35.66%</b>		<b>CHANGE TO % -0.18% 0.18%</b>			
PERSONNEL SEPARATION COSTS	100%	251,405	251,405		176,808	176,808				
CERS/KRS GENERAL COUNSEL	100%	150,817	150,817		148,088	148,088				
OTHER SEPARATION COSTS	100%	-	-		7,644	7,644				
CERS SPECIFIC COSTS (MOSTLY LEGAL)	100%	111,711	111,711		66,227	66,227				
KRS SPECIFIC COSTS (MOSTLY LEGAL)	100%	268,551		268,551	719,155		719,155			
Subtotal of 6/30/2023 Direct Costs										
Removed from Hybrid		\$ 782,484	\$ 513,933	\$ 268,551	\$ 1,117,922	\$ 398,767	\$ 719,155			
		\$ 40,984,427	\$ 26,307,919	\$ 14,676,509	\$40,481,444	\$25,726,004	\$ 14,755,441			
(Depreciation/Amortization/Accruals)	Not Allocated	\$ 890,468			\$ (739,000)					

On June 10, 2024, and on June 18, 2024, the CERS, and the KRS Boards of Trustees, respectively, approved their own internal allocation of the above hybrid percentages for the plans under their administrative purview as follows:

FY 2025 HYBRID %		
CERS Nonhazardous	59.00%	64.16%
CERS Hazardous	5.16%	
KERS Nonhazardous	31.514%	35.84%
KERS Hazardous	3.617%	
SPRS	0.709%	
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>



**FY 2025 KPPA ADMINISTRATIVE BUDGET**

The KPPA administrative budget is funded with restricted funds, meaning it is not a general fund appropriation. These restricted funds used for the administrative budget come from the five pension trusts funds administered by KPPA, and not the insurance trust funds. The administrative expenses are allocated among these five pension trust funds based on the approved hybrid %.

Despite the administrative budget being funded with restricted funds, KRS 61.505(11)(b), KRS 78.782(13) and KRS 61.645(13) require all KPPA, CERS and KRS administrative expenses be included in the Commonwealth’s biennial budget. Before October 1st of odd years, executive branch agencies submit a two-year budget request to the Office of the State Budget Director (OSBD) and to the Legislative Research Commission (LRC). Prior to this submission KPPA shall approve the biennial budget request (KRS 61.505(11)(b)).

OSBD assists the Governor’s Office in developing a budget bill. Simultaneously, LRC assists the legislature in developing a budget bill, and during the General Assembly’s session in even years, a biennial budget is passed. OSBD, LRC and the legislature can add to or subtract from the KPPA biennial budget request as the legislature deems necessary. For example, since KPPA staff are under the state’s personnel system, OSBD may add funds to the request to allow for a raise for state employees, and in some cases, due to budget cuts, all agencies budget submissions may be reduced.

Historical Administrative Budget Amounts	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
KPPA Budget Amount Requested	\$ 47,613,500	\$ 48,327,600	\$ 47,702,500	\$ 47,702,500	\$ 48,255,100	\$ 48,801,700	\$ 52,478,300
Budget Bill Approved Amount	\$ 47,307,300	\$ 47,702,500	\$ 48,888,200	\$ 48,005,500	\$ 50,184,500	\$ 50,440,800	\$ 48,981,500
Difference	\$ (306,200)	\$ (625,100)	\$ 1,185,700	\$ 303,000	\$ 1,929,400	\$ 1,639,100	\$ (3,496,800)

The proposed FY 2025 administrative budget total amount of \$48,981,500, has already been approved by the Commonwealth through this process. Today, the Workgroup is presenting the detailed administrative budget for the KPPA Board to approve.

The Workgroup reviewed historical spending by budget line item from FY 2019 through FY 2024. Accounting, executive, human resources, investment, IT, legal and other KPPA staff contributed to defining for the Workgroup the types of services provided by each budget line item, as well as multiple discussions on anticipated changes to existing expenditures and potential new expenditures. Furthermore, detailed analysis was performed on various line items in creating an accurately projected FY 2025 administrative budget.

Immediately below is the proposed FY 2025 administrative budget, and presented further below are summarized explanations of the Workgroups discussions and conclusions for significant line items:

**ADMINISTRATIVE BUDGET (Page 1 of 2)**

ADMINISTRATIVE EXPENSES	FY 2024 Admin Budget	FY 2025 PROPOSED ADMIN BUDGET	Budget Difference Year to Year	% Change Budget vs Budget
<b>PERSONNEL</b>				
Salaries	\$ 17,900,000	\$ 20,060,000	\$ 2,160,000	12.07% <sup>1</sup>
Salaries & Related Personnel Costs for 9 Positions that were requested through the Biennium Budget, but not yet granted.		\$ 1,740,000	1,740,000	21.79% <sup>2</sup>
Wages(Overtime)	250,000	275,000	25,000	10.00%
Wages(Block50)	35,000	35,000	-	0.00%
Emp Paid FICA	1,294,772	1,560,000	265,228	20.48%
Emp Paid Retirement	12,033,015	9,930,000	(2,103,015)	-17.48% <sup>3</sup>
Emp Paid Health Ins	2,687,500	2,875,000	187,500	6.98%
Emp Paid Life Ins	3,000	3,000	-	0.00%
Emp Paid Sick Leave	250,000	250,000	-	0.00%
Workers Compensation	12,000	15,000	3,000	25.00%
Unemployment	10,000	10,000	-	0.00%
Employee Training	25,000	25,000	-	0.00%
Other Personnel costs/benefits (Escrow for Admin, adoption, tuition, bonds)	20,000	20,000	-	0.00%
<b>Subtotal</b>	<b>\$ 34,520,287</b>	<b>\$ 36,798,000</b>	<b>\$ 2,277,714</b>	<b>6.60%</b>
<b>LEGAL CONTRACTS</b>				
Legal Hearing Officers	150,000	270,000	120,000	80.00% <sup>4</sup>
Legal (SKO)	250,000	250,000	-	0.00%
Legal (FBT)	300,000	1,000,000	700,000	233.33% <sup>5</sup>
Legal (Reinhart)	50,000	50,000	-	0.00%
Legal (Ice Miller)	300,000	300,000	-	0.00%
Legal (Branco)	100,000	100,000	-	0.00%
Legal (Dentons)	50,000	50,000	-	0.00%
Legal Expense	10,000	10,000	-	0.00%
<b>Subtotal</b>	<b>\$ 1,210,000</b>	<b>\$ 2,030,000</b>	<b>\$ 820,000</b>	<b>67.77%</b>
<b>AUDITING</b>				
Auditing	\$ 300,000	\$ 300,000	\$ -	0.00%
<b>ACTUARIAL SERVICES</b>				
Actuarial Services	\$ 500,000	\$ 525,000	\$ 25,000	5.00%
<b>MEDICAL EXAMINERS / HEARING OFFICERS</b>				
Medical Reviewers	\$ 1,800,000	\$ 1,800,000	\$ -	0.00%
<b>OTHER PERSONNEL</b>				
Miscellaneous Contracts	390,000	425,000	35,000	8.97%
Human Resources Consulting	10,000	10,000	-	0.00%
Facility Security Charges	100,000	75,000	(25,000)	-25.00%
<b>Subtotal</b>	<b>\$ 500,000</b>	<b>\$ 510,000</b>	<b>\$ 10,000</b>	<b>2.00%</b>
<b>PERSONNEL TOTAL</b>	<b>\$ 38,830,287</b>	<b>\$ 41,963,000</b>	<b>\$ 3,132,714</b>	<b>8.07%</b>

**ADMINISTRATIVE BUDGET (Page 2 of 2)**

<b>ADMINISTRATIVE EXPENSES</b>	<b>FY 2024 Admin Budget</b>	<b>FY 2025 PROPOSED ADMIN BUDGET</b>	<b>Budget Difference Year to Year</b>	<b>% Change Budget vs Budget</b>
<b>OPERATIONAL</b>			-	-
<b>RENTALS - BUILDING &amp; EQUIPMENT</b>			-	-
Rent-Non-state Building	56,000	80,000	24,000	42.86%
Building Rental - PPW	1,000,000	1,000,000	-	0.00%
Copier Rental	105,000	90,000	(15,000)	-14.29%
Rental Carpool	5,500	5,000	(500)	-9.09%
<b>Subtotal</b>	<b>\$ 1,166,500</b>	<b>\$ 1,175,000</b>	<b>\$ 8,500</b>	<b>0.73%</b>
<b>INFORMATION TECHNOLOGY</b>				
eMARS Usage	50,000	50,000	-	0.00%
COT Charges	40,000	40,000	-	0.00%
Computer Equip./Software	4,100,000	\$ 4,140,000	40,000	0.98% <sup>6</sup>
<b>Subtotal</b>	<b>\$ 4,190,000</b>	<b>\$ 4,230,000</b>	<b>\$ 40,000</b>	<b>0.95%</b>
<b>OTHER OPERATIONAL</b>				
Natural Gas & Electric	175,000	175,000	-	0.00%
Vehicle/Equip. Maintenance	1,000	1,300	300	30.00%
Postage	420,000	450,000	30,000	7.14% <sup>7</sup>
Freight	200	200	-	0.00%
Printing (State & non-state)	100,000	100,000	-	0.00%
Insurance	10,000	7,500	(2,500)	-25.00%
Garbage Collection	6,500	7,000	500	7.69%
Conference Expense	50,000	50,000	-	0.00%
Office Supplies	100,000	90,000	(10,000)	-10.00%
Furniture & Office Equipment	12,000	30,000	18,000	150.00%
Travel (In-State)	16,500	16,500	-	0.00%
Travel (Out of State)	215,000	215,000	-	0.00%
Dues & Subscriptions	85,000	85,000	-	0.00%
Miscellaneous	55,000	55,000	-	0.00%
Telephone & Video Conference	125,000	115,000	(10,000)	-8.00%
<b>Subtotal</b>	<b>\$ 1,371,200</b>	<b>\$ 1,397,500</b>	<b>\$ 26,300</b>	<b>1.92%</b>
<b>OPERATIONAL TOTAL</b>	<b>\$ 6,727,701</b>	<b>\$ 6,802,500</b>	<b>\$ 74,799</b>	<b>1.11%</b>
Unallocated Reserve	4,882,812	216,000	(4,666,812)	-95.58% <sup>8</sup>
<b>ADMINISTRATIVE BUDGE AMOUNT</b>	<b>\$ 50,440,800</b>	<b>\$ 48,981,500</b>	<b>\$ (1,459,300)</b>	<b>-2.89%</b>

## SALARIES<sup>1</sup>

The FY 2025 budget for salaries is \$2.16M higher than the FY 2024 amount due to several factors:

- (1) For FY 2024 KPPA budgeted for 250 full-time positions, and for FY 2025, KPPA is budgeting for 256 full-time positions, which would account for approximately \$600k of the increase.
  - a. KPPA had low turnover this past year, and
  - b. KPPA added two new hearing officer positions.
- (2) Many positions' prior year salaries have been increased above and beyond the statewide 6% increase that went into effect 7/1/2023.
  - a. This was due to the Personnel Cabinet's overall statewide position review and adjustment, as well as
  - b. KPPA's internal review and adjustment (with Personnel Cabinet approval) of retirement system counselor positions.
  - c. The combination of these reviews and adjustments accounts for approximately \$900k of salary increases beyond the 6% granted to all statewide employees.
- (3) All positions have a 3% statewide increase being accounted for effective 7/1/2024, which accounts for approximately \$600k of the increase.

Through the Personnel Cabinet, KPPA has 293 approved positions: 270 full time (FT) and 23 Interim, Intern, or part -time positions (same as prior year).

The Workgroup examined salaries by area, department, and position. They discussed with KPPA staff what vacant positions are likely to be filled, which positions are likely to remain vacant, and discussed the need for additional positions in certain areas. In addition, the Workgroup accounted for the five-year average annual turnover rate (11%), and the 3% raise for all state employees.

	Prior Year Budget FY2024		Current Year Budget - FY2025		Difference
	Positions	Salaries	Positions	Salaries	
Current FT Positions & Salaries	250	\$ 16,400,000	258	\$ 18,950,000	\$ 2,550,000
Vacant FT to be filled	10	\$ 600,000	10	\$ 900,000	\$ 300,000
Adjust for Turnover Ratio	(12)	\$ (700,000)	(12)	\$ (800,000)	\$ (100,000)
Additional FT Positions	2	\$ 200,000		\$ -	\$ (200,000)
<b>Total for Full-Time Positions</b>	<b>250</b>	<b>\$ 16,500,000</b>	<b>256</b>	<b>\$ 19,050,000</b>	<b>\$ 2,550,000</b>
Interim Positions to budget	7	\$ 400,000	7	\$ 425,000	\$ 25,000
<b>Total to Budget For</b>	<b>257</b>	<b>\$ 16,900,000</b>	<b>263</b>	<b>\$ 19,475,000</b>	<b>\$ 2,580,000</b>
State Raise	6%	\$ 17,900,000	3%	\$ 20,060,000	\$ 2,160,000

## **SALARIES & RELATED PERSONNEL COSTS<sup>2</sup>**

During the biennium budget process, the KPPA Board approved nine (9) additional positions and the related costs for FY 2025. However, the final budget bill approved by the legislature did not approve that additional budget request. These additional positions are crucial to the implementation of statutory mandates, enhanced customer service, risk management and strategic initiatives of KPPA. Therefore, KPPA management is pursuing the addition of these positions through the Office of State Budget Director (OSBD) and intend to get them established in FY 2025. As such the Workgroup suggested designating a portion of the unallocated reserve specifically for the anticipated costs of those positions.

## **EMPLOYER PAID RETIREMENT<sup>3</sup>**

Despite the significant increase in salaries, the FY 2025 proposed budget amount for employer paid retirement is significantly less than the PY FY 2024 budgeted amount. The OSBD memo dated April 24, 2024, indicates that the employer contribution rate for KERS nonhazardous plan participants for FY 2025 is 48.75%; whereas the prior year rate was 66.17%.

## **LEGAL HEARING OFFICERS<sup>4</sup>**

For both FY 2023 and 2024 actual costs exceeded the budgeted amount as KPPA increased the hourly rate for the external hearing officers on contract and worked deliberately through the backload of cases. Recently, KPPA hired two in house hearing officers and has renewed contracts for external hearing officers, in a continued effort to enhance this process for our members. The two in-house hearing officers are budgeted as part of personnel and this line item represents the contracted amounts for the external hearing officers for FY 2025.

## **LEGAL CONTRACTS<sup>5</sup>**

The Workgroup worked with KPPA legal staff and closely examined estimated costs for on-going and pending cases, some of which will go to trial this fiscal year, resulting in a significant increase to the budgeted amount.

## **COMPUTER EQUIPMENT / SOFTWARE<sup>6</sup>**

The overall information technology budget remains at approximately \$4.2M, comprised of the following areas:

Costs for IT contractors that KPPA utilizes through Commonwealth master agreements to supplement our own internal staff (\$1.1M).

Approximately \$1M in multiple software products for licenses, support, and maintenance, including Microsoft, FileNet components, VMware, BoardBooks, GreatPlains, Zoom, Adobe; etc.

Nearly \$900k in identified projects that meet strategic executive and Trustee initiatives or necessary replacements, including enhanced storage, fiber switch upgrades, on-site camera upgrades, badge system upgrades, etc.

Several other items such as external assessments (by Crowe), server replacements, desktop/laptop upgrades, and a cyber insurance policy now in place.

**POSTAGE<sup>7</sup>**

Postage rates increased again in January of 2024. For FY 2024, KPPA exceeded the postage budget line item partially due to this increase as well as a postcard mailing kicking off the paperless project. In theory, the paperless project should reduce overall postage costs, however, the Workgroup wants to budget conservatively until those savings are realized. In addition, KPPA does have board elections upcoming (which require significant mailing), and the Workgroup has accounted for that along with the increase in postage for FY 2024.

**UNALLOCATED RESERVE<sup>8</sup>**

The unallocated reserve amount represents the difference between the Commonwealth’s already approved FY 2025 biennial budget amount of \$48,981,500 and the Workgroup’s best estimate of expenditures by line item for FY 2025.

Rather than “artificially inflate” individual line items in the administrative budget to reach a total budget of \$48,981,500, the Workgroup has attempted to present the most accurate budget by line item and account for the difference as an unallocated reserve.

This practice of separately identifying an unallocated reserve amount was initiated in FY 2021. For that year the unallocated reserve amount was \$7.7M and was referred to as “Major Legislation Implementation”. The FY 2022 unallocated reserve amount was \$3.7M, the FY 2023 amount was \$4.1M, the FY 2024 amount was \$4.9M, and the FY 2025 amount is \$216k.

This amount is not expected to be utilized during the fiscal year unless business needs change. For example: a new unanticipated service is contracted, a new court case emerges, KPPA has a costly cyber incident, or the legislature passes legislation that results in unanticipated costs.

Please see note <sup>2</sup> above regarding the unallocated reserve amount of \$1.7M, being set aside specifically for nine (9) new positions, which were approved by the KPPA Board as part of the biennium budget, that are being pursued through the OSBD, as the legislature did not approve them in the final biennium budget.

**ADMINISTRATIVE BUDGET OVERSPEND**

During the FY, if an administrative expenses sub-category exceeds or is likely to exceed the approved budget amount (e.g., personnel, or legal contracts, etc.), KPPA staff will obtain KPPA Board approval to reclassify the appropriate amount from the unallocated reserve to the appropriate line item(s) within the relevant sub-category. If, however, an individual line item within a sub-category exceeds or is likely to exceed the approved budget amount (e.g., employer paid sick leave, or office supplies, etc.), KPPA staff will notify the KPPA Board of the line item that is over budget at the next regularly scheduled quarterly meeting.

## **FY 2025 KPPA INVESTMENT BUDGET**

KPPA spending related to investments is paid directly from the trust funds (both the pension and the insurance trust funds, based on assets under management). These costs are not included in the administrative budget, and they are not submitted to OSBD or LRC as part of biennial budget process.

However, KRS 61.505 (11) (3) requires that KPPA report investment expenses to the Public Pension Oversight Board (PPOB). In addition, KPPA staff and prior Workgroups identified the need for trustees to be provided more detail on investment expenses. Therefore, an investment budget was established (in FY 2023) and budget to actual reporting for investment expenses have been provided to the Investment Committee of both CERS and KRS quarterly.

The below proposed investment budget does not include manager fees. Manager fees rise and fall with the markets and estimating total fees is challenging and provides little value in relation to a budget and oversight of spending. Therefore, as in the prior year, the Workgroup recommends only reporting the actual manager fees for the fiscal year quarterly to the CERS and KRS boards as well as to the PPOB when requested, without being accompanied by an estimated budget.

Non-manager fees are more easily budgeted and generally represent goods and services that support the management of the funds. For example, custodial bank fees, benchmarking services and legal defense. The below proposed investment budget has non-manager fees broken into three subcategories: consulting services, legal & auditing services, and contractual services.

### **Consulting Services:**

The FY 2025 proposed budget is increasing for an inflationary component as well as the pursuit of new private market consultants to provide more service and analysis to the boards.

### **Legal Services:**

When establishing the investment budget in the prior year, extensive discussions were held regarding the pros and cons of including legal fees for investment related litigation within the administrative budget or within the investment budget. The final recommendation was to budget legal costs related to investment litigation within the investment budget to effectively report all investment related costs and to follow industry best practices. The Workgroup has adopted this same methodology for investment related costs.

The FY 2025 proposed budget is \$1.875M higher than the FY 2024 budget. This increase in the budget is due to increased activity in ongoing investment litigation, as well as fiduciary defense costs as our insurance policy has been exhausted.

**Contractual services:**

The FY 2025 proposed budget is \$153k higher than the FY 2024 budget and represents modest inflationary increases and new services.

<b>Investment Budget</b>					
	<b>FY 2024 Budget</b>		<b>Proposed FY 2025 Budget</b>	<b>Difference</b>	<b>% Change</b>
<b>CONSULTING SERVICES</b>					
Wilshire Associates	\$ 1,200,000		\$ 1,250,000	\$ 50,000	4.17%
Albourne	275,000		275,000	\$ -	0.00%
MercerInsight	165,000		165,000	\$ -	0.00%
New Private Markets consultant			250,000	\$ 250,000	
<b>SUBTOTAL</b>	<b>1,640,000</b>		<b>1,940,000</b>	<b>300,000</b>	<b>18.29%</b>
<b>LEGAL &amp; AUDITING SERVICES</b>					
Faegre Drinker	100,000		375,000	275,000	275.00%
Intelligent Management Solutions (IMS)	350,000		700,000	350,000	100.00%
McClain/Goldberg	100,000		25,000	(75,000)	-75.00%
Reinhart	2,500,000		3,000,000	500,000	20.00%
Stoll-Keenon-Ogden	750,000		875,000	125,000	16.67%
Haystack	100,000		200,000	100,000	100.00%
Umberg Zipser	850,000		750,000	(100,000)	-11.76%
Trustees & Officers counsel	150,000		850,000	700,000	466.67%
Miscellaneous	50,000		50,000	-	0.00%
<b>SUBTOTAL</b>	<b>4,950,000</b>		<b>6,825,000</b>	<b>1,875,000</b>	<b>37.88%</b>
<b>CONTRACTURAL SERVICES</b>					
Bloomberg	150,000		160,000	10,000	6.67%
BNYM Custodial Fees	2,600,000		2,700,000	100,000	3.85%
eVestment (Solovis RMS)	35,000		35,000	-	0.00%
Solovis (Reporting & Analytics)	275,000		300,000	25,000	9.09%
FactSet	150,000		150,000	-	0.00%
Russell Index Subscription	1,500		30,000	28,500	1900.00%
S&P Global	75,000		47,500	(27,500)	-36.67%
TradeWeb	7,500		-	(7,500)	-100.00%
State Street/Elkins McSherry	10,000		10,000	-	0.00%
ISS	60,000		60,000	-	0.00%
MSCI	1,000		1,000	-	0.00%
KPMG Tax Guarantor Services	7,500		10,000	2,500	33.33%
Jayant Ghevaria and CO	55,000		55,000	-	0.00%
India Renewal Fee (SEBI)	3,000		3,000	-	0.00%
Pension Real Estate Association			350	350	
Oxford Economics			20,000	20,000	
Morningstar			2,500	2,500	
Miscellaneous & New Services & Subscriptions	250,000		250,000	-	0.00%
<b>SUBTOTAL</b>	<b>3,680,500</b>		<b>3,834,350</b>	<b>153,850</b>	<b>4.18%</b>
<b>TOTAL</b>	<b>\$ 10,270,500</b>		<b>\$ 12,599,350</b>	<b>\$ 2,328,850</b>	<b>22.68%</b>





**Combining Statement of Fiduciary Net Position - Pension Funds**  
 As of March 31, 2024, with Comparative Totals as of March 31, 2023 (\$ in Thousands) (Unaudited)

ASSETS	CERS		KERS		SPRS	KPPA TOTAL		Percentage of Change	Note
	Nonhazardous	Hazardous	Nonhazardous	Hazardous		FY 2024	FY 2023		
<b>CASH AND SHORT-TERM INVESTMENTS</b>									
Cash Deposits	\$275	\$27	\$273	\$25	\$55	\$656	\$2,244	(70.79)%	1
Short-term Investments	304,787	153,450	311,592	48,550	45,497	863,875	1,183,335	(27.00)%	2
<b>Total Cash and Short-term Investments</b>	<b>305,062</b>	<b>153,477</b>	<b>311,865</b>	<b>48,575</b>	<b>45,552</b>	<b>864,530</b>	<b>1,185,579</b>	<b>(27.08)%</b>	
<b>RECEIVABLES</b>									
Accounts Receivable	71,851	29,179	85,255	4,575	2,387	193,247	186,816	3.44%	
Accounts Receivable - Investments	43,752	15,840	26,059	5,393	4,340	95,383	107,966	(11.65)%	3
<b>Total Receivables</b>	<b>115,603</b>	<b>45,020</b>	<b>111,314</b>	<b>9,968</b>	<b>6,727</b>	<b>288,631</b>	<b>294,782</b>	<b>(2.09)%</b>	
<b>INVESTMENTS, AT FAIR VALUE</b>									
Core Fixed Income	911,540	320,862	1,028,240	108,890	162,286	2,531,818	1,981,508	27.77%	4
Public Equities	4,971,618	1,737,606	1,327,863	437,332	210,818	8,685,237	7,241,421	19.94%	5
Private Equities	643,065	228,216	197,636	68,303	31,274	1,168,494	1,142,977	2.23%	
Specialty Credit	1,862,885	641,377	762,266	222,900	120,353	3,609,781	3,217,794	12.18%	6
Derivatives	146	56	(52)	11	(6)	156	2,375	93.43%	7
Real Return	374,550	131,124	294,135	70,789	46,991	917,589	452,947	102.58%	8
Real Estate	499,783	159,154	215,630	58,478	35,123	968,168	929,393	4.17%	
<b>Total Investments, at Fair Value</b>	<b>9,263,587</b>	<b>3,218,395</b>	<b>3,825,718</b>	<b>966,704</b>	<b>606,838</b>	<b>17,881,243</b>	<b>14,968,414</b>	<b>19.46%</b>	
Securities Lending Collateral Invested	185,956	65,486	79,644	19,630	12,599	363,314	380,909	(4.62)%	
<b>CAPITAL/INTANGIBLE ASSETS</b>									
Capital Assets	1,701	153	929	91	11	2,885	2,885	0.00%	
Intangible Assets	9,961	827	5,920	494	100	17,301	17,301	0.00%	
Accumulated Depreciation	(1,701)	(153)	(929)	(91)	(11)	(2,885)	(2,885)	0.00%	
Accumulated Amortization	(9,961)	(827)	(5,920)	(494)	(100)	(17,301)	(17,242)	0.34%	
<b>Total Capital Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>59</b>	<b>(100.00)%</b>	
<b>Total Assets</b>	<b>9,870,208</b>	<b>3,482,378</b>	<b>4,328,540</b>	<b>1,044,876</b>	<b>671,716</b>	<b>19,397,719</b>	<b>16,829,743</b>	<b>15.26%</b>	
<b>LIABILITIES</b>									
Accounts Payable	5,818	1,150	3,341	782	88	11,178	8,684	28.73%	9
Investment Accounts Payable	93,772	32,984	81,544	13,080	13,160	234,539	107,294	118.59%	10
Securities Lending Collateral	185,956	65,486	79,644	19,630	12,599	363,314	380,909	(4.62)%	
<b>Total Liabilities</b>	<b>285,545</b>	<b>99,620</b>	<b>164,528</b>	<b>33,492</b>	<b>25,847</b>	<b>609,032</b>	<b>496,887</b>	<b>22.57%</b>	
<b>Total Fiduciary Net Position Restricted for Pension Benefits</b>	<b>\$9,584,663</b>	<b>\$3,382,758</b>	<b>\$4,164,012</b>	<b>\$1,011,385</b>	<b>\$645,869</b>	<b>\$18,788,687</b>	<b>\$16,332,857</b>	<b>15.04%</b>	

**NOTE - Variance Explanation Differences due to rounding**

- 1) The variance is a result of continuous fluctuation of deposits and transactions that flow through the cash account. As a result of an Internal Audit finding, we continue to evaluate the optimum cash balances at JP Morgan Chase.
- 2) Short term investments are primarily comprised of cash on hand at the custodial bank, the variance in the balance is a result of the cash flows of each plan.
- 3) The variance in Investment Accounts Receivable is the result of pending trades.
- 4) The increase in Core Fixed Income is a result of additional funding and favorable market conditions.
- 5) The increase in Public Equities is the result of favorable market conditions resulting in an increase in gains/losses and additional funding.
- 6) The increase in Specialty Credit is the result of favorable market conditions resulting in an increase in gains/losses and additional funding.
- 7) The variance in Derivatives is a result of hedging and arbitration of risk within the portfolios.
- 8) The increase in Real Return is a result of additional funding of new managers and favorable market conditions.
- 9) The variance in Accounts Payable is due to an increase in the payroll and leave liability accrual as well as an increase in outstanding employer credit invoices.
- 10) The variance in Investment Accounts Payable is due to pending trades.



### Combining Statement of Changes In Fiduciary Net Position - Pension Funds

For the nine month period ending March 31, 2024, with Comparative Totals for the nine month period ending March 31, 2023 (\$ in Thousands) (Unaudited)

	CERS		KERS		SPRS	KPPA Total		Percentage of Change	Note
	Nonhazardous	Hazardous	Nonhazardous	Hazardous		FY 2024	FY 2023		
<b>ADDITIONS</b>									
Member Contributions	\$115,511	44,979	\$71,639	\$16,055	\$4,266	\$252,450	\$224,306	12.55%	1
Employer Pay Credit	44,184	18,832	22,187	8,875	1,446	95,525	75,484	26.55%	2
Employer Contributions	506,050	216,093	93,642	58,199	45,020	919,004	835,490	10.00%	3
Actuarially Accrued Liability Contributions (AALC)	-	-	673,667	-	-	673,667	673,831	(0.02)%	
General Fund Appropriation	-	-	180,000	-	-	180,000	180,000	0.00%	
Pension Spiking Contributions	28	51	18	-	-	97	224	(56.86)%	4
Health Insurance Contributions (HB1)	(39)	(54)	(17)	(7)	(9)	(127)	(57)	(123.27)%	5
Employer Cessation Contributions	-	-	-	-	-	-	-	0.00%	
<b>Total Contributions</b>	<b>665,734</b>	<b>279,901</b>	<b>1,041,136</b>	<b>83,122</b>	<b>50,723</b>	<b>2,120,616</b>	<b>1,989,279</b>	<b>6.60%</b>	
<b>INVESTMENT INCOME</b>									
From Investing Activities									
Net Appreciation (Depreciation) in FV of Investments									
	722,555	255,535	226,895	70,997	36,584	1,312,566	666,764	96.86%	6
Interest/Dividends	211,917	74,542	97,720	23,931	15,802	423,912	337,922	25.45%	7
Total Investing Activities Income	934,472	330,077	324,615	94,928	52,386	1,736,477	1,004,686		
Less: Investment Expense	44,725	15,012	13,476	4,208	1,805	79,227	63,403	24.96%	8
Less: Performance Fees	12,999	4,409	4,296	1,195	406	23,305	1,391	1,575.09%	9
Net Income from Investing Activities	876,747	310,656	306,843	89,525	50,175	1,633,946	939,891		
From Securities Lending Activities									
Securities Lending Income	8,295	2,969	2,808	810	495	15,377	11,380		
Less: Securities Lending Borrower Rebates (Income)/Expense	7,364	2,638	2,431	714	431	13,579	9,916		
Less: Securities Lending Agent Fees	139	50	57	14	10	270	220		
Net Income from Securities Lending	791	281	321	82	55	1,529	1,245	22.80%	10
<b>Net Investment Income</b>	<b>877,538</b>	<b>310,937</b>	<b>307,163</b>	<b>89,607</b>	<b>50,230</b>	<b>1,635,475</b>	<b>941,136</b>	<b>73.78%</b>	
<b>Total Additions</b>	<b>1,543,272</b>	<b>590,838</b>	<b>1,348,299</b>	<b>172,729</b>	<b>100,953</b>	<b>3,756,091</b>	<b>2,930,415</b>	<b>28.18%</b>	
<b>DEDUCTIONS</b>									
Benefit Payments	701,037	256,372	772,911	60,167	47,592	1,838,079	1,781,022	3.20%	
Refunds	19,709	5,806	8,280	2,590	85	36,470	34,340	6.20%	
Administrative Expenses	19,303	1,700	10,302	1,155	234	32,693	30,377	7.62%	
<b>Total Deductions</b>	<b>740,049</b>	<b>263,877</b>	<b>791,493</b>	<b>63,912</b>	<b>47,910</b>	<b>1,907,241</b>	<b>1,845,738</b>	<b>3.33%</b>	
Net Increase (Decrease) in Fiduciary Net Position Restricted for Pension Benefits	803,223	326,961	556,807	108,816	53,042	1,848,850	1,084,677		
<b>Total Fiduciary Net Position Restricted for Pension Benefits</b>									
Beginning of Period	8,781,440	3,055,797	3,607,205	902,568	592,826	16,939,836	15,248,180	11.09%	
End of Period	\$9,584,663	\$3,382,758	\$4,164,012	\$1,011,384	\$645,869	\$18,788,686	\$16,332,857	15.04%	

**NOTE - Variance Explanation**

*Differences due to rounding.*

- 1) The increase in Member Contributions is due to an increase in covered payroll across all plans.
- 2) The Employer Pay Credit will continue to increase as Tier 3 members increase.
- 3) The increase in Employer Contributions is due to an increase in covered payroll across all plans.
- 4) Pension Spiking contributions decreased due to a decrease in pension spiking billed to employers.
- 5) Health Insurance Contributions continue to fluctuate in the Pension accounts due to Tier 2 and Tier 3 retiree health insurance system costs as well as corrections being processed to previous fiscal years.
- 6) The increase in Net Appreciation in Fair Value of Investments is the result of gains primarily from Public Equities and Specialty Credit.

**NOTE - Variance Explanation continued on next page.**

- 7) *The increase in Interest/Dividend Income is primarily the result of increased Dividends/Interest from Specialty Credit, Private Equity and Cash.*
- 8) *The increase in Investment Expense is primarily the result of increased market value due to favorable performance and additional funding across all asset classes.*
- 9) *The increase in performance fees is the result of more favorable market conditions creating higher performance fees for Private Equity and Specialty Credit.*

## Pension Funds Contribution Report

For the nine month period ending March 31, 2024, with Comparative Totals for the nine month period ending MArch 31, 2023 (\$ in Millions)



### County Employees Retirement System

	Nonhazardous		Hazardous	
	FY24	FY23	FY24	FY23
Member Contributions	\$115.5	\$105.3	\$44.9	\$39.8
Employer Pay Credit	44.1	37.0	18.8	15.0
Employer Contributions	506.1	461.8	216.2	199.7
Net Investment Income	155.0	136.8	55.4	48.0
<b>Total Inflows</b>	<b>820.7</b>	<b>740.9</b>	<b>335.3</b>	<b>302.5</b>
Benefit Payments/Refunds	720.7	685.9	262.1	242.7
Administrative Expenses	19.3	17.5	1.7	1.5
<b>Total Outflows</b>	<b>740.0</b>	<b>703.4</b>	<b>263.8</b>	<b>244.2</b>
<b>NET Contributions</b>	<b>80.7</b>	<b>37.5</b>	<b>71.5</b>	<b>58.3</b>
Realized Gain/(Loss)	99.5	(25.1)	35.3	(10.3)
Unrealized Gain/(Loss)	623.1	423.1	220.2	147.4
<b>Change in Net Position</b>	<b>803.3</b>	<b>435.5</b>	<b>327.0</b>	<b>195.4</b>
<b>Beginning of Period</b>	<b>8,781.4</b>	<b>8,062.3</b>	<b>3,055.8</b>	<b>2,736.9</b>
<b>End of Period</b>	<b>\$9,584.7</b>	<b>\$8,497.8</b>	<b>\$3,382.8</b>	<b>\$2,932.3</b>

*Differences due to rounding.*

Net Contributions*	(\$74.3)	(\$99.3)	\$16.1	\$10.3
Cash Flow as % of Assets	(0.78)%	(1.17)%	0.48%	0.35%
Net Investment Income	\$155.0	\$136.8	\$55.4	\$48.0
Yield as % of Assets	1.62%	1.61%	1.64%	1.64%

*\*Net Contributions are less Net Investment Income.*

**Pension Funds Contribution Report**  
 For the nine month period ending March 31, 2024, with Comparative Totals for the nine month period ending March 31, 2023 (\$ in Millions)

	Kentucky Employees Retirement System				State Police Retirement System	
	Nonhazardous		Hazardous		FY24	FY23
	FY24	FY23	FY24	FY23		
Member Contributions	\$71.6	\$62.4	\$16.0	\$12.8	\$4.3	\$3.9
Employer Pay Credit	22.1	16.0	8.9	6.4	1.5	1.1
Employer Contributions	93.7	84.9	58.2	47.1	45.0	42.2
Actuarially Accrued Liability Contributions	673.7	673.8	-	-	-	-
Employer Cessation Contributions	-	-	-	-	-	-
General Fund Appropriations	180.0	180.0	-	-	-	-
Net Investment Income	80.3	62.8	18.6	15.5	13.6	11.3
<b>Total Inflows</b>	<b>1,121.4</b>	<b>1,079.9</b>	<b>101.7</b>	<b>81.8</b>	<b>64.4</b>	<b>58.5</b>
Benefit Payments/Refund	781.2	776.8	62.8	61.9	47.7	48.1
Administrative Expenses	10.3	10.0	1.1	1.1	0.2	0.2
<b>Total Outflows</b>	<b>791.5</b>	<b>786.8</b>	<b>63.9</b>	<b>63.0</b>	<b>47.9</b>	<b>48.3</b>
<b>NET CONTRIBUTIONS</b>	<b>329.9</b>	<b>293.1</b>	<b>37.8</b>	<b>18.8</b>	<b>16.5</b>	<b>10.2</b>
Realized Gain/(Loss)	(11.0)	(21.3)	7.5	(3.5)	0.0	(4.3)
Unrealized Gain/(Loss)	237.9	100.3	63.5	39.4	36.6	21.1
<b>Change in Net Position</b>	<b>556.8</b>	<b>372.1</b>	<b>108.8</b>	<b>54.7</b>	<b>53.1</b>	<b>27.0</b>
<b>Beginning of Period</b>	<b>3,607.2</b>	<b>3,076.7</b>	<b>902.6</b>	<b>819.2</b>	<b>592.8</b>	<b>552.9</b>
<b>End of Period</b>	<b>\$4,164.0</b>	<b>\$3,448.8</b>	<b>\$1,011.4</b>	<b>\$873.9</b>	<b>\$645.9</b>	<b>\$579.9</b>

Differences due to rounding.

Net Contributions*	\$249.6	\$230.3	\$19.2	\$3.3	\$2.9	\$(1.1)
Cash Flow as % of Assets	5.99%	6.68%	1.90%	0.38%	0.44%	(0.19)%
Net Investment Income	\$80.3	\$62.8	\$18.6	\$15.5	\$13.6	\$11.3
Yield as % of Assets	1.93%	1.82%	1.84%	1.77%	2.11%	1.95%

\*Net Contributions are less Net Investment Income.



### Combining Statement of Fiduciary Net Position - Insurance Funds

As of March 31, 2024, with Comparative Totals as of March 31, 2023 (\$ in Thousands) (Unaudited)

ASSETS	CERS	CERS	KERS	KERS	SPRS	KPPA Total		Percentage of Change	Note
	Nonhazardous	Hazardous	Nonhazardous	Hazardous		FY 2024	FY 2023		
<b>CASH AND SHORT-TERM INVESTMENTS</b>									
Cash Deposits	\$120	\$32	\$110	\$20	\$17	\$299	\$767	(60.97)%	1
Short-term Investments	93,038	45,380	63,722	24,481	8,796	235,418	318,793	(26.15)%	2
<b>Total Cash and Short-term Investments</b>	<b>93,158</b>	<b>45,413</b>	<b>63,833</b>	<b>24,501</b>	<b>8,813</b>	<b>235,717</b>	<b>319,560</b>	<b>(26.24)%</b>	
<b>RECEIVABLES</b>									
Accounts Receivable	4,737	2,288	13,423	602	919	21,969	30,012	(26.80)%	3
Investment Accounts Receivable	17,192	7,301	10,312	3,198	1,391	39,394	45,545	(13.50)%	4
<b>Total Receivables</b>	<b>21,929</b>	<b>9,589</b>	<b>23,735</b>	<b>3,800</b>	<b>2,310</b>	<b>61,363</b>	<b>75,557</b>	<b>(18.79)%</b>	
<b>INVESTMENTS, AT FAIR VALUE</b>									
Core Fixed Income	349,857	149,637	182,947	71,836	28,190	782,467	728,039	7.48%	
Public Equities	1,874,269	891,065	711,095	289,214	115,512	3,881,155	3,321,609	16.85%	5
Private Equities	259,587	145,869	116,672	52,013	23,023	597,164	584,911	2.09%	
Specialty Credit	697,683	334,447	364,683	147,569	59,792	1,604,174	1,448,680	10.73%	6
Derivatives	68	36	21	4	5	133	900	(85.18)%	7
Real Return	124,105	60,541	122,927	39,639	17,138	364,351	175,116	108.06%	8
Real Estate	181,209	99,432	96,134	41,797	15,958	434,530	392,478	10.71%	9
<b>Total Investments, at Fair Value</b>	<b>3,486,777</b>	<b>1,681,027</b>	<b>1,594,479</b>	<b>642,072</b>	<b>259,617</b>	<b>7,663,973</b>	<b>6,651,733</b>	<b>15.22%</b>	
Securities Lending Collateral Invested	48,468	23,431	22,299	9,029	3,633	106,859	112,133	(4.70)%	
<b>Total Assets</b>	<b>3,650,332</b>	<b>1,759,460</b>	<b>1,704,346</b>	<b>679,402</b>	<b>274,373</b>	<b>8,067,913</b>	<b>7,158,983</b>	<b>12.70%</b>	
<b>LIABILITIES</b>									
Accounts Payable	258	14	139	-	1	412	312	32.26%	10
Investment Accounts Payable	33,343	14,112	21,068	6,725	2,789	78,037	44,043	77.18%	11
Securities Lending Collateral	48,468	23,431	22,299	9,029	3,633	106,859	112,133	(4.70)%	
<b>Total Liabilities</b>	<b>82,070</b>	<b>37,557</b>	<b>43,505</b>	<b>15,754</b>	<b>6,423</b>	<b>185,308</b>	<b>156,488</b>	<b>18.42%</b>	
<b>Total Fiduciary Net Position Restricted for OPEB</b>	<b>\$3,568,263</b>	<b>\$1,721,903</b>	<b>\$1,660,841</b>	<b>\$663,648</b>	<b>\$267,950</b>	<b>\$7,882,605</b>	<b>\$7,002,495</b>	<b>12.57%</b>	

**NOTE - Variance Explanation Differences due to rounding**

- 1) The variance is a result of continuous fluctuation of deposits and transactions that flow through the cash account. As a result of an Internal Audit finding, we continue to evaluate the optimum cash balances at JP Morgan Chase.
- 2) Short term investments are primarily comprised of cash on hand at the custodial bank, the variance in the balance is a result of the cash flows of each plan.
- 3) The decrease in Accounts Receivable is the result of a decrease in the member/employer month-end accrual due to the decreased insurance transfer rate.
- 4) The variance in Investment Accounts Receivable is the result of pending trades.
- 5) The increase in Public Equities is the result of favorable market conditions resulting in an increase in gains/losses and additional funding.
- 6) The increase in Specialty Credit is the result of favorable market conditions resulting in an increase in gains/losses and additional funding.
- 7) The variance in Derivatives is a result of hedging and arbitration of risk within the portfolios.
- 8) The increase in Real Return is a result of additional funding of new managers and favorable market conditions.
- 9) The increase in Real Estate is the result of a movement of the Mesa West accounts from the Specialty Credit asset class to the Real Estate asset class.
- 10) The increase in Accounts Payable is primarily due to an increase in outstanding employer credit invoices.
- 11) The variance in Investment Accounts Payable is due to pending trades.



### Combining Statement of Changes In Fiduciary Net Position - Insurance Funds

For the nine month period ending March 31, 2024, with Comparative Totals for the nine month period ending March 31, 2023 (\$ In Thousands) (Unaudited)

	CERS Non-	CERS	KERS Non-	KERS	SPRS	KPPA Total		Percentage of Change	Note
	hazardous	Hazardous	hazardous	Hazardous		FY 2024	FY 2023		
<b>ADDITIONS</b>									
Employer Contributions	\$2,458	\$15,152	\$30,712	\$38	\$7,602	\$55,963	\$139,657	(59.93)%	1
Actuarially Accrued Liability Contributions (AALC)	-	-	65,731	-	-	\$65,731	\$65,748	(0.02)%	
Medicare Drug Reimbursement	-	-	3	-	-	3	3	0.00%	
Insurance Premiums	251	(147)	77	(24)	(13)	144	(187)	177.06%	2
Humana Gain Share Payment	10,445	1,637	8,440	651	390	21,563	12,308	100.00%	3
Retired Re-employed Healthcare	5,222	1,512	5,417	1,361	2	13,512	10,055	34.38%	4
Health Insurance Contributions (HB1)	14,741	3,659	7,824	1,557	304	28,085	23,081	21.68%	5
Employer Cessation Contributions	-	-	-	-	-	-	-	0.00%	
<b>Total Contributions</b>	<b>33,117</b>	<b>21,813</b>	<b>118,204</b>	<b>3,583</b>	<b>8,285</b>	<b>185,001</b>	<b>250,664</b>	<b>(26.20)%</b>	
<b>INVESTMENT INCOME</b>									
From Investing Activities									
Net Appreciation (Depreciation) in FV of Investments	275,765	133,508	116,648	47,483	18,799	592,205	322,122	83.84%	6
Interest/Dividends	80,280	38,758	38,540	15,813	6,434	179,825	144,901	24.10%	7
<b>Total Investing Activities Income</b>	<b>356,045</b>	<b>172,266</b>	<b>155,188</b>	<b>63,297</b>	<b>25,234</b>	<b>772,030</b>	<b>467,023</b>		
Less: Investment Expense	16,639	8,732	6,497	3,422	1,344	36,634	29,400	24.60%	8
Less: Performance Fees	5,293	2,921	2,251	1,275	436	12,176	1,443	744.05%	9
<b>Net Income from Investing Activities</b>	<b>334,113</b>	<b>160,613</b>	<b>146,440</b>	<b>58,600</b>	<b>23,453</b>	<b>723,220</b>	<b>436,180</b>		
From Securities Lending Activities									
Securities Lending Income	2,354	1,101	1,056	389	168	5,068	4,131		
Less: Securities Lending Borrower Rebates (Income)/Expense	2,011	944	897	330	143	4,325	3,564		
Less: Securities Lending Agent Fees	51	24	24	9	4	111	85		
<b>Net Income from Securities Lending</b>	<b>291</b>	<b>134</b>	<b>135</b>	<b>50</b>	<b>21</b>	<b>632</b>	<b>482</b>	<b>31.23%</b>	<b>10</b>
<b>Net Investment Income</b>	<b>334,404</b>	<b>160,747</b>	<b>146,576</b>	<b>58,650</b>	<b>23,475</b>	<b>723,852</b>	<b>436,662</b>	<b>65.77%</b>	
<b>Total Additions</b>	<b>367,522</b>	<b>182,560</b>	<b>264,780</b>	<b>62,233</b>	<b>31,759</b>	<b>908,853</b>	<b>687,326</b>	<b>32.23%</b>	
<b>DEDUCTIONS</b>									
Healthcare Premiums Subsidies	85,831	73,696	67,709	14,732	10,546	252,513	275,725	(8.42)%	
Administrative Expenses	698	395	549	90	54	1,787	1,830	(2.34)%	
Self-Funded Healthcare Costs	2,256	153	1,166	85	6	3,665	3,915	(6.38)%	
Excise Tax Insurance	7	-	3	-	-	10	-	100.00%	11
<b>Total Deductions</b>	<b>88,792</b>	<b>74,244</b>	<b>69,428</b>	<b>14,906</b>	<b>10,606</b>	<b>257,976</b>	<b>281,471</b>	<b>(8.35)%</b>	
<b>Net Increase (Decrease) in Fiduciary Net Position Restricted for OPEB</b>	<b>278,730</b>	<b>108,316</b>	<b>195,352</b>	<b>47,326</b>	<b>21,153</b>	<b>650,877</b>	<b>405,855</b>		
<b>Total Fiduciary Net Position Restricted for OPEB</b>									
<b>Beginning of Period</b>	<b>3,289,532</b>	<b>1,613,587</b>	<b>1,465,489</b>	<b>616,322</b>	<b>246,797</b>	<b>7,231,727</b>	<b>6,596,640</b>	<b>9.63%</b>	
<b>End of Period</b>	<b>\$3,568,262</b>	<b>\$1,721,903</b>	<b>\$1,660,841</b>	<b>\$663,648</b>	<b>\$267,950</b>	<b>\$7,882,605</b>	<b>\$7,002,495</b>	<b>12.57%</b>	

**NOTE - Variance Explanation.**

**Differences due to rounding**

1) Employer Contributions decreased due to a decrease in the employer contribution insurance rate.

**NOTE - Variance Explanation continued on next page.**

- 2) *Health Insurance Premiums increased primarily due to a decrease in refunds processed to hazardous retirees for premiums paid for dependents that should have been covered by KPPA.*
- 3) *The Humana Gain Share payment will fluctuate year to year based on claims paid.*
- 4) *Retired Reemployed contributions increased due to an increase in retired reemployed members in CERS, CERS hazardous, KERS and KERS hazardous.*
- 5) *Health Insurance Contributions will continue to rise as Tier 2 and Tier 3 members increase.*
- 6) *The increase in Net Appreciation in Fair Value of Investments is the result of gains primarily from Public Equities and Specialty Credit.*
- 7) *The increase in Interest/Dividend Income is primarily the result of increased Dividends/Interest from Specialty Credit, Private Equity and Cash.*
- 8) *The increase in Investment Expense is primarily the result of increased market value due to favorable performance and additional funding across all asset classes.*
- 9) *The increase in performance fees is the result of more favorable market conditions creating higher performance fees for Private Equity and Specialty Credit.*
- 10) *The variance is a result of the demand of the Securities Lending Program.*
- 11) *The Excise Tax will fluctuate based on the timing of the posting of the payment.*



## Insurance Fund Contribution Report

For the nine month period ending March 31, 2024, with Comparative Totals for the nine month period ending March 31, 2023 (\$ in Millions)



## County Employees Retirement System

	Nonhazardous		Hazardous	
	FY24	FY23	FY24	FY23
Employer Contributions	\$2.5	\$72.3	\$15.1	\$34.1
Insurance Premiums	0.3	0.3	(0.1)	(0.4)
Humana Gain Share	10.5	6.0	1.6	0.9
Retired Reemployed Healthcare	5.2	3.6	1.5	1.2
Health Insurance Contributions	14.7	12.6	3.7	2.9
Net Investment Income	58.6	51.0	27.2	25.4
<b>Total Inflows</b>	<b>91.8</b>	<b>145.8</b>	<b>49.0</b>	<b>64.1</b>
Healthcare Premiums	88.1	100.5	73.8	70.2
Administrative Expenses	0.7	0.7	0.4	0.4
<b>Total Outflows</b>	<b>88.8</b>	<b>101.2</b>	<b>74.2</b>	<b>70.6</b>
<b>NET Contributions</b>	<b>3.0</b>	<b>44.6</b>	<b>(25.2)</b>	<b>(6.5)</b>
Realized Gain/(Loss)	54.0	(10.2)	27.9	(3.9)
Unrealized Gain/(Loss)	221.8	161.9	105.6	76.7
<b>Change in Net Position</b>	<b>278.8</b>	<b>196.3</b>	<b>108.3</b>	<b>66.3</b>
<b>Beginning of Period</b>	<b>3,289.5</b>	<b>2,981.2</b>	<b>1,613.6</b>	<b>1,504.0</b>
<b>End of Period</b>	<b>\$3,568.3</b>	<b>\$3,177.5</b>	<b>\$1,721.9</b>	<b>\$1,570.3</b>

Differences due to rounding.

Net Contributions*	\$(55.6)	\$(6.4)	\$(52.4)	\$(31.9)
Cash Flow as % of Assets	(1.56)%	(0.20)%	(3.04)%	(2.03)%
Net Investment Income	\$58.6	\$51.0	\$27.2	\$25.4
Yield as % of Assets	1.64%	1.61%	1.58%	1.62%

\*Net Contributions are less Net Investment Income.

**Insurance Fund Contribution Report**  
 For the six month period ending December 31, 2024, with Comparative Totals for the six month period ending December 31, 2023  
 (\$ in Millions)

	Kentucky Employees Retirement System				State Police Retirement System	
	Nonhazardous		Hazardous		FY24	FY23
	FY24	FY23	FY24	FY23		
Employer Contributions	\$30.7	\$26.3	\$-	\$-	\$7.6	\$6.9
Actuarially Accrued Liability Contributions	65.7	65.7	-	-	-	-
Employer Cessation Contributions	-	-	-	-	-	-
Insurance Premiums	0.1	0.1	-	(0.1)	-	(0.1)
Humana Gain Share	8.4	4.9	0.6	0.4	0.4	0.2
Retired Reemployed Healthcare	5.4	4.2	1.4	1.0	-	-
Health Insurance Contributions	7.8	6.1	1.5	1.2	0.3	0.3
Net Investment Income	29.9	23.9	11.2	10.2	4.7	4.1
<b>Total Inflows</b>	<b>148.0</b>	<b>131.2</b>	<b>14.7</b>	<b>12.7</b>	<b>13.0</b>	<b>11.4</b>
Healthcare Premiums	68.9	83.0	14.8	15.1	10.5	10.8
Administrative Expenses	0.5	0.6	0.1	0.1	0.1	0.1
<b>Total Outflows</b>	<b>69.4</b>	<b>83.6</b>	<b>14.9</b>	<b>15.2</b>	<b>10.6</b>	<b>10.9</b>
<b>NET Contributions</b>	<b>78.6</b>	<b>47.6</b>	<b>(0.2)</b>	<b>(2.5)</b>	<b>2.4</b>	<b>0.5</b>
Realized Gain/(Loss)	14.4	(8.8)	8.1	(1.6)	3.5	(0.8)
Unrealized Gain/(Loss)	102.3	70.7	39.4	27.2	15.3	11.0
<b>Change in Net Position</b>	<b>195.3</b>	<b>109.5</b>	<b>47.3</b>	<b>23.1</b>	<b>21.2</b>	<b>10.7</b>
<b>Beginning of Period</b>	<b>1,465.5</b>	<b>1,301.5</b>	<b>616.3</b>	<b>579.9</b>	<b>246.8</b>	<b>230.0</b>
<b>End of Period</b>	<b>\$1,660.8</b>	<b>\$1,411.0</b>	<b>\$663.6</b>	<b>\$603.0</b>	<b>\$268.0</b>	<b>\$240.7</b>

Differences due to rounding.

Net Contributions*	\$48.7	\$23.7	\$(11.4)	\$(12.7)	\$(2.3)	\$(3.6)
Cash Flow as % of Assets	2.93%	1.68%	(1.72)%	(2.11)%	(0.86)%	(1.50)%
Net Investment Income	\$29.9	\$23.9	\$11.2	\$10.2	\$4.7	\$4.1
Yield as % of Assets	1.80%	1.69%	1.69%	1.69%	1.75%	1.70%

\*Net Contributions are less Net Investment Income.



## KENTUCKY PUBLIC PENSIONS AUTHORITY Outstanding Invoices by Type and Employer

Invoice Type	3/31/2024	12/31/2023	Change H/(L)
Actuarially Accrued Liability Contribution	\$4,106,581	\$3,766,099	9%
Averaging Refund to Employer	(406,008)	(306,988)	32%
Employer Free Military and Decompression Service	224,012	45,258	395%
Member Pension Spiking Refund	(48,923)	(54,863)	(11)%
Monthly Reporting Invoice	223,065	(9,493)	(2450)%
Penalty – Monthly Reporting	302,100	262,100	15%
Reinstatement	185,935	185,918	0%
Other Invoices**	(143,035)	(133,750)	7%
<b>Total</b>	<b>4,443,727</b>	<b>3,754,280</b>	
Health Insurance Reimbursement	1,345,102	1,124,480	20%
Omitted Employer	1,554,745	1,279,401	22%
Employer Pension Spiking*	1,570,715	1,535,287	2%
Standard Sick Leave	1,696,995	1,316,717	29%
USERRA Protected Military	35,030	35,030	0%
<b>Total</b>	<b>6,202,587</b>	<b>5,290,915</b>	17%
<b>Grand Total</b>	<b>\$10,646,314</b>	<b>\$9,045,195</b>	18%

*\*Pension Spiking invoices on this report are Employer Pension Spiking. By statute these invoices are due 12 months from the invoice date. Employer Pension Spiking is in effect only for retirements prior to July 1, 2018, therefore, unless there has been a recently created invoice for a backdated retirement, all of these invoices are greater than 12 months old.*

*\*\*Other Invoices include Expense Allowance; Expired Post Pending; IPS Employer Refund; Master Commissioner Employer (ANOC); Omitted Employer PPEND; Penalty EOY Reporting; Personnel Adjustment; and, Refunded Member Contributions Due.*

Employer Name (Top Ten)	3/31/2024	12/31/2023	Change H/(L)
Kentucky River Community Care***	\$3,989,278	\$3,626,615	10%
Kentucky River Regional Jail***	893,893	893,893	0%
Department of Highways	669,457	633,816	6%
City of Covington***	414,171	409,956	1%
Kenton County Airport Board***	406,945	399,567	2%
Department for Community Based Services	308,180	217,602	42%
City of Fort Thomas***	270,335	265,350	2%
TARC Transit Authority of River City	240,404	217,658	10%
Department of Parks	231,570	161,879	43%
Livingston County Fiscal Court***	\$228,567	\$228,567	0%

*\*\*\*Indicates invoices turned over to Legal for further action*

	Total Unpaid Balance	Invoice Count
CERS	\$2,202,425	1,508
CERH	1,451,572	176
KERS	6,749,092	1,113
KERH	210,966	32
SPRS	32,258	22
<b>Grand Total:</b>	<b>\$10,646,314</b>	<b>2,851</b>

**KENTUCKY PUBLIC PENSIONS AUTHORITY**  
**Penalty Invoices Report**  
**From: 1/1/2024 To: 3/31/2024**  
**Note: Delinquent Interest amounts are included in the totals for the invoice**

Invoice Amount	Invoice Remaining Balance	Delinquent Interest	Invoice Status Date	Invoice Due Date	Invoice Status	Employer Classification	Plan	Comments
\$1,000	\$-	\$-	3/26/2024	3/19/2023	CANC	Cities	CERS	New Employer Reporting Official
1,000	-	-	3/26/2024	6/21/2023	CANC	Cities	CERS	New Employer Reporting Official
1,000	-	-	1/11/2024	6/21/2023	CANC	Master Commissioner	KERS	New Employer Reporting Official
1,000	-	-	1/12/2024	1/12/2024	CANC	Conservation Districts	CERS	No Participating Employees
1,000	-	-	3/19/2024	2/2/2024	CANC	County Attorneys	CERS	New Employer Reporting Official
1,000	-	-	3/12/2024	2/3/2024	CANC	County Attorneys	CERS	Employer in good standing with KPPA
1,000	-	-	3/26/2024	2/7/2024	CANC	Cities	CERS	New Employer Reporting Official
1,000	-	-	3/26/2024	2/7/2024	CANC	Cities	CERS	New Employer Reporting Official
1,000	-	-	3/26/2024	2/7/2024	CANC	Cities	CERS	New Employer Reporting Official
1,000	-	-	1/19/2024	2/17/2024	CANC	Cities	CERS	KPPA system issue
<b>TOTAL:</b>	<b>\$10,000</b>	<b>\$-</b>	<b>\$-</b>					
\$1,000	\$1,000	\$-	1/4/2024	2/3/2024	CRTD	Fiscal Courts	CERS	
1,000	1,000	-	1/8/2024	2/7/2024	CRTD	Cities	CERS	
1,000	1,000	-	1/8/2024	2/7/2024	CRTD	Cities	CERS	
1,000	1,000	-	1/8/2024	2/7/2024	CRTD	Cities	CERS	
1,000	1,000	-	1/9/2024	2/8/2024	CRTD	Cities	CERS	
1,000	1,000	-	1/10/2024	2/9/2024	CRTD	Ambulance Services	CERS	
1,000	1,000	-	1/10/2024	2/9/2024	CRTD	Utility Boards	CERS	
1,000	1,000	-	1/17/2024	2/16/2024	CRTD	Fiscal Courts	CERS	
1,000	1,000	-	1/17/2024	2/16/2024	CRTD	Cities	CERS	
1,000	1,000	-	1/18/2024	2/17/2024	CRTD	Fiscal Courts	CERS	
1,000	1,000	-	1/18/2024	2/17/2024	CRTD	Libraries	CERS	
1,000	1,000	-	1/19/2024	2/18/2024	CRTD	Ambulance Services	CERS	
1,000	1,000	-	1/24/2024	2/23/2024	CRTD	Ambulance Services	CERS	
1,000	1,000	-	1/24/2024	2/23/2024	CRTD	Ambulance Services	CERS	
1,000	1,000	-	1/24/2024	2/23/2024	CRTD	Ambulance Services	CERS	
1,000	1,000	-	1/25/2024	2/24/2024	CRTD	Ambulance Services	CERS	
1,000	1,000	-	1/25/2024	2/24/2024	CRTD	Ambulance Services	CERS	
1,000	1,000	-	1/25/2024	2/24/2024	CRTD	Ambulance Services	CERS	
1,000	1,000	-	1/25/2024	2/24/2024	CRTD	Ambulance Services	CERS	
1,000	1,000	-	2/8/2024	3/9/2024	CRTD	Ambulance Services	CERS	
1,000	1,000	-	2/15/2024	3/16/2024	CRTD	Ambulance Services	CERS	
1,000	1,000	-	2/15/2024	3/16/2024	CRTD	Ambulance Services	CERS	

**Penalty Invoices Report**  
**From: 1/1/2024 To: 3/31/2024**  
**Note: Delinquent Interest amounts are included in the totals for the invoice**

Invoice Amount	Invoice Remaining Balance	Delinquent Interest	Invoice Status Date	Invoice Due Date	Invoice Status	Employer Classification	Plan	Comments
1,000	1,000	-	2/15/2024	3/16/2024	CRTD	Ambulance Services	CERS	
1,000	1,000	-	2/16/2024	3/17/2024	CRTD	Conservation Districts	CERS	
1,000	1,000	-	2/19/2024	3/20/2024	CRTD	Housing Authorities	CERS	
1,000	1,000	-	2/19/2024	3/20/2024	CRTD	Ambulance Services	CERS	
1,000	1,000	-	2/19/2024	3/20/2024	CRTD	Ambulance Services	CERS	
1,000	1,000	-	2/19/2024	3/20/2024	CRTD	Ambulance Services	CERS	
1,000	1,000	-	2/19/2024	3/20/2024	CRTD	Ambulance Services	CERS	
1,000	1,000	-	2/19/2024	3/20/2024	CRTD	Ambulance Services	CERS	
1,000	1,000	-	2/19/2024	3/20/2024	CRTD	Ambulance Services	CERS	
1,000	1,000	-	2/19/2024	3/20/2024	CRTD	Ambulance Services	CERS	
1,000	1,000	-	2/22/2024	3/23/2024	CRTD	Cities	CERS	
1,000	1,000	-	2/28/2024	3/29/2024	CRTD	County Attorneys	KERS	
1,000	1,000	-	2/28/2024	3/29/2024	CRTD	County Attorneys	KERS	
1,000	1,000	-	3/1/2024	3/31/2024	CRTD	Libraries	CERS	
1,000	1,000	-	3/1/2024	3/31/2024	CRTD	Ambulance Services	CERS	
1,000	1,000	-	3/1/2024	3/31/2024	CRTD	Ambulance Services	CERS	
1,000	1,000	-	3/1/2024	3/31/2024	CRTD	Ambulance Services	CERS	
1,000	1,000	-	3/1/2024	3/31/2024	CRTD	Ambulance Services	CERS	
1,000	1,000	-	3/1/2024	3/31/2024	CRTD	Ambulance Services	CERS	
1,000	1,000	-	3/11/2024	4/10/2024	CRTD	Fiscal Courts	CERS	
1,000	1,000	-	3/11/2024	4/10/2024	CRTD	Fiscal Courts	CERS	
1,000	1,000	-	3/11/2024	4/10/2024	CRTD	Fiscal Courts	CERS	
1,000	1,000	-	3/11/2024	4/10/2024	CRTD	Fiscal Courts	CERS	
1,000	1,000	-	3/11/2024	4/10/2024	CRTD	Fiscal Courts	CERS	
1,000	1,000	-	3/11/2024	4/10/2024	CRTD	Fiscal Courts	CERS	
1,000	1,000	-	3/12/2024	4/11/2024	CRTD	Ambulance Services	CERS	
1,000	1,000	-	3/12/2024	4/11/2024	CRTD	Ambulance Services	CERS	
1,000	1,000	-	3/13/2024	4/12/2024	CRTD	Ambulance Services	CERS	
1,000	1,000	-	3/18/2024	4/17/2024	CRTD	Cities	CERS	
1,000	1,000	-	3/21/2024	4/20/2024	CRTD	County Attorneys	CERS	
1,000	1,000	-	3/21/2024	4/20/2024	CRTD	Ambulance Services	CERS	
1,000	1,000	-	3/21/2024	4/20/2024	CRTD	Ambulance Services	CERS	
1,000	1,000	-	3/22/2024	4/21/2024	CRTD	Ambulance Services	CERS	
1,000	1,000	-	3/26/2024	4/25/2024	CRTD	Cities	CERS	
1,000	1,000	-	3/27/2024	4/26/2024	CRTD	Fiscal Courts	CERS	

**Penalty Invoices Report**  
**From: 1/1/2024 To: 3/31/2024**  
**Note: Delinquent Interest amounts are included in the totals for the invoice**

Invoice Amount	Invoice Remaining Balance	Delinquent Interest	Invoice Status Date	Invoice Due Date	Invoice Status	Employer Classification	Plan	Comments
1,000	1,000	-	3/29/2024	4/28/2024	CRTD	Fiscal Courts	CERS	
<b>TOTAL:</b>	<b>\$58,000</b>	<b>\$58,000</b>	<b>\$-</b>					
\$1,000	\$-	\$-	1/4/2024	2/4/2021	PAID	Utility Boards	CERS	
1,000	-	-	1/4/2024	10/13/2023	PAID	Utility Boards	CERS	
1,000	-	-	1/4/2024	10/13/2023	PAID	Utility Boards	CERS	
1,000	-	-	1/4/2024	10/13/2023	PAID	Utility Boards	CERS	
1,000	-	-	1/4/2024	10/13/2023	PAID	Utility Boards	CERS	
1,000	-	-	1/4/2024	10/13/2023	PAID	Utility Boards	CERS	
1,000	-	-	1/4/2024	11/4/2023	PAID	Utility Boards	CERS	
1,000	-	-	2/7/2024	11/16/2023	PAID	Boards of Education	CERS	
1,000	-	-	2/5/2024	12/17/2023	PAID	Libraries	CERS	
1,000	-	-	3/13/2024	1/11/2024	PAID	Libraries	CERS	
1,000	-	-	3/13/2024	1/11/2024	PAID	Libraries	CERS	
1,000	-	-	3/13/2024	1/11/2024	PAID	Libraries	CERS	
1,000	-	-	1/8/2024	1/11/2024	PAID	Cities	CERS	
1,000	-	-	1/22/2024	1/17/2024	PAID	Boards of Education	CERS	
1,000	-	-	1/10/2024	1/17/2024	PAID	Utility Boards	CERS	
1,000	-	-	1/22/2024	1/17/2024	PAID	Boards of Education	CERS	
1,000	-	-	1/18/2024	1/18/2024	PAID	Fiscal Courts	CERS	
1,000	-	-	3/13/2024	1/19/2024	PAID	Libraries	CERS	
1,000	-	-	1/18/2024	1/26/2024	PAID	Fiscal Courts	CERS	
1,000	-	-	3/26/2024	2/1/2024	PAID	Cities	CERS	
1,000	-	-	1/9/2024	2/3/2024	PAID	Area Development Districts	CERS	
1,000	-	-	2/14/2024	2/16/2024	PAID	Fiscal Courts	CERS	
1,000	-	-	2/22/2024	2/17/2024	PAID	Fiscal Courts	CERS	
1,000	-	-	3/27/2024	2/17/2024	PAID	Fiscal Courts	CERS	
1,000	-	-	2/16/2024	2/21/2024	PAID	Boards of Education	CERS	
1,000	-	-	2/12/2024	3/2/2024	PAID	Universities	KERS	
1,000	-	-	3/13/2024	3/2/2024	PAID	Libraries	CERS	
1,000	-	-	2/9/2024	3/3/2024	PAID	Ambulance Services	CERS	
1,000	-	-	3/5/2024	3/17/2024	PAID	Boards of Education	CERS	
1,000	-	-	3/8/2024	3/17/2024	PAID	Ambulance Services	CERS	
1,000	-	-	3/27/2024	3/17/2024	PAID	Boards of Education	CERS	
1,000	-	-	3/27/2024	3/17/2024	PAID	Boards of Education	CERS	
1,000	-	-	3/11/2024	3/20/2024	PAID	Parks and Recreation	CERS	

**Penalty Invoices Report**  
**From: 1/1/2024 To: 3/31/2024**  
**Note: Delinquent Interest amounts are included in the totals for the invoice**

Invoice Amount	Invoice Remaining Balance	Delinquent Interest	Invoice Status Date	Invoice Due Date	Invoice Status	Employer Classification	Plan	Comments
1,580	-	-	3/11/2024	3/22/2024	PAID	Regional Mental Health Units	KERS	
1,000	-	-	3/29/2024	3/23/2024	PAID	Fiscal Courts	CERS	
1,000	-	-	3/13/2024	3/30/2024	PAID	Cities	CERS	
1,000	-	-	3/26/2024	3/30/2024	PAID	Cities	CERS	
<b>TOTAL:</b>	<b>\$37,580</b>	<b>\$-</b>						

**Notes:**  
**Invoice Status:**  
 CANC - Cancelled  
 CRTD - Created  
 PAID - Paid

KPPA ADMINISTRATIVE BUDGET FY 2023-2024						
BUDGET-TO-ACTUAL SUMMARY ANALYSIS						
FOR THE NINE MONTHS ENDING MARCH 31, 2024, WITH COMPARATIVE TOTALS FOR THE NINE MONTHS ENDING MARCH 31, 2023						
CATEGORY	BUDGETED	FY 2024 EXPENSE	REMAINING	PERCENT REMAINING	FY 2023 EXPENSE	PERCENT DIFFERENCE
PERSONNEL	\$34,520,287	\$25,858,602	\$8,661,685	25.09%	\$24,538,797	5.38%
LEGAL CONTRACTS	1,210,000	779,620	430,380	35.57%	497,036	56.85%
AUDITING	300,000	214,821	85,179	28.39%	100,479	113.80%
ACTUARIAL SERVICES	500,000	321,537	178,463	35.69%	252,280	27.45%
MEDICAL REVIEWERS	1,800,000	1,009,685	790,315	43.91%	961,379	5.02%
OTHER PERSONNEL	500,000	185,406	314,594	62.92%	47,298	292.00%
<b>PERSONNEL TOTAL</b>	<b>\$38,830,287</b>	<b>\$28,369,671</b>	<b>\$10,460,616</b>	<b>26.94%</b>	<b>\$26,397,268</b>	<b>7.47%</b>
RENTALS - BUILDING & EQUIPMENT	1,166,500	787,587	378,913	32.48%	825,668	(4.61)%
INFORMATION TECHNOLOGY	4,190,000	2,160,976	2,029,024	48.43%	1,669,003	29.48%
OTHER OPERATIONAL	1,371,200	862,754	508,446	37.08%	788,248	9.45%
<b>OPERATIONAL TOTAL</b>	<b>\$6,727,700</b>	<b>\$3,811,317</b>	<b>\$2,916,383</b>	<b>43.35%</b>	<b>\$3,282,919</b>	<b>16.10%</b>
RESERVE	4,882,813	-	4,882,813	100.00%	-	0.00%
<b>ADMINISTRATIVE BUDGETED AMOUNT</b>	<b>\$50,440,800</b>	<b>\$32,180,988</b>	<b>\$18,259,812</b>	<b>36.20%</b>	<b>\$29,680,187</b>	<b>8.43%</b>

Administrative Budget Summary Notes	
<b>PERSONNEL (Staffing):</b>	<p>We have spent nearly \$26M (25.858M), which is 74.91% of the budget, leaving 25.09% left in the 4th Quarter.</p> <p>The Hearing Officers line item has exceeded its annual budget (as of March) by \$33k. This is due to increased pay rate and efforts to clear our backlog of cases.</p> <p>The FBT Line item has also exceeded its annual amount by \$65k, due to an increase in activity related to on-going cases.</p> <p>However, other legal line items remain underbudget, including SKO, Reinhart, and Ice Miller. Leaving the overall Legal category with \$430k left to spend (or 36%), and we anticipate this overall sub-category remaining underbudget overall for the year.</p>
<b>LEGAL</b>	
<b>AUDITING</b>	<p>The final APA invoice was received in May (for \$19,425). So, for the year the Auditing line item should be \$235K (which is \$65k under budget).</p>
<b>ACTUARIAL, MEDICAL, AND OTHER</b>	<p>All other personnel categories and line items all have more than 25% Capacity left, bringing the total Personnel category to \$28.3M for the 9 months ended March 31, 2024, with 26.94% left to spend. Overall, this is 7.47% higher than the prior year driven by the salaries/wages line item.</p> <p>Is at \$3.8M with 43.35% of the budget left to spend, this is \$528k or 16.10% higher than prior year.</p>
<b>OPERATIONAL TOTAL</b>	<p>Postage is 53.47% or \$156k higher than prior year (and has exceeded its annual budget amount). This is due to the paperless project post card postage, as well as overall increase in postage rates.</p>



KPPA ADMINISTRATIVE BUDGET FY 2023-2024						
BUDGET-TO-ACTUAL ANALYSIS						
FOR THE NINE MONTHS ENDING MARCH 31, 2024, WITH COMPARATIVE TOTALS FOR THE NINE MONTHS ENDING MARCH 31, 2023						
Account Name	Budgeted	FY 2024 Expense	Remaining	Percent Remaining	FY 2023 Expense	Percent Difference
<b>PERSONNEL</b>						
<b>Staff</b>						
Salaries/Wages	\$17,900,000	\$13,638,615	\$4,261,385	23.81%	\$12,181,863	11.96%
Wages (Overtime)	285,000	196,292	88,708	31.13%	161,741	21.36%
Emp Paid FICA	1,294,772	991,048	303,724	23.46%	893,999	10.86%
Emp Paid Retirement	12,033,015	8,930,095	3,102,920	25.79%	9,300,601	(3.98)%
Emp Paid Health Ins	2,687,500	2,038,424	649,076	24.15%	1,757,627	15.98%
Emp Paid Sick Leave	250,000	40,221	209,779	83.91%	213,594	(81.17)%
Adoption Assistance Benefit	10,000	-	10,000	100.00%	-	0.00%
Escrow for Admin Fees	-	(1,000)	1,000	(100.00)%	-	(100.00)%
Workers Compensation	12,000	11,116	884	7.36%	11,116	0.00%
Unemployment	10,000	3,339	6,661	66.61%	8,009	0.00%
Emp Paid Life Ins	3,000	2,261	739	24.63%	2,205	2.54%
Employee Training	25,000	8,191	16,809	67.23%	8,041	1.87%
Tuition Assistance	10,000	-	10,000	100.00%	-	0.00%
Bonds	-	-	-	0.00%	-	0.00%
<b>Staff Subtotal</b>	<b>34,520,287</b>	<b>25,858,602</b>	<b>8,661,685</b>	<b>25.09%</b>	<b>24,538,796</b>	<b>5.38%</b>
<b>LEGAL &amp; AUDITING SERVICES</b>						
Legal Hearing Officers	150,000	182,706	(32,706)	(21.80)%	129,545	41.04%
Legal (Stoll, Keenon)	250,000	8,201	241,799	96.72%	51,775	(84.16)%
Frost Brown	300,000	364,810	(64,810)	(21.60)%	113,219	222.22%
Reinhart	50,000	-	50,000	100.00%	-	0.00%
Ice Miller	300,000	164,670	135,331	45.11%	91,866	79.25%
Johnson, Bowman, Branco LLC	100,000	55,788	44,212	44.21%	76,195	(26.78)%
Dentons Bingham & Greenebaum	50,000	3,445	46,555	93.11%	34,136	(89.91)%
Legal Expense	10,000	-	10,000	100.00%	23	(100.00)%
Auditing	300,000	214,821	85,179	28.39%	100,479	113.80%
<b>Total Legal &amp; Auditing Services</b>	<b>1,510,000</b>	<b>994,442</b>	<b>515,558</b>	<b>34.14%</b>	<b>597,238</b>	<b>66.51%</b>
<b>CONSULTING SERVICES</b>						
Medical Reviewers	1,800,000	1,010,185	789,815	43.88%	990,245	2.01%
Escrow for Actuary Fees	-	(500)	500	(100.00)%	(28,866)	0.00%
<b>Total Consulting Services</b>	<b>1,800,000</b>	<b>1,009,685</b>	<b>790,315</b>	<b>43.91%</b>	<b>961,379</b>	<b>5.02%</b>
<b>CONTRACTUAL SERVICES</b>						
Miscellaneous Contracts	390,000	157,870	232,130	59.52%	19,295	718.19%
Human Resources Consulting	10,000	-	10,000	100.00%	-	0.00%
Actuarial Services	500,000	321,537	178,463	35.69%	252,280	27.45%
Facility Security Charges	100,000	27,536	72,464	72.46%	28,003	(1.67)%
<b>Contractual Subtotal</b>	<b>1,000,000</b>	<b>506,942</b>	<b>493,058</b>	<b>49.31%</b>	<b>299,578</b>	<b>69.22%</b>
<b>PERSONNEL SUBTOTAL</b>	<b>\$38,830,287</b>	<b>\$28,369,671</b>	<b>\$10,460,616</b>	<b>26.94%</b>	<b>\$26,397,268</b>	<b>7.47%</b>
<b>OPERATIONAL</b>						
Natural Gas	42,000	21,555	20,445	48.68%	28,796	(25.15)%
Electric	133,000	83,797	49,203	37.00%	85,321	(1.79)%
Rent-Non State Building	56,000	-	56,000	100.00%	37,982	(100.00)%
Building Rental - PPW	1,000,000	721,477	278,523	27.85%	721,573	(0.01)%
Copier Rental	105,000	62,701	42,299	40.28%	62,939	(0.38)%
Rental Carpool	5,500	3,409	2,091	38.01%	3,174	7.40%
Vehicle/Equip. Maint.	1,000	-	1,000	100.00%	-	0.00%
Postage	420,000	450,123	(30,123)	(7.17)%	293,304	53.47%
Freight	200	-	200	100.00%	41	(100.00)%
Printing (State)	15,000	200	14,800	98.67%	995	(79.90)%
Printing (non-state)	85,000	26,523	58,477	68.80%	50,640	(47.62)%
Insurance	10,000	5,090	4,910	49.10%	5,572	(8.65)%
Garbage Collection	6,500	5,037	1,463	22.50%	4,512	11.64%
Conference Expense	45,000	25,851	19,149	42.55%	10,868	137.86%
Conference Exp. Investment	2,000	-	2,000	0.00%	64	(100.00)%
Conference Exp. Audit	3,000	-	3,000	100.00%	-	0.00%

KPPA ADMINISTRATIVE BUDGET 2023-24						
BUDGET-TO-ACTUAL ANALYSIS						
FOR THE NINE MONTHS ENDING MARCH 31, 2024, WITH COMPARATIVE TOTALS FOR THE NINE MONTHS ENDING MARCH 31, 2023						
Account Name	Budgeted	FY 2024 Expense	Remaining	Percent Remaining	FY 2023 Expense	Percent Difference
MARS Usage	50,000	20,325	29,675	59.35%	20,325	0.00%
COVID-19 Expenses	-	-	-	0.00%	2,421	0.00%
Office Supplies	100,000	29,719	70,281	70.28%	71,446	(58.40)%
Furniture & Office Equipment	12,000	-	12,000	100.00%	204	(100.00)%
Travel (In-State)	15,000	9,380	5,620	37.47%	10,305	(8.98)%
Travel (In-State) Investment	1,000	-	1,000	100.00%	41	0.00%
Travel (In-State) Audit	500	-	500	100.00%	-	0.00%
Travel (Out of State)	79,000	32,019	46,981	59.47%	33,197	(3.55)%
Travel (Out of State) Investment	135,000	14,535	120,465	89.23%	10,578	37.41%
Travel (Out of State) Audit	1,000	-	1,000	100.00%	1,077	(100.00)%
Dues & Subscriptions	69,000	44,857	24,143	34.99%	49,607	(9.58)%
Dues & Subscriptions Invest	15,000	14,321	679	4.53%	11,542	24.08%
Dues & Subscriptions Audit	1,000	380	620	62.00%	400	(5.00)%
Miscellaneous	55,000	17,571	37,430	68.05%	43,344	(59.46)%
Miscellaneous Investment	-	90	(90)	0.00%	-	100.00%
Miscellaneous Audit	-	-	-	0.00%	-	0.00%
COT Charges	40,000	12,195	27,805	69.51%	14,435	(15.52)%
Telephone - Wireless	8,500	6,308	2,192	25.79%	5,143	22.65%
Telephone - Other	105,500	68,150	37,350	35.40%	74,975	(9.10)%
Telephone - Video Conference	11,000	7,249	3,751	34.10%	-	100.00%
Computer Equip./Software	4,080,000	2,128,456	1,951,544	47.83%	1,609,836	32.22%
Comp. Equip./Software Invest	-	-	-	0.00%	-	0.00%
Comp. Equip./Software Audit	20,000	-	20,000	100.00%	24,407	(100.00)%
<b>OPERATIONAL SUBTOTAL</b>	<b>\$6,727,700</b>	<b>\$3,811,317</b>	<b>\$2,916,383</b>	<b>43.35%</b>	<b>\$3,282,919</b>	<b>16.10%</b>
<b>SUB-TOTAL</b>	<b>\$45,557,987</b>	<b>\$32,180,988</b>	<b>\$13,376,999</b>	<b>29.36%</b>	<b>\$29,680,187</b>	<b>8.43%</b>
<b>Reserve</b>	<b>4,882,813</b>	<b>-</b>	<b>4,882,813</b>	<b>100.00%</b>	<b>-</b>	<b>0.00%</b>
<b>TOTAL</b>	<b>\$50,440,800</b>	<b>\$32,180,988</b>	<b>\$18,259,812</b>	<b>36.20%</b>	<b>\$29,680,187</b>	<b>8.43%</b>
<i>Differences due to rounding</i>						

Plan	Budgeted	FY 2024 Expense	% of Total KPPA FY 2024 Expense
CERS Nonhazardous	\$29,825,645	\$19,028,618	59.13%
CERS Hazardous	2,627,966	1,676,629	5.21%
KERS Nonhazardous	15,855,561	10,115,772	31.434%
KERS Hazardous	1,774,003	1,131,805	3.517%
SPRS	357,625	228,163	0.709%
<b>TOTAL</b>	<b>\$50,440,800</b>	<b>\$32,180,988</b>	

<b>JP MORGAN CHASE CREDIT EARNINGS AND FEES FOR THE FISCAL YEAR ENDING JUNE 30, 2024</b>			
	<b>Earnings</b>	<b>Fees</b>	<b>Net Earnings</b>
July-23	\$3,297	\$(7,049)	\$(3,751)
August-23	4,612	(7,230)	(2,618)
September-23	26,588	(8,157)	18,432
October-23	-	(7,228)	(7,228)
November-23	-	(7,672)	(7,672)
December-23	-	(7,498)	(7,498)
January-24	-	(7,999)	(7,999)
February-24	-	(6,897)	(6,897)
March-24	-	(12,518)	(12,518)
<b>Total</b>	<b>\$34,498</b>	<b>\$(72,248)</b>	<b>\$(37,750)</b>

<b>JP MORGAN CHASE HARD INTEREST EARNED FOR THE FISCAL YEAR ENDING JUNE 30, 2024</b>					
	<b>Clearing Account</b>	<b>CERS</b>	<b>KERS</b>	<b>SPRS</b>	<b>Total</b>
July-23	\$36,566	\$6,578	\$5,007	\$-	\$48,151
August-23	36,787	9,041	6,066	-	51,894
September-23	44,123	10,919	7,794	-	62,836
October-23	20,461	16,034	15,960	260	52,715
November-23	36,941	19,518	11,393	356	68,209
December-23	28,937	19,758	11,661	262	60,618
January-24	28,423	27,976	14,574	244	71,217
February-24	29,268	24,398	14,391	238	68,295
March-24	41,147	44,619	31,420	1,525	118,711
<b>Total</b>	<b>\$203,816</b>	<b>\$178,842</b>	<b>\$118,266</b>	<b>\$2,886</b>	<b>\$602,647</b>



## KENTUCKY PUBLIC PENSIONS AUTHORITY

David L. Eager, Executive Director

1260 Louisville Road • Frankfort, Kentucky 40601  
kyret.ky.gov • Phone: 502-696-8800 • Fax: 502-696-8822



To: Kentucky Public Pensions Authority

From: Steve Willer, CIO  
Office of Investments

Date: June 27, 2024

Subject: Summary of Investment Committee Meetings

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The Kentucky Retirement Systems Investment Committee held a regularly scheduled meeting on May 16, 2024.

- a. **No recommendations were made that required approval by the Investment Committee.**
- b. **No actions were taken that required ratification by the Kentucky Retirement Systems Board of Trustees.**

The County Employees Retirement System Investment Committee held a Special Called meeting on June 4, 2024.

**The following actions were taken by the Investment Committee and were forwarded to the County Employees Retirement System Board of Trustees for ratification.**

- a. Unanimously approved Staff and Wilshire's recommendation to adopt the Lower Risk A Asset Allocation option and revise Section III Asset Allocation Guidelines of the County Employees Retirement System Investment Policy Statement Adopted December 21, 2022 with the caveat of providing the Board information on a modified Lower Risk A asset allocation that increased the Core Fixed Income Asset class by three percent (3%) and lowered the Specialty Credit Asset Allocation by three percent (3%).
- b. Unanimously approved Staff's recommendation to change the benchmark index for the US Public Equity large cap internally managed passive portfolio from the S&P 500 Index to the Russell 500 Index.

Investment Staff and Wilshire presented material\* and discussed the following items during the Investment Committee meetings.

- a. *Review of Economic Conditions, Market Activity, Outlooks*
- b. *Absolute and Relative Performance and Asset Allocations for the Pension and Insurance Portfolios for the Quarter ending March 31, 2024*

**Pension Composite 4.34** vs Pension Composite Benchmark 4.71%

**Insurance Composite 4.61%** vs Insurance Composite Benchmark 4.97%

**KERS Pension 3.37%**  
**SPRS Pension 3.41%**  
Benchmark 3.29%

**KERSH Pension 4.30%**  
**KERS Insurance 4.40%**  
**KERSH Insurance 4.31%**  
**SPRS Insurance 4.28%**  
Benchmark 4.37%

**CERS Pension 4.64%**  
**CERSH Pension 4.67%**  
**CERS Insurance 4.69%**  
**CERSH Insurance 4.70%**  
Benchmark 5.27%

- c. Performance Attribution – The underperformance of the Private Equity portfolio relative to its stated benchmark was noted with the driver identified as the mismatch between the nature of the investments in the Private Equity portfolio and the public markets benchmark, the Russell 3000 + 3%. This underperformance was the main contributor to underperformance relative to the benchmark. Strong performance of the internal proxy portfolios was highlighted as a key contributor to performance.
- d. Peer Universe – *All portfolios have produced top quartile or top decile risk adjusted performance over 3- and 5-year time periods.*
- e. Asset Allocations – *Substantial progress was reported in moving the Portfolios toward their current IPS Asset Allocation targets with rebalancing activity and capital calls.*
- f. Compliance – *Compliance violations as of March 31, 2024, were noted in their respective reports.*
- g. Investment Budget Update – *Fiscal Year to Date, expenditures are running well below the amount budgeted with a total \$4.2MM, or 41% of the amount budgeted for the year spent. Staff noted that the Legal expense category was the largest driver of the divergence with only 23% of the amount budget spent year to date but anticipated a significant increase in expenses over the coming quarters as activity ramped up in several ongoing cases. Staff also noted that the Systems have begun to realize the benefit of managing additional asset internally, highlighting the \$250,000 reduction in Core Fixed Income management fees paid FYTD despite the 25% increase in the market value of the Core Fixed Income allocation.*

\*All material presented is available in Board Books and was reviewed at the Investment Committee meetings.



## Kentucky Public Pensions Authority

### Division of Internal Audit



To: Kentucky Public Pensions Authority Board

From: William O'Mara, Chair  
KPPA Audit Committee

Kristen N. Coffey, CICA  
KPPA Chief Auditor

Date: June 27, 2024

Subject: Summary of KPPA Audit Committee Meeting

The KPPA Audit Committee held a regularly scheduled meeting on May 30, 2024.

1. **Requested actions by the Authority\***

- a. Ratify the election of Ms. Lynn Hampton as Vice Chair of the KPPA Audit Committee.
- b. Ratify approval of the Charter for the KPPA Audit Committee.
- c. Ratify approval of the Charter for the Division of Internal Audit.
- d. Ratify approval of the Internal Audit Budget for FY 2025.
- e. Ratify approval of closing Open Audit item related to updating Kentucky Revised Statutes 61.706.
- f. Ratify acceptance of the issued internal audits/open audit findings. Authorize KPPA staff to implement corrective action.
  - i. 2024-2 Verifying Final Retirement Calculations (Normal and Early Retirement)
  - ii. 2024-8 Disclosures During Correspondence

*Please note that a third audit, 2024-5 Implementation of New Legislation was also reviewed. Some updates were made to the audit, and it was reissued. This audit will be presented to the KPPA Audit Committee for review at the August 2024 meeting.*

2. **The following other items were also discussed during the Audit Committee meeting. These were presented for informational purposes only.**

- a. Information disclosures – *Eight disclosures identified, effecting 27 members.*
- b. Anonymous Tips – *Eight open cases.*
- c. Introduction of Internal Audit Staff – *Intern joined the division on May 28, 2024.*
- d. Auditor Independence Statements.
- e. Internal Audit Budget – *29.60% of budget remaining.*
- f. Status of current internal audits – *17 current projects and 8 of completed projects.*
- g. Open internal audit findings and recommendations –
  1. Eight recommendations not yet implemented.
  2. Nine items were closed, Remediation verified by Internal Audit staff.
  3. Five items closed with no action taken. Management accepted risk of not taking corrective action.

**\*Authority action may be required**

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## Kentucky Public Pensions Authority

### Charter for the KPPA Audit Committee

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Throughout this Charter, the Kentucky Public Pensions Authority Board will be referred to as the Authority. When referring to the Kentucky Public Pensions Authority as an administrative organization, the acronym KPPA will be used. However, in reference to the Audit Committee, “KPPA Audit Committee” will be used. In that instance, KPPA will refer to the Kentucky Public Pensions Authority Board.

#### I. Charter

This Charter establishes the authority and responsibility of the KPPA Audit Committee of the Authority.

#### II. Purpose

The purpose of the KPPA Audit Committee is to assist the Authority, the Chief Executive Officer (CEO) of both the County Employees Retirement System (CERS) and the Kentucky Retirement Systems (KRS), and the KPPA Executive Director in fulfilling their oversight responsibilities for the:

1. System of internal controls,
2. Internal and external audit processes, and
3. Process for monitoring compliance with laws and regulations and the code of conduct as described in the appropriate entity bylaws.

As defined by the Institute of Internal Auditors, internal auditing is *an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. The goal of internal auditing is to help the organization accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control, and governance processes.*

Consistent with this definition, internal auditing within KPPA can be defined as the *independent appraisal of the various operations and systems of control within KPPA, CERS, and KRS to determine whether acceptable policies and procedures are followed, legislative requirements and established standards are met, resources are used efficiently and economically, planned missions are accomplished effectively, and the objectives of KPPA, CERS, and KRS are being achieved.*

#### III. Statutory Authorization

Kentucky Revised Statutes 61.505 outlines specific responsibilities of the Authority in relation to the Chief Auditor. The Authority has granted power to the KPPA Audit Committee to perform the following actions. The Authority may at any time rescind this power as a whole or in part. All recommendations or actions of the Audit Committee must be ratified by the Authority:

1. Recommend an appointment or contract for the services of a Chief Auditor or recommend the termination of services for the Chief Auditor.
2. Recommend the compensation and other terms of employment for the Chief Auditor without limitation of the provision of Kentucky Revised Statutes chapters 18A, 45A, and 64.640.
3. Work with the Chief Auditor concerning the staffing and organizational structure of the Division of Internal Audit.
4. On an annual basis, work with the Authority Chair on a performance evaluation of the Chief Auditor.
5. At least quarterly, report KPPA Audit Committee activities, issues, and related recommendations to the Authority for ratification.

#### IV. Composition

The KPPA Audit Committee will consist of four (4) Authority members – two CERS members and two KRS members appointed annually by the Chair of the Authority. The Authority Chair will also name the Chair of the Audit Committee. The Chair of the Authority may appoint a Vice Chair, or the members of the Audit Committee may elect a Vice Chair (note, the position of Vice Chair is not required to be filled). The Chair of the Audit Committee will rotate annually between a CERS and KRS member. A quorum to conduct business is satisfied if a majority of the Audit Committee members are present.

Each KPPA Audit Committee member will be independent and free of conflicts of interest with respect to the projects under the scope of the KPPA Audit Committee. For the purposes of the KPPA Audit Committee, independent shall mean those individuals who do not report directly to KPPA, CERS, or KRS management and those persons who are not directly responsible for the day-to-day operations of KPPA, CERS or KRS.

At least one member of the KPPA Audit Committee will be designated as the “financial expert.”<sup>1</sup> A financial expert is an individual who possesses, among other attributes:

1. An understanding of financial statement preparation and generally accepted accounting principles (GAAP) and, in this case, the accounting standards issued by the Governmental Accounting Standards Board (GASB).
2. The ability to assess the general application of such principles in connection with the accounting for estimates, accruals, and reserves.
3. Experience preparing, auditing, analyzing, or evaluating financial statements that present a breadth, depth, and level of complexity of accounting issues that can reasonably be expected to be raised by the government entity’s financial statements or experience actively supervising one or more persons engaged in such activities.
4. An understanding of internal control and the procedures for financial reporting.
5. An understanding of audit committee functions.

#### V. Meetings

KPPA Audit Committee meetings must comply with Kentucky’s Open Meetings Act contained in Kentucky Revised Statutes Chapter 61.800, et seq. The KPPA Audit Committee will meet at least four (4) times a year, with authority to convene additional meetings, as circumstances require. All KPPA Audit Committee members and the Chief Auditor are expected to attend each meeting. The KPPA Audit Committee will invite KPPA, CERS, and KRS staff; internal and external auditors; or others to attend meetings and provide pertinent information, as deemed necessary. The KPPA Audit Committee may conduct closed sessions when legally authorized under Kentucky’s Open Meetings Act. In advance of each regular or special called meeting, the meeting agenda and appropriate briefing materials will be provided to members of the KPPA Audit Committee. KPPA staff will strive to have the meeting materials available to the KPPA Audit Committee members at least one week prior to the meeting date. Minutes will be prepared and approved by the KPPA Audit Committee. Agendas are posted to the KPPA website in compliance with Kentucky’s Open Meetings Act<sup>2</sup>.

<sup>1</sup> See Sarbanes-Oxley Act of 2002 § 407.

<sup>2</sup> See [Kentucky Open Meetings Act](#)



## VI. Scope of Responsibilities

In order to fulfill the responsibilities delegated to it by the Authority, the KPPA Audit Committee is responsible for the following activities:

### **Internal Controls and Compliance**

1. Evaluate the effectiveness of the internal controls system, including information technology security and control.
2. Evaluate the effectiveness of the system used to monitor compliance with laws and regulation as well as policies and procedures.
3. Evaluate the effectiveness of the system used to monitor noncompliance with the Commonwealth of Kentucky Executive Branch Code of Ethics<sup>3</sup> and/or Authority bylaws as well as evaluate the process in which the code of conduct and bylaws are communicated to personnel.
4. Conduct or authorize investigations into any matters within the KPPA Audit Committee's scope of responsibility.
5. Evaluate the results of investigations and follow-up (including disciplinary action) on any instances of noncompliance.
6. At least quarterly, obtain updates from management and legal counsel regarding compliance matters.
7. Seek and obtain any necessary information from person(s) employed by KPPA, CERS, or KRS (all of whom are directed to cooperate with the KPPA Audit Committee's requests) or external parties.

### **Internal Audit**

1. Evaluate the effectiveness of the internal audit function, including compliance with the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing.
2. Ensure there are no unjustified restrictions or limitations placed on Chief Auditor or the Division of Internal Audit in relation to the completion of audit projects.
3. Address any disagreements between KPPA, CERS, KRS, and the Chief Auditor regarding internal audit issues.
4. Accept KPPA management's responses submitted to internal audits.
5. Ensure recommendations from the Division of Internal Audit are closed in a reasonable time. Recommendations are generally closed for, but not limited to, one of the following reasons – recommendation implemented, recommendation no longer applicable, or KPPA management accepts risk and recommendation will not be implemented.
6. Evaluate and confirm the independence of the Chief Auditor and Division of Internal Audit staff by obtaining independence statements from all staff. Work with the Chief Auditor to resolve any actual or perceived conflicts.
7. On an annual basis, review and approve the Charter for the Division of Internal Audit, the Audit Plan, and the Internal Audit Budget. The Chief Auditor may request updates to the Audit Plan subject to the procedures outlined in the Charter for the Division of Internal Audit.
8. At least quarterly, meet with the Chief Auditor, including closed session discussions (if necessary), pursuant to Kentucky's Open Meeting Act in Kentucky Revised Statutes Chapter 61.800, et seq.

### **External Audit**

1. Oversee the work of any registered Certified Public Accounting (CPA) firm employed by KPPA for the Annual Comprehensive Financial Report and other financial/control or fraud audits.
2. Understand the scope of external auditors' review of internal controls over financial reporting and obtain reports on significant findings and recommendations, together with management's responses.

<sup>3</sup> [Kentucky Revised Statutes - Chapter 11A](#)

3. Pre-approve the scope of all financial audit and non-financial audit services provided by external auditors, including coordination of audit effort with the Division of Internal Audit.
4. Review the findings of any examinations by regulatory agencies and any auditor observations.
5. Evaluate the performance of the external auditors and exercise final approval on the appointment or discharge of the auditors.
6. Address any disagreements between KPPA, CERS, KRS, and the external auditor regarding financial reporting.
7. Receive communications from external auditors that are required by the AICPA Standards to be received by "Governing Boards."
8. Ensure recommendations from external auditors are closed in a reasonable time. Recommendations are generally closed for, but not limited to, one of the following reasons – recommendation implemented, recommendation no longer applicable, or KPPA management accepts risk and recommendation will not be implemented.
9. Evaluate and confirm the independence of the external auditors by obtaining statements from the auditors on relationships between the external auditors and KPPA, CERS, and KRS, including non-audit services. Discuss any identified relationships with the external auditors.
10. If necessary, meet with the external auditors, including closed session discussions, pursuant to Kentucky's Open Meeting Act in Kentucky Revised Statutes Chapter 61.800, et seq.

#### **Reporting**

1. Upon request, report KPPA Audit Committee activities, issues, and related recommendations to the CERS and KRS Boards of Trustees for informational purposes.
2. Review any other reports issued by the KPPA management that relate to the responsibilities of the KPPA Audit Committee.

#### **Other**

1. At least annually, review and assess the adequacy of the Charter for the Audit Committee.
2. At least annually, confirm that all responsibilities outlined in this Charter have been completed.
3. At least annually, consider evaluating the KPPA Audit Committee's and individual members' performance.
4. Facilitate open channels of communication between the Chief Auditor, the Division of Internal Audit, external auditors, the Authority, CERS, KRS, and KPPA management.
5. At each meeting, approve any unapproved minutes from prior KPPA Audit Committee meetings.
6. Meet with the CEOs of the CERS and KRS, KPPA management, Chief Auditor, external auditors, outside counsel, or others as necessary.
7. Perform other activities related to this Charter as requested by the Authority.

### **VII. Responsibilities of Other Parties**

1. The auditors (internal and external) are responsible for planning and conducting audits.
2. The Authority is responsible for ratifying recommendations and actions taken by the KPPA Audit Committee.
3. KPPA management is responsible for ensuring internal and external audit recommendations are closed in a timely manner. Recommendations are generally closed for, but not limited to, one of the following reasons – recommendation implemented, recommendation no longer applicable, or KPPA management accepts risk and recommendation will not be implemented.
4. KPPA staff is responsible for the selection and hiring of the external auditor. The Chief Auditor shall be a part of the team that reviews bids for the external audit contract by serving on the evaluation team as a Technical Advisor.

Commented [CK(1)]: This is no longer a requirement by audit standards, but a periodic evaluation is still suggested. Does the Committee want to update this item?

A template for the suggested evaluation is available.

5. KPPA management is responsible for preparing and fairly presenting the financial statements in accordance with GAAP for governmental entities as issued by GASB, maintaining effective internal control over financial reporting, and ensuring compliance with applicable laws, regulations, and other requirements.
6. The CERS and KRS Boards of Trustees are responsible for the overview and acceptance of the Annual Comprehensive Financial Report(s).
7. The Authority is responsible for final approval and publishing of the Annual Comprehensive Financial Report(s).

### VIII. Approvals

We, the undersigned, do certify that this Charter was approved on the 27<sup>th</sup> day of June 2024.

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Chair	Date
KPPA Audit Committee	

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Board Chair	Date
Kentucky Public Pensions Authority	

History:      Initial Approval Date: June 28, 2023  
                 Amended: June 27, 2024

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## Kentucky Public Pensions Authority

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### Charter for the Division of Internal Audit

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Throughout this Charter, the Kentucky Public Pensions Authority Board will be referred to as the Authority. When referring to the Kentucky Public Pensions Authority as an administrative organization, the acronym KPPA will be used. However, in reference to the Audit Committee, “KPPA Audit Committee” will be used. In that instance, KPPA will refer to the Kentucky Public Pensions Authority Board.

#### I. Charter

This Charter establishes the authority and responsibility of the Division of Internal Audit (Internal Audit).

#### II. Mission of Internal Audit

Internal Audit helps the Authority as well as the Board of Trustees (Board) of the County Employees Retirement System (CERS) and the Kentucky Retirement Systems (KRS) meet their fiduciary duties by enhancing and protecting organizational value by providing risk-based and objective assurance, advice, and insight.

#### III. Core Principles of Internal Audit

1. Demonstrate integrity.
2. Demonstrate competence and due professional care.
3. Remain independent, which is defined as objective and free from undue influence.
4. Support the strategies, objectives, and risks of the organization.
5. Remain appropriately positioned and adequately resourced.
6. Demonstrate quality and continuous improvement.
7. Communicate effectively.
8. Provide risk-based assurance.
9. Remain insightful, proactive, and future focused.
10. Promote organizational improvement.

#### IV. Audit Standards

Internal Audit shall adhere to the *International Standards for the Professional Practice of Internal Auditing* (Standards) issued by the Institute of Internal Auditors (IIA). Where applicable, Internal Audit will observe standards and statements issued by other accounting and auditing organizations located within the United States of America. Internal Audit is expected to abide by the IIA Code of Ethics (Exhibit A).

Internal Audit will adhere to the IIA’s Mandatory Guidance, which includes the Core Principles for the Professional Practice of Internal Auditing (see section III), the Code of Ethics (see Exhibit A), the *Standards*<sup>1</sup>, and the definition of internal auditing (see section VI). The Mandatory Guidance constitutes the fundamental requirements for the professional practice of internal auditing and the principles against which to evaluate the effectiveness of the Internal Audit’s performance.

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<sup>1</sup> <https://na.theiia.org/standards-guidance/Pages/Standards-and-Guidance-IPPF.aspx>

## V. KPPA Audit Committee

The purpose, statutory authorization, composition, and responsibilities of the KPPA Audit Committee are outlined in the Charter for the KPPA Audit Committee<sup>2</sup>.

## VI. The Internal Audit Function

### Definition

As defined by the IIA, internal auditing is “*an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.*”

### Purpose and Objective

Internal Audit was originally established in July 2003. Internal Audit’s purpose is to assist the Authority, the CERS and KRS Boards of Trustees, the Chief Executive Officer (CEO) of both CERS and KRS, and the KPPA Executive Director in fulfilling their governance role.

The primary objective of Internal Audit is to assist all levels of management in achieving the effective discharge of their assigned responsibilities by providing independent analysis, appraisals, advice, and recommendations concerning the activities reviewed. Internal Audit also assists in achieving sound managerial control over all financial and operational aspects including, but not limited to, accounting, investments, benefits, legal compliance, asset management, and information management and control systems.

Internal Audit helps the Authority and the systems it is tasked with administrating and operating, accomplish their objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control, and governance processes. Accomplishment of the Internal Audit objective may involve:

1. Evaluating the adequacy and effectiveness of the system of internal controls.
2. Participating in working groups established to review known or suspected fraud, waste, or abuse in any area of KPPA, CERS, or KRS.
3. Evaluating the relevance, reliability, and integrity of management, financial and operating data, and reports.
4. Evaluating the systems established to ensure compliance with statutory requirements, regulations, policies, plans, and procedures that could have a significant impact on operations.
5. Evaluating the means of safeguarding assets and, as appropriate, verifying the existence of such assets.
6. Evaluating the economy, efficiency, and effectiveness with which resources are employed.
7. Evaluating operations or programs to ascertain whether results are consistent with objectives and goals established by the Authority, CERS, and KRS as well as evaluating whether the operations or programs are being carried out as planned.
8. Assessing the adequacy of established systems and procedures.
9. Conducting special assignments and investigations on behalf of the Authority, CERS, or KRS into any matter or activity affecting the probity, interests, and operating efficiency of KPPA, CERS and KRS.

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<sup>2</sup> [https://kyret.ky.gov/About/Meet\\_the\\_Administration/Pages/Board-Policies.aspx](https://kyret.ky.gov/About/Meet_the_Administration/Pages/Board-Policies.aspx)

### Independence

Internal Audit is an advisory function having independent status within KPPA.

1. The Chief Auditor and Internal Audit staff shall be independent of any other office, division, branch, or section.
2. The Chief Auditor and Internal Audit staff shall have direct access, as deemed necessary, to the Authority and/or KPPA, CERS, and KRS staff.
3. The Chief Auditor and Internal Audit staff shall not be involved in the day-to-day operation of the KPPA, CERS, or KRS.
4. The Chief Auditor and Internal Audit staff shall not be responsible for the detailed development and/or implementation of new systems but should be consulted during the system development process on the control measures to be incorporated in new or amended systems and be advised of approved variations or new developments.
5. The Chief Auditor shall have no managerial powers, functions, or duties except those relating to the management of the Division of Internal Audit.

### Authority

As described in Kentucky Revised Statutes 61.505, the Chief Auditor shall report directly to the Authority in the performance of all internal audit functions. The Authority has delegated some of this statutory authority to the KPPA Audit Committee. This delegation is described in the Charter for the Audit Committee.

The Division Director of Human Resources will be responsible for approving the Chief Auditor's weekly timesheet, leave requests, work schedule, and training/educational opportunity requests.

It is incumbent that all KPPA, CERS, and KRS staff render assistance to the Chief Auditor and Internal Audit staff in carrying out their audit duties.

1. The Chief Auditor and Internal Audit staff shall have access, at all reasonable times, to all books, documents, accounts, property, vouchers, records, correspondence, and other data of KPPA, CERS, and KRS necessary for the proper performance of the internal audit function. This includes having read-only access to internal systems, drives, and websites that are used to store documents, procedures, policies, etc.
2. The Chief Auditor and Internal Audit staff shall have access to generate reports from internal and external systems as deemed necessary for the proper performance of the internal audit function. If there are any disagreements related to access, the disagreements will be addressed by the KPPA Audit Committee in accordance with the Charter for the KPPA Audit Committee.
3. The Chief Auditor and Internal Audit staff shall have the right, at all reasonable times, to enter any premises of KPPA and to request and promptly receive from any KPPA, CERS, or KRS staff all information and such explanations deemed necessary for the Chief Auditor and Internal Audit staff to formulate an opinion on the probity of action, adequacy of systems, and/or of controls.

### Activities

The Chief Auditor shall be responsible to the Authority for the functional control of internal audit activities in relation to:

1. Development, implementation, and oversight of internal audit methods and procedures.
2. Development and control of an efficient Audit Plan.
3. Scope and boundaries of internal audits.
4. Documentation of audit findings.

5. Assistance in the investigation of significant suspected fraudulent activities and promptly notifying the KPPA Audit Committee, the Authority, the CEOs of CERS and KRS, and the appropriate level of KPPA management of the results of any findings and conclusions.
6. Maintenance of certain records such as, but not limited to, records related to internal audits and CERS and KRS Board elections.
7. Considering the scope of work of the external auditors and regulators, as appropriate, for providing optimal audit coverage at a reasonable overall cost.
8. Fulfilling the objectives of the Division of Internal Audit.
9. Utilizing Internal Audit resources to maximize the efficiency and effectiveness of the internal audit function.
10. Adherence to appropriate auditing standards, including, but not limited to, International Standards for the Professional Practice of Internal Auditing, Generally Accepted Government Auditing Standards, and standards issued by the Auditing Standards Board (e.g., Statements on Auditing Standards, Statements on Standards for Attestation Engagements, and Statements on Quality Control Standards).
11. Review of the Annual Comprehensive Financial Report(s) and Summary Annual Financial Report(s).

#### Relationship with External Auditors

Assistance may be provided to the external auditor during the annual audit of the CERS and KRS financial statements or other audit engagements. The Chief Auditor shall work with the external auditors to foster a cooperative working relationship, reduce the incidence of duplication of effort, ensure appropriate sharing of information, and ensure coordination of the overall audit effort. Upon request, the Chief Auditor shall make available to the external auditors all internal audit working papers, programs, flowcharts, and reports.

## **VII. Internal Control System**

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) issued the Internal Control – Integrated Framework<sup>3</sup> to provide guidance to entities on setting up an effective internal control system. The Government Finance Officers Association recommends governments adopt COSO as the conceptual basis for designing, implementing, operating, and evaluating internal control so as to provide reasonable assurance that they are achieving their operational, reporting, and compliance objectives.<sup>4</sup>

Internal Audit utilizes guidance outlined in the COSO Internal Control Integrated Framework as well as the Standards for Internal Control in the Federal Government<sup>5</sup> to perform reviews and assessments that help ensure these principles are established and working as intended.

#### Roles in the Internal Control System

Internal controls are the responsibility of KPPA management; however, all members of an organization play a role in the system.

1. Oversight Body – This includes the Authority, CERS Board, KRS Board, CERS CEO, and KRS CEO. The responsibilities include overseeing the strategic direction and obligations related to accountability. The oversight body should oversee management’s design, implementation, and operation of the internal control system.
2. Management Role – This includes the KPPA Executive Director, Deputy Executive Director, Chief Investment Officer, Executive Director-Office of Operations, Executive Director-Office of

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<sup>3</sup> [COSO Internal Control - Integrated Framework Principles](#)

<sup>4</sup> [GFOA Internal Control Framework](#)

<sup>5</sup> [GAO Standards for Internal Control in the Federal Government](#)

Benefits, Executive Director-Office of Legal Services, and Chief Financial Officer. Management is directly responsible for all activities of an entity, including the design, implementation, and operating effectiveness of the internal control system.

3. Personnel Role – this includes all other KPPA staff. Personnel help management design, implement, and operate the internal control system. Personnel is responsible for reporting issues noted in the entity’s operations, reporting, and compliance.

#### Components of COSO

There are five components of COSO. Each component consists of different principles that are needed to effectively design, implement, and operate an internal control system. An entity must establish a comprehensive framework for internal control that includes all five essential components identified by the COSO. The entity must also ensure that each component of internal control is functioning in a manner consistent with all relevant principles. A complete discussion is provided by the COSO Internal Control Integrated Framework (see footnote 3) and the Standards for Internal Control in the Federal Government (see footnote 5).

### **VIII. Scope of Responsibilities**

In order fulfill the Internal Audit mission, staff will be responsible for the following activities:

#### Internal Audit Function

1. In coordination with KPPA Division of Human Resources, Chief Auditor will appoint all employees deemed necessary to fulfill the mission of Internal Audit.
2. Chief Auditor will oversee the day-to-day operations of Internal Audit.
3. Chief Auditor will work cooperatively with the CEOs of the CERS and KRS as well as KPPA management.

#### Internal Controls and Compliance

1. Work with the KPPA Audit Committee, the CEOs for the CERS and KRS, and the KPPA Executive Director and other appropriate KPPA staff in the performance of an annual risk assessment.
2. Develop an audit plan to address items noted in the risk assessment.
3. Test and evaluate effectiveness of policies and procedures that are in place to determine if they achieve strategic, risk management and operational objectives.
4. Perform audit, consulting, and assurance services as well as special projects in support of the Audit Plan and in compliance with Internal Audit procedures.

#### Board and Committee Meetings

1. Prepare agenda and meeting materials (to be presented by Internal Audit) for KPPA Audit Committee meetings.
2. Strive to provide meeting materials (to be presented by Internal Audit) to trustees at least one week prior to the meeting date.
3. Present results of audit, consulting, and assurance services as well as results of special projects to the KPPA Audit Committee and the Authority. If requested, present results to the CERS and/or KRS Boards of Trustees or any committee of those Boards.

#### Specific Areas of Expertise

Since Internal Audit has limited resources and specialized requirements are needed to administer a complex public pension system, Internal Audit may request third-party expertise to assist in fulfilling audit goals (e.g., information technology and data security). Outsourced third party audits will be approved by the KPPA Audit Committee. The findings, recommendations, and management comments



will be presented to the KPPA Audit Committee for approval and for subsequent ratification by the Authority.

## **IX. Internal Audit Practices**

### Conflicts of Interest

Internal auditors shall be objective and free from undue influence in performing their job. Objectivity requires internal auditors to have an impartial and unbiased attitude, to avoid conflicts of interest, and to perform audits in such a manner that no significant quality compromises occur. To help ensure that internal auditors are not placed in an environment impeding their ability to make objective, professional judgments, Internal Audit will take the following precautionary measures:

1. All Internal Audit staff will be required to complete an annual Independence Statement certifying that auditors have no actual or perceived conflict that would impair their objectivity or independence.
2. Internal Audit staff assignments will be made so that potential and actual conflicts of interest and bias are avoided. If a conflict of interest or bias is present, the auditor(s) will be reassigned.
3. Internal Audit staff assignments will be rotated periodically, if practicable to do so.
4. Internal Audit staff will not assume operational responsibilities.
5. For a period of no less than one year, Internal Audit staff will refrain from assessing specific operations for which they were previously responsible.

### Due Professional Care

Internal auditors shall apply the care and skill expected of a reasonably prudent and competent auditor. Due professional care does not imply infallibility and internal auditors must exercise due professional care, with consideration of the following:

1. Extent of work needed to achieve the engagement's objectives.
2. Relative complexity, materiality, or significance of matters to which assurance procedures are applied.
3. Adequacy and effectiveness of risk management, control, and governance processes.
4. Probability of significant errors, irregularities, or non-compliance.
5. Cost of assurance in relation to potential benefits.
6. Use of various software tools including, but not limited to TeamMate, Excel, Access, Word, Tableau, and Gravity.

### Proficiency and Continuous Professional Education (CPE)

Internal Audit staff shall collectively possess the knowledge, skills, attributes, and other competencies essential to the practice of internal auditing within the organization. Educational and work experience criteria have been established for the various positions within Internal Audit. To maintain their proficiency, all auditors are encouraged to continue their education and will be provided adequate opportunities to do so. Such continuing education ensures that internal auditors remain current on professional techniques and standards. If an auditor holds a certification, continuing education hours necessary to meet certification requirements should be obtained. If no certification requirements are necessary, a minimum of 24 hours of continuing auditor education shall be obtained annually. Continuing education may be obtained through membership and participation in professional societies, attendance at conferences, college courses, and in-house training. KPPA may reimburse an auditor for the cost of obtaining continuing education; however, the employee must obtain approval prior to registering for any course or seminar.

Internal Audit staff are encouraged to obtain professional certification(s). Accreditation is an important indicator of an auditor's technical proficiency. The following certifications are **some** of those available to auditors (this list is not all-inclusive):

1. Certified Internal Auditor,
2. Certified Fraud Examiner,
3. Certified Government Financial Manager,
4. Certified Information Systems Auditor, and
5. Certified Public Accountant.

#### Performance Evaluations

Performance evaluations for **classified** employees shall be conducted as outlined in the Commonwealth of Kentucky Personnel Policies and Kentucky Revised Statutes Chapter 18A. The Chair of the Audit Committee shall review the performance for the Chief Auditor.

#### Records Retention and Disposition

As required by the Kentucky Department for Libraries and Archives, Internal Audit shall retain a complete file of each audit and consulting service made under its authority for a period of eight (8) years and an electronic copy of all final reports shall be retained by Internal Audit indefinitely. To guard against identity theft and fraud, destruction of business records and materials shall be done in a secured manner such as using the on-site Division of Waste Management recycle containers. All CD/DVD materials shall be submitted to the KPPA Information Security Officer.

## **X. Quality Assurance and Improvement Plan**

Internal Audit will maintain a quality assurance and improvement program that covers all aspects of the internal audit function. The program will include an evaluation of Internal Audit's conformance with the Standards and an evaluation of whether internal auditors apply the IIA's Code of Ethics (see Exhibit A). The program will also assess the efficiency and effectiveness of Internal Audit and identify opportunities for improvement.

Internal Audit will conduct both ongoing and periodic internal assessments. Internal Audit should strive to have a qualified, independent assessor (or assessment team) conduct an external assessment at least once every five (5) years. The Chief Auditor will provide the results, including planned corrective action, of the internal and external assessments to the KPPA Audit Committee.

#### Internal Assessments

1. Ongoing Monitoring – Ongoing monitoring for routine internal audit activities are an integral part of the day-to-day supervision, review, and measurement of the internal audit activity. The measurement tools for ongoing monitoring are engagement supervision; feedback from auditees, KPPA management, and the KPPA Audit Committee; Audit Plan completion; and identification and analysis of other performance metrics such as recommendations accepted.
2. Periodic Assessments – Internal Audit will conduct a Self-Assessment as outlined by the IIA. Internal Audit will strive to complete a Self-Assessment every three years.

#### External Assessments

Internal Audit should strive to have a qualified, independent assessor (or assessment team) conduct an external assessment at least once every five years. This can be completed as either a Self-Assessment with Independent External Validation or a full external assessment. The Chief Auditor will disclose the results and any needed corrective action to the KPPA Audit Committee.

## XI. Internal Audit Services

The scope of Internal Audit shall be sufficiently comprehensive to enable the effective and regular review of all operational, financial, and related activities. Coverage may extend to all areas of KPPA, CERS, and KRS and include financial, accounting, investments, benefits, administrative, computing, and other operational activities. The extent and frequency of internal audits will depend upon varying circumstances such as results of previous audits, relative risk associated with activities, materiality, the adequacy of the system of internal control, and resources available to Internal Audit.

Internal Audit provides independent audit, consulting, and assurance services to assist management in balancing operational efficiency with risk identification, assessment, and control. Internal Audit reports to the Authority and collaborates with trustees and KPPA, CERS, and KRS staff to enhance assurance and accountability at all levels of KPPA, CERS, and KRS. To meet the responsibilities and objectives as set forth in the Internal Audit Charter, it is necessary for Internal Audit to perform varying types of services depending on the circumstances and requests. Services can be requested by the KPPA Audit Committee; the Authority; the CERS and KRS Boards; or any member of KPPA, CERS, or KRS staff. If a request is made by someone outside of the KPPA Audit Committee, the Chief Auditor will seek approval from the Chair of the KPPA Audit Committee before engaging in the service. Internal Audit provides the following types of audits, consulting, and assurance services.

### Audits

1. Internal Control Audits – Internal Control audits serve as a systematic evaluation of the effectiveness and efficiency of internal controls in mitigating risks and ensuring the reliability of financial reporting. An Internal Control audit aims to assess the design, implementation, and operating effectiveness of controls across various business processes and functions. This comprehensive examination involves evaluating the adequacy of policies, procedures, segregation of duties, access controls, and monitoring mechanisms. An Internal Control audit can identify weaknesses, gaps, and potential vulnerabilities within systems, which enables KPPA to implement corrective measures and strengthen their control environment. Ultimately, these audits contribute to the overall governance, risk management, and compliance framework of KPPA, promoting transparency, accountability, and the achievement of strategic objectives.
2. Compliance Audits – Compliance audits determine whether an organizational area has complied with federal law, [Kentucky Revised Statutes](#), [Kentucky Administrative Regulations](#), agency policies and procedures, and division specific procedures,
3. Operational Audits – Operational audits analyze how effectively and efficiently business units achieve organization and/or division goals. Effectiveness is measured by how successful a business unit is at achieving goals. Efficiency is measured by how well the business unit uses resources to achieve the goals.
4. Investment Audits – Investment audits may be performed to review movement of funds (e.g., purchases, sales, and income), cash management, manager fees, and other investment related activities. Investment audits may also be performed to ensure compliance with procurement regulations, contracts, internal policies and procedures as well as to ensure proper internal controls exist over the investment function.

5. **Investigative Audits** – Investigative audits may result from findings during a routine audit or from information received from sources outside of Internal Audit. These audits are normally requested by a trustees or staff of the KPPA, CERS, or KRS as a result of information received from a tip. These audits focus on alleged, irregular conduct. Reasons for investigative audits may include internal theft, misuse of agency property, and/or conflicts of interest. The Chief Auditor will refer this information to the KPPA Audit Committee Chair and Executive Director, Office of Legal Services. The Executive Director, Office of Legal Services will take immediate action to collect and preserve as much relevant evidence as possible. It is essential that the records in question be removed from the division/employee under investigation or otherwise safeguarded. The KPPA Audit Committee, in coordination with the Executive Director, Office of Legal Services and appropriate KPPA management will determine if an investigative audit needs to be conducted by Internal Audit, in accordance with Internal Audit procedures. These audits may include expertise from internal and external experts in fields, such as but not limited to, legal, information technology, human resources, and accounting. A draft investigative audit report will be provided to the KPPA Audit Committee. The KPPA Audit Committee will determine if further actions are needed. The KPPA Audit Committee will control any internal or external report distribution.
  
6. **Information Technology Audits** – Audits of information systems and technology may be performed to determine whether existing or new computer applications and hardware function in an accurate and efficient manner and include adequate internal controls. Internal Audit may be involved in the evaluation/implementation of a new system to review the system development methodology and the effectiveness and efficiency of the internal controls being implemented. These audits could include reviews of general controls which affect all computer applications. Examples may include computer security, disaster recovery, business continuity, program change controls, and quality control procedures.
  
7. **Financial Audits** – A financial audit is a review intended to serve as a basis for expressing an opinion regarding the fairness, consistency, and conformity of financial information with generally accepted accounting principles (GAAP). Financial audits can be comprehensive or limited in scope depending on the objectives.
  - a. A comprehensive financial audit consists of a review of the financial statements of an entity over a specific duration of time to accurately express an opinion on those statements. Such an audit is conducted in accordance with generally accepted auditing standards (GAAS) as adopted by the American Institute of Certified Public Accountants (AICPA). For CERS and KRS, an external auditor performs this type of audit annually. At least every five years, the Auditor of Public Accounts performs the annual financial audit.
  - b. A limited financial audit concentrates on a review of specific financial transactions. The primary concerns include determining the accuracy of data and evaluation of controls by reviewing the following items:
    - i. Physical control over assets,
    - ii. System of authorization and approval,
    - iii. Separation of duties between operations and custody of assets.

An engagement may involve more than one type of audit. For example, most audits performed are a combination of an internal controls, compliance, and operational audit.

Assurance Services – Assurance services help the organization improve their operations and financial performance.

1. **Process Reviews** – A process review is specific to a single business process. These reviews assess the effectiveness of internal controls over the process as well as test the efficiency of the process. These reviews also help ensure the business process is operating the way management intended.

These reviews are typically performed in conjunction with a new business process being developed or immediately after a new business process is implemented. These reviews may be performed as needed in response to findings identified while performing other types of services within a particular division.

2. Policy Reviews – During a policy review, Internal Audit analyzes either a new or established policy. Internal audit will ensure the policy complies with applicable [Kentucky Revised Statutes](#), [Kentucky Administrative Regulations](#), and federal laws. Internal Audit will also determine if the policy establishes sufficient internal controls in relation to the related business process. For example, during a review of a policy related to invoice payment, Internal Audit would ensure internal controls have been designed to ensure timely payment, prevent duplicate payment, establish segregation of duties, etc.

Consulting Services – Consulting services help organizations improve their efficiency and effectiveness.

1. Internal Audit staff may participate in the preparation of the Strategic Plan.
2. Internal Audit staff may participate on various work groups including, but not limited to, the KPPA Information Technology Governance team, the Continuity of Operations team, and other similar KPPA, CERS, or KRS working groups in order to provide an unbiased review of any policies and procedures created from these teams.

Other Services

1. Agreed Upon Procedures – An Agreed Upon Procedures engagement is performed only upon request. During these engagements, the requestor specifies exactly what the auditor is to do. The auditor then performs only the requested procedures. An opinion is not expressed in these reviews. For example, a request could be made to review all expenditures posted to a particular account(s) during a specific timeframe to determine if any expenditures were improperly coded to the account(s). Internal Audit would review the requested account(s) over the specified timeframe and issue a report indicating how many expenditures were posted incorrectly. These engagements are beneficial if there is an area a division wants to review but does not have the resources or time to perform the review themselves.
2. Annual Report Review – Each year, KPPA personnel prepares an Annual Comprehensive Financial Report for the County Employees Retirement System and Kentucky Retirement Systems. Prior to presentation to the Authority, the CERS Board, and KRS Board, Internal Audit will perform a review the Annual Comprehensive Financial Report and identify any perceived errors or discrepancies. However, the KPPA staff, not Internal Audit, is responsible for the substantive content, accuracy, consistency, and completeness of the Annual Comprehensive Financial Report.
3. Summary Annual Financial Report Review – Each year, KPPA personnel prepares a Summary Annual Financial Report for the County Employees Retirement System and Kentucky Retirement Systems. Internal Audit will review the Summary Annual Financial Report and identify any perceived errors or discrepancies. However, the KPPA staff, not Internal Audit, is responsible for the substantive content, accuracy, consistency, and completeness of the Summary Annual Financial Report.
4. Referencing – During the course of various types of audit, consulting, and assurance services, the Chief Auditor may identify continuing patterns of conduct or reoccurring “themes” (e.g. the same type of problem is noted in multiple divisions). For example, findings for two divisions within an office, which identify a broader office finding (e.g., lack of controls, need for increased communication, absence of performance criteria, insufficient data processing policy, etc.). When

developing the Audit Plan, Internal Audit always considers these themes when scheduling audits for the next period, particularly when these items impact the KPPA mission.

5. Board of Trustee Elections – Internal Audit assists in both CERS and KRS Board elections. Detailed Internal Audit procedures related to the Board elections can be found on the [KPPA Process Documentation SharePoint site](#).

## **XII. Audit Process**

### Methodology

For all audit projects, the person responsible for the activity under review shall be advised and given the opportunity to discuss the following:

1. Prior to the audit: Objectives and scope of the audit to be conducted.
2. During the audit:
  - a. Preliminary findings and recommendations. These will be provided to staff in charge of the area under review and may also be provided to the Executive Director over the area under review, if requested.
  - b. Documentation of audit processes, including information that will be used to develop the background of the audit report and/or included as an exhibit in the audit report. This information will be provided to staff in charge of the area under review and may also be provided to the Executive Director over the area under review, if requested.
  - c. Final findings and recommendations. These will be released to management over the area under review so a response can be provided.
  - d. Draft audit report, without management’s responses. This will be released to Executive Director over the area under review and the KPPA Executive Director.
3. Upon completion of the audit: Completed audit report that includes final findings and recommendations with management’s response to the findings and any additional auditor responses.

### Audit Reports

A comprehensive written report will be prepared and issued by Internal Audit at the conclusion of each audit and will be distributed as considered appropriate. A copy of each report is to be made available on a timely basis to the KPPA Audit Committee, the Authority, the CEOs of the CERS and KRS, and applicable members of KPPA staff. Audit reports will normally explain the scope and objectives of the audit, present findings and conclusions in an objective manner relevant to the specific user’s needs and make recommendations where appropriate.

## **XIII. Annual Risk Assessment and Audit Plan**

Consistent with the long-term strategic plan, the Chief Auditor shall prepare an annual Risk Assessment and Audit Plan providing for the review of significant operations of KPPA, CERS, and KRS pertaining to the achievement of objectives.

The Risk Assessment and Audit Plan shall be presented to the KPPA Audit Committee for deliberation and approval. Upon approval by the KPPA Audit Committee, the Risk Assessment and Audit Plan will be submitted to the Authority for ratification. After ratification by the Authority, the Risk Assessment and Audit Plan may be presented to the CERS Board and KRS Board for informational purposes.

### Risk Assessment

Internal Audit assesses risks of KPPA, CERS, and KRS by seeking input from the trustees of the Authority, CERS, and KRS as well as key personnel of KPPA, CERS, and KRS. Internal Audit also reviews the results of past internal and external audits. Internal Audit then considers organizational risks, such as the COSO components, existing internal controls, staffing, system changes, regulatory and legal changes, impact to the financial statements and organization reputation.

The Risk Assessment methodology is based upon the following process:

1. Identifying KPPA, CERS, and KRS activities/processes (these become the “audit universe”).
2. Scoring the organizational risks for each process identified in the audit universe.
3. Ranking the processes by overall risk.

Internal Audit staff utilize audit software to determine the overall risk of each item in the audit universe. The inherent risk and inherent likelihood of each item are scored using a point value with zero (0) representing the lowest level and ten (10) representing the highest level of inherent risk/likelihood. The risk and likelihood individual scores are combined to generate the overall risk to the KPPA, CERS, and KRS. The overall risk scores for all items are then ranked highest to lowest.

### Audit Plan

Based upon the results of the Risk Assessment as well as requests from trustees and/or KPPA, CERS, and KRS management, Internal Audit develops the Audit Plan. The Audit Plan is created through a prioritization process that includes scheduling audits for the highest risk areas as well as areas that have not been reviewed in recent years. The Audit Plan represents potential audits to be completed during the upcoming fiscal year. Internal Audit also identifies other potential audit segments such as business processes, expense contracts, and functional areas that may cross over operational units.

Throughout the fiscal year, the Audit Plan may be reviewed, evaluated, and modified according to the specific risk factors related to KPPA, CERS, and KRS operations and internal controls. If an adjustment is needed to the Audit Plan based on the periodic evaluation or if Internal Audit receives a request to complete an audit not previously identified on the Audit Plan, the requested modification(s) shall be forwarded to the Chair of the KPPA Audit Committee for approval.

1. The Chair of the KPPA Audit Committee can approve the requested modification(s) without seeking input from the rest of the KPPA Audit Committee. In these instances, the requested modification(s) will be added to the Audit Plan and reported to the KPPA Audit Committee as a part of the update on the “Status of Current Projects” at the next regularly scheduled KPPA Audit Committee meeting.
2. The KPPA Audit Committee Chair can call a special meeting to discuss the requested modification(s). In these instances, the KPPA Audit Committee will vote on whether to make the requested modifications to the Audit Plan.

### Tracking Projects

Internal Audit staff continually track audits and other projects with electronic audit software. If a request is made to complete projects not foreseen during the development of the audit plan, these additional projects are also tracked through the audit software. The status of current projects is presented to the KPPA Audit Committee at each quarterly meeting. All findings and recommendations, including status and implementation dates, are thoroughly tracked, and documented using appropriate methodologies.

#### **XIV. Internal Audit Procedures**

Detailed Internal Audit procedures can be found on the [Internal Audit Process Documentation SharePoint](#) site.

#### **XV. Approvals**

We, the undersigned, do certify that this Charter was approved on 27th day of June 2024.

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KPPA Audit Committee Chair

Date

---

Board Chair  
Kentucky Public Pensions Authority

Date

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Chief Auditor

Date

History:      Approval Date: September 28, 2023  
                 Amended: June 27, 2024



## EXHIBIT A

### { CODE of ETHICS... }

#### // PRINCIPLES

Internal auditors are expected to apply and uphold the following principles:

- **Integrity**

The integrity of internal auditors establishes trust and thus provides the basis for reliance on their judgment.

- **Objectivity**

Internal auditors exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgments.

- **Confidentiality**

Internal auditors respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.

- **Competency**

Internal auditors apply the knowledge, skills, and experience needed in the performance of internal audit services.

#### // RULES OF CONDUCT

##### 1. **Integrity**

Internal Auditors:

- 1.1. Shall perform their work with honesty, diligence, and responsibility.
- 1.2. Shall observe the law and make disclosures expected by the law and the profession.
- 1.3. Shall not knowingly be a party to any illegal activity, or engage in acts that are discreditable to the profession of internal auditing or to the organization.
- 1.4. Shall respect and contribute to the legitimate and ethical objectives of the organization.

##### 2. **Objectivity**

Internal Auditors:

- 2.1. Shall not participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment. This participation includes those activities or relationships that may be in conflict with the interests of the organization.
- 2.2. Shall not accept anything that may impair or be presumed to impair their professional judgment.
- 2.3. Shall disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review.

##### 3. **Confidentiality**

Internal Auditors:

- 3.1. Shall be prudent in the use and protection of information acquired in the course of their duties.
- 3.2. Shall not use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organization.

##### 4. **Competency**

Internal Auditors:

- 4.1. Shall engage only in those services for which they have the necessary knowledge, skills, and experience.
- 4.2. Shall perform internal audit services in accordance with the *International Standards for the Professional Practice of Internal Auditing*.
- 4.3. Shall continually improve their proficiency and the effectiveness and quality of their services.



# Kentucky Public Pensions Authority

## Division of Internal Audit



Kentucky Public Pensions Authority

To: Members of the KPPA Board

From: Kristen N. Coffey, CICA  
Chief Auditor

Date: June 27, 2024

Subject: Proposed Fiscal Year 2025 Budget - Division of Internal Audit

### Proposed FY 2025 Budget

Account Number	Account Name	Estimated 2024 Actual	FYE 2025 Budget	Variance of Budget Compared to Actual Prior Year	Percentage Change of Budget Compared to Estimated Actual Prior Year
111	Salaries <sup>1</sup>	\$ 307,193.50	\$ 350,000.00	\$ 42,806.50	14%
121	Employer Paid FICA <sup>1</sup>	\$ 23,022.23	26,775.00	3,752.77	16%
122	Employer Paid Retirement <sup>1,2</sup>	\$ 204,769.13	166,481.25	(38,287.88)	-19%
123	Employer Paid Health Insurance	\$ 45,933.54	50,000.00	4,066.46	9%
124	Employer Paid Life Insurance	\$ 57.00	60.00	3.00	5%
133T	Employee Training	\$ -	2,500.00	2,500.00	#DIV/0!
259T	Conference Expenses	\$ 290.00	2,500.00	2,210.00	762%
361T	Travel - In State	\$ -	1,000.00	1,000.00	#DIV/0!
362T	Travel - Out State	\$ -	3,000.00	3,000.00	#DIV/0!
381T	Dues & Subscriptions	\$ 380.00	1,000.00	620.00	163%
399T	Miscellaneous	\$ -	200.00	200.00	#DIV/0!
847T	Computer Equipment <sup>2</sup>	\$ 9,354.94	15,000.00	5,645.06	60%
	<b>Total</b>	<b>\$ 591,000.34</b>	<b>\$ 618,516.25</b>	<b>\$ 27,515.91</b>	<b>5%</b>

1. Salary line items include the 2% raise approved for all state employees as well as increases for reclassifications of some internal audit staff.

2. Retirement amount is lower because the percentage due for the unfunded liability is lower in FY 2025 than FY 2024



# Kentucky Public Pensions Authority

## Division of Internal Audit



### Summary of Findings

As of January 31, 2024, there were 22 open internal audit recommendations that had passed their estimated implementation date. Internal Audit staff completed follow-up testing and review of those items to determine if any items could be closed or if a new remediation dated needed to be established:

1. One item needs input from the KPPA Audit Committee and KPPA Board before the status can be determined.
2. Eight items remain open and a new remediation date has been established.
3. Nine items were closed. Remediation was verified by Internal Audit staff.
4. Four items were closed with no action taken. For these items, management accepts the risk of not implementing the suggested recommendation.

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### **Acronyms**

The following acronyms will be used throughout the report:

1. KPPA - Kentucky Public Pensions Authority
2. CERS - County Employees Retirement System
3. KRS - Kentucky Retirement Systems
4. CEO - Chief Executive Officer
5. CFO - Chief Financial Officer
6. KPPA Management Team - KPPA Executive Director, KPPA Deputy Executive Director, KPPA Executive Director – Office of Benefits, and KPPA CFO
7. Internal Audit – KPPA Division of Internal Audit

### **Background**

Annually, Internal Audit staff perform a follow-up on open audit recommendations that have passed the anticipated remediation date. The status of these items is reported to KPPA staff and the KPPA Audit Committee.

1. If corrective action has been implemented, audit staff perform testing/review to determine if the corrective action is sufficient. If so, the audit status is updated to Closed - Verified.
2. If testing/review of the corrective action shows that the issue has not been successfully remediated, the testing results are reported to management. The audit status remains as in Progress and a new remediation date is provided by management.
3. If corrective action has not been taken, but is planned, the audit status remains as In Progress and a new remediation date is provided by management.
4. If KPPA management has decided no action is necessary, the audit status is updated to Closed - Management Accepts Risk.

### **Scope and Methodology**

Internal Audit staff reviewed all open findings that had a remediation date of January 31, 2024 or earlier. Internal Audit staff reached out to areas that had open audit findings and requested an update on the corrective action taken. The following areas had open audit findings:

1. KPPA Executive Director
2. Office of Investments
3. Office of Legal Services
4. Division of Accounting
5. Division of Enterprise and Technology Services
6. Division of Retiree Health Care

Much of the corrective action taken involved updating procedures. Internal Audit staff reviewed the procedures to ensure the updates sufficiently addressed the recommendations. Testing was performed related to the corrective action taken by the Division of Enterprise and Technology Services. This testing involved examining four Manual Security Access Reviews that were completed by various KPPA staff in August 2023.

### **Use of Report**

This report is intended solely for use by the KPPA Audit Committee; the KPPA, CERS, and KRS Boards; the CERS CEO; the KRS CEO; the KPPA Management Team; and the divisions listed under the Scope and Methodology section of this report. This report is not intended to be, and should not be, used by anyone other than the specified parties. All final reports are subject to Open Records Requests.

# KPPA Board Meeting - KPPA Audit Committee Recommendations

## Status of Open Audit Findings

Trustee Input Needed
Finding Closed - Verified
Finding Closed - Management Accepts Risk
Finding Still Open

Number	Entity	Business Contact	Project Name	Issue Title	Recommendation Title	Report Issue Date	Implementation Due Date	Actual Implementation Date or Revised Date	Days Overdue	Action Taken
1	Division of Retiree Health Care	Abby Sutherland	Accuracy of Information Sent to Humana and DEI	Discrepancies Not Resolved Timely	Implement a Process for Overdue Items	4/11/2022	10/13/2023	6/30/2024	-61	This is in the process of being implemented. Divisions hopes to officially have this in place by mid-2024.
2	Division of Retiree Health Care	Abby Sutherland	Accuracy of Information Sent to Humana and DEI	Discrepancies Not Resolved Timely	Implement a Timeline	4/11/2022	10/13/2023	1/31/2024	-	Timeline established and procedures updated. This item will be closed - verified as remediated.
3	Office of Investments	Steve Willer	Custodial Fee Payment Process	Duplicate Services may be Provided	Determine if Duplicate Investment Services are Being Provided by Vendors	7/29/2021	2/28/2023	2/28/2024	-	KPPA Investment Staff has reviewed vendors who provide investment related services and concluded that the vendors and services are necessary to perform the functions of the Office of Investments. While there may be additional services or functions that certain vendors provide as part of their contract that staff does not use or access, in those cases the services are not billed individually. In the case where services are duplicated between vendors, these services are complimentary, used for independent verification or fill gaps with the primary vendor and again are not services that are billed individually. This list will be reviewed anytime a vendor is added or removed or if an existing vendor offers additional services. This could be reviewed annually, if warranted.
4	Procurement Branch	Kathy McNaughton	Procurement and Contract Management	Training not Provided for Contract Monitoring	Provide Training to Those Responsible for Contract Monitoring	8/20/2020	2/28/2023	3/1/2024	-	Training has been sent to employees responsible for contract monitoring. Acknowledgment sheets are returned once the training is completed.
5	Security	Chris Johnson	System Access Review	Manual Reviews not Completed Timely	Establish Deadline for Completing Manual Reviews	8/19/2021	8/31/2023	8/31/2023	-	Testing completed, no issues noted. This item will be closed - verified as remediated.
6	Security	Chris Johnson	System Access Review	Security Access Reviews not Completed Timely	Establish Deadline for Completing Security Access Reviews	8/19/2021	8/31/2023	8/31/2023	-	Testing completed, no issues noted. This item will be closed - verified as remediated.
7	Legal	Michael Board	Review of Chase Accounts	Payments from KPPA Addressed Improperly	Ensure Proper Payor Name is on Issued Payments	2/20/2023	12/31/2023	6/30/2025	-426	KPPA is exploring whether the best option is to make programming changes or to seek statutory changes. No conclusion has been reached.
8	Legal	Michael Board	Review of Chase Accounts	Payments from KPPA Addressed Improperly	Review Statutes Pertaining to Payments	2/20/2023	12/31/2023	6/30/2025	-426	KPPA intends to complete the research, but a date cannot be provided. The research will be completed by Legal, Accounting, and possibly Retiree Payroll.
9	Legal	Michael Board	Review of Chase Accounts	Wording in Statute is Outdated	Determine if Updates are Needed to Kentucky Revised Statute 61.706	2/20/2023	8/31/2023		243	From Michael Board (2/26/2024): Trustees advised that KPPA staff should not spend time on this. Therefore, no clarification has been requested from KPPA and will not be requested. Any updates/clarifications should come from the Finance and Administration Cabinet. Do Trustees approve closing this item?  Kentucky Revised Statutes 61.706 references the Kentucky Retirement Systems. However, it is unclear if this is a reference to the former Kentucky Retirement Systems or the Kentucky Retirement Systems as defined by Regular Session 2020 House Bill 484. We recommended, KPPA Executive Director of Legal Services review Kentucky Revised Statutes 61.706 and determine if this statute should be updated to reference the Kentucky Public Pensions Authority rather than Kentucky Retirement Systems.
10	Investment Operations Branch	Ann Case; Michael Lamb	Plan Liquidity Phase 3 - Available Cash Balance/Cash Projection	Reconciliation failed to detect errors	Analyze Current Reconciliation Practices	12/29/2023	12/29/2023	1/22/2024	-	Procedures related to reconciliations have been updated.
11	Cash Management Branch	Michael Lamb	Review of Chase Accounts	Excess Funds Remaining in Non-custodial Accounts	Ensure Reviewer Compares Wires to Source Documents	2/20/2023	9/30/2023	10/5/2023	-	The update to procedures for review of source document was implemented on 10/5/2023.
12	Cash Management Branch	Michael Lamb	Review of Chase Accounts	Lack of Controls over Access to Non-Custodial Accounts	Establish Controls to Review Access to Accounts and Systems	2/20/2023	6/30/2023	4/3/2023	-	The Policy was updated on 3/6/2023 and indicates that approval for access to the JPM Chase accounts needs approval from the CFO (or Deputy Executive Director). Upon approval, the request is sent to OFM for set up. The same process is to be used when removing access for individuals. The Policy also documents that access will be reviewed every six months, with the first one being completed 4/3/2023. This item will be closed - verified as remediated.
13	Cash Management Branch	Michael Lamb	Review of Chase Accounts	Lack of Review of Journal Entry Transactions	Establish Procedure to Review Journal Entry Transactions	2/20/2023	9/30/2023	6/30/2024	-61	We have not formally reviewed procedures regarding the review of JVs, but will work to officially implement by 6/30/2024.
14	Cash Management Branch	Michael Lamb	Review of Chase Accounts	Inaccurate Amounts Reported on the Administrative Expense Spreadsheet	Independent Individual Should Verify Accuracy of the Reconciliation	2/20/2023	9/30/2023	12/31/2024	-245	The CFO is reconciling the administrative expense spreadsheet to great plains and eMARS quarterly. However, it is not yet formally documented in a policy or procedure. The Recon is being used to also provide data for KPI's (budget to actual). ETA for formal documentation is June 30, 2024.
15	Cash Management Branch	Michael Lamb	Review of Chase Accounts	Inaccurate Amounts Reported on the Administrative Expense Spreadsheet	Reduce the Information in the Administrative Expense Spreadsheet	2/20/2023	9/30/2023	9/30/2024	-	Closed - Management Accepts Risk For the foreseeable future, the administrative expense spreadsheet will contain historical data, as it provides easy reference to historical analytics, and if it does become corrupt, there are prior month versions that can be restored and built upon.
16	Cash Management Branch	Michael Lamb	Review of Chase Accounts	Lack of Controls over Access to Non-Custodial Accounts	Update Access Levels at Chase	2/20/2023	6/30/2023	4/3/2023	-	We have reviewed access levels at chase as part of our semi-annual review of access and for JPM was initiated on 4/3/2023. Changes at Chase must go through OFM, and we have also confirmed with OFM that only the following KPPA users can request changes (additions, changes, removal) to JPM Access. Kristy Feldman, Liz Smith, Connie Davis, and Mike Lamb (CFO). This item will be closed - verified as remediated.

# KPPA Board Meeting - KPPA Audit Committee Recommendations

## Status of Open Audit Findings

Trustee Input Needed
Finding Closed - Verified
Finding Closed - Management Accepts Risk
Finding Still Open

Number	Entity	Business Contact	Project Name	Issue Title	Recommendation Title	Report Issue Date	Implementation Due Date	Actual Implementation Date or Revised Date	Days Overdue	Action Taken
17	Cash Management Branch	Michael Lamb	Review of Chase Accounts	Lack of Controls Over Reconciliations	Develop Controls over Reconciliations	2/20/2023	9/30/2023	12/31/2024	-245	The CFO is working through many items related to the Chase bank accounts, including the method in which they are being reconciled. However, the Accounting Division needs more time to fully review and implement. New expected ETA is 9/30/2024.
18	Cash Management Branch	Michael Lamb	Review of Chase Accounts	KERS Funds Spent to Cover Expenses of Other Plans	Establish Controls Over Handling Insufficient Funds	2/20/2023	6/30/2023	10/5/2023	-	We determined the root cause to be the bank account code used on the NSF files. That was corrected effective July 1, 2023. Upon correction of those files/reports, the NSFs are going to the appropriate bank account. The members account in LOB was always documented correctly (regardless of what bank account was being affected). We do not believe there is a need for individual reconciling of the NSF to LOB, as the original bank account is also now the NSF bank account.
19	Cash Management Branch	Michael Lamb	Review of Chase Accounts	KERS Funds Spent to Cover Expenses of Other Plans	Determine Amount Owed to KERS Pension	2/20/2023	12/31/2023	12/31/2024	-245	Report that was causing NSFs related to other plans to be funded from the KERS pension plan was corrected July 1, 2023.  Intern has been researching the NSFs that have occurred since 2011. Management needs to review to determine full extent of the impact to the KERS pension plan. Upon completion, staff will work with the Board of Trustees of CERS and KRS to determine next steps. Hope to complete by June 30, 2024.
20	Cash Management Branch	Michael Lamb	Review of Chase Accounts	Activity in the Unfunded Liability Trust Fund is not Monitored	Monitor Activity in the Unfunded Liability Trust Fund	2/20/2023	12/29/2023	2/28/2023	-	KPPA executives emailed Joe McDaniel in February of 2023, and he replied that the account has a balance of \$4.13, as this account is administered by the Finance and Administration Cabinet, and as the amount is insignificant, KPPA will take no further action and will await notification from the Finance and Administration Cabinet for any further action they feel is warranted. his item will be closed - verified as remediated.
21	Division of Accounting	Michael Lamb	Review of Chase Accounts	Clearing Account at Chase not Operating as Clearing Account	Reduce Balance of Funds Maintained in Chase Accounts	2/20/2023	6/30/2023	9/30/2024	-153	The CFO is looking at the historical G/L and Bank Balances, analyzing what items and amounts move through the accounts, and will propose a recommendation to the Board(s) when complete. Internally, we have reviewed the historical G/L and Bank Balances of each account. Effective March 31, 2024, we adjusted all bank accounts at Chase to a target balance. We will continue to monitor these balances and adjust again June 30, 2024, and each quarter thereafter. Would like to formalize the targets in a procedure (or policy) that can be reviewed by the KPPA Board (by 9/30/2024).
22	Division of Accounting	Michael Lamb	Review of Chase Accounts	Potential Excessive Number of Bank Accounts	Report Balances in Chase Accounts	2/20/2023	6/30/2023	8/31/2023	-	It was determined that it is not necessary for balances at Chase to be reported to the Office of Investments. No additional action will be taken.



## Kentucky Public Pensions Authority

### Division of Internal Audit



Kentucky Public  
Pensions Authority

#### **Overall Opinion**

Process complies with relevant statutes, regulations, policies, and procedures. Internal controls are established and working effectively and efficiently.

#### **Summary of Findings**

No reportable findings were noted as a part of this audit. We noted certain other matters that we communicated to the Division of Employer Reporting, Compliance, and Education in a separate letter dated April 30, 2024.

#### **Commendations**

We would like to commend ERCE staff. In addition to being responsive to our questions, no reportable findings were noted during this audit. The processes we reviewed were operating in compliance with laws, regulations, and policies. For more details on the specific items tested, please see Exhibit A.

#### **Report Contents**

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### **Acronyms**

The following acronyms will be used throughout the report:

1. KPPA – Kentucky Public Pensions Authority
2. CERS – County Employees Retirement System
3. KERS – Kentucky Employees Retirement System
4. SPRS – State Police Retirement System
5. KRS – Kentucky Retirement Systems
6. CEO – Chief Executive Officer
7. CFO – Chief Financial Officer
8. KPPA Management Team – KPPA Executive Director, KPPA Deputy Executive Director, KPPA Executive Director – Office of Benefits, and KPPA CFO
9. ERCE – KPPA Division of Employer Reporting, Compliance, and Education
10. LOB – Line of Business
11. ESS – Employer Self Service
12. NZB – Non-zero Batch

### **Objectives**

The Verifying Final Retirement Calculation - Normal and Early Retirement audit was conducted from October 2023 to April 2024. The scope of the audit was July 1, 2022 to June 30, 2023. The report was issued on April 30, 2024.

The objectives of the Verifying Final Retirement Calculation - Normal and Early Retirement audit were to ensure internal controls have been designed and are operating effectively and efficiently. We also ensured compliance with applicable state and federal statutes and regulations as well as policies established by the KPPA, CERS, and KRS Boards and procedures developed by KPPA staff.

### **Use of Report**

This report is intended solely for use by the KPPA Audit Committee; the KPPA, CERS, and KRS Boards; the CERS CEO; the KRS CEO; the KPPA Management Team; and the Division of Employer Reporting, Compliance and Education. This report is not intended to be, and should not be, used by anyone other than the specified parties. All final reports are subject to Open Records Requests.



## Appendix A – Risks and Testing Methodology

<b>Risk:</b>	Information not verified from Reporting Official.
<b>Control:</b>	Counselor confirms that information is received from an individual on the agency's contact list
<b>COSO Element:</b>	Control Activity
<b>COSO Principle:</b>	Management designs control activities to achieve objectives and respond to risks.
<b>Testing Methodology:</b>	Auditor verified that updated information was documented in LOB and confirmed that section H of initial calculations (when needed) were signed by someone listed on the agency's contact list.
<b>Test Result:</b>	No exceptions noted.  During the review of the employer journal comments for this test, auditor found that a reporting official's ESS log in information was being used by someone else in the agency. The compromised account was deactivated on the day it was discovered; however, it was noted that no written procedures existed to document how to handle this type of situation. are not written. This was addressed in the management letter.

<b>Risk:</b>	Final retirements not processed timely or accurately.
<b>Control:</b>	Managers review counselor's work inboxes daily.
<b>COSO Element:</b>	Monitoring
<b>COSO Principle:</b>	Management establishes and operates monitoring activities to monitor the internal control system and evaluate the results.
<b>Testing Methodology:</b>	Auditor reviewed Form 6010 and ensure it was mailed to the member at least a week before the member's the retirement date.
<b>Test Result:</b>	No exceptions noted.

<b>Risk:</b>	Retirement benefits calculated incorrectly.
<b>Control:</b>	Quality checks are completed on initial retirement, recalculations, and non-zero balance items.
<b>COSO Element:</b>	Monitoring
<b>COSO Principle:</b>	Management establishes and operates monitoring activities to monitor the internal control system and evaluate the results.
<b>Testing Methodology:</b>	Auditor recalculated initial retirements, and recalculations (if needed) and ensured the auditor calculated amount matched the benefit calculation in LOB.
<b>Test Result:</b>	No exceptions noted.

<b>Risk:</b>	Form 6000 not submitted timely.
<b>Control:</b>	Counselor reviews Form 6000 to ensure it was received within the six-month eligibility window.
<b>COSO Element:</b>	Control Activity
<b>COSO Principle:</b>	Management designs control activities to achieve objectives and respond to risks.
<b>Testing Methodology:</b>	Auditor compared the retirement date to the date the Form 6000 was receive to ensure the difference was no more than 180 days.
<b>Test Result:</b>	No exceptions noted.

<b>Risk:</b>	Invalid Form 6000 received.
<b>Control:</b>	Counselors review Form 6000 for validity.
<b>COSO Element:</b>	Monitoring

<b>COSO Principle:</b>	Management establishes and operates monitoring activities to monitor the internal control system and evaluate the results.
<b>Testing Methodology:</b>	Auditor reviewed Form 6000 and ensured it was completed in compliance with agency requirements.
<b>Test Result:</b>	No exceptions noted.

<b>Risk:</b>	Date of birth is not verified.
<b>Control:</b>	Counselors compare date of birth on Form 6000 to information in LOB and ensure the date of birth on file is accurate.
<b>COSO Element:</b>	Control Activity
<b>COSO Principle:</b>	Management designs control activities to achieve objectives and respond to risks.
<b>Testing Methodology:</b>	Auditor ensured verification of date of birth was on file for both the member and beneficiary. Auditor ensured date of birth in LOB was the same as the date on the verification form.
<b>Test Result:</b>	No exceptions noted.

<b>Risk:</b>	Sick leave balances not used, if applicable.
<b>Control:</b>	During the post-retirement audit process, counselors confirm sick leave balances and ensure the balances were taken into consideration as a part of the benefit calculation.
<b>COSO Element:</b>	Monitoring
<b>COSO Principle:</b>	Management establishes and operates monitoring activities to monitor the internal control system and evaluate the results.
<b>Testing Methodology:</b>	Auditor verified that sick leave information provided by the reporting official was considered in the retirement calculation for member. Auditor ensured the sick leave information was properly used in the retirement calculation.
<b>Test Result:</b>	No exceptions noted.

<b>Risk:</b>	Inaccurate last day of employment on file.
<b>Control:</b>	Counselors verify the last date of employment.
<b>COSO Element:</b>	Control Activity
<b>COSO Principle:</b>	Management designs control activities to achieve objectives and respond to risks.
<b>Testing Methodology:</b>	Auditor compared the Form 6000 termination date to the last date of employment recorded in LOB and ensured the dates matched.
<b>Test Result:</b>	No exceptions noted.

<b>Risk:</b>	Final wages used in retirement calculation are incorrect.
<b>Control:</b>	Counselors confirms final wages during the quality control process.
<b>COSO Element:</b>	Monitoring
<b>COSO Principle:</b>	Management establishes and operates monitoring activities to monitor the internal control system and evaluate the results.
<b>Testing Methodology:</b>	Auditor compared projected wages reported in Section H of Form 6000 to those in LOB to ensure the wages agreed.
<b>Test Result:</b>	No exceptions noted.

<b>Risk:</b>	Member receives incorrect payment option.
<b>Control:</b>	Counselors ensure payment option in LOBO agrees to payment option selected by member.
<b>COSO Element:</b>	Monitoring
<b>COSO Principle:</b>	Management establishes and operates monitoring activities to monitor the internal control system and evaluate the results.

<b>Testing Methodology:</b>	Auditor compared retirement option in LOB to the retirement option requested by the member to ensure the options agreed.
<b>Test Result:</b>	No exceptions noted.

<b>Risk:</b>	Agency is not following the record retention policy.
<b>Control:</b>	Records are retained indefinitely in LOB.
<b>COSO Element:</b>	Control Activity
<b>COSO Principle:</b>	Management designs the entity's information system and control activities.
<b>Testing Methodology:</b>	Auditor reviewed LOB and ensured all documents related to retirements and recalculations were saved in the member's account.
<b>Test Result:</b>	No exceptions noted.

<b>Risk:</b>	Policies and procedures may not be documented.
<b>Control:</b>	Division Director ensures procedures are sufficient and maintained on SharePoint.
<b>COSO Element:</b>	Control Activity
<b>COSO Principle:</b>	Management implements control activities through policies.
<b>Testing Methodology:</b>	Auditor reviewed division procedures and ensured they were up to date, reflected current practices, and were available to staff.
<b>Test Result:</b>	No exceptions noted.

<b>Risk:</b>	Lack of segregation of duties.
<b>Control:</b>	Retirements are processed by one counselor and reviewed by another individual.
<b>COSO Element:</b>	Monitoring
<b>COSO Principle:</b>	Management establishes and operates monitoring activities to monitor the internal control system and evaluate the results.
<b>Testing Methodology:</b>	Auditor reviewed LOB and noted the individuals who prepared and reviewed the calculations. Auditor ensured these tasks were performed by different individuals.
<b>Test Result:</b>	No exceptions noted.

## Appendix B – Background

### **Initial and Recalculation Verification of Information**

Members who are employed with a participating agency in the CERS, KERS or SPRS systems and are eligible for retirement benefits submit a completed Form 6000 (Notification of Retirement) with the necessary backup documents. The verification process is initiated by a system generated workflow item when a member completes Form 6000 electronically, manually by uploading the Form 6000 to Start/LOB or when the NZB batch runs.

Work items are moved to counselors' work inboxes by managers in the divisions of Member Services or Quality Assurance. To make sure work items are completed timely, managers monitor retirement counselors' inboxes and divide work items out proportionately for their teams. As a backup, experienced counselors are also able to manually pull work items.

The retirement final is ready for processing by the retirement counselors in the retirement module after all required components have been addressed. Those components include the verification of participation date, service (including outside service with other applicable retirement systems), final compensation, sick leave information, member demographics including name change, and the effective date of normal or early retirement. The retirement date should reflect the first day of the month and be a date after the member has terminated from all participating agencies administered by KPPA.

After the final has been processed and had a quality check, the retirement pack is sent to the member with a request for the Form 6010 (Final Estimated Retirement Allowance Option Selectin) and health insurance paperwork to be completed and returned. This process is captured with a journal comment in the member's account. The member's account goes to a pending status until the Form 6010 has been returned. Once the Form 6010 has been returned, the initial retirement counselor keys the correct retirement option and sends the work item for another quality check.

While in a pending status, information may be submitted, which will launch a recalculation prior to payroll. For example, an employer may submit a revised Section H (certification of leave balances and wages), or member may want to change their beneficiary, in which case they would submit a revised Form 6000. Anything received while the workflow is in a pending status will attach to the existing workflow and pull it out of pending, returning it to the processor's inbox.

### **Cancel or Pending of Workflow Items**

If sections A-G on Form 6000 are incomplete or not legible, the workflow could possibly be cancelled. The member is sent a letter mentioning the items that are needed. A journal comment is also added to the member's account documenting the necessary actions. Cancellation requires the member to resubmit the form and supporting documents in its entirety. Any cancellations of workflows require manager approval.

At any time during the verification of information, if forms are needed, information has to be requested from employers, or work is required from the ERCE group, the retirement counselor has the ability to "pend" the workflow item. When necessary, a letter is sent to the member or employer requesting the information or correction needed.

After a final is processed and has the quality check, the workflow item will go to a pending status. The workflow item will be in the pending status while waiting for the return of the completed Form 6010.

The division director and managers monitor and review work inboxes daily to ensure pending items are addressed timely as well as to make sure additional support is not required. Managers expect a follow up from counselors if there are any finals that may require additional assistance concerning verification or any other outstanding issues that may keep finals from being processed or having a quality check.

### **NZB Batch**

A journal comment with a NZB batch initiated is an indication that additional information has been added to or is missing from the member's account and requires retirement counselors to take another look at the account. New information must be incorporated into the retirement final. The NZB batch is set to run around the 20th of each month, which is approximately four months after retirement to confirm that all reported information is correct. The NZB batch is a post-retirement recalculation process, which only happens after a retirement calculation has been finalized with a payment option selected.

### **Checks and Balances**

After initial finals are processed or go through a recalculation, the work item must go through the quality control (review) process. All work will have a quality check by a counselor different from the one who performed the initial calculation. The quality control retirement counselor reviews the initial documents, calculations, service and, if applicable, documents that have been added and created from a NZB batch workflow item. If there are any discrepancies or questions, the final is rejected and the work item is sent back to the original counselor with comments. When the reviewer agrees with the work completed, the work item is considered completed.



## Kentucky Public Pensions Authority

### Division of Internal Audit



Kentucky Public  
Pensions Authority

The Verifying Final Retirement Calculation - Normal and Early Retirement audit was conducted from October 5, 2023 to April 9, 2024. The scope of the audit was July 1, 2022 to June 30, 2023. No reportable findings were noted during the audit, but we noted one recommendation that we wanted to communicate to management. This item will be reviewed during follow-up engagements and/or during a review of open recommendations.

The objectives of the Verifying Final Retirement Calculation - Normal and Early Retirement audit were to ensure internal controls have been designed and are operating effectively and efficiently. We also ensured compliance with applicable state statutes and regulations as well as policies established by the KPPA, CERS, and KRS Boards and procedures developed by KPPA staff.

#### Acronyms

The following acronyms will be used throughout the report:

1. KPPA - Kentucky Public Pensions Authority
2. CERS - County Employees Retirement System
3. KRS - Kentucky Retirement Systems
4. CEO - Chief Executive Officer
5. CFO - Chief Financial Officer
6. KPPA Executive Management Team - KPPA Executive Director, KPPA Deputy Executive Director, KPPA Executive Director – Office of Benefits, and KPPA CFO
7. ERCE – KPPA Division of Employer Reporting, Compliance, and Education

#### Recommendation

##### **1. ERCE should create written procedures on how to address a compromised Employer Self-Service (ESS) account.**

During the audit, we noted an instance where a reporting official's ESS log in information was being used by someone else in the agency. This situation was handled appropriately - staff deactivated the compromised account on the day it was discovered. However, it was noted that the division did not have written procedures/guidance concerning how to address this type of situation. While instructions on how to handle the situation are communicated verbally during training, new staff may not know how to address a compromised ESS account and current staff may not remember the exact process to follow. 200 Kentucky Administrative Regulation 38:070 states, "Each fiscal officer shall develop and document internal controls to both prevent and detect abuse, unintentional errors, and the fraudulent disbursement of funds or use of state assets...An internal control plan shall include...Detailed procedures to be followed in the performance of job duties and functions to emphasize duties that comprise the overall framework of accountability and internal controls, and to help ensure the continuation of agency operations in the event of staffing changes..."

#### **Management Response:**

ERCE agrees with this finding and has created instructions for ERCE staff regarding the steps to take to deactivate the compromised account. The instructions can be found in our Process Documentation on the ERCE SharePoint page.

**Auditor Response:**

Auditors reviewed created procedures and agree that they adequately instruct readers on what to do when compromised accounts are detected.

This report is intended solely for use by the KPPA Audit Committee; the KPPA, CERS, and KRS Boards; the CERS CEO; the KRS CEO; the KPPA Executive Management Team; and the Division of Employer Reporting, Compliance, and Education. This report is not intended to be, and should not be, used by anyone other than the specified parties. All final reports and management letters are subject to Open Records Requests.



# Kentucky Public Pensions Authority

## Division of Internal Audit



### Overall Opinion

Process complies with relevant statutes, regulations, policies, and procedures. Internal controls are established but are not working effectively and efficiently.

### Summary of Findings

The following reportable findings were noted during our review. Additional details related to the findings, including the corresponding recommendations can be found in Appendix A.

1. Justification for Xerox Correspondence Printer Selection not Documented
2. Vendor Invoice Review is not Effective

We noted certain other matters that we communicated to the Office of Legal Services and the Office of Benefits in separate letters dated April 30, 2024.

### Commendations

We would like to commend Legal and Procurement/Office Services staff for already taking action to update their procedures in response to findings noted during the audit. Additionally, staff took the time to help auditors understand the process and promptly responded to questions. We would like to extend additional thanks to staff in Legal, Procurement/Office Services, IT, Disability and Survivor Benefits, Member Services, and Retiree Health Care who we worked with extensively during this audit.

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### **Acronyms**

The following acronyms will be used throughout the report:

1. KPPA – Kentucky Public Pensions Authority
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5. CFO – Chief Financial Officer
6. KPPA Executive Management Team – KPPA Executive Director, KPPA Deputy Executive Director, KPPA Executive Director, Office of Benefits, KPPA Executive Director, Office of Legal Services, KPPA CFO.
7. Legal – KPPA Office of Legal Services
8. Procurement/Office Services – KPPA Division of Procurement and Office Services
9. IT – KPPA Division of Enterprise and Technology Services
10. Disability and Survivor Benefits – KPPA Division of Disability and Survivor Benefits
11. Member Services – KPPA Division of Member Services
12. Retiree Health Care – KPPA Division of Retiree Health Care
13. Payroll – KPPA Division of Retiree Payroll
14. Internal Audit – KPPA Division of Internal Audit
15. PPM – Page Per Minute
16. LOB – Line of Business
17. LM – Library Manager

### **Objectives**

The Review of Disclosures During Correspondence audit was conducted from October 2023 to April 2024. The scope of the audit was July 1, 2022 to June 30, 2023. The report was issued on April 30, 2024.

The objectives of the Review of Disclosures During Correspondence audit were to ensure internal controls have been designed and are operating effectively and efficiently. We also ensured compliance with applicable state and federal statutes and regulations as well as policies established by the KPPA, CERS and KRS Boards and procedures developed by KPPA staff.

### **Use of Report**

This report is intended solely for use by the KPPA Audit Committee; the KPPA, CERS, and KRS Boards; the CERS CEO; the KRS CEO; the KPPA Executive Management Team; and the KPPA Offices of Legal Services, Benefits, and Operations. This report is not intended to be, and should not be, used by anyone other than the specified parties. All final reports are subject to Open Records Requests.

## Appendix A – Audit Results

### 1. Vendor Invoice Review is not Effective

<b>Responsible Area(s):</b>	Division of Procurement and Office Services
<b>Condition:</b>	<ol style="list-style-type: none"> <li>1. The two Nuvera printers did not report a correct meter read for all of calendar year 2023. The review of the invoices failed to detect this issue for both correspondence machines.</li> <li>2. 136 of the 168 total items reviewed did not match the contracted rate. This is 80.95% of the population for fiscal year 2023.</li> </ol>
<b>Criteria:</b>	<ol style="list-style-type: none"> <li>1. Finance Administrative Policies 111-45-00 states, “The invoice shall only be approved if the product or service billed has been delivered per the specifications within the Contract. Examples of items that shall be monitored include...work schedule/timetable, conflicts...payments...data...”</li> <li>2. During the audit, a Xerox representative told audit staff that there should be no difference between the invoice and the printer meter reads.</li> </ol>
<b>Cause:</b>	<ol style="list-style-type: none"> <li>1. Xerox representatives believe that the Nuvera printers were in sleep mode when they meter read reports were generated, causing inaccurate data to be reported.</li> <li>2. KPPA Purchasing Branch Manager did not question the difference between the information reported on the invoices and the meter read reports because this individual had been incorrectly told by a representative from Xerox that these two documents would never match.</li> </ol>
<b>Effect:</b>	Approximately 1.2 million images went unbilled, resulting in an amount due to the vendor between \$4,900 and \$5,200.
<b>Recommendations:</b>	Prior to paying the Xerox invoice, KPPA Purchasing Branch Manager should ensure that the data on the invoice matches the data on the meter read reports. The Purchasing Branch Manager should also recalculate the invoice amount to ensure it is accurate. Any discrepancies should be resolved prior to payment. In order to assist on this review, a worksheet could be developed that would quickly compare Xerox invoices to the meter read reports and recalculate the amount due to Xerox.
<b>Recurring Issue:</b>	No
<b>Management Response:</b>	The KPPA Purchasing Branch agrees with this recommendation and agrees to send the invoices back to Xerox when the invoice differs from the meter read reports. Additionally, Procurement will create a spreadsheet for tracking invoices returned for corrections.
<b>Implementation Date:</b>	June 28, 2024

### 2. Justification for Xerox Correspondence Printer Selection not Documented

<b>Responsible Area(s):</b>	KPPA Executive Management Team
<b>Condition:</b>	<p>In May 2021, a Xerox representative made recommendations for the printers used for special and regular correspondence processes based on the following information:</p> <ol style="list-style-type: none"> <li>1. The average monthly print volume for correspondence machines was between 90,000 and 100,000.</li> <li>2. The Xerox Nuvera printers are recommended for agencies that print between 100,000 to 1,500,000 images printed per month.</li> <li>3. Four times a year, the monthly total volume was 450,000.</li> </ol>

	<p>Auditor performed an independent review of the information available at the time Xerox made their recommendation:</p> <ol style="list-style-type: none"> <li>1. The averages for each printer prior were as follows:             <ol style="list-style-type: none"> <li>1. Fiscal Year 2019:                 <ol style="list-style-type: none"> <li>1. Special Correspondence - 22,024 (monthly); 1,049 (per business day)</li> <li>2. Regular Correspondence - 110,408 (monthly); 2,258 (per business day)</li> </ol> </li> <li>2. Fiscal Year 2020:                 <ol style="list-style-type: none"> <li>1. Special Correspondence - 19,627 (monthly); 935 (per business day)</li> <li>2. Regular Correspondence - 88,611 (monthly); 4,220 (per business day)</li> </ol> </li> </ol> </li> <li>2. On all Regular Correspondence printers, KPPA printed 100,000 or more images for five months in fiscal year 2019 and four months in fiscal year 2020. KPPA met the minimum recommended print volumes 41.67% of the time in fiscal year 2019 and 33.33% of the time in fiscal year 2020. The Special Correspondence printer never reached the minimum print volume requirement.</li> <li>3. The month with the highest print volume was July 2018 with 220,079 pages printed on a Regular Correspondence machine. Additionally, in July 2018, the Special Correspondence machine had a total of 86,420 pages printed, which was almost four times the monthly average. This is likely because of the passage of Regular Session 2018 Senate Bill 151, which caused a significant influx in retirement.</li> <li>4. The pages per minute for each printer was as follows:             <ol style="list-style-type: none"> <li>1. Fiscal Year 2019:                 <ol style="list-style-type: none"> <li>1. Special Correspondence - 69 (maximum); 17 (average)</li> <li>2. Regular Correspondence - 175 (monthly); 88 (average)</li> </ol> </li> <li>2. Fiscal Year 2020:                 <ol style="list-style-type: none"> <li>1. Special Correspondence - 22 (maximum); 16 (average)</li> <li>2. Regular Correspondence - 128 (maximum); 70 (average)</li> </ol> </li> </ol> </li> </ol>
<b>Criteria:</b>	<p>200 Kentucky Administrative Regulation 38:070 Section (2) and 3(h)(3) states, “(2) Each fiscal officer shall develop and document internal controls to both prevent and detect abuse, unintentional errors, and the fraudulent disbursement of funds or use of state assets...the fiscal officer shall work with agency personnel to implement the internal controls and monitor their effectiveness...(3) An internal control plan shall include the following...(h) Assessment of the control environment, risks, impact of abuse, unintentional errors, and potential for fraud for the following...(3) Procurement practices....”</p>
<b>Cause:</b>	<p>Staff have not been trained on steps to take regarding review of vendor recommendations, including documentation that should be retained supporting the final selection.</p>
<b>Effect:</b>	<ol style="list-style-type: none"> <li>1. KPPA is locked in a 5-year contact with printers that may not meet business needs.</li> <li>2. IT Desktop Support staff spend a great deal of time correcting errors on the correspondence machines rather than focusing on other job-related tasks.</li> <li>3. There are times when an entire correspondence batch must be discarded and reprinted as a result of the issues with the printers, which results in a waste of agency time and resources.</li> </ol>
<b>Recommendations:</b>	<ol style="list-style-type: none"> <li>1. Procurement/Office Services Assistant Director should develop procedures to analyze actual printer usage. Actual printer usage should then be analyzed, at least annually. Additional analysis should be performed on the special and regular correspondence print volumes after the paperless project is fully implemented. The conclusions of the analysis should be utilized prior to entering into future printer contracts. Alternatively, Internal Audit staff can perform this analysis, upon request.</li> </ol>

	<ol style="list-style-type: none"> <li>2. When a procurement option is selected, justification for the selection should be kept on file. It is not necessary to document every meeting or conversation had during the procurement process; however, at a minimum, the selection team should document the following:             <ol style="list-style-type: none"> <li>1. Needs of the agency.</li> <li>2. How the selected option best met the agency's needs.</li> <li>3. Why the other options did not meet the agency's needs.</li> <li>4. In relation to the agency printers, the selection team should consider retaining metrics measuring the appropriateness of the printers considered and reasoning for accepting or declining the vendor's recommendations</li> </ol> </li> </ol>
<b>Recurring Issue:</b>	No
<b>Management Response:</b>	<ol style="list-style-type: none"> <li>1. Our team will be working on developing procedures to analyze the printer usage. We're currently working with Xerox to develop more accurate reports and address known errors. Special and regular correspondence and counts for print volume can be determined by IT. KPPA business needs are evaluated prior to entering any contract.</li> <li>2. Recommendations were also based on print speed and meeting peak print times (daily) not just average monthly performance. The thought being that if the greater of the two machines is needed only once or twice a year, we still must go with the larger machine to cover KPPA business needs. Should a reprint of correspondence be needed, the larger machine was considered for a faster run to ensure processing times would not be delayed. Reducing the number of errors was also considered. The larger printers were recommended as having less errors when running our correspondence. Error issues were a major complaint of the previous printers, which involved a lot of IT manpower to resolve. A reduction in errors was a major factor that was considered in the recommendation. From the start, the current machines have had numerous errors and still require too much IT involvement. However, we could not have predicted that at the time of printer selection. These justifications, as well as audit recommendations above, can be documented and kept on file after the next printer procurement.</li> </ol> <p>Printing jobs will never be 100% smooth every time regardless of the machine. Large batches that require hundreds/thousands of pages to be pulled through a complex system will cause jams or machine errors from time to time. If there is a hint of a mistake or disclosure the KPPA team will rerun the batch. Although the goal is to reduce the number of occurrences by getting better machines, it would likely occur with any machine by any vendor. It's important to note that Xerox holds the state master agreement and only certain units were available for KPPA to choose from at the time.</p>
<b>Implementation Date:</b>	December 31, 2024

## Appendix B – Risks and Testing Methodology

<b>Risk:</b>	Inaccurate agency printer invoices
<b>Control:</b>	Invoices are reviewed prior to payment
<b>COSO Element:</b>	Control Activity
<b>COSO Principle:</b>	Management implements control activities through policies.
<b>Testing Methodology:</b>	Auditor used the contracted rates to recalculate the black/white charges and the color charges. Auditor determined if there was a difference between the recalculated amount and the amount actually charged.
<b>Test Result:</b>	Please see finding #1

<b>Risk:</b>	Inefficient use of agency printers
<b>Control:</b>	Actual usage is compared to recommended usage ( <b>control not yet established, but recommended</b> )
<b>COSO Element:</b>	Monitoring
<b>COSO Principle:</b>	Management establishes and operates monitoring activities to monitor the internal control system and evaluate the results.
<b>Testing Methodology:</b>	Auditor compared prior printer invoiced images to new vendor’s recommended usage. Auditor, and other KPPA staff, met with Xerox representatives to discuss how the Nuvera printers were recommended, how meter read reports should be read, and trends detected in the meter read reports.
<b>Test Result:</b>	Please see findings #1 and #2.

<b>Risk:</b>	Process to report disclosures not established
<b>Control:</b>	Legal staff investigate all disclosures
<b>COSO Element:</b>	Control Activity
<b>COSO Principle:</b>	Management implements control activities through policies.
<b>Testing Methodology:</b>	Auditor reviewed correspondence disclosures that occurred during the audit scope and ensured Legal staff investigated the disclosures, notified members when needed, and retained documentation related to the disclosures.
<b>Test Result:</b>	Refer to Legal management letter.

<b>Risk:</b>	Disclosures may occur during the correspondence process.
<b>Control #1:</b>	Auto Stuffer Counts Pages in Each Packet
<b>Control #2:</b>	Special Handling is Manually Stuffed (one packet per member)
<b>COSO Element:</b>	Control Activity
<b>COSO Principle:</b>	Management implements control activities through policies.
<b>Testing Methodology:</b>	Auditor selected one business day based on the highest packet count and pulled a systematic sample of 60 envelopes during the selected business day. The page count of sampled packets was compared against the coversheet page count. Auditor matched recipient of contents in sampled special handling to recipient shown on the cover letter
<b>Test Result:</b>	Refer to KPPA Executive Management Team management letter.

<b>Risk:</b>	Regular and Special correspondence not mailed timely
<b>Control:</b>	Staff work on correspondence daily to ensure it is mailed the day it is printed.
<b>COSO Element:</b>	Control Activity
<b>COSO Principle:</b>	Management implements control activities through policies.

<b>Testing Methodology:</b>	Auditor confirmed that correspondence sampled was mailed on the day it was printed.
<b>Test Result:</b>	No exceptions noted.

<b>Risk:</b>	Regular and Special correspondence not completed
<b>Control #1:</b>	Journal comments document contents of correspondence mailed to members.
<b>Control #2:</b>	Specific mailings are certified.
<b>Control #3:</b>	Mailings related to Qualified Domestic Relations Orders are notarized.
<b>COSO Element:</b>	Control Activity
<b>COSO Principle:</b>	Management implements control activities through policies.
<b>Testing Methodology:</b>	Auditor confirmed that sampled correspondence included a journal comment in the member’s account. If necessary, auditor confirmed that a copy of the certified mail slip was on file in the member’s account. For sampled Qualified Domestic Relations Orders, auditor confirmed that the letter was notarized by KPPA staff.
<b>Test Result:</b>	No exceptions noted.

<b>Risk:</b>	Printer malfunctions cause delays.
<b>Control:</b>	IT staff address errors and printing issues.
<b>COSO Element:</b>	Monitoring
<b>COSO Principle:</b>	Management establishes and operates monitoring activities to monitor the internal control system and evaluate the results.
<b>Testing Methodology:</b>	Auditor reviewed email notifications from IT staff who regularly deal with errors. This process started in March 2023. Auditor confirmed that correspondence was successfully printed and mailed on days where errors caused delays.
<b>Test Result:</b>	No exceptions noted.

<b>Risk:</b>	Policies and procedures not established or documented
<b>Control:</b>	Division Director ensures procedures are complete and available to staff on SharePoint.
<b>COSO Element:</b>	Information and Communication
<b>COSO Principle:</b>	Management communicates necessary information internally.
<b>Testing Methodology:</b>	Auditor reviewed division procedures to ensure they were up-to-date, reflected current practices, and were available to staff.
<b>Test Result:</b>	No exceptions noted.

<b>Risk:</b>	Trustees do not receive complete information in a timely manner.
<b>Control:</b>	Legal staff present disclosure related information to the KPPA Audit Committee on a quarterly basis.
<b>COSO Element:</b>	Information and Communication
<b>COSO Principle:</b>	Management communicates necessary information internally.
<b>Testing Methodology:</b>	Auditor verified that information related to disclosures was reported to the KPPA Audit Committee quarterly.
<b>Test Result:</b>	No exceptions noted.

## Appendix C – Background

Correspondence requests can be generated by counselors or members. Around 8:00 p.m., the correspondence to be mailed the next day prints automatically.

### **DETS Process**

First thing each morning, IT staff checks both printers to ensure printing was completed. If so, correspondence is collected from the server room printer (regular correspondence) and the supply room printer (special correspondence) and delivered to the mailroom. The correspondence is delivered with a printout showing the total regular correspondence and special correspondence in the batch. If the correspondence did not print, IT staff investigates to determine why. If a paper jam is found, it is cleared, and the correspondence continues to print. If an error code is found, IT staff take a picture of the error code so it can be used when logging a ticket with the printer vendor. All correspondence printed before the error occurred is placed in the mailroom's shred box. The printer is restarted, and the entire correspondence file is sent to the printer to be reprinted. IT staff notifies the mailroom and KPPA management if correspondence will not be ready by 9:00 a.m. Another email is sent if the correspondence will not be completely printed by 10:00 a.m. In these instances, the printer vendor is contacted and a service call is requested. All error codes are documented and sent to the printer vendor in a weekly update.

### **Mailroom process**

Procurement/Office Services staff pick up incoming mail multiple times a day, starting at 7:00 a.m. The incoming mail is sorted by the appropriate division and then placed in the division's basket outside of the mailroom. KPPA divisions have a designated staff member that picks up mail.

### **Regular correspondence**

1. Separated into 4-to-6-inch stacks and sent through the automatic envelope stuffing machine.
2. Individual correspondence items are separated with a cover sheet.
3. The last page of each correspondence is scanned first, and the coversheet is scanned last. The envelope stuffing machine reads the barcode on each coversheet to determine if the correct number of pages are included prior to the correspondence being placed in the envelope.
4. The machine then counts the number of envelopes filled. If a piece of correspondence is not stuffed by machine because of a jam, these are manually stuffed by the mailroom staff.
5. Procurement/Office Services staff compare number of envelopes to the total envelopes expected for the day to ensure the proper number of correspondence mailings.
6. Correspondence is delivered to the post office. Regular correspondence must be mailed the same day it is received by the mailroom. If the correspondence is received by the post office by 4:00 p.m., it is guaranteed to be mailed the same day.

### **Special correspondence**

1. Sort into the four types of special handling: Disability and Survivor Benefits, Retiree Health Care, Member Services, and Payroll. Each division has a designated staff member assigned to preparing these special letters.
2. Special correspondence is prepared with each letter alternating between vertical and horizontal orientation to make a clear distinction between letters.
3. Mailroom staff collect special correspondence each day from the mail bins located near the divisions that have special mailings.
4. The special correspondence is delivered to the post office, preferably by 4:00 p.m.

### **Disability Special Handling Process**

Staff receive special handling from the mailroom. For each packet that is created, Disability and Survivor Benefits staff looks up the member's account and reviews the journal comment in the member's account to determine what should be in the special correspondence packet. The Disability and Survivor Benefits staff member then creates a new journal comment confirming the information included in the special correspondence packet. The Disability and Survivor Benefits staff members verifies that all information is included and then places the correspondence in an envelope. The stuffed envelopes are placed in the outgoing mail bucket to be picked up by mailroom staff. An email is then sent to the Disability and Survivor Benefits group detailing which member packets have been mailed.

### **Insurance Special Handling Process**

Staff receive special handling from the mailroom. The correspondence is separate by the member's ID. For each packet that is created, Retiree Health Care staff looks up the member's account and reviews the journal comment in the member's account to determine what should be in the special correspondence packet. Retiree Health Care staff verify that the correspondence includes all the required information and then add a journal comment with the date the correspondence was mailed. If the letter must be sent via certified mail, the Certified Mail template is used to generate the Certified Mail label, which is attached to the envelope. The mailroom takes the certified mail card to the post office for processing. The stuffed envelopes are placed in the outgoing mail bucket to be picked up by mailroom staff. Once the certified mail card is returned, the member ID and form number is added to the card, and it is sent to imaging to be added to the member's library manager.

### **Member Services Special Handling Process**

Staff receive special handling from the mailroom. The correspondence is separated by members under 65, over 65, or not eligible for insurance. Those stacks are then separated by retirement date - current year or next year. Once everything is separate, Member Services staff make a journal comment in the member's account detailing what is included in each correspondence packet. to determine what should be in the special correspondence packet. Occasionally counselors will email wanting to change what is being sent or requesting not to send something. This could happen if the member has scheduled an appointment and will not have time to receive the packet before the appointment. This could also happen if member services staff have reason to believe there is an error in the correspondence packet. In those instances, the packet is checked, and documents are added, removed, or edited. Member Services staff then place the correspondence in an envelope. The stuffed envelopes are placed in the outgoing mail bucket to be picked up by mailroom staff. Pickup happens twice a day - around 11:30 a.m. and 2:30 p.m.

### **Payroll Special Handling Process**

Staff receive special handling from the mailroom. For each packet that is created, Payroll staff verify the forms received and ensure the data on the forms is correct. Payroll staff then ensure all forms requested were received. The letters are signed by the division director and notarized by a KPPA staff member. If more than one individual needs to receive the correspondence, a copy is made. A copy of the correspondence is uploaded into the member's account. Payroll staff then places the correspondence in an envelope. The stuffed envelopes are placed in the outgoing mail bucket to be picked up by mailroom staff.

### **Disclosure Review Process**

Legal staff receive an email that a potential disclosure has been reported either from the manager of the area with the potential disclosure or from call center management if a member calls in to report an issue. A worksheet of information pertaining to the potential disclosure is completed so that an investigation can be completed. Legal staff then work with the division that reported the potential disclosure to gather all relevant information. If it is determined that a disclosure occurred, the member(s) effected are notified.





## Kentucky Public Pensions Authority

### Division of Internal Audit



The Review of Disclosures During Correspondence audit was conducted from October 3, 2023, to April 5, 2024. The scope of the audit was July 1, 2022 to June 30, 2023. In addition to the recommendations included that report, we noted two recommendations that we wanted to communicate to the KPPA Executive Management Team. These items will be reviewed during follow-up engagements and/or during a review of open recommendations.

The objectives of the Review of Disclosures During Correspondence audit were to ensure internal controls have been designed and are operating effectively and efficiently. We also ensured compliance with applicable state and federal statutes and regulations as well as policies established by the KPPA, CERS, and KRS Boards and procedures developed by KPPA staff.

#### Acronyms

1. KPPA - Kentucky Public Pensions Authority
2. CERS - County Employees Retirement System
3. KERS - Kentucky Employees Retirement System
4. SPRS - State Police Retirement System
5. KRS - Kentucky Retirement Systems
6. CEO – Chief Executive Officer
7. CFO – Chief Financial Officer
8. KPPA Executive Management Team - KPPA Executive Director, KPPA Deputy Executive Director, KPPA Executive Director – Office of Benefits, KPPA Executive Director – Office of Legal Services, and KPPA CFO

#### Additional Recommendations

1. **The KPPA Executive Management Team should research the possibility of designating a separate room for front office staff to utilize while indexing mail and preparing special correspondence.**
2. **The KPPA Executive Management Team should work with the Procurement and Office Services Assistant Director to secure mail stored around the buildings. The following steps should be considered:**
  - a. **The big mail center by door four (Building A) has a camera pointed in the direction of the door. However, the big mailbox is about halfway on screen. Consider moving the table so that the mailbox is in full view of the door four camera.**
  - b. **Consider adding an additional step to the mail processing procedures that would require people handling the mail to email the appropriate division when mail is ready for pick-up. If something were to be misplaced or taken, the email would create a timestamp of when to start reviewing cameras. For example, if a check is put into the accounting mailbox and someone removes the check before a Division of Accounting employee can complete the pickup, the sent time on the email would provide a starting point for the time the check was removed from the box. While this solution would not prevent the opportunity for improperly removing mail, it would potentially provide a way to track items more quickly should something go missing.**

During the audit we noted the following:

1. Special Correspondence is handled by staff working at the front desk in Building A. While screens are turned away from the counter, incoming and outgoing mail could be seen if staff fail to turn the mail facedown when the counter is approached by outside parties.

2. The incoming and outgoing mail hubs in buildings A and C are accessible to all KPPA employees. No instance has been reported of a KPPA visitor or employee misplacing or improperly taking documents, therefore, KPPA staff do not believe this is likely to happen in the future. However, misplaced or improperly taken items would be difficult to locate, which may cause issues with processing member benefits.

**Management Response:**

1. The KPPA Executive Management Team agrees to the extent there is a separate room available for processing mail and adequate front desk coverage is available to move away from the area to do so. Currently, a separate room is being utilized to process mail, however, should that space become unavailable due to a shortage of space for employees to sit, then mail may have to be processed in the front desk area. Additionally, if adequate coverage is not available to allow the employee to leave the area, the processing will have to occur in the front desk areas. All KPPA employees are trained on member/data confidentiality requirements, required to participate in quarterly security training, and assigned KPPA Management policies to review acknowledge on an annual basis. All employees should adhere to the KPPA Access Control and Data Protection policies in all facets of their daily job duties.
2. Management provided the following responses:
  - a. Mail table was moved to fully be within security camera view.
  - b. Disagree. Since the table is within view of the security camera, if someone were to take a document/check we could pull up the footage. In response to example given, the Division of Accounting checks are hand delivered by the mailroom to Division of Accounting staff in Building C. If no one from the Division of Accounting can be found, then the check is returned to the mail table in Building A, which is within view of the security camera.

**Auditor Response:**

Having the mailbox in full view is an added security measure. Our additional recommendation pertaining to staff sending an email was made to assist in tracking down pieces of mail quickly, should any turn up missing. The additional step of requiring the email was recommended in an effort to assist in establishing a timeline for reviewing camera footage.

This report is intended solely for use by the KPPA Audit Committee; the KPPA, CERS, and KRS Boards; the CERS CEO; the KRS CEO; the KPPA Management Team; and the Division of Procurement and Office Services. This report is not intended to be, and should not be, used by anyone other than the specified parties. All final reports and management letters are subject to Open Records Requests.



## Kentucky Public Pensions Authority

### Division of Internal Audit



Kentucky Public  
Pensions Authority

The Review of Disclosures During Correspondence audit was conducted from October 3, 2023 to April 5, 2024. The scope of the audit was July 1, 2022 to June 30, 2023. In addition to the recommendations included that report, we noted two recommendations that we wanted to communicate to the Office of Legal Services. These items will be reviewed during follow-up engagements and/or during a review of open recommendations.

The objectives of the Review of Disclosures During Correspondence audit were to ensure internal controls have been designed and are operating effectively and efficiently. We also ensured compliance with applicable state and federal statutes and regulations as well as policies established by the KPPA, CERS, and KRS Boards and procedures developed by KPPA staff.

#### Acronyms

The following acronyms will be used throughout the report:

1. KPPA - Kentucky Public Pensions Authority
2. CERS - County Employees Retirement System
3. KERS - Kentucky Employees Retirement System
4. SPRS - State Police Retirement System
5. KRS - Kentucky Retirement Systems
6. CEO – Chief Executive Officer
7. CFO – Chief Financial Officer
8. KPPA Executive Management Team - KPPA Executive Director, KPPA Deputy Executive Director, KPPA Executive Director – Office of Benefits, KPPA Executive Director – Office of Legal Services, and KPPA CFO

#### Additional Recommendations

1. **Notify member of disclosure**
2. **Consider updating the Disclosure Worksheet to include the following:**
  - **The date the disclosure letter is sent to the member.**
  - **The date the disclosure letter is uploaded to Library Manager.**
  - **The date Form 2800 is uploaded to Library Manager.**

During the audit we noted the following:

1. KPPA failed to notify one member in a timely manner about a disclosure of their information. The Office of Legal Services was transitioning the responsibility of investigating potential disclosures when this disclosure occurred. The KPPA Internal Disclosure Policy states, “If confidential member data, account information, personal information, and/or protected health information is disclosed or breached in a manner violating state or federal law, KPPA is obligated to notify all members affected by the disclosure or breach in accordance with the applicable state or federal law. Members should be notified within 35 days of discovery of a disclosure.”
2. One of ten correspondence disclosures did not have a form 2800 uploaded to Library Manager. The worksheet used to track disclosures does not contain a column noting the date the member is notified of the disclosure. Additionally, the Disclosure Worksheet procedures do not include a step to ensure letters sent to members are uploaded to Library Manager. While there is not a law or agency policy requirement to include disclosure notification letters in a member's Library Manager file, Office of Legal Services staff expressed that this was best practice.

**Management Response:**

1. The Office of Legal Services agrees with this recommendation and has already implemented steps to ensure that members receive prompt notification of disclosures going forward.
2. The worksheet is used for preliminary documentation for staff to provide to attorneys for review. The Sharepoint/Teams site is used for tracking and retention purposes. At the time of the specific incident where the member was not timely notified of the disclosure of their information, this process (worksheet + Sharepoint/Teams site) was not fully implemented. Now that this process is in place, the Office of Legal Services does not believe that additional tracking is warranted to ensure that members are timely notified of disclosures. There is no legal or policy requirement to include disclosure notification letters in a member's Library Manager file.

**Auditor response:**

As noted, we agree that there is no law or agency policy requirement to include disclosure notification letters in a member's Library Manager file. Our recommendation to update the Disclosure Worksheet was made to provide a way for Legal staff to easily see that the required steps have been completed. If management believes the current process is sufficient to ensure the required steps are completed timely, then these additional recommended steps may not be needed.

This report is intended solely for use by the KPPA Audit Committee; the KPPA, CERS, and KRS Boards; the CERS CEO; the KRS CEO; the KPPA Executive Management Team; and the KPPA Office of Legal Services. This report is not intended to be, and should not be, used by anyone other than the specified parties. All final reports and management letters are subject to Open Records Requests.

## MEMORANDUM

TO: Board of the Kentucky Public Pensions Authority (“Board”)

FROM: Carrie Bass, Staff Attorney Supervisor, Non-Advocacy Division, Office of Legal Services  
Jessica Beaubien, Policy Specialist, Non-Advocacy Division, Office of Legal Services

DATE: June 17, 2024

RE: Board approval of KPPA staff to file an amended administrative regulation, 105 KAR 1:140, Employer's Administrative Duties, with the Office of the Regulations Compiler at the Legislative Research Commission (“Regulations Compiler”)

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### **Purpose of amended administrative regulation:**

Kentucky Revised Statutes 61.505(1)(g) authorizes the Board to promulgate and amend administrative regulations “on behalf of the Kentucky Retirement Systems and the County Employees Retirement System, individually or collectively” as long as the regulations are consistent with the provisions of Kentucky Revised Statutes 16.505 to 16.652, 61.510 to 61.705, 78.510 to 78.852, and 61.505. 105 KAR 1:140, Employer's Administrative Duties, is consistent with these provisions of the Kentucky Revised Statutes.

This administrative regulation sets out the administrative duties and reporting requirements for all participating employers. This amendment updates the language throughout the regulation to be consistent with the language used in all Kentucky Public Pensions Authority regulations and the definitions found in 105 KAR 1:001. Details have been added regarding different groups of employers and their respective reporting requirements. This regulation was amended to include the processes and procedures being utilized by the KPPA. Lastly, several required forms have been updated and incorporated by reference.

Limitations and exclusions on increases in creditable compensation in the last five (5) years of service for retiring members has been removed from this regulation and placed into its own separate regulation 105 KAR 1:142.

This amendment to 105 KAR 1:140 was presented to the Ad Hoc Regulations Committee for the Board on June 5, 2024. The Committee approved sending to the full Board for filing approval.

### **Staff Recommendation:**

The Office of Legal Services requests that the Board review the attached materials and recommend filing 105 KAR 1:140, Employer's Administrative Duties, with the Regulations Compiler.

### **List of attached materials:**

1. 105 KAR 1:140, Employer's Administrative Duties.

2. Form 2012, Election or Rejection of Participation for Mayors and Members of City Legislative Bodies.
3. Form 2020, Advice of Personnel Action.
4. Form 2023, Leave Without Pay Verification.
5. Form 2035, Beneficiary Designation.
6. Form 4225, Verification of Past Employment.
7. Form 6000, Notification of Retirement.
8. Form 6800, Application for Duty Related/In Line of Duty Death Benefit.
9. Form 7071, Employer Self Service Employer Administrator Account Creation Request.
10. Form 7072, Reporting/Balancing Employer Acknowledgment.
11. Form 7250, Verification of Payments Outside Regular Wages.
12. Form 7851, Data Use and Reporting Agreement.
13. Form 8030, Employer Job Description.
14. The Kentucky Public Pensions Authority Employer Reporting Manual.
15. 105 KAR 1:001, Definitions for 105 KAR Chapter 1 (for reference).

1 FINANCE AND ADMINISTRATION CABINET

2 Kentucky Public Pensions Authority

3 (Amendment)

4 105 KAR 1:140. Employer's administrative duties.

5 RELATES TO: KRS 16.505-16.652~~[16.583, 16.645(18)]~~, 18A.095, 18A.105, 61.505-  
6 61.705~~[61.546, 61.552(23), 61.560, 61.565, 61.569, 61.597, 61.598, 61.637(17), 61.675,  
7 61.685, 61.702], 78.510-78.852~~[78.545(33), (37), 78.616, 78.625, 78.652]~~, 26 U.S.C.  
8 401(a)(17),~~[(31), 403(b);]~~ 408(a), (b),~~[414(g)(6), 457(b);]~~ 3121(b)(10),~~[Pub. L. 104-191, Pub.~~  
9 ~~L. 111-5, Div. A, Title XIII, Div. B, Title IV, 26 C.F.R. 31.3121(b)(10)-2, 29 C.F.R. 519.2(a);]~~  
10 41 C.F.R. Part 105-64, 42 C.F.R. 423.504(b)(4)(vi), 45 C.F.R. Parts 160, 162, 164~~

11 STATUTORY AUTHORITY: 61.505(1)(g)~~[16.645(18)]~~, 61.565~~[61.645(9)(e)]~~, 61.675,  
12 ~~[78.545(33);]~~78.625, 78.635

13 NECESSITY, FUNCTION, AND CONFORMITY: KRS 61.505(1)(g) authorizes the  
14 Kentucky Public Pensions Authority~~[61.645(9)(e) requires the Board of Trustees of the~~  
15 ~~Kentucky Retirement Systems]~~ to promulgate administrative regulations on behalf of the  
16 Kentucky Retirement Systems and the County Employees Retirement System that are  
17 consistent with~~[necessary or proper in order to carry out the provisions of]~~ KRS 16.505 to  
18 16.652, 61.505, 61.510 to 61.705, and 78.510 to 78.852. Employers participating in the  
19 Kentucky Employees Retirement System, County Employees Retirement System, and State  
20 Police Retirement System are required by KRS 16.545, 16.645~~[(18)]~~, 61.543, 61.560, 61.565,

1 61.637, 61.675, [78.545(33), and] 61.702, 78.5536, 78.5540, 78.610, 78.615, 78.625, and  
2 78.635 to make contributions to the [retirement] systems, [to] report creditable compensation  
3 and other information that the systems may require to the Kentucky Public Pensions  
4 Authority [retirement systems and other information that the Board of Trustees may require],  
5 and perform other duties and responsibilities as participating employers. [ 26 U.S.C.  
6 401(a)(17) places a limit on the amount of creditable compensation on which contributions  
7 may be made.] This administrative regulation sets out the administrative duties and reporting  
8 requirements for all participating employers [agencies].

9 Section 1. Definitions.

10 (1) "Classify" means to report an employee as full-time, part-time, seasonal, temporary,  
11 emergency, probationary, volunteer, intermittent, or interim.

12 (2) "Confidential member account information" means information or data that relates  
13 directly or indirectly to a member's account at the agency that is specific or unique to the  
14 member.

15 (3) "County Fee Employer" means county employers who report to the Kentucky  
16 Personnel Cabinet due to the population of their county.

17 (4) "Employer Self-Service Web site" or "ESS Web site" means a secure agency Web  
18 site that:

19 (a) Allows employers to access its online employer account and employee information,  
20 download and submit forms, and provides other employer resources; and

21 (b) Allows some employers to perform reporting and contribution functions.

22 (5) "End of Year Report" or "EOY Report" means a school board's list of the classified  
23 participating and non-participating employees who were reported to the County Employees



1 Retirement System during the school year that is used to average monthly work hours and  
2 determine service credit.

3 (6) "ESS Employer" means all employers as defined by KRS 16.505(3), 61.510(6), and  
4 78.510(7), except a KHRIS Employer or a County Fee Employer.

5 (7) "Excess contributions" means employee contributions that exceed what is required  
6 by statute.

7 (8) "KHRIS" means Kentucky Human Resource Information System.

8 (9) "KHRIS Employer" means employers subject to KRS Chapter 18A.

9 (10) "Non-renewable" means a position created for a fixed period of time that cannot be  
10 filled, renewed, or reused after the fixed period of time has lapsed.

11 (11) "Protected health information" or "PHI" is defined by 45 CFR 160.103.

12 (12) "Personal identifiable information" or "PII" is defined by 41 CFR Part 105-64.

13 (13) "Supplemental Report" means a record-keeping tool used by County Fee  
14 Employers to report additional non-monetary monthly reporting details that cannot be  
15 submitted through KHRIS.

16 Section 2. Kentucky Public Pensions Authority Employer Reporting Manual. All  
17 employers shall follow the requirements and guidelines provided in the Kentucky Public  
18 Pensions Authority Employer Reporting Manual.

19 Section 3. ESS Web site and the agency's Secure Email Portal.

20 (1) Each employer shall submit a valid Form 7851, Data Use and Reporting Agreement,  
21 completed by the Agency Head or Agency Reporting Official prior to participating in the  
22 systems.

1       (2) Each employer shall submit a valid Form 7072, Reporting/Balancing Employer  
2 Acknowledgment, completed by the Agency Head or Agency Reporting Official if it needs to  
3 designate a third-party entity to report employee information on behalf of the employer.

4       (3) Each employer shall have an employer administrator to grant and revoke access  
5 and security levels to the employer's ESS Web site users. The employer shall submit a valid  
6 Form 7071, Employer Self-Service Employer Administrator Account Creation Request, to  
7 designate an employer administrator.

8       (a) The ESS Web site users designated by the employer administrator shall include a  
9 primary reporting official and an agency head, and may also include human resources  
10 contacts.

11       (b)1. Semi-annually, the ESS Web site shall require the primary reporting official to  
12 verify contact information for the employer administrator, primary reporting official, human  
13 resources contact, and the agency head.

14       2. If at any time there are changes to contact information in this paragraph or other  
15 account information changes, the primary reporting official shall update the ESS Web site  
16 with the new information.

17       (c) An employer is responsible for all acts and omissions of authorized ESS Web site  
18 users, including the employer administrator and any ESS Web site user designated by the  
19 employer administrator in accordance with paragraph (a) of this subsection.

20       (d) An employer shall ensure that the primary reporting official or any other authorized  
21 user holds any password or other means for accessing the ESS Web site in a confidential  
22 manner and does not release them to any other person.

1        (4) The agency shall notify employers of the Web address for the ESS Web site and  
2 shall notify employers if the Web address of the ESS Web site changes.

3        (5) Employers required to submit reports through the ESS Web site as indicated in  
4 Sections (3) through (4) of this administrative regulation shall follow the instructions for  
5 submission as provided in the Kentucky Public Pensions Authority Employer Reporting  
6 Manual. Reports shall be submitted by:~~[(1) Each employer shall submit the reports required~~  
7 ~~under KRS 61.675 and KRS 78.625 electronically using the secure Kentucky Retirement~~  
8 ~~Systems' Employer Self Service Web site by]:~~

9        (a) The Enter Report Details Module through a series of ESS Web site screens used to  
10 enter monthly report details; or

11        (b) The Upload Detail File Module through an~~[Uploading an]~~ electronic file upload on  
12 the ESS Web site.

13        1. To submit reports in the Upload Detail File Module, the employer's electronic file  
14 format must first meet~~[that meets]~~ the requirements of the Strategic Technology  
15 Advancements for the Retirement of Tomorrow (START) Employer Contribution Record  
16 Layout as provided in the Kentucky Public Pensions Authority Employer Reporting Manual.  
17 The employer shall submit a test file to the agency~~[retirement systems]~~, which shall be  
18 reviewed for compliance with the requirements of the START Employer Contribution Record  
19 Layout.

20        2. If the test file is in compliance with the requirements of the START Employer  
21 Contribution Record Layout, the agency~~[retirement systems]~~ shall certify the electronic file  
22 and inform the employer of the month when the employer may begin using the Upload Detail  
23 File Module~~[electronic file]~~ for submitting reports.

1           3. If the test file is not in compliance with the requirements of the START Employer  
2 Contribution Record Layout, the agency[retirement systems] shall inform the employer of the  
3 needed corrections to the test file.

4           4. The employer shall not submit a report using the Upload Detail File Module[by  
5 electronic file pursuant to this subsection] until the test file is certified by the  
6 agency[retirement systems]. If the employer is unable to timely submit its reports in  
7 accordance with KRS 61.675 and 78.625 through the Upload Detailed File Module, the  
8 employer shall timely submit its reports via the Enter Report Details Module.[(2) The  
9 retirement systems shall notify each employer of the Web address of the secure Kentucky  
10 Retirement Systems' Employer Self Service Web site and shall notify each employer if the  
11 Web address of the secure Kentucky Retirement Systems' Employer Self Service Web site  
12 changes.]

13           (6)(a) An employer shall submit electronic mail containing confidential member account  
14 information, PII, or PHI only through the agency's secure electronic mail portal. The Kentucky  
15 Public Pensions Authority Employer Reporting Manual shall provide employers with  
16 information on how to register, access, and use the secure electronic mail portal.

17           (b) An employer shall ensure that the primary reporting official or any other authorized  
18 user holds any password or other means for accessing the electronic mail portal in a  
19 confidential manner and does not release them to any other person.

20           Section 4. Submitting reports.

21           (1) Each employer shall submit the monthly reports required by KRS 61.675, 78.625,  
22 and this administrative regulation on or before the 10<sup>th</sup> of the month following the period being  
23 reported. Reports shall be submitted through:

1 (a) The ESS Web site, for ESS Employers;

2 (b) KHRIS, for County Fee Employers and KHRIS Employers; and

3 (c) An electronic file transfer in a system maintained by the Finance and Administration  
4 Cabinet, for the Kentucky Personnel Cabinet.

5 (2) Each County Fee Employer shall also submit a Supplemental Report through the  
6 ESS Web site.

7 (3) Each month, the agency shall provide detailed information to employers regarding  
8 the employer submitted reports from the previous month. If the agency notifies the employer  
9 of any errors, the employer shall resolve the errors prior to the employer's next report  
10 submission.

11 Section 4. Additional reporting requirements for school boards.

12 (1) Each school board shall submit the EOY Report through the ESS Web site by the  
13 end of day twenty (20) calendar days following the end of the fiscal year.

14 (2) After reviewing the EOY Report and identifying any employee who may need a  
15 correction or adjustment to his or her record, the agency shall provide the school board with  
16 the following applicable report(s) that the school board shall complete and submit through  
17 the ESS Web site no later than the end of day November 15<sup>th</sup> of the same calendar year:

18 (a) An Exception Report, if an employee had employee contributions reported during  
19 the fiscal year, but did not average eighty (80) hours per month of actual worked time in the  
20 fiscal year;

21 (b) A Multiple Enrollment Report, if an employee was reported with multiple periods of  
22 employment or multiple positions of employment during the fiscal year requiring an additional  
23 breakdown of the total actual days worked;

1 (c) A Non-Participating Employees Report, if an employee was reported as non-  
2 participating during the fiscal year and had salary reported during the school year that  
3 appears to meet the definition of a regular full-time position employee; and

4 (d) An Error Listing Report, if:

5 1. An employee was included on the EOY report, but was not otherwise reported during  
6 the fiscal year;

7 2. An employee was reported during the fiscal year, but was not included on the EOY  
8 report; or

9 3. An employee had invalid data on the EOY report, including multiple records for the  
10 same employee or employees that do not have an account established with the agency.

11 (3) A penalty of \$1000 shall be imposed on school boards who fail to submit the required  
12 reports within the time periods prescribed by this section. An additional penalty of \$250 per  
13 month may be imposed every month until the required reports are submitted.

14 Section 6. Full-time employee and non-participating position reporting.

15 (1) Each employer shall report:

16 (a) All employees in a regular full-time position;

17 (b) All employees in non-participating positions, except as provided in subsection 2 of  
18 this section; and

19 (c) Employees whose employment ended during the report month, including the  
20 employee's last day of paid employment and the reason the employment ended.

21 (2) Employers shall not report the following employees in non-participating positions:

1           (a) Student employees of public universities participating in the Kentucky Employees  
2 Retirement System who are enrolled as full-time students in a course of study at the  
3 university and who are:

4           1. Exempt from FICA withholding pursuant to 26 U.S.C. 3121(b)(10) and 26 C.F.R.  
5 31.3121(b)(10)-2; or

6           2. Classified as full-time students throughout the fiscal year pursuant to 29 C.F.R.  
7 519.2(a);

8           (b) Retired-reemployed school resource officers, sheriff's deputies, and police officers  
9 that are exempt from reporting under 105 KAR 1:390; and

10           (c) City managers and appointed local government officials in a retirement system,  
11 Mayors, or city legislative body members who elect not to participate in the systems by  
12 completing, and the employer submitting, Form 2012, Election or Rejection of Participation  
13 for Mayors and Members of City Legislative Bodies, prior to participation in the systems in  
14 accordance with KRS 78.540(1).

15           (4) Employees dually employed and participating in another state-administered  
16 retirement system shall also be reported to the applicable state-administered retirement  
17 system in accordance with its rules and regulations.

18           Section 7. Non-Participating Positions classification.

19           (1) An employer shall not change an employee's position status for the same position  
20 from full-time to seasonal, temporary, emergency, probationary, or interim.

21           (2) An employer shall not change the classification of an employee from one (1) non-  
22 participating position status to another non-participating position status during a fiscal year,  
23 except an employer participating in the County Employees Retirement System may classify

1 an employee as probationary pursuant to KRS 78.510(21)(d) in the same fiscal year that the  
2 employer classifies the employee as seasonal, emergency, or part-time.

3 (3)(a) An employer shall classify an employee as holding a seasonal position pursuant  
4 to KRS 61.510(21)(a) and 78.510(21)(a) only if the position:

5 1. Is temporary in duration;

6 2. Coincides with one (1) or more particular season(s) of the year, which may recur  
7 regularly from year to year; and

8 3. Is limited to six (6) months for noncertified school board positions or nine (9) months  
9 for all other positions.

10 (b)1. Except as provided in subparagraph 2. of this paragraph, if the employer classifies  
11 an employee as holding a seasonal position and the employment of the employee in the  
12 seasonal position is terminated after the period defined in paragraph (a)3. of this subsection,  
13 there shall be a three (3) calendar month break in employment before the employee may  
14 again hold a seasonal position.

15 2. If the employer is a school board that classifies an employee as holding a seasonal  
16 position and the employment of the employee in the seasonal position is terminated after the  
17 period defined in paragraph (a)3. of this subsection during a fiscal or calendar year, there  
18 shall be a six (6) calendar month break in employment before the employee may again hold  
19 the same seasonal position.

20 (4) An employer shall only classify an employee as holding an emergency position  
21 pursuant to KRS 61.510(21)(b) or 78.510(21)(b) if the position:

22 1. Is created as a result of an emergency as determined by the employer for a period  
23 not to exceed thirty (30) working days, and is non-renewable; or



1           2. Is created in direct relation to a state of emergency declared by the President of the  
2 United States or the Governor of Kentucky.

3           (5) An employer shall only classify an employee as holding a temporary position  
4 pursuant to KRS 61.510(21)(c) or 78.510(21)(c) if the position is nonrenewable and the  
5 period in which the position exists does not exceed nine (9) calendar months for positions in  
6 the Kentucky Employees Retirement System or twelve (12) calendar months for positions in  
7 the County Employees Retirement System.

8           (6) An employer participating in the Kentucky Employees Retirement System shall only  
9 classify an employee as holding an interim position pursuant to KRS 61.510(21)(e) if the  
10 position is created for a one-time or recurring need that does not exceed nine (9) months.

11           (7)(a) Except as provided in paragraph (b) of this subsection, an employer shall only  
12 classify an employee as holding a part-time position pursuant to KRS 61.510(21)(d) or  
13 78.510(21)(e) if the position requires less than an average of one hundred (100) hours per  
14 month of actual worked time in a calendar or fiscal year.

15           (b) School boards shall only classify a noncertified employee as holding a part-time  
16 position pursuant to KRS 78.510(21)(e) if the position requires less than an average of eighty  
17 (80) hours per month of actual worked time in a fiscal year.

18           (8)(a) An employer shall only classify an employee as holding an intermittent position if  
19 the position requires a sporadic work schedule. Across a calendar or fiscal year, an  
20 intermittent position employee:

21           1. May or may not earn wages every month;

22           2. May qualify as a part-time position in accordance with subsection (7) of this section  
23 in some months; or

1 3. May qualify as a regular full-time position in some months.

2 (b) For non-school board employees:

3 1. If an employee's actual worked time averages less than one hundred (100) hours per  
4 month in a fiscal or calendar year, the employee shall be classified as non-participating.

5 2. If an employee's actual worked time averages more than one hundred (100) hours or  
6 more per month in a fiscal or calendar year, the employee shall be classified as participating.

7 (c) For school board employees:

8 1. If an employee's actual worked time averages less than eighty (80) hours per month  
9 in a fiscal year, the employee shall be classified as non-participating.

10 2. If an employee's actual worked time averages more than eighty (80) hours per month  
11 or more in a fiscal year, the employee shall be classified as participating.

12 (9)(a) Except as provided in paragraph (b) of this subsection, an employer shall only  
13 classify an employee as holding a volunteer position if the employee meets the requirements  
14 of KRS 61.510(42) or 78.510(39).

15 (b) An employer shall only classify a retired member as a volunteer if the employee  
16 meets the requirements in KRS 61.510(42), 61.637(17)(e), 78.510(39), and 78.5540(4)(e)  
17 and 105 KAR 1:390.

18 (10) The agency shall have the authority to determine whether any employee or retired  
19 member designated as holding a non-participating position by an employer is an employee  
20 in a regular full-time position.

21 (a) If the employer initially reports the employee in a non-participating position and the  
22 agency subsequently determines that the employee worked or averaged the necessary  
23 hours, or otherwise meets the requirements to be classified as an employee in a regular full-

1 time position, the employer and employee shall be billed for omitted service in accordance  
2 with KRS 61.552(2) and 78.545, except as provided in paragraph (b) of this subsection.

3 (b) For retired reemployed members, the agency shall adjust the previously reported  
4 records from non-participating to retired reemployed and the employer shall pay the employer  
5 contributions and, if applicable, health insurance contributions.

6 (11)(a) Except as provided in subsections (c) and (d) of this section, hours worked and  
7 creditable compensation earned by an employee working in multiple positions with one (1)  
8 or more employers participating in the same system shall be combined in accordance with  
9 KRS 61.680 and 78.545 only for the following positions:

10 1. Regular full-time;

11 2. Part-time;

12 3. Intermittent; or

13 4. Volunteer, if the employee has a membership date prior to August 1, 2016.

14 (b) If multiple part-time positions, intermittent positions, or volunteer positions (for  
15 employees with a membership date prior to August 1, 2016) are combined under paragraph  
16 (a) of this subsection and, as a result, the employee averages the required hours for a regular  
17 full-time position, employer contributions and employee contributions (including any  
18 applicable health insurance contributions) shall be remitted in accordance with Section 9 of  
19 this administrative regulation.

20 (c) Hours worked and creditable compensation earned by an employee working in a  
21 seasonal, temporary, emergency, probationary, or interim position with an employer shall not  
22 be combined with any other regular full-time, part-time, intermittent, or volunteer position with  
23 an employer in the same system.

1           (d) Hours worked and creditable compensation earned by an employee who retires or  
2 terminates employment shall not be combined with hours worked and creditable  
3 compensation later earned by the employee if the employee reemploys with a participating  
4 employer during the same fiscal year.

5           Section 8. Independent Contractors and Leased Employees.

6           (1) Quasi-governmental employers as defined in 105 KAR 1:451 shall report persons  
7 providing services as an independent contractor, leased employee, or other employment  
8 arrangement in accordance with KRS 61.5991 and 105 KAR 1:451.

9           (2) The agency shall have the full authority to determine whether any person designated  
10 as an independent contractor, leased employee, or non-employee by any employer:

11           (a) Is an employee in a regular full-time position required to participate in the systems  
12 prospectively; or

13           (b) Was an employee in a regular full-time position for previous periods that were not  
14 reported by the employer in accordance with KRS 16.543, 61.543, 61.675, 78.615, and  
15 78.625, and this administrative regulation.

16           (3) The agency shall apply the common law factors used by the Internal Revenue  
17 Service, in accordance with IRS Publication 1779, to make the determination described in  
18 subsection (2) of this section. The agency may also consider rules issued by the United  
19 States Department of Labor for determining whether a worker is an employee or an  
20 independent contractor under federal wage and hour laws.

21           (4)(a) The agency shall provide written notification to the employer if it determines that  
22 any person designated as an independent contractor, leased employee, or non-employee by  
23 the employer:

1 1. Is an employee in a regular full-time position required to participate in the systems  
2 prospectively; or

3 2. Was an employee in a regular full-time position for previous periods that were not  
4 reported by the employer in accordance with KRS 16.543, 61.543, 61.675, 78.615, and  
5 78.625, and this administrative regulation.

6 (b) A notice provided in accordance with paragraph (a)2. of this subsection shall include  
7 a Form 4225, Verification of Past Employment. The employer shall complete and submit the  
8 Form 4225 by the end of day thirty (30) calendar days from the date the notice was provided.

9 (5)(a) An employer shall remit all reports, records, contributions, and reimbursements  
10 for a person as an employee in a regular full-time position in accordance with KRS 61.675,  
11 KRS 78.625, and this administrative regulation effective the first day of the calendar month  
12 after the date the notification described in subsection (4)(a) of this section is provided.

13 (b) Once a Form 4225, Verification of Past Employment, is received, the agency shall  
14 notify the employer of the delinquent omitted employer contributions owed.

15 1. An employer shall remit the delinquent omitted employer contributions in accordance  
16 with KRS 61.552(2), 61.675(3)(b), 78.545, and 78.625(3) no later than the end of day on the  
17 last day of the calendar month following the month the notice is provided.

18 2. If an employer needs an extension or payment schedule for the delinquent omitted  
19 employer contributions owed, it shall contact the agency to request the extension or payment  
20 schedule for the delinquent omitted employer contributions owed.

21 Section 9. Employer, employee, and health insurance contributions.

22 (1)(a)[(3)] Each employer shall remit[submit] the employer and employee contributions,  
23 and the employer contributions and reimbursements for retiree health insurance premiums

1 as required by KRS 61.675 and 78.625 no later than the end of day on the 10<sup>th</sup> calendar day  
2 of the month following the month being reported.

3 (b) Employers shall not remit employer or employee contributions for employees in a  
4 non-participating position unless required to do so pursuant to KRS 61.680(6) and 78.545.

5 (2) Required contributions as indicated in subsection (1) of this section shall be remitted:

6 (a) By ESS Employers:

7 1. Through~~[Electronically using]~~ the agency's secure ESS~~[Kentucky Retirement~~  
8 Systems' Employer Self Service] Web site;

9 2. By mailing or hand delivering a check;~~[(c) By the eMARS system maintained by the~~  
10 Finance and Administration Cabinet;] or

11 3.~~[(d)]~~ By wire transfer; and

12 (b) By KHRIS Employers and County Fee Employers through a payment system  
13 maintained by the Finance and Administration Cabinet.

14 (3)(a) Except as provided in subsection (b) of this section, if an employer fails to withhold  
15 from an employee's creditable compensation the full amount of contributions due from the  
16 employee in accordance with KRS 16.583, 61.543, 61.560, 61.597, 61.702, 78.5512,  
17 78.5516, 78.5536, 78.610, or 78.615:

18 1. The agency shall notify the employer of the additional amount of employee  
19 contributions due from the employee;

20 2. The employer shall withhold the additional contributions due from the employee in  
21 accordance with KRS 16.545, 16.583, 61.543, 61.560, 61.597, 61.702, 78.5512, 78.5516,  
22 78.5536, 78.610, or 78.615 from his or her creditable compensation and remit the additional  
23 contributions to the agency; and

1 (b)1. If the employee is no longer employed by the employer, the employer shall notify  
2 the agency and the agency shall refund the incomplete employee contributions submitted by  
3 the employer on behalf of the employee to the employer, and the employer shall withhold the  
4 applicable taxes from the contributions and remit the remaining money to the employee.

5 2. If the contributions are refunded in accordance with this paragraph, then the agency  
6 shall provide the employee with:

7 a. Any interest credited on the incomplete employee contributions in accordance with  
8 KRS 61.575 or 78.640; and

9 b. Notification explaining the potential impact to his or her service credit and an invoice  
10 for omitted service in accordance with KRS 61.552(2) and 78.545. If the omitted service  
11 invoice is not paid, the employee may lose service credit for the month(s).

12 Section 10. Creditable Compensation.

13 (1)[(4)] The employer shall report all creditable compensation paid during a month no  
14 later than the end of day on[by] the 10th calendar[~~tenth~~] day of the[~~following~~] month following  
15 the month being reported.

16 (2)(a) If creditable compensation is being reported for a month other than the reporting  
17 month, the[~~The~~] employer shall designate the month to which the creditable compensation  
18 shall[~~should~~] be applied[if it is not the month for which the employer is reporting and if the].

19 (b) The report may need to reflect a month other than the reporting month if the  
20 creditable compensation[~~was~~] earned is from the month in which the employee:

21 1. Became employed;

22 2. Became eligible to participate in[~~one of~~] the systems[~~administered by Kentucky~~  
23 ~~Retirement Systems~~];

1 3. Was transferred from a~~[to hazardous coverage from]~~ nonhazardous position to a  
2 hazardous position~~[participation]~~;

3 4. Was transferred from a hazardous position~~[coverage]~~ to a nonhazardous  
4 position~~[participation]~~;

5 5. Terminated from employment; or

6 6. Became ineligible to participate in~~[one of]~~ the systems~~[administered by Kentucky~~  
7 ~~Retirement Systems]~~.

8 (3)(a)1. The employer shall submit a valid Form 7250, Verification of Payments Outside  
9 Regular Wages, prior to payment for creditable compensation paid as~~[(b) If the employee is~~  
10 ~~paid creditable compensation in]~~ a lump sum~~[or]~~ nonrecurring payment, or other payment  
11 outside of regular wages, and~~[the employer]~~ shall designate the reason for the lump sum~~[or]~~  
12 nonrecurring payment, or other payment outside of regular wages.

13 2.[4-] If the lump sum~~[or]~~ nonrecurring payment, or other payment outside of regular  
14 wages is for~~[was earned during]~~ a specific time period, the employer shall designate the time  
15 period during which the lump sum~~[or]~~ nonrecurring payment, or other payment outside of  
16 regular wages was or will be earned.

17 (b)1. The agency shall review the Form 7250 and notify the employer of its findings. If  
18 the agency determines the wages are creditable compensation, the agency shall also  
19 indicate how the wages shall be reported.

20 2. If the employer fails to designate a specific time period during which the lump sum~~[or]~~  
21 nonrecurring payment, or other payment outside of regular wages was or will be earned in  
22 accordance with paragraph (a)2. of this subsection, the payment shall be considered a lump  
23 sum bonus pursuant to KRS 16.505(8), 61.510(13), or 78.510(13).



1        (4) Workers' compensation payments shall not be included in creditable  
2        compensation. ~~(5) The provisions of subsection (1) of this section shall not apply to the~~  
3        ~~Kentucky Personnel Cabinet or agencies that are reported by the Kentucky Personnel~~  
4        ~~Cabinet.~~

5        ~~(6) Each employer shall report employees who are regular full-time employees as~~  
6        ~~defined by KRS 61.510(21) and 78.510(21) and shall remit employer and employee~~  
7        ~~contributions for those employees.~~

8        ~~(7) If an employer fails to withhold from an employee's creditable compensation the~~  
9        ~~full amount of contributions due from the employee in accordance with KRS 16.583, 61.560,~~  
10       ~~61.597, or 61.702:~~

11       ~~(a) The retirement systems shall notify the employer of the additional amount of~~  
12       ~~employee contributions due from the employee;~~

13       ~~(b) The employer shall withhold the additional contributions due from the employee in~~  
14       ~~accordance with KRS 16.583, 61.560, 61.697, or 61.702 from the employee's creditable~~  
15       ~~compensation and remit the additional contributions to the retirement systems;~~

16       ~~(c) If the employee is no longer employed by the employer, the employer shall notify~~  
17       ~~the retirement systems and the retirement systems shall refund the contributions submitted~~  
18       ~~by the employer on behalf of the employee to the employer, which shall withhold the~~  
19       ~~applicable taxes from the contributions and remit the remaining money to the employee;~~  
20       ~~and~~

21       ~~(d) If the contributions are refunded in accordance with paragraph (c) of this~~  
22       ~~subsection, then that service credit shall be omitted service in accordance with KRS~~  
23       ~~61.552(23).~~

1           ~~(8) Each employer shall report employees who are not regular full-time employees as~~  
2           ~~defined by KRS 61.510(21) and 78.510(21), but shall not remit employer or employee~~  
3           ~~contributions for those employees unless required to do so pursuant to KRS 61.680(6),~~  
4           ~~except:~~

5           ~~(a) Student employees of public universities participating in the Kentucky Employees~~  
6           ~~Retirement System who are enrolled as full-time students in a course of study at the~~  
7           ~~university and who are exempt from FICA withholding pursuant to 26 U.S.C. 3121(b)(10)~~  
8           ~~and 26 C.F.R. 31.3121(b)(10)-2; and~~

9           ~~(b) Student employees of public universities participating in the Kentucky Employees~~  
10           ~~Retirement System who are enrolled as full-time students in a course of study at the~~  
11           ~~university and are classified as full-time students throughout the fiscal year pursuant to 29~~  
12           ~~C.F.R. 519.2(a).~~

13           ~~(9)(a) An employer participating in Kentucky Employees Retirement System or County~~  
14           ~~Employees Retirement System shall not classify an employee in more than one (1) non-~~  
15           ~~participating position status during the fiscal year, except an employer participating in the~~  
16           ~~County Employees Retirement System may classify an employee as probationary pursuant~~  
17           ~~to KRS 78.510(21)(d) in the same fiscal year that the employer classifies the employee as~~  
18           ~~seasonal, emergency, or part-time.~~

19           ~~(b) An employer participating in the Kentucky Employees Retirement System or the~~  
20           ~~County Employees Retirement System shall not change an employee's position status from~~  
21           ~~full-time to seasonal, temporary, or interim in the same fiscal year.~~

22           ~~(c) An employer shall not classify an employee as a seasonal employee pursuant to~~  
23           ~~KRS 61.510(21)(a) or 78.510(21)(a) unless the duties of the job can only be performed~~

1 ~~during a defined time period during a fiscal or calendar year. If the employer classifies an~~  
2 ~~employee as seasonal and the employee is terminated after the defined time period during~~  
3 ~~a fiscal or calendar year, there shall be a three (3) calendar month break in employment~~  
4 ~~before the employer may again classify the employee as a seasonal employee, except for~~  
5 ~~employers that are school boards. If an employer that is a school board classifies an~~  
6 ~~employee as seasonal and the employee is terminated after the defined time period during~~  
7 ~~a fiscal or calendar year, there shall be a six (6) calendar month break in employment before~~  
8 ~~the employer may again classify the employee as a seasonal employee.~~

9 ~~(d) If an employer violates the provisions of this subsection, the retirement systems~~  
10 ~~shall determine if the employee worked or averaged the necessary hours to be in a regular~~  
11 ~~full-time position as provided in KRS 61.510(21) or 78.510(21). If the employee worked or~~  
12 ~~averaged the necessary hours to be in a regular full-time position as defined by KRS~~  
13 ~~78.510(21), the service credit shall be omitted service in accordance with KRS 61.552(23).~~

14 ~~Section 2. (1) Each employer shall submit electronic mail to the retirement systems by~~  
15 ~~logging on to the Kentucky Retirement Systems' secure electronic mail server.~~

16 ~~(2)(a) If an employer submits personal information about its employees to the~~  
17 ~~retirement systems in an unsecure electronic format or submits personal information~~  
18 ~~regarding its employees intended to be submitted to the retirement systems to another~~  
19 ~~person or entity by hand delivery, mail, fax, or in an electronic format; the employer shall~~  
20 ~~notify affected employees in writing of the disclosure of personal information and provide~~  
21 ~~information regarding obtaining credit reports.~~

22 ~~(b) Personal information includes the member's first name or first initial and last name~~  
23 ~~in combination with the member's:~~

- 1           ~~1. Social Security number;~~
- 2           ~~2. Driver's license number;~~
- 3           ~~3. Personal Identification Number permitting access to the member's account; or~~
- 4           ~~4. Medical Information.~~
- 5           ~~(c) The retirement systems shall notify the employer of a disclosure upon discovery.~~
- 6           ~~(d) The employer shall notify the retirement systems of a disclosure upon discovery.~~
- 7           ~~(e) The employer shall submit a draft of the written notification to be made to affected~~
- 8           ~~employees to the retirement systems for approval or denial.~~
- 9           ~~(f) The employer shall submit copies of the written notifications made to affected~~
- 10           ~~employees to the retirement systems after the notifications have been made.~~
- 11           ~~(g) If the retirement systems is required by federal or state law to provide notification~~
- 12           ~~to affected members about the employer's disclosure of personal information or if the~~
- 13           ~~retirement systems determines that it should provide the notification to its affected members~~
- 14           ~~because of the nature or magnitude of the employer's disclosure, the employer shall~~
- 15           ~~reimburse the retirement systems for its costs in notifying members affected by the~~
- 16           ~~employer's disclosure.~~
- 17           ~~(h) In transmitting any medically related personal information, the employer shall~~
- 18           ~~comply with all statutes and regulations comprising the Health Insurance Portability and~~
- 19           ~~Accountability Act of 1996 "HIPAA", Pub.L. 104-191 and the Health Information Technology~~
- 20           ~~for Economic and Clinical Health Act "HITECH", Pub.L. 111-5.~~
- 21           ~~(i) Each employer shall execute a data use agreement with retirement systems.~~

1           ~~Section 3. (1)(a) The retirement systems shall submit an invoice to employers for any~~  
2           ~~payments owed to the retirement systems, which were not paid through the normal monthly~~  
3           ~~reports.~~

4           ~~(b) The employer shall remit payment to the retirement systems by the due date~~  
5           ~~provided on the invoice.~~

6           ~~(2) The retirement systems may offset funds owed by the employer to the retirement~~  
7           ~~systems with funds owed to the employer by the retirement systems.~~

8           ~~Section 4.~~

9           ~~(1) An employer shall pay interest at the rate adopted by the board for any creditable~~  
10           ~~compensation paid as a result of an order of a court of competent jurisdiction, the Personnel~~  
11           ~~Board, or the Human Rights Commission or for any creditable compensation paid in~~  
12           ~~anticipation or settlement of an action before a court of competent jurisdiction, the Personnel~~  
13           ~~Board, or the Human Rights Commission including notices of violations of state or federal~~  
14           ~~wage and hour statutes or violations of state or federal discrimination statutes.~~

15           ~~(2) The interest shall be assessed from the time period for which the creditable~~  
16           ~~compensation has been reinstated.~~

17           ~~Section 5. If an employer refuses to provide the retirement systems access to records~~  
18           ~~or information requested in accordance with KRS 61.685 or does not respond to a request~~  
19           ~~for information or records by the retirement systems, the retirement systems may, if~~  
20           ~~appropriate, hold all payments of:~~

21           ~~(1) Any funds due to the employer; or~~

1 ~~(2) Refunds or initial retirement allowances to any employee or former employee of the~~  
2 ~~employer whose refund or retirement may be affected by the records or information~~  
3 ~~requested by the retirement system.]~~

4 Section 11.[Section 6.] Maximum limits to creditable compensation.

5 (1) The agency shall provide the maximum annual compensation limit to employers.

6 (2) Effective only for the 1996 fiscal year, in determining the compensation of an  
7 employee eligible for consideration under this provision, the rules of 26 U.S.C. 414(g)(6) shall  
8 apply, except that in applying these rules, the term "family" shall include only the spouse of  
9 the employee and any lineal descendants of the employee who have not attained age  
10 nineteen (19) before the close of the fiscal year.

11 (3) Effective July 1, 1996, and before July 1, 2002, the creditable compensation on  
12 which contributions are reported shall not exceed the maximum annual compensation limit  
13 contained in 26 U.S.C. 401(a)(17), \$150,000, as adjusted for cost-of-living increases under  
14 26 U.S.C. 401(a)(17)(B).[The retirement system shall notify employers of the maximum  
15 annual compensation limit.] Each employer shall report contributions on all creditable  
16 compensation up to the maximum annual limit. Once an employee's creditable compensation  
17 has reached the maximum annual limit, the employer shall continue to report the amount of  
18 the employee's creditable compensation in accordance with Section 10 of this administrative  
19 regulation, but shall not remit[report] any further employer or employee contributions on the  
20 employee's creditable compensation.[If excess contributions are erroneously reported, the  
21 retirement system shall refund the excess contributions to the employer for distribution to the  
22 employee after making payroll deductions in accordance with federal and state law. (2)  
23 Effective only for the 1996 plan year, in determining the compensation of an employee eligible

1 ~~for consideration under this provision, the rules of 26 U.S.C. 414(g)(6) shall apply, except~~  
 2 ~~that in applying these rules, the term "family" shall include only the spouse of the member~~  
 3 ~~and any lineal descendants of the employee who have not attained age nineteen (19) before~~  
 4 ~~the close of the year.]~~

5 ~~(4)(3)~~ Effective with respect to ~~fiscal[plan]~~ years beginning on and after July 1, 2002,  
 6 ~~an~~ employee's~~[a plan member's]~~ annual compensation that exceeds \$200,000,~~[{]~~ as adjusted  
 7 for cost-of-living increases in accordance with 26 U.S.C. 401(a)(17)(B),~~[}]~~ shall not be taken  
 8 into account in determining benefits or contributions due for any ~~fiscal[plan]~~ year.

9 ~~(a)~~ Annual compensation shall include compensation during the ~~fiscal[plan]~~ year or any  
 10 other consecutive twelve (12) calendar month period over which compensation is otherwise  
 11 determined under the plan (the determination period).

12 (b) If the determination period consists of fewer than twelve (12) months, the annual  
 13 compensation limit shall be prorated based on the following table:

$$\frac{\text{The otherwise applicable annual compensation limit}}{\text{12}} \times \frac{\text{Number of months in the short determination period}}{\text{12}} = \frac{\text{The annual compensation limit}}{\text{12}}$$

14  
 15 (c) If the compensation for any prior determination period is taken into account in  
 16 determining a plan member's contributions or benefits for the current plan year, the  
 17 compensation for this prior determination period shall be subject to the applicable annual  
 18 compensation limit in effect for that prior period.

19 (d) The cost-of-living adjustment in effect for a calendar year shall apply to annual  
 20 compensation for the determination period that begins with or within the calendar year.~~[If the~~  
 21 ~~determination period consists of fewer than twelve (12) months, the annual compensation~~  
 22 ~~limit shall be an amount equal to the otherwise applicable annual compensation limit~~

1 multiplied by a fraction, the numerator of which is the number of months in the short  
2 determination period, and the denominator of which is twelve (12). If the compensation for  
3 any prior determination period is taken into account in determining a plan member's  
4 contributions or benefits for the current plan year, the compensation for this prior  
5 determination period shall be subject to the applicable annual compensation limit in effect for  
6 that prior period.]

7 (5)(a) Creditable[(4) A participating member may pay contributions for the creditable]  
8 compensation over the maximum annual compensation limit may be considered for the years  
9 used to determine the employee's[member's] final compensation for purposes of retirement  
10 if:

11 1.[(a)] The employee's[member's] creditable compensation has exceeded the maximum  
12 annual compensation limit contained in 26 U.S.C. 401(a)(17) in years prior to the fiscal year  
13 beginning July 1, 2002;

14 2.[(b)] The employee[member] has filed a notification of retirement;[and]

15 3.[(c)] The excess creditable compensation is within the maximum annual  
16 compensation limit applicable in 2002-2003; and

17 4. The employee has remitted payment of employee contributions on the excess  
18 creditable compensation at the rate proscribed by KRS 61.560, 61.702, 78.5536, and 78.610.

19 (b) Upon[upon] receipt of employee contributions, the agency[retirement systems] shall  
20 bill the employer for the employer contributions on the excess creditable compensation in  
21 accordance with KRS 61.565 and 78.635, and the employer shall remit the employer  
22 contributions to the agency[retirement systems].



1           (c) The[the] excess creditable compensation shall only be included in retirement  
2 calculations if both the employee and employer have paid their respective contributions.

3           Section 12. Creditable Compensation paid as a result of an order of a court, the  
4 Personnel Board, or the Kentucky Commission on Human Rights.

5           (1) The employer or employee may submit the following for review of potential effects  
6 to the employee's account and compliance with KRS 16.505-16.592, 61.510-61.705, and  
7 78.510-78.852 prior to the entry of the agreement or order:

8           (a) A proposed settlement agreement or draft order related to the resolution of a case  
9 pending before the Personnel Board, the Kentucky Commission on Human Rights, or a court  
10 of competent jurisdiction regarding employment disputes that may affect an employee's  
11 service with the systems; or

12           (b) An order of reinstatement of an employee pursuant to KRS 61.569 and 78.545.

13           (2) For creditable compensation paid as a result of an order by the Personnel Board  
14 under the authority of KRS 18A.095, by a court of competent jurisdiction, or by the Kentucky  
15 Commission on Human Rights:

16           (a) The creditable compensation shall be reported in accordance with Section 10 of this  
17 administrative regulation and shall be credited to the fiscal year during which the wages were  
18 earned or should have been paid by the employer;

19           (b) The employer shall pick-up the employee contributions as required by KRS 61.543,  
20 61.560, 61.702, 78.5536, 78.610, and 78.615 for the designated period;

21           (c) The employer shall remit employer contributions as required by KRS 61.565 and  
22 78.635 for the designated period; and

1           (d) The employer shall pay interest at the rate adopted by the Kentucky Retirement  
2 Systems or the County Employees Retirement System on the creditable compensation.

3           (3) The interest owed pursuant to subsection (2)(d) of this section shall be assessed  
4 beginning the first day the designated period began or begins.

5           Section 13. Excess contributions.

6           (1)(a) Upon discovery that excess contributions have erroneously been remitted, the  
7 agency shall correct its record in compliance with KRS 61.685 and 78.545 by refunding the  
8 excess contributions, except as provided in paragraph (c) of this subsection.

9           (b) The employer shall withhold the applicable taxes from the employee contributions  
10 and remit the remaining money to the employee.

11           (c) The agency may withhold excess employer contributions to offset a payment owed  
12 to the systems.

13           (d) The agency shall provide the employee with any interest credited on the excess  
14 employee contributions in accordance with KRS 61.575 or 78.640.

15           (2) If an employee uses paid sick leave while awaiting workers' compensation and  
16 subsequently receives workers' compensation payments for the hours during which paid sick  
17 leave was previously reported, the employee contributions on the paid sick leave that have  
18 been reported to the agency shall be refunded, unless the employee has remitted the  
19 workers' compensation payments to the employer in exchange for the use of his or her paid  
20 sick leave.

21           Section 14. Death or disability of a participating employee.

22           (1)(a) Employers shall report the death of a participating employee through the ESS  
23 Web site. Employers may notify the agency of the death of a previous employee.

1 (b) Upon the employer's report of the death of an employee or retired member, the  
2 agency shall begin the process of determining death benefits as provided in KRS 16.601,  
3 61.621, 61.630, 61.640, 61.703, 61.705, 78.545, 78.5532, 78.5534, and 78.5538.

4 (c) In the event of a death that is due to an act in line of duty or is duty-related, the  
5 employer shall add a comment to the death notice indicating this and shall complete and  
6 submit a valid Form 6800, Application for Duty Related/In Line of Duty Death Benefits. The  
7 employer shall also provide to the deceased employee's beneficiary or representative of the  
8 deceased employees' estate or trust, or submit to the agency:

9 1. The employer death investigation report;

10 2. A detailed position description or a valid Form 8030, Employer Job Description;

11 3. Certification or documentation of the employee's last day of paid employment; and

12 4. Any additional information requested by the agency or a third-party vendor on its  
13 behalf.

14 (2) In the event of an employee's claim for disability retirement benefits, the employer  
15 shall comply with the provisions of KRS 16.582, 61.600, 61.621, 61.665, 78.545, 78.5522,  
16 78.5524, and 105 KAR 1:210, 105 KAR 1:310, and 105 KAR 1:455, and submit to the agency:

17 (a) A valid Form 8030, Employer Job Description and, if the employee was injured on  
18 the job, a copy of the incident report;

19 (b) Certification or documentation of the employee's last day of paid employment;

20 (c) Information regarding the employee's request for reasonable accommodations as  
21 required by KRS 61.665(2)(a), 61.665(2)(b), and 78.545; and

22 (d) Any additional information regarding the employee's job duties and reasonable  
23 accommodations upon request by the agency or a third-party vendor on its behalf.

1 Section 15. Retirement and other reporting requirements for participating employers.

2 (1)(a) The Form 6000, Notification of Retirement, Section H shall be completed by the  
3 employer when an employee files for retirement in accordance with KRS 16.582, 61.600,  
4 61.590, 78.545, 78.5522, and 78.5524. The employer shall certify the employee's leave  
5 balances and final salary, including any anticipated salary through the employee's  
6 termination date yet to be reported to the agency.

7 (b) The employer shall complete and provide the valid Form 6000, Section H, signed by  
8 the designated Agency Reporting Official, to the employee or through ESS.

9 (2) The employer shall submit personnel actions prior to September 15, 2011 on a valid  
10 Form 2020, Advice of Personnel Action.

11 (3) Each employer shall complete and file a valid Form 2023, Leave Without Pay  
12 Verification, when an employee begins and ends a period of leave without pay.

13 (4) If at any time the employee provides a Form 2035, Beneficiary Designation, to his  
14 or her employer, the employer shall forward the Form 2035 to the agency immediately upon  
15 receipt.

16 (5) If either of the following forms are provided to the employer, it shall submit the  
17 completed applicable form by the end of day thirty (30) calendar days from the date the form  
18 was provided:

19 a) A Form 6487, Request for Member Pension Spiking Exemption Amounts in  
20 accordance with 105 KAR 1:142 Section 4; or

21 (b) A Form 6481, Employer Request for Post-Determination of Bona Fide Promotion or  
22 Career Advancement, in accordance with 105 KAR 1:142 Section 3.

1       (6) If the agency is notified or becomes aware of past employment for which a member  
2 did not receive service credit, the agency shall provide the employer with a Form 4225,  
3 Verification of Past Employment, to certify dates, hours, wages, and the position classification  
4 for the past employment. The employer shall complete and submit the valid Form 4225 by  
5 the end of day thirty (30) calendar days from the date the Form 4225 was provided.

6       (7) An employer shall submit any additional information requested by the agency,  
7 including a position description or any other documentation deemed necessary by the agency  
8 to ensure employer compliance with KRS16.505 to 16.652, 61.510 to 61.705, and 78.510 to  
9 78.852.

10       Section 16. Felony charges related to employment. Employers shall notify the agency  
11 when an employee hired on or after August 1, 2000, is convicted of a felony related to his or  
12 her employment.

13       Section 17. Employer cooperation with the agency.

14       (1) If an ESS Employer or County Fee Employer refuses to provide the agency access  
15 to records or information requested in accordance with KRS 61.685 and 78.545, or does not  
16 respond to a request for information or records by the agency, the agency may, if appropriate,  
17 hold payments of:

18       (a) Any funds due to the employer; or

19       (b) Refunds or initial retirement allowances to an employee or former employee of the  
20 employer whose refund or retirement may be affected by the records or information  
21 requested by the agency.

1           (2) The agency may conduct an audit of the employer in accordance with KRS 61.675(2)  
2 and 78.625(5) to determine compliance with the provisions of KRS 16.505-16.652, 61.610-  
3 61.705, or 78.510-78.852.

4           ~~[Section 7. (1) For members retiring on or after January 1, 2014, but prior to July 1,~~  
5 ~~2017, the retirement systems shall determine if annual increases in a member's creditable~~  
6 ~~compensation greater than ten (10) percent occurred over the member's last five (5) fiscal~~  
7 ~~years of employment.~~

8           ~~(a) For each of the member's last five (5) fiscal years of employment, the retirement~~  
9 ~~systems shall multiply the member's creditable compensation for the previous fiscal year by~~  
10 ~~110 percent. If the member's creditable compensation in any of his or her last five (5) fiscal~~  
11 ~~years of employment is greater than the member's creditable compensation from the~~  
12 ~~previous fiscal year multiplied by 110 percent, the retirement systems shall determine that~~  
13 ~~an annual increase in the member's creditable compensation greater than ten (10) percent~~  
14 ~~has occurred.~~

15           ~~(b) For purposes of performing the calculations in paragraph (a) of this subsection, the~~  
16 ~~member's creditable compensation shall be annualized by dividing the member's creditable~~  
17 ~~compensation for the fiscal year by the number of months of service credit, and multiplying~~  
18 ~~by twelve (12).~~

19           ~~(2) If the retirement systems determine that the member received annual increases in~~  
20 ~~creditable compensation greater than ten (10) percent over his or her last five (5) fiscal years~~  
21 ~~of employment, the retirement systems shall send written notice to the member's last~~  
22 ~~participating employer of the retirement systems' determination that the member has~~  
23 ~~experienced annual increases in creditable compensation greater than ten (10) percent over~~

1 ~~the member's last five (5) fiscal years of employment, and the amount of the additional~~  
2 ~~actuarial cost to the retirement systems attributable to the increases.~~

3 ~~(3) If the employer believes that the annual increases in creditable compensation~~  
4 ~~greater than ten (10) percent over the member's last five (5) fiscal years of employment was~~  
5 ~~due to a bona fide promotion or career advancement, the employer shall file a Form 6481,~~  
6 ~~Employer Request for Post-Determination of Bona Fide Promotion or Career Advancement,~~  
7 ~~for a determination that the annual increases in creditable compensation greater than ten~~  
8 ~~(10) percent over the member's last five (5) fiscal years of employment were due to a bona~~  
9 ~~fide promotion or career advancement. The Form 6481 shall be filed within sixty (60) days of~~  
10 ~~the date on the notice. If the retirement systems had previously provided a determination that~~  
11 ~~a change in position or hiring of the member would be a bona fide promotion or career~~  
12 ~~advancement, the employer shall submit the determination and provide documentation that~~  
13 ~~the increase in creditable compensation for that fiscal year was due to the employer~~  
14 ~~implementing the proposed change in position or hiring.~~

15 ~~(4) The employer shall provide any additional information requested by the retirement~~  
16 ~~systems.~~

17 ~~(5) The retirement systems may require the employer to make certifications regarding~~  
18 ~~the information and documentation submitted.~~

19 ~~(6) In determining if a change in position or hiring was a bona fide promotion or career~~  
20 ~~advancement, the retirement systems shall consider the factors listed in KRS 61.598(1)(a).~~

21 ~~(7) The retirement systems shall issue a final administrative decision in writing informing~~  
22 ~~the employer whether the annual increases in creditable compensation greater than ten (10)~~

1 ~~percent over the member's last five (5) fiscal years of employment were due to a bona fide~~  
2 ~~promotion or career advancement.~~

3 ~~(8) If the employer fails to submit a Form 6481, Employer Request for Post-~~  
4 ~~Determination of Bona Fide Promotion or Career Advancement, within sixty (60) days of the~~  
5 ~~date on the notice, the employer shall pay the additional actuarial cost to the retirement~~  
6 ~~systems attributable to annual increases in creditable compensation greater than ten (10)~~  
7 ~~percent over the member's last five (5) fiscal years of employment.~~

8 ~~(9) If the employer disagrees with the final administrative decision by the retirement~~  
9 ~~systems, the employer shall file a written request for an administrative hearing pursuant to~~  
10 ~~KRS Chapter 13B within thirty (30) days of the date on the final administrative decision. The~~  
11 ~~hearing shall be limited to the issue of whether the retirement systems correctly determined~~  
12 ~~that the annual increases in the member's creditable compensation greater than ten (10)~~  
13 ~~percent were not due to a bona fide promotion or career advancement.~~

14 ~~(10) If the employer fails to file a written request for administrative hearing within thirty~~  
15 ~~(30) days of the date on the final administrative decision, the employer shall pay the additional~~  
16 ~~actuarial cost to the retirement systems attributable to annual increases in creditable~~  
17 ~~compensation greater than ten (10) percent over the member's last five (5) fiscal years of~~  
18 ~~employment.~~

19 ~~(11) The retirement systems shall issue an invoice to the last participating employer~~  
20 ~~representing the actuarial cost to the retirement systems attributable to annual increases in~~  
21 ~~creditable compensation greater than ten (10) percent over the member's last five (5) fiscal~~  
22 ~~years of employment. The employer may request that the retirement systems allow the~~



1 ~~employer to pay the cost over a period, not to exceed one (1) year, without interest and the~~  
2 ~~retirement systems shall establish a payment plan for the employer.~~

3 ~~(12) If the member was employed by more than one (1) participating employer when~~  
4 ~~the member retired, the actuarial cost to the retirement systems attributable to annual~~  
5 ~~increases in creditable compensation greater than ten (10) percent over the member's last~~  
6 ~~five (5) fiscal years of employment shall be divided equally among the member's last~~  
7 ~~participating employers.~~

8 ~~(13) An employer who is required to pay the additional actuarial cost pursuant to KRS~~  
9 ~~61.598 shall be treated as a participating employer in the system to which the employer is~~  
10 ~~required to pay the additional actuarial cost solely for purposes of making the payment~~  
11 ~~required pursuant to KRS 61.598.~~

12 ~~Section 8. (1) For members retiring on or after January 1, 2018, the retirement systems~~  
13 ~~shall determine if annual increases in a member's creditable compensation greater than ten~~  
14 ~~(10) percent occurred over the member's last five (5) fiscal years of employment.~~

15 ~~(a) For each of the member's last five (5) fiscal years of employment, the retirement~~  
16 ~~systems shall multiply the member's creditable compensation for the previous fiscal year by~~  
17 ~~110 percent. If the member's creditable compensation in any of his or her last five (5) fiscal~~  
18 ~~years of employment is greater than the member's creditable compensation from the~~  
19 ~~previous fiscal year multiplied by 110 percent, the retirement systems shall determine that~~  
20 ~~an annual increase in the member's creditable compensation greater than ten (10) percent~~  
21 ~~has occurred.~~

1           ~~(b) The fiscal year immediately preceding the member's last five (5) fiscal years shall~~  
2 ~~be used for comparison to determine if an increase in creditable compensation greater than~~  
3 ~~ten (10) percent occurred in the initial fiscal year of the member's last five (5) fiscal years.~~

4           ~~(c) For purposes of performing the calculations in paragraph (a) of this subsection, the~~  
5 ~~member's creditable compensation shall be annualized by dividing the member's creditable~~  
6 ~~compensation for the fiscal year by the number of months of service credit, and multiplying~~  
7 ~~by twelve (12).~~

8           ~~(2) The member shall receive a refund of all pre-tax and post-tax member contributions~~  
9 ~~and interest directly attributable to the reduction in creditable compensation.~~

10          ~~(a) Pre-tax member contributions shall be refunded to the member by the employer who~~  
11 ~~picked up the contributions.~~

12          ~~(b) Post-tax member contributions shall be refunded to the member directly from the~~  
13 ~~retirement systems.~~

14          ~~(c) Interest earned on pre-tax and post-tax member contributions shall be refunded to~~  
15 ~~the member directly from the retirement systems.~~

16          ~~Section 9. (1) If the retirement systems determine that the member received annual~~  
17 ~~increases in creditable compensation greater than ten (10) percent over the member's last~~  
18 ~~five (5) fiscal years of employment, the retirement systems shall send the member's employer~~  
19 ~~the Form 6487, Request for Member Pension Spiking Exemption Amounts.~~

20          ~~(a) Pursuant to KRS 16.645, 61.675, and 78.545, the employer shall furnish the~~  
21 ~~information required by the retirement systems in the discharge of its duties. The employer~~  
22 ~~shall complete the Form 6487 in its entirety and provide supporting documentation.~~

1           ~~(b) The employer shall submit a completed Form 6487 at the retirement office within~~  
2 ~~sixty (60) days from the date the Form 6487 was mailed. If the employer fails to submit a~~  
3 ~~completed Form 6487 within that sixty (60) day time period, Kentucky Retirement Systems~~  
4 ~~shall issue a final administrative decision and provide adjustment correspondence to the~~  
5 ~~member.~~

6           ~~(2) If the employer believes that the annual increases in creditable compensation~~  
7 ~~greater than ten (10) percent over the member's last five (5) fiscal years of employment was~~  
8 ~~not due to a bona fide promotion or career advancement, a lump sum payment for~~  
9 ~~compensatory time, a lump sum payment made pursuant to alternate sick leave, leave~~  
10 ~~without pay, overtime attributable to a state or federally funded grant, or overtime attributable~~  
11 ~~to a state of emergency, the employer shall indicate on the Form 6487 that none of the listed~~  
12 ~~exemptions are applicable.~~

13           ~~(a) The employer shall report any increases in creditable compensation directly~~  
14 ~~attributable to a lump sum payment for compensatory time, a lump sum payment made~~  
15 ~~pursuant to alternate sick leave, or leave without pay during the employer's normal monthly~~  
16 ~~reporting.~~

17           ~~(b) If, upon review of the Form 6487, the employer believes that adjustments to the~~  
18 ~~reported salaries are required, then the employer shall make those adjustments during the~~  
19 ~~next monthly reporting cycle pursuant to KRS 16.645, 61.675, and 78.545.~~

20           ~~(3) If the employer believes that the annual increases in creditable compensation~~  
21 ~~greater than ten (10) percent over the member's last five (5) fiscal years of employment was~~  
22 ~~due to a bona fide promotion or career advancement, overtime attributable to a state or~~

1 ~~federally funded grant, or overtime attributable to a state of emergency, the employer shall~~  
2 ~~include the salary directly attributable to each exemption in Part 2 of the Form 6487.~~

3 ~~(a) If the employer believes that any of the salary is directly attributable to a bona fide~~  
4 ~~promotion or career advancement, the employer shall complete Part 3 of the Form 6487.~~

5 ~~(b) The employer shall provide an explanation and documentation supporting the~~  
6 ~~assertion that the increase in creditable compensation resulted from a bona fide promotion~~  
7 ~~or career advancement.~~

8 ~~(c) In determining if a change in position or hiring was a bona fide promotion or career~~  
9 ~~advancement, the retirement systems shall consider the factors listed in KRS 61.598(1)(a).~~

10 ~~(4) The employer shall provide any additional information requested by the retirement~~  
11 ~~systems. The retirement systems may require the employer to make certifications regarding~~  
12 ~~the information and documentation submitted.~~

13 ~~(5) If the increases in creditable compensation are not directly attributable to any of the~~  
14 ~~listed exemptions and no reporting information needs to be corrected, then any annual~~  
15 ~~increase in creditable compensation greater than ten (10) percent shall not be used to~~  
16 ~~calculate the member's retirement allowance.~~

17 ~~(6) The retirement systems shall not issue a refund to the employer for the excess~~  
18 ~~employer contributions. The retirement systems shall utilize any employer contributions~~  
19 ~~directly attributable to the reduction in creditable compensation to pay the unfunded liability~~  
20 ~~of the pension fund in which the retiring member participated.]~~

21 Section 18.~~[Section 10.]~~ Incorporation by Reference.

22 (1) The following material is incorporated by reference:

23 (a) Kentucky Public Pensions Authority Employer Reporting Manual, July 2021;

- 1           (b) Form 2012, Election or Rejection of Participation for Mayors and Members of City  
2 Legislative Bodies, March 2024;
- 3           (c) Form 2020, Advice of Personnel Action, March 2024;  
4           (d) Form 2023, Leave Without Pay Verification, March 2024;  
5           (e) Form 2035, Beneficiary Designation, March 2024;  
6           (f) Form 4225, Verification of Past Employment, March 2024;  
7           (g) Form 6000, Notification of Retirement, June 2023;  
8           (h) Form 6800, Application for Duty Related/In Line of Duty Death Benefits, June 2023;  
9           (i) Form 7071, Employer Self Service Employer Administrator Account Creation  
10 Request, March 2024;
- 11           (j) Form 7072, Reporting/Balancing Employer Acknowledgment, April 2021;  
12           (k) Form 7250, Verification of Payments Outside Regular Wages, March 2024;  
13           (l) Form 7851, Data Use and Reporting Agreement, March 2024; and  
14           (m) Form 8030, Employer Job Description, June 2023. [(a) Form 6481, "Employer  
15 Request for Post-Determination of Bona Fide Promotion or Career Advancement", July 2015;  
16 and
- 17           ~~(b) Form 6487, "Request for Member Pension Spiking Exemption Amounts", February~~  
18 ~~2018.]~~
- 19           (2) This material may be inspected, copied, or obtained, subject to applicable copyright  
20 law, at the Kentucky Public Pensions Authority, [Perimeter Park West,] 1260 Louisville Road,  
21 Frankfort, Kentucky 40601, Monday through Friday, from 8 a.m. to 4:30 p.m. This material is  
22 also available on the Kentucky Public Pensions Authority's Web site at [kyret.ky.gov](http://kyret.ky.gov).

APPROVED:

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DAVID EAGER,  
EXECUTIVE DIRECTOR  
KENTUCKY PUBLIC PENSIONS AUTHORITY

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DATE

**PUBLIC HEARING AND PUBLIC COMMENT PERIOD:** A public hearing to allow for public comment on this administrative regulation shall be held on Wednesday, September 25, 2024, 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 workdays prior to the hearing of their intent to attend. If no notification of intent to attend the hearing was received by that date, the hearing may be cancelled. 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 until September 30, 2024. 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:** Jessica Beaubien, Policy Specialist, Kentucky Public Pensions Authority, 1260 Louisville Road, Frankfort, KY 40601, email [Legal.Non-Advocacy@kyret.ky.gov](mailto:Legal.Non-Advocacy@kyret.ky.gov), telephone (502) 696-8800 ext. 8570, facsimile (502) 696-8615.

## REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Regulation number: 105 KAR 1:140  
Contact person: Jessica Beaubien  
Phone number: 502-696-8800 ext. 8570  
Email: [Legal.Non-Advocacy@kyret.ky.gov](mailto:Legal.Non-Advocacy@kyret.ky.gov)

(1) Provide a brief summary of:

(a) What this administrative regulation does: This administrative regulation sets out the administrative duties and reporting requirements for all participating employers in the State Police Retirement System, Kentucky Employees Retirement System, and County Employees Retirement System.

(b) The necessity of this administrative regulation: This administrative regulation is necessary to allow the Kentucky Public Pensions Authority to effectively carry out the day-to-date operations required by KRS 16.505 to 16.652, 61.510 to 61.705, and 78.510 to 78.852.

(c) How this administrative regulation conforms to the content of the authorizing statutes: KRS 61.505(1)(g) 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 KRS 16.505 to 16.652, 61.505, 61.510 to 61.705, and 78.510 to 78.852. Employers participating in the Kentucky Employees Retirement System, County Employees Retirement System, and State Police Retirement System are required by KRS 16.645, 61.565, 61.675 78.625, and 78.635 to make contributions to the systems, report creditable compensation and other information that the systems may require to the Kentucky Public Pensions Authority, and perform other duties and responsibilities as participating employers.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: This administrative regulation assists with the effective administration of the statutes by detailing the necessary steps that all participating employers in the State Police Retirement System, Kentucky Employees Retirement System, and County Employees Retirement System must take in order to conform with their statutory obligations.

(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: This amendment adds details of the employers' administrative duties and reporting requirements.

(b) The necessity of the amendment to this administrative regulation: This amendment is necessary to allow the Kentucky Public Pensions Authority to effectively carry out the day-to-date operations required by KRS 16.505 to 16.652, 61.510 to 61.705, and 78.510 to 78.852.

(c) How the amendment conforms to the content of the authorizing statutes: KRS 61.505(1)(g) 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 KRS 16.505 to 16.652, 61.505, 61.510 to 61.705, and 78.510 to 78.852. Employers participating in the Kentucky Employees Retirement System, County Employees Retirement System, and State Police Retirement System are required by KRS 16.645, 61.565, 61.675 78.625, and 78.635 to make contributions to the



systems, report creditable compensation and other information that the systems may require to the Kentucky Public Pensions Authority, and perform other duties and responsibilities as participating employers.

(d) How the amendment will assist in the effective administration of the statutes: This amendment assists with the effective administration of the statutes by detailing the necessary steps that all participating employers in the State Police Retirement System, Kentucky Employees Retirement System, and County Employees Retirement System must take in order to conform with their statutory obligations.

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: This administrative regulation will affect 1,452 employers that participate in the State Police Retirement System, the Kentucky Employees Retirement System, and the County Employees Retirement System. This administrative regulation will also affect the Kentucky Public Pensions Authority and the three (3) systems for which it provides operations, the State Police Retirement System, the Kentucky Employees Retirement System, and the County Employees Retirement System.

(4) Provide an analysis of how the entities identified in question (3) 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 (3) will have to take to comply with this administrative regulation or amendment: Regulated entities will be minimally impacted by these changes as this administrative regulation is already being administered as written.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (3): The cost of compliance with this administrative regulation should be negligible, as this administrative regulation is already being administered as written.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (3): The benefits should be negligible, as this administrative regulation is already being administered as written.

(5) Provide an estimate of how much it will cost to implement this administrative regulation:

(a) Initially: The costs associated with the implementation of this amendment should be negligible.

(b) On a continuing basis: The continuing costs associated with this amendment should be negligible.

(6) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation: Administrative expenses of the Kentucky Public Pensions Authority are paid from the Retirement Allowance Account (trust and agency funds).

(7) 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: There is no increase in fees or funding required.

(8) State whether or not this administrative regulation establishes any fees or directly or indirectly increases any fees: This administrative regulation does not establish any fees or directly or indirectly increase any fees.

(9) TIERING: Is tiering applied? (Explain why or why not) Tiering is not applied. All entities are subject to the same processes and procedures.

## FISCAL IMPACT STATEMENT

105 KAR 1:140

Contact person: Jessica Beaubien

Phone number: 502-696-8800 ext. 8570

Email: [Legal.Non-Advocacy@kyret.ky.gov](mailto:Legal.Non-Advocacy@kyret.ky.gov)

(1) Identify each state statute, federal statute, or federal regulation that requires or authorizes the action taken by the administrative regulation. KRS 61.505(1)(g), 16.645, 61.565, 61.675 78.625, and 78.635.

(2) Identify the promulgating agency and any other affected state units, parts, or divisions: The promulgating agency for this administrative regulation is the Kentucky Public Pensions Authority (KPPA). This administrative regulation will affect the KPPA and the systems for which the KPPA provides operations (the County Employees Retirement System, the State Police Retirement System and the Kentucky Employees Retirement System), and 333 state government employers that participate in the Kentucky Employees Retirement System and the State Police Retirement System.

(a) Estimate the following for the first year:

Expenditures: None.

Revenues: None.

Cost Savings: None.

(b) How will expenditures, revenues, or cost savings differ in subsequent years? There should be no expenditures, revenue, or cost saving for this administrative regulation in subsequent years because this administrative regulation is being administered as written.

(3) Identify affected local entities (for example: cities, counties, fire departments, school districts): The County Employees Retirement System and 1,120 county and local employers that participate in the County Employees Retirement System.

(a) Estimate the following for the first year:

Expenditures: None.

Revenues: None.

Cost Savings: None.

(b) How will expenditures, revenues, or cost savings differ in subsequent years? There should be no expenditures, revenue, or cost saving for this administrative regulation in subsequent years because this administrative regulation is being administered as written.

(4) Identify additional regulated entities not listed in questions (2) or (3): None.

(a) Estimate the following for the first year:

Expenditures: N/A

Revenues: N/A

Cost Savings: N/A

(b) How will expenditures, revenues, or cost savings differ in subsequent years? There are no additional regulated entities not listed in questions (2) or (3).

(5) Provide a narrative to explain the:

(a) Fiscal impact of this administrative regulation: The fiscal impact of this administrative regulation should be negligible because this administrative regulation is already being administered as written.

(b) Methodology and resources used to determine the fiscal impact: This administrative regulation is already being administered as written.

(6) Explain:

(a) Whether this administrative regulation will have an overall negative or adverse major economic impact to the entities identified in questions (2) - (4). (\$500,000 or more, in aggregate) This administrative regulation will not have a "major economic impact" because this administrative regulation is already being administered as written.

(b) The methodology and resources used to reach this conclusion: This administrative regulation is already being administered as written.

## SUMMARY OF MATERIAL INCORPORATED BY REFERENCE

The Kentucky Public Pensions Authority Employer Reporting Manual is a 196-page document which includes comprehensive information about general KPPA information including contribution groups; detailed information on employee reporting; information on ESS account setup, maintenance and use; the monthly reporting process and requirements; and instructions for the use of employer forms. This manual is the first source of reference for employers. This is a newly incorporated document.

Form 2012, Election or Rejection of Participation for Mayors and Members of City Legislative Bodies is a 1-page form used by city managers and appointed local government officials, mayors, or city legislative body members who want to elect not to participate in the County Employees Retirement System. This is a newly incorporated document.

Form 2020, Advice of Personnel Action, is a 1-page form completed by employers to submit personnel actions that occurred prior to September 15, 2011. This is a newly incorporated document.

Form 2023, Leave Without Pay Verification, is a 1-page form completed by an employer when an employee begins and ends a period of leave without pay. This is a newly incorporated document.

Form 2035, Beneficiary Designation, is a 2-page form completed by employees to designate a beneficiary that employers must submit to the KPPA if it is given to them by the employee. This is a newly incorporated document.

Form 4225, Verification of Past Employment, is a 3-page form completed by an employer to certify dates, hours, wages, and the position classification for past employment. This is a newly incorporated document.

Form 6000, Notification of Retirement, is a 14-page form completed by members as notification of retirement. Employers must complete Section H of this form in order to include future salary, service and sick and compensatory leave balances in the member's estimated retirement allowance. This is a newly incorporated document.

Form 6800, Application for Duty Related/In Line of Duty Death Benefits, is a 1-page form completed by a deceased member's employers to certify the date, time, location, and description of an incident to determine if the incident qualifies as an act in line of duty or duty related injury. This is a newly incorporated document.

Form 7071, Employer Self Service Employer Administrator Account Creation Request, is a 1-page form use to designate an Employer Administrator for the employer's ESS account. This is a newly incorporated document.

Form 7072, Reporting/Balancing Employer Acknowledgment, is a 1-page form used to designate a third-party entity to report employee information on behalf of the employer. This is a newly incorporated document.

Form 7250, Verification of Payments Outside Regular Wages, is a 1-page form completed by employers for payment for creditable compensation paid as a lump sum, nonrecurring payment, or other payment outside of regular wages. This is a newly incorporated document.

Form 7851, Data Use and Reporting Agreement, is a 4-page form completed by employers that details the employer's data use and reporting responsibilities within the ESS system. This is a newly incorporated document.

Form 8030, Employer Job Description, is a 3-page form completed by the employer to provide KPPA with details of a member or deceased member's job duties and requirements in order for KPPA to determine eligibility of disability or survivor benefits. This is a newly incorporated document.



Form 7072  
04/2021

## Reporting/Balancing Employer Acknowledgment Form

**This form must be completed by the employer to acknowledge that they have designated a 3rd party entity to report employee information on their behalf. If you have any questions, please contact our office at (888) 696-8810.**

### Employer Information

Employer:	Employer Code:
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### Reporting and Balancing Employer Information

Please provide information for the 3rd party entity who will act as a Reporting and/or Balancing Employer for your agency for monthly reporting to Kentucky Public Pensions Authority's Employer Self Service (ESS). A Reporting Employer is an entity who submits the monthly contribution detail report for a participating employer. A Balancing Employer is an entity who submits the monthly summary and payment for a participating employer.

Please check one of the following:  Reporting Employer  Balancing Employer  Reporting and Balancing Employer

Company Name:

Representative Name:

Address:	City:	State:	Zip Code:
Phone:	E-mail Address:		

### Certification

I acknowledge that the above-named entity is authorized to report on our behalf to Kentucky Public Pensions Authority and will be granted access to employee and employer information for our agency on the KPPA Employer Self Service (ESS) site. Furthermore, I understand that if this information should change that it will be necessary to contact KPPA for the appropriate changes to our account set up and ESS access.

I understand that the unauthorized or improper use of this system may subject me personally and/or our employer to one or more of the following: account cancellation, civil penalties or criminal penalties.

Agency Head Signature: \_\_\_\_\_

Date: \_\_\_\_\_

1 FINANCE AND ADMINISTRATION CABINET

2 Kentucky Public Pensions Authority

3 (Amendment)

4 105 KAR 1:001. Definitions for 105 KAR Chapter 1.

5 RELATES TO: KRS 16.505-16.652, 61.510-61.705, 78.510-78.852

6 STATUTORY AUTHORITY: KRS 61.505(1)(g)

7 NECESSITY, FUNCTION, AND CONFORMITY: KRS 61.505(1)(g) authorizes the

8 Kentucky Public Pension Authority on behalf of the Kentucky Retirement Systems and the

9 County Employees Retirement System to promulgate administrative regulations that are

10 consistent with the provisions of KRS 16.505 to 16.652, 61.505, 61.510 to 61.705, and 78.510

11 to 78.852. This administrative regulation establishes definitions for 105 KAR Chapter 1.

12 Section 1. Definitions. The following definitions shall apply to 105 KAR Chapter 1 unless

13 otherwise required by context or otherwise defined in a specific administrative regulation:

14 (1) "AAC" means:

15 (a) Prior to April 1, 2021, the Administrative Appeals Committee of the Board of Trustees  
16 of the Kentucky Retirement Systems.

17 (b) Beginning April 1, 2021, the separate or joint Administrative Appeals Committees of  
18 the Board of Trustees of the Kentucky Retirement Systems and the Board of Trustees of the  
19 County Employees Retirement System in accordance with KRS 61.645(16) and 78.782(16).

20 (2) "Accumulated account balance" is defined by KRS 16.505(40), 61.510(41), and  
21 78.510(38).

22 (3) "Accumulated contributions" is defined by KRS 16.505(7), 61.510(12), and 78.510(12).



1 (4) "Accumulated employer credit" is defined by KRS 16.505(39), 61.510(40), and  
2 78.510(37).

3 (5) "Act in line of duty" or "in line of duty" is defined by KRS 16.505(19) and 78.510(48).

4 (6) "Active member" means a member who is participating in the systems.

5 (7) "Actuarial equivalent" is defined by KRS 16.505(13), 61.510(17), and 78.510(17).

6 (8) "Agency" means:

7 (a) Prior to April 1, 2021, the Kentucky Retirement Systems, which administered the State  
8 Police Retirement System, the Kentucky Employees Retirement System, and the County  
9 Employees Retirement System; and

10 (b) Beginning April 1, 2021, the Kentucky Public Pensions Authority, which is authorized  
11 to carry out the day-to-day administrative needs of the Kentucky Retirement Systems  
12 (comprised of the State Police Retirement System and the Kentucky Employees Retirement  
13 System) and the County Employees Retirement System.

14 (9) "Agency reporting official" is defined by KRS 78.510(20).

15 (10) "Alternate payee" is defined by KRS 16.505(38), 61.510(39), and 78.510(36).

16 (11) "Authorized leave of absence" is defined by KRS 16.505(14).

17 (12) "Beneficiary" is defined by KRS 16.505(25), 61.510(26), and 78.510(25).

18 (13) "Boards" means the Board of Trustees of the Kentucky Retirement Systems and the  
19 Board of Trustees of the County Employees Retirement System.

20 (14) "Bona fide promotion or career advancement" means:

21 (a) is defined by The definition provided by KRS 61.598(1) and 78.545(22); and

22 (b) Any increases in creditable compensation for all employees in a specified class due to  
23 an increase in rate of pay authorized or funded by the legislative or administrative body of the

1 employer or due to an increase in rate of pay mandated in a collective bargaining agreement  
2 approved by the legislative body of the employer.

3 (15) "Career threshold" is defined by KRS 61.702(4)(e).9.a. and 78.5536(4)(e)9.a.

4 (16) "County" is defined by KRS 78.510(3).

5 (17) "Creditable compensation" is defined by KRS 16.505(8), 61.510(13), and 78.510(13).

6 (18) "Current rate of pay" is defined by KRS 16.505(24), 61.510(25), and 78.510(24).

7 (19) "Current service" is defined by KRS 16.505(4), 61.510(10), and 78.510(10).

8 (20) "DAC" means:

9 (a) Prior to April 1, 2021, the Disability Appeals Committee of the Board of Trustees of the  
10 Kentucky Retirement Systems.

11 (b) Beginning April 1, 2021, the separate or joint Disability Appeals Committees of the  
12 Board of Trustees of the Kentucky Retirement Systems and the Board of Trustees of the  
13 County Employees Retirement System in accordance with KRS 61.665(4) and 78.545(11).

14 (21) "Department" is defined by KRS 61.510(3).

15 (22) "Dependent child" is defined by KRS 16.505(17) and 78.510(49).

16 (23) "Disability retirement date" is defined by KRS 16.505(16), 61.590(5)(b), and  
17 78.510(51).

18 (24) "Duty-related injury" is defined by KRS 61.621(2) and 78.545(20).

19 (25) "Early retirement date" is defined by KRS 16.505(20), 61.590(5)(c), and 78.545(4).

20 (26) "Employee" is defined by KRS 61.510(5) and 78.510(6).

21 (27) "Employer" is defined by KRS 16.505(3), 61.510(6), and 78.510(7).

22 (28) "Employer's effective cessation date" is defined by KRS 61.522(1)(c) and  
23 78.535(1)(c).

24 (29) "End of day" means:

1        (a) 11:59 p.m. Eastern Time, on the date referenced; and

2        (b) If the date referenced falls on a Saturday, Sunday, a public holiday listed in KRS  
3 2.110, a day on which the retirement office is actually and legally closed, or any other state or  
4 federal holiday that disrupts mail service, then the time period shall be met if the application,  
5 documentation, form, notice, or other requested or required information is filed or submitted no  
6 later than 11:59 p.m. Eastern Time on the next business day following the weekend, holiday,  
7 or date of closure.

8        (30) "Examiner" means the medical examiners as provided in KRS 61.665 and  
9 78.545(11).

10       (31) "File" means a form or document has been received at the retirement office by mail,  
11 fax, secure email, in-person delivery, or via Self Service on the Web site maintained by the  
12 agency (if available).

13       (32) "Final compensation" is defined by KRS 16.505(9), 61.510(14), and 78.510(14).

14       (33) "Final rate of pay" is defined by KRS 16.505(10), 61.510(15), and 78.510(15).

15       (34) "Fiscal year" is defined by KRS 16.505(32), 61.510(19), and 78.510(19).

16       (35) "Full-time student" means a person:

17       (a) Enrolled in a postsecondary program of study that meets the full-time student  
18 requirements of the institution in which he or she is enrolled;

19       (b) Enrolled in a continuing education or training program that meets the full-time  
20 requirements of the program or institution in which he or she is enrolled; or

21       (c) Enrolled in high school or a GED program that meets the full-time student requirements  
22 of the program or institution in which he or she is enrolled.

1        ~~(36)~~<sup>[35]</sup> "Gainful employment" means work in any capacity that is, or may be, performed  
2 with regularity and is, or may be, usually done for pay, whether or not pay is received,  
3 including seasonal, volunteer, part-time, and on-call work.

4        ~~(37)~~<sup>[36]</sup> "Grandfathered service" is defined by KRS 61.552(9)(b) and 78.545(7).

5        ~~(38)~~<sup>[37]</sup> "Hazardous disability" is defined by KRS 16.505(23) and 78.510(47).

6        ~~(39)~~<sup>[38]</sup> "Hazardous position" means a regular full-time officer as defined by 16.505(22),  
7 or a "hazardous position" as defined by 61.592(1)(a), 78.510(42), and 78.5520(1).

8        ~~(40)~~ "Hazardous service" means the number of years and months of employment as an  
9 employee in a hazardous position.

10       ~~(41)~~<sup>[39]</sup> "Hospital and medical insurance plan" is defined by KRS 61.702(1)(a) and  
11 78.5536(1)(a).

12       ~~(42)~~<sup>[40]</sup> "In line of duty" or "act in line of duty" is defined by KRS 16.505(19) and  
13 78.510(48).

14       ~~(43)~~<sup>[41]</sup> "Inactive member" means a member who is not participating in the system.

15       ~~(44)~~<sup>[42]</sup> "Increment" is defined by KRS 61.510(29) and 78.510(44).

16       ~~(45)~~<sup>[43]</sup> "Instructional staff" is defined by KRS 61.510(48).

17       ~~(46)~~<sup>[44]</sup> "Invalid," if used in reference to a form, means that the form does not meet the  
18 requirements to be valid, and shall not be processed by the agency.

19       ~~(47)~~<sup>[45]</sup> "Last day of paid employment" is defined by KRS 16.505(30), 61.510(32), and  
20 78.510(45).

21       ~~(48)~~<sup>[46]</sup> "Level percentage of payroll amortization method" is defined by KRS 61.510(28)  
22 and 78.510(43).

23       ~~(49)~~<sup>[47]</sup> "Medical information" as used in KRS 61.610, 61.615, 61.665, 78.5526 and  
24 78.5528:

1 (a) Means reports of examinations or treatments; medical signs that are anatomical,  
2 physiological, or psychological abnormalities that can be observed; psychiatric signs that are  
3 medically demonstrable phenomena indicating specific abnormalities of behavior, affect,  
4 thought, memory, orientation, or contact with reality; or laboratory findings that are anatomical,  
5 physiological, or psychological phenomena that can be shown by medically acceptable  
6 laboratory diagnostic techniques, including chemical tests, electrocardiograms,  
7 electroencephalograms, X-rays, and psychological tests; and

8 (b) Does not mean written statements from medical providers alone unless accompanied  
9 by supporting contemporaneous records as established in paragraph (a) of this subsection.

10 (50)[48] "Member" is defined by KRS 16.505(21), 61.510(8), and 78.510(8).

11 (51)[49] "Membership date" is defined by KRS 16.505(35), 61.510(36), and 78.510(33).

12 (52)[50] "Month" is defined by KRS 16.505(34), 61.510(35), and 78.510(32).

13 (53)[54] "Monthly average pay" is defined by KRS 16.505(41), 61.510(45), and  
14 78.510(52).

15 (54)[52] "Monthly contribution rate" means the maximum contribution the systems will pay  
16 toward the premium of a retired member based on:

17 (a) The amount determined by the boards as provided in KRS 61.702(1)(b), 61.702(4)(b)-  
18 (d), 78.5536(1)(b), and 78.5536(4)(b)-(d) for a retired member who began participating in the  
19 systems on or before June 30, 2003; or

20 (b) The amount per month earned by the retired member based on years of service as  
21 provided in KRS 61.702(4)(e) and 78.5536(4)(e) for a retired member who began participating  
22 in the systems on or after July 1, 2003.~~[is defined by KRS 61.702(1)(b) and 78.5536(1)(b)].~~

23 (55)[53] "Nominal fee" is defined by KRS 61.510(43) and 78.510(40).

24 (56)[54] "Non-core services independent contractor" is defined by KRS 61.5991(9).

1        ~~(57)~~~~[55]~~ "Nonhazardous position" is defined by KRS 61.510(44) and 78.510(41).

2        (58) "Nonparticipating position" means any position of employment with a participating  
3 employer other than a regular full-time position or a regular full-time officer position.

4        ~~(59)~~~~[56]~~ "Normal retirement age" means the age at which the member meets the  
5 requirements for his or her normal retirement date.

6        ~~(60)~~~~[57]~~ "Normal retirement date" is defined by KRS 16.505(15), 61.510(18), 61.590(5)(a),  
7 and 78.510(18).

8        ~~(61)~~~~[58]~~ "Objective medical evidence" is defined by KRS 16.505(31), 61.510(33), and  
9 78.510(46).

10       ~~(62)~~~~[59]~~ "Officers and employees of the General Assembly" is defined by KRS  
11 61.510(20).

12       ~~(63)~~~~[60]~~ "Optional allowance" is defined by KRS 16.505(18).

13       ~~(64)~~~~[64]~~ "Participant" is defined by KRS 16.505(36), 61.510(37), and 78.510(34).

14       ~~(65)~~~~[62]~~ "Participating" is defined by KRS 16.505(33), 61.510(34), and 78.510(31).

15       ~~(66)~~~~[63]~~ "Participating employer" means any employer that participates in one (1) of the  
16 systems operated by the agency.

17       (67) "Participating position" means a regular full-time position, a regular full-time officer  
18 position, or other positions that meet the requirements of KRS 61.680(6)(a) and 78.545.

19       ~~(68)~~~~[64]~~ "Participation date" means the earlier of "membership date" as defined in this  
20 section or the date on which the member began participating in another state-administered  
21 retirement system if the member has not retired or taken a refund from the other state-  
22 administered retirement system.

23       ~~(69)~~~~[65]~~ "Past service" is defined by KRS 61.552(5)(a) and 78.545(7).

24       ~~(70)~~~~[66]~~ "Person" means a natural person.

1           (71)[67] "Premium" means the monthly dollar cost required to provide hospital and  
2 medical insurance plan coverage for a recipient, a recipient's spouse, or a disabled or  
3 dependent child.

4           (72)[68] "Prior service" is defined by KRS 16.505(5), 61.510(11), and 78.510(11).

5           (73)[69] "Provide," if used in reference to a form or other document, means the agency  
6 makes a form or document available on its Web site (if appropriate) or by mail, fax, secure  
7 email, or via Self Service on the Web site maintained by the agency (if available).

8           (74)[70] "Qualified domestic relations order" is defined by KRS 16.505(37), 61.510(38),  
9 and 78.510(35).

10          (75)[74] "Recipient" is defined by KRS 16.505(26), 61.510(27), and 78.510(26).

11          (76)[72] "Reemployment" means the retired member's first date of employment with a  
12 participating employer following his or her most recent retirement date.

13          (77)[73] "Regular full-time officers" is defined by KRS 16.505(22).

14          (78)[74] "Regular full-time position" is defined by KRS 61.510(21) and 78.510(21).

15          (79)[75] "Retired member" is defined by KRS 16.505(11), 61.510(24), and 78.510(23).

16          (80)[76] "Retirement allowance" is defined by KRS 16.505(12), 61.510(16), and  
17 78.510(16).

18          (81) "Retirement date" means a member's effective retirement date as described in KRS  
19 61.590(5) and 78.545(4).

20          (82)[77] "Retirement office" is defined by KRS 16.505(28), 61.510(31), and 78.510(29).

21          (83)[78] "School board" is defined by KRS 78.510(4).

22          (84)[79] "School term or year" is defined by KRS 78.510(28).

23          (85) "Self-Service Web site" means the secure Member Self-Service or Retiree Self-Service  
24 agency Web site.

1        (86)[80] "Service" is defined by KRS 16.505(6), 61.510(9), and 78.510(9).

2        (87)[84] "State" means the Commonwealth of Kentucky.

3        (88) "State-administered retirement system" means the retirement systems with  
4        reciprocity as described in KRS 61.680.

5        (89) "Submit" means the required form, documentation, report, or payment has been  
6        received by the retirement office via mail, fax, electronic mail, the Self-Service Web site, the  
7        Employer Self-Service Web site, or other mode specifically detailed in an administrative  
8        regulation.

9        (90)[82] "Systems" means the State Police Retirement System (KRS 16.505 to 16.652),  
10       the Kentucky Employees Retirement System (KRS 61.510 to 61.705), and the County  
11       Employees Retirement System (KRS 78.510 to 78.852).

12       (91)[83] "Total and permanent disability" is defined by KRS 16.582(1)(a) and  
13       78.5524(1)(a)1.

14       (92)[84] "Valid," if used in reference to a form, means that all required sections of a form  
15       are filled out, the form has been fully executed by the required person or the person's legal  
16       representative, and all supporting documentation required by the form is included with the  
17       form.

18       (93)[85] "Volunteer" is defined by KRS 61.510(42) and 78.510(39).

19       (18 Ky.R. 1692; 2195; eff. 1-10-1992; 22 Ky.R. 1325; 3-7-1996; 31 Ky.R. 785; 1049; eff.  
20       1-4-2005; 33 Ky.R. 2-2-2007; 44 Ky.R. 258; eff. 11-3-2017; 49 Ky.R. 1535, 1899; eff. 7-5-  
21       2023.)



APPROVED:

  
\_\_\_\_\_  
DAVID L. EAGER,  
EXECUTIVE DIRECTOR  
KENTUCKY PUBLIC PENSIONS AUTHORITY

3/21/2024  
\_\_\_\_\_  
DATE

**PUBLIC HEARING AND PUBLIC COMMENT PERIOD:** A public hearing to allow for public comment on this administrative regulation shall be held on Tuesday, June 25, 2024, 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 workdays prior to the hearing of their intent to attend. If no notification of intent to attend the hearing was received by that date, the hearing may be cancelled. 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 until June 30, 2024. 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 15<sup>th</sup> day of the month following the end of the public comment period, or upon filing a written request for extension, no later than the 15<sup>th</sup> day of the second month following the end of the public comment period.

**CONTACT PERSON:** Jessica Beaubien, Policy Specialist, Kentucky Public Pensions Authority, 1260 Louisville Road, Frankfort, KY 40601, email [Legal.Non-Advocacy@kyret.ky.gov](mailto:Legal.Non-Advocacy@kyret.ky.gov), telephone (502) 696-8800 ext. 8570, facsimile (502) 696-8615.

## REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Regulation number: 105 KAR 1:001  
Contact person: Jessica Beaubien  
Phone number: 502-696-8800 ext. 8570  
Email: [Legal.Non-Advocacy@kyret.ky.gov](mailto:Legal.Non-Advocacy@kyret.ky.gov)

(1) Provide a brief summary of:

(a) What this administrative regulation does: This administrative regulation establishes definitions for Title 105 of the Kentucky Administrative Regulations.

(b) The necessity of this administrative regulation: This administrative regulation is necessary to establish the definitions for Title 105 of the Kentucky Administrative Regulations.

(c) How this administrative regulation conforms to the content of the authorizing statutes: This administrative regulation conforms to the authorizing statute by establishing definitions for Title 105 of the Kentucky Administrative Regulations, which contains administrative regulations for the Kentucky Public Pensions Authority and the systems for which it provides operations.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: This administrative regulation will assist in the effective administration of the statutes by establishing definitions for the administrative regulations in Title 105 of the Kentucky Administrative Regulations.

(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: This amendment adds several new definitions.

(b) The necessity of the amendment to this administrative regulation: These additional definitions are needed to assist in the effective administration of statutes by establishing them as definitions for the administrative regulations in Title 105 of the Kentucky Administrative Regulations.

(c) How the amendment conforms to the content of the authorizing statutes: This amendment conforms to the authorizing statute by adding definitions for Title 105 of the Kentucky Administrative Regulations, which contains administrative regulations for the Kentucky Public Pensions Authority and the systems for which it provides operations.

(d) How the amendment will assist in the effective administration of the statutes: This amendment will assist in the effective administration of the statutes by adding definitions for the administrative regulations in Title 105 of the Kentucky Administrative Regulations.

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: This administrative regulation may affect over 420,000 members of the systems for which the Kentucky Public Pensions Authority provides operations as well as their spouses, dependent children, and beneficiaries. Additionally, this administrative regulation may affect 1,452 employers that participate in the State Police Retirement System, the Kentucky Employees Retirement System, and the County Employees Retirement System. Finally, this administrative regulation will affect the Kentucky Public Pensions Authority and the three (3) systems for which it provides operations, the State Police Retirement System, the Kentucky Employees Retirement System, and the County Employees Retirement System.

(4) Provide an analysis of how the entities identified in question (3) 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 (3) will have to take to comply with this administrative regulation or amendment: None.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (3): This regulation will not cost any additional funds.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (3): This administrative regulation will assist all entities identified in question (3) with understanding the administrative regulations in Title 105 of the Kentucky Administrative Regulations.

(5) Provide an estimate of how much it will cost to implement this administrative regulation:

(a) Initially: None.

(b) On a continuing basis: None.

(6) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation: There is no funding needed.

(7) 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: There is no increase in fees or funding required.

(8) State whether or not this administrative regulation establishes any fees or directly or indirectly increases any fees: This administrative regulation does not establish any fees or directly or indirectly increase any fees.

(9) TIERING: Is tiering applied? (Explain why or why not) Tiering is not applied. All entities have the same requirements.

## FISCAL IMPACT STATEMENT

105 KAR 1:001

Contact Person: Jessica Beaubien

Phone: 502-696-8800 ext. 8570

Email: [Legal.Non-Advocacy@kyret.ky.gov](mailto:Legal.Non-Advocacy@kyret.ky.gov)

(1) Identify each state statute, federal statute, or federal regulation that requires or authorizes the action taken by the administrative regulation. KRS 61.505(1)(g)

(2) Identify the promulgating agency and any other affected state units, parts, or divisions: The Kentucky Public Pensions Authority (KPPA) is the promulgating agency. The other affected state units are the employers that participate in the State Police Retirement System or the Kentucky Employees Retirement System.

(a) Estimate the following for the first year:

Expenditures: None.

Revenues: None.

Cost Savings: None.

(b) How will expenditures, revenues, or cost savings differ in subsequent years? None.

(3) Identify affected local entities (for example: cities, counties, fire departments, school districts): The employers that participate in the County Employees Retirement System may be impacted by this administrative regulation.

(a) Estimate the following for the first year:

Expenditures: None.

Revenues: None.

Cost Savings: None.

(b) How will expenditures, revenues, or cost savings differ in subsequent years? None.

(4) Identify additional regulated entities not listed in questions (2) or (3): None.

(a) Estimate the following for the first year:

Expenditures: None.

Revenues: None.

Cost Savings: None.

(b) How will expenditures, revenues, or cost savings differ in subsequent years? None.

(5) Provide a narrative to explain the:

(a) Fiscal impact of this administrative regulation: There is no fiscal impact for this administrative regulation.

(b) Methodology and resources used to determine the fiscal impact: There is no fiscal impact for this administrative regulation.

(6) Explain:

(a) Whether this administrative regulation will have an overall negative or adverse major economic impact to the entities identified in questions (2) - (4). (\$500,000 or more, in aggregate) This administrative regulation will not have a "major economic impact".

(b) The methodology and resources used to reach this conclusion: There is no major economic impact for this administrative regulation.





Form 2012  
Revised 03/2024

## Election or Rejection of Participation For Mayors & Members of City Legislative Bodies

### Mayor/Council Member Information

Name: _____	Social Security Number: _____
-------------	-------------------------------

### Participation Status

I, \_\_\_\_\_, occupying a regular full-time position with  
*Name*

\_\_\_\_\_ as a \_\_\_\_\_  
*City* *Position Title*

Elect       Reject

membership in the County Employees Retirement System pursuant to the provisions of KRS 78.540(1).

Notice: Persons who reject participation will forfeit all service credit related to this position and will not be able to buy the service credit at a later date. By forfeiting this service credit, the person is foregoing retirement and health insurance benefits based upon the service credit.

### Certification

I hereby certify that the information completed on this form is true and accurate. I acknowledge that I have full understanding that any person who provides a false statement, report, or representation to a governmental entity such as KPPA is subject to penalty of perjury in accordance with KRS 523.010, et seq.

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

Witness: \_\_\_\_\_ Date: \_\_\_\_\_



## Advice of Personnel Action

**This form should be used for verifying dates of personnel actions prior to 9/15/2011.**

### Member Information

Member Name:	Member ID:
Employment Begin Date:	
The Employment Begin Date represents the date the member's employment began with your agency.	
Eligibility Date:	
The Eligibility Date represents the date the member became eligible to contribute to CERS, KERS, or SPRS.	
Employment End Date:	
The Employment End Date represents the date the member terminated employment.	

### Employer Information

Employer Name:	
Employer Code:	Phone Number:

I hereby certify that the information completed on this form is true and accurate. I acknowledge that I have full understanding that any person who provides a false statement, report, or representation to a governmental entity such as KPPA is subject to penalty of perjury in accordance with KRS 523.010, et seq. I further acknowledge that if I knowingly submit or cause to be submitted a false or fraudulent claim for the payment or receipt of benefit, the employer I represent, and I (personally) may be liable for restitution of the benefits for which the member was not eligible to receive, civil payments, legal fees, and costs.

Signature of Agency Head or Reporting Official: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

### Please provide any comments below.





## Leave Without Pay Verification

### Member Information

Member Name:	Member ID:
--------------	------------

### Dates of Leave

Leave Without Pay Begin Date: \_\_\_\_\_

Leave Without Pay End Date: \_\_\_\_\_

### Type of Leave

- Military Leave
- Approved Sick Leave Without Pay
- Family and Medical Leave Act (FMLA)
- Maternity Leave
- Educational Leave
- Other (please specify) \_\_\_\_\_

### Employer Information

Employer Name:	
Employer Code:	Phone Number:

I hereby certify that the information completed on this form is true and accurate. I acknowledge that I have full understanding that any person who provides a false statement, report, or representation to a governmental entity such as KPPA is subject to penalty of perjury in accordance with KRS 523.010, et seq. I further acknowledge that if I knowingly submit or cause to be submitted a false or fraudulent claim for the payment or receipt of benefit, the employer I represent, and I (personally) may be liable for restitution of the benefits for which the member was not eligible to receive, civil payments, legal fees, and costs.

Signature of Agency Head  
or Reporting Official: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_



## Beneficiary Designation

Form 2035  
Revised 03/2024

**Member Information Please provide your Member ID or Social Security Number in the Member ID box below.**

Member Name:	Phone (select type) <input type="checkbox"/> Mobile <input type="checkbox"/> Home <input type="checkbox"/> Work	Member ID or SSN:
KPPA will update contact information for your retirement account based on the details provided below.		
Address:	City:	State:      Zip Code:
Member's Date of Birth:	Sex:	Personal Email:

**Notice: This form is not valid unless it is completed correctly and received by the retirement office prior to the member's death.**

The member and a witness must sign this form or it will not be accepted. You may name one or more individuals, your estate, or a trust as principal or contingent beneficiary of your retirement account. If you wish to name more than four individuals as principal or contingent beneficiaries, please contact our office. Your beneficiary designation may be changed at any time prior to retirement by filing a new Form 2035.

**Principal Beneficiary Section: Please select one of the beneficiary types below by checking the appropriate box. The principal beneficiary will receive benefits in the event of your death.**

**Person**

You cannot name yourself as principal beneficiary. You also cannot name the same person as both principal and contingent beneficiary. If you name a single individual as beneficiary, that individual may be eligible for a lifetime benefit upon your death, depending on your total service credit. If you name multiple individuals, your estate or a trust, no lifetime benefit is available. If you name more than one individual as principal beneficiary you may indicate the percentage each beneficiary is to receive. Percentages for the principal beneficiary section should total but not exceed 100%. If you do not indicate percentages, disbursement of payment will be divided equally among living principal beneficiaries, or if all principal beneficiaries have died, among all living contingent beneficiaries, as provided in KRS 61.542 and 78.545.

<p><b>1.</b> Name: _____ %: _____</p> <p>Social Security Number: _____ Sex: _____</p> <p>Date of Birth: _____ Relationship: _____</p> <p>Address: _____</p> <p>City: _____ State: _____ Zip Code: _____</p>	<p><b>2.</b> Name: _____ %: _____</p> <p>Social Security Number: _____ Sex: _____</p> <p>Date of Birth: _____ Relationship: _____</p> <p>Address: _____</p> <p>City: _____ State: _____ Zip Code: _____</p>
<p><b>3.</b> Name: _____ %: _____</p> <p>Social Security Number: _____ Sex: _____</p> <p>Date of Birth: _____ Relationship: _____</p> <p>Address: _____</p> <p>City: _____ State: _____ Zip Code: _____</p>	<p><b>4.</b> Name: _____ %: _____</p> <p>Social Security Number: _____ Sex: _____</p> <p>Date of Birth: _____ Relationship: _____</p> <p>Address: _____</p> <p>City: _____ State: _____ Zip Code: _____</p>

**My Estate**

If you name your estate as a principal beneficiary, you cannot name a contingent beneficiary. No additional information required.

**Living Trust**

The following information is required to designate a living trust. You must write the name of the trust as it appears in the trust document and submit a copy of the trust with this form. A charitable organization or a religious charity cannot be named as beneficiary unless it is a trust.

Name of Trust:	Trust Tax ID:	Date of Trust:
Trustee or Successor Trustee Contact Information:		
Name:	Phone (select type) <input type="checkbox"/> Mobile <input type="checkbox"/> Home <input type="checkbox"/> Work	
Address:	City:	State:      Zip Code:

**Testamentary Trust**

A testamentary trust is established by the member's will and takes effect following the member's death. No additional information required.

**Contingent Beneficiary Section: Please select one of the beneficiary types below by checking the appropriate box. The contingent beneficiary will receive benefits in the event of your death only if all of the named principal beneficiaries are deceased. If you named your estate as the principal beneficiary, you cannot name a contingent beneficiary.**

**Person**

You cannot name yourself as contingent beneficiary. You also cannot name the same person as both principal and contingent beneficiary. If you name more than one individual as contingent beneficiary you may indicate the percentage each beneficiary is to receive. Percentages for the contingent beneficiary section should total but not exceed 100%. If you do not indicate percentages, disbursement of payment will be divided equally among living principal beneficiaries, or if all principal beneficiaries have died, among all living contingent beneficiaries, as provided in KRS 61.542 and 78.545.

<p><b>1</b> Name: _____ %: _____</p> <p>Social Security Number: _____ Sex: _____</p> <p>Date of Birth: _____ Relationship: _____</p> <p>Address: _____</p> <p>City: _____ State: _____ Zip Code: _____</p>	<p><b>2</b> Name: _____ %: _____</p> <p>Social Security Number: _____ Sex: _____</p> <p>Date of Birth: _____ Relationship: _____</p> <p>Address: _____</p> <p>City: _____ State: _____ Zip Code: _____</p>
<p><b>3</b> Name: _____ %: _____</p> <p>Social Security Number: _____ Sex: _____</p> <p>Date of Birth: _____ Relationship: _____</p> <p>Address: _____</p> <p>City: _____ State: _____ Zip Code: _____</p>	<p><b>4</b> Name: _____ %: _____</p> <p>Social Security Number: _____ Sex: _____</p> <p>Date of Birth: _____ Relationship: _____</p> <p>Address: _____</p> <p>City: _____ State: _____ Zip Code: _____</p>

**My Estate**

No additional information required.


**Living Trust**

The following information is required to designate a living trust. You must write the name of the trust as it appears in the trust document and submit a copy of the trust with this form. A charitable organization or a religious charity cannot be named as beneficiary unless it is a trust.

Name of Trust:	Trust Tax ID:	Date of Trust:
Trustee or Successor Trustee Contact Information:		
Name:	Phone (select type) <input type="checkbox"/> Mobile <input type="checkbox"/> Home <input type="checkbox"/> Work	
Trustee Address:	City:	State: Zip Code:

**Testamentary Trust**

A testamentary trust is established by the member's will and takes effect following the member's death. No additional information required.



This form is not valid unless signed by the member and witnessed. Please ensure that you have only checked one beneficiary type box in the principal beneficiary section and one beneficiary type box in the contingent beneficiary section. If you select more than one beneficiary type in either section, this form will be considered invalid. Please initial all corrections you have made to the form. Failure to initial changes may cause the form to be invalid.

I hereby certify that the information completed on this form is true and accurate. I acknowledge that I have full understanding that any person who provides a false statement, report, or representation to a governmental entity such as KPPA is subject to penalty of perjury in accordance with KRS 523.010, et seq.

Your Signature:	Member ID:
Witness Signature: (REQUIRED)	Date:



**Notification of Retirement Instructions**

Ready to retire? Completing this form is your first step. Please call our office at 1-800-928-4646 if you have questions or if you need assistance completing forms. Members are encouraged to visit our website at [kyret.ky.gov](http://kyret.ky.gov) for additional information.

**Form 6000 - Notification of Retirement**

You should submit your Form 6000 at least one month prior to your effective retirement date. Please note that you cannot file your Form 6000 more than 6 months prior to termination of employment. Disability Retirement applicants must complete Section I.

The Form 6000 contains several sections. Please review this form carefully and refer to the instructions for each section. Additional instructions for completing Section F - Tax Withholding are provided on page 3.

**Date of Birth Verification for Member and Beneficiary is required.**

*Please write your Member ID on all copies you submit.*

**Acceptable forms of date of birth verification include the following:**

- Kentucky Driver's License
- Military Discharge
- Birth Certificate
- Immigration and Naturalization Records

**Your Member ID**

Your Member ID is a unique account number for your KPPA account. If you received this form from our office, your Member ID is provided. If you access this form from our website and don't know your Member ID, you can contact our office at 1-800-928-4646. You will need to provide your Social Security Number and your four-digit KPPA PIN to obtain your Member ID.

**Form 6200 - Insurance Application**

If you will be receiving a monthly payment, you may be eligible for health insurance coverage for you, your spouse, and eligible dependents. KPPA offers Medicare and non-Medicare plans. You may access insurance applications and enrollment booklets by visiting our website at [kyret.ky.gov](http://kyret.ky.gov). Please call our office to request a printed copy.

**You must return an insurance application by the deadlines described below, even if you wish to waive coverage. If you fail to return a completed application, you will be enrolled automatically into a default plan for the current plan year.** If you choose not to participate in the coverage, you will need to complete the Form 6200 to waive your coverage; otherwise, you will be enrolled automatically into a default plan as described above.

**Insurance Application Deadlines**

**For insurance coverage to begin the same month as your retirement payment, you must file a Form 6200 with our office by the last day of the month *prior* to the month you retire. For example:**

Retirement Date	Application Due By	Insurance Effective Date
May 1	April 30	May 1

**If you miss the above deadline, you can still submit an application. Your Form 6200 must be filed with our office within 30 days of the first day of the month in which you retire. For example:**

Retirement Date	Application Due By	Insurance Effective Date
May 1	May 30	June 1

**Additional instructions are provided on the following page. Keep reading to find out your deadline for returning retirement forms.**

**Your Next Step: Check your mailbox.**

Once we process your Form 6000, we will send you additional forms for completion. The checklists below will help you decide which forms you need to return to our office.

**If you elect to receive a monthly benefit, complete and return the following:**

- Form 6010, Estimated Retirement Allowance
- Form 6200, Insurance Application (*refer to insurance application and deadlines on page 1*)

**If you elect to receive an actuarial or lump sum refund\*\* complete and return the following:**

- Form 6010, Estimated Retirement Allowance
- Form 6025, Direct Rollover/Direct Payment Election

*\*\*We require additional verification from your employer before we can process a refund which may delay your check. Upon receipt of the above forms, we will mail required forms to you and your employer for completion.*



**All required forms and documentation must be filed with our office by the last day of the month prior to your effective retirement date. You are responsible for filing your insurance application prior to the deadlines noted on page 1 or you will be enrolled automatically into a default plan.**

Retirement Date	Due Date
January 1	December 31
February 1	January 31
March 1	February 28
April 1	March 31
May 1	April 30
June 1	May 31
July 1	June 30
August 1	July 31
September 1	August 31
October 1	September 30
November 1	October 31
December 1	November 30

**If you have any questions, please contact our office at (502) 696-8800 or (800) 928-4646. Our office is open from 8:00 am to 4:30 pm Monday through Friday.**



**Form W4-P Instructions**

Your monthly retirement benefit is subject to federal taxes. **You may choose your federal tax withholding preference by completing Section F of your Form 6000, Notification of Retirement. *If you do not complete Section F, KPPA will automatically withhold federal income tax as single with no adjustments.*** You may find the worksheets below helpful when completing Section F.

Additional information is available on the Internal Revenue Service website at [www.irs.gov](http://www.irs.gov).

**Purpose.** Form W4-P is for U.S. citizens, resident aliens, or their estates who are recipients of pensions, annuities (including commercial annuities), and certain other deferred compensation. Use Form W4-P to tell payers the correct amount of federal income tax to withhold from your payment(s). You also may use Form W4-P to choose (a) not to have any federal tax withheld from the payment (except for eligible rollover distributions or payments to U.S. citizens delivered outside the United States or its possessions) or (b) to have an additional amount of tax withheld.

**What do I need to do?** Use the worksheets on the following page to further adjust your withholding allowances for itemized deductions, adjustments to income, any additional standard deduction, certain credits, or multiple pensions/more-than-one-income situations. If you do not want any federal income tax withheld (see Purpose, earlier), you can skip the worksheets and go directly to the Form W4-P, Section F of the Form 6000.

**Future developments.** For the latest information about any future developments affecting Form W-4P, such as legislation enacted after we release it go to [www.irs.gov/w4p](http://www.irs.gov/w4p).

Filing Status:  **Single** or **Married filing separately**       **Married filing jointly** or **Qualifying widow(er)**  
 **Head of household (Check only if you're unmarried and pay more than half the costs of keeping up a home for yourself and a qualifying individual.)**

**Step 1: Multiple Pensions/More-Than-One-Income Worksheet** (Keep for your records.)

Complete this step if you (1) have income from a job or more than one pension/annuity, or (2) are married filing jointly and your spouse receives income from a job or a pension/annuity.

Do **only one** of the following.

- (a) Reserved for future use.
- (b) Complete the items below.

(i) If you (and/or your spouse) have one or more jobs, then enter the total taxable annual pay from all jobs, plus any income entered on Form W-4, Step 4(a), for the jobs less the deductions entered on Form W-4, Step 4(b), for the jobs. Otherwise, enter "-0-" . . . . .	\$ _____
(ii) If you (and/or your spouse) have any other pensions/annuities that pay less annually than this one, then enter the total annual taxable payments from all lower-paying pensions/annuities. Otherwise, enter "-0-" . . . . .	\$ _____
(iii) Add the amounts from items (i) and (ii) and enter the <b>total</b> here . . . . .	\$ _____

TIP: To be accurate, submit a 2022 Form W-4P for all other pensions/annuities. Submit a new Form W-4 for your job(s) if you have not updated your withholding since 2019.

If (b)(i) is blank and this pension/annuity pays the most annually, complete Steps 2–3(b) on this form. Otherwise, do not complete Steps 3–4(b) on this form.

**Step 2. Claim Dependents and Other Credits** (Keep for your records)

If your total income will be \$200,000 or less (\$400,000 or less if married filing jointly):

Multiply the number of qualifying children under age 17 by \$2,000 . . . . .	\$ _____
Multiply the number of other dependents by \$500 . . . . .	\$ _____
Add other credits, such as foreign tax credit and education tax credits . . . . .	\$ _____
Add the amounts for qualifying children, other dependents, and other credits and enter the total here	\$ _____

Form W-4P Instructions *Continued*

**Step 4. Other Adjustments** (Keep for your records)

- a) **Other income (not from jobs or pension/annuity payments).** If you want tax withheld on other income you expect this year that won't have withholding, enter the amount of other income here. This may include interest, taxable social security, and dividends \$ \_\_\_\_\_
- b) **Deductions.** If you expect to claim deductions other than the basic standard deduction and want to reduce your withholding, use the Deductions Worksheet on page 3 and enter the result here \$ \_\_\_\_\_
- c) **Extra withholding.** Enter any additional tax you want withheld from **each payment** \$ \_\_\_\_\_

**Step 4. Deductions, Adjustments, and Additional Income Worksheet**

- 1 Enter an estimate of your 2022 itemized deductions (from Schedule A (Form 1040)). Such deductions may include qualifying home mortgage interest, charitable contributions, state and local taxes (up to \$10,000), and medical expenses in excess of 7.5% of your income 1 \$ \_\_\_\_\_
- 2 Enter:   
 • \$25,900 if you're married filing jointly or qualifying widow(er)   
 • \$19,400 if you're head of household   
 • \$12,950 if you're single or married filing separately 2 \$ \_\_\_\_\_
- 3 If line 1 is greater than line 2, subtract line 2 from line 1 and enter the result here. If line 2 is greater than line 1, enter "-0-" 3 \$ \_\_\_\_\_
- If line 3 equals zero, and you (or your spouse) are 65 or older, enter:   
 • \$1,750 if you're single or head of household.   
 • \$1,400 if you're a qualifying widow(er) or you're married and one of you is under age 65.   
 • \$2,800 if you're married and both of you are age 65 or older   
 Otherwise, enter "-0-". See Pub. 505 for more information 4 \$ \_\_\_\_\_
- 5 Enter an estimate of your student loan interest, deductible IRA contributions, and certain other adjustments (from Part II of Schedule 1 (Form 1040)). See Pub. 505 for more information 5 \$ \_\_\_\_\_
- 6 Add lines 3 through 5. Enter the result here and in Step 3(b) on Form W-4P 6 \$ \_\_\_\_\_



Form 6000  
Revised 06/2023

## Notification of Retirement

**Please read the instructions for each section and complete all information requested in Sections A-G. Section H must be completed by your current employer. Section I must also be completed if applying for disability retirement.**

### Section A: Member Information

**You must attach a copy of your birth verification.**

Member Name:		Member ID:	
Address:	City:	State:	Zip Code:
E-mail:	Phone:		
Date of Birth:	Sex: <input type="checkbox"/> Male <input type="checkbox"/> Female		

**Please note:** If your current legal name or your beneficiary's current legal name is not the same as the name on the date of birth verification you have submitted we will also require verification of name change. Acceptable name change verification includes:

- Kentucky Driver's License
- Marriage Certificate
- Court Order
- Passport
- Immigration and/or Naturalization Documents

**You must provide a termination date and retirement date below.**

**Termination Date:** \_\_\_\_\_  
Month Day Year

(YOUR TERMINATION DATE MUST BE PRIOR TO YOUR RETIREMENT DATE.)

**Retirement Date:** \_\_\_\_\_ 1, \_\_\_\_\_  
Month Year

(YOUR RETIREMENT DATE MUST BE THE FIRST DAY OF THE MONTH.)

### Section B - Type of Retirement and Retirement Systems

**If applying for normal or early retirement, you may not submit this form more than 6 months prior to termination of employment. You must terminate your employment to be eligible for early or normal retirement benefits. Check the appropriate boxes to indicate the retirement systems from which you intend to retire.**

**Disability Retirement applicants must complete Section I.**

<input type="checkbox"/> <b>NORMAL OR EARLY RETIREMENT</b>	<input type="checkbox"/> <b>DISABILITY RETIREMENT</b>
<input type="checkbox"/> <b>Kentucky Employees Retirement System - KERS</b> (state employees, health departments, universities)	
<input type="checkbox"/> <b>County Employees Retirement System - CERS</b> (city, county, local governments, classified employees of boards of education)	
<input type="checkbox"/> <b>State Police Retirement System - SPRS</b> (full-time officers of Kentucky State Police)	
<b>Other State Administered Retirement Systems</b>	
If you have an account in one of the systems administered by the Kentucky Public Pensions Authority (KERS, CERS, or SPRS) and in one of the other state administered retirement systems (listed below), you will need to complete the retirement application for the other system in order to be eligible for reciprocal benefits from all systems.	
<input type="checkbox"/> <b>Teachers' Retirement System - (certified employees of boards of education)</b>	
<input type="checkbox"/> <b>Legislators' Retirement Plan - LRP (State Senators and Representatives)</b>	
<input type="checkbox"/> <b>Judicial Retirement Plan - JRP (Judges)</b>	



**Section C - Retirement Account Beneficiary Designation**  
 Your account beneficiary can only be one person, a trust or your estate. Indicate your beneficiary by checking one of the beneficiary types below and providing the necessary information. This designation will become invalid if you file a new Form 6000 prior to your effective retirement date or if this form is voided.

Member Name:	Member ID:
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**Person** Attach a copy of this person's birth verification to this form with your Member ID written on it.

Name:		Social Security Number:	
Date of Birth:		<input type="radio"/> Male	<input type="radio"/> Female
Relationship:		<input type="checkbox"/> Check this box if this person is also your legal spouse.	
Address:	City:	State:	Zip Code:

**My Estate** No additional information required.

**Living Trust** The following information is required to designate a living trust. You must write the name of the trust as it appears in the trust document and submit a copy of the trust with this form. A charitable organization or a religious charity cannot be named as beneficiary unless it is a trust.

Name of Trust:			
Trust Tax ID:			
Trustee or Successor Trustee Contact Information: Our office will contact the trustee listed below following your death.			
Trustee:		Successor Trustee (if applicable):	
Address:	City:	State:	Zip Code:

**Testamentary Trust** A testamentary trust is established by the member's will and takes effect following the member's death. No additional information required.

**Section D - \$5000 Death Benefit from Kentucky Public Pensions Authority - Complete only if eligible**  
**To be eligible for this benefit, you must be a retired member receiving a monthly benefit on the date of your death from Kentucky Public Pensions Authority based on a minimum of 48 months of service.**

If eligible for this benefit, you may name one death benefit beneficiary. This designation is not valid if you designate more than one beneficiary. Your estate will become your default beneficiary if this designation is deemed to be invalid. This designation may be changed at any time prior to your death by filing a properly completed Form 6030, Death Benefit Designation.

Member Name:	Member ID:
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**Person** You may only name one person as your death benefit beneficiary.

Name:		Social Security Number:	
Date of Birth:	Relationship:	<input type="radio"/> Male	<input type="radio"/> Female
Address:	City:	State:	Zip Code:

**My Estate** No additional information required.

**Living Trust** The following information is required to designate a living trust. You must write the name of the trust as it appears in the trust document and submit a copy of the trust with this form. A charitable organization or a religious charity cannot be named as beneficiary unless it is a trust.

Name of Trust:			
Trust Tax ID:			
Trustee or Successor Trustee Contact Information: Our office will contact the trustee listed below following your death.			
Trustee:		Successor Trustee (if applicable):	
Address:	City:	State:	Zip Code:

**Testamentary Trust** A testamentary trust is established by the member's will and takes effect following the member's death. No additional information required.

**Funeral Home** Please enclose a copy of the Funeral Home License with your Member ID written on it.

Funeral Home Legal Name:		Funeral Home License Number:	
Funeral Home Tax ID:	Contact Name:	Phone:	
Address:	City:	State:	Zip Code:

**Section E - Authorization for Deposit of Retirement Payment**

**Complete this section to authorize deposit of your retirement benefit directly into your account at a financial institution.**

Financial Institution Information: The financial institution may be a bank, savings bank, savings and loan association, credit union, or similar institution that is a member of the Automated Clearing House (ACH). Your direct deposit institution may be changed at any time by filing a properly completed Form 6130, Authorization for Deposit of Retirement Payment.

Financial Institution Name: \_\_\_\_\_

Depositor Routing Number: \_\_\_\_\_

Depositor Account Number: \_\_\_\_\_

Account Type:                       Checking                       Savings

**For your convenience:**  
The sample check shows where to locate the required bank information to complete your Direct Deposit.

Required Documents: Please indicate the documentation you are submitting with this form.

For deposits to a Checking Account:  
I have attached to this form                       a VOIDED personalized check                       verification from my financial institution

For deposits to a Savings Account:  
I have attached to this form                       verification from my financial institution

**Attach Voided Check Here:**

(Attach Voided Check Here)

I acknowledge that electronic payments to the designated account must comply with the provisions of U.S. law, as well as the requirements of the Office of Foreign Assets Control (OFAC) and National Automated Clearing House Association (NACHA) regulations. I certify that the entire payment that the Kentucky Public Pensions Authority sends electronically to the financial institution I have designated, is not subject to being transferred to a foreign bank. I agree to notify the Kentucky Public Pensions Authority in writing immediately if the payment becomes subject to transfer to a foreign bank in the future.

If all required forms have been completed properly and returned by the end of the month prior to your retirement date, the first check will be deposited or mailed on the *14th* of the first month of retirement. **Due to deadlines required to establish a direct deposit, your first benefit payment is not guaranteed to be deposited to your account.** Many benefit payments for the first month of retirement are mailed. After the initial payment, the monthly benefit will be deposited to the retired member's account on the *14th* of each month. If the *14th* of the month is a weekend or holiday, the benefit will be mailed or deposited the business day prior. Members are required to have the monthly retirement benefit deposited directly to their bank accounts, unless their bank does not participate in the Automated Clearing House or the member does not have an account with a financial institution.

**Section F - Tax Withholding**

Your monthly retirement benefit is subject to federal taxes. You may choose your federal tax withholding preference below. If you do not complete this section correctly, KPPA will automatically withhold federal income tax based on Single with no adjustments. You may refer to the instructions for Form W4-P provided with your retirement application. You may change your tax withholding at any time by filing a properly completed Form 6017, W-4P, Tax Withholding.

Form **W-4P** **Withholding Certificate for Pension or Annuity Payments** OMB No. 1545-0074  
 Department of the Treasury Internal Revenue Service FOR TAX YEAR IN WHICH MEMBER RETIRES

Type or print your full name.			Member ID: Claim or identification number (if any) of your pension or annuity contract
Address:			
City:	State:	Zip Code:	

- No Taxes Withheld**
- Single or Married filing separately**
- Married filing jointly or Qualifying widow(er)**
- Head of household** (Check only if you're unmarried and pay more than half the costs of keeping up a home for yourself and a qualifying individual.)

**Complete Steps 2-4 ONLY if they apply to you.**

**Step 2: Income From a Job and/or Multiple Pensions/Annuities (Including a Spouse's Job/Pension/Annuity)**  
 Complete this step if you (1) have income from a job or more than one pension/annuity, or (2) are married filing jointly and your spouse receives income from a job or a pension/annuity.  
 Do **only one** of the following.  
 (a) Reserved for future use.  
 (b) Complete the items below.  
 (i) If you (and/or your spouse) have one or more jobs, then enter the total taxable annual pay from all jobs, plus any income entered on Form W-4, Step 4(a), for the jobs less the deductions entered on Form W-4, Step 4(b), for the jobs. Otherwise, enter "-0-" . . . . . ▶ \$ \_\_\_\_\_  
 (ii) If you (and/or your spouse) have any other pensions/annuities that pay less annually than this one, then enter the total annual taxable payments from all lower-paying pensions/annuities. Otherwise, enter "-0-" . . . . . ▶ \$ \_\_\_\_\_  
 (iii) Add the amounts from items (i) and (ii) and enter the **total** here . . . . . ▶ \$ \_\_\_\_\_  
**TIP:** To be accurate, submit a 2022 Form W-4P for all other pensions/annuities. Submit a new Form W-4 for your job(s) if you have not updated your withholding since 2019. If you have self-employment income, see page 2.

If (b)(i) is blank and this pension/annuity pays the most annually, complete Steps 3-4(b) on this form. Otherwise, do not complete Steps 3-4(b) on this form.

If your total income will be \$200,000 or less (\$400,000 or less if married filing jointly):

**Step 3: Claim Dependent and Other Credits**  
 Multiply the number of qualifying children under age 17 by \$2,000 . . . . . ▶ \$ \_\_\_\_\_  
 Multiply the number of other dependents by \$500 . . . . . ▶ \$ \_\_\_\_\_  
 Add other credits, such as foreign tax credit and education tax credits . . . . . ▶ \$ \_\_\_\_\_  
 Add the amounts for qualifying children, other dependents, and other credits and enter the total here . . . . . 3 \$ \_\_\_\_\_

**Step 4: (optional): Other Adjustments**  
**(a) Other income (not from jobs or pension/annuity payments).** If you want tax withheld on other income you expect this year that won't have withholding, enter the amount of other income here. 4(a) \$ \_\_\_\_\_  
 This may include interest, taxable social security, and dividends  
**(b) Deductions.** If you expect to claim deductions other than the basic standard deduction and want to reduce your withholding, use the Deductions Worksheet on page 3 and enter the result here 4(b) \$ \_\_\_\_\_  
**(c) Extra withholding.** Enter any additional tax you want withheld from **each payment** 4(c) \$ \_\_\_\_\_

**Section G - Certification of Bona Fide Separation from Service and Notification of Retirement**

Subject to penalty of KRS 523.100: I acknowledge that federal and state law both require a bona fide separation from service with agencies participating in the Kentucky Public Pensions Authority or entities affiliated with participating agencies in order for the Kentucky Public Pensions Authority to pay a retirement benefit or to pay a refund of a retirement account.

If I am retiring, I affirm that I have had a separation from service with agencies participating in the Kentucky Public Pensions Authority or entities affiliated with participating agencies, or that I will have a separation from service with agencies participating in the Kentucky Public Pensions Authority or entities affiliated with participating agencies prior to my retirement date. I also affirm that I do not have a prearranged agreement to return to a participating agency or entities affiliated with participating agencies after my separation from service.

If I am taking a refund of my retirement account, I affirm that I have had a separation from service with agencies participating in the Kentucky Public Pensions Authority or entities affiliated with participating agencies. I also affirm that I do not have a prearranged agreement to return to a participating agency or entities affiliated with participating agencies after my separation from service.

I understand that the term "separation from service" as used in this affidavit means a complete severance of any kind of employment relationship (including but not limited to a relationship as an independent contractor or leased employee) with agencies participating in the Kentucky Public Pensions Authority or entities affiliated with participating agencies.

I understand that the term "prearranged agreement" as used in this affidavit means any contemplation of return to employment with agencies participating in the Kentucky Public Pensions Authority or entities affiliated with participating agencies.

I understand that the terms "agencies participating in the Kentucky Public Pensions Authority" and "participating agency" as used in this affidavit are to be construed in a broad manner, and include not only the agency itself, but also any entities affiliated with participating agencies, regardless of whether such entities are holding themselves out as legally separate entities.

I acknowledge that prior to accepting employment within twelve (12) months of my retirement date with an agency participating in the Kentucky Public Pensions Authority or entities affiliated with participating agencies, I have a duty to report such employment in writing to the Kentucky Public Pensions Authority pursuant to 105 KAR 1:390.

I acknowledge and understand that if I fail to comply with federal and state law regarding bona fide separation from service and break in service, my retirement shall be voided and I shall repay all retirement allowances, dependent child payments, and health plan premiums paid by the Kentucky Public Pensions Authority.

I certify the information in this Notification of Retirement is correct and that my employer has been informed of my intent to terminate employment on the date indicated on this form if applying for early/normal retirement. I understand the Kentucky Public Pensions Authority will send an estimated retirement allowance. **I acknowledge my estimated retirement allowance and benefits are subject to post retirement audit and adjustment after retirement. I acknowledge that I have full understanding that any person who provides a false statement, report, or representation is subject to penalty in accordance with KRS 523.100.**

Member's Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
Spouse's Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
Witness' Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**NOTE:** Signature of Member is required. Signature of either the Spouse **or** a Witness is also required. Failure to sign form and have your signature witnessed by either your spouse or another person will result in the form being voided.



**Section H - Employer Certification of Leave Balances and Final Salary**

Section H must be completed by your current employer and returned to the Kentucky Public Pensions Authority in order to include future salary, service and sick and compensatory leave balances in your estimated retirement allowance. If you are currently employed by more than one participating employer, each employer should complete a copy of Section H of this form. If you do not have the employer complete Section H of this form, the Kentucky Public Pensions Authority will **exclude** all leave balances from the estimated retirement allowance. **Your estimated retirement allowance and benefits are subject to post retirement audit and adjustment after retirement.**

Employer Name:	Employer Code:
Member Name:	Member ID:
Termination Date:	
Employer's Report of Leave Balances as of:	
Does your agency participate in a sick leave program administered by KPPA? <input type="radio"/> Yes <input type="radio"/> No	
If yes above, select the type of sick leave plan: <input type="radio"/> Standard <input type="radio"/> Alternate	
Does the above member work an average of 21 days per month? <input type="radio"/> Yes <input type="radio"/> No	
If no above, please provide an Alternate Average Working Days Per Month: _____	

**Standard Sick Leave Program:** If participating in the standard sick leave program, please provide the following information.  
 Note: Contributions should not be withheld from standard sick leave lump sum payouts.

Accumulated Sick Leave (in hours):	Hours in a Sick Leave Day:
------------------------------------	----------------------------

**Alternate Sick Leave Program:** If participating in the alternate sick leave program, please provide the following information.  
 Note: Contributions should be withheld from alternate sick leave lump sum payouts.

Accumulated Sick Leave (in days):	Hours in a Sick Leave Day:
Estimated Compensation to be Paid for Sick Leave:	

**School Board Certification (*school board employees only*):** Indicate the number of actual days the member will have worked through the expected termination date. If the days occur in different school years, please list each school year separately below.

Actual Days Worked through Expected Termination Date	
School Year	Number of Actual Days

**⚠ Section H is continued on the following page. You must complete the Employer Certification at the end of Section H.**



**Section I - Member's Statement of Disability**  
**If additional space is required to answer the questions, you may use and attach additional paper.**

Member Name:	Member ID:
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**1. List the diagnoses of the injury, illness, or disease for which you are applying for disability:**

**2. Describe how the diagnoses listed above on this page prevent you from performing your essential job duties:**

**3. Describe the history of the diagnoses listed above, including the onset or start of your symptoms or complaints:**

**4a. If you are a non-hazardous employee**, are you claiming that you are totally and permanently disabled from performing any occupation for remuneration or profit as a result of a single traumatic event that occurred while you were performing the duties of your job or a single act of violence committed against you that was related to your job duties?


Yes  No

*Please note: A duty related injury does not include the effects of the natural aging process, a communicable disease unless the risk of contracting the disease is increased by the nature of the employment, or a psychological, psychiatric, or stress related change unless the direct result of a physical injury.*

**4b. If you are a hazardous employee**, are you claiming that you are disabled due to an act in line of duty by either a single act occurring while performing the principal duties of your job or a single act of violence against you that was related to your job duties?

Yes  No

If you answered yes to 4a or 4b, describe specific date, time, and circumstances of the duty related injury or act in line of duty below. Please attach a copy of the employer incident report to this form. Failure to attach the employer incident report will delay your disability application.

 **Section I is continued on the following page. You must complete the Certification at the end of Section I.**



**Section I Continued - Member's Statement of Disability**

Member Name: _____	Member ID: _____
--------------------	------------------

**Last Day of Paid Employment**

Last Day of Paid Employment: The last day of paid employment is the last day for which contributions were reported and for which you were eligible to receive retirement credit. Identify the month, day, and year that is your last day of paid employment, or if you are still working or on paid leave, identify the month, day, and year that is your anticipated last day of paid employment.

Last Day of Paid Employment: \_\_\_\_\_

Month                      Day                      Year

You will be sent an estimate of disability retirement benefits, subject to post retirement audit and adjustment after retirement, based upon your last day of paid employment in a regular full-time position assuming your application for disability retirement benefits is approved. If approved for disability benefits, you will receive benefits effective the first day of the month following your last day of paid employment.

**Certification and Authorization**

I certify the information on this Statement of Disability, Section I, is true and correct. I acknowledge that any person who makes a false statement, report, or representation is subject to penalty pursuant to KRS 523.010 to 523.110.

I authorize the Authority, its agents, servants, and employees to have full and complete access to any and all medical records of mine, whether or not related to this injury, illness, or disease, and authorize the Authority, and its agents, servants, and employees to discuss such records as it may be necessary at any meeting of the Board in connection with my application for disability retirement benefits.

I authorize my employer to release, furnish, disclose, or discuss with the Kentucky Public Pensions Authority all records or other information regarding my employment, including but not limited to, a description of job duties performed as of the last day of my employment, a description of the accommodations, assistance, or help that was offered or attempted or reasonably available to allow me to perform my essential job duties, a report of work injuries or accidents, my personnel file, or other employee records.

Signature of Member: \_\_\_\_\_

Date: \_\_\_\_\_

Signature of Witness: \_\_\_\_\_

Date: \_\_\_\_\_



**KENTUCKY PUBLIC PENSIONS AUTHORITY**

1260 Louisville Road • Frankfort, KY 40601  
 Phone: (502) 696-8800 • Fax: (502) 696-8822 • kyret.ky.gov



Print Form

Form 6800  
 Revised 06/2023

**Application for Duty Related/In Line of Duty Survivor Benefits**

**Deceased Member Information**

Member Name:		Member ID:	
Birthdate:	Marital Status:	Married	Single      Divorced
Date of Death:	Termination Date (if different than date of death):		
Employer Information			
Agency Name:		Telephone:	Fax:
Agency Address:	City:	State:	Zip Code:

**Incident Information**

**Please provide the requested information below and submit the following documents with this form:**

(1) Member's death certificate (2) Incident investigation report (3) Police report (if applicable) (4) Employee's job description

Date of Incident:	Time of Incident:
Location of Incident:	
Is there a police report documenting this incident?    Yes      No      If yes, please submit a copy with this form.	
Description of Incident:	

**Certification**

I hereby certify that the information completed on this form is true and accurate. I acknowledge that I have full understanding that any person who provides a false statement, report, or representation to a governmental entity such as KPPA is subject to the penalty of perjury in accordance with KRS 523.010, et seq. I further acknowledge that if I knowingly submit or cause to be submitted a false or fraudulent claim for the payment or receipt of benefit, the employer I represent, and I (personally) may be liable for restitution of the death benefits the spouse, child, dependent, or beneficiary was not eligible to receive, civil payments, legal fees, and costs.

Printed Name of Member's Immediate Supervisor: \_\_\_\_\_

Signature of Member's Immediate Supervisor: \_\_\_\_\_ Date: \_\_\_\_\_

**Approved by:**

Printed Name of Agency Head: \_\_\_\_\_

Signature of Agency Head: \_\_\_\_\_ Date: \_\_\_\_\_



## Employer Self Service Employer Administrator Account Creation Request

This form must be fully completed. Failure to provide all information may cause a delay in processing and/or rejection of your request. If you have any questions regarding this form, please contact our office at (888) 696-8810.

### Employer Information

Employer:	Employer Code:
-----------	----------------

### Employer Administrator Information

Please provide the following information for the individual who will act as an Employer Administrator for Kentucky Public Pensions Authority's Employer Self Service (ESS) site. The Employer Administrator is the individual selected by each employer to administer the users of the ESS site for that particular employer. This person is responsible for setting up new users and maintaining those user accounts, including the assignment of security roles which control access to information from KPPA.

Name:	Phone:
E-mail Address:	

### Certification

We acknowledge that this request will establish an Employer Administrator, and will allow the Employer Administrator to:

- Set up new users for the Employer Self Service site,
- Manage those users by assigning or changing security roles,
- Delete users,
- Reset PINs and reset passwords,
- Perform other duties as assigned by the employer, and
- Have unrestricted access to all employer information on the Employer Self Service site.

The designated Employer Administrator will not:

- Share his or her password,
- Allow another person to access his or her account, or
- Use another person's account.

We understand that the unauthorized or improper use of this system may subject us personally and/or our employer to one or more of the following: account cancellation, civil penalties, or criminal penalties.

Employer Administrator Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Agency Head Signature: \_\_\_\_\_ Date: \_\_\_\_\_



**FORM 7250**  
Revised 03/2024

**Verification of Payments Outside Regular Wages**

<b>Employer Information</b>			
Employer Name:		Employer Code:	
Address:	City:	State:	Zip Code:
Reporting Official:			

**Please complete the following questions regarding the payment of wages outside regular earnings.**

Does your agency pay employees any monies outside their regular salary, excluding overtime (i.e., Christmas bonus, incentive pays, profit sharing, etc.)?  Yes  No

**If yes, please provide further information about these payments below.**

What is the exact name of the payment? \_\_\_\_\_

Is this payment guaranteed in an employee's regular salary? \_\_\_\_\_

When are the payments awarded? \_\_\_\_\_

Are the payments built into personnel policy, or are they at the discretion of the employer? \_\_\_\_\_

Are these payments currently reported to Kentucky Public Pensions Authority? \_\_\_\_\_

If yes, what Payment Reason have you been designating for these funds? \_\_\_\_\_

Please attach any available documentation regarding these payments including any applicable personnel policies. Please contact your Employer Reporting, Compliance and Education representative with any questions at 1-888-696-8810.

**Certification**

I hereby certify that the information completed on this form is true and accurate. I acknowledge that I have full understanding that any person who provides a false statement, report, or representation to a governmental entity such as KPPA is subject to penalty of perjury in accordance with KRS 523.010, et seq. I further acknowledge that if I knowingly submit or cause to be submitted a false or fraudulent claim for the payment or receipt of benefit, the employer I represent, and I (personally) may be liable for restitution of the benefits for which the member was not eligible to receive, civil payments, legal fees, and costs.

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_



## Data Use and Reporting Agreement

Pursuant to 105 KAR 1:140 \_\_\_\_\_ (“Employer”) is required to submit reports and other information electronically to the Kentucky Public Pensions Authority (“KPPA”) using the secure KPPA Employer Self Service website (“Website”) or through the KPPA Secure Email Portal (“Portal”). Employer is also required to submit contributions and other payments. Reports, information, and payments must be submitted in accordance with this Agreement and Applicable Law.

Employer will be submitting certain Personal Information (PI) through the Website or Portal that should be transmitted securely in order to protect the privacy and security of the PI. Such PI must only be transmitted through the Website or Portal in accordance with this Agreement and Applicable Law.

### Article I - Definitions

Employer agrees that the following terms when used in this document shall have the meaning stated below:

- a. **Agency Head** shall mean the chief executive, official, or administrative officer with whom the ultimate legal authority of the Employer is vested.
- b. **Applicable Law** shall mean applicable federal, state, and local statutes; court opinions and orders; regulations; local rules; and policy requirements.
- c. **Creditable Compensation** shall have the same meaning as the definition of creditable compensation in KRS 61.510 and 78.510.
- d. **Employer** shall mean the organization listed in the blank space provided at the top of this document.
- e. **Individual** shall mean a natural person.
- f. **KAR** shall mean the Kentucky Administrative Regulations.
- g. **KRS** shall mean the Kentucky Revised Statutes.
- h. **Personal Information (PI)** means an Individual’s first name or first initial and last name in combination with the Individual’s:
  1. social security number;
  2. driver’s license number;
  3. personal identification number permitting access to the Individual’s account; or
  4. medical information.
- i. **Portal** means the KPPA Secure Email Portal.
- j. **Reporting Official** shall mean the person designated by the participating employer who shall be responsible for forwarding all employer and employee contributions and a record of the contributions to the system and for performing other administrative duties pursuant to the provisions of KRS 16.505-16.652, 61.510-61.705, and/or 78.510-78.852.
- k. **Systems** shall mean the Kentucky Employees Retirement System, the State Police Retirement System, and the County Employees Retirement System.
- l. **Website** means the Kentucky Public Pensions Authority’s Employer Self Service Website.

### Article II - General Terms

2.1. **Interpretation of Provisions.** In the event of an inconsistency between the provisions of this Agreement and state or federal law, the state or federal law shall prevail. In the event of inconsistency between the provision of this Agreement and the terms of 105 KAR 1:140, 105 KAR 1:140 shall prevail.

2.2. **Incorporation by Reference.** The provisions of 105 KAR 1:140 and the Employer Reporting Manual are incorporated herein by reference. By signing this Agreement, Employer acknowledges that the Reporting Official, Agency Head, and all other employees with any responsibility for reporting of retirement contributions and payments have read and understood 105 KAR 1:140 and the Employer Reporting Manual.

### Article III - Obligations and Activities of Employer

Employer agrees to and acknowledges the following:

- 3.1. Employer Acknowledgment of Understanding. The Reporting Official, Agency Head, and all other employees with any responsibility for reporting of retirement contributions and payments have read and understood 105 KAR 1:140 and the Employer Reporting Manual.
- 3.2. Employer Obligation to Securely Transmit and Receive PI. Employer shall submit PI through the Website or Portal in order to protect the privacy and security of the PI, and shall handle all PI received from KPPA in accordance with this Agreement and Applicable Law. KPPA is not responsible for the failure of Employer's employees, representatives, agents, contractors, or subcontractors to comply with Applicable Law in accessing, transmitting, receiving, or maintaining PI, including PI received from KPPA.
- 3.3. Employer's Responsibility for Authorized Users. Employer shall be solely responsible for ensuring that only authorized users access the Website, the Portal, or PI either through the Employer or by use of any password, identifier or log-on received obtained, directly or indirectly, lawfully or unlawfully, from Employer or any of Employer's employees, representatives, agents, contractors, or subcontractors, and all such acts and omissions shall be deemed to be the acts and omissions of the Employer. KPPA shall not be responsible for the failure of Employer's employees, representatives, agents, contractors, or subcontractors to comply with this Agreement and Applicable Law in accessing, transmitting, receiving, or maintaining PI, including PI received from KPPA.

Each Employer shall certify:

- a. That its authorized users shall only access the Website and the Portal and use, disclose, and transmit PI for purposes that are consistent with this Agreement and Applicable Law;
  - b. That its authorized users have agreed to hold any passwords, or other means for accessing the Website and the Portal in a confidential manner and to release them to no other individual; and
  - c. That it has restricted access to the Website, the Portal, and PI and PHI only to the authorized users that Employer's Employer Administrator has identified pursuant to this Agreement and 105 KAR 1:140.
- 3.4. Agents, Contractors, and Subcontractors. Employer agrees to ensure that any agent, including a contractor or subcontractor, to whom it provides access to PI received from KPPA, agrees in writing to the same restrictions and conditions that apply through this Agreement to Employer with respect to such PI. Such written agreement shall also require the agent to implement reasonable and appropriate administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of PI received from KPPA in accordance with this Agreement and Applicable Law.
  - 3.5. Training. Employer shall provide appropriate training to its employees, representatives, agents, contractors, or subcontractors in security, privacy, and confidentiality requirements and prohibitions relating to PI under this Agreement.
  - 3.6. Timely Submission of Reports, Contributions, and Payments. Employer shall timely submit all reports, contributions, and payments required by KRS 16.505-16.652, 61.510-61.705, and/or 78.510-78.852 and 105 KAR 1:140.
  - 3.7. Effect of Failure to Timely Submit Reports, Contributions, and Payments. If Employer refuses or fails to timely submit all reports, contributions, and payments required by KRS 16.505-16.652, 61.510-61.705, and/or 78.510-78.852 and 105 KAR 1:140. KPPA may use any legal remedy available to it to compel Employer to submit such reports, contributions, and payments and may apply interest and penalties to the untimely reports, contributions, and payments to the extent authorized by Applicable Law.
  - 3.8. Availability of Records or Information. Employer shall make records or information available to KPPA in accordance with KRS 16.645, 61.505, 61.675, 61.685, 78.545, and 78.625, in a time and manner designated by KPPA, for purposes of determining Employer's compliance with this Agreement and Applicable Law.

3.9. Effect of Refusal to Provide Required Information. If Employer refuses to provide the KPPA access to records or information requested in accordance with KRS 16.645, 61.505, 61.675, 61.685, 78.545, and 78.625 or does not respond to a request for information or records by the KPPA made in accordance with in accordance with KRS 16.645, 61.505, 61.675, 61.685, 78.545, and 78.625, KPPA may use any legal remedy available to KPPA to enforce KRS 16.505-16.652, 61.510-61.705, and/or 78.510-78.852 and 105 KAR 1:140.

3.10. Notification of Claims. Employer shall notify KPPA within forty-eight (48) hours upon notification or receipt of any civil or criminal claims, demands, causes of action, lawsuits, or governmental enforcement actions arising out of or related to this Agreement or the PI received from KPPA, regardless of whether KPPA and/or Employer are named as parties in such claims, demands, causes of action, lawsuits, or enforcement actions.

3.11. Assistance in Litigation or Administrative Proceedings. Employer shall make its employees, representatives, agents, contractors, or subcontractors, available to KPPA to testify as witnesses, or otherwise, in the event of litigation or administrative proceedings being commenced against KPPA or its trustees, officers, or employees based upon a claimed violation of Applicable Law, except where Employer or its employee, representative, agent, contractor, or subcontractor is named as an adverse party.

**Article IV - KPPA Obligations**

4.1. Indemnification. To the extent allowed by law, Employer shall reimburse KPPA for any expenses, losses, damages, legal fees, attorney fees, or costs arising out of or related to any civil or criminal claims, demands, causes of action, lawsuits, or governmental enforcement actions, whether brought by a third party or asserted by Employer, arising out of or related to Employer's actual or alleged acts and omissions (or those of its employees, representatives, agents, contractors, or subcontractors) associated with Employer under this Agreement.

5.1. Notice to Employer. KPPA shall notify Employer of the web address of the Website and shall notify Employer if the web address changes.

5.2. Invoices. KPPA shall submit an invoice to Employer for any contributions, other payments, interest, or penalties owed to KPPA that were not submitted contemporaneously with the monthly detail and summary reports. KPPA may offset funds owed by the Employer to the systems with funds owed to Employer by the systems.

**Employer Signature**

I hereby certify that the information completed on this form is true and accurate. I acknowledge that I have full understanding that any person who provides a false statement, report, or representation to a governmental entity such as KPPA is subject to penalty of perjury in accordance with KRS 523.010, et seq.

Name of Employer: \_\_\_\_\_

Agency Head or Reporting Official Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_



## KENTUCKY PUBLIC PENSIONS AUTHORITY

1260 Louisville Road • Frankfort, KY 40601  
Phone: (502) 696-8800 • Fax: (502) 696-8822 • kyret.ky.gov

### Employer Instructions for Member or Beneficiary Filing for Disability or Survivor Benefits

Revised 06/2023

**IMPORTANT: FAILURE TO RETURN THE REQUIRED INFORMATION WITHIN 5 BUSINESS DAYS MAY CAUSE A DELAY IN THE MEMBER'S OR BENEFICIARY'S BENEFITS AND/OR HEALTH INSURANCE.**

**For members who apply for disability retirement through KPPA, KRS 61.665(2)(a) and 78.545 require a complete job description of the member's job duties and requirements and requires that the member make a request for reasonable accommodations as provided for in 42 U.S.C. Part 1630 of the Americans with Disabilities Act (ADA). For beneficiaries who apply for survivor benefits, 105 KAR 1:457 requires a complete job description of the members job duties and requirements.**

A disability retirement application or a survivor benefit application has been initiated through Kentucky Public Pensions Authority.

For members who apply for disability retirement, KRS 61.665(2)(a) and 78.545 require a complete description of the member's job duties and requirements and requires that the member make a request for reasonable accommodations as provided for in 42 U.S.C. sec. 12111(9) and 29 C.F.R. Part 1630 through the American with Disabilities Act (ADA).

Examples of reasonable accommodations may include:

- Making existing facilities accessible to individuals with disabilities
- Job restructuring
- Part-time or modified work schedules
- Reassignment to a vacant position
- Retraining
- Purchase of assistive equipment

If the individual has terminated employment with your agency or did not request accommodations, you should outline what accommodations **were made** or **could have been made** on the enclosed Form 8030.

\*For beneficiaries who apply for survivor benefits, 105 KAR 1:457 requires a complete description of the member's job duties and requirements to process the application for benefits.





**KENTUCKY PUBLIC PENSIONS AUTHORITY**

1260 Louisville Road • Frankfort, KY 40601  
 Phone: (502) 696-8800 • Fax: (502) 696-8822 • kyret.ky.gov



Print Form

Form 8030  
 Revised 06/2023

**Employer Job Description**

**Employee Information**

Employee Name:	Member ID:
Job Title:	Agency:

**Job Description**

Describe the employee's job duties performed as of the last day worked: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

\_\_\_\_\_ Total hours in a workday.      \_\_\_\_\_ Sitting hours in a day.      \_\_\_\_\_ Standing/walking hours in a day.

Does the employee have the ability to alternate between sitting and standing/walking?     Yes     No

Physical effort required: (check appropriate boxes)	Never	Seldom/ Rare	Occasional (up to 1/3 of work day)	Frequent (1/3 to 2/3 of work day)	Repetitive (2/3 or more of work day)
Handle/Finger/Feel:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reach/Push/Pull:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bend/Stoop/Crouch:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Kneel/Crawl:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Climb/Balance:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lift/Carry (frequency):	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Up to 10 lbs.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Up to 20 lbs.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Up to 50 lbs.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Up to 100 lbs.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/> Over 100 lbs.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Identify the items or tools the employee was required to lift and/or carry in performing the essential job duties (include the weight, distance, and frequency of the lifting and/or carrying): \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Identify the heaviest item and weight lifted on a frequent basis (1/3 to 2/3 of workday): \_\_\_\_\_

Identify the heaviest item and weight lifted without assistance: \_\_\_\_\_

Please identify any physical effort requirements for the employee to perform his or her job duties as of the last day worked. (Check appropriate boxes)

- The employee was required to handle, grab, or grasp items or tools. (file, ledger, hammer, wrench, pot/pan, mop/bucket)
- The employee was required to finger, feel, or sort items or tools. (computer keyboard, typewriter, calculator, pen/pencil)
- The employee was required to use machinery that used hand and/or foot controls. (backhoe, school bus)
- The employee was required to use vibratory equipment, machinery, or tools. (jackhammer, floor buffer, lawnmower)
- The employee was required to reach overhead, and in all other directions.
- The employee was required to use stairs or ramps.
- The employee was required to use ladders or scaffolding.
- The employee was exposed to environmental elements such as extreme heat, extreme cold, or extreme wetness/dampness.
- The employee was exposed to excessive noise, fumes, odors, gases, or dust.

Please make any remarks concerning the physical effort requirements for the employee to perform his or her job duties as of the last day worked: \_\_\_\_\_  
 \_\_\_\_\_

**Accommodations:** Examples of reasonable accommodations may include making existing facilities accessible to individuals with disabilities, job restructuring, part-time or modified work schedules, reassignment to a vacant position, retraining, or purchase of assistive equipment. If the individual has terminated employment with your agency or did not request accommodations, you should outline what accommodations were made or could have been made.

Did the employee request accommodations, assistance, or help to perform the essential job duties?  Yes  No  
**IF YES**, please attach a copy of the request. Please attach any written response by the agency to the employee for request for accommodations. Please attach a statement describing the accommodations, assistance, or help that was offered or attempted to allow the employee to perform the essential job duties.  
**IF NO**, please describe the accommodations, assistance, or help that was reasonably available to allow the employee to perform the essential job duties. \_\_\_\_\_

Did the employee have any machines, tools, or equipment available to assist in performing job duties, such as a handcart, desk mover, special chair, headphones, keyboard, tape recorder, or other? \_\_\_\_\_

Did the employee have assistance available from co-workers? \_\_\_\_\_  
 Where accommodations were made available, requested, or implemented, was the job as accommodated offered to the employee indefinitely?:  Yes  No  
 Attach additional pages if necessary.

**Personnel Issues:**

Was the employee injured on the job?  Yes  No If YES, please attach a copy of the incident report.

Is the employee currently receiving Workers' Compensation benefits?  Yes  No  
 If YES, please provide the Workers' Compensation insurance carrier name and address assisting with this claim.  
 Insurance Carrier Name: \_\_\_\_\_

Address: \_\_\_\_\_ City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Please indicate the employee's current personnel status:  
 Termination  Sick Leave Without Pay  Still on Payroll  Other \_\_\_\_\_

If the employee has terminated or is utilizing a leave without pay status, please provide date and attach a copy of the personnel form: \_\_\_\_\_

If the employee is not still on the payroll, please verify the last day of paid employment: \_\_\_\_\_

Supervisor Name: \_\_\_\_\_ Title: \_\_\_\_\_

Address/Phone: \_\_\_\_\_

**Certification**

I hereby certify that the above information is correct and accurately describes the job duties that the employee had as of the last day worked. I hereby certify that the information completed on this form is true and accurate. I acknowledge that I have full understanding that any person who provides a false statement, report, or representation to a governmental entity such as KPPA is subject to the penalty of perjury in accordance with KRS 523.010, et seq. I further acknowledge that if I knowingly submit or cause to be submitted a false or fraudulent claim for the payment or receipt of benefit, the employer I represent, and I (personally) may be liable for restitution of the survivor benefits the spouse, child, dependent, or beneficiary was not eligible to receive, civil payments, legal fees, and costs. I understand that the Kentucky Public Pensions Authority or the employee may request that I testify at an administrative hearing as to the matters described herein.

Agency Representative Printed Name: \_\_\_\_\_  
 Agency Representative Title: \_\_\_\_\_  
 Agency Representative Signature: \_\_\_\_\_ Date: \_\_\_\_\_



**KPPA**

Kentucky Public Pensions Authority

**EMPLOYER REPORTING, COMPLIANCE & EDUCATION**

**Force**

**EMPLOYER  
REPORTING  
MANUAL**

# resources

EMPLOYER REPORTING, COMPLIANCE & EDUCATION

# CHAPTER 1

## KPPA Information

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REVISED 07/2021

## PLAN ADMINISTRATION

The Commonwealth of Kentucky provides retirement benefits for most state and county employees through Kentucky Public Pensions Authority (KPPA), which operates three separate retirement systems:



**1. Kentucky Employees Retirement Systems (KERS)** established July 1, 1956 for state employees.



**2. County Employees Retirement Systems (CERS)** established July 1, 1958 for local government and classified school board employees.



**3. State Police Retirement Systems (SPRS)** established July 1, 1958 for uniformed Kentucky State Police officers.

CERS is governed by the CERS Board of Trustees established pursuant to [Kentucky Revised Statute 78.782](#). KERS and SPRS are governed by the Kentucky Retirement Systems (KRS) Board of Trustees established pursuant to [Kentucky Revised Statute 61.645](#).



[KRS 61.645](#)  
[KRS 78.782](#)



[READ MORE](#)

[Read more about the Board of Trustees.](#)

An Executive Director oversees KPPA and works closely with the KRS and CERS Boards. [Learn more about KPPA and the systems it operates.](#)



[READ MORE](#)

During the 2015 Regular Session of the General Assembly, the Public Pension Oversight Board was established. This board is a legislative advisory board attached administratively to the Kentucky Legislative Research Commission. [Read more about the Public Pension Oversight Board.](#)

### LAWS AND REGULATIONS

KERS, CERS and SPRS are qualified governmental defined benefit plans established under Section 401(a) of the Internal Revenue Code (IRC).

Kentucky law provides for three benefit tiers based on participation date. Participation date is when a member began paying contributions and earning service credit with a state-administered retirement system. A member's participation date can change the level of benefits to which they are entitled, health insurance eligibility and their eligibility to purchase service.

- **Tier 1:** Participation date prior to September 1, 2008 (defined benefit plan)
- **Tier 2:** Participation date September 1, 2008 through December 31, 2013 (defined benefit plan)
- **Tier 3:** Participation date January 1, 2014 and after (hybrid cash balance plan)

The three systems are governed by the following state statutes:

- [Kentucky Revised Statutes 61.510 through 61.705](#) applies to **KERS**
- [Kentucky Revised Statutes 78.510 through 78.852](#) applies to **CERS**
- [Kentucky Revised Statutes 16.505 through 16.652](#) applies to **SPRS**



[KRS 61.510 - 61.705](#)

[KRS 78.510 - 78.852](#)

[KRS 16.505 - 16.652](#)



[KAR Title 105](#)

The administrative regulations necessary to carry out the statutes, policies and procedures covering the systems operated by KPPA are found in [Title 105 of the Kentucky Administrative Regulations](#).

**PLAN FUNDING**

**Benefits are funded through three sources:**

1. Employee contributions deducted from an employee’s creditable compensation,
2. Employer contributions paid by each participating agency, and
3. Return on investments.

**EMPLOYEE CONTRIBUTIONS**

Kentucky law provides that all employees meeting the requirements for membership contribute a percentage of their gross wages, referred to as creditable compensation. The amount the employee contributes is determined by their benefit tier. Employees classified as hazardous contribute a different amount than employees classified as nonhazardous. Due to legislation enacted by the 2008 Special Session of the General Assembly, employees with a participation date on or after September 1, 2008 contribute an additional, non-refundable, one percent health insurance contribution (HICON).

**HICON**  
Health Insurance  
Contribution



EMPLOYEE CONTRIBUTION		
TIER	PARTICIPATION DATE	CONTRIBUTION
<b>Tier 1</b>	Prior to 9/1/08	<b>Without HICON</b> NHAZ 5%; HAZ 8%
<b>Tier 2</b>	9/1/08 - 12/31/13	<b>With HICON</b> NHAZ 5% + 1% HICON HAZ 8% + 1% HICON
<b>Tier 3</b>	1/1/14 and after	<b>With HICON</b> NHAZ 5% + 1% HICON HAZ 8% + 1% HICON

**TAX TREATMENT OF EMPLOYEE CONTRIBUTIONS**

When mandatory employee contributions are deducted from an employee’s check, the contributions are exempt from Federal and State Income Tax withholding. Mandatory employee contributions have been exempted from Federal and State Income Tax withholdings since August 1, 1982. These contributions are tax deferred, which means the contributions are withheld from employees’ gross pay before Federal and State Income Tax.

From January 1, 1987 through December 31, 2016, Federal Social Security withholdings were also exempt. This changed January 1, 2017 under a [Memorandum of Agreement](#) between the Commonwealth of Kentucky and the Internal Revenue Service. As of January 1, 2017, employee contributions are deducted after Federal Social Security is withheld.

[PDF LINK](#)  
[Memorandum of Agreement](#)



[KRS 61.565](#)  
[KRS 61.702](#)  
[KRS 78.5536](#)  
[KRS 78.635](#)



READ MORE

[Chapter 2:  
Employee  
Reporting](#)

## EMPLOYER CONTRIBUTIONS

Recommended employer contribution rates are determined by KPPA's independent actuary based on data in the annual actuarial valuation. The CERS and KRS Boards of Trustees adopt employer contribution rates necessary for the actuarial soundness of the systems governed by the respective boards as required by [Kentucky Revised Statutes 61.565, 61.702, 78.5536, and 78.635](#). KERS and SPRS employer rates are subject to approval by the Kentucky General Assembly through the adoption of the biennial Executive Branch Budget. The CERS Board sets CERS contribution rates, unless altered by legislation enacted by the General Assembly.

Each employer is required to contribute at the rate set by law. Employer contributions are paid on creditable compensation earned by each employee eligible for membership in the systems operated by KPPA. Read more about eligible employees in [Chapter 2](#).



Effective July 1, 2021, KERS Nonhazardous employer contributions include an additional amount based on the unfunded liability. [Read more about historical and current employer contribution rates.](#)

## DEPOSIT OF EMPLOYER CONTRIBUTIONS

Employer contributions are used to pay monthly benefits and to fund administrative expenses. Employer contributions are deposited to the Retirement Allowance Account and the Insurance Fund, with the exception of the Employer Pay Credit for Tier 3 members. The Employer Pay Credit portion of employer contributions for Tier 3 members is deposited to the member's account each month.

## DEPOSIT OF EMPLOYEE CONTRIBUTIONS

All employee contributions, except for the one percent health insurance contribution required for members in Tiers 2 and 3, are deposited in the member's account. The additional one percent health insurance contribution paid by members with a participation date on or after September 1, 2008 is deposited into a non-refundable trust to reduce the unfunded liability of the insurance plans.

When an employee retires, his or her account balance is transferred to the Retirement Allowance Account to pay retirement benefits.

## CREDITABLE COMPENSATION

Creditable compensation is used to calculate retirement benefits and must be reported for every employee each month.

### ***What's Included***

Creditable compensation consists of all salary, wages, tips, fees and payments for compensatory time, paid as a result of services performed for the employer, or for time when the member is on paid leave which are includable on the member's Federal Form W-2, Wage and Tax statement, under the heading "Wages, Tips, and Other Compensation".



***Exception:*** For employees whose participation date is on or after September 1, 2008, lump-sum payments for compensatory leave before or after retirement cannot be included in creditable compensation and should not be reported to KPPA.



Elective amounts for qualified transportation fringe payments not includable in gross salary per Title 26 United States Code Section 132(f)(4) are also part of creditable compensation. This includes any of the following provided by an employer to an employee:

- Transportation in a commuter highway vehicle if such transportation is in connection with travel between the employee's residence and place of employment.
- Any transit pass.
- Qualified parking.
- Any qualified bicycle commuting reimbursement.

Lump sum bonuses, severance payments or employer-provided payments for purchasing service credit are also included in creditable compensation for reporting. These types of payments must be reported separately from regular wages on the monthly detail report. If these types of payments exceed \$1,000 for the fiscal year, then the combined payments will be averaged over an employee's total service in the system in which they are reported.

If an employee's compensation package includes non-monetary items, such as provided vehicles or housing, KPPA will facilitate the determination of the value of these items for purposes of reporting contributions.

#### **What's Not Included**

Living allowances, expense reimbursements, and lump-sum payments for accrued unused vacation time are not considered creditable compensation and should not be reported to KPPA. Lump sum payments for unused sick leave when an employee terminates may only be reported to KPPA if the agency participates in the CERS Alternate Sick Leave Program under [Kentucky Revised Statute 78.616\(5\)](#). Lump sum payments for unused sick leave at any time other than termination, lump sum compensatory time payments for employees who began participating on or after September 1, 2008 and nominal fees for volunteers with a participation date on or after August 1, 2016 are not reportable. There are also specific retired reemployed exemptions explained in [Chapter 2](#).

Member pension spiking may affect creditable compensation for retirement purposes. Read more about pension spiking in [Chapter 2](#).

#### **FISCAL YEAR LIMITS**

Section 401(a)(17) of the Internal Revenue Code limits the amount of creditable compensation that can be reported during the fiscal year. Under these guidelines, employee and employer contributions are to be reported on the monthly detail report for all creditable compensation earned by an employee up to the maximum annual limit. Once an employee reaches the creditable compensation limit, no contributions are to be reported for the remainder of the fiscal year. However, the employer must continue to report the employee's creditable compensation for the remainder of the fiscal year using the "Salary that Exceeds IRS Limit" field on the monthly detail report. If the employer reports contributions on salary in excess of the creditable compensation limit, KPPA will refund those contributions. [Read more](#) about Creditable Compensation and Fiscal Year Limits.



If a member is paying into a before-tax compensation plan, such as a 401(k) or a 457 plan, the amount contributed to these plans does not reduce a member's creditable compensation for purposes of calculating retirement benefits. A member's creditable compensation is determined prior to any deductions to before-tax compensation plans.



[KRS 78.616\(5\)](#)



[READ MORE](#)

[Chapter 2:  
Employee  
Reporting](#)



[READ MORE](#)



## INDIVIDUAL MEMBER ACCOUNTS

### ACCOUNT ADMINISTRATION

Prior to retirement, an account is maintained for individual employee contributions. The balance in the account cannot be garnished or used for collateral on a loan. Members actively contributing to one or more of the systems cannot withdraw funds from their account(s).

### CONFIDENTIALITY

Information in a member's account is confidential. Requests for information about a member's account must be made in writing or in person and should contain the Member ID, home mailing address, and signature. Account information cannot be provided over the telephone unless the caller provides the Member ID and the PIN assigned to the account.



Account information will be released in response to a lawful subpoena or court order.

### MEMBER FORMS

When a new employee is reported to KPPA, an enrollment record is created. If the employee is a new member, KPPA sends a welcome letter and issues a Personal Identification Number (PIN).

Once a new member has been reported by an employer, and contributions have posted to the account, KPPA mails a Member Welcome letter which includes [Form 2035, Beneficiary Designation](#) and [Form 2001, Membership Information](#). The new member will receive their KPPA PIN in a separate letter.

New members are assigned a Member ID that is included in their welcome letter and pre-populates on the enclosed forms. The PIN is used by the member or their representative to obtain information when contacting our office and to register for [Member Self Service](#).

New members should complete and submit the Form 2001 and Form 2035 to KPPA.



If there is not a valid Form 2035 on file with KPPA prior to the member's death, the member's estate is the default beneficiary. For this reason, employers should not hold beneficiary forms in an employee's personnel file.

If the member provides a Form 2035 to their employer, the employer should forward the form to KPPA immediately upon receipt. The member may change the beneficiary of their retirement account at any point during their employment by submitting a new Form 2035 to KPPA.

### ANNUAL STATEMENT

Prior to retirement, an Annual Statement for a member's account is available online through [Member Self Service](#). The Annual Statement provides a snapshot of the retirement benefits, contributions, interest and service accrued through the end of the fiscal year (June 30th). Members should always review their Annual Statements carefully to ensure the information is correct. Tier 3 members received their first Annual Statement in 2019.

PIN  
Personal  
Identification  
Number



MEMBER FORMS

[Form 2035](#)

[Form 2001](#)

SELF SERVICE



### INTEREST

The interest credited to a member’s account each June 30 and reported on the Annual Statement is calculated based upon the account balance at the end of the prior fiscal year. New members do not see interest credited in their first year since there is no prior year balance.

For **Tier 1** members, the interest paid is set by the CERS and KRS Boards of Trustees for the systems governed by the respective boards and will not be less than 2.0%; for **Tier 2** members interest will be credited at a rate of 2.5%.

**Tier 3** members earn a base of 4% interest annually on both the member contributions and the Employer Pay Credit balance. Upside Sharing Interest is the additional interest credit that may be applied to a Tier 3 account. Upside Sharing Interest is not guaranteed. The following conditions must be met before Upside Sharing Interest is credited to a member’s account:

- The system’s geometric average net investment return for the last five years must exceed 4%.
- The member must have been active and contributing in the fiscal year.

### REFUND OF ACCOUNT BALANCE

Upon termination of employment with all participating employers, a member has three options: (1) retire if eligible, (2) leave the contributions until they reach retirement eligibility or (3) take a refund of the account balance. An individual’s options depend on the member’s benefit tier:



[Read more about Tier 1 refund options](#)



[Read more about Tier 2 refund options](#)



[Read more about Tier 3 refund options](#)



In order to process a refund of employee contributions:

- The member must complete a [Form 4525, Application for Refund and Direct Rollover of Contributions](#), and
- The employer must report the member’s employment end reason and employment end date on the monthly contribution detail report.



The employee must terminate employment and have a separation from service to be eligible for a refund. If there is any doubt, please contact your ERCE representative.

A refund cannot be issued until KPPA has received all required information. Since contributions are reported to KPPA on a monthly basis and wages are paid typically two to four weeks after termination, the refund process takes at least 45 days beyond the termination date.

## SELF SERVICE



### MEMBER SELF SERVICE

The Member Self Service website allows members to manage their retirement account and access benefit details online. Using Member Self Service, members can:

- Maintain contact information
- Upload documents
- View Annual Statements
- Calculate retirement estimates
- Calculate potential costs of service purchases
- Register for seminars
- Access the secure message center
- Apply for retirement
- Enroll in health insurance at retirement

[Read more about Member Self Service.](#)



READ MORE



Contact KPPA

### CONTACTING KPPA

The KPPA Call Center is staffed with retirement counselors who help members obtain services and answer questions. Counselors may provide specific information about a member's account over the phone if the member provides their KPPA issued PIN and Member ID.

*Any written inquiries should include:*

- The member's name,
- Member ID,
- Home mailing address, and
- Signature.

Members may email KPPA with general questions. Email is not secure. We strongly recommend that email be used for general inquiries only and that the sender not include information of a confidential or personal nature. Examples of information which **SHOULD NOT** be transmitted by email include Social Security numbers, dates of birth, home addresses, telephone numbers, bank accounts and credit card information, mother's maiden name, medical information, and any information that an employee would not want a third party to discover. Employees should call or submit written requests for specific information.

## EMPLOYER RESOURCES



### DIVISION OF EMPLOYER REPORTING, COMPLIANCE AND EDUCATION

The Division of Employer Reporting, Compliance and Education (ERCE) has three teams to support employers based on reporting method:

- [File/Web Team](#) - Supports county employers, local government employers and quasi-governmental employers.
- [KHRIS Team](#) - Supports employers included on the Personnel Cabinet's monthly retirement file.
- [School Board Team](#) - Supports all county and independent school boards.

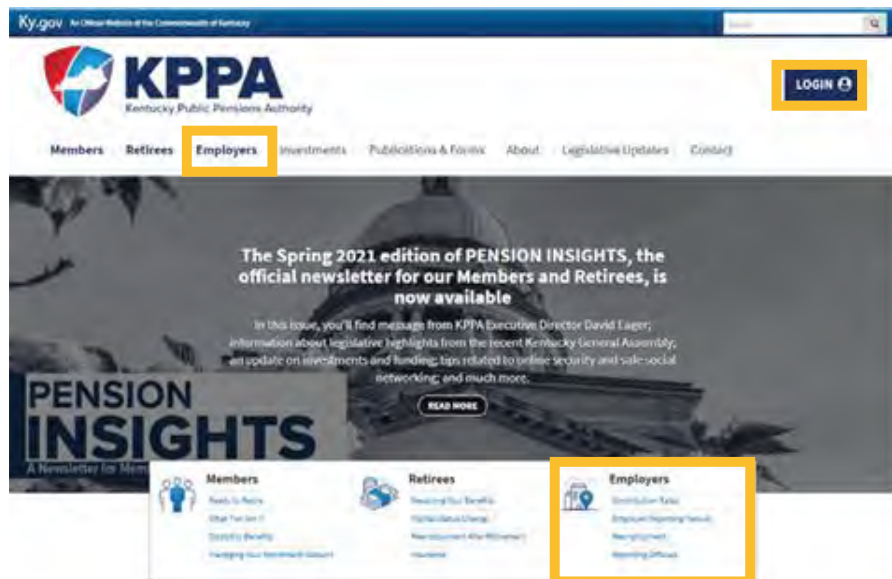
In addition, ERCE established a Quality Assurance and Outreach Team in 2019. This team is responsible for providing employer training resources. This team also assists with internal testing and support required for all employer processes, including those impacted by special business and technology projects.

The [File Web Team](#), [KHRIS Team](#), and [School Board Team](#) can assist employers with questions about reporting, compliance, error resolution and other agency needs, such as training requests. Please contact your ERCE representative with any questions.

### KPPA WEBSITE

Employers have many resources on the KPPA website at <https://kyret.ky.gov>. You can quickly navigate to the Employers section of our site by using the menu at the top or click on any link under Employers to go directly to a featured page. The **LOGIN** button at the top of the screen takes you to the [Employer Self Service \(ESS\)](#) login with just two clicks.

Check our website regularly for the latest employer news and training opportunities. You can also find [employer forms](#), [contribution rates](#), and [videos](#). The members section of the website has similar resources for employees.





**EMPLOYER SELF SERVICE**

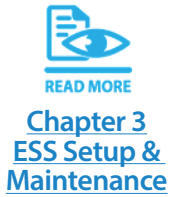
The ESS website is used for monthly reporting and provides several additional resources. Employers can find an employee’s participation date, calculate sick leave costs, report a death, register for seminars and submit forms online. Your Employer Administrator grants access for ESS users. There is no limit to the number of users each employer may set up. Once added as a user, you will be assigned a User ID, a password and a PIN.



**EMPLOYER PIN**

The employer PIN is required when contacting KPPA by phone and for certain transactions on ESS. The employer PIN serves as an additional security feature to protect your agency and your employees.

Read [Chapter 3](#) to learn more about ESS Account Setup and Maintenance.



**SECURE EMAIL**

KPPA is a covered entity under the Health Insurance Portability and Accountability Act (HIPAA) and the Health Information Technology for Economic and Clinical Health (HITECH). Additionally, KPPA is required by state law to maintain its members’ account information and sensitive personal information in a confidential and secure manner. Accordingly, KPPA policy requires participating employers to use its secure email portal when emailing confidential and/or sensitive information, especially protected health information, to KPPA. The portal can be accessed at: <https://web1.zixmail.net/s/login?b=kyret>

The portal uses strong encryption to safeguard the confidentiality of email communications and greatly reduces the risk of costly disclosures that could put our members at risk of identity theft and other fraudulent activity.

Always use the portal when sending a confidential email to KPPA that contains sensitive data including, but not limited to, Social Security numbers, KPPA Member IDs, KPPA PINs, or any personally identifiable or health-related data. Never send confidential or sensitive personal information outside of the secure email portal. Confidential information sent in an unsecure email is an unauthorized disclosure of sensitive member information and KPPA or the agency responsible is required to notify the affected member(s) of the disclosure.



Please note that the portal should NOT be used for monthly reporting. The subject line of portal email is NOT encrypted; therefore, DO NOT type Social Security numbers, KPPA Member IDs, or other confidential information in the subject line.

The [Secure Email Portal User Manual](#) provides step-by-step instructions for using the portal.



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# Article

## EMPLOYER REPORTING, COMPLIANCE & EDUCATION



# CHAPTER 2

## Employee Reporting

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REVISED 07/2021



## REPORTING REQUIREMENTS



NOTICE

Reporting and compliance may be different for [School Board](#) and [KHRIS](#) employers on some of the topics covered in this chapter.



Although not all employees are eligible to participate in systems operated by KPPA and have retirement contributions withheld, employers are required by [105 Kentucky Administrative Regulations 1:140](#) to report all employees in the monthly report.

The exceptions to this requirement are:

1. Employees who rejected participation when the employer initially joined CERS or KERS. This is a one-time occurrence for most agencies except Cities.
2. Full-time Mayor or City Council members who reject participation upon initial election to the position. These are the only positions allowed to elect or reject participation after an employer has joined CERS. Form 2012, Election or Rejection of Participation, is required.
3. KPPA-approved retired police officers who meet the qualifications and are returning to employment with a [City Police Department](#), [County Police Department](#), [County Sheriff Office](#), or [Post-Secondary Institution](#).
4. KPPA-approved retirees returning to a position of [School Resource Officer](#) through a school board, a contract between a local law enforcement employer and a school board, or the Kentucky State Police and a school board.
5. Employees simultaneously participating in and earning a full year of service credit with another state administered retirement program.
6. Approved independent contractors. Employers must send a copy of the contract to the KPPA Office of Legal Services to determine if the person qualifies under federal guidelines to be an independent contractor.
7. Volunteers paid a nominal fee. To constitute a nominal fee, the compensation earned by the volunteer cannot exceed \$500 per month, aggregated among all participating employers.
8. Employees who retired and were reemployed prior to August 1, 1998 and did not elect to begin a new account.
9. Student employees of public universities participating in KERS who are enrolled as full-time students in a course of study at the university and who are exempt from FICA withholding pursuant to United States Code Title 26.3121(b)(10) and 26 Code of Federal Regulations (CFR) Section 31.3121(b)(1)-2.
10. Student employees of public universities participating in KERS who are enrolled as full-time students in a course of study at the university and are classified as full-time students throughout the fiscal year pursuant to 29 CFR Section 519.2(a).

These specific groups should not be reported to KPPA.





Participating employers are required to notify KPPA when a current or former employee hired on or after August 1, 2000 is convicted by any state or federal court of a felony related to his or her employment. KPPA recommends that employers provide notice when felony charges against an employee related to employment are merely pending, and have not resulted in a conviction, so that KPPA staff can monitor the outcome of the criminal proceeding. Please contact your ERCE representative if you have any questions about reporting felony convictions.

## RETIRED REEMPLOYED

 **PDF LINK**  
[Reemployment after Retirement Handbook](#)

All members who retire from a system operated by KPPA must adhere to reemployment law. Failure to comply with [Kentucky Revised Statute 61.637 or KRS 78.5540](#) upon reemployment with a participating agency will void the member's retirement and require repayment of all benefits. Please refer to our [Reemployment after Retirement Handbook](#) for more information.

  
**MEMBER FORMS**  
[Form 6000](#)

### PRIOR TO RETIREMENT

In general, Kentucky law prohibits a member from having a prearranged agreement, prior to his or her effective retirement date, to return to employment in any position with any participating agency. The member must certify on the [Form 6000, "Notification of Retirement"](#) that no prearranged agreement exists prior to retirement.

### FOLLOWING RETIREMENT

 **PDF LINK**  
[Employee](#)

Reemployment as an Employee with a participating agency: [Kentucky Revised Statute 78.5540](#), enacted by the General Assembly in 2021, and [KRS 61.590](#) and [61.637](#), amended by the General Assembly in 2019, deal with reemployment of a retiree with a participating agency. [Read More](#)

 **PDF LINK**  
[Independent Contractor/Leased Employee](#)

Reemployment as an Independent Contractor/Leased Employee with a participating agency: [Kentucky Revised Statute 78.5540](#), enacted by the General Assembly in 2021, and [KRS 61.590](#) and [61.637](#), amended by the General Assembly in 2019, deal with reemployment of a retiree as an independent contractor/leased employee with a participating agency. [Read More](#)

 **PDF LINK**  
[Volunteer](#)

Reemployment as a Volunteer with a participating agency: [Kentucky Revised Statute 78.5540](#), enacted by the General Assembly in 2021, and [KRS 61.590](#) and [61.637](#), amended by the General Assembly in 2019, deal with service as a volunteer with a participating agency after retirement. [Read More](#)

  
 STATUTE  
[KRS 61.637](#)

Reemployment as an Elected Official with a participating agency: [Kentucky Revised Statute 78.5540](#), enacted by the General Assembly in 2021, and [KRS 61.590](#) and [61.637](#), amended by the General Assembly in 2019, provide that if an elected official retires from office, is reelected to the same office, and begins a new term within 12 months of retiring, this will constitute a prearranged agreement and his or her retirement will be voided.

  
 STATUTE  
[KRS 78.5540](#)

**Mayors and Members of City Legislative Bodies:** [Kentucky Revised Statutes 78.5540](#) and [KRS 61.637](#) deal with the retirement of Mayors and Members of City Legislative Bodies. If the member holding the position is at least 62 years of age and eligible to retire from the County Employees Retirement System (CERS), the member is not required to resign from his or her position as Mayor or Member of a City Legislative Body in order to begin drawing benefits. The member cannot accumulate any additional benefits after the member's effective retirement date, or he or she may forfeit his or her initial retirement benefits. The member does not have to resign as Mayor or as a Member of a City Legislative Body if the member has not participated in CERS prior to retirement, regardless of age. See [Kentucky Revised Statutes 61.637\(17\)\(f\)1 and 78.5540\(4\)\(f\)1](#).

## OTHER INFORMATION

**Required Break in Service:** State law mandates that the required break in service is calculated using months from the time of retirement to the time of reemployment. For example, a member retiring from a nonhazardous position reemploying with a participating agency shall observe a three (3) calendar month break in service. Days are not considered when determining if the required break in service has been met.

**Member's Age:** The obligation to notify KPPA of employment or volunteer work for a participating agency within twelve (12) months of the member's effective retirement applies regardless of the age of the retired member. There is no exemption based on age.

**Health Insurance:** If a retired member with an initial participation date prior to September 1, 2008, has elected health insurance coverage offered through KPPA but later reemploys with a participating agency in a regular full-time position, the agency is required to reimburse KPPA for the single coverage health insurance contribution provided to the retiree. If a retired member with an initial participation date on or after September 1, 2008, reemploys with a participating agency in a regular, full-time position, the retired member will not be eligible for health insurance coverage offered through KPPA during the period of reemployment.

## REEMPLOYMENT EXCEPTIONS

Kentucky law provides specific requirements for participating agencies reemploying retirees. If the retiree does not qualify for one of the exceptions outlined below and meets the definition of regular full-time pursuant to [Kentucky Revised Statute 61.510\(21\)](#) and [78.510\(21\)](#) they must be reported each month to KPPA as Retired/ Reemployed and the agency is responsible for paying employer contributions and any required insurance reimbursements.

There are currently five exceptions to the requirement that participating agencies remit employer contributions and any required insurance reimbursements for reemployed retirees in a regular-full-time position:

1. **Postsecondary Institution Employment of Retired Police Officer:** In 2019, the General Assembly passed legislation establishing new exceptions for participating postsecondary institutions that reemploy retired police officers. [Read More](#)
2. **School Resource Officer:** In 2018, the General Assembly passed legislation establishing a new exception for reemploying certain retirees as school resource officers, which is defined in [Kentucky Revised Statute 158.441](#). [Read more](#)
3. **County Employment of Retired Police Officer:** In 2018, the General Assembly passed legislation establishing an exception for participating county police departments that reemploy retired police officers. [Kentucky Revised Statute 70.291 to 70.293](#) outline these reemployment exceptions. [Read more](#)



[KRS 61.510\(21\)](#)

[KRS 78.510\(21\)](#)

 [PDF LINK](#)  
[Postsecondary Institution](#)

 [PDF LINK](#)  
[School Resource Officer](#)

 [PDF LINK](#)  
[County Retired Police Officer](#)

 **PDF LINK**  
[City Retired  
Police Officer](#)

 **PDF LINK**  
[Sheriff Retired  
Police Officer](#)

4. **City Employment of Retired Police Officer:** [Kentucky Revised Statute 95.022](#) outlines an exception for participating cities hiring retired police officers. [Read more](#)
5. **Sheriff Employment of Retired Police Officers:** [Kentucky Revised Statute 70.291 to 70.293](#) outlines reemployment exceptions for participating Sheriffs' offices hiring retired police officers. [Read more](#)

If the retiree does not qualify for one of the exceptions outlined above and does not meet the definition of regular full-time, he or she must be reported each month to KPPA as Retired/Reemployed in a Non-Participating status, therefore the agency is not responsible for paying employer contributions nor health insurance reimbursements.

## PENSION SPIKING

Legislation passed in 2013 created [Kentucky Revised Statute 61.598](#), which requires KPPA to evaluate each retiring member's last five (5) fiscal years of employment to determine whether there was an increase in the member's creditable compensation by more than 10% between each fiscal year and the prior fiscal year. If there were any such increases in the retiring member's creditable compensation, KPPA then must evaluate whether the increase(s) meet certain statutory requirements. This is commonly referred to as pension spiking.

### EMPLOYER PENSION SPIKING

For retirement dates of January 1, 2014 through June 30, 2017, the law required the last participating employer to pay for any additional actuarial costs resulting from pension spiking.

### MEMBER PENSION SPIKING

In 2017, [Kentucky Revised Statute 61.598](#) was amended to establish a different process for pension spiking.

Under current law, KPPA reviews the last five fiscal years of employment for Tier 1 and Tier 2 members retiring on or after January 1, 2018. Any increase in salary earned after July 1, 2017 in excess of 10% from the immediately preceding fiscal year will be exempt from creditable compensation when calculating the member's retirement benefit, if the fiscal year is to be used in the member's final compensation. KPPA will refund member contributions and interest attributable to the reduction in creditable compensation back to the employer. KPPA will allocate the employer contributions to the appropriate system to offset the unfunded pension liability.


A member's final compensation will be adjusted unless the increase in creditable compensation by more than 10% is due to one of the following exemptions:

1. Bona Fide promotion or career advancement;
2. Lump sum payout for compensatory time at termination only;
3. Lump sum payout for alternate sick leave payments;
4. Increases in years where the member was on leave without pay in the prior fiscal year;
5. An increase due to overtime work and pay as the result of a state or federal grant, grant pass-through or a similar program that requires overtime as a condition or necessity of the employer's receipt of the grant;
6. An increase due to overtime work and pay required by a federal or state-declared emergency.



For retirement dates of July 1, 2021 and after, the 10% cap on creditable compensation growth will not apply when it results in a benefit change of less than \$25 per month. If there is a benefit change of \$25 or more per month due to pension spiking, the member's creditable compensation will be reduced by the appropriate amount to meet the new \$25 monthly threshold.

A Form 6487, Request for Member Pension Spiking Exemption Amounts, is mailed to the employer when a pension spike is identified. This form must be completed by the agency head or primary reporting official and returned to KPPA within the allotted time period.

 **PDF LINK**  
[Quick Guide](#)  
[Form 6487](#)

Please refer to the [Quick Guide to Completing Form 6487](#) for instructions on how to properly complete the form.

**EECON**  
Employee  
Contributions

**HICON**  
Health Insurance  
Contributions

**ERCON**  
Employer  
Contributions

## CONTRIBUTION GROUPS

Contribution groups are used to validate employee contributions (EECON) and health insurance contributions (HICON) as well as to calculate employer contributions (ERCON) for each employee in a regular full-time position reported to KPPA. This designation allows these employees to be “organized” based on the different contribution groups. Contribution groups indicate system participation (KERS, CERS or SPRS), plan participation (Nonhazardous or Hazardous) and the required contributions (employee, health insurance and employer):

CONTRIBUTION GROUP				
CONTRIBUTION GROUP	DESCRIPTION	EECON	HICON	ERCON
Without HICON	Participation date in a state-administered retirement system prior to 9/1/2008.	Yes	No	Yes
With HICON	Participation date in a state-administered retirement system on or after 9/1/2008.	Yes	Yes	Yes
Cash Balance	Participation date in KERS, CERS, or SPRS on or after 1/1/2014.	Yes	Yes	Yes
Retired Reemployed	KERS, CERS, or SPRS retirees who returned to a regular full-time position on or after 9/1/2008.	No	No	Yes
Non-Participating	Employees classified in a non-participating status.	No	No	No

Kentucky law provides that all employees in a regular full-time position with a participating agency contribute a percentage of their creditable compensation. Read more about creditable compensation in [Chapter 1](#). The amount the employee contributes is determined by their benefit tier as well as the classification of their position as hazardous or nonhazardous. Employees classified as hazardous contribute a different amount than employees classified as nonhazardous. Due to legislation passed during the 2008 Special Session of the General Assembly, employees with a participation date on or after September 1, 2008 contribute an additional, non-refundable, one percent (1%) health insurance contribution (HICON).



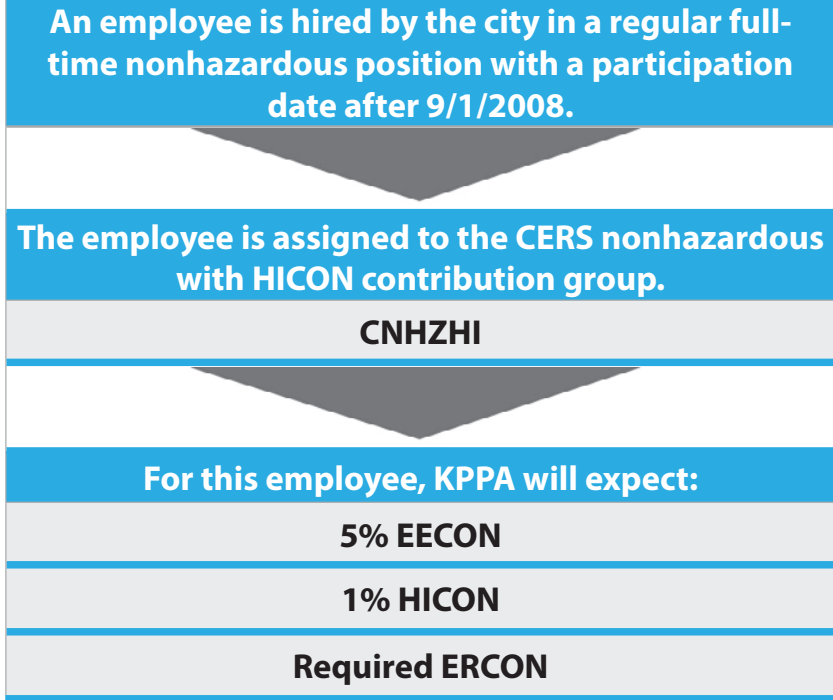
**READ MORE**  
[Chapter 1:](#)  
[KPPA](#)  
[Information](#)

EMPLOYEE CONTRIBUTION		
TIER	PARTICIPATION DATE	CONTRIBUTION
Tier 1	Prior to 9/1/08	<b>Without HICON</b> NHAZ 5%; HAZ 8%
Tier 2	9/1/08 - 12/31/13	<b>With HICON</b> NHAZ 5% + 1% HICON HAZ 8% + 1% HICON
Tier 3	1/1/14 and after	<b>With HICON</b> NHAZ 5% + 1% HICON HAZ 8% + 1% HICON





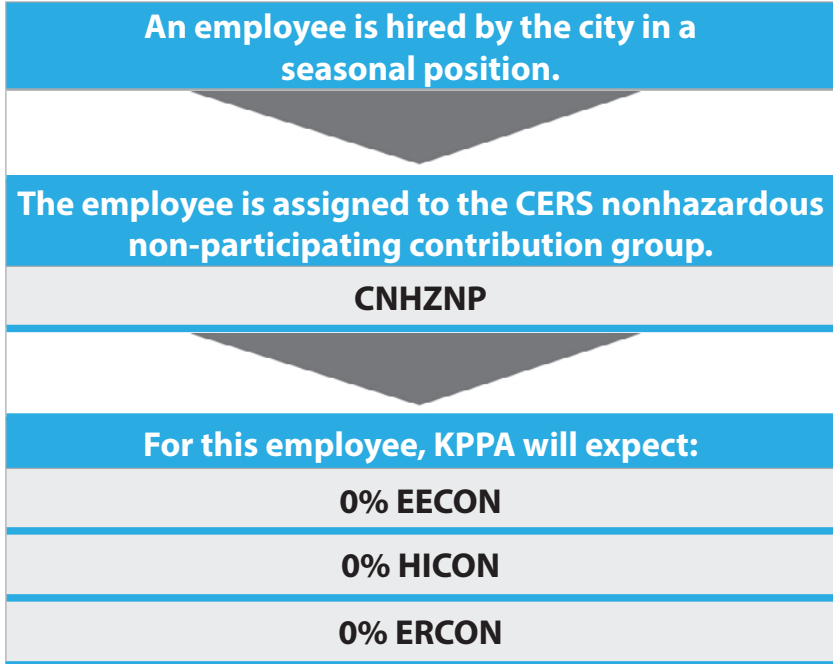
**For Example:**



CNHZHI  
CERS  
Nonhazardous with Health Insurance contribution



**For Example:**



CNHZNP  
CERS  
Nonhazardous Non-participating

**ESS**  
Employer Self Service

**SELF SERVICE**

**LOGIN**

The Download Member ID Module in Employer Self Service (ESS) allows employers to view and download contribution group information for employees hired in a participating [position status](#). This helps employers identify the contribution group in which a new member should be reported. Employers can use this information during initial payroll setup to ensure that correct contribution rates are withheld from the member's paycheck.

To view all contribution groups, refer to [Appendix C: Contribution Groups](#).





[KRS 61.510\(21\)](#)  
[KRS 78.510\(21\)](#)



[Chapter 6:](#)  
[School Boards](#)

## POSITION STATUS

There are both statutory and report-based position statuses. Statutory positions are specifically defined in [Kentucky Revised Statutes 61.510\(21\)](#) and [78.510 \(21\)](#). Report-based positions have been established for averaging and service credit validations to be accurately performed for an employee assigned to one of these statuses.

### STATUTORY POSITION STATUSES

**Regular Full Time (non-school board):** Positions in KERS, CERS, and SPRS that average one hundred (100) or more hours per month over a calendar or fiscal year. This is a participating position.

**Regular Full Time (school board):** Classified school board employees are required to average eighty (80) or more hours per month over actual days worked within a school year. Employees classified under this status must have contributions withheld from their creditable compensation unless they are retired from KERS, CERS, or SPRS and reemployed after September 1, 2008. Generally, if the employee averages four (4) or more hours per day, they should be considered Regular Full Time. This is a participating position.

**Seasonal:** Employees classified under seasonal status should not have contributions withheld from their creditable compensation.

A position is considered seasonal if:

- the position is temporary in duration,
- the position coincides in duration with a particular season or seasons of the year,
- the position may recur regularly from year to year, and
- the position is limited to nine (9) months\*

*\*An exception is classified school board positions which are limited to six (6) months.*



Effective July 1, 2013, the time limit for a seasonal status is based on a fiscal year (July 1-June 30). The months worked in a seasonal status do not have to be consecutive during the fiscal year, however, they cannot exceed the limit. KPPA alerts the employer when the seasonal period is about to expire. Continuing to report an employee beyond the allowable seasonal period will result in reporting errors.

**Temporary:** Temporary positions are non-renewable positions in KERS not to exceed nine (9) months and positions in CERS not to exceed twelve (12) months. Employees classified under this status should not have contributions withheld from their creditable compensation.

**Probationary:** Positions in CERS not to exceed twelve (12) months and must be universally administered by the employer for new employees. These positions are not renewable for the same employee, unless the employee has not been employed with the participating employer for a period of at least twelve (12) months. CERS employers may designate a period of probation for all employees not to exceed twelve (12) months. Employees classified under this status should not have contributions withheld from their creditable compensation.

Probationary periods in KERS and SPRS are required to be reported as regular full-time.

**Emergency:** Positions in KERS, SPRS and CERS limited to thirty (30) working days and not renewable. Employees classified under this status should not have contributions withheld from their creditable compensation.

**Retired Police Officer:** Certain positions that have been preapproved by KPPA as exempt from paying employer contributions and health insurance reimbursements.

**Interim:** Positions in KERS established for a one-time or recurring need, not to exceed nine (9) months. Employees classified under this status should not have contributions withheld from their creditable compensation.

**Part Time:** Positions in KERS and CERS which may be permanent but require less than a calendar or fiscal year average of one hundred (100) hours\* of work per month. Use this position status if the employee has a set work schedule. Employees classified by an employer as part-time but who meet the definition of regular, full-time per [Kentucky Revised Statutes 61.510\(21\)](#) and [78.510\(21\)](#) must have salary and contributions reported.

*\*For school board employees, these are positions that require an average of less than 80 hours per month over actual days worked in a school year. Part-time classified positions should be reported with contract days.*



If an employee is working more than one part-time or full-time position for more than one employer in the same system, a combination of hours will be used to determine eligibility per [Kentucky Revised Statute 61.680\(6\)](#).

**Volunteer:** Position with a participating employer receiving no compensation for services rendered, except for reimbursement of actual expenses and/or payments of a nominal fee for the cost of performing the voluntary services.

**Independent Contractors:** Individuals working as independent contractors should not be included on monthly reporting to KPPA, however effective Fiscal Year 2022, quasi-governmental employers are required to supply information to KPPA regarding their contract employees on a fiscal year basis. The Internal Revenue Service (IRS) sets specific guidelines which must be met before an individual can be classified as an independent contractor for tax purposes. If the individual is not classified as an independent contractor for reporting income to the IRS, the individual cannot be exempt from retirement coverage.



[KRS 61.510\(21\)](#)

[KRS 78.510\(21\)](#)

[KRS 61.680\(6\)](#)



Contracts must be submitted to our Office of Legal Services for review before the employee can be classified as an independent contractor.

## REPORT-BASED POSITION STATUSES

Report-based positions have been established for averaging and service credit validations to be accurately performed for an employee assigned to one of these statuses.

**Regular Full Time Less Than 12 Months:** Positions in KERS or CERS that are held by regular full-time employees who do not work 12 months per year but are paid over 12 months, excluding classified employees of local school boards. Some examples include head start employees employed by community action agencies and school nurses employed by local health departments.

**Intermittent:** Position status for those employees who receive creditable compensation which must be reported to KPPA, but who maintain a sporadic work schedule and may not earn wages every month.



Substitute classified school board employees who meet the above requirement must be reported as intermittent. Please read [Chapter 6](#) for more information.



[READ MORE](#)

[Chapter 6:  
School Boards](#)

## JOB POSITION



**KHRIS** employers can only report the following positions: County Attorney Employee, General Assembly Employee, Constitutional Officers, Sheriff, Police, Jailer, and Other.

Every employee reported to KPPA is assigned a specific job position. Hazardous duty employees have specific job titles that should be reported each month. Certain nonhazardous positions have special rules or regulations that apply and the employees in these positions must have the appropriate job position reported.



**Non-instructional Positions:** Colleges and universities that participate in KERS should only report employees who are in non-instructional positions. Non-instructional positions are all positions other than (a) instructional staff responsible for teaching and (b) administrative positions included in the Teachers' Insurance and Annuity Association (TIAA) or the [Teachers' Retirement System](#). Colleges and universities with questions regarding whether an employee is in a non-instructional position should contact their ERCE representative for assistance. See [Kentucky Revised Statute 61.520](#).



**Mayors, City Council and City Manager:** Upon initial election of a city official, the reporting official of the city must determine whether or not the employee is full-time under statute. It is the responsibility of the employer to determine full-time status. Part-time city elected officials should still be reported to KPPA, but will utilize a non-participating contribution group.



Under the provisions of [Kentucky Revised Statute 78.540](#), mayors and members of city legislative bodies, who are considered fulltime, may decline membership in CERS prior to their participation by submitting Form 2012, Election or Rejection of Participation. Any full-time Mayor or City Council member who rejects participation should not be reported to KRS. In addition, if the mayor or city council member initially rejects participation in CERS, he or she can later elect to participate.



Cities utilizing a city commission should report those employees using the "city council" job position.

Further, the statute provides that city managers and other appointed local government executives who participate in a retirement system, other than Social Security, which operates in more than one state (e.g. ICMA), may decline prior to their participation. If these employees decline participation, they should not be reported to KPPA.



Employees can decline participation but at a later date elect to participate in CERS.

**Magistrate/Commissioner:** Upon initial election of a magistrate, the reporting official of the fiscal court must determine whether or not the employee is full-time under statute. It is the responsibility of the employer to determine full-time status.

Magistrates may either be classified as part-time or full-time on an individual basis. If a magistrate is classified as full-time, the appropriate retirement contributions should be withheld and reported to KPPA. If a magistrate is part-time, the magistrate should be reported to KPPA in a non-participating contribution group and should not have contributions withheld.

**Coroner/Deputy Coroner:** Effective July 15, 1984, legislation was passed to include the coroner of all participating counties in the definition of employee, so that they became eligible to participate in CERS, regardless of whether the coroner worked enough hours to qualify as a regular full-time officer per [Kentucky Revised Statute 78.510\(6\)](#).

Deputy Coroners must meet the definition of a full-time employee to be eligible for participation in CERS. A deputy coroner should be reported to KPPA with a job position of "Other." Please refer to the Position Status section for the definition of a full-time employee.

**County Attorney Employee:** Effective July 16, 1992, all full-time employees of a County Attorney Office who were paid from sources of funds outside a Fiscal Court's control were required to participate with either CERS or KERS. All employees who work in a County Attorney Office should be reported to KPPA with the job position "County Attorney Employee", regardless of the employing agency.

The County Attorney is required to determine which system an employee will participate in based upon the employee's job duties. Form 2110, Retirement System Determination - County Attorney Employees, should be completed and filed with KPPA as required by [105 Kentucky Administrative Regulation 1:250](#) and [Kentucky Revised Statute 78.5302](#). The following criteria provide a basis for the determination:

- If the employee's job duties are related to the prosecution of criminal cases in the district or circuit courts of the Commonwealth, the employee should participate in KERS.
- If the employee's job duties are related to the legal representation of the fiscal court, its officers or employees, or other elected county officers in any civil or administrative proceeding in state or federal courts and administrative agencies, the employee should participate in CERS.
- Employees who are already participating in one of the systems operated by KPPA will continue to participate in that system and wages paid by the County Attorney will be reported under that system.

For a copy of the Form 2110, please contact your ERCE representative or access a copy from the available forms list in Employer Self Service.



STATUTE

[KRS 78.510\(6\)](#)



REGULATION

[105 KAR 1:250](#)



STATUTE

[KRS 78.5302](#)



Contact ERCE



[KRS 61.510\(43\)](#)  
[KRS 78.510\(40\)](#)



[KRS 61.510\(5\)](#)

**Volunteer:** Effective July 1, 2016, if a volunteer receives a greater than nominal fee payment from an employer participating in CERS or one participating in KERS or SPRS, then that volunteer is required to have the compensation reported as an employee. Nominal fees are defined in [Kentucky Revised Statute 61.510\(43\)](#) and [78.510\(40\)](#) as compensation earned for services as a volunteer that do not exceed a payment of \$500 per month, aggregated among all participating employers.

**Master Commissioner:** Master Commissioners began participating in KERS by Executive Order effective July 1958. [Kentucky Revised Statute 61.510\(5\)](#) requires an individual to be a regular full-time employee in order to participate with KERS. Newly appointed Master Commissioners should contact the Employer Reporting, Compliance and Education Division for information regarding participation. All employees of the Master Commissioner's office should be reported to KPPA with the job position "Master Commissioner". The employer contributions for Master Commissioners are paid by the Administrative Office of the Courts and not the Master Commissioner's office. Master Commissioners and their employees are still responsible for reporting all contribution detail information and appropriate employee contributions to KPPA each month. For each of these employee records, the "Employer Paid ERCON" field should be marked as No.

**General Assembly Employee:** Assistants employed by the General Assembly who meet the following qualifications may be eligible for service as a regular full-time employee: (a) The assistant was employed by the General Assembly for at least one (1) regular legislative session prior to July 13, 2004, (b) the assistant elects to participate in KERS, (c) the assistant serves for at least six (6) regular legislative sessions, and (d) the assistant averages 100 hours of work per month.



The assistant will only receive service credit for the months actually worked that average the required 100 hours.

Once the assistant has met these qualifications, the assistant and the employer will be billed for omitted contributions for all previous regular sessions. Additionally, once the assistant has met these qualifications, the employer must thereafter withhold employee contributions, report employee and employer contributions to KPPA, and report the required information to KPPA for the assistant during all future regular and special sessions. All assistants employed by the General Assembly for the first time after July 13, 2004 are designated as interim employees.



[KRS 6.150](#)

**Constitutional Officers:** The term "Constitutional Officers" refers to certain General Assembly positions elected by the House and the Senate pursuant to [Kentucky Revised Statutes 6.150](#), including chief clerk, assistant clerk, enrolling clerk, sergeant-at-arms, doorkeeper, pages and cloakroom keepers. The Legislative Research Commission reporting official should communicate directly with designated KPPA staff concerning the appropriate reporting for these "Constitutional Officers".





[KRS 61.510\(10\)](#)

[Kentucky Revised Statute 61.510\(10\)](#) specifies that members, officers, and employees of the General Assembly will be credited with a month of service for each month the position is occupied.

**Nonhazardous Public Safety Officer:** The following nonhazardous positions may qualify for special treatment under IRS regulations and are required to be classified accordingly:

- **Jailer:** To be used for nonhazardous jail employees
- **Sheriff:** To be used for nonhazardous sheriff employees who provide police protection
- **Police:** To be used for nonhazardous police employees who provide police protection
- **Fire:** To be used for nonhazardous employees who provide firefighting services
- **EMS:** To be used for nonhazardous employees who provide emergency medical services



The member will need to complete the [Form 4527, Certification by a “Qualified Public Safety Employee” and Request for an Exception to the 10% Early Distribution Penalty in IRC Section 72\(t\)](#).

**Other:** This job position should be used for all nonhazardous employees who should not be classified into one of the above specific positions.

## HAZARDOUS DUTY COVERAGE



[KRS 61.592\(1\)\(a\)](#)  
[KRS 78.5520\(1\)\(a\)](#)  
[KRS 196.167\(3\)\(b\)](#)



[KRS 78.5520\(1\)\(b\)](#)  
[KRS 61.315\(1\)](#)



[KAR Chapter 105](#)

Certain employers have positions that may qualify for hazardous duty coverage. It is not mandatory that employers participate under Hazardous Duty Coverage, however, employers must request hazardous duty coverage for these positions.

According to [Kentucky Revised Statute 61.592\(1\)\(a\) and 78.5520\(1\)\(a\)](#) "Hazardous Position" for participating KERS employees, as well as CERS employees who began participating before September 1, 2008, means:

*Any position whose principal duties involve active law enforcement, including the positions of probation and parole officer and Commonwealth detective, active fire suppression or prevention, or other positions with duties that require frequent exposure to a high degree of danger or peril and also require a high degree of physical conditioning; and positions in the Department of Corrections in state correctional institutions and the Kentucky Correctional Psychiatric Center with duties that regularly and routinely require face-to-face contact with inmates; and positions of employees who elect coverage under [Kentucky Revised Statute 196.167\(3\)\(b\)2](#) and who continue to provide educational services and support to inmates as a Department of Corrections employee.*

According to [Kentucky Revised Statute 78.5520\(1\)\(b\)](#) "Hazardous Position" for employees who begin participating in CERS on or after September 1, 2008 means:

*Police Officers and Firefighters as defined in [Kentucky Revised Statute 61.315\(1\)](#), paramedics, correctional officers with duties that routinely and regularly require face-to-face contact with inmates, and emergency medical technicians if: the employee's duties require frequent exposure to a high degree of danger or peril and a high degree of physical conditioning; and the employee's duties are not primarily clerical or administrative.*

In addition to the amended definition of hazardous duty as listed above, [105 Kentucky Administrative Regulation 1:130](#) requires that any CERS employer desiring to provide hazardous duty coverage for employees who begin participating in CERS on or after September 1, 2008, petition the CERS Board of Trustees to reestablish hazardous duty coverage for all positions.

Until the CERS Board of Trustees has approved hazardous duty coverage for a particular position effective after September 1, 2008, each employee who begins participating in CERS on or after September 1, 2008 MUST be reported as nonhazardous.

If an employee began participating in CERS prior to September 1, 2008, the employee should be reported as hazardous if their position was approved by as a hazardous duty position prior to September 1, 2008. Please remember this will only apply for those employees who have previously participated in CERS, not KERS or SPRS.



## APPLY FOR HAZARDOUS COVERAGE



[Contact ERCE](#)



NOTICE

The process for applying is different for KERS and CERS. To learn more about how to apply, please refer to the system your agency participates in as the requirements vary.

Please note that contribution rates for hazardous duty may be higher for both the employer and the employee.



VIDEOS

[CERS  
HAZARDOUS  
PETITION  
TUTORIAL](#)

CERS employers must take the following steps to apply for Hazardous Duty Coverage:

- 1. Adopt Resolution:** The agency must adopt a resolution stating the intention to transfer eligible positions to hazardous coverage and the desired effective date of hazardous coverage.
- 2. Complete Form 7011, HP-1, Hazardous Participation Certification (CERS):** Form 7011 certifies that the position(s) involved meet the definition and that the agency has verified sufficient funds have been budgeted for employer contributions.
- 3. Complete Job Description(s):** The agency must provide a Job Description for each position being requested for Hazardous Duty Coverage.
- 4. Complete Form 7025, Position Questionnaire:** A Position Questionnaire must be completed on each position being requested for Hazardous Duty Coverage.
- 5. Complete Form 2011, HP-2, Hazardous Position Certification:** This form certifies the effective date the employee began working in the position and when the employee had a physical examination.



[KERS HAZARDOUS PETITION TUTORIAL](#)

KERS employers must take the following steps to apply for Hazardous Duty Coverage:

- 1. Complete Form 7013, HP-1, Hazardous Position Certification (KERS):** Form HP-1 certifies that the position(s) involved meet the definition and that the agency has verified sufficient funds have been budgeted for employer contributions.
- 2. Letter from the Governor’s Office for Policy and Management:** Requests made by KERS employers reported by the Personnel Cabinet must be accompanied by a letter from the Governor’s Office for Policy and Management stating that funds have been allocated for hazardous contribution rates.
- 3. Listing of Position/Employee Information:** Provide a list of all positions to be covered under hazardous duty. Include the name, Social Security Number, and position title of all individuals who are currently employed in positions to receive hazardous duty coverage.



For KERS employers reported by the Personnel Cabinet, the list of positions should include the unique eight-character Job ID used by the Personnel Cabinet to identify each position. The eight-character Job ID for the position being presented for hazardous coverage cannot be the same as a Job ID that will continue to identify employees participating as nonhazardous.

- 4. Complete Job Description(s):** The agency must provide a Job Description for each position being requested for Hazardous Duty Coverage.
- 5. Complete Form 7025, Position Questionnaire:** A Position Questionnaire must be completed on each position being requested for Hazardous Duty Coverage.
- 6. Complete Form 2011, HP-2, Hazardous Position Certification:** This form certifies the effective date the employee began working in the position and when the employee had a physical examination.

**DATE OF COVERAGE**

The Board of Trustees for the appropriate system reviews all hazardous coverage petitions to determine if the positions meets the requirements to be reported as hazardous duty. Your ERCE representative will provide the date that the completed hazardous packet must be returned in order for it to go before the Board. For KERS positions, the hazardous effective date will be the first day of the month following the meeting. For CERS positions, the hazardous effective date will be the first day of the month following the meeting unless a different date is approved by the Board of Trustees of the appropriate system. [View the meeting calendar.](#)



[Meeting Schedule](#)

**HAZARDOUS CONVERSION SERVICE PURCHASE**



[STATUTE](#)

[KRS 61.592\(3\)\(c\)](#)  
[KRS 78.5520\(3\)\(a\)](#)

Per [Kentucky Revised Statutes 61.592\(3\)\(c\) and 78.5520\(3\)\(a\)](#), if an employer participated in a system prior to adopting hazardous duty coverage, the employer may pay the cost of converting nonhazardous service to hazardous service for members employed in an approved hazardous position who have a participation date prior to January 1, 2014. Employers interested in making this service purchase on behalf of an employee should contact their ERCE representative to discuss next steps.

## SICK LEAVE PROGRAMS



The administration of sick leave programs is dictated by state law. Employers must comply with these guidelines and uniformly administer their sick leave program.



[KRS 61.546](#)

[KRS 78.616](#)

The Sick Leave programs established by [Kentucky Revised Statute 61.546](#) and [78.616](#) allow an employee who is a Tier 1 or Tier 2 member to convert unused sick leave to additional months of service at the time of retirement.



Sick leave cannot be used to calculate retirement benefits for Tier 3 members who began participation in KERS, SPRS, or CERS on or after January 1, 2014.

### LEAVE PROGRAMS

KPPA recognizes two sick leave programs relevant to retirement: Standard Sick Leave and Alternate Sick Leave.

Most KERS and SPRS employers are required to participate in the Standard Sick Leave Program. Only KERS quasi-governmental agencies have the option to elect participation in the Standard Sick Leave Program.

CERS employers can choose to participate in the Alternate Sick Leave Program, the Standard Sick Leave Program, or neither.

### STANDARD SICK LEAVE PROGRAM

This program allows employees to convert their hours of unused sick leave to additional months of service credit at the time of retirement.

### KERS AND SPRS EMPLOYERS – PARTICIPATION AND SERVICE CREDIT

Since July 14, 1984, SPRS and KERS employers reported by the Personnel Cabinet are required to participate in the Standard Sick Leave Program and universally administer the program based on statute.

At retirement, the member's unused sick leave hours and hours worked per day determine the sick leave service credit awarded to the member's account. For more information on converting hours to months of service credit, please refer to the Sick Leave Chart. Tier 1 members may use unlimited sick leave toward retirement and insurance eligibility. Tier 2 members may receive a maximum of 12 months of service credit for unused sick time. The sick leave service credit for Tier 2 members does not count toward retirement eligibility or health insurance benefits.

[Read more about Tier 1 Sick Leave Credit](#)

[Read more about Tier 2 Sick Leave Credit](#)

 [PDF LINK](#)  
[Sick Leave Chart](#)



## CERS AND KERS QUASI-GOVERNMENTAL EMPLOYERS – PARTICIPATION AND SERVICE CREDIT

CERS and KERS quasi-governmental employers can opt to join the program by adopting Form 7030, Order of Participation Standard Unused Sick Leave Program. Employers interested in joining the program should contact their ERCE representative to request this form.

Once an employer elects to participate, they must universally administer the program based on their personnel policy in conjunction with statute. An employer sets the number of sick leave hours that the employee may accrue and/or use at termination in their personnel policy; but the employer's policy must be on record with KPPA stating the limitations and allowances.

At retirement, the reported unused sick leave hours and hours worked per day determine the sick leave service credit awarded to the member's account. For more information on converting hours to months of service credit, please refer to the Sick Leave Chart. Tier 1 members may use unlimited sick leave toward retirement and insurance eligibility. Tier 2 members may receive a maximum of 12 months of service credit for unused sick time. The sick leave service credit for these members does not count toward retirement eligibility or health insurance benefits.

 [PDF LINK Sick Leave Chart](#)



[Read more about Tier 1 Sick Leave Credit](#)

[Read more about Tier 2 Sick Leave Credit](#)

Employers should contact their ERCE representative to discuss adopting a Sick Leave Program or making changes to their personnel policy.



Once an employer participates in the Standard Sick Leave Program, they cannot exit the program. CERS and KERS quasi-governmental employers may alter their personnel policies, but should do so with assistance from their ERCE representative to fully understand the statutory requirements.

## KERS AND SPRS EMPLOYERS – COST TO EMPLOYERS

On July 1, 2010, legislation amended the statute for all KERS and SPRS employers, requiring the last participating employer to pay the full cost of any sick leave credited to the member's account. SPRS and KERS employers reported by the Personnel Cabinet, will receive a Sick Leaving Billing Invoice in ESS following the post retirement audit of the member's account.

## CERS AND KERS QUASI-GOVERNMENTAL EMPLOYERS – COST TO EMPLOYERS

CERS employers participating in a sick leave program will automatically be billed up to a maximum of six (6) months of the member's sick leave balance. Accumulated sick leave in excess of six (6) months will be added to the member's service credit if the member or employer pays the additional cost. The employer can split the cost of the additional sick leave with the employee, so that the employer and employee each pay fifty percent (50%), or the employer can pay the entire cost. Please contact your ERCE representative for guidance concerning this process.

ESS  
Employer  
Self Service

SELF SERVICE



Contact ERCE



KERS quasi-governmental employers were affected by the legislative change in July 2010 that requires the last participating employer to pay the full cost of any sick leave credited to the member's account in KERS.

CERS and KERS Quasi-Governmental employers will receive a Sick Leaving Billing Invoice in ESS following the post retirement audit of the member's account.

### **CALCULATING THE COST TO EMPLOYERS**

Three components determine the cost of the sick leave for each retired employee:

#### **UNUSED SICK LEAVE x FINAL COMPENSATION x SERVICE PURCHASE FACTOR**

**Unused Sick Leave:** Unused sick leave is the member's remaining balance at retirement. KPPA converts the remaining balance from months to years to calculate the cost.

**Final Compensation:** Final compensation is the salary average used in the formula to determine the retirement benefits based on the member's tier.

[Read more about Tier 1 Final Compensation](#)

[Read more about Tier 2 Final Compensation](#)



**Service Purchase Factor:** At least every five (5) years, KPPA's actuary conducts an Experience Study to compare actual experience to what has been expected (the assumptions). Based on this study, actuarial factors are adjusted or reaffirmed. Actuarial factors are used in the administration of benefits to determine the amount of retirement benefits to be paid.

The service purchase factor is used to calculate the cost of sick leave. This factor accounts for an employee's age, years of service credit, benefit factor, final compensation, and the amount of unused sick leave service. Even if two members have the same final compensation and amount of unused sick leave, individual differences in the other factor components may cause a substantial difference in the sick leave cost.



Employers who participate in the Standard Sick Leave Program can use the Sick Leave Cost Calculator in ESS to calculate an estimate of the employer's liability for a current or former employee's sick leave at retirement

### **REPORTING TO KPPA**

When an employee has an Employment End Reason of termination, death or retirement in the monthly detail report, the following fields should be reported: Accrued Sick Leave Hours and Sick Leave Accrual Rate. Please contact your ERCE representative if you have questions or need assistance.



Contact ERCE

## ALTERNATE SICK LEAVE PROGRAM



NOTICE

The Alternate Sick Leave Program is only available to CERS employers.

The Alternate Sick Leave program allows a CERS employer to compensate an employee for as many unused sick leave days as the employer's personnel policy provides. The employer must withhold and submit employer and employee contributions and report it as a separate record on the Monthly Report.

### CERS EMPLOYERS – PARTICIPATION AND SERVICE CREDIT

CERS employers can join the program by adopting the Form 7030, Order of Participation Alternate Unused Sick Leave Program. Once an employer elects to participate they must universally administer the program based on their personnel policy in conjunction with statute. An employer sets the number of sick leave days that their employees may accrue and/or use at termination in their personnel policy; but the policy must be on record with KPPA stating the limitations and allowances.

The money paid to the member for their unused sick leave is used in determining final compensation and the service is also used to increase the member's service credit when the member retires. For more information on converting days to months, please refer to the Sick Leave Chart. Sick leave service credit for Tier 1 members counts toward retirement eligibility and health insurance benefits. Tier 2 members may receive a maximum of 12 months of service credit for unused sick time. The sick leave service credit for these members does not count toward retirement eligibility or health insurance benefits.

 [PDF LINK](#)  
[Sick Leave Chart](#)



[Read more about Tier 1 Sick Leave Credit](#)

[Read more about Tier 2 Sick Leave Credit](#)

CERS employers should contact their ERCE representative to discuss adopting a Sick Leave Program or making changes to their personnel policy.



Once an employer participates in the Alternate Sick Leave program, they cannot exit the program. CERS employers may alter their personnel policies, but should do so with assistance from their ERCE representative to fully understand the statutory requirements.

### CERS EMPLOYERS – COST TO EMPLOYERS

There is no additional cost outside of the direct payment to the employee and contributions submitted to KPPA for the sick leave payment.

**EECON  
Employee  
Contributions**

**HICON  
Health Insurance  
Contributions**

**ERCON  
Employer  
Contributions**

**REPORTING TO KPPA**

At the time the member terminates employment, the employer must compensate the employee for as many unused sick leave days as it is the uniform policy of the employer to allow. Report this payment on the detail monthly report as a separate record from the employees' regular wages with a Payment Reason of Alternate Sick Leave Payment, making sure to withhold and submit the required EECON, HICON and ERCON. This record must also contain an Employment End Date; Employment End Reason of termination, death, or retirement; and the required Accrued Sick Leave Days and Sick Leave Accrual Rate fields must be completed. Please contact your ERCE representative if you have questions or need assistance.

In cases where an employee terminated employment prior to September 2011, a Form 6500, Sick Leave Authorization, will be sent to the employer to certify the member's accumulated unused sick leave hours at the time the employee terminated their employment with the agency.



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Kentucky Public Pensions Authority

# CHAPTER

# 3

## Employer Self Service Account Setup and Maintenance

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REVISED 07/2021

# Free

EMPLOYER REPORTING, COMPLIANCE & EDUCATION

## OVERVIEW



The Employer Self Service (ESS) website provides access to an employer's online account and monthly reporting modules. The Agency Head must submit [Form 7071, Employer Self Service Employer Administrator Account Creation Request](#), to KPPA to designate an Employer Administrator. Each agency's Employer Administrator completes the setup for each ESS user. To log in to ESS, a user must have a valid user ID and password.

Once the Employer Administrator grants a new user access, the user must first log in to KPPA's secure email portal to retrieve the user ID, password and Personal Identification Number (PIN). For step-by-step instructions on the initial login process, please refer to the [First Time Log In to Employer Self Service guide](#). After signing in to ESS, a user will have access based on the security role set by the Employer Administrator.

**It is imperative that all users safeguard their ESS credentials. This means credentials should NEVER be shared with other ESS users, including coworkers.**

### Required Fields

All information that must be provided by the user is designated with a red asterisk.

### Security Timer

Once the user has signed in, a security timer begins. The timer displays in the bottom left-hand corner of the screen. The timer will reset when the user performs certain actions. After 15 minutes with no activity, the session will time out and the ESS user will be required to log in again.

### ESS Training Videos

Several training videos are published explaining how to register and use ESS:

- [Registering for Employer Self Service](#)
- [Guide to the Secure Email Portal](#)
- [Update a Password](#)
- [Update PIN](#)
- [Update a Security Question](#)
- [Add a Contact Person](#)
- [Edit a Contact Person](#)
- [Delete a Contact Person](#)
- [Add an Agency Address](#)
- [Edit an Agency Address](#)
- [Delete an Agency Address](#)
- [Download Member ID](#)
- [Viewing and Paying Invoices](#)

Visit our website at <https://kyret.ky.gov/Employers> for employer announcements, additional videos and training resources.

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## LOG IN TO ESS



**RECOMMENDED BROWSER**  
Most Recent Version of Microsoft Edge

### STEP 1

Launch your internet browser and navigate to the KPPA website at <https://kyret.ky.gov>. Click **LOGIN** and click on **Employer Login**.

The screenshot shows the KPPA website interface. At the top right, there is a blue 'LOGIN' button. Below the navigation menu, the 'Login' section is highlighted. Under 'Webinars', there is a link to 'Webinars and Videos page'. Three service cards are displayed: 'Member Self Service', 'Retiree Self Service', and 'Employer Self Service'. Each card lists specific services and has a corresponding login button. The 'EMPLOYER LOGIN' button is highlighted with a yellow border.

**Members** **Retirees** **Employers** Investments Publications & Forms About Legislative Updates Contact

## Login

### Webinars

If you are interested in one of our webinars covering covering tier benefits, Reemployment After Retirement, or other retirement-related topics, visit the [Webinars and Videos page](#) under Members > Outreach and Programs for more information.

#### Member Self Service

- Apply for Retirement
- Upload Documents
- Update Contact Information
- Request an Account Balance Letter
- Calculate Retirement Estimates
- Estimate Costs to Purchase Eligible Service
- View Annual Statements

**MEMBER LOGIN >**

#### Retiree Self Service

- Update Contact Information
- Change Tax Withholdings
- Maintain Direct Deposit Information
- View 1099 R
- Update Mailing Address
- Submit Health Insurance Application during Open Enrollment

**RETIREE LOGIN >**

#### Employer Self Service

- Submit Your Monthly Report
- Change Your Payment Accounts
- Give Employees Online Access
- Estimate Sick Leave Cost
- Download New Member Information
- Pay Outstanding Invoices

**EMPLOYER LOGIN >**

**KPPA**  
Kentucky Public Pensions Authority

**Employer Self Service** [Home](#)

**Log in to your account**

**User ID**

**Password**

Save ID  
Consider unchecking if on shared device

**Login**

**Need to register?** Please contact your administrator or a KPPA representative.

[Forgot User ID](#)

[Forgot Password](#)

Note: The information contained in this site is available via a secure connection.

[Members log in here](#)

**Use Employer Services to:**

- Submit your monthly report
- Change your payment accounts
- Give employees online access
- Estimate sick leave cost
- Download new member information
- Pay outstanding invoices

## STEP 2

To log in, enter the user ID and password and click

**Login**



If you attempt to log in three times unsuccessfully, your account will be locked. To reset your password and unlock your account, contact your Employer Administrator.

Upon initial login, the ESS user will be required to change the temporary password, change the temporary PIN, and select and answer a security question. The user must complete these steps before accessing ESS. After creating ESS credentials, users can click [Forgot Password](#) or [Forgot User ID](#) and answer their security question to reset their ESS Password or retrieve their User ID.

Once an ESS user has logged in, the [Home](#) page displays. Not all menu options will be available to all users because the security role assigned to each user determines what the user can access. For example, the [Admin](#) menu only displays to ESS users with an Employer Administrator role.

HOME	REPORT	SERVICES	ACCOUNT	ADMIN
This is the first page a user sees in ESS.	<b>Enter Report Details or Upload Detail File</b> • Submit your monthly detail report	<b>Download Member ID</b> • Find contribution groups for new employees and/or download Member IDs from KPPA	<b>Payment Accounts</b> • Set up payment accounts for EFT and/or e-check	<b>Manage Users</b> • Only available to users in the Administrator role  • Used to add users, unlock user accounts, reset passwords and PINs, and deactivate users
	<b>Submit Monthly Summary</b> • Submit your monthly summary and electronic payment	<b>Sick Leave Cost Calculator</b> • Only available to employers who participate in the Standard Sick Leave program for budgetary purposes	<b>Office Locations</b> • Stores all locations for a particular employer	
	<b>Monthly Packets</b> • Includes items from previous monthly reports that need to be reviewed	<b>Death Notice</b> • Report the death of a current or former employee	<b>Contact Persons</b> • Lists all agency personnel who KPPA may contact	
	<b>Invoices</b> • View and pay invoices	<b>Seminars</b> • Register for upcoming employer training sessions	<b>Change Password</b> • Update password for ESS	
	<b>Supplemental Report Details (County Fee Agencies Only)</b> • Submit additional monthly report details		<b>Change Security Question</b> • Update Security Question for password hints	
	<b>Adjustments (KHRIS Agencies Only)</b> • Make non-monetary adjustments to previously reported records		<b>Change PIN</b> • Update PIN for ESS	



Some options are only available to certain agencies based on reporting requirements. For example, only county fee agencies will see the Supplemental Report Details option in the [Report](#) menu.

## CHANGE PASSWORD

First time users will be required to reset their temporary password issued by KPPA immediately upon initial log in. The ESS user must use their password to log in to ESS.

Valid ESS passwords:

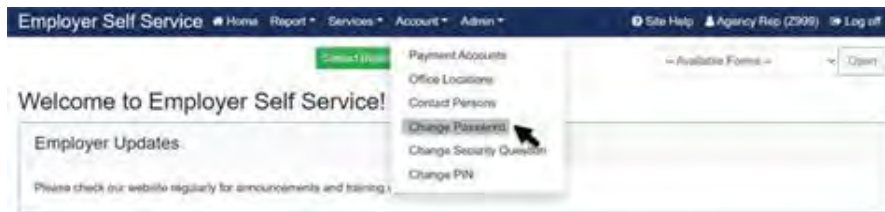
- Must be between 8 and 16 characters long
- Include at least one letter
- Include at least one number
- Include at least one special character
- Are case sensitive
- Should not contain spaces

The following characters are permissible:

- Capital and lower case Aa-Zz
- Numbers 0-9
- Special characters @ # ! % \$

### STEP 1

ESS users can change the password on their account by selecting **Change Password** under the **Account** menu.



### STEP 2

Complete all required fields:

The screenshot shows the 'Change Password' form. At the top, it says 'Change Password' and provides instructions: 'Valid passwords are at least eight characters long, are case sensitive, and should not contain spaces. Please use at least one uppercase letter, one lower case letter, one number and one special character. The following characters are permissible: Aa-Zz, 0-9, @, #, !, %, and \$. You cannot reuse a password previously used for this account.' Below this is a 'Note' about password security. The form contains the following fields: 'Your User Name' (pre-filled with 'JdoetZ990'), 'Current Password', 'Your New Password', 'Retype Your New Password', and 'KPPA PIN'. There are 'Update' and 'Cancel' buttons at the bottom right. A red asterisk and the text 'Required field' are visible at the bottom left.

Field Name	Description
Your User Name	User name of the person currently logged in to ESS.
Current Password	Current password of the person logged into ESS.
Your New Password	New password to be used for ESS.
Retype Your New Password	Verification of the new password for ESS.
KPPA PIN	Security feature that uses your employer PIN to verify identity.

### STEP 3

Click  to change the ESS password.

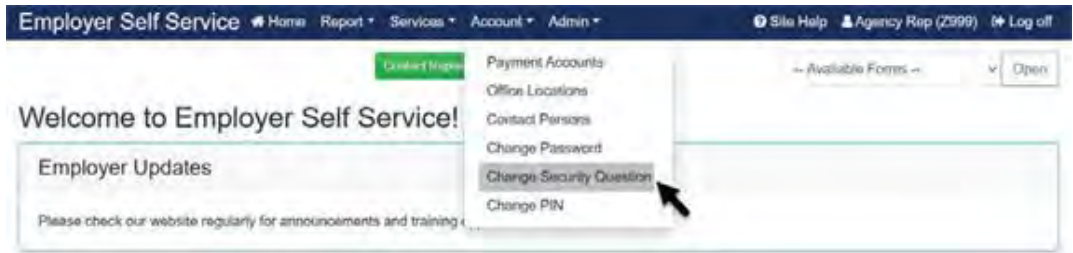


## CHANGE SECURITY QUESTION

First time users will be required to select and answer a security question upon initial log in. The Security Question answer will be required if the user clicks the "Forget Password" link on the sign in screen.

### STEP 1

Click **Change Security Question** under the **Account** menu.



### STEP 2

Complete all required fields:



Field Name	Description
Security Question	Question that will be asked in the event the user forgets their user name or password.
Answer	Answer to the security question.
Retype Your Answer	Verification of the answer to the security question.
KPPA PIN	Security feature requiring the user's PIN to verify identity.

### STEP 3

Click **Update** to update the security question information.

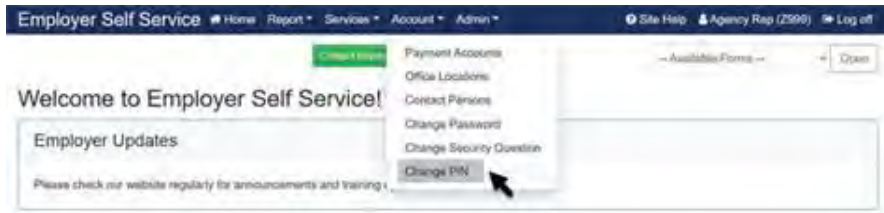
## CHANGE PERSONAL IDENTIFICATION NUMBER

### PIN Personal Identification Number

First time users will be required to reset their temporary PIN issued by KPPA immediately upon initial log in. The employer PIN is used to verify the identity of the employer representative both online and when calling KPPA, and acts as the representatives' electronic signature.

#### STEP 1

Click **Change PIN** under the **Account** menu.



#### STEP 2

Complete all required fields:

The screenshot shows the 'Change PIN' form. At the top, it says 'Employer Self Service' and 'Contact Us'. Below that, it says 'Change PIN' and 'Valid PINs are 4 characters long. Only numbers are permitted.' A note states: 'Note: Maintaining the security of your PIN information is your responsibility. No one at KPPA knows or can retrieve your PIN for you.' The form has four input fields: 'Your User Name:' (with a dropdown arrow), 'Current PIN:', 'Your New PIN:', and 'Retype Your New PIN:'. There are 'Update' and 'Cancel' buttons at the bottom right. A red asterisk indicates a required field.

Field Name	Description
Your User Name	User name of the person currently logged into ESS.
Current PIN	Current PIN of the person logged into ESS.
Your New PIN	New PIN to be used for ESS.
Retype Your New PIN	Verification of the new PIN for ESS.

#### STEP 3

Click **Update** to update the ESS PIN.

## PAYMENT ACCOUNTS

KHRIS

**KHRIS** employers included on the Personnel Cabinet's monthly retirement file do not manage Payment Accounts in ESS. The Personnel Cabinet submits payment to KPPA.

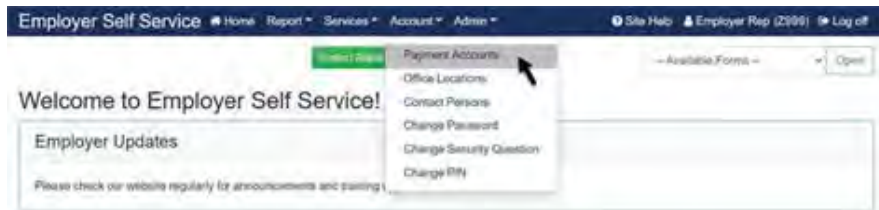
The Payment Accounts module allows employers to add, update, and delete payment accounts for remitting contributions to KPPA. Bank routing and account information entered by the employer in ESS is encrypted and stored securely by KPPA.

Two electronic payment account types can be set up:

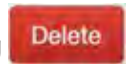
Payment Account Type	Description
EFT	Bank routing and account information is stored with KPPA so that the monthly payment can be automatically drafted after the submission of the monthly summary.
e-Check	Bank routing and account information is stored with KPPA and allows the employer to enter a specific check number each month prior to payment.

### STEP 1

Click **Payment Accounts** under the **Account** menu. All existing payment accounts will display.



The user can delete an existing payment account by clicking **Delete** next to the payment account if there are no pending payments.



### Manage Payment Accounts

The Payment Accounts page allows employers to manage various methods for payment to KPPA. Accounts entered through this module will be available for use on the Submit Monthly Summary and Invoices screens of Employer Self Service. Users will click the Nickname of the account to update entered account information. New account information can be entered using the **Add a Payment Account** button.



## STEP 2

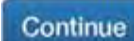
Click  to add a new account.

## STEP 3

Complete all required fields:

Field Name	Description
Receipt Type	The type of payment account being set up.
Nickname	Name displayed on the Payment Account screen.
Bank Routing or ABA number	Routing number for the bank that the account is associated with.
Bank Account number	Employer's bank account number that will be used for payments to KPPA.
Retype Bank Account number	Verification of the Employer's bank account number.

## STEP 4

Click 



Employers have the option of adding multiple accounts for contribution remittance. Accounts can be differentiated using the Account Nickname and Receipt Type.

## STEP 5

### Add a Payment Account

**STEP 2** of 2  
Please review the information you have entered then click **Submit**.  
To make changes, click **Edit**.  
To cancel without saving, click **Cancel**.

Nickname:	CERS Retirement
Bank Name:	JPMORGAN CHASE
Bank routing or ABA number:	083000137
Bank Account number:	123456
Receipt Type:	EFT
KPPA PIN: *	
<input type="button" value="Edit"/> <input type="button" value="Submit"/> <input type="button" value="Cancel"/>	

Enter your PIN and click  to save the payment account.

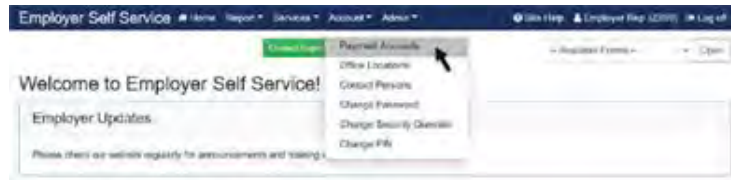


Employers have the option, prior to submitting the payment account, to edit the information or cancel the transaction.

## EDIT PAYMENT ACCOUNTS

### STEP 1

Click **Payment Accounts** located under the **Account** menu.



You can delete an existing payment account by clicking **Delete** next to the payment account if there are no pending payments for the account.

### STEP 2

Click the link in the **Nickname** column for the payment account you would like to edit.

#### Manage Payment Accounts

The Payment Accounts page allows employers to manage various methods for payment to KPPA. Accounts entered through this module will be available for use on the Submit Monthly Summary and Invoices screens of Employer Self Service. Users will click the Nickname of the account to update entered account information. New account information can be entered using the **Add a Payment Account** button.



### STEP 3

Complete the required field:

Field Name	Description
Nickname	Name displayed on the Payment Account screen.



### STEP 4

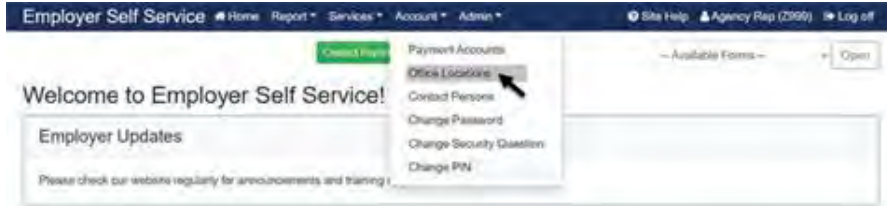
Enter your PIN and click **Update** to change the nickname for the payment account.

## ADD OFFICE LOCATIONS

The **Office Locations** screen allows employers to add new office locations and update their mailing address with KPPA.

### STEP 1

After successfully signing in to ESS, click **Office Locations** located under the **Account** menu



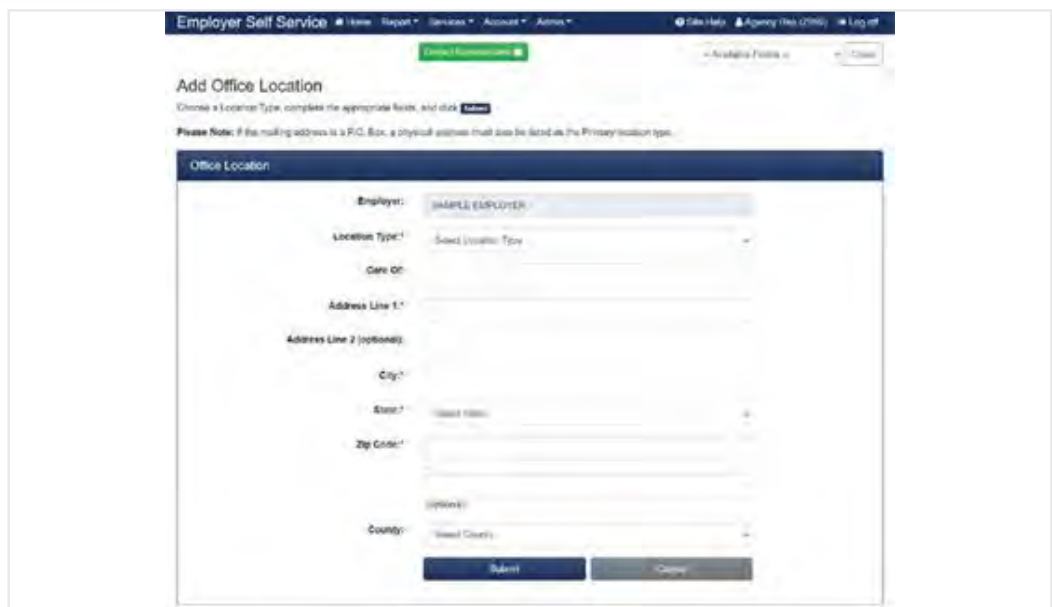
### STEP 2

To add a new office location, click

**Add an Office Location**



The **Office Location** must be set up before you can enter a **Contact** person.





### STEP 3

Complete all applicable fields.

Field Name	Description
<b>Location Type</b> <i>(see descriptions below)</i>	Type of location which is being added for the employer.
<b>Care Of</b>	Use when recipient does not normally receive mail at the address provided.
<b>Address Line 1</b>	Street address or post office box for the location.
<b>Address Line 2</b>	2nd line of an address to be used for a building, unit, floor or suite number.
<b>City</b>	City in which the office is located.
<b>State</b>	State in which the office is located.
<b>ZIP Code</b>	ZIP Code for the office location.
<b>County</b>	County in which the office is located.

Location Type	Description
<b>Mailing</b>	Address KPPA will use when mailing information to the employer. This address is required.
<b>Primary Location</b>	Enter a Primary Location if the employer is primarily located at an address that is different from the Mailing address.
<b>Satellite</b>	Enter a Satellite address if the employer has a location other than the Primary Location.
<b>Third-Party Preparer</b>	Address of a third party (i.e. Accountant, Payroll Provider) who prepares a monthly report for the employer.

### STEP 4

Click  to save the office location information.



### STEP 5

A messages displays that confirms the office location has been successfully saved.

Click 



## EDIT AN OFFICE LOCATION

To edit an **Office Location**, click the link next to an existing location.



Refer to **Steps 3 - 5** above for adding an office location.

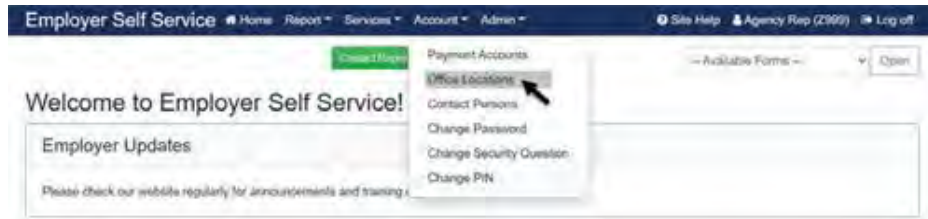


Click **Continue**

## DELETE AN OFFICE LOCATION

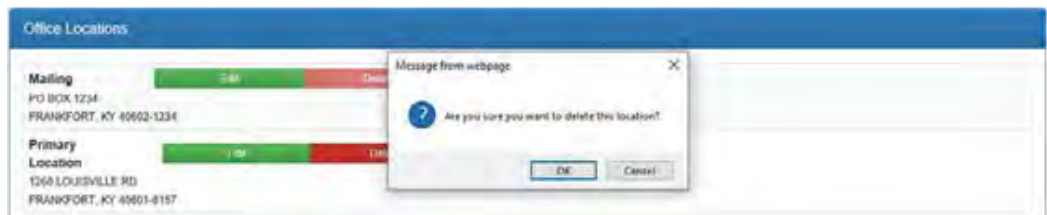
### STEP 1

Click **Office Locations** located under the **Account** menu.



### STEP 2

Click **Delete** next to the location to be deleted.



### STEP 3

Click **OK** to confirm that the location should be deleted.



If one of the employer contacts has been tied to the location you wish to delete, you must first edit that contact person's location information before you will be able to delete the location.



Employers cannot delete the mailing address, as this is a required address for KPPA. Mailing addresses can only be edited to update information.

## ADD CONTACT PERSONS

Employers can set up multiple employees as contacts in ESS. Contacts can then be set up as ESS users and granted access to ESS. An employee must be added as a contact in order to be an ESS user.

An employer must designate a primary Reporting Official contact. For multiple contacts of the same type (e.g. Human Resources), one individual must be designated as a primary contact.

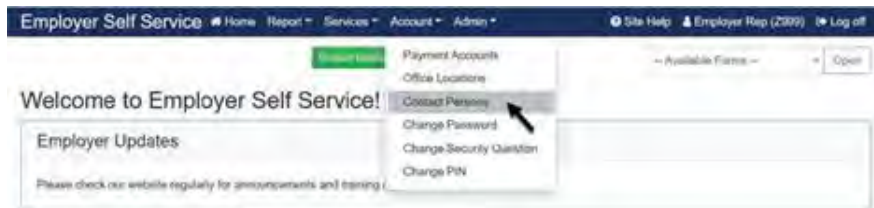
Every six months the primary Reporting Official will verify contact information for the primary Reporting Official, primary Human Resources contact, and Agency Head in ESS. If the employer does not have a primary contact for Agency Head and Human Resources, the pop-up verification will display upon login until these contact types are provided.



For an employer representative to be authorized to sign KPPA forms, they must be listed as a [Contact Person](#) for the employer.

### STEP 1

Click [Contact Persons](#) located under the [Account](#) menu.

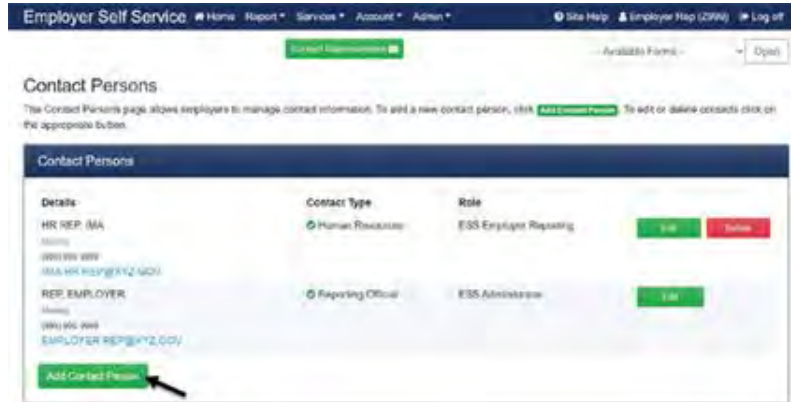


All contact persons associated with the employer are displayed. If the contact person is an ESS user, the user's security role will also be displayed.



## STEP 2

Click **AddContact** to add a new contact person.



In order to set up a new **Contact Person**, the corresponding **Office Location** must be entered and saved in ESS.

## STEP 3

On the Add a **Contact Person** screen, complete all required fields. There are additional fields you may complete to provide more information.

Field Name	Description
<b>NAME</b>	
Prefix	Prefix for the person being added as a contact person.
First Name	First Name of the person being added as a contact person.
Middle Name	Middle Name of the person being added as a contact person.
Last Name	Last Name of the person being added as a contact person.
Suffix	Suffix of the person being added as a contact person.
Title	Contact Person's title within the organization.
<b>CONTACT INFORMATION</b>	
Office Location	Location Type for the employer office location.
Email	Email address of the person being added as a contact person. Each contact person set up for an employer must have a unique email address.
Work Phone	Work phone number of the person being added as a contact person.
Alternate Phone	Alternate phone number of the person being added as a contact person.
Fax	Fax number of the person being added as a contact person.

### STEP 4

Select the employer contact type for the **Contact Person** by clicking the check box for each **Contact Type** that should be related to the person.

The screenshot shows a web interface titled "Contact Type". It features a list of contact types, each with a checkbox. The "Human Resources" checkbox is checked, and a "Set as Primary Contact" checkbox is also checked. The other contact types are: Agency Head, IT, Legal Contact, Payroll, Police Chief, Reporting Official, and Sheriff. At the bottom of the interface are two buttons: "Submit" and "Cancel".



The first time a contact type is set up, that contact must be set as the primary contact. If multiple contacts will be set up for the same contact type, then the primary contact should be set up first. Marking the check box for **Set as Primary Contact** will identify this **Contact Person** as the primary contact for the **Contact Type** selected.



The primary Reporting Official is the person responsible for all aspects of the employer's monthly report. KPPA will contact this person if there any questions about the employer's monthly report. The Reporting Official will also receive email notifications generated by invoicing and employer reporting in the KPPA system.

### STEP 5

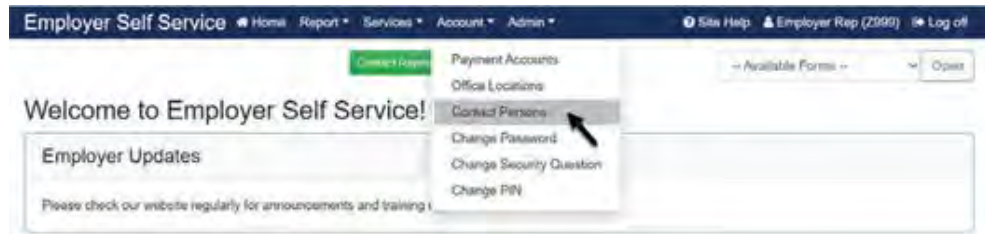
Click



## EDIT A CONTACT PERSON

### STEP 1

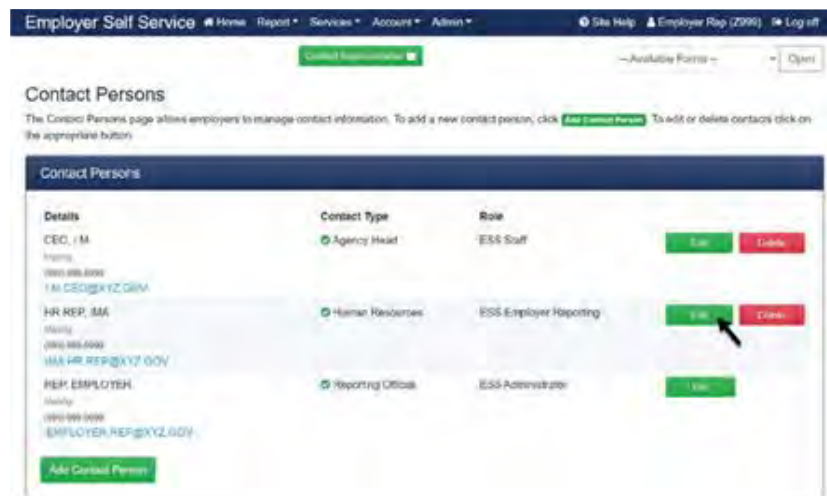
Click **Contact Persons** located under the **Account** menu.



All existing contact persons associated with the employer will display.

### STEP 2

Click **Edit** next to the contact person to be edited.



### STEP 3

On the Add a **Contact Persons** screen, complete all required fields. There are additional fields you may complete to provide more information.

Field Name	Description
<b>NAME</b>	
Prefix	Prefix for the person being added as a contact person.
First Name	First Name of the person being added as a contact person.
Middle Name	Middle Name of the person being added as a contact person.
Last Name	Last Name of the person being added as a contact person.
Suffix	Suffix of the person being added as a contact person.
Title	Contact Person's title within the organization.

Field Name	Description
<b>CONTACT INFORMATION</b>	
Office Location	Location Type for the employer office location.
Email	Email address of the person being added as a contact person. Each contact person set up for an employer must have a unique email address.
Work Phone	Work phone number of the person being added as a contact person.
Alternate Phone	Alternate phone number of the person being added as a contact person.
Fax	Fax number of the person being added as a contact person.

**STEP 4**

Update the employer contact type for the **Contact Person** by clicking the check box for each **Contact Type** that should be related to the person.

**STEP 5**

Click 

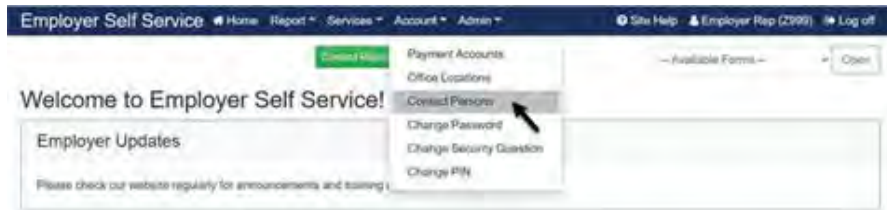


## DELETE A CONTACT PERSON

### STEP 1

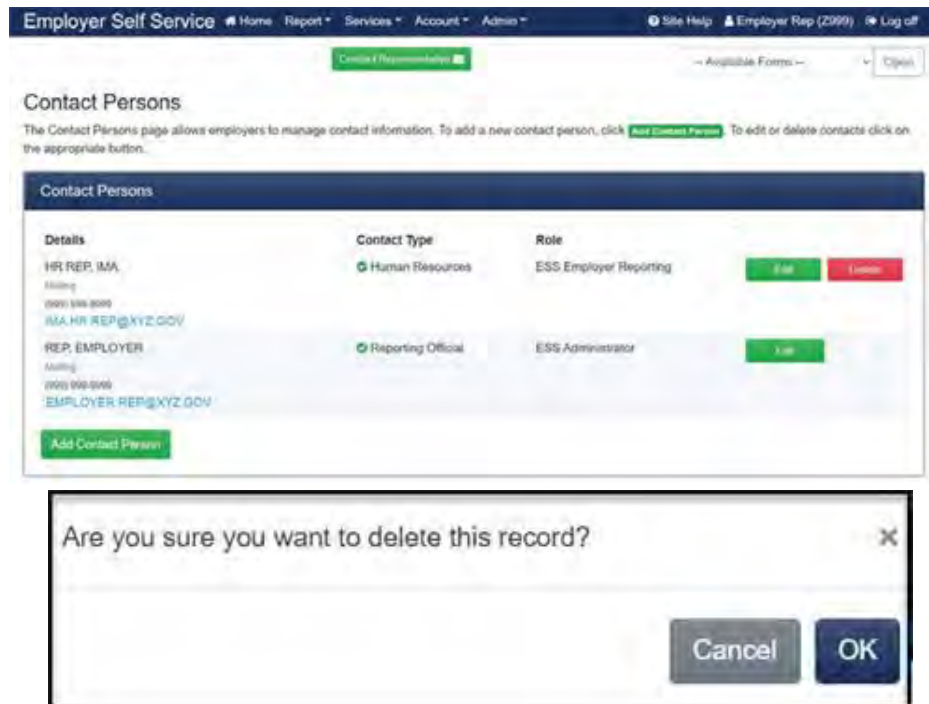
Click **Contact Persons** located under the **Account** menu.

All existing contact persons associated with the employer will display.



### STEP 2

Click **Delete** next to the contact person to be deleted.



### STEP 3

Click **OK** to confirm that the contact person should be deleted.



You cannot delete the primary Reporting Official without having first named a new primary Reporting Official.



## MANAGE USERS

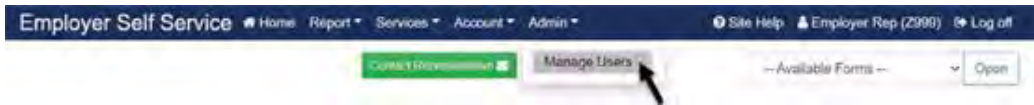
Only users with the role of Employer Administrator will see the **Admin** menu display. Under the **Admin** menu, the ESS Administrator can access the **Manage Users** module to add or delete users and assign or change security roles. The ESS Administrator uses security roles to manage each user's level of access in ESS. The Employer Administrator can also reset the password and PIN of each user if the user account is locked or the user forgets their PIN or password.



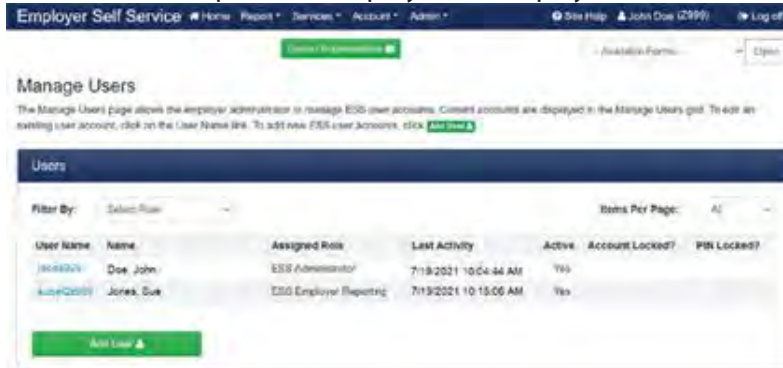
An employer may have two Employer Administrator roles for each account. If a person designated as the Employer Administrator needs to be changed, the Agency Head should complete and submit a **Form 7071** to KPPA in a timely manner to establish a new Employer Administrator. If the designated Employer Administrator leaves the employer before a new administrator is set up by KPPA, the new Employer Administrator should contact KPPA.

### STEP 1

Click **Manage Users** located under the **Admin** menu.



All users that have been set up for the employer will display.



Field Name	Description
User Name	User name used to sign into ESS.
Name	Name of the user.
Assigned Role	The user's security role set by the Employer Administrator.
Last Activity	Indicates the last time the user has been active in ESS.
Active	Indicates the user is an active user for the employer.
Locked out of ESS	Indicates if the user has been locked out of ESS.
PIN Locked?	Indicates if the user has locked their ESS PIN.

## ADD A NEW USER



The Employer Administrator can add new ESS users. Each user will have access to the employer's information through ESS based on their security role.



The Employer Administrator role cannot be set up using Employer Self Service. To set up a user as the Employer Administrator, the agency head must complete a [Form 7071](#) and submit it to KPPA.

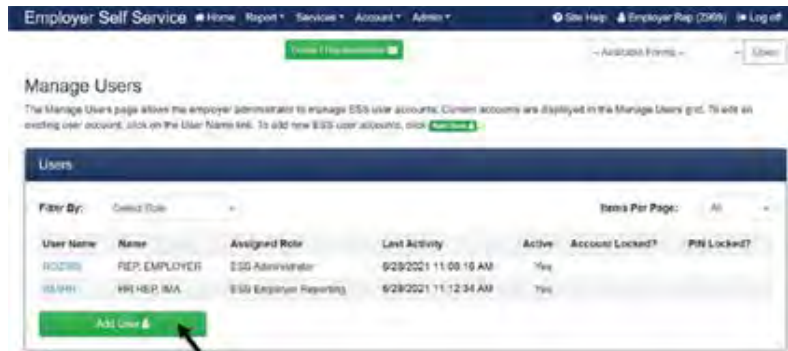
### STEP 1

Click [Manage Users](#) located under the [Admin](#) menu.



### STEP 2

Click [Add User](#)



In order to set someone up as a new user, they must already be set up as a contact for the employer in the Contact Persons module.

### STEP 3

Complete all required fields:

**Add User**  
 Choose a contact person, enter a unique User Name, select the appropriate security role and click **Submit**.  
**Please Note:** Only those employees that have been setup as Contact Persons may be assigned an ESS account.

**New User**

Contact Person:

User Name:

Role:

E-mail:

Active

Field Name	Description
Contact Person	Select the name of the person being added as a new user from the drop-down menu.
User Name	Enter the User Name the new user will use to sign into ESS. Please note that the User Name cannot be changed.
Role	Select the appropriate role for the user from the role drop-down menu.
E-mail	Displays email address of the new user based on the email provided when the individual was set up as a contact person.
Active	Check box indicating the user is an active user.



The role of the user will determine the user's level of access in ESS. Each role is described below.

Role	Description
Administrator	The Administrator role has full access to all screens in ESS, including Manage Users. Only users with the Administrator role may add or delete other users.
Employer Reporting	The Employer Reporting role has access to all screens in ESS, except Manage Users.
Staff	The Staff role is limited to Forms, Monthly Packets, Download Member ID, Sick Leave Cost Calculator, Death Notice, Seminars, Office Locations, Contact Persons, Change Password, and Change Security Question screens.

#### STEP 4

Click  to create the new user.

Three emails are automatically generated and sent to the new user from KPPA's secure email portal. For step-by-step instructions on the initial log in process, read the [First Time Log In to Employer Self Service guide](#).



[First Time Log In to Employer Self Service Guide](#)

## MANAGE USER ACCESS

The ESS Administrator can reset a user's password and PIN, change a user's security role and deactivate a user's ESS account.

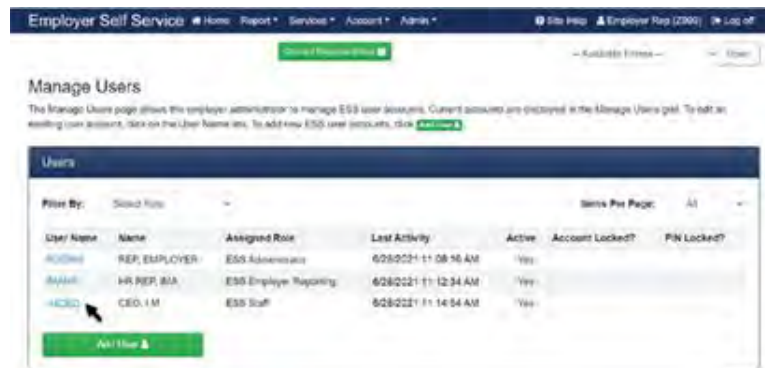
### STEP 1


Click [Manage Users](#) located under the [Admin](#) menu.



### STEP 2

To reset user information, click on the [User Name](#) link.



If a user's PIN or password has been locked due to multiple incorrect entries, a lock icon  will appear in the appropriate column for that user.

### STEP 3

Check the applicable box(es) to reset the user's password, PIN, modify the user's Active status, or select another role.

The screenshot shows the 'Edit User' interface. At the top, there's a navigation bar with 'Employer Self Service' and various menu items. Below that, a green banner says 'Cancel Confirmation'. The main heading is 'Edit User'. A note explains that this form allows administrators to reset passwords and PINs, update security questions, and modify account status. A 'Please Note' section states that resetting passwords or PINs generates email correspondence to the selected ESS user, but deactivating an ESS user will disable their login without deleting their contact person record. The form itself has a dark blue header 'Edit User' and contains the following fields: 'Contact Person' (CEO J M), 'User Name' (MCEO), 'Role' (ESS User), and 'Email' (J.M.CEO@XYZ.CO.V). There are three checkboxes: 'Reset Password' (unchecked), 'Reset PIN' (unchecked), and 'Active' (checked). At the bottom are 'Update' and 'Cancel' buttons.

### STEP 4

Click 



The user will receive email notification of their temporary password and/or PIN. The user will have to change the temporary password and/or PIN after logging into ESS. The user does not receive an email notification if their Active status changes.



Once a user has been deactivated, the user will no longer have access to ESS. If this person is no longer working for the employer, navigate to the [Contact Persons](#) under the [Account](#) menu to remove the person as a contact for the employer.

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Kentucky Public  
Pensions Authority

# CHAPTER 4

## Monthly Reporting KHRIS

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**REVISED 07/2021**

**HRIS**

**EMPLOYER REPORTING, COMPLIANCE & EDUCATION**



This document explains the monthly reporting process for [KHRIS](#) employers included on the Personnel Cabinet's monthly file. Due to differences in the monthly reporting process, all other employers should refer to [Chapter 4 – Monthly Reporting](#).



**KAR Chapter 105**

Employers are required to report creditable compensation and submit payment for employee contributions, employer contributions, and health insurance contributions (when applicable) on a monthly basis. The detail report will be submitted by the Personnel Cabinet in the required format. Creditable compensation should be reported when paid, not when earned. The posting month may need to reflect a month other than the report month due to exceptions outlined in [105 Kentucky Administrative Regulations 1:140](#):

If the month the creditable compensation was earned is the month in which the employee:

1. Became employed;
2. Became eligible to participate in one of the systems operated by KPPA;
3. Was transferred to hazardous coverage from nonhazardous participation;
4. Was transferred from hazardous coverage to nonhazardous participation;
5. Terminated employment; or
6. Became ineligible to participate in one of the systems operated by KPPA.

If you are reporting a lump-sum or non-recurring payment, you must indicate the period(s) of time during which the payment was earned. If an employee is being given a lump sum payment for overtime that was omitted in error, you must specify the period of time during which the overtime was earned.



**Contact ERCE**



Employers must contact an ERCE representative and submit any proposed reinstatement order to be reviewed by our Office of Legal Services prior to the order being entered. Learn more about [Court/Board Ordered Backpay \(Reinstatements\)](#).



**STATUTE**

[KRS 61.675](#)  
[KRS 78.625](#)

[Kentucky Revised Statutes 61.675](#) and [78.625](#) require participating employers to submit employee information and employee contributions, employer contributions and health insurance contributions (when applicable) through the Monthly Reporting process. KPPA creates a template every month on the evening of the 25th and makes it available to each employer. The primary Reporting Official receives an email notification that the monthly report template and/or packet is available in Employer Self Service (ESS).



**DEADLINE**

Reporting Officials have until the 10th of the following month to submit the components of the monthly report: the Employee Detail Report; Contribution Summary; and Contribution Payment. If the 10th falls on a weekend or holiday, the reporting deadline moves to the next business day.





[READ MORE  
House Bill 8  
Overview](#)

Effective July 1, 2021, KERS Nonhazardous employers are invoiced for the dollar amount contribution due for their share of the unfunded liability cost. For this contribution payment, the participating agencies that fall under the executive, legislative, or judicial branch umbrellas are considered a singular unit, and the Actuarially Accrued Liability Contribution (AALC) Invoice for the entire branch is billed to the branch leadership. Each branch's leadership must decide how to account for these amounts with each agency. KERS Nonhazardous employers will report only the normal cost (10.10% of payroll) with their monthly KERS employer report.

Click [here](#) for additional requirements for KERS Nonhazardous employers.

The amount KHRIS employers owe for the AALC is paid to the branch leadership as directed by each branch:

- All executive branch departments, program cabinets, and their respective departments, and administrative bodies enumerated in KRS 12.020, and any other executive branch agencies administratively attached to these entities, are considered a single individual employer and only one amount will be invoiced for these employers. The Office of the State Budget Director is the contact for the Executive Branch.
- All employers of the legislative branch, including the Legislative Research Commission and the General Assembly that covers legislators and staff who participate in the Kentucky Employees Retirement System, are considered a single individual employer and only one amount will be invoiced for these employers. The Chief Fiscal Officer for the Legislative Research Commission is the contact for the legislative branch.
- All employers of the judicial branch, including the Administrative Office of the Courts, the Judicial Form Retirement System, and all master commissioners, are considered a single individual employer and only one amount will be invoiced for these employers. The Director of the Administrative Officer of the Courts is the contact for the judicial branch.

Delinquent reporting may cause:

1. Interest to be added on delinquent contributions, and
2. Delinquent contributions with interest may be recovered through an action filed in Franklin Circuit Court.
3. If the executive, legislative, or judicial branch leadership (see above) fails to pay their AALC Invoice for a period of 90 days or more, current employees of the participating agencies that fall under the executive, legislative, or judicial branch will not accrue additional service credit until the branch leadership pays all employer contributions owed, and the employer's general fund appropriations may be intercepted by the Finance and Administration Cabinet on behalf of KERS and used to pay the employer contributions owed. See [Kentucky Revised Statute 61.675\(4\)](#).

### **INCOMPLETE EMPLOYEE CONTRIBUTIONS**

KPPA deposits employee contributions when submitted by participating employers. Employee contributions and health insurance contributions are submitted to KPPA as part of the monthly reporting process, but are separately tracked, deposited and invested according to statute.

Occasionally, during the course of monthly reporting, an incomplete employee contribution or health insurance contribution amount is submitted to KPPA. For employers reported by the Personnel Cabinet, the employer will be informed of the additional required contributions via the electronic monthly Pended Transactions Report. Each of these transactions must be corrected in the Kentucky Human Resource Information System (KHRIS) within the allotted time frame, which results in the correction being reported to KPPA through the Personnel Cabinet file.

The employer is required to submit employer contributions; however, the member has the option to allow their employer to withhold remaining contributions or, if their employee contributions are refunded due to being incomplete, either remit payment for omitted invoices or lose their service credit for that month.



Members should contact our office with any questions about how nonpayment may impact their benefits.

If the employee contributions owed cannot be collected by the employer within the allotted time frame, any partial contributions will be returned to the employer through a credit invoice in order to be refunded to the member through payroll with applicable withholdings. Employer contributions will also be refunded on the same invoice. Then, omitted invoices for the full amount of contributions due will be sent to the member and to the employer. If the omitted invoices are not paid, the member may lose service credit for that month due to incomplete contributions. KPPA also sends a notice to the member explaining this process and how it may impact their service credit.

## REPORTING AND BALANCING EMPLOYERS

A Reporting Employer is the entity that reports monthly contribution detail records to KPPA. A Balancing Employer is the entity who submits the Monthly Summary and payments to KPPA. Most employers are both the Reporting and Balancing Employer.

**For all employers reported by the Personnel Cabinet, the Personnel Cabinet is considered the Balancing and Reporting Employer. Therefore, any employers reported by the Personnel Cabinet will not have access to Enter Report Details, Upload File, or Submit Monthly Summary in Employer Self Service (ESS).**

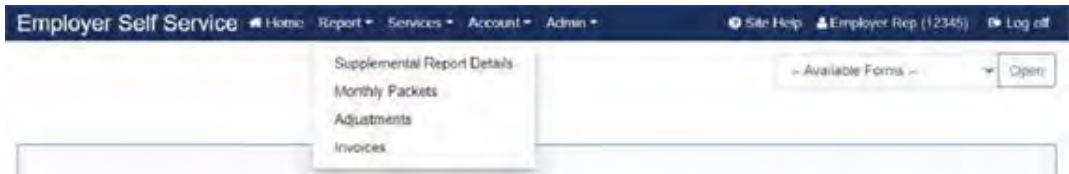
## REPORTING DETAIL FOR COUNTY FEE AGENCIES (DESIGNATED SHERIFF/COUNTY CLERKS)



County Fee employers who are reported by the Personnel Cabinet due to the population of their county are required to report additional detail each month for their employees. Because the Personnel Cabinet is unable to provide all the information KPPA requires to process employee records, these employers will utilize the **Supplemental Report Details** option to report this additional detail. Once the Personnel Cabinet has submitted the monthly file, the Reporting Official for the County Fee agency will receive an email indicating the monthly Supplemental Report Detail is ready to be completed and submitted. The completed report must be submitted to KPPA no later than 10 days from the notification that the report is ready.

### Step 1

In ESS, click **Supplemental Report Details** under the **Report** menu.



ESS will display the overview screen.



## Step 2

A table will list the following information for the selected Supplemental Report Details:

FIELD NAME	DESCRIPTION
<b>Type</b>	Displays the retirement system (KERS, CERS or SPRS) of the selected record. This link takes you to the monthly details report.
<b>Month</b>	Displays the month and year.
<b>Salary</b>	Displays the total salary for the listed employees.
<b>EECON</b>	Displays the total employee contributions for the listed employees.
<b>HICON</b>	Displays the total health insurance contributions for the listed employees.
<b>ERCON</b>	Displays the total calculated employer contributions based on the salary reported.* <i>*For KERS Nonhazardous, this amount only represents the normal cost contribution.</i>
<b>Total</b>	Displays the sum of the employee, employer and health insurance contributions.
<b>Count</b>	Displays the employee count.
<b>Status</b>	<p>Displays the status. Statuses that the Supplemental Report Details can be in are:</p> <ul style="list-style-type: none"> <li>• <b>Supplemental</b> – Initial Status of the Supplemental Report Details. KPPA has received the monthly file from the Personnel Cabinet, but has not received the submission from the county fees agency.</li> <li>• <b>Submitted</b> – KPPA has received the Supplemental Report Details from the county fees agency, but has not yet taken action on the report. While the Supplemental Report Details is in the submitted status, it can still be unsubmitted if corrections need to be made.</li> <li>• <b>In Progress</b> – KPPA is processing the Supplemental Report Details. No changes may be submitted once the report is in this status. If the Supplemental Report Details have not been submitted, the agency will be contacted to provide the missing information.</li> <li>• <b>Posted</b> – KPPA has processed the Supplemental Report Details and posted the monthly contributions for the employer. Employers will be notified of any necessary error corrections.</li> </ul>
<b>Submitted</b>	Displays the date the Supplemental Report Details were submitted to KPPA.

### Step 3

Click the **Type** link to access a specific report.

**Supplemental Report Details**

The Supplemental Report Details page allows employers to enter monthly reporting details for their employees. Those employers reporting detail reports for another employer can select the appropriate employer's information from the Employer dropdown list. Submitted reports can also be viewed from this screen. To view an individual report, select the corresponding Report Type link.

Reports: Last 5 Months

Type	Month	Salary	EECON	HICON	ERCON	Total	Count	Status	Submitted
<a href="#">CERS</a>	05/2021	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	15	Ready	
<a href="#">CERS</a>	04/2021	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	15	Posted	05/09/2021
<a href="#">CERS</a>	03/2021	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	15	Posted	04/10/2021
<a href="#">CERS</a>	02/2021	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	15	Posted	03/07/2021



Once a Supplemental Report Details report is in Posted status, it can be viewed but not be altered. To change employee details reported in a previous month, an adjustment record should be submitted through KHRIS.

### Step 4

The **Member Details Overview** screen for that report type will display.

**Member Contributions**

To view or edit member contribution information, select the corresponding (member) name link. To add a new record or adjust a previously reported transaction, click **Add New Item**. Once all items are correct, click **Submit Report**.

[Return to Supplemental Report Details](#)

Name	Member ID	Posting Month	Contribution Group	Job Position	Position Status	Employment Begin Date	Employment End Date
<a href="#">CHERYL, CHERYL</a>		05/2021	CH2CB		Regular Full Time	04/21/2021	
<a href="#">PAULEY, PONTIAC</a>	423209	05/2021	CHZNH	Patrol Deputy Sheriff	Regular Full Time	09/15/1996	
<a href="#">RODER, RAM</a>	1030003	05/2021	CH2CB	Sheriff	Regular Full Time	01/16/2018	
<a href="#">FANNY, FORD</a>	328974	05/2021	CHZNH	Deputy Sheriff	Regular Full Time	01/01/1995	
<a href="#">GARY, GENERAL</a>	450011	05/2021	CH4ZNH	Other	Regular Full Time	07/13/2015	05/15/2021

**Submit**

## MEMBER DETAILS OVERVIEW

By default, this screen will display only those members for whom KPPA can determine there is incomplete information in the report submitted by the Personnel Cabinet. To see all records reported for the employer for the month, use the Show All checkbox.

The Member Details Overview screen displays several fields of information for each employee for quick access. However, this is not the full detail report. From this screen, you may navigate to the full details for each employee, submit the Supplemental Report Details, or return to the overview screen. Employees will be listed in alphabetical order by last name.

Only certain fields in the detail record may be edited. If changes need to be made to fields that are not editable, the employer should make the appropriate corrections in KHRIS, which will be reported the following month on the file submitted by the Personnel Cabinet.

The Member Details Overview screen displays the following information:

FIELD NAME	DESCRIPTION
<b>Name (hyperlink)</b>	Displays the name of the employee. Click to display the employee's entire contribution detail record.
<b>Member ID</b>	Displays the employee's member ID.
<b>Posting Month</b>	Displays the posting month and year of the contribution detail record.
<b>Contribution Group</b>	Displays the employee's contribution group for the contribution detail record.
<b>Job Position</b>	Displays the Job Position reported for the employee.
<b>Position Status</b>	Displays the Position Status reported for the employee.
<b>Employment Begin Date</b>	Displays the reported date the employee began this period of employment.
<b>Employment End Date</b>	Displays the reported date the employee's period of employment ended.



## EDIT A RECORD

### Step 1

After selecting the current **Supplemental Report Details**, ESS will display the **Member Details Overview** screen.

The screenshot shows the 'Employer Self Service' interface. At the top, there is a navigation bar with 'Home', 'Report', 'Services', 'Account', and 'Admin' menus. A 'Contact Representative' button is visible. Below the navigation, there is a dropdown menu for 'Available Forms' and an 'Open' button. A message states: 'To view or edit member contribution information, select the corresponding (member) name link. To add a new record or adjust a previously reported transaction, click **Add New Row**. Once all items are correct, click **Submit Report**.' Below this is a button labeled 'Return to Supplemental Report Details'. The main content area is titled 'Member Contributions' and contains a table with the following data:

Name	Member ID	Posting Month	Contribution Group	Job Position	Position Status	Employment Begin Date	Employment End Date
CHEVY, CHERYL		05/2021	CHZCB		Regular Full Time	04/21/2021	
PONTIAC, PAULEY	423208	05/2021	CHZNH	Patrol Deputy Sheriff	Regular Full Time	09/16/1996	
RAM, ROGER	1000003	05/2021	CHZCB	Sheriff	Regular Full Time	01/18/2018	
FORD, FANNY	328974	05/2021	CHZNH	Deputy Sheriff	Regular Full Time	01/01/1995	
GENERAL, GARY	450011	05/2021	CNHZNH	Other	Regular Full Time	07/13/2015	05/15/2021

A 'Submit' button is located at the bottom right of the table area.

### Step 2

To edit an employee, click the **Name** hyperlink to access the entire detail record.

ESS displays the contribution detail record.

Employer Self Service
Site Help | Employer Rep (12345) | Log off

Correct Record
Available Firms

### Update Member Contribution

Update appropriate fields below. To update contribution amounts, after entering the salary click Correct. Once all necessary changes are made, click Update to save the updated record.

#### Personal Information

Prefix:	<input type="text" value="Select Prefix"/>	SSN:	<input type="text" value="XXX-XX-0001"/>
First Name:	<input type="text" value="CARL"/>	Member ID:	<input type="text" value="1000001"/>
Middle Name:	<input type="text"/>		
Last Name:	<input type="text" value="CHRYSLER"/>		
Suffix:	<input type="text" value="Select Suffix"/>		

\* Required field

#### Contribution Information

Posting Month:	<input type="text" value="5/1/2021"/>	Contribution Group:	<input type="text" value="GERS NHZ - Cash Bal"/>
Payment Reason:	<input type="text" value="Regular pay"/>	Salary:	<input type="text" value="\$ 2835.00"/>
Salary that Exceeds IRS Limit:	<input type="text" value="\$ 0.00"/>	Pre-Tax Employee Contribution:	<input type="text" value="\$ 141.82"/>
Post-Tax Employee Contribution:	<input type="text" value="\$ 0.00"/>	Pre-tax Health Ins Contribution:	<input type="text" value="\$ 28.38"/>
Employer Contribution:	<input type="text" value="\$ 882.34"/>	<input type="checkbox"/> Employer-paid <input checked="" type="checkbox"/> Employer-paid	

\* Required field

Days Worked Greater Than Zero

#### Employment Information

Position Status:	<input type="text" value="Regular Full Time"/>	Job Position:	<input type="text" value="Other"/>
Employment Begin Date:	<input type="text" value="09/17/2018"/>	Employment End Date:	<input type="text" value="MMDDYYYY"/>
Employment End Reason:	<input type="text" value="Select Reason"/>	Payroll Frequency:	<input type="text" value="Semi-Monthly"/>
Type of Rate of Pay:	<input type="text" value="Monthly"/>	Rate of Pay:	<input type="text" value="\$ 3593.00"/>
Estimated Additional Compensation:	<input type="text" value="\$ 0.00"/>	Scheduled Hours Per Day:	<input type="text" value="8.00"/>
Contract Days:	<input type="text" value="0"/>		

\* Required field

#### Leave Information

Accrued Sick leave hours:	<input type="text" value="0"/>	Accrued Sick leave days:	<input type="text" value="8.3"/>
Hours in a Sick Leave Day:	<input type="text" value="0"/>	Compensatory Leave:	<input type="text" value="0"/>

#### Demographic Information

Date of Birth:	<input type="text" value="01/01/1980"/>	Gender:	<input type="text" value="Male"/>
Email:	<input type="text"/>	Marital Status:	<input type="text" value="Select Marital Status"/>
Primary Address Line:	<input type="text" value="1234 MAIN ST"/>		
Secondary Address Line:	<input type="text"/>		
City:	<input type="text" value="SOMEWHEREVILLE"/>		
State:	<input type="text" value="Kentucky"/>		
Zip Code:	<input type="text" value="40000 - 0000"/>		

\* Required field

Update
Cancel





### Step 3

Complete, review and edit any necessary information for the employee. For a complete description of the fields to be completed, reference [Appendix B: Fields and Descriptions](#). If changes need to be made to fields that cannot be edited, the employer should make the appropriate corrections in KHRIS, which will be reported the following month on the file submitted by the Personnel Cabinet.

### Step 4

Once the record is updated and accurate, click **Update**.

Once you click **Update**, KPPA will run validations against that record. If any errors are found, you will receive an error message at the bottom of the screen describing the error and how to correct it. After correcting the record, click **Update**.

## SUBMIT THE SUPPLEMENTAL REPORT DETAILS

### Step 1

Once all contribution detail records are updated, return to the **Member Details Overview** screen.

The screenshot shows the 'Employer Self Service' interface. At the top, there is a navigation bar with 'Home', 'Report', 'Services', 'Account', and 'Admin' menus. A 'Claims Representations' button is visible. Below the navigation, there is a section for 'Member Contributions' with instructions: 'To view or edit member contribution information, select the corresponding (member) name link. To add a new record or adjust a previously reported transaction, click **Add New Item**. Once all items are correct, click **Submit Report**.' A 'Return to Supplemental Report Details' link is also present.

Member Contributions								Show All
Name	Member ID	Posting Month	Contribution Group	Job Position	Position Status	Employment Begin Date	Employment End Date	
CHEVY, CHERYL		05/2021	CHZCB		Regular Full Time	04/21/2021		
PONTAC, PAULEY	423208	05/2021	CHZNH	Patrol Deputy Sheriff	Regular Full Time	08/16/1998		
RAM, ROGER	1020003	05/2021	CHZCB	Sheriff	Regular Full Time	01/18/2018		
FORD, FANNY	328974	05/2021	CHZNH	Deputy Sheriff	Regular Full Time	01/01/1995		
GENERAL, GARY	450011	05/2021	CHZNH	Other	Regular Full Time	07/13/2015	05/15/2021	

A 'Submit' button is located at the bottom right of the table area.

### Step 2

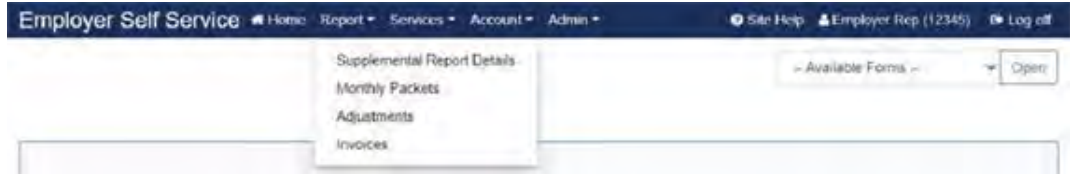
Click **Submit Report** to submit the Supplemental Report Details. If any records are identified as incomplete during the submission process, an error message displays listing the employee records to be completed. When submission is successful, the screen will update indicating your report has been submitted.

## UNSUBMIT THE SUPPLEMENTAL REPORT DETAILS

While the report is still in “submit” status, an employer is able to unsubmit the report if necessary.

### Step 1

In ESS, click **Supplemental Report Details** under the **Report** menu.

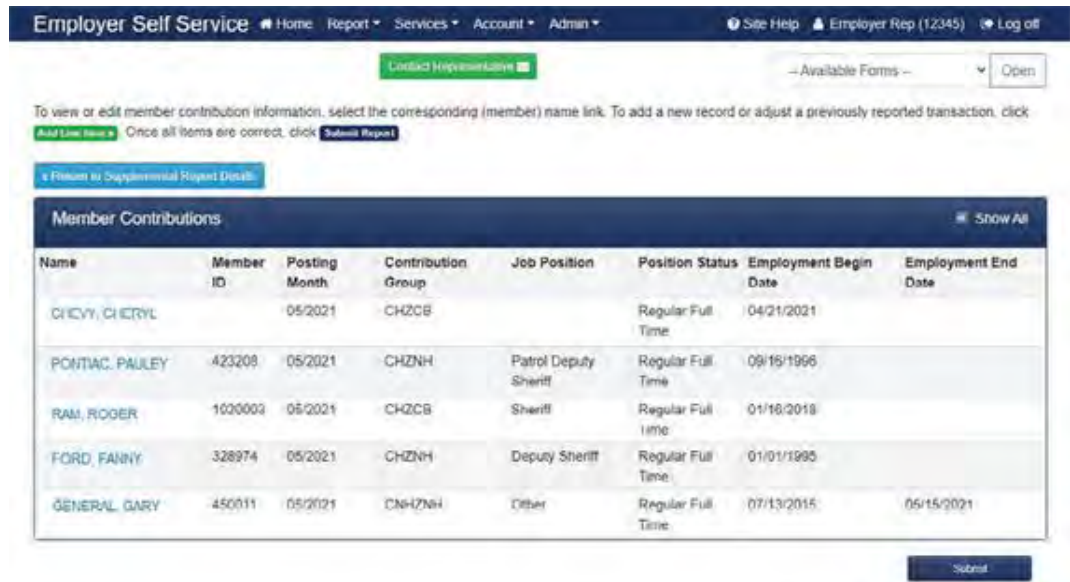


ESS will display the overview screen.



### Step 2

Click the **Type** hyperlink to access that detail report. The **Member Details Overview** screen displays for that report type.



### Step 3

Click **Unsubmit Report**. After the file has been unsubmitted, it may be modified and resubmitted.



The completed report must be submitted to KPPA no later than 10 days from the notification that the report is ready. If the report is not submitted by the deadline, the system will automatically process the Supplemental Report Details, and an ERCE representative will contact the employer for any missing information.

## PROCESSING AND CORRECTING RECORDS

Once KPPA has received the monthly report from the Personnel Cabinet, KPPA validates the data in each field. For example, there is a verification step to confirm that an employee's reported contribution group is correct. If any of the data fields contain errors, the individual record is in error.

When errors in reporting are discovered, ERCE representatives work with each individual employer to correct the records. If KPPA discovers a reporting error that creates a monetary discrepancy between the reported contributions and the expected contributions, then KPPA will "pend" the reported record. A monthly report is provided to each agency listing all pended transactions.

It is very important that the employer makes these corrections in KHRIS as soon as possible upon receipt of this report. The corrections will be reported on the next available file submitted by the Personnel Cabinet, and the corrected records will be posted to the member's account.



If these corrections are not made in a timely manner, KPPA will refund contributions and, in some cases, reduce service credit for the members affected. For more information regarding the Pended Transactions report, please see the Monthly Packet Reports section below.

## ADJUSTMENTS

For employers reported by the Personnel Cabinet, the majority of adjustments to previously reported records will be applied in KHRIS and submitted on the Personnel Cabinet's monthly file. Some adjustments, however, cannot be applied in KHRIS and will need to be submitted directly to KPPA. These adjustments are described below.

### ADJUSTMENTS FOR PERIODS PRIOR TO 4/1/2011

These are corrections that need to be made for periods prior to the start date of KHRIS. The employer should contact their ERCE representative for guidance if:

- The employer needs to request the return of contributions for a salary amount reported in error for a period prior to April 1, 2011, or
- The employer needs to report additional salary and contributions to KPPA for a period prior to April 1, 2011.

### WORKERS' COMPENSATION

Employers reported by the Personnel Cabinet often pay employees 100% of their salary while they draw worker's compensation using available sick leave. When the employee receives the payment from Workers' Compensation, that payment is turned over to the employer and the contributions that have been reported to KPPA for the amount of the Workers' Compensation payment must be refunded. Workers' Compensation records are currently being reported and monitored by the Personnel Cabinet. Please contact them with additional reporting questions.



Contact ERCE



## KAR Chapter 105

### **COURT/BOARD ORDERED BACKPAY (REINSTATEMENTS):**

If an employee is ordered to be reinstated or paid a retroactive salary amount by a Court, the Personnel Board, or the Human Rights Commission, those wages must be reported. In addition, the employer is responsible for paying the interest that the member would have earned on those contributions per [105 Kentucky Administrative Regulation 1:140](#).



Employers must contact an ERCE representative and submit any proposed reinstatement order to be reviewed by our Office of Legal Services prior to the order being entered.

KPPA will issue a [Reinstated Salary Invoice](#) with the amount due for contributions and interest. Each individual employer is responsible for invoice payment. For more information regarding invoices, see the INVOICES section below.

### **STATE FUNDED EXPENSE RECORDS**

The elected County Judge Executive, Sheriff, and Jailer in every county, while being employees of their respective county, receive an elected official expense payment of \$200 every month, or \$600 every quarter for the County Judge Executive, from one of three KHRIS employers:

1. County Judge Executives paid by the Department of Rural & Municipal Aid;
2. Sheriffs paid by the Sheriff's Expense Allowance; and
3. Jailers paid by the Department of Corrections.

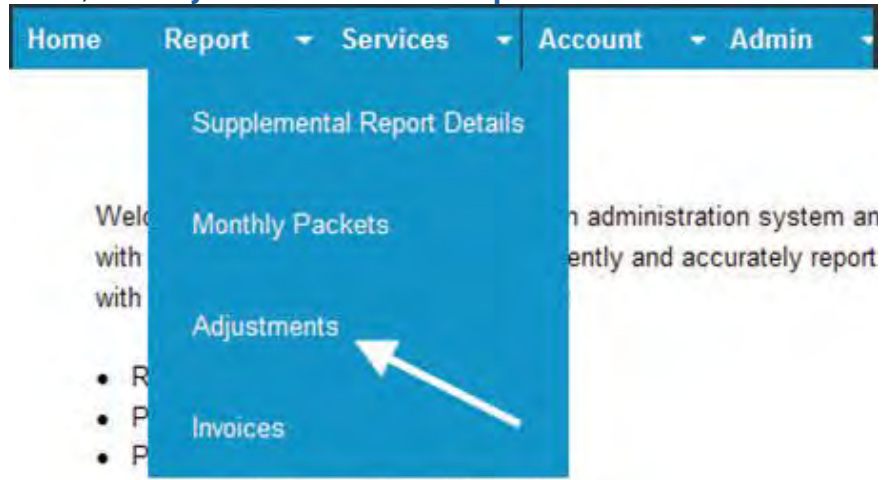
These employees should use the Sheriff or Jailer job position, except for the Department of Rural & Municipal Aid, which may use the Other job position. These employers should withhold, report and submit payment for the employee contribution and health insurance contribution from the expense payment. The employing county agency will receive an Expense Allowance Invoice for the associated employer contributions that are due.

## NON-MONETARY ADJUSTMENTS

Adjustments to non-monetary fields, such as Employment End Date and Employment End Reason, must be submitted using the **Adjustments** module in ESS.

### Step 1

In ESS, click **Adjustments** under the **Report** menu.



### Step 2

The adjustments screen will display. Enter the member's SSN and the month range that needs to be adjusted. Click **Show**. All detail contribution records for the member for the date range will be displayed.

The screenshot shows the 'Adjustments' screen in the ESS system. At the top, there is a navigation bar with 'Employer Self Service' and various menu items. Below the navigation bar, there is a 'Select Member' form with the following fields:

- Member ID: 534180
- or SSN: [Empty field]
- Contributions From: 01/2021
- Contributions To: 03/2021
- A green 'Show' button with a magnifying glass icon.

Below the form, there is a table titled 'Contributions' with the following data:

Posting Month	Salary	Payment Reason	Job Position	Position Status	Employment Begin Date	Employment End Date	Adjusted
Mar 2021 <a href="#">more details...</a>	\$4,216.00	Regular pay			01/01/2019		
Feb 2021 <a href="#">more details...</a>	\$4,216.00	Regular pay			01/01/2019		
Jan 2021 <a href="#">more details...</a>	\$4,179.00	Regular pay			01/01/2019		



### Step 3

To make an adjustment to the member's detail record, click **More Details**. The detail contribution record will display. This will allow you to edit any non-monetary fields that need to be corrected. Update any necessary fields in the Employment and Leave Information sections. Click **Submit** to save and submit the adjustment

Employer Self Service Home Report Services Account Admin Site Help Employee Rep (12345) Log off

Available Forms Open

#### Add Member Contribution

Update appropriate fields below. To update contribution amounts, after entering the salary click **Calculate**. Once all necessary changes are made, click **Submit** to save the updated record.

##### Personal Information

Prefix: <input type="text" value="Select Prefix"/>	SSN: <input type="text" value="XXX-XX-0001"/>
First Name: <input type="text" value="CARL"/>	Member ID: <input type="text" value="1000001"/>
Middle Name: <input type="text"/>	
Last Name: <input type="text" value="CHRYSLER"/>	
Suffix: <input type="text" value="Select Suffix"/>	

\* Required field

##### Contribution Information

Posting Month: <input type="text" value="2/1/2021"/>	Contribution Group: <input type="text" value="CERS N12 - Cash Bal"/>
Payment Reason: <input type="text" value="Regular pay"/>	Salary: <input type="text" value="\$ 2836.00"/>
Salary that Exceeds IRS Limit: <input type="text" value="\$ 0.00"/>	Pre-Tax Employee Contribution: <input type="text" value="\$ 141.80"/>
Post-Tax Employee Contribution: <input type="text" value="\$ 0.00"/>	Pre-tax Health Ins Contribution: <input type="text" value="\$ 26.36"/>
Employer Contribution: <input type="text" value="\$ 832.24"/>	Employer Contribution: <input type="checkbox"/> Employer-paid

\* Required field

##### Employment Information

Position Status: <input type="text" value="Regular Full Time"/>	Job Position: <input type="text" value="Other"/>
Employment Begin Date: <input type="text" value="06/17/2016"/>	Employment End Date: <input type="text" value="MM/DD/YYYY"/>
Employment End Reason: <input type="text" value="Selected Reason"/>	Payroll Frequency: <input type="text" value="Semi-Monthly"/>
Type of Rate of Pay: <input type="text" value="Monthly"/>	Rate of Pay: <input type="text" value="\$ 0800.00"/>
Estimated Additional Compensation: <input type="text" value="\$ 0.00"/>	Scheduled Hours Per Day: <input type="text" value="8.00"/>
Contract Days: <input type="text" value="0"/>	

\* Required field

##### Leave Information

Accrued Sick leave hours: <input type="text" value="0"/>	Accrued Sick leave days: <input type="text" value="0.0"/>
Hours in a Sick Leave Day: <input type="text" value="0"/>	Compensatory Leave: <input type="text" value="0"/>

##### Demographic Information

Date of Birth: <input type="text" value="01/01/1980"/>	Gender: <input type="text" value="Male"/>
Email: <input type="text"/>	Marital Status: <input type="text" value="Select Marital Status"/>
Primary Address Line: <input type="text" value="1234 MAIN ST"/>	
Secondary Address Line: <input type="text"/>	
City: <input type="text" value="SOMEWHEREVILLE"/>	
State: <input type="text" value="Kentucky"/>	
Zip Code: <input type="text" value="40000 0000"/>	
International Address: <input type="text"/>	

\* Required field



## INVOICES

Using the Invoice module, employers can access their credit and debit invoices, pay debit invoices, apply credit invoices, and review paid invoices. When a new credit or debit invoice is generated, the Reporting Official receives email notification.

Both credit and debit invoices can be satisfied using the eMARS system. Refer to the [eMARS Payment Option](#) section below for details.

For questions regarding invoices, please contact your ERCE representative.



Contact ERCE

**Actuarially Accrued Liability Contribution (AALC) Invoice** – This invoice bills KERS Nonhazardous employers for the dollar amount contribution due for their share of the unfunded liability cost. Invoices for the amounts KHRIS employers owe for the AALC are sent to each branch's House Bill 8 contact, not to each individual employer.

**Employer Purchase of Delayed Invoice** – This invoice bills employers for the cost to purchase delayed service credit on behalf of a member.

**Employer Purchase of Hazardous Conversion Invoice** – This invoice bills employers for the cost of converting nonhazardous service to hazardous service for members employed in an approved hazardous position.

**Expense Allowance Invoice** – This invoice bills individual county employers for the employer contributions due on the annual expenses paid to Jailers, Sheriffs, and County Judge Executives for performance of duties.

**Expired Pended Transactions Invoice** – This credit invoice refunds employers for contributions associated with reporting errors that were not corrected in KHRIS, and not reflected on the Personnel Cabinet file, within the allotted time frame.

If the employer paid less in contributions than what was due, employee and health insurance contributions are refunded and the member's service credit is reduced. In this situation, an Employer Omitted invoice is generated and the employer contributions previously paid are applied to the Employer Omitted Invoice. If applicable, the member is billed for the amount of omitted employee and health insurance contributions.

**Health Insurance Reimbursement Invoice** – This invoice bills employers for health insurance premiums for those members who are reported in the Retired Reemployed contribution group when the member is covered under health insurance offered by KPPA.



Multiple members and months may be included in the billing. This invoice could contain individual line item credits for corrections to previously reported contribution detail. If a member is dually employed, the amount due will be equally split between employers.

**IPS Employer Refund** – This credit invoice returns member contributions if the employer submits an overpayment for pre-tax IPS contributions. Post-Tax IPS overpayments are refunded directly to the member.

**Master Commissioner Employer Appropriations Not Otherwise Classified (ANOC)** – This invoice bills the Judicial Department Administrative Office of the Courts for employer contributions for master commissioner employees. Multiple employees and months may be included.

**Member Pension Spiking Refund** – This invoice refunds employers for any contributions and creditable compensation associated with a retiring member's pension spiking for salary earned after July 1, 2017.

**Military Billing Invoice** - This invoice bills the employer for the employer contributions and awards service credit for a member's time on active military duty. This invoice is also used to bill for employer contributions on a period of decompression service (period of time at the end of active duty). For decompression service, the member is billed separately for the employee contributions.

**Monthly Report Invoice** – This invoice reflects the results of any variances from the balancing process and any contribution differences from the adjustment and error correction process. It can include credits and debits for multiple members and multiple months. Prior Period Adjustments may be required by the employer to correct any issues.

**Omitted Billing** - This invoice bills for employer contributions due to a member's period of employment that was erroneously omitted from monthly reporting. This invoice type is issued for an individual member.

**Pension Spiking Invoice** – This invoice bills the last participating employer for any additional actuarial costs associated with a retired member's pension spiking for retirement dates of January 1, 2014 through June 30, 2017.

**Personnel Adjustment Transactions Invoice** – This invoice reflects credits or debits for transactions that cannot be accommodated in KHRIS:

- Corrections for months prior to April 1, 2011, before KHRIS was implemented. Refer to the [Adjustments section](#) above for additional information.
- Adjustments that affect only employer contributions. For some corrections KPPA makes to employee records, only the amount of employer contributions is affected. These corrections will not be reported in KHRIS. The overpayment (or underpayment) of employer contributions will be issued on this invoice

**Reinstated Salary Service** – This invoice reflects adjustments processed for reinstatement periods ordered by the Personnel Board, a court, or the Human Rights Commission. The invoice includes interest due on employee and employer contributions, along with the employee and employer contributions for the reinstated period.

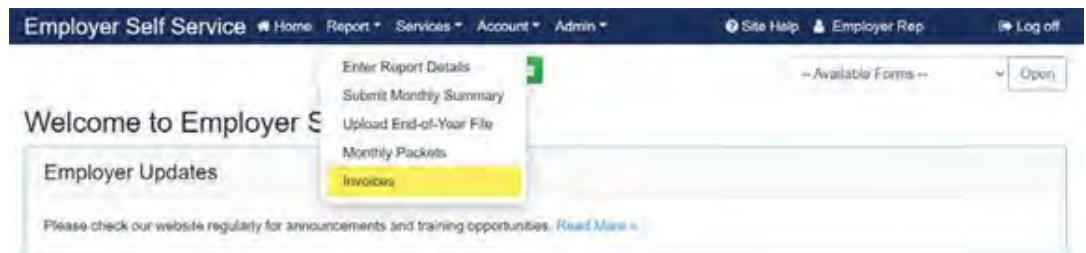
**Sick Leave Billing Invoice** – This invoice bills employers for the cost of the unused sick leave balance for individual members if the employer participates in the Standard Sick Leave program.

## VIEW AND PAY INVOICES

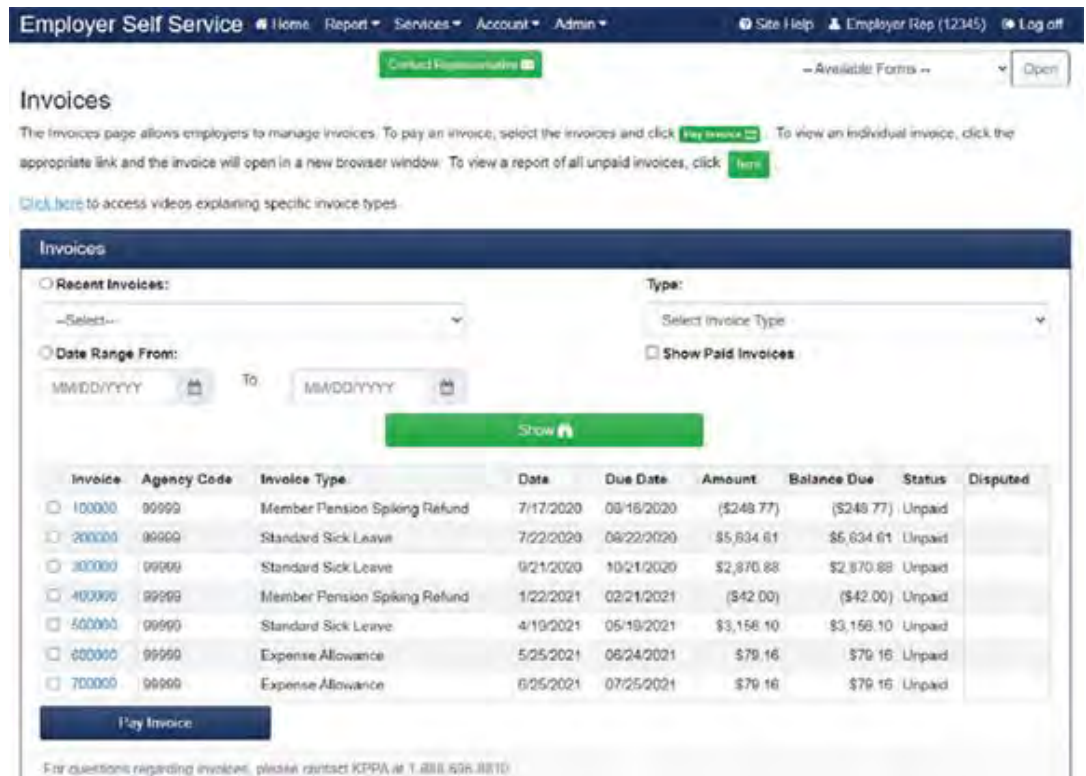
The steps below describe how to view and apply payment to invoices in ESS.

### Step 1

In ESS, select **Invoices** under the **Report** menu.



Invoices can be filtered based on the most recently issued, date range, or type of invoice. By default, all unpaid and pending invoices are displayed. To view previously paid invoices, click Show Paid Invoices.



## Step 2

To view a PDF of the invoice, click on the invoice number. An image of the invoice will open in a new browser window.

## Step 3

To select invoice(s) for payment, click on the checkbox next to the invoice number. Multiple invoices can be selected for payment.

## Step 4

When invoices have been selected, click **Pay Invoice**. ESS will display the **Pay Invoice** screen.

When an invoice is selected to pay, KPPA's Accounting Division will see this reflected on an internal report that is reviewed daily. Our accounting staff will notify the eMARS contact for the employer to provide the Internal Transaction Initiator (ITI) number created for the selected debit invoice, or request the ITI number from the employer if a credit invoice is applied. Please refer to the [eMARS Payment Option](#) section below for more information.

The screenshot shows the 'Pay Invoice' interface. At the top, there is a navigation bar with 'Employer Self Service' and various menu items. Below the navigation bar, there is a 'Contact Representative' button and an 'Available Forms' dropdown menu. The main heading is 'Pay Invoice'. Below this, there is a step indicator '1' and instructions: 'To apply payment to selected invoice(s), click the **Edit** link beside the appropriate payment account(s), enter the amount and click **Apply**. When Balance Remaining is equal to \$0.00, click **Continue to Step 2**.' Below the instructions, there is a question: 'Do you want to add a new payment account?'. The main content area contains a table with two columns: 'Pay From' and 'Amount'. The table has one row for 'eMARS' with an amount of '\$0.00' and an 'Edit' button. Below the table, there is a summary section with the following values: 'Total Applied: \$0.00', 'Balance Remaining: \$5,634.61', 'Invoice #200000: \$5,634.61', and 'Total Amount Due: \$5,634.61'. At the bottom of the summary section, there are two buttons: 'Continue to Step 2' and 'Cancel'. A footnote at the bottom states: '\* Scheduled payments are usually drafted within 2-4 business days.'

Pay From	Amount
eMARS	\$0.00
Total Applied: \$0.00	
Balance Remaining:	\$5,634.61
Invoice #200000:	\$5,634.61
<b>Total Amount Due:</b>	<b>\$5,634.61</b>

## Step 5

To apply payment from an existing payment account, click **Edit** on the row for that payment account.



You may add a new payment account by clicking **add a new payment account?**

## Step 6

Enter the amount of the payment to apply from the payment account and the check number, if applicable, and click **Apply**. To cancel payment from this account click Cancel. To apply payments from multiple accounts, repeat this process with each account.

**Employer Self Service** Home Report Services Account Admin Site Help Employer Rep (12345) Log off

Correct Information? Available Forms Open

### Pay Invoice

**Step 1** of 2

To apply payment to selected invoice(s), click the [\[Edit\]](#) link beside the appropriate payment account(s), enter the amount and click [\[Apply\]](#). When Balance Remaining is equal to \$0.00, click [\[Continue to Step 2\]](#).

Do you want to add a new payment account?

<b>Pay From</b>	<b>Amount</b>	
e-MARS	\$ 0.00	<a href="#">Apply</a> <a href="#">Cancel</a>

Total Applied:	\$0.00
<b>Balance Remaining:</b>	<b>\$5,634.61</b>
Invoice #: 311496	\$5,634.61
<b>Total Amount Due:</b>	<b>\$5,634.61</b>

[Continue to Step 2](#) [Cancel](#)

\* Scheduled payments are usually drafted within 2-4 business days.

### Step 7

Once the Balance Remaining equals zero, click [Continue to Step 2](#).

### Step 8

Verify the payment information. To change, click [Edit](#). If correct, enter your PIN and click [Submit](#).

**Employer Self Service** Home Report Services Account Admin Site Help Employer Rep (12345) Log off

Correct Information? Available Forms Open

### Pay Invoice

**Step 2** of 2

Verify the payment information. To change the information, click [\[Edit\]](#). To cancel without saving, click [\[Cancel\]](#). To pay the invoice, enter user PIN and click [\[Submit\]](#).

**Review**

Payment Date: 7/20/2021  
 Payment From: e-MARS  
 Payment Amount: \$5,634.61  
 KPPA PIN:

[Edit](#) [Submit](#) [Cancel](#)

\* Required field

\* Scheduled payments are usually drafted within 2-4 business days.

## EMARS PAYMENT OPTION

If the eMARS payment option is selected, the employer must initiate the next steps for any credits. KPPA will initiate the next steps for any debits.



**EMAIL**  
[FinanceGroup](mailto:FinanceGroup@kyret.ky.gov)

### Credit Invoices

Employers should provide a copy of the invoice to their eMARS contact to create the ITI receipt for payment in eMARS. Once the ITI is created, the eMARS contact should email the eMARS ITI number to [FinanceGroup@kyret.ky.gov](mailto:FinanceGroup@kyret.ky.gov).

### Multiple Invoices Resulting In An Overall Credit

Employers should provide a copy of the invoice to their eMARS contact to create the ITI receipt for payment in eMARS. Once the ITI is created, the eMARS contact should email the eMARS ITI number to [FinanceGroup@kyret.ky.gov](mailto:FinanceGroup@kyret.ky.gov).

### For Debit Invoices

KPPA will create the ITI in eMARS. Once this is created, KPPA will email the eMARS contact to provide the appropriate ITI number so they may apply the Internal Transaction Agreement (ITA) payment.

### For Multiple Invoices Resulting In An Overall Debit

KPPA will create the ITI in eMARS. Once this is created, KPPA will email the eMARS contact to provide the appropriate ITI number so they may apply the ITA payment.

If you have questions regarding eMARS payments, please contact your ERCE Representative for assistance.



**Contact ERCE**



## MONTHLY PACKET

SELF SERVICE



KPPA produces multiple reports regarding the previous month's report submission each month for employers. These reports are provided to employers as an electronic monthly packet available in ESS. After the monthly report is received from the employer and processed by KPPA, the monthly packet is prepared (usually near the end of the month). Once this process is complete, the Reporting Official receives an email notification that the monthly packet is ready to view. The contents of the monthly packet will vary each month depending on the information included in the previous month's report.

The reports contain data regarding the previous report, such as errors that need to be resolved prior to the next report submission. Some reports in the packet may be informational, while others may require an employer to take action on a certain item.

**Please carefully review the contents of your packet each month and ensure that any relevant actions are taken in a timely manner.**

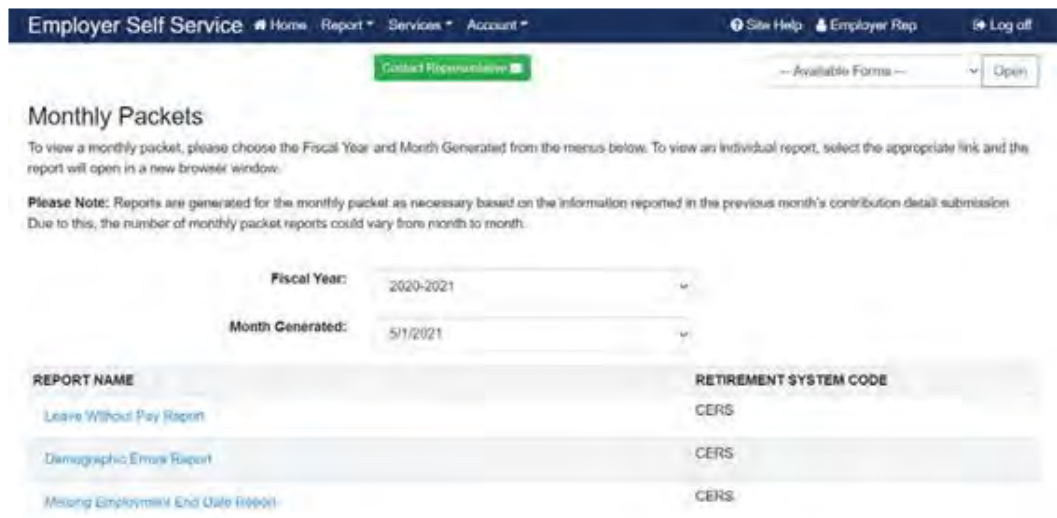
The following section explains the monthly packet and what steps the employer should take to address the different reports.

### Step 1

In ESS, click **Monthly Packets** under the **Report** menu.

### Step 2

Select the Fiscal Year and Month Generated from the drop-downs. ESS will display a listing of reports available for the selected month.



### Step 3

To view an individual report, click on the applicable **Report Name** link. The selected report will open in a new window.

## MONTHLY PACKET REPORTS



Contact ERCE

The following reports may be included in the Monthly Packet. For questions regarding these reports, please contact your ERCE representative.

### **Demographic Errors Report**

This report contains a list of errors related to employee demographics, such as mailing address, found in the previous month's report.

Review the error listing and make the appropriate corrections to your report in the next month.

### **Installment Purchase Delinquent Report**

The Installment Purchase Delinquent Report will be generated if an employee's installment payment was not reported as required in the previous month's report.

To correct this, make the appropriate adjustments to deduct the delinquent amount of payments and remit those payments, along with the regularly scheduled installment payment, on the next month's report.

### **Installment Purchase Ending Contract Report**

The Installment Purchase Ending Contract Report is generated for any employee who has an installment contract to purchase service that is ending within the next two report months.

Employers should make the appropriate changes to stop deductions when the contract is complete. Any payments reported over the amount owed will be returned to the employer to refund to the member.

### **Installment Purchase New Contract Report**

The Installment Purchase New Contract Report includes a listing of all employees who will be starting a new installment contract to purchase service

Employers should set up the specified deductions to be submitted on the appropriate month's report.

### **Leave Without Pay Report**

The Leave Without Pay Report is a listing of any employees who were reported with a payment reason of Leave Without Pay for the first time. These employees will appear on the report again the first month they are reported with a payment reason other than Leave Without Pay.

When an employee first appears on this report, the employer should complete Form 2023, Leave Without Pay Verification, in ESS for each of these employees. The employer must complete another Form 2023 for each employee who returns to employment or terminates from Leave Without Pay.



If an employee has an active IPS contract and goes on Leave Without Pay, the IPS contract may be suspended until the employee returns to work.

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## Missing Employment End Date Report

The Missing Employment End Date Report lists all employees who were omitted from the last monthly report, and did not have an Employment End Date reported.

Employers should make the appropriate adjustments to the previous month's record by either reporting an Employment End Date or including the appropriate contribution record on the next report.



Employees will not be eligible to retire or to receive a refund of contributions if an Employment End Date is not received.

## Missing Form 2011, Hazardous Duty Certification HP-2 Report

The Missing Form 2011, Hazardous Duty Certification HP-2 Report contains a listing of all employees who have been reported with a hazardous contribution group in a position that has not yet been verified with KRS.

SELF SERVICE



Employers need to verify the position(s) in ESS by submitting a Form 2011 for each employee listed on this report. A new Form 2011 is required when an employee begins participating in a hazardous contribution group and also when an employee changes job positions to a new hazardous position. The Form 2011 requires a physical examination date; KRS requests that a copy of the physical examination accompany the Form 2011 when submitted to KRS.

## Missing Form 6487, Request for Member Pension Spiking Exemption Amount Form

This Report contains a listing of all employees who have been identified for member pension spiking, but the employer has not returned the Form 6487. Employers need to submit a Form 6487 for each employee listed on this report.

## Pended Averaging Transaction Report

This report contains a listing by member of transactions that were reported to KPPA for a period that has been determined not to average over a fiscal or calendar year. These records should be corrected in your payroll system so that the correcting records may be reported by the Personnel Cabinet as soon as possible.

## **Pended Transaction Report**

This report contains a listing by member of the corrections KRS has made to records previously reported by the Personnel Cabinet on behalf of the individual employers. The report lists the original records reported and the correction made to the record by KRS, as well as the variance between these two records. These records were corrected and are now in pended status in the KRS system.

Upon receipt of this report, the corrections included should be keyed by the employer in KHRIS. Once the corrections have been made in payroll, those corrected records will be reported to KRS, and the pended transaction will be satisfied.

This report reflects the age of each transaction. There is also be a section of the report that informs the employer that the transactions will be reversed if corrections are not received within the month. If the corrections are not received, the contributions could be reversed and sent to the employer via an Expired Pended Transaction invoice, as described in the Invoice section.

If this report contains records that you cannot correct in your payroll system, it is very important that you contact your ERCE representative as soon as possible to correct the account.



**Contact ERCE**

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Kentucky Public Pensions Authority

# CHAPTER

# 5

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# Access

EMPLOYER REPORTING, COMPLIANCE & EDUCATION

REVISED 07/2021

## DOWNLOAD MEMBER ID

When a new employee is reported to KPPA, the member is assigned a unique identifier called a Member ID, which will follow the person from his or her membership through retirement. All employees, participating and non-participating, will be assigned a Member ID.



The Download Member ID module in Employer Self Service (ESS) allows an employer to view and download the Member ID, Social Security Number, Name, Participation Date and Contribution Group Category of its employees.

The employer must report the Member ID and Contribution Group to KPPA each month on the monthly report (with the exception of Member ID for new hires being reported for the first time). For employers who use the Enter Report Details module to submit the monthly detail report, once a Member ID has been assigned to an employee, the Member ID will automatically populate in the details report. These employers may still use this module to obtain the Contribution Group information, but only employers who report using the Upload Detail File module will need to download the Member ID file. Employers must obtain the Member ID and Contribution Group information from KPPA to determine accurate reporting of a member's contributions.

The Download Member ID module provides employers the following options:

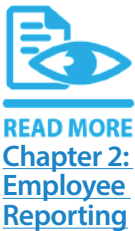
- **Newly Created Members:** Download data using the last date downloaded. This option includes all new members reported by the agency since the last time the agency downloaded the Member ID file.
- **Date of Employment:** Download data using an Employment Date. The ESS user will enter an employment begin date to retrieve all members reported by the employer with an employment begin date greater than or equal to the date entered.
- **Report Month:** Download data using a specific report month and year. The ESS user will enter a report month and year to retrieve all members included on the specified report.
- **Social Security Number (SSN):** Search by entering the employee's SSN. The ESS user will enter the SSN to retrieve the Member ID and Contribution Group Category for that employee. Multiple SSNs can be entered to create a file that the employer can download.

Regardless of the option the employer chooses, the results may be downloaded into an ASCII flat file. Employers should refer to the [Member ID Download File Format](#).



The following table lists the various results for contribution group categories and the corresponding amount of contributions owed for that category.

CONTRIBUTION GROUP CATEGORY	INSTRUCTIONS
<b>Without Health Insurance</b>	Report the employee contributions (ex. 5% for nonhazardous and 8% for hazardous) as well as the required employer contributions. The additional 1% Health Insurance Contribution is not required.
<b>With Health Insurance</b>	Report the appropriate employee contributions (ex. 5% for nonhazardous and 8% for hazardous) and the additional 1% Health Insurance Contribution as well as the required employer contributions.
<b>Cash Balance</b>	Report the appropriate employee contributions (ex. 5% for nonhazardous and 8% for hazardous) and the additional 1% Health Insurance Contribution as well as the required employer contributions.
<b>Retired/ Reemployed</b>	Report only the required employer contributions (0% employee contributions).
<b>The SSN entered is not found in the KPPA system. Please double check your entry. If this is a new member being reported to KPPA for the first time, then a Member ID will be assigned to this individual once received and processed by KPPA. Since this member does not currently exist in our system, the member should be reported in the Cash Balance Contribution Group.</b>	If SSN was correct, then report the appropriate employee contributions (ex. 5% for non-hazardous and 8% for hazardous) and the additional 1% Health Insurance Contribution as well as the required employer contributions.



Refer to [Chapter 2](#) for more information on Contribution Groups.

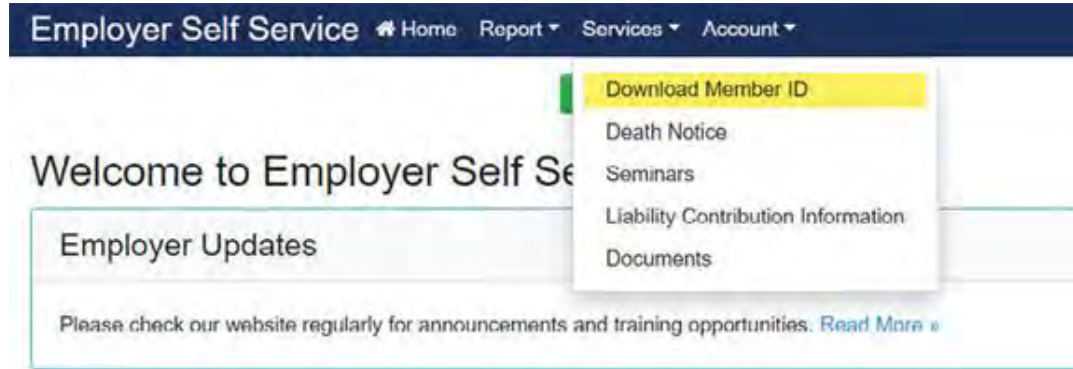
## DOWNLOAD MEMBER ID - NEWLY CREATED MEMBERS

This option allows you to download Member IDs created since you last downloaded the Member ID file.

### Step 1

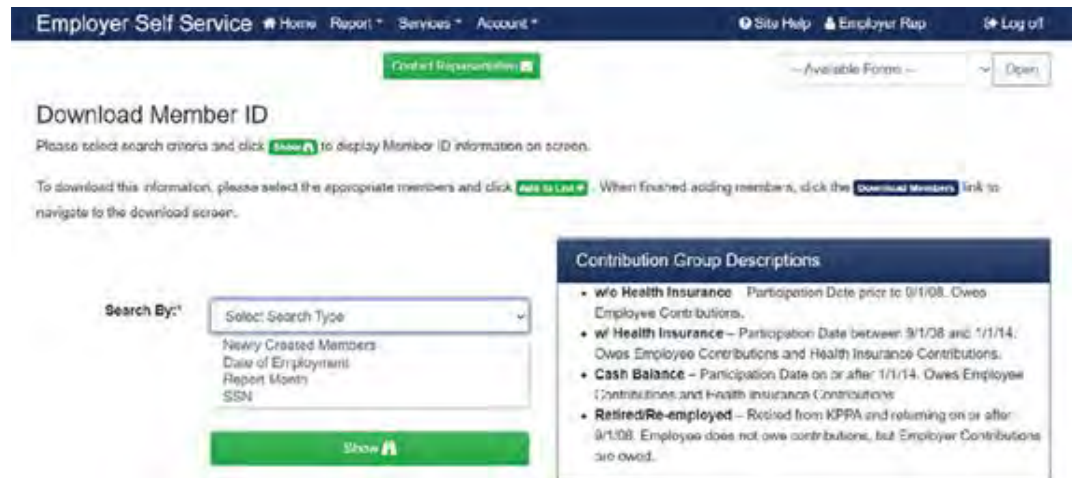
In ESS, click **Download Member ID** located under the **Services** menu.

SELF SERVICE



### Step 2

Select **Newly Created Members** from the Search By drop-down list and click **Show**.



### Step 3

To select the employees to download, click the indicator box next to the name. To Select All, click **Select All**. Once the employees have been selected, click **Add to List**.

**Employer Self Service** Home Report Services Account Site Help Employer Rep Log off

Contact Representatives Available Forms Open

### Download Member ID

Please select search criteria and click **Show** to display Member ID information on screen.

To download this information, please select the appropriate members and click **Add to List**. When finished adding members, click the **Download Members** link to navigate to the download screen.

**Search By:** Newly Created Members **Show**

**Contribution Group Descriptions**

- w/o Health Insurance** – Participation Date prior to 9/1/08. Owes Employee Contributions.
- w/ Health Insurance** – Participation Date between 9/1/08 and 1/1/14. Owes Employee Contributions and Health Insurance Contributions.
- Cash Balance** – Participation Date on or after 1/1/14. Owes Employee Contributions and Health Insurance Contributions.
- Retired/Re-employed** – Retired from KPPA and returning on or after 9/1/08. Employee does not owe contributions, but Employer Contributions are owed.

Items Per Page: 5

Member	Contribution Group	Participation Date	Downloaded Date
<input checked="" type="checkbox"/> 111111 John Doe XXX-XX-0001	Cash Balance		
<input checked="" type="checkbox"/> 111112 Bob Smith XXX-XX-0002	w/ Health Insurance	11/01/2012	
<input checked="" type="checkbox"/> 111113 Suzie Smith XXX-XX-0003	w/ Health Insurance	11/01/2012	
<input checked="" type="checkbox"/> 111114 Jane Doe XXX-XX-0004	w/o Health Insurance	10/01/2000	
<input checked="" type="checkbox"/> 111115 Tom Smith XXX-XX-0005	Cash Balance		

1 2 3 4 5 6 7 8 9 10 ...

**Add to List** **Download Members**



If there is more than one page of records, you must select the members you wish to download and then click **Add to List** for each page of records. Another option is to change the display to "All" in the Items Per Page drop-down box so that all records are displayed.



**Employer Self Service** Home Report Services Account Site Help Employer Rep Log off

Contact Representative Available Forms Open

### Download Member ID

These are the members ready to download to file.

To remove a member from the list click **Remove**.

To continue searching for members to download click **Continue Searching**.

Continue Searching Items Per Page: 25

Member	Contribution Group	Participation Date	Downloaded Date
111111 John Doe XXX-XX-0001	Cash Balance		
111112 Bob Smith XXX-XX-0003	w/ Health Insurance	11/01/2012	
111113 Suzie Smith XXX-XX-0005	w/ Health Insurance	11/01/2012	
111114 Jane Doe XXX-XX-0002	w/o Health Insurance	10/1/2000	
111115 Tom Smith XXX-XX-0004	Cash Balance		

Continue Searching Download to File

#### Step 4

To save the file on your computer, click **Download to File**.



If you report for more than one employer, all member IDs for all employers will display and download in the file. The file will separate employees by employer code in the headers, footers and detail sections.

#### Step 5

If you would like to open the file, click **Open**. Otherwise, click **Save**.

#### Step 6

Save the file in your desired location (on your computer/network).

## DOWNLOAD MEMBER ID - BY DATE OF EMPLOYMENT

This option allows you to download only Member IDs for those employees whose employment began with your agency on or after a specified date.

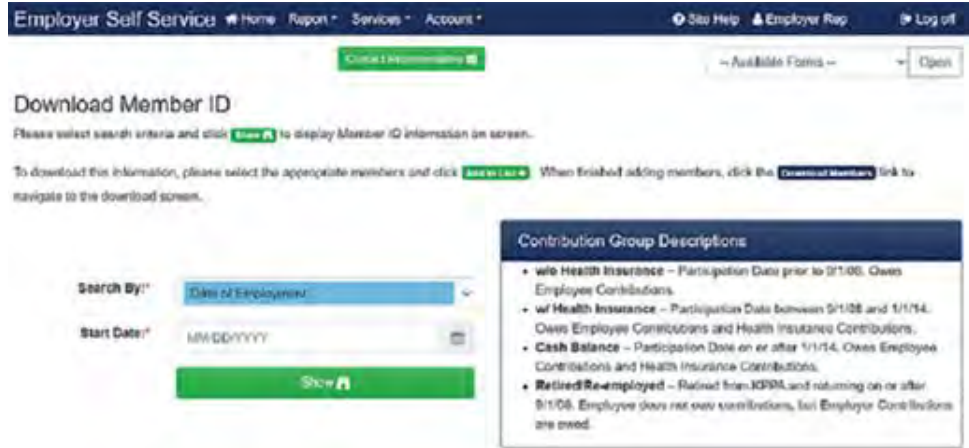


### Step 1

In ESS, click **Download Member ID** located under the **Services** menu.

### Step 2

Select **Date of Employment** from the Search By drop-down list. The following screen will display:

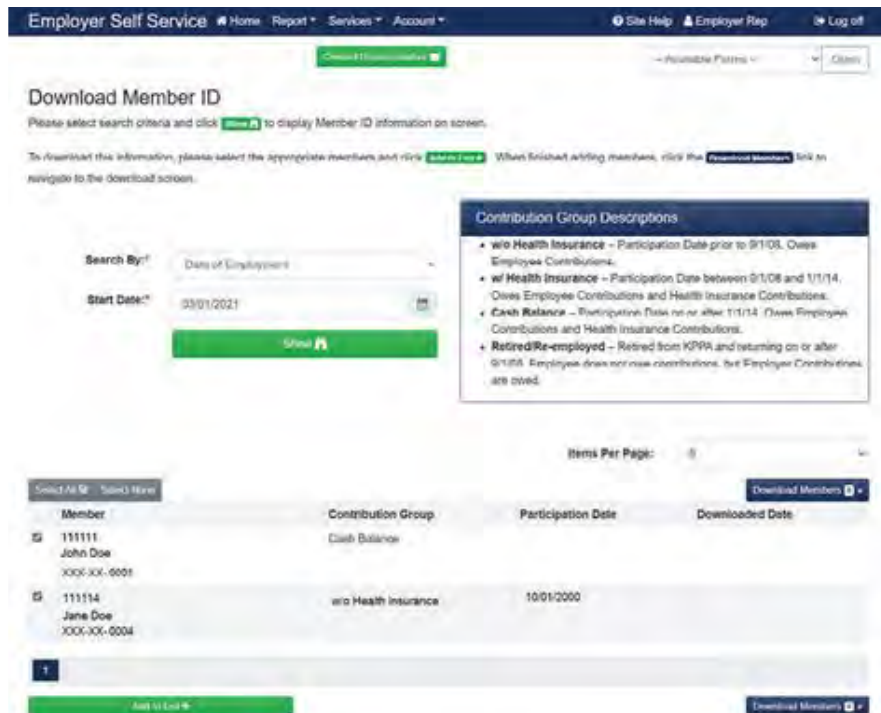


### Step 3

Enter a **Start Date** or select a date from the calendar.

### Step 4

Click **Show**. The Member IDs for all employees added to your report since the date entered are displayed on the following screen:



### Step 5

To select the employees to download, click the indicator box next to the name. To select all, click **Select All**. Once the employees have been selected, click **Add to List**.



If there is more than one page of records, you must select the members you wish to download then click **Add to List** for each page of records. Another option is to change the display to "All" in the Items Per Page drop-down so that all records are displayed.

### Step 6

To save the file on your computer, click **Download Members**.

The screenshot shows the 'Employer Self Service' interface. At the top, there are navigation links for Home, Report, Services, and Account. A 'Contact Representative' button is visible. Below this, the page title is 'Download Member ID'. A green banner states 'These are the members ready to download to file'. Below the banner, there are instructions: 'To remove a member from the list click **Remove**' and 'To continue searching for members to download click **Continue Searching**'. A table lists members with columns for Member, Contribution Group, Participation Date, and Downloaded Date. Each row has a 'Remove' button. At the bottom right, there is a 'Download to File' button. The 'Items Per Page' dropdown is set to 25.

Member	Contribution Group	Participation Date	Downloaded Date
111111 John Doe XXX-XX-0001	Cash Balance		
111112 Bob Smith XXX-XX-0003	w/ Health Insurance	11/01/2012	
111113 Suzie Smith XXX-XX-0005	w/ Health Insurance	11/01/2012	
111114 Jane Doe XXX-XX-0002	w/o Health Insurance	10/1/2000	
111115 Tom Smith XXX-XX-0004	Cash Balance		



If you report for more than one employer, all Member IDs for all employers will display and download in the file. The file will separate employees by employer code in the headers, footers, and detail sections.

### Step 7

If you would like to open the file, click **Open**. Otherwise, click **Save**.

### Step 8

Save the file in your desired location (on your computer/network) .

## DOWNLOAD MEMBER ID - BY REPORT MONTH

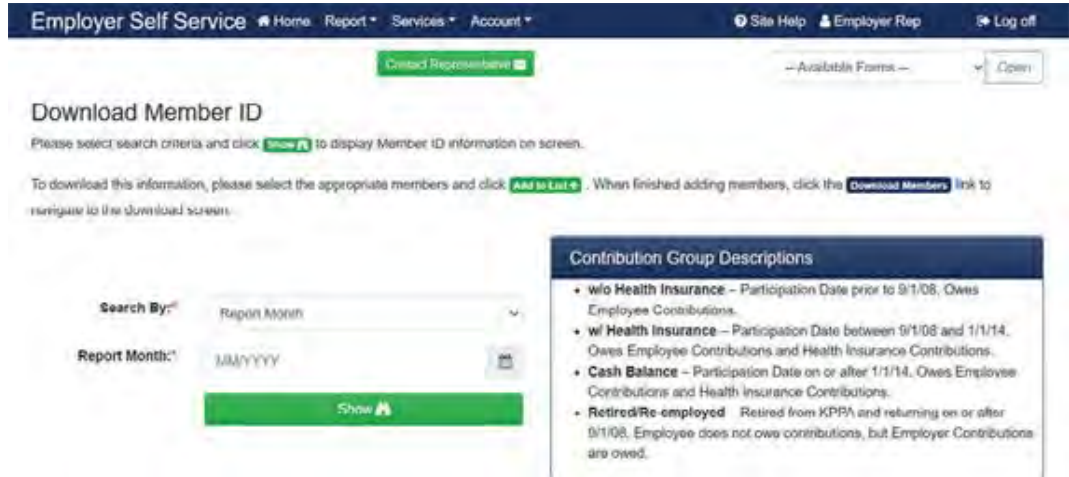
This option allows you to download only the Member IDs of employees reported for a specific report month.

SELF SERVICE



### Step 1

In ESS, click **Download Member ID** located under the **Services** menu.

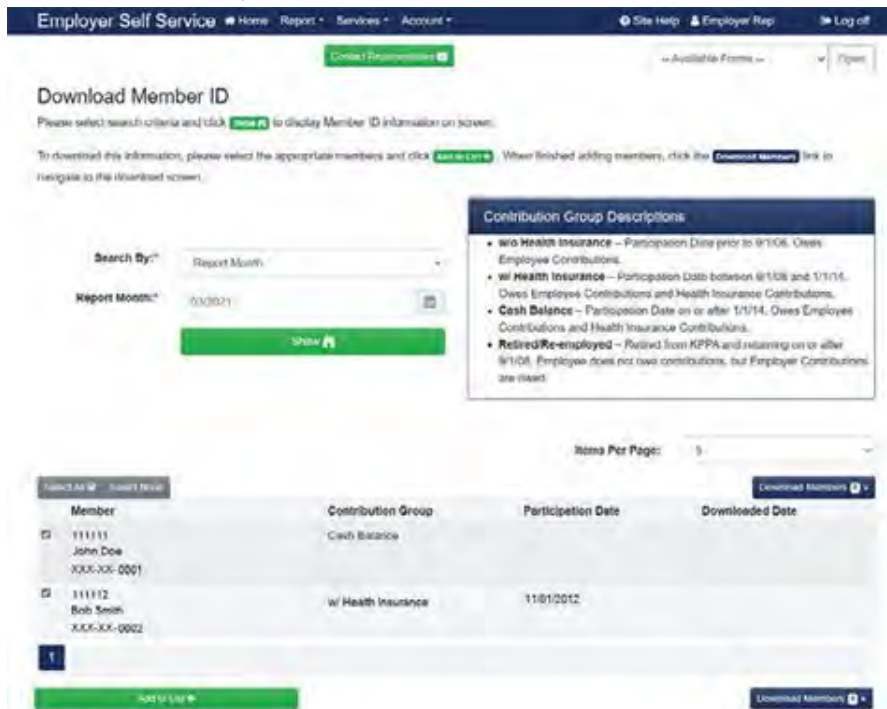


### Step 2

Select the **Report Month** from the Search By drop-down list. Enter a **Report Month** or select a date from the calendar.

### Step 3

Click **Show**. The Member IDs for all employees for the Report Month entered are displayed on the following screen:



### Step 4

To select the employees to download, click the indicator box next to the name. To Select All, click **Select All**. Once the employees have been selected, click **Add to List**.



If there is more than one page of records, you must select the members you wish to download and then click **Add to List** for each page of records. Another option is to change the display to "All" in the Items Per Page drop-down so that all records are displayed.

### Step 5

To save the file on your computer, click **Download Members**.

The screenshot shows the 'Employer Self Service' portal. At the top, there are navigation links for Home, Report, Services, and Account. A 'Contact Representative' button is also present. The main heading is 'Download Member ID'. Below this, a green bar indicates 'These are the members ready to download to file.' There are instructions to remove members or continue searching. A table lists members with columns for Member ID, Name, Contribution Group, Participation Date, and Downloaded Date. Each row has a 'Remove' button. At the bottom, there are 'Continue Searching' and 'Download to File' buttons.

Member	Contribution Group	Participation Date	Downloaded Date
111111 John Doe XXX-XX-0001	Cash Balance		
111112 Bob Smith XXX-XX-0003	w/ Health Insurance	11/01/2012	
111113 Suze Smith XXX-XX-0005	w/ Health Insurance	11/01/2012	
111114 Jane Doe XXX-XX-0002	w/o Health Insurance	10/1/2000	
111115 Tom Smith XXX-XX-0004	Cash Balance		



If you report for more than one employer, all member IDs for all employers will display and download in the file. The file will separate employees by employer code in the headers, footers, and detail sections.

### Step 6

If you would like to open the file, click **Open**. Otherwise, click **Save**.

### Step 7

Save the file in your desired location (on your computer/network).



## DOWNLOAD MEMBER ID - BY SSN

This option allows you to download only the Member ID of the SSN entered. This information allows employers to accurately deduct the correct contribution rate for the employees from the beginning of employment.

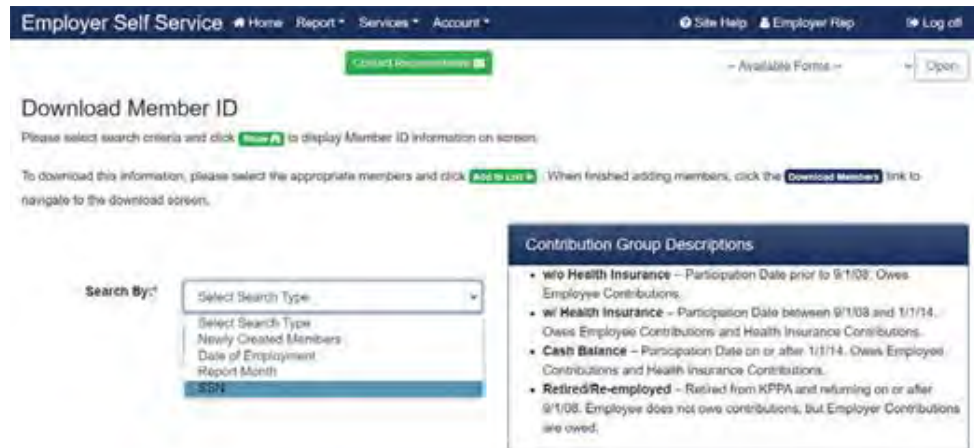


### Step 1

In ESS, click **Download Member ID** located under the **Services** menu.

### Step 2

Select **SSN** from the Search By drop-down list. The following screen will display:

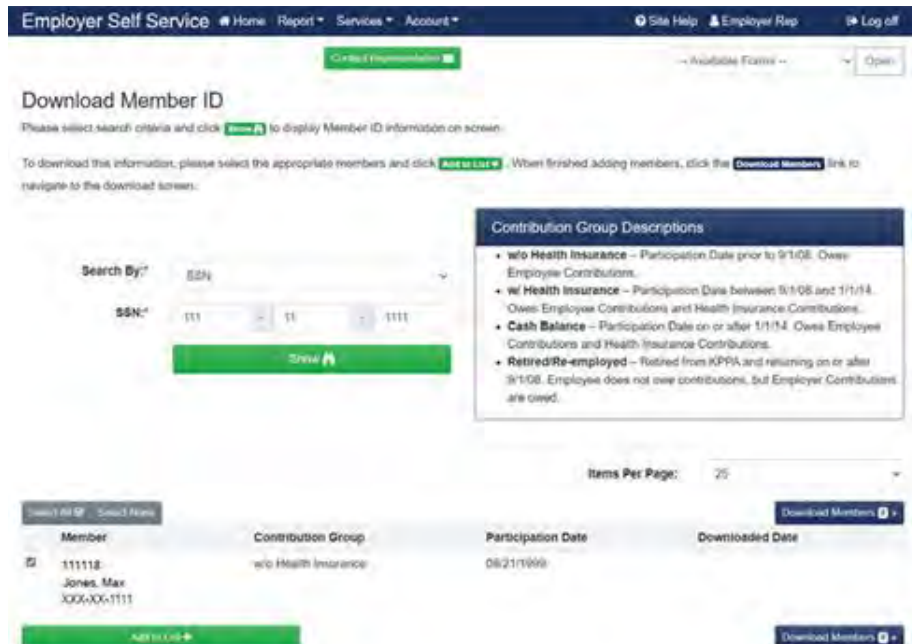


### Step 3

Enter the employee's SSN.

### Step 4

Click **Show**. ESS will display the following screen:



If you receive the following message: *“The SSN entered is not found in the KPPA system. Please double check your entry. If this is a new member being reported to KPPA for the first time, then a member ID will be assigned to this individual once received and processed by KPPA. Since this member does not currently exist in our system, the member should be reported in the Cash Balance Contribution Group.”*; double check that the SSN entered was correct. If the SSN was correct, then report the employee in the Cash Balance Contribution Group.

### **Step 5**

Repeat **Step 3** and **Step 4** to add additional Social Security numbers.

### **Step 6**

To select the employee(s) to download, click the indicator box next to the name.

To Select All, click **Select All**. Once the employees have been selected, click **Add to List**.

### **Step 7**

To save the file on your computer, click **Download Members**.



If you report for more than one employer, all Member IDs for all employers will display and download in the file. The file will separate employees by employer code in the headers, footers, and detail sections.

### **Step 8**

If you would like to open the file, click **Open**. Otherwise, click **Save**.

### **Step 9**

Save the file in your desired location (on your computer/network).

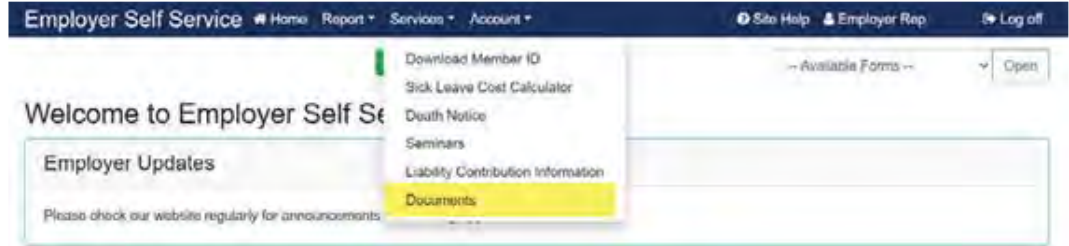
## DOCUMENT UPLOAD

Employers can upload documents electronically to KPPA via the Documents module in ESS. This module provides the employer the ability to submit documentation related to the employer account or for specific employees within the agency.

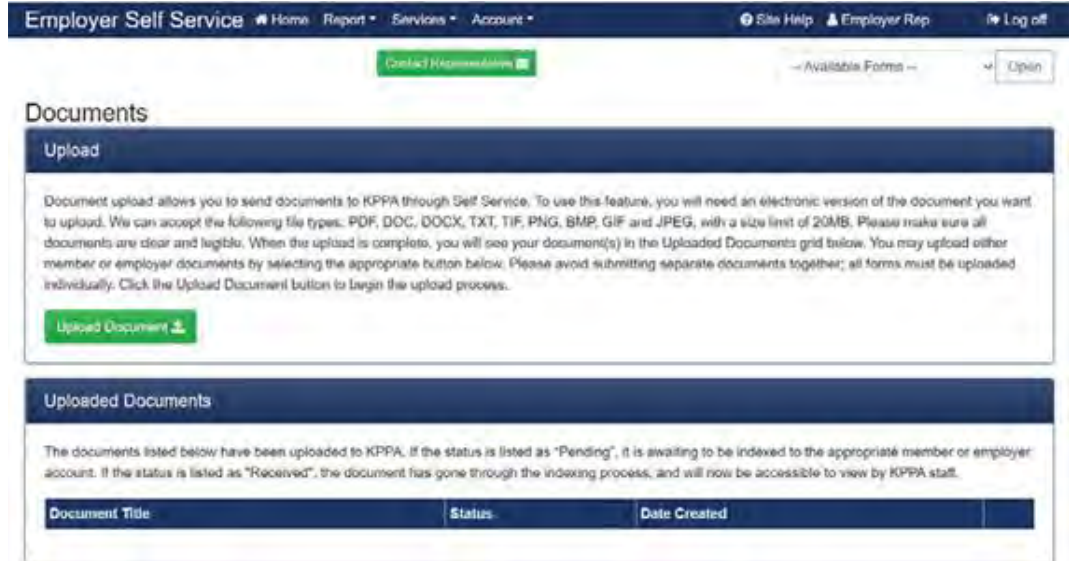
### UPLOADING EMPLOYER DOCUMENTS

#### Step 1

In ESS, click **Documents** under the **Services** menu.



The upload document screen will display.



Click **Upload Document** to navigate to the Employer/Person Document selection screen.

#### Step 2

Click the radio button for the appropriate document type and click **Next** to continue or **Cancel** to stop the upload process.





### Step 3

Select the form number or “Other” in the dropdown list to identify document for upload, then click **Next** to continue or **Cancel** to stop the upload process.

The screenshot shows the 'Upload Document' section of the Employer Self Service portal. At the top, there is a navigation bar with 'Employer Self Service', 'Home', 'Report', 'Services', and 'Account'. A 'Contact Representative' button is visible. Below the navigation, there is a dropdown menu for 'Available Forms' and an 'Open' button. The main content area is titled 'Upload Document' and contains the following text: 'To upload your document, please select the type of document you would like to upload from the Available Forms dropdown below. If you do not see the name of the form you would like to upload, please choose "Other". Then, click Next.' Below this text is a 'Document Type:' label and a dropdown menu. The dropdown menu is open, showing the following options: 'Available Form', '6200 - Health Insurance Enrollment Form', 'Date of Birth Verification', 'Driver's License', 'Death Certificate', 'Marriage Certificate', and 'Other'.

### Step 4

Click **Choose File** to find and select the document saved to your device for upload, then click **Next** to continue or **Cancel** to stop the upload process.

The screenshot shows the 'Upload Document' section of the Employer Self Service portal. At the top, there is a navigation bar with 'Employer Self Service', 'Home', 'Report', 'Services', and 'Account'. A 'Contact Representative' button is visible. Below the navigation, there is a dropdown menu for 'Available Forms' and an 'Open' button. The main content area is titled 'Upload Document' and contains the following text: 'To select the document you would like to upload, click the Choose File button to find and select the item saved to your computer or device. Once you have selected the item, and the name shows in the box, click Next.' Below this text is a 'Choose File' button and a text box containing the filename 'Employer\_Form.pdf'. Below the text box are 'Next' and 'Cancel' buttons.



Upload only one document at a time. A multiple page document is acceptable, as long as the document does not exceed 20 MB in size. KPPA cannot accept multiple documents in the same upload, even if the documents are the same form number.

### Step 5

Review the document image for clarity and content by clicking on the thumbnail image. If the document is accurate and acceptable, close the pop-up window and click **Upload** to continue.

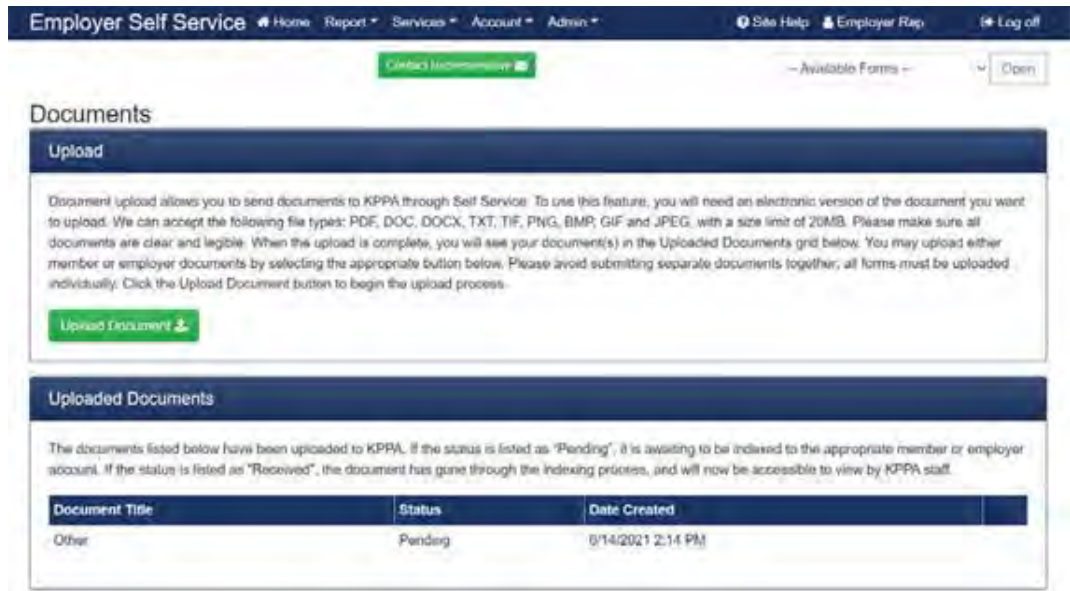


If the image is not acceptable, close the pop-up window and click **Cancel** and the system will navigate you back to the start of the process.

### Step 6

Click the link to return to the Document home screen to view the pending document or to upload another document.

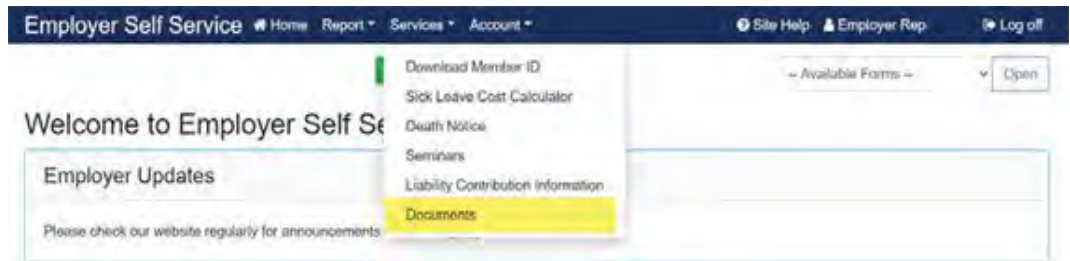




## UPLOADING PERSON DOCUMENTS

### Step 1

In ESS, click **Documents** under the **Services** menu.



The upload document screen will display.



Click **Upload Document** to navigate to the Employer/Person Document selection screen.

## Step 2

Click the radio button for the appropriate document type, enter the Person ID (KPPA Member ID) or SSN and click **Next** to continue or **Cancel** to stop the upload process.

## Step 3

Select the form number or "Other" in the dropdown list to identify the document for upload, then click **Next** to continue or **Cancel** to stop the upload process.

## Step 4

Click **Choose File** to find and select the document saved to your device for upload, then click **Next** to continue or **Cancel** to stop the upload process.



Upload only one document at a time. A multiple page document is acceptable, as long as the document does not exceed 20 MB in size. KPPA cannot accept multiple documents submitted in the same upload, even if the documents are the same form number or for the same person.

**Documents submitted for multiple employees under one KPPA Member ID or SSN will result in a processing delay.**

### Step 5

Review the document image for clarity and content by clicking on the thumbnail image. If the document is accurate and acceptable, close the pop-up window and click **Upload** to continue.



If the image is not acceptable, close the pop-up window and click **Cancel** and the system will navigate you back to the start of the process.

### Step 6

Click the link to return to the Document home screen to view the pending document or to upload another document.



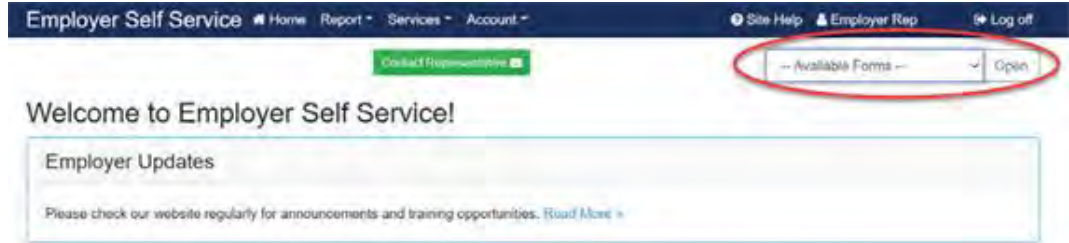


## AVAILABLE FORMS

Many employer forms are accessible from any screen in ESS by using the drop-down box located at the top of each page. Forms including member information will require the Member ID. Member IDs may be retrieved using the Download Member ID module.

To view a form, click the Available Forms drop-down list and select the form. Then click **Open** to view the form as a PDF in a separate window.

### SELF SERVICE



Examples of the most commonly used forms and instructions on how to complete them are available in [Appendix A: Forms](#).



E-forms can be submitted in ESS with an employer Personal Identification Number (PIN). Other forms can be printed and submitted by mail or fax. Some forms are also available on the KPPA website.

For questions regarding forms, please contact your ERCE representative.



## SICK LEAVE COST CALCULATOR

Employers who participate in the Standard Sick Leave Program can use the Sick Leave Cost Calculator in ESS to estimate the employer's cost for a current or former employee's sick leave at retirement. This menu option is only available for those employers participating in the Standard Sick Leave Program.

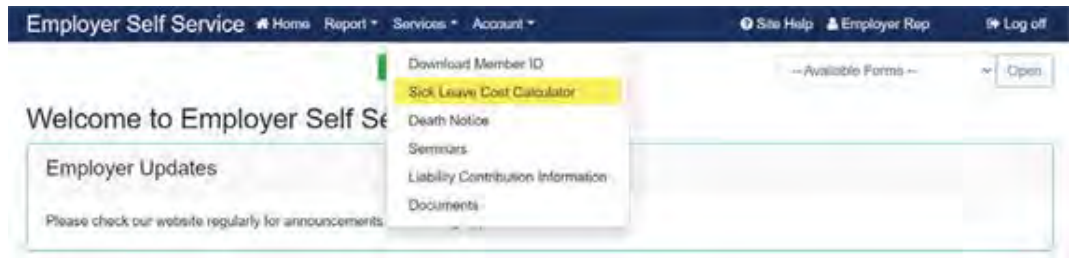


Calculations produced using the sick leave cost calculator are estimates. The actual sick leave cost is calculated at retirement. Employers will receive an invoice for an employee's sick leave cost.

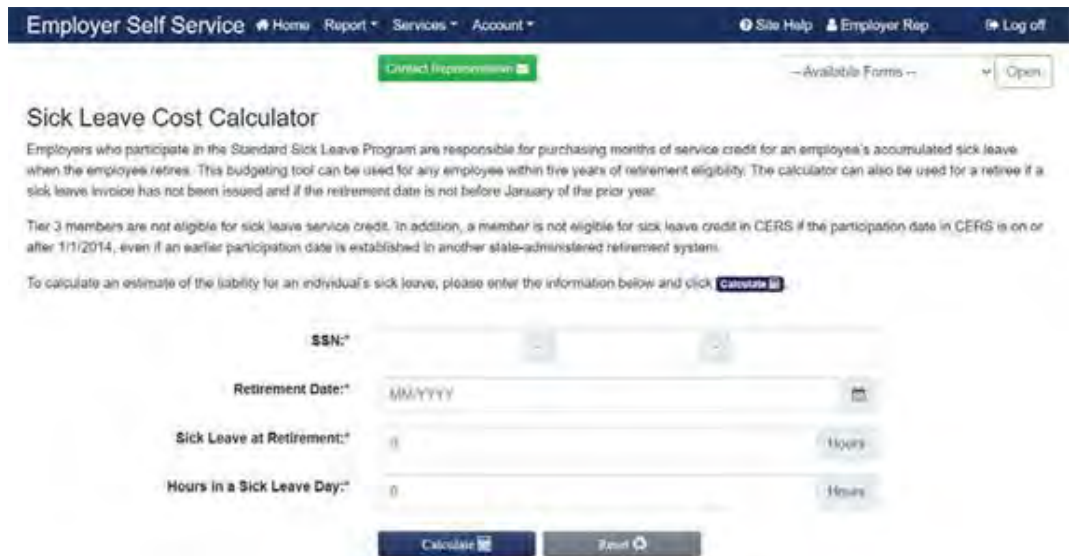
The Sick Leave Cost Calculator can be used for members who are within 5 years of retirement. It can also be used for retired members for which a sick leave invoice has not been generated.

### Step 1

In ESS, click [Sick Leave Cost Calculator](#) located under the [Services](#) menu.



The Sick Leave Cost Calculator Screen will display.



## Step 2

Complete all fields and click **Calculate**.

FIELD	DESCRIPTION
<b>SSN</b>	Enter the employee's social security number.
<b>Retirement Date</b>	Enter the employee's expected retirement date. The date must be the first of a month.
<b>Sick Leave At Retirement</b>	Enter an estimate of the number of hours of sick leave the employee will have accrued at the time of retirement.
<b>Sick Leave Accrual Rate</b>	Enter the employee's sick leave accrual rate, in hours, using up to two decimal places. The Sick Leave Accrual Rate should reflect how many hours equals a sick leave day.

The calculated results include the number of months of sick leave to be purchased by the employer, final compensation of the employee used in the calculation and the total cost to the employer.

For questions regarding calculator results, please contact your ERCE representative.



[Contact ERCE](#)

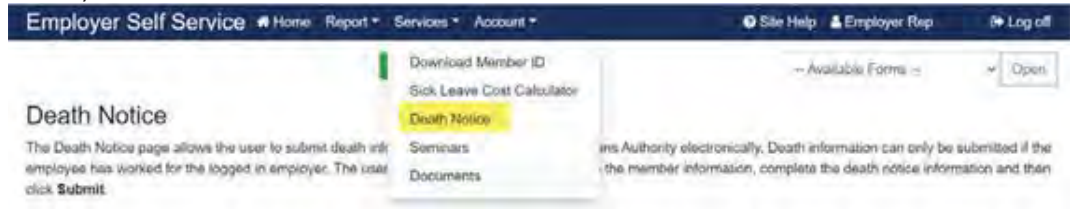


## DEATH NOTICE

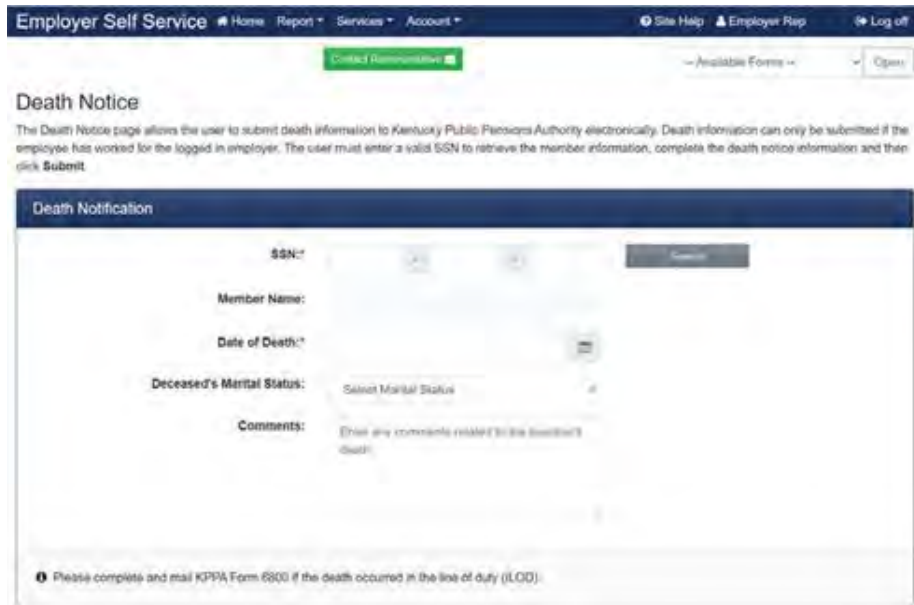
In ESS, employers can report the death of current or former employees. By reporting the death, the employer initiates the process of determining if any death benefits are owed to the beneficiary of the deceased employee/member. A member's beneficiary information is confidential and cannot be shared with employers.

### Step 1

In ESS, click **Death Notice** located under the **Services** menu.

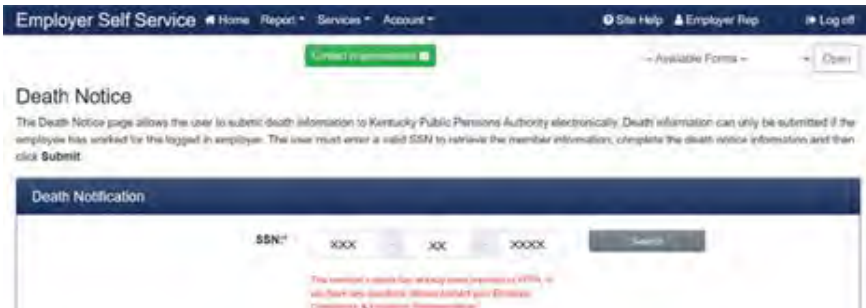


The Death Notification Screen displays.



### Step 2

Enter the employee's SSN and click **Search**. ESS will display the name of the employee. If the employee's death has already been reported, the following message will display.



### Step 3

If the employee's death has not been reported, verify that the employee displayed is correct and enter the Date of Death, Marital Status and any comments. If known, include the requested contact information for this employee. Click **Submit**.

**Employer Self Service** Home Report Services Account Site Help Employer Rep Log off

Collect Employment Available Forms Open

#### Death Notice

The Death Notice page allows the user to submit death information to Kentucky Public Pensions Authority electronically. Death information can only be submitted if the employee has worked for the logged in employer. The user must enter a valid SSN to retrieve the member information, complete the death notice information and then click **Submit**.

**Death Notification**

SSN:

Member Name:

Date of Death:

Deceased's Marital Status:

Comments:

**!** Please complete and mail KPPA Form 6800 if the death occurred in the line of duty (LOD).

**Primary Contact Information**

If known, please provide contact information for the deceased member.

Name:

Relationship:

Phone Number:

International Address:

Address Line 1:

Address Line 2 (optional):

City:

State:

Zip Code:

### Step 4

ESS will display a confirmation screen. KPPA will take the appropriate steps to contact the beneficiary of the deceased employee.

**Death Notice Success**

Your death notice has been submitted.

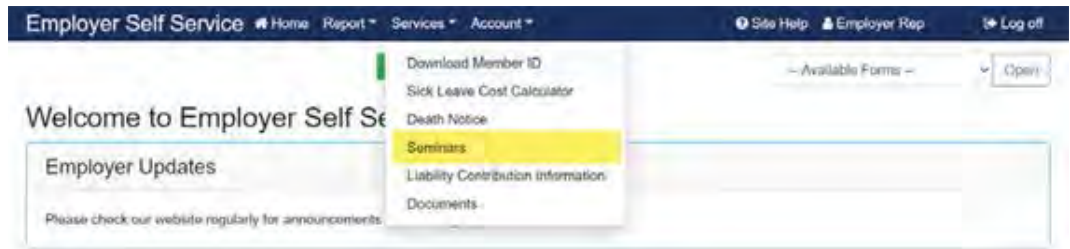
## SEMINARS

The Seminars module in ESS allows employers to register for seminars.

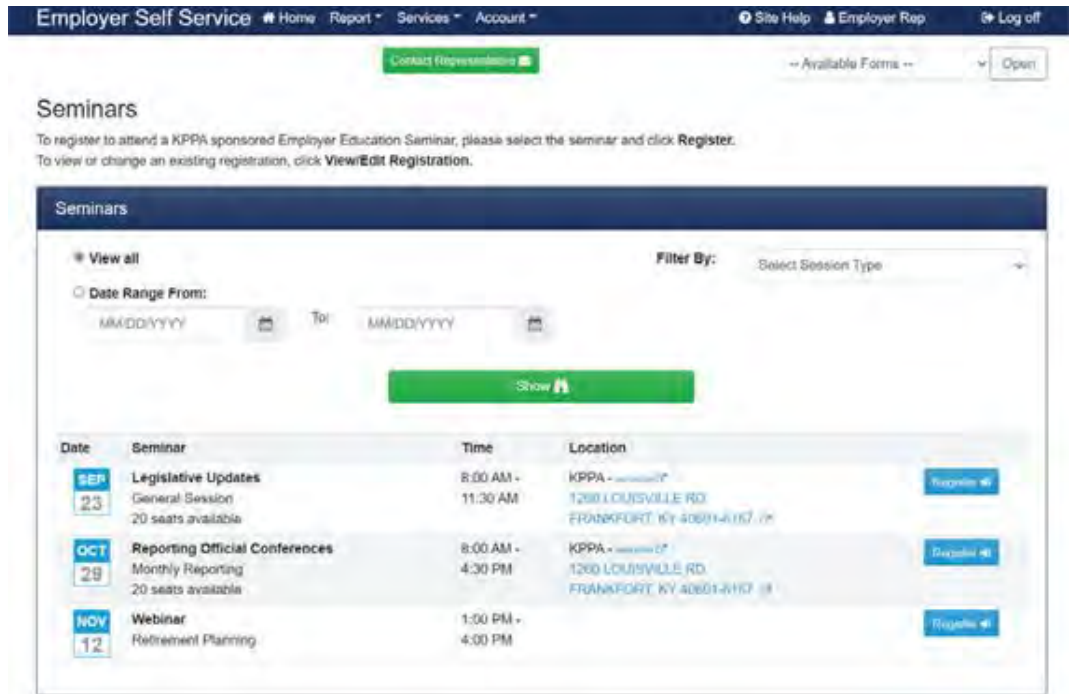
### REGISTERING FOR A SEMINAR

#### Step 1

In ESS, click **Seminars** under the **Services** menu.



All scheduled seminars will automatically display.



You may filter available seminars by session type or by date range. Clicking the address link will navigate you to a map of the seminar location.

#### Step 2

Click **Register** next to the seminar for which you would like to attend.

### Step 3

Enter the name and email address for each agency representative then click **Add Attendee**. Repeat as necessary to include all representatives for the agency who will be attending.

**Employer Self Service** Home Report Services Account Site Help Employer Rep Log off

**Seminar Registration**

Please provide a name and email address for each attendee and click **Add Attendee**. When finished entering information for all attendees, click **Submit**.

**Registration Information**

Session:	Reporting Official Conferences
Topic:	Monthly Reporting
Date:	Friday, October 29, 2021
Time:	8:00 AM - 4:30 PM
Location:	KPPA - room 117 1240 LOUISVILLE RD FRANKFORT, KY 40601-8187, KY
Seats Available:	10

**Attendees**

Name*	Email*	
<input type="text" value="Enter attendee's name"/>	<input type="text" value="Enter attendee's email"/>	<b>Add Attendee</b>
1	John Doe (john.doe@someemployer.com)	<b>Remove</b>

**Submit** **Cancel**

\*Required field

### Step 4

Click **Submit** once all attendees have been entered. An email confirmation will be sent to the attendee(s) at the email address(es) provided.

**Employer Self Service** Home Report Services Account Site Help Employer Rep Log off

**Seminar Registration Complete**

Your registration details have been submitted.

Please print a copy for your records.

**Seminar Details**

Employer:	2290 Example Employer
Session:	Reporting Official Conferences
Topic:	Monthly Reporting
Date:	Friday, October 29, 2021
Time:	8:00 AM - 4:30 PM
Location:	KPPA 1240 LOUISVILLE RD - FRANKFORT, KY 40601-8187
Registered On:	Thursday, June 3, 2021

**Attendees**

John Doe (john.doe@someemployer.com)
Jane Doe (jane.doe@someemployer.com)

**Register for another Seminar**

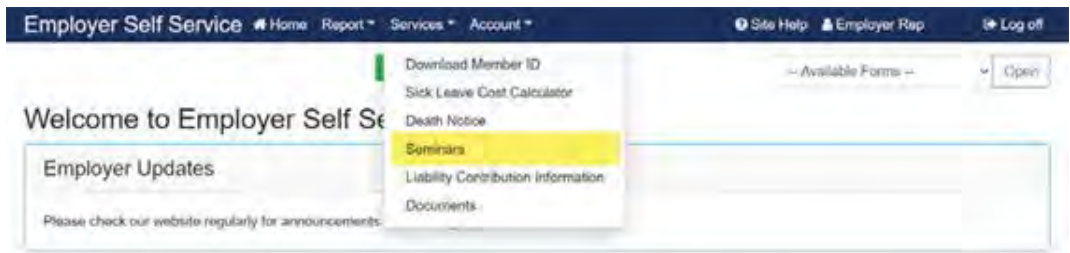
If a seminar is full, click **Waitlist** to be added to the waitlist. If a seat becomes available, you will be automatically registered and will receive a confirmation email at the address provided.

## MODIFYING A SEMINAR REGISTRATION

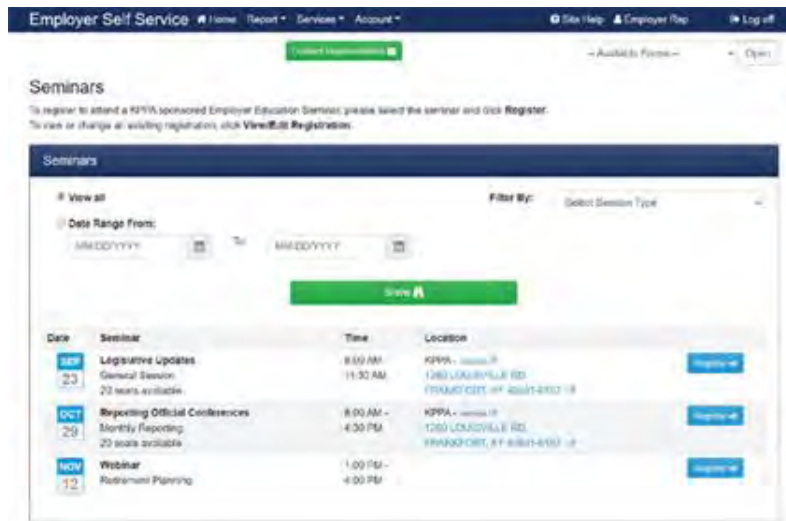
### Step 1

In ESS, click **Seminars** located under the **Services** menu.

SELF SERVICE



All scheduled seminars will display.



### Step 2

Click the **View/Edit Registration** for the seminar that needs to be changed or canceled.





### Step 3a

To Add an Attendee click **Add Attendee**, complete the required fields and click **Submit** to save the registration.

The screenshot displays the 'Employer Self Service' interface for 'Seminar Registration'. The top navigation bar includes 'Home', 'Report', 'Services', 'Account', 'Site Help', 'Employer Rep', and 'Log off'. A green 'Contact Representative' button is visible. The main heading is 'Seminar Registration' with a sub-instruction: 'Please provide a name and email address for each attendee and click **Add Attendee**. When finished entering information for all attendees, click **Submit**'.

**Registration Information**

Session:	Reporting Official Conferences
Topic:	Monthly Reporting
Date:	Friday, October 29 2021
Time:	8:00 AM - 4:30 PM
Location:	KPPA - <del>1260</del> 1260 LOUISVILLE RD FRANKFORT, KY 40601-8157 KY
Seats Available:	19

**Attendees**

Name*	E-mail*	
<input type="text" value="Enter attendee's name"/>	<input type="text" value="Enter attendee's e-mail"/>	<b>Add Attendee</b>
1 John Doe (john.doe@someemployer.com)		<b>Remove</b>

Buttons: **Submit**, **Cancel**

\* Required field

Each registered attendee will receive confirmation at the email address provided.

### Step 3b

You can only edit the email address for a registered attendee. Enter an email address and click **Update**.

To cancel a registration, click **View/Edit Registration** (refer to Step 2 above). Click **Delete**, then click OK to confirm.

No email is sent when a registration is deleted.

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Kentucky Public Pensions Authority

# CHAPTER 6

## School Boards

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Process

EMPLOYER REPORTING, COMPLIANCE & EDUCATION

REVISED 07/2021

## MEMBERSHIP



[KRS 78.510\(21\)](#)



READ MORE

[Chapter 2:  
Employee  
Reporting](#)



[KAR Chapter 105](#)

All classified school board employees must be reported to KPPA on the monthly CERS file; however, not all employees are eligible to participate in CERS and have retirement contributions withheld. Classified school board employees meeting the definition of regular full-time according to [Kentucky Revised Statute 78.510\(21\)](#) are required to contribute to CERS. Employees classified as non-participating are not eligible to have retirement contributions withheld, but must still be reported in the monthly file. The Contribution Group designation for each employee dictates the employee's retirement contribution withholding and the appropriate amount of that deduction. Please see [Chapter 2](#) for additional information.

A participating school board position is any classified position where the employee's job duties require the employee to average 80 hours of work per month based on actual days worked or contract days, with the exception of seasonal, emergency, temporary, probationary, or part time (less than 80 hour average) positions.

To determine if an employee averages 80 hours, KPPA uses the following process per Kentucky Administrative Regulation Section 1:300(1):

Actual days worked	÷	20 <i>(average working days in a month)</i>	=	Actual months worked
Total wages earned	÷	hourly rate	=	Total hours worked
Total hours worked	÷	Actual months worked	=	Average # of hours worked per month

If the average number of hours of worked per month is 79.5 or higher, the employee averages and retirement contributions deducted.



**Example:** A bus driver works 185 days, 4 hours per day, at a salary of \$8.00 per hour.

185 days worked ÷ 20 = 9.25 months

\$5,920.00 yearly salary ÷ \$8.00 per hour = 740 hours worked in school year

740 hours worked ÷ 9.25 months = 80 hours per month worked

**Historical Note:** State law as of July 1, 1974 was amended to allow school bus drivers who worked an average of 80 hours or more per month to be included in the CERS. State law was amended July 13, 1990 to also allow cafeteria workers, secretaries, teacher's aides, and custodians to participate in CERS provided they averaged 80 hours or more of work per month. State law was amended July 1, 1992 to allow all noncertified school board employees to participate in CERS provided they averaged 80 hours or more of work per month.



As a general rule, if an employee is scheduled to work four or more hours per day and works at least a total of 80 hours in a school year, the employee will likely average and should be classified as a contributing employee. Averaging is first calculated over actual days worked. If the employee does not average over actual days worked, contract days are used in the

calculation. It is important to note that allowing a *non-participating part-time* employee to work more days than originally specified in his or her contract may result in an omitted invoice for that school year.

## POSITION STATUS

### REGULAR FULL-TIME POSITION

Regular full-time positions are classified positions which require the employee to work a schedule of 4.0 hours per day or greater and include a predetermined number of contract days. Employees reported under this position status should have wages reported each month, but can also be reported with \$0.00 wage records during months which qualify as summer months.

### PART-TIME POSITION

Part-time classified school board positions are positions that require an average of less than 80 hours of work per month over actual days worked in a school year.



It is important to note that allowing a *non-participating part-time* employee to work more days than originally specified in his or her contract may result in an Employer Omitted invoice for that school year.

### CLASSIFIED SUBSTITUTE POSITIONS

Substitute classified school board employees are not specifically addressed in the statutes governing CERS; therefore, employees classified by a school board as substitutes are included in the participation eligibility guidelines.

### INTERMITTENT POSITION STATUS

This status may be used for those employees who receive creditable compensation which must be reported to KPPA, but who maintain a sporadic work schedule and may not earn wages every month. Please note that the Contribution Group assigned to the employee would govern whether or not retirement contributions are expected to be reported. If an employee is going to work four or more hours per day, he or she will average and should be classified so that retirement deductions are withheld and reported. This position status is a good option to report substitute employees, since they may work sporadically.



**Example:** A "substitute" bus driver works four hours per day for a total of 20 non-consecutive days in the school year. The employee would average 80 hours over actual days worked and would receive one month of credit for that fiscal year. Therefore, the employee should have retirement contributions withheld and be reported with an Intermittent Position Status.



[Kentucky Revised Statute 161.545](#) requires individuals providing substitute and part-time teaching services to contribute to Teachers' Retirement System (TRS). Therefore, classified employees who are also working as substitute teachers must be reported to CERS for their classified position salary and to TRS for the salary earned as a substitute teacher. It is advisable to contact the [TRS](#) at 1-800-618-1687 for more information regarding this situation.

If there is a question as to whether or not an employee should be reported in CERS, please contact your ERCE Representative.

## DETERMINATION OF SERVICE CREDIT



The procedure used to determine the number of months of retirement service credit earned by an individual school board employee is provided by [105 Kentucky Administrative Regulation 1:300 Section 2\(2\)](#). Since July 1, 2000, employees who work at least 180 days and average 80 hours per month over the actual days worked will receive 12 months of service credit.

If an employee works fewer than 180 days per year, the employee will receive service credit determined by the following formula:

$$\text{Number of days worked} \div 180 \times 12 = \text{Number of months service}$$



If the employee works less than 180 days, the maximum number of months credited will not exceed 11.

The following chart provides a breakdown of months of service credited based upon days worked:

DAYS WORKED	MONTHS EARNED	DAYS WORKED	MONTHS EARNED
22 Days or Less	1 month	98 - 112 Days	7 months
23- 37 Days	2 months	113 - 127 Days	8 months
38 - 52 Days	3 months	128 - 142 Days	9 months
53 - 67 Days	4 months	143 - 157 Days	10 months
68- 82 Days	5 months	158 - 179 Days	11 months
83 - 97 Days	6 months	180 Days or More	12 months



While a member's service will be calculated based upon the number of days worked or contract days; an employee's hire date or termination date will determine the maximum months of service credit earned for the fiscal year. For example, if a member began working August 1, 2012, and worked through June 30, 2013, they could earn no more than 11 months of service credit, despite the fact that they may have worked 180 days.



*Be sure to report termination dates, as well as a record for every month of employment, including leave without pay (LWOP) and zero-dollar wage records. Failure to do so could affect the service credit awarded.*



**MUNIS**  
1-800-722-4908



[munis@education.ky.gov](mailto:munis@education.ky.gov)



[Munis Help Guide](#)

## GENERATE END OF YEAR REPORT

The End of Year (EOY) Report is a list of all classified employees, including non-participating, who were reported to CERS during the school year. This report is generated by each school board in MUNIS.

KPPA uses the information from the EOY Report to average and determine service credit. This process can only be performed at the end of the fiscal year for school board employees.

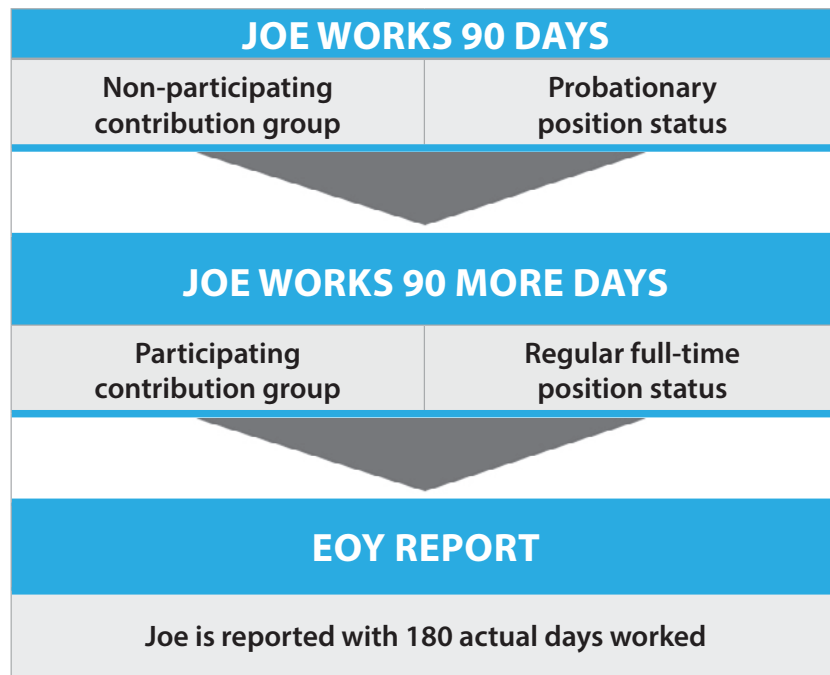
For each employee, the report should include the following:

- Employee Name
- Social Security Number
- Actual Days Worked by the Employee

Actual days worked for the school year should be reported for all employees on the EOY Report regardless of the employee's classification throughout the year. If an employee has a change in either contribution group or position status during the year, you should report the actual days worked for both classifications on the EOY Report.



**For Example:**



If an employee participates in more than one contribution group over the course of a school year, KPPA provides a Multiple Enrollment Report following the submission of the EOY Report requesting a breakdown of days worked in each contribution group.

In the above example, 180 days would be included on the EOY Report, but on the subsequent Multiple Enrollment Report KPPA provides, the days will be broken down into:

- 90 days for the Probationary status in a Non-participating contribution group, and
- 90 days for the Regular Full-Time Status in a Participating contribution group.

This will ensure the member receives accurate service credit.



**Contracted Positions:** If a classified employee holds more than one contracted position with an individual board, please report the total days worked for all positions. Please note that a single day should not be counted more than once.

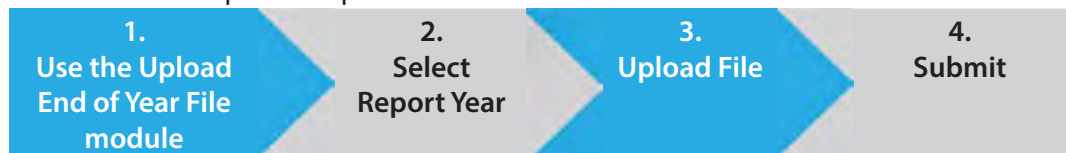


**Paraprofessionals:** If the employee is strictly a paraprofessional (coaches only), the employee should be reported with zero days worked on the EOY Report. If the employee is a paraprofessional and has a regular contract job, please report only the days worked for the contract job.

## UPLOAD END OF YEAR REPORT

School boards will upload their EOY file in Employer Self Service (ESS) through the Upload End-of-Year File menu option. The Upload End-of-Year File module will display previous EOY files that have been uploaded by the school board beginning with the 2011-2012 fiscal year report.

There are four steps in this process:



### STEP 1

After successfully signing into ESS, click **Upload End-of-Year File** located under the Report menu.



### STEP 2

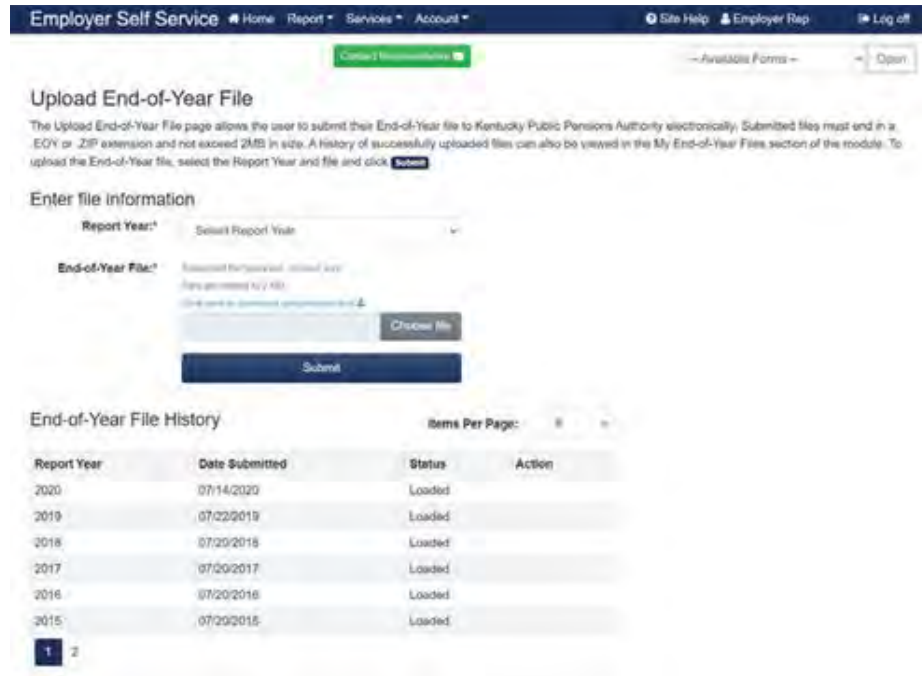
Select the **Report Year** for which you are submitting the EOY file from the dropdown box.

### STEP 3

Click **Choose file** and select the file to upload.



The End of Year file must adhere to the following standard naming convention: FYBEGIN\_FYEND\_EMPLOYERCODE.EOY  
**For Example:** 20182019V037.EOY



### STEP 4

Click **Submit**

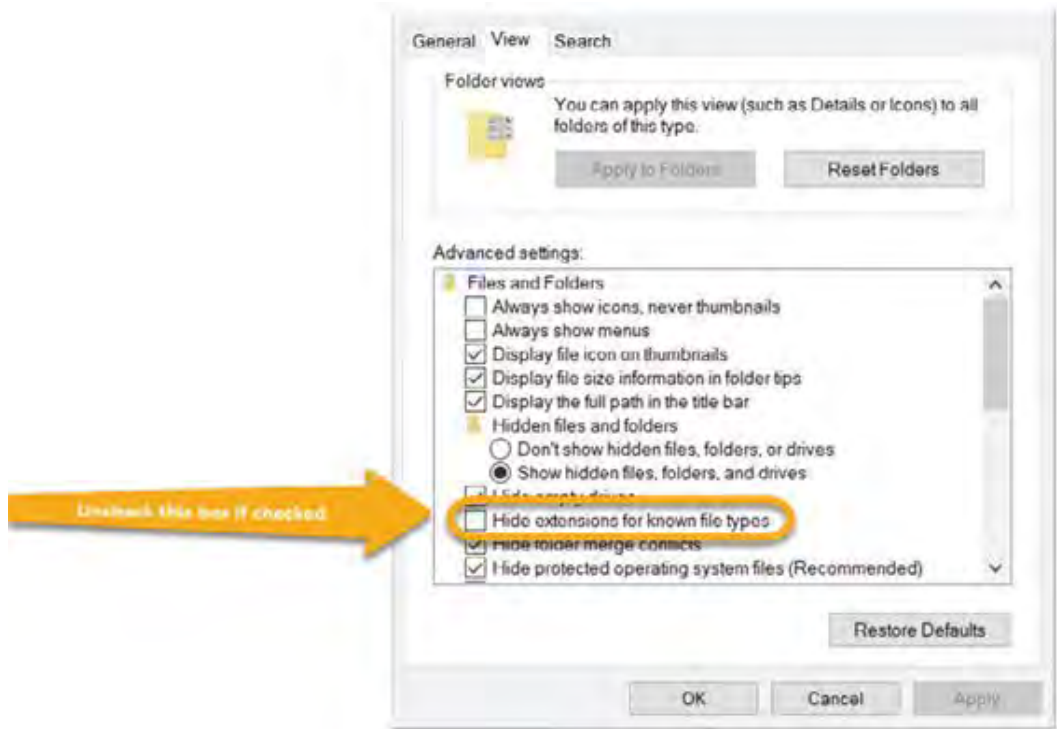
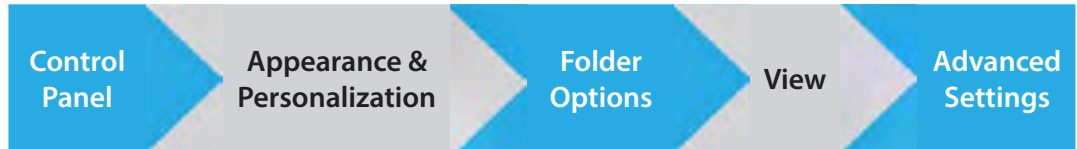




**DON'T FORGET TO:**

- Capitalize all letters in your file name.
- Check to make sure your computer is set up to display file extensions. Sometimes when your computer is reset, the settings change.

Here's how you check:



If the EOY file is rejected, you will need to resubmit your file by returning to the [Upload End-of-Year File](#) screen and repeating Steps 1 – 4.

**DUE DATE**

End of Year Reports are due at KPPA 20 days after the end of the fiscal year. Please submit your file as soon as possible to allow sufficient time for our staff to assist you with any issues you may encounter. Submitting your report late will result in a penalty being assessed.



[KRS 78.615 \(1\)\(b\)](#)

[Kentucky Revised Statute 78.615 \(1\)\(b\)](#) provides that a penalty shall be imposed on the employer of one thousand dollars (\$1,000) if the above information is not submitted by the date required with an added two hundred and fifty dollars (\$250) penalty for each additional thirty (30) day period the information is reported late.



## SUBMIT END OF YEAR REPORTS

After the EOY files have been processed, KPPA uses this information to determine service credit for school board employees. When the August monthly templates generate, any applicable EOY reports show up in your July monthly packet. These reports are generated using the information your agency submitted on the EOY file and identify employees who may need corrections or adjustments to their records.

You may receive up to four EOY reports:

1. Error Listing Report (Form 7993)
2. Exception Report (Form 7994)
3. Multiple Enrollment Report (Form 7997)
4. Non-Participating Employees Report (Form 7999)

Boards of Education should return all applicable reports to KPPA no later than November 15<sup>th</sup>.

### **ERROR LISTING REPORT - FORM 7993**

An Error Listing Report is generated when:

- An employee was included on the EOY file but was not reported throughout the school year, or
- An employee was reported to KPPA during the school year but was not included on the EOY file, or
- An employee had invalid data on the EOY file

In order to determine if the employee is eligible to contribute to CERS, the employer must provide corrected information for the employee on this report.

For employees who were included on the EOY file, but not reported throughout the school year, please report any applicable adjustments with your next monthly report or note on the Error Listing Report that these employees were included in error on the EOY file.

For employee(s) who were reported throughout the year, but were not on the EOY file, provide:

1. Actual Days Worked

For employee(s) who were reported with invalid data on the EOY file, provide:

1. Employee Name
2. Social Security Number
3. Actual Days Worked by the Employee

Be sure to check the employee's name and Social Security number to ensure that the correct number is being reported.

**EXCEPTION REPORT - FORM 7994**

If an employee had contributions reported to KPPA throughout the year and does not average 80 hours over actual days worked, your July monthly packet will include an Exception Report. Please review the Exception Report for discrepancies. Common errors include: inaccurate hourly rates, inaccurate number of days worked, missing wage records, and contributions reported for the same employee under two different Social Security numbers.

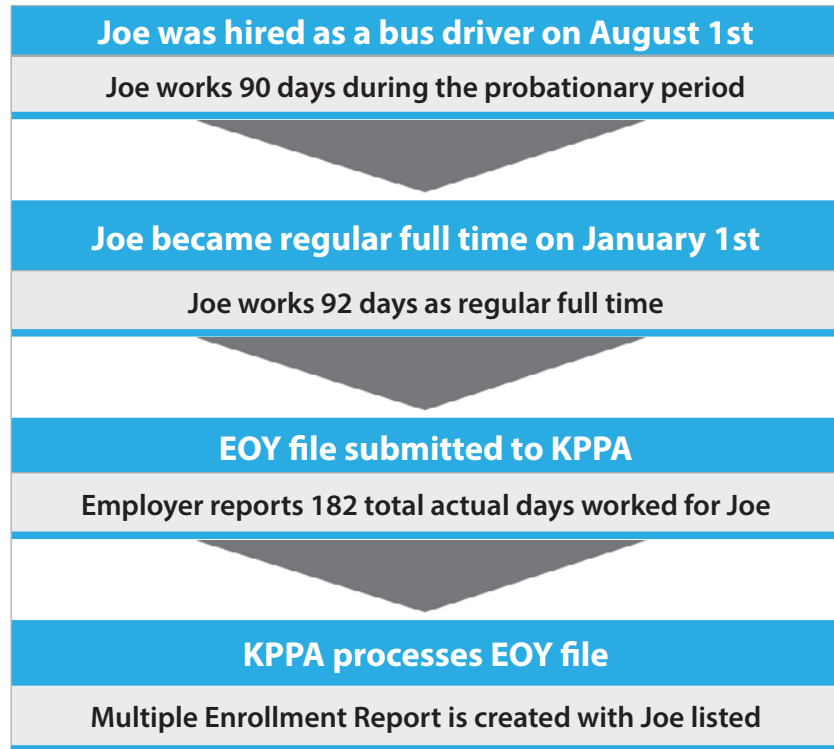
If the number of actual days worked was reported in error on the EOY file, please make corrections on the Exception Report. If the correct wages and contributions were not reported for an employee, please make this correction by submitting an adjustment in your next monthly reporting cycle.

**MULTIPLE ENROLLMENT REPORT - FORM 7997**

If an employee was reported with multiple periods of employment during the school year, this report is generated so employers can provide a breakdown of the total actual days worked based on the EOY file. The employer should provide the actual days worked during each period of employment.



*For Example:*



In the above example, the school board will verify on this report that the probationary period had 90 days actually worked and the employee worked 92 days as regular full time.

## NON-PARTICIPATING EMPLOYEES REPORT - FORM 7999

If an employee had salary reported to KPPA throughout the year and appears to meet the statutory definition of regular full-time, your July monthly packet will include a Non-Participating Employees Report. Please review the Non-Participating Employees Report for discrepancies. Common errors include: reporting incorrect position status, inaccurate hourly rates, and inaccurate number of days worked.

If the number of actual days worked was reported in error on the EOY file, please make corrections on the Non-Participating Employees Report. If the correct salary, position status, or hourly rate were not reported for an employee, please make the correction by submitting the appropriate adjustment(s) in your next monthly reporting cycle. If you are unable to make the correction(s) through ESS, please contact your ERCE representative for assistance.

### ESS

Employer  
Self Service

SELF SERVICE



Contact ERCE

 PDF LINK

[Secure Email  
Portal User  
Manual](#)

## NOVEMBER 15TH DUE DATE

Corrections or adjustments identified in the Exception report, Non-Participating Employees report, Error Listing report and/or Multiple Enrollment report are due by November 15th. Please submit the necessary information as soon as possible to allow sufficient time for our staff to assist you with any issues you may encounter.

Boards of Education may submit reports by secure email to their ERCE representative or by fax to (502) 696-8822. If you are not sure who your ERCE representative is, [click here](#) to find your contact. Please remember to use the [KPPA Secure Email Portal](#) when sending confidential information. Our [user manual](#) provides step-by-step instructions for using the portal.

ERCE will process the submitted reports upon receipt and will update service credit for those listed on the report(s) as needed.

## EOY INVOICING

If a Board of Education does not return all required reports by the due date, KPPA will audit the employee's account to determine if further action is required on the member's account. If it is determined that the employee does not average, their account may have service credit reduced and contributions refunded to the Board of Education on a Service Averaging Credit invoice. If a reported non-participating employee does average, KPPA may be required to issue Employer Omitted invoices for applicable omitted contributions. Additionally, Retired Reemployed accounts that average may be subject to Employer Omitted invoices and applicable Health Insurance Reimbursement.

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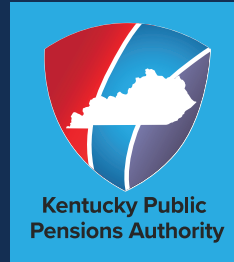
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EMPLOYER REPORTING, COMPLIANCE & EDUCATION



# EMPLOYER REPORTING MANUAL

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PUBLISHED 07/2021

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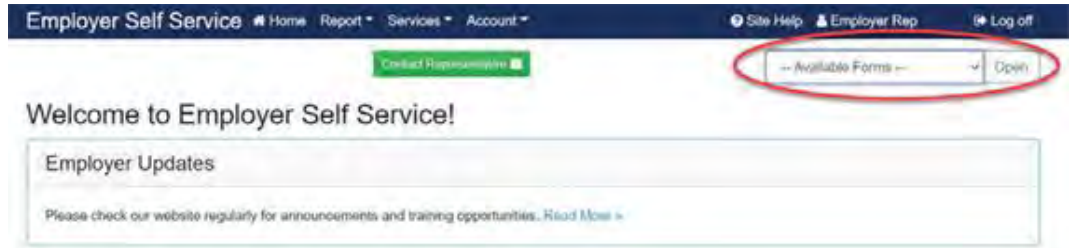
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## E-FORMS

SELF SERVICE



After signing in to Employer Self Service (ESS), you can select Available Forms from the drop-down list. E-forms can be submitted in ESS with an employer Personal Identification Number (PIN). Other forms can be printed and submitted by mail or fax. The following e-forms are available in ESS:



- [E-form 2011, HAZARDOUS DUTY CERTIFICATION H.P.-2](#)
- [E-form 2020, ADVICE OF PERSONNEL ACTION](#)
- [E-form 2023, LEAVE WITHOUT PAY VERIFICATION](#)
- [E-form 4150, CERTIFICATION OF EMPLOYMENT IN A HAZARDOUS POSITION](#)
- [E-form 4225, VERIFICATION OF PAST EMPLOYMENT](#)
- [E-form 6000H, CERTIFICATION OF LEAVE BALANCES AND FINAL SALARY](#)
- [E-form 8030, EMPLOYER JOB DESCRIPTION](#)

## OTHER FORMS

After signing in to ESS, you can select other Available Forms from the drop-down list. Some forms are also available on the KPPA website.

For questions regarding forms, please contact your ERCE representative.



Contact ERCE

## SUBMIT FORMS

**E-FORMS:** Use your employer PIN and submit the form in ESS.

**PRINTED FORMS:** You may submit printed forms to the Division of Employer Reporting, Compliance and Education by mail or fax.

Mail to: 1260 Louisville Road, Frankfort, KY 40601

Fax to: (502) 696-8822

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SELF SERVICE



KRS 61.592

Each time an employee begins a new hazardous position, this form must be completed. This form should be completed upon initial hire of the employee and then each time the employee changes his or her job position. This form certifies the effective date the employee began working in the position, the position to which the employee is assigned and the date the employee had a physical examination as required by [Kentucky Revised Statute 61.592\(5\)](#). This statute also requires that a copy of the physical examination be retained on file by the employer. A copy of the physical examination should be provided to KPPA.

### Step 1

Complete the fields for requested information:

FIELD NAME	DESCRIPTION
<b>Member Name</b>	Member's full legal name.
<b>Member ID</b>	Unique identifier assigned by KPPA for each member.
<b>Age</b>	Member's age rounded to the nearest whole number.
<b>Title of Position</b>	Employee's position title.
<b>Effective Date of Coverage</b>	Date the employee is first employed in this position.
<b>KPPA Participation Date</b>	Date the employee first began participating with KPPA.
<b>Date of Physical Examination</b>	Date the employee received a physical examination with the employing agency.
<b>Employer</b>	Name of the employing agency, not just an agency department.
<b>Agency Head or Authorized Agent</b>	Signature of person verifying the requested information - only to be completed if the form is printed and mailed or faxed.
<b>Date</b>	Date the form is completed.
<b>Enter PIN</b>	4-digit employer PIN assigned to the employer contact - used as a digital signature as well as a security measure when forms are completed and submitted online.

### Step 2

Enter your employer PIN and click Submit Form.

### Step 3

You will receive confirmation that the form has been submitted.



SELF SERVICE

LOGIN 

## E-FORM 2020, ADVICE OF PERSONNEL ACTION

This form will be required to document an Employment Begin Date, Eligibility Date, or Employment End Date for an employee who is not currently reported on the monthly detail report. A KPPA representative will call the employer or send a letter when the Advice of Personnel Action is required for a member.

### Step 1

Complete the fields for requested information:

FIELD NAME	DESCRIPTION
<b>Member Name</b>	Member's name on record with KPPA.
<b>Member ID</b>	Unique identifier assigned by KPPA for each member.
<b>Employment Begin Date</b>	Date the member's employment began with the employer, regardless of the position status. Include the month, day and year.
<b>Eligibility Date</b>	Date the member became eligible to contribute to KPPA based on position status. Include the month, day and year.
<b>Employment End Date</b>	Date the member terminated employment with the employer. Include the month, day and year.
<b>Employer Name</b>	Name of the employing agency, not just an agency department.
<b>Employer Code</b>	4 or 5-digit unique employer code assigned by KPPA to each employer.
<b>Phone Number</b>	Phone number where the person verifying the information may be reached in case of questions.
<b>Signature</b>	Signature of person verifying the requested information - only to be completed if the form is printed and mailed or faxed.
<b>Date</b>	Date the form is completed.
<b>Title</b>	Job title of person verifying the requested information.
<b>Comments</b>	Additional information should be included here, if deemed necessary.
<b>Enter PIN</b>	4-digit employer PIN assigned to the employer contact - used as a digital signature as well as a security measure when forms are completed and submitted online.

### Step 2

Enter your employer PIN and click [Submit Form](#).

### Step 3

You will receive confirmation that the form has been submitted.

SELF SERVICE



## E-FORM 2023, LEAVE WITHOUT PAY VERIFICATION

This form will need to be completed when an employee begins and ends a period of leave without pay. In the monthly packet, the employer will receive a Leave Without Pay Report listing those employees who were on the previous month's report with this payment reason. The Form 2023 should be completed for each employee listed on that report.

### Step 1

Complete the fields for requested information:

FIELD NAME	DESCRIPTION
<b>Member Name</b>	Member's full legal name.
<b>Member ID</b>	Unique identifier assigned by KPPA for each member.
<b>Leave without Pay Begin Date</b>	Date the member's period of leave without pay began - include the month, day and year.
<b>Leave without Pay End Date</b>	Date the member's period of leave without pay ended - include the month, day and year.
<b>Type of Leave</b>	Select the type of leave without pay the employee is utilizing.
<b>Employer Name</b>	Name of the employing agency, not just an agency department.
<b>Employer Code</b>	4 or 5-digit unique employer code assigned by KPPA to each employer.
<b>Phone Number</b>	Phone number where the person verifying the information may be reached in case of questions.
<b>Signature</b>	Signature of person verifying the requested information - only to be completed if the form is printed and submitted by mail or fax.
<b>Date</b>	Date the form is completed.
<b>Title</b>	Job title of person verifying the requested information.
<b>Enter PIN</b>	4-digit employer PIN assigned to the employer contact - used as a digital signature as well as a security measure when forms are completed and submitted online.

### Step 2

Enter your employer PIN and click **Submit Form**.

### Step 3

You will receive confirmation that the form has been submitted.

## E-FORM 4150, CERTIFICATION OF EMPLOYMENT IN A HAZARDOUS POSITION



This form verifies that an employee previously worked in a position which is now approved as hazardous. This verification is used to determine an employee's eligibility to convert nonhazardous service credit to hazardous, as well as to verify whether a retiring employee is eligible for increased health insurance benefits.

### Step 1

Complete the fields for requested information:

FIELD NAME	DESCRIPTION
<b>Member Name</b>	Member's full legal name.
<b>Member ID</b>	Unique identifier assigned by KPPA for each member.
<b>Address</b>	Street address or PO Box at which the employee receives mail.
<b>City</b>	City
<b>State</b>	State
<b>Zip Code</b>	Zip Code
<b>Home Phone</b>	Home phone number of employee.
<b>Work Phone</b>	Work Phone number of employee.
<b>Employer</b>	Name of the employing agency, not just an agency department.
<b>Job Title</b>	Employee's position title held during the verified time period.
<b>Employer Dates - From</b>	First date worked in the position being verified.
<b>Employer Dates - To</b>	Last date worked in the position being verified. If employee is currently in the position, indicate "to present".
<b>Personnel Administrator Name</b>	Printed name of person verifying the requested information.
<b>Personnel Administrator Signature</b>	Signature of person verifying the requested information - only to be completed if the form is printed and submitted by mail or fax.
<b>Date</b>	Date the form is completed.
<b>Phone Number</b>	Phone number where the person verifying the information may be reached in case of questions.

FIELD NAME	DESCRIPTION
<b>Enter PIN</b>	4-digit employer PIN assigned to the employer contact - used as a digital signature as well as a security measure when forms are completed and submitted online.

**Step 2**

Enter your employer PIN and click [Submit Form](#).

**Step 3**

You will receive confirmation that the form has been submitted.

## E-FORM 4225, VERIFICATION OF PAST EMPLOYMENT

SELF SERVICE



While all service and wage information is reported monthly through the contribution detail record, an employee's past service with an employer may still need to be verified for service purchases or service/wage audits. When necessary, the employer will use the [Form 4225](#) to verify the period of employment or leave.

### Step 1

Complete the fields for requested information:

FIELD NAME	DESCRIPTION
<b>Member Name</b>	Member's full legal name.
<b>Member ID</b>	Unique identifier assigned by KPPA for each member.
<b>Address</b>	Street address or PO Box at which the employee receives mail.
<b>City</b>	City
<b>State</b>	State
<b>Zip Code</b>	Zip Code
<b>Home Phone</b>	Home phone number of employee.
<b>Work Phone</b>	Work Phone number of employee
<b>Name of Employer Verifying Employment</b>	Name of the employing agency, not just an agency department.
<b>Date of Past Employment</b>	Time period being verified on form.
<b>Retirement Coverage</b>	Answer the three questions regarding participating in pension plans <i>other than KPPA</i> .
<b>Fiscal Year Begin Date</b>	First date worked in the fiscal year being verified. List each fiscal year the employee worked separately. Remember that the KPPA fiscal year is from July to June. If an employee has a break in employment, please indicate the break in service as a separate line entry and the reason for the break in the notes section.
<b>Fiscal Year End Date</b>	Last date worked in the fiscal year being verified. List each fiscal year the employee worked separately. Remember that the KPPA fiscal year is from July to June. If an employee has a break in employment, please indicate the break in service as a separate line entry and the reason for the break in the notes section.



[READ MORE Appendix B](#)

[Chapter 2: Employee Reporting](#)

FIELD NAME	DESCRIPTION
<b>No. of Months Worked</b>	Number of months worked in that fiscal year. Months should be rounded up to the next whole number. For example, if an employee worked 11 months and 10 days, list 12 months.
<b>Contract Days</b>	Number of days the employee was contracted to work during the school year (For use by School Board Employers only).
<b>No. of Actual Days Worked</b>	List the number of days the employee actually worked during the school year (For use by School Board Employers only).
<b>Hours Worked Per Day</b>	Employee's scheduled hours per day, during that time period, based on a five-day work week, prior to any adjustments for flexible or alternate work schedules.
<b>Hourly Wage</b>	Calculate the employee's rate of pay as an hourly amount and list it in this field.
<b>Actual Wages Earned for Year</b>	Employee's wages earned <i>in the fiscal year</i> , not the calendar year.
<b>Position Title</b>	Employee's position title held during the verified time period.
<b>Position Status</b>	Select the employee's position status during the verified time period from the drop-down list (if e-form) or write it in (if paper form). See <a href="#">Chapter 2</a> and/or <a href="#">Appendix B</a> for more information regarding position status.
<b>Notes</b>	Include other pertinent information.
<b>Daytime Phone</b>	Phone number where the person verifying the information may be reached in case of questions.
<b>Signature</b>	Signature of person verifying the requesting information - only to be completed if the form is printed and submitted by mail or fax.
<b>Date</b>	Date the form is completed.
<b>Title</b>	Job title of person verifying the requested information.
<b>Enter PIN</b>	4-digit employer PIN assigned to the employer contact - used as a digital signature as well as a security measure when forms are completed and submitted online.

**Step 2**

Enter your employer PIN and click [Submit Form](#).

**Step 3**

You will receive confirmation that the form has been submitted.

## E-FORM 6000H, CERTIFICATION OF LEAVE BALANCES AND FINAL SALARY

SELF SERVICE



PDF LINK  
[e6000H Certification Completion Guide](#)



VIDEOS  
[Form 6000 Section H](#)



MEMBER FORMS  
[FORM 6000](#)

This form must be completed when a member applies for retirement. Section H of the [Form 6000](#) must be completed by the employer to certify leave balances and final salary. Employers should include any salary yet to be reported to KPPA through the member's anticipated termination date. This information must be certified by the employer in order for that information to be included in the member's estimated retirement allowance.

Section H may be completed in ESS. Please refer to the [e6000H Certification Completion Guide](#) for additional information.

Complete the fields for requested information:

FIELD NAME	DESCRIPTION
<b>Employer Name</b>	Name of the employing agency, not just an agency department.
<b>Employer Code</b>	4 or 5-digit unique employer code assigned by KPPA to each employer.
<b>Member Name</b>	Member's full legal name.
<b>Member ID</b>	Unique identifier assigned by KPPA for each member.
<b>Termination Date</b>	Last date of paid employment with employer.
<b>Employer's Report of Leave Balances as of:</b>	Date that the leave balances are verified.
<b>Compensatory Leave Balance</b>	Balance of unused compensatory leave in hours.
<b>Alternate Average Working Days per Month</b>	Average number of working days in a month for employees on an alternate work schedule. For example: An employee's regular schedule (not modified schedule) is only 4 days per week. That employee works an average of 17.333 days per month.
<b>Accumulated Sick Leave (in hours)</b>	Balance of total unused sick leave in hours. For use by employers who participate in the Standard Sick Leave Plan.
<b>Accumulated Sick Leave (in days)</b>	Balance of total unused sick leave in days. For use by employers who participate in the Alternate Sick Leave Plan.
<b>Sick Leave Accrual Rate</b>	The number of hours equal to one sick leave day.
<b>Employer's Report of Final Salary</b>	Salary the employee is expected to earn between the last salary reported to KPPA as of the date this form is completed and the employee's termination date. The reported salaries should be listed separately by posting month and/or payment reason.



FIELD NAME	DESCRIPTION
<b>Posting Month</b>	The year and month to which a transaction is to be applied.
<b>Payment Reason</b>	Designates the type of reported compensation which explains fluctuations in salary and impacts service credit, eligibility for benefits and benefit calculations. May only use Regular Pay, Regular Pay with Additional Creditable Compensation, Lump Sum Compensatory Pay, or Bonus/Severance Pay. Please see <a href="#">Appendix B</a> for more information.
<b>Salary</b>	Actual or estimated wages expected to be paid to the employee.
<b>Printed Name of Agency Official</b>	Printed name of person verifying the requested information.
<b>Title</b>	Title of person verifying the information.
<b>Agency Phone Number</b>	Phone number where the person verifying the information may be reached in case of questions.
<b>Signature of Agency Official</b>	Signature of the person verifying the requested information.
<b>Date</b>	Date the form is completed.



## NEW MEMBER FORMS

When a new employee is reported to KPPA, an enrollment record is created. If the employee is a new member, KPPA sends a welcome letter and issues a Personal Identification Number (PIN).



Once a new member's contributions have posted to their account, KPPA mails a Member Welcome letter which includes [Form 2035, Beneficiary Designation](#) and [Form 2001, Membership Information](#). The new member will receive their KPPA PIN in a separate letter.

New members should complete and submit the Form 2001 and Form 2035 to KPPA.

If there is not a valid Form 2035 on file with KPPA prior to the member's death, the member's estate is the default beneficiary. ***For this reason, employers should not hold beneficiary forms in an employee's personnel file. If the member provides a Form 2035 to their employer, the employer should forward the form to KPPA immediately upon receipt.*** The member may change the beneficiary of their retirement account at any point during their employment by submitting a new Form 2035 to KPPA.



Members can access forms on our website and in Member Self Service. Forms and documents may be uploaded in Member Self Service or submitted by mail or fax.

## FORM 2012, ELECTION OR REJECTION OF PARTICIPATION FOR MAYORS AND MEMBERS OF CITY LEGISLATIVE BODIES

SELF SERVICE



Upon initial election to the position, each elected city official in a regular full-time position should complete the Form 2012. For more information regarding elected city officials, please refer to the job position section of [Chapter 2](#).

Complete the fields for requested information:

FIELD NAME	DESCRIPTION
<b>Member Name</b>	Member's full legal name.
<b>Social Security Number</b>	Social Security Number of the elected official.
<b>City</b>	Name of the employing city.
<b>Position Title</b>	Employee's position title.
<b>Elect</b>	Employee elects participation in CERS.
<b>Reject</b>	Employee rejects participation in CERS.
<b>Signed</b>	Signature of the elected official.
<b>Witness</b>	Signature of the person witnessing the signature of the elected official.
<b>Date</b>	Date the form is completed.



READ MORE  
[Chapter 2:](#)  
[Employee Reporting](#)

## FORM 2110, RETIREMENT SYSTEM DETERMINATION COUNTY ATTORNEY EMPLOYEES

SELF SERVICE



[KAR Chapter 105](#)



[READ MORE  
Chapter 2:  
Employee  
Reporting](#)

The County Attorney is required to determine which system an employee will participate in based upon the employee's job duties. Form 2110 should be completed and filed with KPPA as required by [105 Kentucky Administration Regulation 1:250](#). For more information, please refer to the job position section of [Chapter 2](#).

Complete the fields for requested information:

FIELD NAME	DESCRIPTION
<b>Employee Name</b>	Member's full legal name.
<b>Member ID</b>	Unique identifier assigned by KPPA for each member.
<b>Employment Date</b>	Date the employee is first employed in this position.
<b>Position Title</b>	Employee's position title.
<b>Employer Name</b>	Name of the employing agency, not just an agency department.
<b>Retirement System Membership Determination</b>	Select the retirement system that best matches the employee's job duties.
<b>Signature</b>	Signature of the employee.
<b>Date</b>	Date the form is completed.
<b>Signed</b>	Signature of the person verifying the information.
<b>Title</b>	Title of the person verifying the information.

## FORM 6487, MEMBER PENSION SPIKING EXEMPTION



A Form 6487 is mailed to the employer when an increase in creditable compensation greater than the 10% increase limitation allowed per [Kentucky Revised Statute 61.598](#) has been identified in a retiring employee's last five fiscal year wages. This form must be completed by the Agency Head or Primary Reporting Official and returned to KPPA no later than thirty days from the mailing date.

Please refer to the [Quick Guide to Completing Form 6487](#) for detailed instructions on how to properly complete the form.

FIELD NAME	DESCRIPTION
<b>Employer</b>	Name of the employing agency, not just an agency department. KPPA will complete this field prior to sending the form to the employer.
<b>Employer Code</b>	4 or 5-digit unique employer code assigned by KPPA to each employer. KPPA will complete this field prior to sending the form to the employer.
<b>Member Name</b>	Member's full legal name. KPPA will complete this field prior to sending the form to the employer.
<b>Member ID</b>	Unique identifier assigned by KPPA for each member. KPPA will complete this field prior to sending the form to the employer.

### PART 1 - MEMBER PENSION SPIKING EXEMPTIONS

<b>No Exemptions</b>	Mark the No Exemptions check box if pension spiking is not due to a reporting issue or statutory approved exemption.
<b>Exemptions</b>	<p>Mark the Exemptions check box if pension spiking is due to:</p> <ul style="list-style-type: none"> <li>• One of the three statutory exemptions, or</li> <li>• Improper reporting of Leave without Pay, Alternate Sick Leave, or Lump Sum Compensatory Pay at Termination records. Make a notation below the exemptions box that pension spiking is due to a reporting issue that needs correction.</li> </ul> <p><i>The Reporting Official will need to correct the reporting issue in ESS using the Adjustments module or contact their ERCE representative for assistance.</i></p>

### PART 2 - EXEMPTION AMOUNTS

<b>Bona Fide Promotion or Career Advancement</b>	Enter the difference in salary paid after the promotion or career advancement in the fiscal year it was paid.
<b>Increases attributable to overtime due to a state of emergency</b>	Enter the total <b>overtime amount</b> in the fiscal year it was paid for the emergency event. If the emergency overlaps multiple fiscal years, enter the correct amount paid for each fiscal year.



FIELD NAME	DESCRIPTION
<p><b>Increases attributable to overtime hours worked due to a state or federal grant</b></p>	<p>Enter the total overtime amount in the fiscal year it was paid under the grant provisions. If the grant overlaps multiple fiscal years, enter the correct amount paid for each fiscal year.</p>
<p><b>PART 3 - BONA FIDE PROMOTION OR CAREER ADVANCEMENT EXEMPTION</b></p>	
<p><b>Employee Information</b></p>	<p>Check a box to indicate the employee's status at the time of the promotion or career advancement. Provide the employee's name and SSN or Member ID.</p>
<p><b>Change/Hire Date</b></p>	<p>Date of the promotion or career advancement.</p>
<p><b>CERTIFICATION</b></p>	
<p><b>Agency Head Signature</b></p>	<p>Signature of the Agency Head or Primary Reporting Official on record with KPPA.</p>
<p><b>Agency Head Printed Name</b></p>	<p>Name of the Agency Head or Primary Reporting Official on record with KPPA.</p>
<p><b>Date</b></p>	<p>Date the form is completed.</p>

## FORM 6500, SICK LEAVE AUTHORIZATION - STANDARD PROGRAM

This form is used to verify an employee's sick leave at the time of termination when the employee is retiring and will be used towards their retirement benefits. This form is required for members who terminated prior to sick leave balances being submitted electronically with the monthly detail report. The form may also be sent as a secondary verification if a member questions the balance reported on the monthly detail report.



Contact ERCE

Form 6500 is mailed to the employer as required. If you have questions when completing this form, please contact your ERCE representative.

Complete the fields for requested information:

FIELD NAME	DESCRIPTION
<b>Retiring Employee</b>	Member's full legal name. KPPA will complete this field prior to sending the form to the employer.
<b>Date of Birth</b>	Date of birth of member. KPPA will complete this field prior to sending the form to the employer.
<b>Termination Date</b>	Last date of employment with employer. KPPA will complete this field prior to sending the form to the employer.
<b>Effective Retirement Date</b>	Member's retirement date. KPPA will complete this field prior to sending the form to the employer.
<b>Employer</b>	Name of the employing agency, not just an agency department. KPPA will complete this field prior to sending the form to the employer.
<b>Employer Code</b>	4 or 5-digit unique employer code assigned by KPPA to each employer. KPPA will complete this field prior to sending the form to the employer.
<b>Accumulated Sick Leave (in hours)</b>	Balance of total unused sick leave in hours at the time of the employee's termination.
<b>Sick Leave Accrual Rate</b>	The number of hours equal to one sick leave day.
<b>Name</b>	Name of person verifying the requested information.
<b>Phone</b>	Phone number where the person verifying the information may be reached in case of questions.
<b>Title</b>	Job title of person verifying the requested information.
<b>Signature</b>	Signature of person verifying the requested information.
<b>Date</b>	Date the form is completed.

## FORM 6501, SICK LEAVE AUTHORIZATION - ALTERNATE PROGRAM

This form verifies an employee's sick leave days and payments at the time of termination when the employee is retiring and will be used towards their retirement benefits. This form is required for members who terminated prior to sick leave balances being submitted electronically with the monthly detail report. The form may also be sent as a secondary verification if a member questions the balance reported on the monthly detail report.



Contact ERCE

Form 6501 is mailed to the employer as required. If you have questions when completing this form, please contact your ERCE representative.

Complete the fields for requested information:

FIELD NAME	DESCRIPTION
<b>Retiring Employee</b>	Member's full legal name. KPPA will complete this field prior to sending the form to the employer.
<b>Date of Birth</b>	Date of birth of member. KPPA will complete this field prior to sending the form to the employer.
<b>Termination Date</b>	Last date of employment with employer. KPPA will complete this field prior to sending the form to the employer.
<b>Effective Retirement Date</b>	Member's retirement date. KPPA will complete this field prior to sending the form to the employer.
<b>Employer</b>	Name of the employing agency, not just an agency department. KPPA will complete this field prior to sending the form to the employer.
<b>Employer Code</b>	4 or 5-digit unique employer code assigned by KPPA to each employer. KPPA will complete this field prior to sending the form to the employer.
<b>Accumulated Sick Leave (in days)</b>	Balance of total unused sick leave in days at the time of the employee's termination.
<b>Total Compensation Paid for Sick Leave</b>	Monetary amount paid to employee for sick leave at the time or termination of employment.
<b>Reported Employer Contributions</b>	Monetary amount of employer contributions reported on the Total Compensation Paid for Sick Leave.
<b>Reported Employee Contributions</b>	Monetary amount of employee contributions reported for the Total Compensation Paid for Sick Leave.
<b>Reported Health Insurance Contributions</b>	Monetary amount of employee health insurance contributions reported for the Total Compensation Paid for Sick Leave.
<b>Payment Details</b>	Verify which report month contained the contribution payments.

FIELD NAME	DESCRIPTION
<b>Name</b>	Name of person verifying the requested information.
<b>Phone</b>	Phone number where the person verifying the information may be reached in case of questions.
<b>Title</b>	Job title of person verifying the requested information.
<b>Signature</b>	Signature of person verifying the requested information.
<b>Date</b>	Date the form is completed.



## FORM 6751, EMPLOYER CERTIFICATION REGARDING REEMPLOYMENT

SELF SERVICE



PDF LINK  
[Reemployment  
 as an Employee](#)



If a retired member seeks employment with a participating employer within twelve (12) months of retirement, the member is required to report this to KPPA prior to returning to work by submitting a [Form 6754, Member Reemployment Certification](#).

The participating employer must also certify there was no prearranged agreement made prior to the member's retirement for the member to return to work in an capacity with the employer after retirement by submitting a [Form 6751](#) to KPPA.

For more information about this process, please refer to [our website](#).

Complete the fields for requested information:

FIELD NAME	DESCRIPTION
<b>Reemploying Agency</b>	Name of the employing agency, not just an agency department.
<b>Employer Code</b>	4 or 5-digit unique employer code assigned by KPPA to each employer.
<b>Member Name</b>	Member's full legal name.
<b>Member ID</b>	Unique identifier assigned by KPPA for each member.
<b>Start date</b>	The start date for the member's reemployment.

### PREARRANGED AGREEMENT INQUIRY

<b>Name</b>	Name of person verifying the requested information.
<b>DID NOT</b>	Mark the DID NOT check box if the employer did not have a prearranged agreement with the retired member to return to work.
<b>DID</b>	Mark the DID check box if the employer did have a prearranged agreement with the retired member to return to work.

### CERTIFICATION

<b>Signature</b>	Signature of person verifying the requested information.
<b>Job Title</b>	Job title of person verifying the requested information.
<b>Date</b>	Date the form is completed.

## FORM 6752, EMPLOYER CERTIFICATION OF INDEPENDENT CONTRACTOR / LEASED EMPLOYEE

SELF SERVICE



PDF LINK

[Independent Contractor/Leased Employee](#)



This form should be completed by the employer prior to hiring a retired member to provide services as an Independent Contractor or as a Leased Employee.

For more information about this process, please refer to [our website](#).

Complete the fields for requested information:

FIELD NAME	DESCRIPTION
<b>Reemploying Employer</b>	Name of the employer, not just an agency department.
<b>Employer Code</b>	4 or 5-digit unique employer code assigned by KPPA to each employer.
<b>Member Name</b>	Member's full legal name.
<b>Member ID</b>	Unique identifier assigned by KPPA for each member.
<b>Start date</b>	Start date of the independent contractor/leased employee.
<b>Name</b>	Name of person verifying the requested information.
<b>Independent Contractor</b>	Check this box if the retired member will provide services as an Independent Contractor.
<b>Leased Employee</b>	Check this box if the retired member will provide services as a Leased Employee.
<b>Position Title &amp; Principal Job Duties</b>	Provide the position title and job duties the retired member will provide to the employer.

### PARTICIPATING EMPLOYER INQUIRY

Complete this section by checking one box for each item listed.

### PARTICIPATING EMPLOYER SUPPORTING DOCUMENTATION

Complete this section by checking the box for each supporting document being submitted with the form. If you check "Other", include a description of the document in the space provided.

### PARTICIPATING EMPLOYER CERTIFICATION

<b>Signature</b>	Signature of person verifying the requested information.
<b>Job Title</b>	Job Title of person verifying the requested information.
<b>Date</b>	Date the form is completed.

## FORM 6753, EMPLOYER CERTIFICATION OF VOLUNTEER

SELF SERVICE



PDF LINK  
Volunteer



This form should be completed by the employer prior to hiring a retired member to provide volunteer services.

For more information about this process, please refer to [our website](#).

Complete the fields for requested information:

FIELD NAME	DESCRIPTION
<b>Reemploying Employer</b>	Name of the employer, not just an agency department.
<b>Employer Code</b>	4 or 5-digit unique employer code assigned by KPPA to each employer.
<b>Member Name</b>	Member's full legal name.
<b>Member ID</b>	Unique identifier assigned by KPPA for each member.
<b>Volunteer start date</b>	Start date of the volunteer employee.
<b>Job Title &amp; Principal Volunteer Duties</b>	Provide the job title and principal volunteer duties the retired member will provide to the employer.

### PARTICIPATING EMPLOYER INQUIRY

Complete this section by checking one box for each item listed. In the last question, include an amount for nominal fees in the space provided.

### PARTICIPATING EMPLOYER CERTIFICATION

<b>Signature</b>	Signature of person verifying the requested information.
<b>Job Title</b>	Job Title of person verifying the requested information.
<b>Date</b>	Date the form is completed.

## FORM 6760, COUNTY POLICE OR SHERIFF APPOINTMENT OF RETIRED POLICE OFFICER

SELF SERVICE



**PDF LINK**  
County Retired  
Police Officer



This form should be completed by the County Police or Sheriff prior to appointing a retired member as a police officer.

For more information about this process, please refer to [our website](#).

Complete the fields for requested information:

FIELD NAME	DESCRIPTION
<b>Member Name</b>	Member's full legal name.
<b>Member ID</b>	Unique identifier assigned by KPPA for each member.
<b>Reemploying Employer</b>	Name of the employer, not just an agency department.
<b>Employer Code</b>	4 or 5-digit unique employer code assigned by KPPA to each employer.
<b>Yes</b>	Mark the Yes check box if the member retired as a police officer as defined by <a href="#">Kentucky Revised Statute 70.291</a> .
<b>No</b>	Mark the No check box if the member did not retire as a police officer as defined by <a href="#">Kentucky Revised Statute 70.291</a> .

### APPOINTMENT INFORMATION

<b>Initial Appointment</b>	Indicate whether this is an initial appointment.
<b>Date of Appointment</b>	Start date of the appointment.
<b>Term of Appointment</b>	Duration of the appointment. The term cannot exceed one year.

### EMPLOYER CERTIFICATION

Provide the requested information for statements one and three.

<b>Signature</b>	Signature of person verifying the requested information.
<b>Title</b>	Job title of person verifying the requested information.
<b>Date</b>	Date the form is completed.

## FORM 6764, RECERTIFICATION OF RETIRED POLICE OFFICER

SELF SERVICE

LOGIN 



EMPLOYER FORMS  
FORM 6764

This form should be completed by a County Police or Sheriff prior to reappointing a retired member as a police officer.

Complete the fields for requested information:

FIELD NAME	DESCRIPTION
<b>Member Name</b>	Member's full legal name.
<b>Member ID</b>	Unique identifier assigned by KPPA for each member.
<b>Reemploying Employer</b>	Name of the employer, not just an agency department.
<b>Employer Code</b>	4 or 5-digit unique employer code assigned by KPPA to each employer.
<b>Yes</b>	Mark the Yes check box if the member was previously approved for reemployment as defined by Kentucky Revised Statutes <a href="#">70.291-70.293</a> or <a href="#">164.950 - 164.980</a> .
<b>No</b>	Mark the No check box if the member was not previously approved for reemployment as defined by Kentucky Revised Statutes <a href="#">70.291-70.293</a> or <a href="#">164.950 - 164.980</a> .
<b>Term of Appointment</b>	Provide the Begin Date and End Date of the reappointment. The term cannot exceed one year.

### EMPLOYER CERTIFICATION

Provide the full name of the person verifying the requested information and employer name where indicated.

<b>Signature</b>	Signature of person verifying the requested information.
<b>Title</b>	Job title of person verifying the requested information.
<b>Date</b>	Date the form is completed.

## FORM 6766, APPOINTMENT OF RETIRED SCHOOL RESOURCE OFFICER

SELF SERVICE



**PDF LINK**  
[School Resource Officer](#)



This form should be completed when a Board of Education hires a retired member as a School Resource Officer.

For more information about this process, please refer to [our website](#).

Complete the fields for requested information:

FIELD NAME	DESCRIPTION
<b>Member Name</b>	Member's full legal name.
<b>Member ID</b>	Unique identifier assigned by KPPA for each member.
<b>Reemploying Employer</b>	Name of the employer, not just an agency department.
<b>Employer Code</b>	4 or 5-digit unique employer code assigned by KPPA to each employer.
APPOINTMENT INFORMATION	
<b>Initial Appointment</b>	Indicate whether this is an initial appointment.
<b>Date of Appointment</b>	Start date of the appointment.
EMPLOYER CERTIFICATION	
Provide the full name and position of the person verifying the requested information and employer name where indicated.	
<b>Signature</b>	Signature of person verifying the requested information.
<b>Title</b>	Job Title of person verifying the requested information.
<b>Date</b>	Date the form is completed.

## FORM 6767, APPOINTMENT OF KENTUCKY STATE POLICE SCHOOL RESOURCE OFFICER

SELF SERVICE

LOGIN 



EMPLOYER FORMS

FORM 6767

This form should be completed when a Board of Education hires an active or retired Kentucky State Police officer, CVE R Class or Trooper R Class as a Kentucky State Police School Resource Officer.

Complete the fields for requested information:

FIELD NAME	DESCRIPTION
<b>Member Name</b>	Member's full legal name.
<b>Member ID</b>	Unique identifier assigned by KPPA for each member.
<b>Employer Name</b>	Name of the employer, not just an agency department.
<b>Employer Code</b>	4 or 5-digit unique employer code assigned by KPPA to each employer.
APPOINTMENT INFORMATION	
<b>Date of Appointment</b>	Start date of the appointment.
EMPLOYER CERTIFICATION	
Provide the full name and position of the person verifying the requested information.	
<b>Signature</b>	Signature of person verifying the requested information.
<b>Title</b>	Job Title of person verifying the requested information.
<b>Date</b>	Date the form is completed.

## FORM 6768, POSTSECONDARY INSTITUTION APPOINTMENT OF RETIRED POLICE OFFICER

SELF SERVICE



PDF LINK  
[Postsecondary Institution](#)



This form should be completed when a Postsecondary Institution hires a retired member as a police officer.

For more information about this process, please refer to [our website](#).

Complete the fields for requested information:

FIELD NAME	DESCRIPTION
<b>Member Name</b>	Member's full legal name.
<b>Member ID</b>	Unique identifier assigned by KPPA for each member.
<b>Reemploying Postsecondary Institution</b>	Name of the employer, not just an agency department.
<b>Employer Code</b>	4 or 5-digit unique employer code assigned by KPPA to each employer.
<b>Yes</b>	Mark the Yes check box if the member retired as a police officer pursuant to Kentucky Revised Statutes <a href="#">164.950 - 164.980</a> .
<b>No</b>	Mark the No check box if the member did not retire as a police officer pursuant to Kentucky Revised Statutes <a href="#">164.950 - 164.980</a> .

### APPOINTMENT INFORMATION

<b>Initial Appointment</b>	Indicate whether this is an initial appointment.
<b>Date of Appointment</b>	Start date of the appointment.
<b>Term of Appointment</b>	Duration of the appointment. The term cannot exceed one year.

### EMPLOYER CERTIFICATION

Provide the requested information for statements one and three.

<b>Signature</b>	Signature of person verifying the requested information.
<b>Title</b>	Job Title of person verifying the requested information.
<b>Date</b>	Date the form is completed.



## FORM 6769, CERTIFICATION OF EMPLOYED POLICE OFFICERS CALENDAR YEAR 2015

SELF SERVICE

LOGIN



EMPLOYER FORMS  
FORM 6769

This form should be completed by a City employer prior to hiring retired members as police officers. The City employer must disclose the total number of police officers it employed on average in Calendar Year 2015.

Complete the fields for requested information:

FIELD NAME	DESCRIPTION
<b>Employer Name</b>	Name of the employer, not just an agency department.
<b>Employer Code</b>	4 or 5-digit unique employer code assigned by KPPA to each employer.

### EMPLOYER CERTIFICATION

Provide the full name of the person verifying the requested information and the city name, average number of employed police officers in 2015 and number of police officers the employer can hire pursuant to [Kentucky Revised Statute 95.022](#).

<b>Signature</b>	Signature of person verifying the requested information.
<b>Title</b>	Job Title of person verifying the requested information.
<b>Date</b>	Date the form is completed.

### DETAILED LISTING OF POLICE OFFICERS EMPLOYED FOR CALENDAR YEAR 2015

<b>Employer Name</b>	Name of the employer, not just an agency department.
<b>Employer Code</b>	4 or 5-digit unique employer code assigned by KPPA to each employer.
<b>Name</b>	List the first and last name of each Police Officer employed for Calendar Year 2015.
<b>KPPA Member ID</b>	Unique identifier assigned by KPPA for each member. List the KPPA Member ID of each police officer employed for Calendar Year 2015.
<b>Employment Begin Date</b>	List the employment begin date of each police officer employed for Calendar Year 2015.
<b>Employment End Date</b>	List the employment end date of each police officer employed for Calendar Year 2015.

## FORM 6770, CITY APPOINTMENT OF RETIRED POLICE OFFICER

SELF SERVICE



PDF LINK  
[City Retired Police Officer](#)

EMPLOYER FORMS  
[FORM 6770](#)

This form should be completed when a City employer hires a retired member as a police officer.

For more information about this process, please refer to [our website](#).

Complete the fields for requested information:

FIELD NAME	DESCRIPTION
<b>Member Name</b>	Member's full legal name.
<b>Member ID</b>	Unique identifier assigned by KPPA for each member.
<b>Reemploying City</b>	Name of the employer, not just an agency department.
<b>Employer Code</b>	4 or 5-digit unique employer code assigned by KPPA to each employer.
<b>Yes</b>	Mark the Yes check box if the member retired as a police officer pursuant to <a href="#">Kentucky Revised Statute 70.291</a> .
<b>No</b>	Mark the No check box if the member did not retire as a police officer pursuant to <a href="#">Kentucky Revised Statute 70.291</a> .
<b>Initial Appointment</b>	Indicate whether this is an initial appointment.
<b>Date of the Appointment</b>	Start date of the appointment.
<b>Term of Appointment</b>	Duration of the appointment. The term cannot exceed one year.

### EMPLOYER CERTIFICATION

Provide the requested information for statements one and three.

<b>Signature</b>	Signature of person verifying the requested information.
<b>Title</b>	Job Title of person verifying the requested information.
<b>Date</b>	Date the form is completed.

## FORM 6774, CITY RECERTIFICATION OF RETIRED POLICE OFFICER

SELF SERVICE

LOGIN 



EMPLOYER FORMS  
FORM 6774

This form should be completed by a City prior to reappointing a retired member as a police officer.

Complete the fields for requested information:

FIELD NAME	DESCRIPTION
<b>Member Name</b>	Member's full legal name.
<b>Member ID</b>	Unique identifier assigned by KPPA for each member.
<b>Reemploying City</b>	Name of the employer, not just an agency department.
<b>Employer Code</b>	4 or 5-digit unique employer code assigned by KPPA to each employer.
<b>Yes</b>	Mark the Yes check box if the member was previously approved for reemployment pursuant to <a href="#">Kentucky Revised Statutes 70.291-70.293</a> .
<b>No</b>	Mark the No check box if the member was not previously approved for reemployment pursuant to <a href="#">Kentucky Revised Statutes 70.291-70.293</a> .
<b>Term of Appointment</b>	Provide the begin and end date of the appointment. The term cannot exceed one year.

### EMPLOYER CERTIFICATION

Provide the full name of the person verifying the requested information and the city name.

<b>Signature</b>	Signature of person verifying the requested information.
<b>Title</b>	Job Title of person verifying the requested information.
<b>Date</b>	Date the form is completed.

## FORM 7071, EMPLOYER SELF SERVICE EMPLOYER ADMINISTRATOR ACCOUNT CREATION REQUEST

SELF SERVICE



FORM 7071

**Form 7071** should be completed by the Agency Head on record with KPPA to add or change the Employer Administrator for the ESS website.

FIELD NAME	DESCRIPTION
<b>Employer</b>	Name of the employing agency, not just an agency department.
<b>Employer Code</b>	4 or 5-digit unique employer code assigned by KPPA to each employer.
<b>Name</b>	Name of person designated as the employer administrator.
<b>Phone</b>	Phone number where the employer administrator can be reached during business hours.
<b>Email</b>	Email address of the employer administrator.
<b>Employer Administrator Signature</b>	Signature of the designated person.
<b>Agency Head Signature</b>	Signature of the Agency Head on record with KPPA.
<b>Date</b>	Date the form is completed.

## FORM 7072, REPORTING/BALANCING EMPLOYER ACKNOWLEDGMENT

SELF SERVICE



EMPLOYER FORMS

[FORM 7072](#)

This form must be completed by the employer's Agency Head to acknowledge when designating a third party entity to report employee information on behalf of the employer.

FIELD NAME	DESCRIPTION
<b>Employer</b>	Name of the employing agency, not just an agency department.
<b>Employer Code</b>	4 or 5-digit unique employer code assigned by KPPA to each employer.
<b>Company Name</b>	Company Name of the third party entity.
<b>Representative Name</b>	Name of Company Representative designated by the employer.
<b>Address</b>	Street address or PO Box at which the third party entity receives mail.
<b>City</b>	City where the third party entity receives mail.
<b>State</b>	State where the third party entity receives mail.
<b>Zip Code</b>	Zip Code where the third party entity receives mail.
<b>Phone</b>	Phone number for the third party representative.
<b>Email</b>	Email address of the third party representative.
<b>Agency Head Signature</b>	Signature of the Agency Head on record with KPPA.
<b>Date</b>	Date the form is completed.

## FORM 7250, VERIFICATION OF PAYMENTS OUTSIDE REGULAR WAGES

SELF SERVICE

LOGIN 

This form must be completed by the employer's Agency Head to acknowledge when reporting any payments outside of regular wages to KPPA.

FIELD NAME	DESCRIPTION
<b>Employer Name</b>	Name of the employing agency, not just an agency department. KPPA will complete this field prior to sending the form to the employer.
<b>Employer Code</b>	4 or 5-digit unique employer code assigned by KPPA to each employer.
<b>Address</b>	Street address or PO box at which the employer receives mail.
<b>City</b>	City
<b>State</b>	State
<b>Zip Code</b>	Zip Code where the third party entity receives mail.
<b>Reporting Official</b>	Name of current reporting official.
<b>Monies Outside Regular Salary?</b>	Does your agency provide additional payments to employees that are outside of their regular wages?
<b>Exact Name of Payment</b>	The name the employer or board has approved for this specific payment.
<b>Is Payment Guaranteed in Employee's Regular Salary?</b>	Is this payment part of the employee's regular salary or an additional payment provided by the employer?
<b>Payments Awarded Date</b>	Date the payment is is paid to the employee(s). Include month, day, and year.
<b>Personnel Policy or Discretion of Employer?</b>	Is this payment type included in the employer's personnel poicy or being paid based on direction from the employer or board?
<b>Payments Reported to KPPA?</b>	Has the employer reported these payments to KPPA previously?
<b>Payment Reason</b>	If the payment has been previously reported, what payment reason was utilized?
<b>Printed Name</b>	Printed name of the person verifying the requested information.
<b>Title</b>	Job title of person verifying the requested information.
<b>Signature</b>	Signature of the Agency Head on record with KPPA.
<b>Date</b>	Date the form is completed.

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## FORM 7851, DATA USE AGREEMENT



[KAR Chapter 105](#)

Pursuant to [105 Kentucky Administrative Regulation 1:140](#), each employer is required to submit reports securely through ESS or through the KPPA Secure Email Portal. [Form 7851](#) is a data use agreement that serves as an acknowledgment of this regulation.

The Agency Head or Reporting Official should review all sections of the form and complete the employer certification.



FIELD NAME	DESCRIPTION
<b>Name of Employer</b>	Name of the employing agency, not just an agency department.
<b>Agency Head or Reporting Official</b>	Signature of the person completing the form.
<b>Print Name</b>	Printed name of the person completing the form.
<b>Title</b>	Title of the person completing the form.
<b>Date</b>	Date the form is completed.

## FORM 8030, EMPLOYER JOB DESCRIPTION

SELF SERVICE



STATUTE  
KRS 61.665



MEMBER FORMS  
FORM 8030

When a member files for disability retirement, [Kentucky Revised Statute 61.665\(2\)](#) requires a complete description of the employee's job duties and submit a detailed description of reasonable accommodations attempted as provided for in 42 United States Code sec. 12111(9) and 29 Code of Federal Regulations Part 1630 under the American with Disabilities Act (ADA). The employer provides this information by completing the [Form 8030, Employer Job Description](#), listing and describing the duties performed by the employee as of the last day of paid employment.

### Step 1

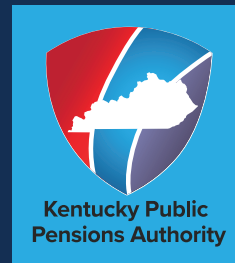
Complete the fields for requested information:

FIELD NAME	DESCRIPTION
<b>Member Name</b>	Member's full legal name.
<b>Member ID</b>	Unique identifier assigned by KPPA for each member.
<b>Job Title</b>	Employee's position title.
<b>Agency</b>	Name of the employing agency, not just an agency department.
<b>Job Description</b>	Provide information regarding the duties required in the employee's position.
<b>Accommodations</b>	Provide information regarding the employee's request for reasonable accommodations.
<b>Agency Representative Signature</b>	Signature of person verifying the requested information - only to be completed if the form is printed and mailed or faxed.
<b>Date</b>	Date the form is completed.
<b>Enter PIN</b>	4-digit employer PIN assigned to the employer contact - used as a digital signature as well as a security measure when forms are completed and submitted online.



Force

EMPLOYER REPORTING, COMPLIANCE & EDUCATION



# EMPLOYER REPORTING MANUAL

Appendix B

## DETAIL FIELDS & DESCRIPTIONS

REVISED 07/2021



Required Detail Fields may be different for [KHRIS](#) employers.

**Address Line 1:** This is a required field and should include the mailing address.

**Address Line 2:** This is an optional field and should only be completed for an apartment number, building, unit, floor, suite, etc.

**Address Line 3:** This field is only displayed and required if the International Address Indicator is checked. This field should contain the city or town name, province, state, or county and postal code (if known).

**Annual Leave:** This field is required only for employers reported by the Personnel Cabinet. The employee's accrued annual leave balance should be reported in this field.

**City:** This is a required field and should contain the city related to the employee's mailing address.

**Compensatory Leave:** This field is required only for employers reported through the Personnel Cabinet.



Other employers that allow employees to accrue compensatory time MAY report Compensatory Leave balance in this field.

**Contract Days:** This is a required field for noncertified school board employees and should contain the number of contracted days for the noncertified employee. Contract days should be zero for all employees in an intermittent position status.

**Contribution Group:** This is a required field and should contain the employee's contribution group. Employers can download contribution group information for their employees using the Download Member ID module in Employer Self Service (ESS). Please see [Chapter 2](#) of the Employer Reporting Manual for directions on correctly categorizing employees.

**Country:** This field is only displayed and required if the International Address Indicator is checked. The country should be selected from the drop-down list.

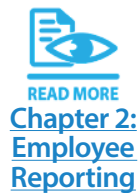
**Date of Birth:** This is a required field and should contain the employee's date of birth.

**Days Worked Greater Than Zero:** This is a required field and should always be checked unless the employee has a position status of Regular Full Time Less Than 12 Months and did not actually work in the month.



This field does not apply to employees reported by the Personnel Cabinet.

**Email Addresses:** This is an optional field and should reflect the employee's work email address, if available. A personal address can be provided if no work email address is available. If the employee's email address is unknown, this field can be blank.





**Employer Contribution:** Only employers using the Enter Report Details module in ESS use this field. This field will populate once the calculate button is clicked.

**Employer-paid Employer Contribution (Employer paid ERCON):** This field indicates whether the employer is responsible for remitting employer contributions for the record. Master Commissioners and their employees do not submit employer contributions, as this is paid from another fund.

**Employment Begin Date:** This is a required field for employees who have: not previously been reported by the employer to KPPA; are re-hires; or have changes in contribution group, position status or job position.

**Employment End Date:** This is a required field when an employee terminates employment or changes job position, position status or contribution group. The date cannot be after the last day of the report month and must be accompanied by an Employment End Reason.

**Employment End Reason:** This field is required if an Employment End Date is provided. The options for this field are:

- Change in System, Plan, Contribution Group, or Job Position
- Retirement
- Death
- Termination
- Change in Position Status
- Transfer (To be used only by employers reported by the Personnel Cabinet)



If an employee has a change in position status that also causes a change in system, plan, contribution group or job position, then select the option "Change in System, Plan, Contribution Group or Job Position".

**Estimated Additional Compensation:** This field is required to report any incentive, special duty, longevity, educational incentive, etc. that an employee earns that is not calculated in the base rate of pay. This should be reported as a cumulative sum for the fiscal year. A zero value may be reported in this field.

**First Name:** This field is required and should reflect the employee's legal name as maintained on their employment record.

**Gender:** This is a required field if the employee has never been reported by the employer to KPPA. The options for this field are Female, Male and Unknown.

**Health Insurance Contribution (Pre-Tax HICON):** This is a required field used to report the additional 1% in member contributions required for employees whose participation is on or after September 1, 2008. If the employee does not owe the Health Insurance Contribution, then zero should be reported in this field. If you report by Enter Report Details, this field will populate once the calculate button is clicked.

**Hours in a Sick Leave Day:** This field is required if Sick Leave Hours or Sick Leave Days has a value and should contain the number of hours that equals a sick leave day.



**Increment Date:** This field is required only for SPRS and KERS employers reported by the Personnel Cabinet. This field represents the date on which the employee is to receive the next increment in compensation.

**International Address Indicator:** This indicator should only be used when an employee has a foreign address.

**Job Position:** This is a required field and should contain the appropriate job position code or title. The Job Position field is used to validate service accrual, averaging requirements and other benefits specific to the position.

Employers using the Upload Detail File module in ESS should include the approved positions and corresponding codes on the file. Employers using the Enter Report Details module in ESS will choose the approved position titles from the drop-down list.

*For hazardous positions:* Only the positions approved as hazardous for the employer will be accepted.

*For nonhazardous positions:* The options for these positions are:

- **Jailer:** Used for nonhazardous jail employees
- **Sheriff:** Used for nonhazardous sheriff employees who provide police protection
- **Police:** Used for nonhazardous police employees who provide police protection
- **Fire:** Used for nonhazardous employees who provide firefighting services
- **EMS:** Used for nonhazardous employees who provide emergency medical services
- **County Attorney Employee:** Used for all employees of the County Attorney's office, even if another agency (such as fiscal court) is reporting the employee for their duties in the County Attorney's office
- **Constitutional Officer:** This job position is limited to employees reported by the Personnel Cabinet
- **General Assembly Employee:** This job position is limited to employees reported by the Personnel Cabinet
- **Magistrate:** This job position is limited to fiscal courts
- **Coroner:** Represents the official coroner, not deputy coroners or other coroner employees
- **Mayor:** This job position is limited to cities
- **City Council:** This job position is limited to cities and should also be used for City Commissioners
- **Volunteer Fireman:** Only reported by employer code J956
- **Master Commissioner:** This job position represents all employees of the Master Commissioner
- **Other:** This job position is used only if another listed position is not applicable to the employee

**Last Name:** This field is required and should reflect the employee's legal name as maintained on their employment record.

**Marital Status:** This is an optional field providing the choice of single or married for selection.



SELF SERVICE

LOGIN 

**Member ID:** This is a required field once the Member ID has been assigned. KPPA assigns the Member ID after an employee's initial detail record has been submitted and posted. The Member ID will then automatically populate in the contribution record on Enter Report Details for future report months. Employers can obtain the Member ID using the Download Member ID module in ESS.

**Middle Name:** This field is optional and should reflect the employee's legal name as maintained on their employment record.

**Payment Reason:** This field is required to identify and explain changes in salary. It also impacts service credit, eligibility for benefits and benefit calculations. If more than one payment reason is needed for an employee in one report month, then a separate record may be required.



For example, two separate records must be reported for an employee with both Regular Pay and an Installment Purchase of Service (IPS) Payment.

The options for this field are:

- **Regular Pay:** Used when an employee's salary is only the regular compensation for a posting month.
- **Regular Pay with Additional Creditable Compensation:** Used in place of "Regular Pay" option when an employee's salary includes regular compensation plus other monies, such as overtime pay, shift differentials, scheduled incentives, etc.
- **Leave Without Pay:** Used in place of "Regular Pay" option when an employee has lower salary or zero salary for a posting month due to being on leave without pay. If the employee is on leave without pay for a partial month, use this payment reason - a separate record for regular wages is NOT required.
- **Bonus/Severance Payment:** Used on a separate record from regular wages when an employee receives a bonus or severance payment. The posting month for the record with this payment reason should reflect the last month of the period in which it is to be applied. Bonus/severance payments must be approved by KPPA before being reported.
- **IPS Payment:** Used on a separate record from regular wages to report IPS payments. When reporting IPS, only the following subset of the fields should be reported: Posting Month, SSN, Member ID, DOB, Gender, First & Last Name, Contribution Group, Payment Reason, Pre-tax, or Post-tax EECON.
- **Lump Sum Compensatory Pay:** Used on a separate record from regular wages to report lump sum compensatory payments for employees with a participation date with KPPA prior to 9/1/08.
- **State Funded Expenses:** Used in place of "Regular Pay" option by Employer Codes 54527, 39759 and 35628 to report the expense payments made to Jailers, Sheriffs and County Judge Executives.
- **Alternate Sick Leave Payment:** Used on a separate record from regular wages if an employer participates in the Alternate Sick Leave Program with KPPA.
- **Furlough:** Used in place of "Regular Pay" option if an employee is on furlough for a full or partial month..
- **Layoff:** Used in place of "Regular Pay" option if an employee is in layoff status for a full or partial month.
- **Summer Months:** Used in place of "Regular Pay" option for school board employees, head start employees, school nurses, university employees, Kentucky School for the Deaf employees and Kentucky School for the Blind employees if they are not paid during the summer months.

**Payroll Frequency:** This is a required field and should indicate how often the employer runs payroll for the employee. Identifying the payroll frequency allows KPPA to provide accurate benefit calculations and monitor pay fluctuations. The options for this field are Monthly, Semi-Monthly (twice per month), Bi-Weekly (every two weeks) or Weekly.

**Position Status:** This is a required field. The options for this field are:

- Regular Full Time
- Part Time
- Probationary (CERS use only)
- Seasonal
- Temporary
- Emergency
- Interim
- Regular Full Time Less Than 12 Months
- Intermittent Employee
- Volunteer
- Retired Police Officer

Please see the [Chapter 2](#) of the Employer Reporting Manual for explanations and statutory limitations of each status.

**Posting Month:** Reflects which month and year the salary record was paid to a member for monthly retirement service credit.



Report and Posting Month will normally be the same date unless adjustment wages have been reported to correct the original salary sent by the agency.

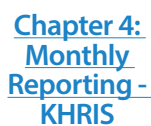
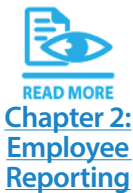
Please see Chapter 4 of the Employer Reporting Manual for direction to add a retroactive payment, adjust a prior period record and correctly award service credit based on your reporting method.

**Post-Tax Employee Contribution (Post-Tax EECON):** This is a required field to report contributions if the employee owes post-tax contributions or a post-tax IPS payment based on the posting month. Report zero if the employee does not have any post-tax contributions.

**Prefix:** This field is optional and should reflect the prefix of the employee's name as maintained on their employment record. The options for this field are "Mr." or "Ms."

**Pre-Tax Employee Contribution (Pre-tax EECON):** This is a required field to report pre-tax employee contributions and pre-tax IPS payments. Contributions must equal the salary times the applicable contribution rate based on the contribution group reported. If the employee is in a non-participating position, then report zero in this field. This field will populate once the calculate button is clicked.

**Rate of Pay:** This is a required field to provide the employees' hourly, monthly, or annual salary rate. This field is used to calculate actual hours worked to determine a member's service credit. If the Rate of Pay changes in the middle of the month, report the Rate of Pay that was effective at the end of the Posting Month. Report only an employee's regular rate of pay. Do NOT include any additional pay such as overtime in this field.





**Salary:** This field is required to report the actual wages paid to the employee for the posting month. If reporting a zero dollar salary in this field, it must be accompanied by an appropriate payment reason. The portion of wages earned in the posting month that exceed the IRS fiscal year limit should be excluded from Salary and reported in the "Salary that Exceeds IRS Limit" field.

**Salary that Exceeds IRS Limit:** This is a required field if any portion of the employee's salary exceeds the [IRS limit for the fiscal year](#). No contributions should be reported on this amount.

**Scheduled Hours Per Day:** This is a required field. Hours may be reported in increments and should include at least two decimal positions. Complete this field with the employee's scheduled hours per day based on a five-day workweek, prior to any adjustments for flexible or alternate work schedules.



Example 1: An employee is scheduled to work 40 hours per week. This Employee elects to work four 10-hour days. In the Scheduled Hours per Day field, the employer would report "8.00" scheduled hours per day.



Example 2: A firefighter is scheduled to work 24 hours on duty and 48 hours off. In the Scheduled Hours per Day field, the employer would report "24.00" scheduled hours per day.

**Sick Leave Days:** This field is required if an Employment End Date is reported with an Employment End Reason of Retirement, Death or Termination AND the employer participates in the Alternate Sick Leave Program. This data must be reported in days and may be reported in increments. A zero balance is allowed to be reported.

**Sick Leave Hours:** This field is required if an Employment End Date is reported with an Employment End Reason of Retirement, Death or Termination AND the employer participates in the Standard Sick Leave Program. This data must be reported in hours and may be reported in increments. A zero balance is allowed to be reported.

**Social Security Number (SSN):** This is a required field for a valid SSN as shown on the employee's Social Security card. Incorrect SSNs may result in contributions posting to the wrong member's account or creating an invalid member record. SSNs reported with all zeros or other invalid combinations will result in the contribution record being in error status, which can delay posting to the member's account or cause contributions to be returned to the employer.

**State:** This field is required and should contain the state related to the member's mailing address.

**Suffix:** This field is optional. This field should reflect the member's legal name as maintained on their employment record. The options for this field are:

- MD = Medical Doctor
- II = Second
- III = Third
- IV = Fourth
- V = Fifth
- VI = Sixth
- JR = Junior
- SR = Senior


**Type of Rate of Pay:** This field is required and should not be confused with Payroll Frequency. This field is used to calculate a member's base salary. The options for this field are Hourly, Monthly, or Annual.




School Boards are required to use the Hourly selection for this field.

**Zip Code:** This field should contain the postal zip code related to the member's mailing address. The first five digits of the zip code are required. The last four digits are optional.





EMPLOYER REPORTING, COMPLIANCE & EDUCATION



# EMPLOYER REPORTING MANUAL

Appendix C

# CONTRIBUTION GROUPS

PUBLISHED 07/2021



**Employer  
Contribution Rates**

**EECON  
Employee  
Contributions**

**HICON  
Health Insurance  
Contributions**

**ERCON  
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Contributions**

**CONTRIBUTION GROUPS**

Contribution groups are used to validate employee contributions (EECON), health insurance contributions (HICON) and to calculate employer contributions (ERCON) for each employee reported to KPPA. This designation allows employees to be “organized” based on their contribution group code. Contribution group codes indicate system participation (KERS, CERS or SPRS), plan participation (Nonhazardous or Hazardous) and the required contributions (employee, health insurance and employer).

Visit our website for [current and historical employer contribution rates](#). Contribution groups that require employer contributions are denoted with an asterisk below.

<b>CONTRIBUTION GROUPS</b>						
<b>RETIREMENT SYSTEM</b>	<b>EMPLOYER PLAN CODE</b>	<b>CONTRIBUTION GROUP CODE</b>	<b>CONTRIBUTION GROUP DESCRIPTION</b>	<b>EECON</b>	<b>HICON</b>	<b>ERCON</b>
KERS	KERSNHZ	KNHZNH	KERS Nonhazardous - No Health Insurance	5.0%	0.0%	*
KERS	KERSNHZ	KNHZHI	KERS Nonhazardous - Health Insurance	5.0%	1.0%	*
KERS	KERSNHZ	KNHZCB	KERS Nonhazardous - Cash Balance	5.0%	1.0%	*
KERS	KERSNHZ	KNHZRR	KERS Nonhazardous - Retired Reemployed	0.0%	0.0%	*
KERS	KERSNHZ	KNHZNP	KERS Nonhazardous - Non-Participating	0.0%	0.0%	0.0%
KERS	KERSHZ	KHZNH	KERS Hazardous - No Health Insurance	8.0%	0.0%	*
KERS	KERSHZ	KHZHI	KERS Hazardous - Health Insurance	8.0%	1.0%	*
KERS	KERSHZ	KHZCB	KERS Hazardous - Cash Balance	8.0%	1.0%	*
KERS	KERSHZ	KHZRR	KERS Hazardous - Retired Reemployed	0.0%	0.0%	*
KERS	KERSHZ	KHZNP	KERS Hazardous - Non-Participating	0.0%	0.0%	0.0%



**EECON**  
Employee  
Contributions

**HICON**  
Health Insurance  
Contributions

**ERCON**  
Employer  
Contributions

CONTRIBUTION GROUPS						
RETIREMENT SYSTEM	EMPLOYER PLAN CODE	CONTRIBUTION GROUP CODE	CONTRIBUTION GROUP DESCRIPTION	EECON	HICON	ERCON
CERS	CERSNHZ	CNHZNH	CERS Nonhazardous - No Health Insurance	5.0%	0.0%	*
CERS	CERSNHZ	CNHZHI	CERS Nonhazardous - Health Insurance	5.0%	1.0%	*
CERS	CERSNHZ	CNHZCB	CERS Nonhazardous - Cash Balance	5.0%	1.0%	*
CERS	CERSNHZ	CNHZRR	CERS Nonhazardous - Retired Reemployed	0.0%	0.0%	*
CERS	CERSNHZ	CNHZNP	CERS Nonhazardous - Non-Participating	0.0%	0.0%	0.0%
CERS	CERSHZ	CHZNH	CERS Hazardous - No Health Insurance	8.0%	0.0%	*
CERS	CERSHZ	CHZHI	CERS Hazardous - Health Insurance	8.0%	1.0%	*
CERS	CERSHZ	CHZCB	CERS Hazardous - Cash Balance	8.0%	1.0%	*
CERS	CERSHZ	CHZRR	CERS Hazardous - Retired Reemployed	0.0%	0.0%	*
CERS	CERSHZ	CHZNP	CERS Hazardous - Non-Participating	0.0%	0.0%	0.0%

CONTRIBUTION GROUPS						
RETIREMENT SYSTEM	EMPLOYER PLAN CODE	CONTRIBUTION GROUP CODE	CONTRIBUTION GROUP DESCRIPTION	EECON	HICON	ERCON
SPRS	SPRSZH	SHZNH	SPRS Hazardous - No Health Insurance	8.0%	0.0%	*
SPRS	SPRSZH	SHZHI	SPRS Hazardous - Health Insurance	8.0%	1.0%	*
SPRS	SPRSZH	SHZCB	SPRS Hazardous - Cash Balance	8.0%	1.0%	*
SPRS	SPRSZH	SHZRR	SPRS Hazardous - Retired Reemployed	0.0%	0.0%	*
SPRS	SPRSZH	SHZNP	SPRS Hazardous - Non-Participating	0.0%	0.0%	0.0%

Force

EMPLOYER REPORTING, COMPLIANCE & EDUCATION



# EMPLOYER REPORTING MANUAL

# GLOSSARY

PUBLISHED 07/2021



Some glossary terms only apply to [School Board](#) and [KHRIS](#) employers.

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[KRS 61.510\(13\)](#)  
[KRS 78.510\(13\)](#)

**ACCUMULATED SICK LEAVE:** KHRIS employers must provide sick leave in hours for the Standard Sick Leave Program. This cannot be reported in days.

**ADJUSTMENTS:** For KHRIS records, these can be either monetary changes to members' posted retirement records submitted initially by the Personnel Cabinet or the Agency.

**BALANCING EMPLOYER:** An entity who submits the monthly summary and payment for a participating employer.

**BONUS:** A sum of money granted or given to an employee in addition to regular pay, usually in appreciation for work done, length of service, etc. Before a bonus is paid to employees, employers should contact their ERCE representative to determine if the payment meets the definition of a bonus and will be treated as bonus payments according Kentucky Revised Statutes [61.510\(13\)](#) and [78.510\(13\)](#). If the payment meets the definition of a bonus and the payment(s) provided to any employee is in excess of one thousand dollars (\$1,000) in a fiscal year, then the payment amount(s) are averaged over the employee's total service with the system in which it is reported.

**CHANGE PASSWORD MODULE:** The series of screens in ESS where a user may change the password related to his\her employer account.

**CHANGE SECURITY QUESTION MODULE:** The series of screens in ESS where a user may change the security question related to his\her employer account.

**CONTACT PERSON:** The employer designates an individual as a specific type of contact for KPPA. Contact types include: Agency Head, Human Resources, IT, Legal Contact, Payroll, and Reporting Official. More than one person may be designated as a contact type; however, one person must be designated as the Primary Contact for each employer. County and quasi-governmental also include Police Chief and Sheriff contact types. KHRIS employers also have a contact type for E-Mars.

**CONTACT PERSONS MODULE:** The series of screens in ESS used to add and/or edit the contact person for an employer.

**CONTRIBUTION GROUP:** Each employee belongs to a Contribution Group. Contribution Group is a field within the monthly report, which is used to "organize" employees into different contribution rate categories (typically based on their participation date). Contribution Group is also used to validate the contribution amounts for each employee.



[READ MORE](#)

[Chapter 1:](#)

[KPPA Information](#)

**CONTRIBUTION RECORD:** In the detail monthly report, the contribution record provides all required information for an employee. Each employee will have at least one contribution record on the monthly report. A separate record should be submitted anytime an employee has multiple payment reasons, posting months, contribution groups, job positions or position statuses for the report month.

**CREDITABLE COMPENSATION:** The salary that is reportable to KPPA as defined by Kentucky Revised Statutes 61.510(13) and 78.510(13). Refer to [Chapter 1](#) for additional information.

**DEATH NOTICE MODULE:** The series of screens within ESS used to report the death of current or former employees.

**DOWNLOAD MEMBER ID MODULE:** The screens in ESS employers use to view and download the Member ID, SSN, Name, Participation Date and Contribution Group Category of new and existing employees.

**E-CHECK:** An electronic payment method requiring the ESS user to enter specific information from a paper check to set up a direct debit payment.

**EDITS:** A series of business rules applied to each file and then each contribution record. Records that fail the edits will be in error and have to be corrected before they can be posted to an employee's account. The entire file will reject if the number of records in error exceeds the established threshold.

**ELECTRONIC FUNDS TRANSFER (EFT):** An electronic payment method requiring the ESS user to enter specific information for a bank account to set up a direct debit payment.

**EMERGENCY:** Positions in KERS, SPRS and CERS limited to thirty (30) working days and not renewable. Employees classified under this status should not have contributions withheld from their creditable compensation.

**EMPLOYER ADMINISTRATOR:** The employee within the agency selected by each employer to administer the ESS users for that particular employer. This person is responsible for setting up new users and maintaining those user accounts. Employers must notify KPPA of a change in the Employer Administrator by submitting a completed [Form 7071](#) in order to create an account for the new Employer Administrator.

**EMPLOYER CODE:** A four or five-character alphanumeric code assigned by KPPA to identify each employer.



[EMPLOYER FORM  
Form 7071](#)

 **PDF LINK**  
Record Layout



**EMPLOYER CONTRIBUTION RECORD LAYOUT:** KPPA provides the [required file format](#) for employers to report using the Upload Detail File module.

**EMPLOYER PAY CREDIT:** The portion of employer contributions deposited into a Tier 3 member's account each month (currently 4% for nonhazardous and 7.5% for hazardous).

**EMPLOYER PIN:** A unique Personal Identification Number (PIN) assigned to each ESS user upon registration.



**Contact ERCE**

**EMPLOYER REPORTING, COMPLIANCE AND EDUCATION (ERCE)**

**REPRESENTATIVE:** A KPPA employee who acts as a liaison between KPPA and the employer. The ERCE Representative provides assistance with employer reporting questions and works to ensure compliance with state and federal statutes, administrative regulations, and KPPA policies and procedures. You can use the Contact Representative link in ESS or [visit our website](#) to find your ERCE Representative.

**SELF SERVICE**



**EMPLOYER SELF SERVICE (ESS):** Website used by participating employers for online maintenance of employer contact information, user accounts, and submission of monthly reporting and payment.

**EMPLOYMENT BEGIN DATE:** A date that must be entered for new hires, re-hires, changes in Contribution Groups, changes in Position Status, and changes in Job Position.

**EMPLOYMENT END DATE:** Represents the date an employee terminates employment, or changes Contribution Groups, Position Status or Job Position with the same employer.

**ENTER REPORT DETAILS MODULE:** The series of ESS screens used to enter monthly report details for each employee if the employer is not using the Upload Detail File module for the monthly report.

**ERROR CORRECTIONS:** For KHRIS employers, records that do not meet the 175 Edit Validation Checks identified by our internal system must be reviewed by ERCE representatives and resolved with assistance from agencies.

**END OF YEAR (EOY) PENALTY:** Per Kentucky Revised Statute 78.615, if a school board employer fails to file the End of Year Report for a fiscal year with KPPA no later than twenty (20) days following the completion of the fiscal year, KPPA will impose a penalty of one thousand dollars (\$1,000) with an additional two hundred and fifty dollars (\$250) for each additional thirty (30) day period the information is reported late.





**FILE CERTIFICATION:** For employers using the Upload Detail File module to submit the monthly detail contribution report, the file must pass the validations for proper file format and proper data type in each field, within the established threshold. Once the file has passed the validations, the file is considered certified and is accepted by KPPA.

**HAZARDOUS DUTY COVERAGE:** An employer may elect to provide additional benefits for employees who are in a position that meets the definition of hazardous duty according to [Kentucky Revised Statute 61.592](#). See the Hazardous Duty Coverage section in [Chapter 2](#) for detailed information.

**HEALTH INSURANCE CONTRIBUTION (HIC):** Per [Kentucky Revised Statutes 61.702\(2\)\(b\)](#) and [78.5536](#), the additional one percent contribution due from members who begin participating with a state-administered retirement plan after September 1, 2008. The additional 1% contribution is deposited into a non-refundable account.

**HEALTH INSURANCE REIMBURSEMENT:** If a retired member with an initial participation date prior to September 1, 2008, has elected health insurance coverage through KPPA but later reemploys with a participating agency in a regular full-time position, the agency is required to reimburse KPPA for the single coverage health insurance contribution provided to the retiree.

**INSTALLMENT PURCHASE OF SERVICE (IPS):** Payments deducted from an employee's salary for the purchase of service credit per a contract between the member and KPPA.

**INTERIM:** Positions in KERS established for a one-time or recurring need, not to exceed nine (9) months. Employees classified under this status should not have contributions withheld from their creditable compensation.

**INTERMITTENT:** Position status for those employees who receive creditable compensation which must be reported to KPPA, but who maintain a sporadic work schedule and may not earn wages every month. See [Chapter 6](#) for detailed information.

**INVOICE:** An itemized, electronic billing or credit issued to an employer through ESS.

**INVOICES MODULE:** The series of ESS screens used to review and manage invoices.

**MANAGE USERS MODULE:** The series of ESS screens the employer administrator uses to add/edit/delete users and modify their security roles.



[READ MORE](#)  
[Chapter 2:](#)  
[Employee](#)  
[Reporting](#)



STATUTE  
[KRS 61.702](#)  
[KRS 78.5536](#)



[READ MORE](#)  
[Chapter 6:](#)  
[School](#)  
[Boards](#)

SELF SERVICE



**MEMBER ID:** A unique identifier assigned to employees by KPPA after the first reported payroll transaction. Member ID is associated with a person and used to identify the member's KPPA account, regardless of changes in employers and employment status.

**MEMBER SELF SERVICE:** A website members can use to manage their account online, generate benefit and service purchase estimates, and apply for retirement.

**MONTHLY PACKET:** An electronic packet accessible through ESS. This packet contains various reports to inform employers of reporting errors and necessary changes to monthly reporting.

**MONTHLY PACKET MODULE:** The series of ESS screens used to access the Monthly Packet. See also [Monthly Packet](#).

**MONTHLY SUMMARY:** The electronic summary of monthly contributions; this submission contains totals for the monthly report and allows for payment of the monthly contributions.

**NOMINAL FEE:** Compensation earned for service as a volunteer that does not exceed \$500 per month. Volunteer compensation from more than one participating employer shall be aggregated to determine if it exceeds \$500 per month.

**OFFICE LOCATIONS MODULE:** The series of ESS screens used to add and/or edit the addresses of the office locations.

**PARTICIPATION DATE:** Participation date is when a member began paying contributions and earning service credit with KPPA. This date may be different from the hire date.

**PART-TIME:** Positions in KERS and CERS which may be permanent but require less than a calendar or fiscal year average of one hundred (100) hours\* of work per month.

*\*For school board employees, these are positions that require an average of less than 80 hours per month over actual days worked in a school year.*

**PASSWORD:** An ESS password is assigned to the user upon registration.

Valid ESS passwords:

- Must be between 8 and 16 characters long
- Include at least one letter
- Include at least one number
- Include at least one special character
- Are case sensitive
- Should not contain spaces



The following characters are permissible:

- Capital and lower case Aa-Zz
- Numbers 0-9
- Special characters @ # ! % \$

**PAYMENT ACCOUNTS MODULE:** The series of ESS screens used to add and/or edit payment accounts.

**PAYMENT REASON:** Designates the type of reported compensation which explains fluctuations in salary and impacts service credit, eligibility for benefits and benefit calculations.

**PENALTY:** Per [Kentucky Revised Statute 61.675](#) and [Kentucky Revised Statute 78.625](#), if an employer fails to submit all contributions, summary, and/or payment to KPPA by the tenth (10th) of the month following the period being reported, then the employer is subject to a fine of the interest on the delinquent contributions at the actuarial rate adopted by the board compounded annually, but not less than one thousand dollars (\$1,000).

**PEND STATUS:** For KHRIS employers, a record received from the Personnel Cabinet monthly file with a monetary correction made by KPPA. This record must be corrected by the Personnel Cabinet through KHRIS payroll and is considered to be in a Temporary Status awaiting the correction via the next monthly file.

**PENDED TRANSACTION REPORT:** For KHRIS employers, this report is included in the Monthly Packet. The report identifies that KPPA made an adjustment to a member's record. The record is in a Pend (Temporary) status awaiting the corrected record on the next Monthly Report. The record will remain on the report until the employer performs some type of action with the Personnel Cabinet.

**Pension Spiking:** Occurs when a retiring member received an increase in their creditable compensation by more than 10% during the retiring member's the last five (5) fiscal years of employment. If there were any such increases in the retiring member's creditable compensation, KPPA then must evaluate whether the increase(s) meet certain statutory requirements. Refer to [Chapter 2](#) for detailed information.

**POSITION STATUS:** Used to determine retirement contribution eligibility. Salary and contributions are to be reported for regular full-time positions.

**POSTING MONTH:** Reflects which month and year the salary record was paid to a member for monthly retirement service credit.



[READ MORE](#)  
[Chapter 2:](#)  
[Employee](#)  
[Reporting](#)



Report and Posting Month will normally be the same date unless adjustment wages have been reported to correct the original salary sent by the agency.

**PRIOR PERIOD ADJUSTMENT:** Prior Period Adjustments are identified as transactions submitted to correct errors in a previously submitted transaction. The Posting Month indicates the month to which the adjustment is to be applied.

**PROBATIONARY:** Positions in CERS not to exceed twelve (12) months that must be universally administered by the employer for new employees. These positions are not renewable for the same employee, unless the employee has not been employed with the participating employer for a period of at least twelve (12) months. Employers must have a probationary policy on file at KPPA in order to report employees in this position

**REGULAR FULL TIME (NON SCHOOL BOARD):** Positions in KERS, CERS, and SPRS that average one hundred (100) or more hours per month over a calendar or fiscal year.



**REGULAR FULL TIME (SCHOOL BOARD):** Noncertified school board employees are required to average eighty (80) or more hours per month over actual days worked within a school year. Generally, if the employee averages 4 or more hours per day, they should be considered Regular Full Time.

**REGULAR FULL TIME LESS THAN 12 MONTHS:** Positions in KERS or CERS that are held by regular full-time employees who do not work 12 months per year but are paid over 12 months, excluding classified employees of local school boards. Some examples include head start employees employed by community action agencies and school nurses employed by local health departments.

**REPORT MONTH:** Reflects the month and year that the salary record was reported to KPPA for retirement purposes. An employer contribution file must only contain records for one unique report month.

**REPORTING EMPLOYER:** A Reporting Employer is an entity who submits the monthly contribution detail report for a participating employer.

**REPORTING OFFICIAL:** The Reporting Official is the person designated by each employer as the primary contact for KPPA .

**RETIREE SELF SERVICE:** A website retirees members can use to manage their account online and submit their health insurance application online during open enrollment.





**RETROACTIVE PAYMENT:** Transactions submitted for Posting Months prior to the Report Month where no previous reporting has been submitted.

**SEASONAL:** Position status in KERS and CERS which is temporary in duration, which coincide in duration with a particular season or seasons of the year and which may recur regularly from year to year and is limited to nine (9) months, with the exception of noncertified school boards which cannot exceed six (6) months.

**SECURE EMAIL PORTAL:** A secure email solution that protects confidential information exchanged between KPPA and participating agencies. The portal uses strong encryption to safeguard the confidentiality of email communications and greatly reduces the risk of costly disclosures that could put our members at risk of identity theft and other fraudulent activity. The [Secure Email Portal User Manual](#) outlines clear, step-by-step instructions for accessing and using the portal.

**SECURITY ROLES:** Security Roles are assigned to ESS users to limit the accessibility of information available to the user.

**SEMINARS MODULE:** Allows employers to register for seminars in ESS. Detailed information for each seminar including the session, topic to be discussed, date and time is displayed.

**SEVERANCE PAY:** Additional pay given to an employee when his/her employment ends.

**STATE FUNDED EXPENSES:** Annual expenses paid to Jailers, Sheriffs, and County Judge Executives for performance of duties, for which employer contributions are billed to individual county employers.

**SUBMIT MONTHLY SUMMARY MODULE:** The series of ESS screens used to submit the monthly summary and payment for the monthly report. See also Monthly Summary.

**TEMPLATE:** In order for an employer to submit the monthly detail report, a template is generated each month and available in ESS once the previous month's report has been posted. In Upload Detail File, a template will be created every monthly once the file has been certified by KPPA to allow the employer to upload the (next month's) detail file. In Enter Report Details a template is created every month containing the detail of the previous reporting to avoid requiring the employer to manually enter all employee information. This allows the employer to review the contribution details and only update those records where a change needs to be reported.



**TEMPORARY:** Status for position in KERS which may not exceed nine (9) months, and positions in CERS not to exceed twelve (12) months and not renewable.

**TERMINATION DATE:** Last date of employment with an agency.

**UPLOAD DETAIL FILE MODULE:** The series of screens in ESS that will be used to upload the monthly detail contribution file for employers who are reporting via an electronic file. See also [Employer Contribution Record Layout](#)

**UPLOAD END OF YEAR (EOY) FILE MODULE:** The series of screens in ESS used for a school board employer to upload the EOY report to KPPA 20 days after the end of the fiscal year.

**USER:** A person the employer assigns to access ESS. Each user will be assigned a security role by the Employer Administrator. In order to be set up as a user, the person must first be designated as a contact person.

**VOLUNTEER:** An individual who, freely and without pressure or coercion, performs hours of service for an employer participating in one of the systems administered by KPPA without compensation for those hours of service, except reimbursement of actual expenses, payment of a nominal fee to offset the costs of performing the services, or both. A retired member cannot become an employee, leased employee, or independent contractor for the employer for which he or she is performing the services for a period of 12 months following the retired member's most recent retirement date.

## MEMORANDUM

TO: Board of the Kentucky Public Pensions Authority (“Board”)

FROM: Carrie Bass, Staff Attorney Supervisor, Non-Advocacy Division, Office of Legal Services  
Jessica Beaubien, Policy Specialist, Non-Advocacy Division, Office of Legal Services

DATE: June 17, 2024

RE: Board approval of KPPA staff to file new administrative regulation, 105 KAR 1:142, Limitations and Exclusions on Creditable Compensation in the Last Five Years of Service, with the Office of the Regulations Compiler at the Legislative Research Commission (“Regulations Compiler”)

---

### **Purpose of new administrative regulation:**

Kentucky Revised Statutes 61.505(1)(g) authorizes the Board to promulgate and amend administrative regulations “on behalf of the Kentucky Retirement Systems and the County Employees Retirement System, individually or collectively” as long as the regulations are consistent with the provisions of Kentucky Revised Statutes 16.505 to 16.652, 61.510 to 61.705, 78.510 to 78.852, and 61.505. 105 KAR 1:142, Limitations and Exclusions on Creditable Compensation in the Last Five Years of Service, is consistent with these provisions of the Kentucky Revised Statutes.

105 KAR 1:142 is a new administrative regulation that establishes limitations and exclusions on increases in creditable compensation in the last five (5) years of service for retiring members with a membership date prior to January 1, 2014 in accordance with KRS 61.598 and 78.545. These limitations and exclusions are commonly referred to as “pension spiking.” Previously, this information was contained in 105 KAR 1:140, but is now being filed as its own administrative regulation for ease of access and revision, as well as to keep 105 KAR 1:140 to a manageable size.

105 KAR 1:142 was presented to the Ad Hoc Regulations Committee for the Board on June 5, 2024. The Committee approved sending to the full Board for filing approval.

### **Staff Recommendation:**

The Office of Legal Services requests that the Board review the attached materials and recommend filing 105 KAR 1:142, Limitations and Exclusions on Creditable Compensation in the Last Five Years of Service, with the Regulations Compiler.

### **List of attached materials:**

1. 105 KAR 1:142, Limitations and Exclusions on Creditable Compensation in the Last Five Years of Service.
2. Form 6481, Employer Request for Post-Determination of Bona Fide Promotion or Career Advancement.
3. Form 6487, Request for Member Pension Spiking Exemption Amounts.
4. 105 KAR 1:001, Definitions for 105 KAR Chapter 1 (for reference), including a new definition for “bona fide promotion or career advancement.”

1 FINANCE AND ADMINISTRATION CABINET

2 Kentucky Public Pensions Authority

3 (New Administrative Regulation)

4 105 KAR 1:142 Limitations and exclusions on creditable compensation in the last five  
5 fiscal years of service.

6 RELATES TO: KRS 16.645, 61.598, 61.645, 61.675, 78.545, 78.625, 78.782

7 STATUTORY AUTHORITY: KRS 61.505(1)(g), 61.598(6), 78.545

8 NECESSITY, FUNCTION, AND CONFORMITY: KRS 61.505(1)(g) authorizes the  
9 Kentucky Public Pensions Authority to promulgate administrative regulations on behalf of  
10 the Kentucky Retirement Systems and the County Employees Retirement System that  
11 are consistent with KRS 16.505 to 16.652, 61.510 to 61.705, and 78.510 to 78.852. KRS  
12 61.598(6) and 78.545 authorize the Kentucky Public Pensions Authority to promulgate an  
13 administrative regulation to administer the limitations and exclusions on increases in  
14 creditable compensation codified in KRS 61.598 and 78.545. This administrative  
15 regulation establishes limitations and exclusions on increases in creditable compensation  
16 in the last five (5) years of service for retiring members with a membership date prior to  
17 January 1, 2014 in accordance with KRS 61.598 and 78.545.

18 Section 1. Definition. "Member" means a member of the systems with a  
19 membership date prior to January 1, 2014.

20 Section 2. Determining percentage increases for creditable compensation.



1           (1) Except as provided in subsection (2) of this section, in accordance with KRS  
2 61.598 and 78.545, the agency shall review each of the last five (5) fiscal years of the  
3 member's employment to determine if his or her creditable compensation in any of the  
4 last five (5) fiscal years increased by ten (10) percent or more compared to the  
5 immediately preceding fiscal year.

6           (a) The fiscal year immediately preceding the member's last five (5) fiscal years  
7 shall be used for comparison to determine if an increase in creditable compensation of  
8 ten (10) percent or more occurred in the initial fiscal year of the member's last five (5)  
9 fiscal years.

10          (b) For each of the member's last five (5) fiscal years of employment, the agency  
11 shall multiply the member's creditable compensation for the previous fiscal year by 110  
12 percent. If the member's creditable compensation in any of his or her last five (5) fiscal  
13 years of employment is greater than the member's creditable compensation from the  
14 immediately preceding fiscal year multiplied by 110 percent, the agency shall determine  
15 that an annual increase in the member's creditable compensation greater than ten (10)  
16 percent has occurred.

17          (c) For purposes of performing the calculations in this subsection:

18           1. Only fiscal years in which the member was employed in a regular full-time  
19 position in at least one (1) full month of the fiscal year shall be considered; and

20           2. The member's creditable compensation shall be annualized by dividing the  
21 member's creditable compensation for the fiscal year by the number of months of service  
22 credit, and multiplying by twelve (12).

23          (2) For members with an effective retirement date on or after January 1, 2018:

1 (a) The agency shall not review creditable compensation earned by the member  
2 prior to July 1, 2017; and

3 (b) For members with an effective retirement date on or after June 29, 2021, if a  
4 reduction in the member's creditable compensation causes his or her monthly retirement  
5 allowance to decrease by twenty-five (25) dollars or more, the member's monthly  
6 retirement allowance shall only be reduced by the amount that exceeds \$24.99.

7 (3) The agency shall not consider the following changes in creditable  
8 compensation to be increases in creditable compensation:

9 (a) The employee was on leave without pay for any reason in the fiscal year(s)  
10 prior to the fiscal year that contained the increased creditable compensation for members  
11 with an effective retirement date on or after January 1, 2014, but prior to July 1, 2017; or

12 (b) Modifications to the accounting method for reporting employees in accordance  
13 with KRS 61.675, KRS 78.625, and 105 KAR 1:140.

14 Section 3. Final administrative determination for members with an effective  
15 retirement date on or after January 1, 2014, but prior to July 1, 2017.

16 (1)(a) Based on the review as provided in Section 2 of this administrative  
17 regulation, if the agency determines that the member's creditable compensation in any of  
18 the last five (5) fiscal years increased by more than ten (10) percent compared to the  
19 immediately preceding fiscal year, the agency shall provide written notice to the member's  
20 last participating employer of the agency's determination.

21 (b) If the member was employed by more than one (1) employer when the member  
22 retired, the agency shall provide written notice to each of the member's last participating  
23 employers.

1 (c) The written notice shall include:

2 1. A statement that the member's creditable compensation in one (1) or more of  
3 the last five (5) fiscal years increased by more than ten (10) percent compared to the prior  
4 fiscal year;

5 2. The fiscal year or fiscal years in which the creditable compensation increased  
6 by more than ten (10) percent compared to the immediately preceding fiscal year;

7 3. Details of each increase in creditable compensation; and

8 4. The amount of the additional actuarial cost to the systems attributable to the  
9 increase or increases in creditable compensation.

10 (2)(a) If the employer believes that one (1) or more annual increases in creditable  
11 compensation greater than ten (10) percent in the member's last five (5) fiscal years of  
12 employment were due to a bona fide promotion or career advancement, by the end of  
13 day thirty (30) calendar days from the date the notice indicated in subsection (1) of this  
14 section was provided, the employer shall:

15 1. Complete and submit a valid Form 6481, Employer Request for Post-  
16 Determination of Bona Fide Promotion or Career Advancement;

17 2. Submit predetermination documentation if the agency previously provided a  
18 determination that a change in position or hiring of the member would be a bona fide  
19 promotion or career advancement, and provide documentation that the increase in  
20 creditable compensation for that fiscal year was due to the employer implementing the  
21 proposed change in position or hiring;

22 3. Provide a copy of the personnel form with the date of the promotion or  
23 advancement, an explanation, and documentation supporting the assertion that the

1 increase in creditable compensation resulted from a bona fide promotion or career  
2 advancement, if the employer believes that any salary increase is directly attributable to  
3 a bona fide promotion or career advancement;

4 4. Effective July 1, 2024, submit a copy of the personnel form with the date of  
5 increased rate of pay, an explanation, and documentation supporting the assertion that  
6 the increase in rate of pay was authorized or funded by the legislative or administrative  
7 body of the employer or mandated in a collective bargaining agreement approved by the  
8 legislative body of the employer, if the bona fide promotion or career advancement  
9 resulted from an increase in creditable compensation for all employees in a specified  
10 class due to an increase in rate of pay authorized or funded by the legislative or  
11 administrative body of the employer or due to an increase in rate of pay mandated in a  
12 collective bargaining agreement approved by the legislative body of the employer.

13 (b) The employer shall report any increases in creditable compensation directly  
14 attributable to a lump-sum payment for compensatory time during the employer's normal  
15 monthly reporting in accordance with 105 KAR 1:140.

16 (3)(a) The agency shall consider the following in determining if a change in position  
17 or hiring was a bona fide promotion or career advancement:

18 1. A valid Form 6481, Employer Request for Post-Determination of Bona Fide  
19 Promotion or Career Advancement, submitted in accordance with subsection (2)(a) of this  
20 section; and

21 2. Supporting documentation submitted by the employer in accordance with  
22 subsection (2)(a) of this section.

1 (b)1. The agency may require the employer to provide additional information or  
2 require the employer to make certifications regarding the information and documentation  
3 submitted.

4 2. In accordance with KRS 16.645, 61.675, 78.545, and 78.625, the employer shall  
5 provide any additional information and certifications requested by the agency under this  
6 paragraph by the end of day thirty (30) days from the date the request for additional  
7 information was provided.

8 (4) The employer shall pay the additional actuarial cost to the systems attributable  
9 to any annual increases in creditable compensation greater than ten (10) percent over  
10 the member's last five (5) fiscal years of employment if the employer fails to comply with:

11 (a) Subsection (2) of this section; or

12 (b) Subsection (3)(b) of this section if additional information is requested in  
13 accordance with that subsection.

14 (5)(a) If the employer timely submits a valid Form 6481, Employer Request for  
15 Post-Determination of Bona Fide Promotion or Career Advancement, in accordance with  
16 subsection (3)(a) of this section, the agency shall issue a final administrative decision in  
17 writing informing the employer whether the annual increases in creditable compensation  
18 greater than ten (10) percent over the member's last five (5) fiscal years of employment  
19 were due to a bona fide promotion or career advancement.

20 (b) If the employer disagrees with the final administrative decision by the agency,  
21 the employer may appeal the decision in accordance with Section 6 of this administrative  
22 regulation.

1 (c) If the employer does not file a written request for administrative hearing timely  
2 as provided in Section 6 of this administrative regulation, the employer shall pay the  
3 additional actuarial cost to the systems attributable to annual increases in creditable  
4 compensation greater than ten (10) percent over the member's last five (5) fiscal years of  
5 employment.

6 (5)(a) If an employer is required to pay the additional actuarial cost to the systems  
7 attributable to annual increases in creditable compensation greater than ten (10) percent  
8 over the member's last five (5) fiscal years of employment, the agency shall issue an  
9 invoice to the last employer representing the actuarial cost.

10 (b) If the member was employed by more than one (1) employer when the member  
11 retired, the actuarial cost to the systems attributable to annual increases in creditable  
12 compensation greater than ten (10) percent over the member's last five (5) fiscal years of  
13 employment shall be divided equally among the member's last employers. Each of the  
14 member's last employers shall receive an invoice as provided in this subsection.

15 (c) An employer that receives an invoice may request that the agency allow the  
16 employer to pay the cost over a period, not to exceed one (1) year, without interest and  
17 the agency shall establish a payment plan for the employer.

18 (d) An employer that is required to pay the additional actuarial cost shall be treated  
19 as a participating employer in the system to which the employer is required to pay the  
20 additional actuarial cost solely for purposes of making the payment required pursuant to  
21 KRS 61.598 and 78.545.

22 Section 4. Exemption determination process for members with an effective  
23 retirement date on or after January 1, 2018.

1 (1) This section shall only apply to members with an effective retirement date on  
2 or after January 1, 2018.

3 (2) Exemptions shall include:

4 (a) Exemptions provided in KRS 61.598(4) and 78.545;

5 (b) A bona fide promotion or career advancement as defined in 105 KAR 1:001; or

6 (c) Overtime worked from May 28, 2020, through May 11, 2021, due to local  
7 government emergencies issued on or after May 28, 2020, but prior to October 5, 2020,  
8 regardless of whether or not the National Guard was mobilized for the entire period.

9 (3) If the agency review as provided in Section 2 of this administrative regulation  
10 determines that the member's creditable compensation in any of the last five (5) fiscal  
11 years increased by more than ten (10) percent compared to the immediately preceding  
12 fiscal year, the agency shall provide the member's employer the Form 6487, Request for  
13 Member Pension Spiking Exemption Amounts. If the reductions in the member's  
14 creditable compensation would result in reduction to the member's monthly retirement  
15 allowance of less than twenty-five (25) dollars per month or the actuarial equivalent, a  
16 Form 6487 shall not be provided.

17 (4) The employer shall complete and submit the valid Form 6487, Request for  
18 Member Pension Spiking Exemption Amounts, and provide supporting documentation as  
19 required by KRS 16.645, 61.675, and 78.625 by the end of day thirty (30) calendar days  
20 from the date the Form 6487 was provided.

21 (a) In order to indicate that none of the annual increases in creditable  
22 compensation greater than ten (10) percent over the member's last five (5) fiscal years of

1 employment were due to an exemption as provided in subsection (2) of this section, the  
2 employer shall select that none of the listed exemptions are applicable on the Form 6487.

3 (b)1. In order to indicate that one or more of the annual increases in creditable  
4 compensation greater than ten (10) percent over the member's last five (5) fiscal years of  
5 employment were due to an exemption as provided in subsection (2) of this section, the  
6 employer shall select which of the listed exemption are applicable on the Form 6487.  
7 Except as provided in subsection (5)(a) of this section, the employer shall list the portion  
8 of the salary directly attributable to each exemption in the corresponding section of the  
9 Form 6487.

10 2.a. In order to verify that one or more salary increase is directly attributable to a  
11 bona fide promotion or career advancement, the employer shall provide a copy of the  
12 personnel form with the date of the promotion or advancement, an explanation, and  
13 documentation supporting the assertion that the increase in creditable compensation  
14 resulted from a bona fide promotion or career advancement.

15 b. Effective July 1, 2024, in order to verify that one or more bona fide promotion or  
16 career advancement resulted from an increase in creditable compensation for all  
17 employees in a specified class due to an increase in rate of pay authorized or funded by  
18 the legislative or administrative body of the employer or due to an increase in rate of pay  
19 mandated in a collective bargaining agreement approved by the legislative body of the  
20 employer, the employer shall submit a copy of the personnel form with the date of  
21 increased rate of pay, an explanation, and documentation supporting the assertion that  
22 the increase in rate of pay was authorized or funded by the legislative or administrative



1 body of the employer or mandated in a collective bargaining agreement approved by the  
2 legislative body of the employer.

3 c. In order to verify that one or more salary increase is directly attributable to overtime  
4 hours worked under a state or federal grant as prescribed in KRS 61.598(4)(e)1., a copy  
5 of the grant shall be submitted with the specific language in the grant requiring overtime  
6 highlighted or otherwise emphasized.

7 d. Except as provided in subsection (2)(c) of this section, in order to verify that one or  
8 more salary increase is directly attributable to a local state of emergency where the  
9 Kentucky National Guard was mobilized as prescribed in KRS 61.598(4)(f)2., the  
10 applicable Executive Order number that mobilized the National Guard shall be provided.

11 (5)(a) The employer shall report any increases in creditable compensation directly  
12 attributable to a lump-sum payment for compensatory time, a lump-sum payment made  
13 pursuant to alternate sick leave, or leave without pay during the employer's normal  
14 monthly reporting in accordance with 105 KAR 1:140.

15 (b) If, upon review by the employer of the Form 6487, Request for Member Pension  
16 Spiking Exemption Amounts, adjustments to the reported salaries are required, then the  
17 employer shall make those adjustments during the next monthly reporting cycle pursuant  
18 to KRS 16.645, 61.675, and 78.625.

19 (6)(a) The agency may require the employer to provide additional information or  
20 require the employer to make certifications regarding the information and documentation  
21 submitted.

22 (b) In accordance with KRS 16.645, 61.675, and 78.625, the employer shall  
23 provide any additional information and certifications requested by the agency under this

1 subsection by the end of day thirty (30) days from the date the request for additional  
2 information was provided.

3 (7)(a) Following review of the completed Form 6487, Request for Member Pension  
4 Spiking Exemption Amounts, and any additional information and certifications, the agency  
5 shall make a final administrative decision in accordance with Section 5 of this  
6 administrative regulation.

7 (b) The agency shall issue a final administrative decision in accordance with  
8 Section 5 of this administrative regulation if:

9 1. A valid Form 6487 is not submitted timely in accordance with subsection (4) of  
10 this section; or

11 2. Additional information is requested in accordance with that subsection (6) of this  
12 section is not submitted timely.

13 Section 5. Final administrative decisions for members with an effective retirement  
14 date on or after January 1, 2018.

15 (1) This section shall only apply to members with an effective retirement date on  
16 or after January 1, 2018.

17 (2)(a) If the agency determines an increase in creditable compensation of more  
18 than ten (10) percent over the immediately preceding fiscal year as provided in Section 2  
19 of this administrative regulation is not directly attributable to any of the listed exemptions  
20 in Section 4(2) of this administrative regulation, and no reporting information needs to be  
21 corrected, then the increase in creditable compensation above ten (10) percent shall not  
22 be used to calculate the member's retirement allowance, unless the reductions in the  
23 member's creditable compensation would result in reduction to the member's monthly

1 retirement allowance of less than twenty-five (25) dollars per month or the actuarial  
2 equivalent.

3 (b) The agency shall notify the member of the final administrative decision which  
4 shall provide the member's benefit adjustment details. If the member disagrees with the  
5 final administrative decision by the agency, he or she may appeal the decision in  
6 accordance with Section 6 of this administrative regulation.

7 (2) Pursuant to KRS 61.598(2)(c)2. and 78.545, the agency shall not issue a refund  
8 to the employer for the excess employer contributions. The agency shall utilize any  
9 employer contributions directly attributable to the reduction in creditable compensation to  
10 pay the unfunded liability of the pension fund in which the retiring member participated.

11 (3)(a) Pursuant to KRS 61.598(2)(c)1. and 78.545, the member shall receive a  
12 refund of all pre-tax and post-tax member contributions and interest directly attributable  
13 to the reduction in creditable compensation.

14 1. Pre-tax member contributions shall be refunded to the member by the employer  
15 that picked-up the contributions.

16 2. Post-tax member contributions shall be refunded to the member directly by the  
17 agency.

18 3. Interest earned on pre-tax and post-tax member contributions shall be refunded  
19 to the member directly by the agency.

20 (b)1. If a member files an appeal in accordance with Section 6 of this administrative  
21 regulation, the refunds indicated in this subsection shall be placed on hold during the  
22 pendency of the appeal.

23 2. No additional interest shall accrue during the pendency of the appeal.

1 Section 6. Appeal.

2 (1)(a) For members with an effective retirement date on or after January 1, 2014,  
3 but prior to July 1, 2017, pursuant to KRS 61.645(16) and 78.782(16), if the employer  
4 disagrees with the final administrative decision in accordance with Section 3 of this  
5 administrative regulation, the employer shall file a written request for an administrative  
6 hearing pursuant to KRS Chapter 13B by the end of day thirty (30) calendar days from  
7 the date of the final administrative decision.

8 (b) In accordance with KRS 61.598(7) and 78.545, the employer's right to appeal  
9 is limited to the issue of whether the agency correctly determined that the annual  
10 increases in the member's creditable compensation greater than ten (10) percent were  
11 not due to a bona fide promotion or career advancement.

12 (c) Pursuant to KRS Chapter 13B.090(7), the employer has the burden to show its  
13 entitlement to the benefit of not paying the additional actuarial costs related to the  
14 employer's appeal in accordance with this subsection, and the ultimate burden of  
15 persuasion on that issue.

16 (2)(a) For members with an effective retirement date on or after January 1, 2018,  
17 pursuant to KRS 61.645(16) and 78.782(16), if the member disagrees with the final  
18 administrative decision by the agency in accordance with Section 5 of this administrative  
19 regulation, the member shall file a written request for an administrative hearing to be  
20 held in accordance with KRS Chapter 13B by the end of day thirty (30) calendar days  
21 from the date of the final administrative decision.

22 (b) The member's right to appeal is limited to the issue of whether the agency  
23 correctly determined that the annual increases in the member's creditable compensation

1 were not due to one of the exemptions found in KRS 61.598(4) and 78.545, and 105  
2 KAR 1:001(14).

3 (c) Pursuant to KRS Chapter 13B.090(7), the agency has the burden to show the  
4 propriety of the agency action to remove or reduce benefits related to the member appeals  
5 in accordance with this subsection, and the ultimate burden of persuasion as to that issue.

6 Section 7. Incorporation by Reference.

7 (1) The following material is incorporated by reference:

8 (a) Form 6481, "Employer Request for Post-Determination of Bona Fide Promotion  
9 or Career Advancement", June 2024; and

10 (b) Form 6487, "Request for Member Pension Spiking Exemption Amounts", June  
11 2024.

12 (2) This material may be inspected, copied, or obtained, subject to applicable  
13 copyright law, at the Kentucky Public Pensions Authority, 1260 Louisville Road, Frankfort,  
14 Kentucky 40601, Monday through Friday, from 8 a.m. to 4:30 p.m., or on the agency's  
15 Web site at [kyret.ky.gov](http://kyret.ky.gov).

APPROVED:

\_\_\_\_\_  
DAVID L. EAGER,  
EXECUTIVE DIRECTOR  
KENTUCKY PUBLIC PENSION AUTHORITY

\_\_\_\_\_  
DATE

**PUBLIC HEARING AND PUBLIC COMMENT PERIOD:** A public hearing to allow for public comment on this administrative regulation shall be held on Wednesday, September 25, 2024, at 10:00 a.m. at the Kentucky Public Pension 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 workdays prior to the hearing of their intent to attend. If no notification of intent to attend the hearing was received by that date, the hearing may be cancelled. 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 until September 30, 2024. 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:** Jessica Beaubien, Policy Specialist, Kentucky Public Pension Authority, 1260 Louisville Road, Frankfort, KY 40601, email [Legal.Non-Advocacy@kyret.ky.gov](mailto:Legal.Non-Advocacy@kyret.ky.gov), telephone (502) 696-8800 ext. 8570, facsimile (502) 696-8615.

## REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Regulation number: 105 KAR 1:142  
Contact person: Jessica Beaubien  
Phone number: 502-696-8800 ext. 8570  
Email: Legal.Non-Advocacy@kyret.ky.gov

(1) Provide a brief summary of:

(a) What this administrative regulation does: This administrative regulation establishes limitations and exclusions on increases in creditable compensation in the last five (5) years of service for retiring members with a membership date prior to January 1, 2014.

(b) The necessity of this administrative regulation: This administrative regulation is necessary to allow the Kentucky Public Pensions Authority to effectively carry out KRS 61.598 and 78.545.

(c) How this administrative regulation conforms to the content of the authorizing statutes: KRS 61.505(1)(g) 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 KRS 16.505 to 16.652, 61.510 to 61.705, and 78.510 to 78.852. KRS 61.598(6) and 78.545 authorize the Kentucky Public Pensions Authority to promulgate an administrative regulation to administer the limitations and exclusions on increases in creditable compensation codified in KRS 61.598 and 78.545.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: This administrative regulation assists with the effective administration of the statutes by detailing how the Kentucky Public Pensions Authority will carry out the limitations and exclusions on increases in creditable compensation in the last five (5) years of service for retiring members with a membership date prior to January 1, 2014.

(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: This is a new regulation.

(b) The necessity of the amendment to this administrative regulation: This is a new regulation.

(c) How the amendment conforms to the content of the authorizing statutes: This is a new regulation.

(d) How the amendment will assist in the effective administration of the statutes: This is a new regulation.

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: This administrative regulation may affect over 166,000 members of the systems for which the Kentucky Public Pensions Authority provides operations who have a membership date prior to January 1, 2014. Additionally, this administrative regulation may affect over 1,450



employers that participate in the State Police Retirement System, the Kentucky Employees Retirement System, and the County Employees Retirement System. Finally, this administrative regulation will affect the Kentucky Public Pensions Authority and the three (3) systems for which it provides operations, the State Police Retirement System, the Kentucky Employees Retirement System, and the County Employees Retirement System.

(4) Provide an analysis of how the entities identified in question (3) 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 (3) will have to take to comply with this administrative regulation or amendment: Regulated entities will be minimally impacted by these changes as most parts of this administrative regulation are already being administered as written. The minimal impact may include affected members and participating employers needing to provide additional information to the Kentucky Public Pensions Authority in order for the Kentucky Public Pensions Authority to determine whether any statutory exemptions apply to the limitations and exclusions on increases in creditable compensation in a member's last five years of service.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (3): The cost of compliance with this administrative regulation for the Kentucky Public Pensions Authority, the County Employees Retirement System and the Board of Trustees for the County Employees Retirement System should be negligible, as this administrative regulation is largely already being administered as written.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (3): The benefits should be negligible, as this administrative regulation is largely already being administered as written.

(5) Provide an estimate of how much it will cost to implement this administrative regulation:

(a) Initially: The costs associated with the implementation of this amendment should be negligible.

(b) On a continuing basis: The continuing costs associated with this amendment should be negligible.

(6) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation: Administrative expenses of the Kentucky Public Pensions Authority are paid from the Retirement Allowance Account (trust and agency funds).

(7) 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: There is no increase in fees or funding required.

(8) State whether or not this administrative regulation establishes any fees or directly or indirectly increases any fees: This administrative regulation does not establish any fees or directly or indirectly increase any fees.

(9) TIERING: Is tiering applied? (Explain why or why not) Tiering is not applied. All entities are subject to the same processes and procedures.

## FISCAL IMPACT STATEMENT

Regulation number: 105 KAR 1:142  
Contact person: Jessica Beaubien  
Phone number: 502-696-8800 ext. 8570  
Email: [Legal.Non-Advocacy@kyret.ky.gov](mailto:Legal.Non-Advocacy@kyret.ky.gov)

(1) Identify each state statute, federal statute, or federal regulation that requires or authorizes the action taken by the administrative regulation. KRS 61.505(1)(g), 61.598(6), and 78.545.

(2) Identify the promulgating agency and any other affected state units, parts, or divisions: The promulgating agency for this administrative regulation is the Kentucky Public Pensions Authority (KPPA). This administrative regulation will affect the KPPA and the systems for which the KPPA provides operations (the County Employees Retirement System, the State Police Retirement System and the Kentucky Employees Retirement System), and 333 state government employers that participate in the Kentucky Employees Retirement System and the State Police Retirement System.

(a) Estimate the following for the first year:

Expenditures: None.

Revenues: None.

Cost Savings: None.

(b) How will expenditures, revenues, or cost savings differ in subsequent years? There should be no expenditures, revenue, or cost saving for this administrative regulation in subsequent years because this administrative regulation is largely being administered as written.

(3) Identify affected local entities (for example: cities, counties, fire departments, school districts): The County Employees Retirement System and 1,120 county and local employers that participate in the County Employees Retirement System.

(a) Estimate the following for the first year:

Expenditures: None.

Revenues: None.

Cost Savings: None.

(b) How will expenditures, revenues, or cost savings differ in subsequent years? There should be no expenditures, revenue, or cost saving for this administrative regulation in subsequent years because this administrative regulation is largely being administered as written.

(4) Identify additional regulated entities not listed in questions (2) or (3): None.

(a) Estimate the following for the first year:

Expenditures: N/A

Revenues: N/A

Cost Savings: N/A.

(b) How will expenditures, revenues, or cost savings differ in subsequent years? There are no additional regulated entities not listed in questions (2) or (3).

(5) Provide a narrative to explain the:

(a) Fiscal impact of this administrative regulation: The fiscal impact of this administrative regulation should be negligible because this administrative regulation is already being administered as written.

(b) Methodology and resources used to determine the fiscal impact: This administrative regulation is largely being administered as written.

(6) Explain:

(a) Whether this administrative regulation will have an overall negative or adverse major economic impact to the entities identified in questions (2) - (4). (\$500,000 or more, in aggregate) This administrative regulation will not have a "major economic impact" because this administrative regulation is already being administered as written.

(b) The methodology and resources used to reach this conclusion: This administrative regulation is largely being administered as written.

## SUMMARY OF FORMS INCORPORATED BY REFERENCE

Form 6481, "Employer Request for Post-Determination of Bona Fide Promotion or Career Advancement", is completed by the employer to indicate that one (1) or more annual increases in creditable compensation greater than ten (10) percent in the member's last five (5) fiscal years of employment were due to a bona fide promotion or career advancement.

Form 6487, "Request for Member Pension Spiking Exemption Amounts", is sent by the agency to the employer to complete when an increase in creditable compensation greater than the 10% increase limitation allowed per KRS 61.598 and 78.545 has been identified in a retiring employee's last five fiscal year wages.

## **Instructions for Completing Form 6481 Employer Request for Post-Determination of Bona Fide Promotion or Career Advancement**

**If you believe the amount of the creditable compensation or other account information on the Form 7112 you received is incorrect, please contact an ERCE representative at 1-888-696-8810**

The Form 6481 is used to assist the agency in determining whether an increase in an employee's creditable compensation greater than 10% is the result of a bona fide promotion or career advancement as defined below.

**IMPORTANT:**

- You must complete the Form 6481 **in its entirety** and provide supporting documentation, e.g., job descriptions, hourly or salary wage change documentation, employee grade level changes and personnel action forms.
- Failure to complete the Form 6481 in its entirety and provide supporting documentation may result in a determination that any increase in creditable compensation greater than 10% WAS NOT the result of a bona fide promotion or career advancement.
- A completed Form 6481 must be submitted to the Kentucky Public Pensions Authority within thirty (30) calendar days of the date of notice on the Form 7111 - Employer Notification of Pension Spiking.
- Failure to timely submit the Form 6481 could result in waiver of the right to provide evidence that the increase in creditable compensation was due to a bona fide promotion or career advancement and you will be responsible for paying the actuarial cost.
- If you do not provide an explanation or documentation, and no reporting information needs corrected, you will receive an invoice for the actuarial cost.
- You do not have to submit the Form 6481 if there was no bona fide promotion or career advancement.

"Bona fide promotion or career advancement" means:

1. A professional advancement in substantially the same line of work held by the employee in the four (4) years immediately prior to the final five (5) fiscal years preceding retirement or a change in employment position based on the training, skills, education, or expertise of the employee that imposes a significant change in job duties and responsibilities to clearly justify the increased compensation to the member; See KRS 61.598(1)(a); and
2. Includes any increases in creditable compensation for all employees in a specified class due to an increase in rate of pay authorized or funded by the legislative or administrative body of the employer, or due to an increase in rate of pay mandated in a collective bargaining agreement approved by the legislative body of the employer. See 105 KAR 1:001(14)(b)

The following are **not** bona fide promotions or career advancements without evidence of career advancement or change in position based on training, skills, education, or expertise that imposes a significant change in job duties:

- Overtime or compensatory time for which the employee was paid (except for lump sum payment of compensatory time paid at termination). The reason the employee worked overtime or compensatory time is not relevant;
- An increase in the number of hours the employee worked per day or number of contract days worked per year; and
- Payment for alternate sick leave.

**This form should have the employer's name, employer's code, employee's name, and employee's member ID prefilled.**

### **Section 1. Employee Information**

New Hire/Rehire - Current Employee. Mark the employee status during the fiscal year(s) of the increase in creditable compensation in question in which the promotion or career advancement took place.

Change/Hire Date. The date of the event that you believe is the date the bona fide promotion or career advancement occurred.

### **Section 2. through Section 5.**

Follow the instructions as provided in those Sections.

### **Section 6: Certification.**

The certification data field must be completed by the Agency Head or designee.



**KENTUCKY PUBLIC PENSIONS AUTHORITY**

1260 Louisville Road • Frankfort, KY 40601  
 Phone: (502) 696-8800 • Fax: (502) 696-8822 • kyret.ky.gov



Print Form

**Form 6481**  
6/2024

**Employer Request for Post-Determination of Bona Fide Promotion or Career Advancement**

You should submit this form if you have received notice from the Kentucky Public Pensions Authority of its determination of additional actuarial costs resulting from annual increases in the employee's creditable compensation greater than ten percent (10%) over the employee's last five (5) fiscal years of employment, and you want to request that the Kentucky Public Pensions Authority make a determination as to whether or not the annual increases were attributable to a bona fide promotion or career advancement in accordance with KRS 61.598, 105 KAR 1:001, and 105 KAR 1:142.

If the Kentucky Public Pensions Authority determines that the annual increases were not attributable to a bona fide promotion or career advancement, the employee's last participating employer will be required to pay any additional actuarial costs resulting from annual increases in the employee's creditable compensation greater than ten percent (10%) over the employee's last five (5) fiscal years of employment.

**Last Participating Employer Information**

Employer:	Employer Code:
-----------	----------------

**Name of Employer Where Promotion or Career Advancement Occurred**

Employer:	Employer Code:
-----------	----------------

**Section 1: Employee Information**

At the time of the increase, the employee was: (Please check one) <input type="checkbox"/> Not an employee <input type="checkbox"/> A New Hire/Rehire <input type="checkbox"/> A Current Employee	Member ID:
--	------------

Name:	Change/Hire Date: (list all applicable dates)
-------	--

**Section 2: Predeterminations pursuant to 105 KAR 1:142 Section 3(2)(a)2.**

If you **have a predetermination**, complete the certification in this section and skip to Section 6.  
 If you **do not have a predetermination**, skip this section and proceed to Section 3.



**If you have already received a determination from the Kentucky Public Pensions Authority that the employee's change of position or hiring would constitute a bona fide promotion or career advancement, you must submit this form with a copy of the Kentucky Public Pensions Authority's determination letter attached, and you must certify (if accurate) that the employee's annual increases greater than ten percent (10%) over the employee's last five (5) fiscal years of employment were due to the employer implementing the proposed change in position or hiring that was the basis of the Kentucky Public Pensions Authority's determination.**

**Predetermination Certification**

I hereby certify that the employee's annual increases totaling greater than ten percent (10%) in any of the employee's last five (5) fiscal years of employment were due to the employer implementing the proposed change in position or hiring that was the basis of the Kentucky Public Pensions Authority's determination.

**Section 3: Singular Bona Fide Promotion or Career Advancement in Multiple Years**

If there were multiple sequential years in which the employee experienced increases in creditable compensation totaling greater than 10% per fiscal year, are all increases in creditable compensation totaling greater than 10% per fiscal year attributable to a singular bona fide promotion or career advancement?  Yes  No (Check "no" if more than 1 bona fide promotion/career advancement)

If yes, provide the years: \_\_\_\_\_

**If you checked "Yes", complete the certification of a singular promotion or career advancement below and continue to Section 4.  
 If you checked "No", skip this section and continue to Section 4.**

**Certification of a singular promotion or career advancement**

I hereby certify that all of the employee's increases in creditable compensation greater than 10% are attributable to a singular promotion or career advancement. This information is provided in Section 4 below.

**Section 4: Bona Fide Promotion or Career Advancement due to advancement or change in employment position pursuant to KRS 61.598(1)(a). (If multiple bona fide promotion/career advancements occurred, answer each question in this section for each bona fide promotion/career advancement.)**

Is this a bona fide promotion or career advancement due to advancement or change in employment position pursuant to KRS 61.598(1)(a)? O Yes O No

**If you checked "Yes", complete this section and continue to Section 6.**

**If you checked "No", skip this section and continue to Section 5.**

If there are one or more increases in creditable compensation totaling greater than 10% in a fiscal year, is the entire amount that is greater than 10% attributable to a bona fide promotion or career advancement? O Yes O No

Explain:

**Complete the following 2 questions based on the employee's job description prior to promotion or career advancement (if the employee was a new hire/rehire, provide information about the employee's prior job).**

Employee's job title prior to promotion or career advancement:

Describe the employee's job duties prior to promotion or career advancement. Please attach a job description if available.

**Complete the following 3 questions based on the employee's job description after promotion or career advancement.**

Employee's job title after promotion or career advancement:

Describe the employee's job duties after promotion or career advancement. Please attach a job description if available.

Describe any additional training, skills, education, or expertise gained by the employee to justify the promotion or career advancement. Please attach documentation if applicable.

**You must submit documentation supporting the assertion that the increase in creditable compensation was from a bona fide promotion or career advancement.**

**Certification of Bona Fide Promotion or Career Advancement in accordance with KRS 61.598(1)(a).**

I hereby certify that the above information is correct and accurately describes the employee's job descriptions both prior to and after promotion or career advancement. If the employee was a new hire/rehire, I certify that I have made a diligent effort to determine the employee's prior job description, and I certify that the employee's job description after promotion or career advancement is accurate to the best of my knowledge. I understand that Kentucky Public Pensions Authority may request that I testify at an administrative hearing as to the matters described herein.

**Section 5: Bona Fide Promotion or Career Advancement due to authorized increases in creditable compensation pursuant to 105 KAR 1:001(14)(b).**

Is this a bona fide promotion or career advancement due to authorized increases in creditable compensation pursuant to 105 KAR 1:142 Section 3(2)(a)3.? O Yes O No

**If you checked "Yes", complete this section and continue to Section 6.**

**If you checked "No", skip this section and continue to Section 6.**



Describe the increase in creditable compensation for all employees in a specified class due to an increase in rate of pay authorized or funded by the legislative or administrative body of the employer or due to an increase in rate of pay mandated in a collective bargaining agreement approved by the legislative body of the employer.

**You must submit a copy of the personnel form with the date of increased rate of pay, an explanation, and documentation supporting the assertion that the increase in rate of pay was authorized or funded by the legislative or administrative body of the employer or mandated in a collective bargaining agreement approved by the legislative body of the employer.**

**Certification of Bona Fide Promotion or Career Advancement due to authorized increases in creditable compensation pursuant to 105 KAR 1:001(14)(b).**

I hereby certify that the above information is correct and accurately describes the employee's job descriptions both prior to and after promotion or career advancement. If the employee was a new hire/rehire, I certify that I have made a diligent effort to determine the employee's prior job description, and I certify that the employee's job description after the promotion or career advancement is accurate to the best of my knowledge. I understand that Kentucky Public Pensions Authority may request that I testify at an administrative hearing as to the matters described herein.

**Section 6: Acknowledgement and Certification of Form 6481**

I acknowledge that I have full understanding that any person who provides a false statement, report, or representation to a governmental entity such as the Kentucky Public Pensions Authority is subject to the penalty of perjury in accordance with KRS 523.010, et seq. I further acknowledge that if I have records in my possession, custody, or control and fail to provide all such records to the Kentucky Public Pensions Authority, my employer or myself personally may be liable for civil payments, legal fees, and costs.

Agency Head Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
Agency Head Printed Name: \_\_\_\_\_

**Instructions for Completing Form 6487**  
**Request for Member Pension Spiking Exemption Amounts**

If you believe the amount of the creditable compensation or other account information on this form is incorrect, please contact an ERCE representative at 1-888-696-8810.

The Form 6487 is used to assist the agency in determining whether an increase in an employee's creditable compensation greater than 10% was the result of an exemption found in KRS 61.598(4) and 105 KAR 1:142 Section 4.

- The Form 6487 must be returned through Employer Self Service, or to the address or fax number on top of the form.
- You must complete the entire form and provide supporting documentation (e.g., job descriptions, wage change documentation, employee grade level changes, personnel action forms, etc.) within 30 days from the date this form is provided to the employer.
- The employee's retirement allowance may be negatively affected if you fail to timely return the completed Form 6487, do not provide an explanation and supporting documentation, or do not correct reported information as needed.

Pursuant to KRS 61.598(4) and 105 KAR 1:142 Section 4, exemptions for increases in creditable compensation greater than 10% in a fiscal year over the immediately preceding fiscal year include:

- (a) Bona fide promotion or career advancement as defined by 105 KAR 1:001(14);
- (b) Lump-sum payment for compensatory time paid to an employee upon termination of employment;
- (c) Lump-sum payment made pursuant to an alternate sick leave program under KRS 78.616(5);
- (d) Increases due to leave without pay for any reason in the preceding year;
- (e) Increases directly attributable to an employee's receipt of compensation for:
  1. Overtime worked due to any state or federal grant or similar program that requires overtime for funds; or
  2. The first 100 hours of mandatory overtime that the employee is individually required to work during a fiscal year; and
- (f) Increases directly attributable to an employee's receipt of compensation for overtime performed due to:
  1. A state of emergency declared by the President of the U.S. or the Governor of the Commonwealth of Kentucky; or
  2. A state of emergency declared by a local government in which the Governor authorizes mobilization of the Kentucky National Guard pursuant to KRS 38.030 and 39A.950.
    - For local government emergencies issued from 5/28/2020 to 10/5/2020, for overtime worked from 5/28/2020 through 5/11/2021, KY National Guard does not have to be mobilized for the entire period (2022 Ky Acts ch.100, section 2).

"Bona fide promotion or career advancement" means:

1. A professional advancement in substantially the same line of work held by the employee in the four (4) years immediately prior to the final five (5) fiscal years preceding retirement or a change in employment position based on the training, skills, education, or expertise of the employee that imposes a significant change in job duties and responsibilities to clearly justify the increased compensation to the member. KRS 61.598(1)(a); and
2. Includes any increases in creditable compensation for all employees in a specified class due to an increase in rate of pay authorized or funded by the legislative or administrative body of the employer, or due to an increase in rate of pay mandated in a collective bargaining agreement approved by the legislative body of the employer. 105 KAR 1:001.

This form should have the employer's name, employer's code, employee's name, and employee's member ID prepopulated.

**Section 1 - Member Pension Spiking Exemptions.** This section contains the details of the last six (6) fiscal years of the member's employment and shows the original creditable compensation, spiking increase, and the adjusted creditable compensation.

You **MUST** check either the "No Exemptions" **OR** "Exemptions" box. Failure to check one may cause the form to be invalid.

- Check "No Exemptions" if the increase in creditable compensation is not attributable to an allowed exemption.
- Check "Exemptions" if the increase in creditable compensation is attributable to an allowed exemption or due to a reporting error.

**Section 2 - Exemption Amounts.**

Mark the status of the employee during the fiscal year(s) the increase the promotion or career advancement took place.

Change/Hire Date. The date of the event the employer asserts is the date the bona fide promotion/career advancement occurred.

Indicate if any creditable compensation is directly attributable to the exemptions identified below. These exemptions must be reported during the employer's normal monthly reporting process with the corresponding payment reason.

Exemption	Payment Reason
Leave without pay in the preceding year	Leave Without Pay
Lump-sum payment pursuant to alt sick leave	Alternate Sick Leave Payment
Lump-sum payment for comp time at termination	Lump Sum Compensatory Pay at Termination

In the below charts, list **ONLY** the total salary related to the exemptions remaining and the fiscal year in which it occurred.

\*See details and examples in the "Quick Guide to Completing Form 6487" at kyret.ky.gov in Employer Publications.

**Section 3 and 4 - Bona Fide Promotion or Career Advancements.** Follow the instructions found in these Sections.

**Section 5: Certification.** The certification data field must be completed by the Agency Head or designee.



**KENTUCKY PUBLIC PENSIONS AUTHORITY**  
 1260 Louisville Road • Frankfort, KY 40601  
 Phone: (502)696-8800 • Fax: (502)696-8822 • kyret.ky.gov

**FORM 6487**  
 Revised 6/2024

**Section 1 - Member Pension Spiking Exemptions**

**Employer Information**

Employer Name:

Employer Code:

**Member Information**

Member Name:

Member ID:

The retirement calculation for the member noted above has indicated that the employee experienced annual increases greater than ten percent (10%) over the employee's last five (5) fiscal years of employment. Per KRS 61.598(2), the member's final compensation "that exceeds ten percent (10%) more than the employee's creditable compensation from the immediately preceding fiscal year shall not be included in the creditable compensation used to calculate the retiring employee's monthly retirement allowance." The chart below displays the member's adjusted final compensation based on the current calculation.

Fiscal Year	Actual Comp	Comp Less Exclusions	Months	Employer Code	Increase	Spiking	Revised Comp
-------------	-------------	----------------------	--------	---------------	----------	---------	--------------

If the employer reported a bonus or an alternate sick leave payment, it is displayed in the above grid in the manner in which it has been applied to the final compensation in accordance with KRS 16.505(8); 61.510(13); 78.510(13) and 105 KAR 1:160.

KRS 61.598 and 105 KAR 1:142 provide for specific exemptions of reportable salary that are excludable when calculating the increase in creditable compensation. These exemptions are listed in the instructions for this form. Indicate whether or not exemptions are related to the salaries reported.

- No Exemptions: The increase in creditable compensation is not attributable to an allowed exemption for this member.
- Exemptions: The increase in creditable compensation is attributable to an allowed exemption. If this was due to an error found in the reported information, an adjustment to reported salary will be remitted through the monthly report.

**If you selected "no exemptions", skip to Section 6.**  
**If you selected "exemptions", continue to Section 2.**

**Section 2 - Exemption Amounts**

**Employer Information**

Employer Name:

Employer Code:

**Member Information**

Member Name:

Member ID:

At the time of the increase, the employee was: (Please check one)	Change/Hire Date:
<input type="checkbox"/> A New Hire/Rehire <input type="checkbox"/> A Current Employee	(list all applicable dates)

**Member Pension Spiking Amounts**

Mark if there is an exemption that must be reported during the employer's normal monthly reporting process, these include:

- Leave without pay in the preceding year
- Lump-sum payment for to alternate sick leave or comp time at termination

List all Fiscal Years for these exemptions: \_\_\_\_\_

**If corrections to those reported salaries are needed, make those adjustments in the next monthly reporting cycle.**

List **ONLY** the total salary **attributable to each exemption** and the fiscal year in which it occurred in the charts below (DO NOT include total compensation):

	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
Bona fide promotion or career advancement					
Wages for overtime because of a state of emergency declared by the President of the U.S. or by the Governor of the KY					
Wages for overtime because of a state of emergency declared by local government and the KY National Guard is mobilized**					
Wages attributable to overtime required as a condition for receipt of a state or federal grant, or a similar project*					
Wages attributable to the first 100 hours of mandatory overtime that is required by the employer to be worked during a fiscal year					

\*If the increase was attributable to overtime hours worked under a state or federal grant, a copy of the grant will be required. Underline or highlight the specific language in the grant requiring overtime.

\*\*If the increase was attributable to the KY National Guard mobilization, provide the applicable Executive Order number that mobilized the National Guard.

**If any salary amount is listed in the Bona fide promotion or career advancement exemption chart, continue to Section 3. If no salary amount is listed in the Bona fide promotion or career advancement exemption row, skip to Section 5.**

**Section 3 – Bona Fide Promotion or Career Advancement Exemption due to advancement or change in employment position pursuant to KRS 61.598(1)(a).**

Is this a bona fide promotion or career advancement due to advancement or change in employment position pursuant to KRS 61.598(1)?  Yes  No

***If you checked "Yes", complete this section and continue to Section 5.***

***If you checked "No", skip this section and continue to Section 4.***

**Respond the following request based on the employee's job description prior to promotion or career advancement (if the employee was a new hire/rehire, provide information about the employee's prior job).**

Employee's job title prior to promotion or career advancement:

Describe the employee's job duties prior to promotion or career advancement. Please attach a job description if available.

**Respond to the following request based on the employee's job description after the promotion or advancement.**

Employee's job title after promotion or career advancement:

Describe the employee's job duties after promotion or career advancement. Please attach a job description if available.

You must submit documentation supporting the assertion that the increase in creditable compensation was from a bona fide promotion or career advancement.

**Section 4: Bona Fide Promotion or Career Advancement due to authorized increases in creditable compensation pursuant to 105 KAR 1:142 Section 4(2)(b)2.b.**

Is this a bona fide promotion or career advancement due to authorized increases in creditable compensation pursuant to 105 KAR 1:142 Section 4(2)(b)2.b.?  Yes  No

**If you checked "Yes", complete this section and continue to Section 5.**

**If you checked "No", skip this section and continue to Section 5.**

Describe the increase in creditable compensation for all employees in a specified class due to an increase in rate of pay authorized or funded by the legislative or administrative body of the employer or due to an increase in rate of pay mandated in a collective bargaining agreement approved by the legislative body of the employer.

**You must submit a copy of the personnel form with the date of increased rate of pay, an explanation, and documentation supporting the assertion that the increase in rate of pay was authorized or funded by the legislative or administrative body of the employer or mandated in a collective bargaining agreement approved by the legislative body of the employer.**

**Section 5: Certification**

I hereby certify that the above information is correct and:

- Exemption details in Section 2 are accurate;
- Employment details in Section 3 and 4 accurately describes the employee's job descriptions both prior to and after promotion or career advancement;
- If the employee was a new hire/rehire, I certify that I have made a diligent effort to determine the employee's prior job description, and I certify that the employee's current job description is accurate to the best of my knowledge; and
- I understand that Kentucky Public Pensions Authority may request that I testify at an administrative hearing as to the matters described herein.

I acknowledge that I have full understanding that any person who provides a false statement, report, or representation to a governmental entity such as the Kentucky Public Pensions Authority is subject to the penalty of perjury in accordance with KRS 523.010, et seq. I further acknowledge that if I knowingly submit or cause to be submitted a false or fraudulent claim for the payment or receipt of benefits, my employer or myself personally may be liable for repayment of benefits the member was not entitled to receive, and also liable for civil payments, legal fees, and costs.

Agency Head Signature: \_\_\_\_\_

Agency Head Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_

1 FINANCE AND ADMINISTRATION CABINET

2 Kentucky Public Pensions Authority

3 (Amendment)

4 105 KAR 1:001. Definitions for 105 KAR Chapter 1.

5 RELATES TO: KRS 16.505-16.652, 61.510-61.705, 78.510-78.852

6 STATUTORY AUTHORITY: KRS 61.505(1)(g)

7 NECESSITY, FUNCTION, AND CONFORMITY: KRS 61.505(1)(g) authorizes the  
8 Kentucky Public Pension Authority on behalf of the Kentucky Retirement Systems and the  
9 County Employees Retirement System to promulgate administrative regulations that are  
10 consistent with the provisions of KRS 16.505 to 16.652, 61.505, 61.510 to 61.705, and 78.510  
11 to 78.852. This administrative regulation establishes definitions for 105 KAR Chapter 1.

12 Section 1. Definitions. The following definitions shall apply to 105 KAR Chapter 1 unless  
13 otherwise required by context or otherwise defined in a specific administrative regulation:

14 (1) "AAC" means:

15 (a) Prior to April 1, 2021, the Administrative Appeals Committee of the Board of Trustees  
16 of the Kentucky Retirement Systems.

17 (b) Beginning April 1, 2021, the separate or joint Administrative Appeals Committees of  
18 the Board of Trustees of the Kentucky Retirement Systems and the Board of Trustees of the  
19 County Employees Retirement System in accordance with KRS 61.645(16) and 78.782(16).

20 (2) "Accumulated account balance" is defined by KRS 16.505(40), 61.510(41), and  
21 78.510(38).

22 (3) "Accumulated contributions" is defined by KRS 16.505(7), 61.510(12), and 78.510(12).

1 (4) "Accumulated employer credit" is defined by KRS 16.505(39), 61.510(40), and  
2 78.510(37).

3 (5) "Act in line of duty" or "in line of duty" is defined by KRS 16.505(19) and 78.510(48).

4 (6) "Active member" means a member who is participating in the systems.

5 (7) "Actuarial equivalent" is defined by KRS 16.505(13), 61.510(17), and 78.510(17).

6 (8) "Agency" means:

7 (a) Prior to April 1, 2021, the Kentucky Retirement Systems, which administered the State  
8 Police Retirement System, the Kentucky Employees Retirement System, and the County  
9 Employees Retirement System; and

10 (b) Beginning April 1, 2021, the Kentucky Public Pensions Authority, which is authorized  
11 to carry out the day-to-day administrative needs of the Kentucky Retirement Systems  
12 (comprised of the State Police Retirement System and the Kentucky Employees Retirement  
13 System) and the County Employees Retirement System.

14 (9) "Agency reporting official" is defined by KRS 78.510(20).

15 (10) "Alternate payee" is defined by KRS 16.505(38), 61.510(39), and 78.510(36).

16 (11) "Authorized leave of absence" is defined by KRS 16.505(14).

17 (12) "Beneficiary" is defined by KRS 16.505(25), 61.510(26), and 78.510(25).

18 (13) "Boards" means the Board of Trustees of the Kentucky Retirement Systems and the  
19 Board of Trustees of the County Employees Retirement System.

20 (14) "Bona fide promotion or career advancement" means:

21 (a) is defined by The definition provided by KRS 61.598(1) and 78.545(22); and

22 (b) Any increases in creditable compensation for all employees in a specified class due to  
23 an increase in rate of pay authorized or funded by the legislative or administrative body of the

1 employer or due to an increase in rate of pay mandated in a collective bargaining agreement  
2 approved by the legislative body of the employer.

3 (15) "Career threshold" is defined by KRS 61.702(4)(e).9.a. and 78.5536(4)(e)9.a.

4 (16) "County" is defined by KRS 78.510(3).

5 (17) "Creditable compensation" is defined by KRS 16.505(8), 61.510(13), and 78.510(13).

6 (18) "Current rate of pay" is defined by KRS 16.505(24), 61.510(25), and 78.510(24).

7 (19) "Current service" is defined by KRS 16.505(4), 61.510(10), and 78.510(10).

8 (20) "DAC" means:

9 (a) Prior to April 1, 2021, the Disability Appeals Committee of the Board of Trustees of the  
10 Kentucky Retirement Systems.

11 (b) Beginning April 1, 2021, the separate or joint Disability Appeals Committees of the  
12 Board of Trustees of the Kentucky Retirement Systems and the Board of Trustees of the  
13 County Employees Retirement System in accordance with KRS 61.665(4) and 78.545(11).

14 (21) "Department" is defined by KRS 61.510(3).

15 (22) "Dependent child" is defined by KRS 16.505(17) and 78.510(49).

16 (23) "Disability retirement date" is defined by KRS 16.505(16), 61.590(5)(b), and  
17 78.510(51).

18 (24) "Duty-related injury" is defined by KRS 61.621(2) and 78.545(20).

19 (25) "Early retirement date" is defined by KRS 16.505(20), 61.590(5)(c), and 78.545(4).

20 (26) "Employee" is defined by KRS 61.510(5) and 78.510(6).

21 (27) "Employer" is defined by KRS 16.505(3), 61.510(6), and 78.510(7).

22 (28) "Employer's effective cessation date" is defined by KRS 61.522(1)(c) and  
23 78.535(1)(c).

24 (29) "End of day" means:



1        (a) 11:59 p.m. Eastern Time, on the date referenced; and

2        (b) If the date referenced falls on a Saturday, Sunday, a public holiday listed in KRS  
3 2.110, a day on which the retirement office is actually and legally closed, or any other state or  
4 federal holiday that disrupts mail service, then the time period shall be met if the application,  
5 documentation, form, notice, or other requested or required information is filed or submitted no  
6 later than 11:59 p.m. Eastern Time on the next business day following the weekend, holiday,  
7 or date of closure.

8        (30) "Examiner" means the medical examiners as provided in KRS 61.665 and  
9 78.545(11).

10       (31) "File" means a form or document has been received at the retirement office by mail,  
11 fax, secure email, in-person delivery, or via Self Service on the Web site maintained by the  
12 agency (if available).

13       (32) "Final compensation" is defined by KRS 16.505(9), 61.510(14), and 78.510(14).

14       (33) "Final rate of pay" is defined by KRS 16.505(10), 61.510(15), and 78.510(15).

15       (34) "Fiscal year" is defined by KRS 16.505(32), 61.510(19), and 78.510(19).

16       (35) "Full-time student" means a person:

17       (a) Enrolled in a postsecondary program of study that meets the full-time student  
18 requirements of the institution in which he or she is enrolled;

19       (b) Enrolled in a continuing education or training program that meets the full-time  
20 requirements of the program or institution in which he or she is enrolled; or

21       (c) Enrolled in high school or a GED program that meets the full-time student requirements  
22 of the program or institution in which he or she is enrolled.

1        ~~(36)~~<sup>[35]</sup> "Gainful employment" means work in any capacity that is, or may be, performed  
2 with regularity and is, or may be, usually done for pay, whether or not pay is received,  
3 including seasonal, volunteer, part-time, and on-call work.

4        ~~(37)~~<sup>[36]</sup> "Grandfathered service" is defined by KRS 61.552(9)(b) and 78.545(7).

5        ~~(38)~~<sup>[37]</sup> "Hazardous disability" is defined by KRS 16.505(23) and 78.510(47).

6        ~~(39)~~<sup>[38]</sup> "Hazardous position" means a regular full-time officer as defined by 16.505(22),  
7 or a "hazardous position" as defined by 61.592(1)(a), 78.510(42), and 78.5520(1).

8        ~~(40)~~ "Hazardous service" means the number of years and months of employment as an  
9 employee in a hazardous position.

10       ~~(41)~~<sup>[39]</sup> "Hospital and medical insurance plan" is defined by KRS 61.702(1)(a) and  
11 78.5536(1)(a).

12       ~~(42)~~<sup>[40]</sup> "In line of duty" or "act in line of duty" is defined by KRS 16.505(19) and  
13 78.510(48).

14       ~~(43)~~<sup>[41]</sup> "Inactive member" means a member who is not participating in the system.

15       ~~(44)~~<sup>[42]</sup> "Increment" is defined by KRS 61.510(29) and 78.510(44).

16       ~~(45)~~<sup>[43]</sup> "Instructional staff" is defined by KRS 61.510(48).

17       ~~(46)~~<sup>[44]</sup> "Invalid," if used in reference to a form, means that the form does not meet the  
18 requirements to be valid, and shall not be processed by the agency.

19       ~~(47)~~<sup>[45]</sup> "Last day of paid employment" is defined by KRS 16.505(30), 61.510(32), and  
20 78.510(45).

21       ~~(48)~~<sup>[46]</sup> "Level percentage of payroll amortization method" is defined by KRS 61.510(28)  
22 and 78.510(43).

23       ~~(49)~~<sup>[47]</sup> "Medical information" as used in KRS 61.610, 61.615, 61.665, 78.5526 and  
24 78.5528:

1 (a) Means reports of examinations or treatments; medical signs that are anatomical,  
2 physiological, or psychological abnormalities that can be observed; psychiatric signs that are  
3 medically demonstrable phenomena indicating specific abnormalities of behavior, affect,  
4 thought, memory, orientation, or contact with reality; or laboratory findings that are anatomical,  
5 physiological, or psychological phenomena that can be shown by medically acceptable  
6 laboratory diagnostic techniques, including chemical tests, electrocardiograms,  
7 electroencephalograms, X-rays, and psychological tests; and

8 (b) Does not mean written statements from medical providers alone unless accompanied  
9 by supporting contemporaneous records as established in paragraph (a) of this subsection.

10 ~~(50)~~[48] "Member" is defined by KRS 16.505(21), 61.510(8), and 78.510(8).

11 ~~(51)~~[49] "Membership date" is defined by KRS 16.505(35), 61.510(36), and 78.510(33).

12 ~~(52)~~[50] "Month" is defined by KRS 16.505(34), 61.510(35), and 78.510(32).

13 ~~(53)~~[54] "Monthly average pay" is defined by KRS 16.505(41), 61.510(45), and  
14 78.510(52).

15 ~~(54)~~[52] "Monthly contribution rate" means the maximum contribution the systems will pay  
16 toward the premium of a retired member based on:

17 (a) The amount determined by the boards as provided in KRS 61.702(1)(b), 61.702(4)(b)-  
18 (d), 78.5536(1)(b), and 78.5536(4)(b)-(d) for a retired member who began participating in the  
19 systems on or before June 30, 2003; or

20 (b) The amount per month earned by the retired member based on years of service as  
21 provided in KRS 61.702(4)(e) and 78.5536(4)(e) for a retired member who began participating  
22 in the systems on or after July 1, 2003.~~[is defined by KRS 61.702(1)(b) and 78.5536(1)(b)].~~

23 ~~(55)~~[53] "Nominal fee" is defined by KRS 61.510(43) and 78.510(40).

24 ~~(56)~~[54] "Non-core services independent contractor" is defined by KRS 61.5991(9).

1        ~~(57)~~~~[55]~~ "Nonhazardous position" is defined by KRS 61.510(44) and 78.510(41).

2        (58) "Nonparticipating position" means any position of employment with a participating  
3 employer other than a regular full-time position or a regular full-time officer position.

4        ~~(59)~~~~[56]~~ "Normal retirement age" means the age at which the member meets the  
5 requirements for his or her normal retirement date.

6        ~~(60)~~~~[57]~~ "Normal retirement date" is defined by KRS 16.505(15), 61.510(18), 61.590(5)(a),  
7 and 78.510(18).

8        ~~(61)~~~~[58]~~ "Objective medical evidence" is defined by KRS 16.505(31), 61.510(33), and  
9 78.510(46).

10       ~~(62)~~~~[59]~~ "Officers and employees of the General Assembly" is defined by KRS  
11 61.510(20).

12       ~~(63)~~~~[60]~~ "Optional allowance" is defined by KRS 16.505(18).

13       ~~(64)~~~~[64]~~ "Participant" is defined by KRS 16.505(36), 61.510(37), and 78.510(34).

14       ~~(65)~~~~[62]~~ "Participating" is defined by KRS 16.505(33), 61.510(34), and 78.510(31).

15       ~~(66)~~~~[63]~~ "Participating employer" means any employer that participates in one (1) of the  
16 systems operated by the agency.

17       (67) "Participating position" means a regular full-time position, a regular full-time officer  
18 position, or other positions that meet the requirements of KRS 61.680(6)(a) and 78.545.

19       ~~(68)~~~~[64]~~ "Participation date" means the earlier of "membership date" as defined in this  
20 section or the date on which the member began participating in another state-administered  
21 retirement system if the member has not retired or taken a refund from the other state-  
22 administered retirement system.

23       ~~(69)~~~~[65]~~ "Past service" is defined by KRS 61.552(5)(a) and 78.545(7).

24       ~~(70)~~~~[66]~~ "Person" means a natural person.

1        (71)[67] "Premium" means the monthly dollar cost required to provide hospital and  
2 medical insurance plan coverage for a recipient, a recipient's spouse, or a disabled or  
3 dependent child.

4        (72)[68] "Prior service" is defined by KRS 16.505(5), 61.510(11), and 78.510(11).

5        (73)[69] "Provide," if used in reference to a form or other document, means the agency  
6 makes a form or document available on its Web site (if appropriate) or by mail, fax, secure  
7 email, or via Self Service on the Web site maintained by the agency (if available).

8        (74)[70] "Qualified domestic relations order" is defined by KRS 16.505(37), 61.510(38),  
9 and 78.510(35).

10       (75)[74] "Recipient" is defined by KRS 16.505(26), 61.510(27), and 78.510(26).

11       (76)[72] "Reemployment" means the retired member's first date of employment with a  
12 participating employer following his or her most recent retirement date.

13       (77)[73] "Regular full-time officers" is defined by KRS 16.505(22).

14       (78)[74] "Regular full-time position" is defined by KRS 61.510(21) and 78.510(21).

15       (79)[75] "Retired member" is defined by KRS 16.505(11), 61.510(24), and 78.510(23).

16       (80)[76] "Retirement allowance" is defined by KRS 16.505(12), 61.510(16), and  
17 78.510(16).

18       (81) "Retirement date" means a member's effective retirement date as described in KRS  
19 61.590(5) and 78.545(4).

20       (82)[77] "Retirement office" is defined by KRS 16.505(28), 61.510(31), and 78.510(29).

21       (83)[78] "School board" is defined by KRS 78.510(4).

22       (84)[79] "School term or year" is defined by KRS 78.510(28).

23       (85) "Self-Service Web site" means the secure Member Self-Service or Retiree Self-Service  
24 agency Web site.

1        (86)[80] "Service" is defined by KRS 16.505(6), 61.510(9), and 78.510(9).

2        (87)[84] "State" means the Commonwealth of Kentucky.

3        (88) "State-administered retirement system" means the retirement systems with  
4        reciprocity as described in KRS 61.680.

5        (89) "Submit" means the required form, documentation, report, or payment has been  
6        received by the retirement office via mail, fax, electronic mail, the Self-Service Web site, the  
7        Employer Self-Service Web site, or other mode specifically detailed in an administrative  
8        regulation.

9        (90)[82] "Systems" means the State Police Retirement System (KRS 16.505 to 16.652),  
10       the Kentucky Employees Retirement System (KRS 61.510 to 61.705), and the County  
11       Employees Retirement System (KRS 78.510 to 78.852).

12       (91)[83] "Total and permanent disability" is defined by KRS 16.582(1)(a) and  
13       78.5524(1)(a)1.

14       (92)[84] "Valid," if used in reference to a form, means that all required sections of a form  
15       are filled out, the form has been fully executed by the required person or the person's legal  
16       representative, and all supporting documentation required by the form is included with the  
17       form.

18       (93)[85] "Volunteer" is defined by KRS 61.510(42) and 78.510(39).

19       (18 Ky.R. 1692; 2195; eff. 1-10-1992; 22 Ky.R. 1325; 3-7-1996; 31 Ky.R. 785; 1049; eff.  
20       1-4-2005; 33 Ky.R. 2-2-2007; 44 Ky.R. 258; eff. 11-3-2017; 49 Ky.R. 1535, 1899; eff. 7-5-  
21       2023.)

APPROVED:

  
\_\_\_\_\_  
DAVID L. EAGER,  
EXECUTIVE DIRECTOR  
KENTUCKY PUBLIC PENSIONS AUTHORITY

3/21/2024  
\_\_\_\_\_  
DATE

**PUBLIC HEARING AND PUBLIC COMMENT PERIOD:** A public hearing to allow for public comment on this administrative regulation shall be held on Tuesday, June 25, 2024, 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 workdays prior to the hearing of their intent to attend. If no notification of intent to attend the hearing was received by that date, the hearing may be cancelled. 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 until June 30, 2024. 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 15<sup>th</sup> day of the month following the end of the public comment period, or upon filing a written request for extension, no later than the 15<sup>th</sup> day of the second month following the end of the public comment period.

**CONTACT PERSON:** Jessica Beaubien, Policy Specialist, Kentucky Public Pensions Authority, 1260 Louisville Road, Frankfort, KY 40601, email [Legal.Non-Advocacy@kyret.ky.gov](mailto:Legal.Non-Advocacy@kyret.ky.gov), telephone (502) 696-8800 ext. 8570, facsimile (502) 696-8615.



## REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Regulation number: 105 KAR 1:001  
Contact person: Jessica Beaubien  
Phone number: 502-696-8800 ext. 8570  
Email: [Legal.Non-Advocacy@kyret.ky.gov](mailto:Legal.Non-Advocacy@kyret.ky.gov)

(1) Provide a brief summary of:

(a) What this administrative regulation does: This administrative regulation establishes definitions for Title 105 of the Kentucky Administrative Regulations.

(b) The necessity of this administrative regulation: This administrative regulation is necessary to establish the definitions for Title 105 of the Kentucky Administrative Regulations.

(c) How this administrative regulation conforms to the content of the authorizing statutes: This administrative regulation conforms to the authorizing statute by establishing definitions for Title 105 of the Kentucky Administrative Regulations, which contains administrative regulations for the Kentucky Public Pensions Authority and the systems for which it provides operations.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: This administrative regulation will assist in the effective administration of the statutes by establishing definitions for the administrative regulations in Title 105 of the Kentucky Administrative Regulations.

(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: This amendment adds several new definitions.

(b) The necessity of the amendment to this administrative regulation: These additional definitions are needed to assist in the effective administration of statutes by establishing them as definitions for the administrative regulations in Title 105 of the Kentucky Administrative Regulations.

(c) How the amendment conforms to the content of the authorizing statutes: This amendment conforms to the authorizing statute by adding definitions for Title 105 of the Kentucky Administrative Regulations, which contains administrative regulations for the Kentucky Public Pensions Authority and the systems for which it provides operations.

(d) How the amendment will assist in the effective administration of the statutes: This amendment will assist in the effective administration of the statutes by adding definitions for the administrative regulations in Title 105 of the Kentucky Administrative Regulations.

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: This administrative regulation may affect over 420,000 members of the systems for which the Kentucky Public Pensions Authority provides operations as well as their spouses, dependent children, and beneficiaries. Additionally, this administrative regulation may affect 1,452 employers that participate in the State Police Retirement System, the Kentucky Employees Retirement System, and the County Employees Retirement System. Finally, this administrative regulation will affect the Kentucky Public Pensions Authority and the three (3) systems for which it provides operations, the State Police Retirement System, the Kentucky Employees Retirement System, and the County Employees Retirement System.

(4) Provide an analysis of how the entities identified in question (3) 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 (3) will have to take to comply with this administrative regulation or amendment: None.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (3): This regulation will not cost any additional funds.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (3): This administrative regulation will assist all entities identified in question (3) with understanding the administrative regulations in Title 105 of the Kentucky Administrative Regulations.

(5) Provide an estimate of how much it will cost to implement this administrative regulation:

(a) Initially: None.

(b) On a continuing basis: None.

(6) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation: There is no funding needed.

(7) 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: There is no increase in fees or funding required.

(8) State whether or not this administrative regulation establishes any fees or directly or indirectly increases any fees: This administrative regulation does not establish any fees or directly or indirectly increase any fees.

(9) TIERING: Is tiering applied? (Explain why or why not) Tiering is not applied. All entities have the same requirements.

## FISCAL IMPACT STATEMENT

105 KAR 1:001

Contact Person: Jessica Beaubien

Phone: 502-696-8800 ext. 8570

Email: [Legal.Non-Advocacy@kyret.ky.gov](mailto:Legal.Non-Advocacy@kyret.ky.gov)

(1) Identify each state statute, federal statute, or federal regulation that requires or authorizes the action taken by the administrative regulation. KRS 61.505(1)(g)

(2) Identify the promulgating agency and any other affected state units, parts, or divisions: The Kentucky Public Pensions Authority (KPPA) is the promulgating agency. The other affected state units are the employers that participate in the State Police Retirement System or the Kentucky Employees Retirement System.

(a) Estimate the following for the first year:

Expenditures: None.

Revenues: None.

Cost Savings: None.

(b) How will expenditures, revenues, or cost savings differ in subsequent years? None.

(3) Identify affected local entities (for example: cities, counties, fire departments, school districts): The employers that participate in the County Employees Retirement System may be impacted by this administrative regulation.

(a) Estimate the following for the first year:

Expenditures: None.

Revenues: None.

Cost Savings: None.

(b) How will expenditures, revenues, or cost savings differ in subsequent years? None.

(4) Identify additional regulated entities not listed in questions (2) or (3): None.

(a) Estimate the following for the first year:

Expenditures: None.

Revenues: None.

Cost Savings: None.

(b) How will expenditures, revenues, or cost savings differ in subsequent years? None.

(5) Provide a narrative to explain the:

(a) Fiscal impact of this administrative regulation: There is no fiscal impact for this administrative regulation.

(b) Methodology and resources used to determine the fiscal impact: There is no fiscal impact for this administrative regulation.

(6) Explain:

(a) Whether this administrative regulation will have an overall negative or adverse major economic impact to the entities identified in questions (2) - (4). (\$500,000 or more, in aggregate) This administrative regulation will not have a "major economic impact".

(b) The methodology and resources used to reach this conclusion: There is no major economic impact for this administrative regulation.



**KENTUCKY PUBLIC PENSIONS ~~AUTHORITY~~  
AUTHORITY MEMBERS  
POLICY AND PROCEDURES  
REGARDING OPEN RECORDS REQUESTS  
MADE IN ACCORDANCE WITH KENTUCKY REVISED STATUTES 61.870-61.884**

The ~~Authority Members~~Board of the Kentucky Public Pensions Authority (KPPA), in accordance with Kentucky Revised Statutes 61.876, hereby establishes the following policy and procedures regarding Open Records Requests made in accordance with Kentucky Revised Statutes 61.870-61.884.

- (1) Kentucky Revised Statutes 61.876 provides that "(e)ach public agency shall adopt rules and regulations in conformity with the provisions of Kentucky Revised Statutes 61.870 to 61.884 to provide full access to public records, to protect public records from damage and disorganization, to prevent excessive disruption of its essential functions, to provide assistance and information upon request and to insure efficient and timely action in response to application for inspection."
- (2) The policy of the ~~Authority Members~~KPPA is to provide broad access to all public records subject to the restrictions imposed by federal and state law. Kentucky Revised Statutes 61.878(1)(l) provides an exemption for public records or information the disclosure of which is prohibited or restricted or otherwise made confidential by enactment of the General Assembly. Kentucky Revised Statutes 61.661(1)(a) provides that "(e)ach current, former, or retired member's account shall be administered in a confidential manner and specific data regarding a current, former, or retired member shall not be released for publication." In 13-ORD-008, the Kentucky Attorney General found that denying Open Records Requests for documents regarding individual members of the retirement systems is a proper denial pursuant to KRS 61.878(1)(l). The decision states "...Retirement properly denied [the] request on the basis of [Kentucky Revised Statutes] 61.661(1), incorporated into the Open Records Act by operation of [Kentucky Revised Statutes] 61.878(1)(l)."

The KPPA shall not release any information regarding a current, former, or retired member without express written authorization or PIN number from the member or a court order or subpoena from a court of competent jurisdiction, except when the request asks for certain information relating to members or retired members who are current or former officeholders in the Kentucky General Assembly as provided in Kentucky Revised Statutes 61.661(a)(3)(a), in which case KPPA shall provide the requested information as mandated by statute.

[Additionally, KRS 61.645\(20\) and KRS 78.782\(19\) provide that the Systems' shall not be required to furnish information which, if disclosed, would compromise the Systems' ability to competitively invest in real estate or other asset classes.](#)

- (3) Procedures for Accessing Public Records from the KPPA:
  - A. The Kentucky ~~Employees~~ Retirement Systems and the County Employees

Retirement System ("~~Systems~~") shall both designate a custodian of records according to each ~~s~~Systems' respective bylaws.

- B. All Open Records Requests received by the KPPA shall be forwarded to the Office of Legal Services, Non-Advocacy Division, which shall be responsible for responding to all such requests.
- C. Requests ~~for under~~ ~~Open~~ Records must be made in writing and be in sufficient detail to allow the KPPA to identify the records requested for review.
- D. Requests may be submitted to the KPPA by:
  - (i) Hand delivery at the retirement office;
  - (ii) U.S. Mail;
  - (iii) Electronic mail at [krsopenrecords@kyret.ky.gov](mailto:krsopenrecords@kyret.ky.gov); or
  - (iv) Fax to (502) 696-8615.
- E. Requests for Open Records submitted by U.S. Mail should be addressed to:

Executive Director or designee  
Kentucky Public Pensions Authority  
1260 Louisville Road  
Frankfort, Kentucky 40601
- F. Public records may be reviewed in person at the offices of the KPPA at 1270 Louisville Road, Frankfort, Kentucky during normal business hours, Monday through Friday from 8:00 a.m. to 4:30 p.m., with the exception of state holidays, or when closed to the public during a State of Emergency as declared by the Governor of Kentucky. The respective custodian of records or the Office of Legal Services, Non-Advocacy Division will designate a KPPA employee to monitor any in person inspection.
- G. The KPPA will respond to all requests under ~~open~~ ~~Open records~~ ~~Records~~ as provided in Kentucky Revised Statutes 61.870-61.884. Under Kentucky Revised Statutes 61.880(1) and 61.872(5), responses to Open Records Requests are to be provided within ~~three-five (35)~~ business days unless more time is needed. If more time is needed, the KPPA will send notice of such which explains the circumstances for any delay. This timeline may also be suspended or extended by Order of the Governor of Kentucky.
- H. If the KPPA deems any responsive records exempt under Kentucky Revised Statutes 61.878, it shall so state the relevant exemptions in its response. If the KPPA deems any sections of the responsive records as needing redaction, it shall state the reasons for each such redaction.
- I. For responsive records in an electronic format sent by attachment ~~to~~ ~~via~~ secure email, the KPPA will impose no charge for the production of the records, unless

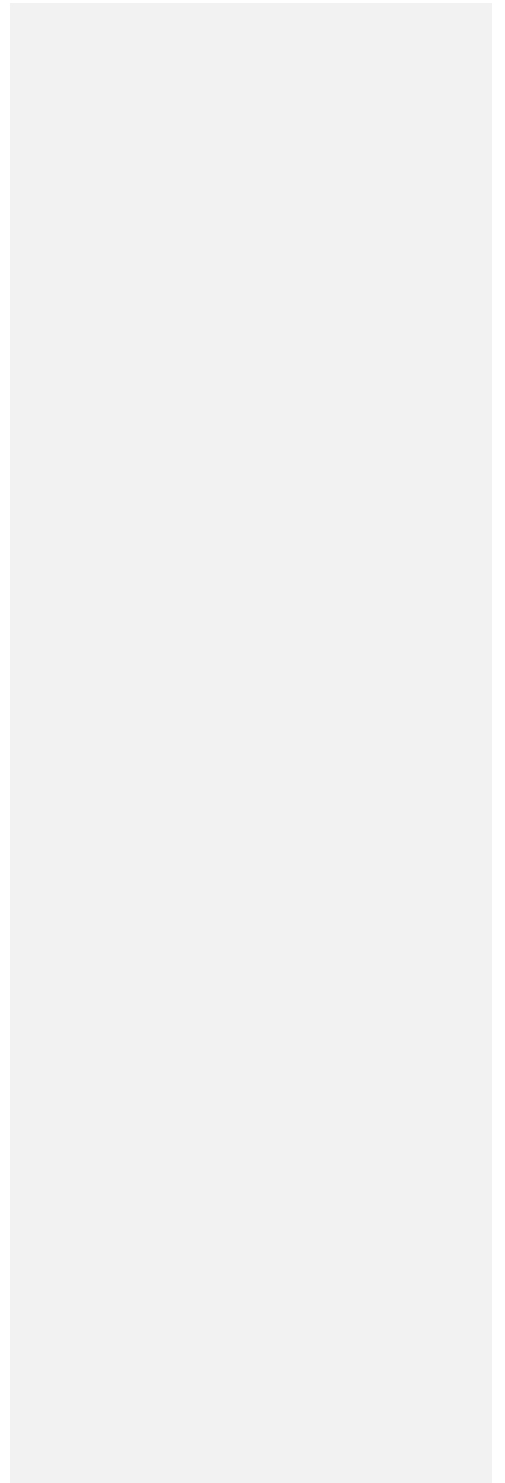


Signed: \_\_\_\_\_  
Chair  
Kentucky Public Pensions Authority

Date: \_\_\_\_\_

Signed: \_\_\_\_\_  
Executive Director  
Kentucky Public Pensions Authority

Date: \_\_\_\_\_







## KENTUCKY PUBLIC PENSIONS AUTHORITY

David L. Eager, Executive Director

1260 Louisville Road • Frankfort, Kentucky 40601  
kyret.ky.gov • Phone: 502-696-8800 • Fax: 502-696-8822



**TO: Kentucky Public Pensions Authority (KPPA) Board**

**FROM: Lori Casey**  
**Division Director, Human Resources**

**DATE: June 27, 2024**

**SUBJECT: KPPA Reorganization Plan**

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KPPA would like to submit a request for a reorganization to the Governor’s Office and to the Personnel Cabinet for consideration by the General Assembly in 2025.

The reorganization would establish the Office of Financial Management, which would be managed by the Chief Financial Officer (CFO). The Office of Financial Management would consist of the current Division of Accounting, the newly established Division of Investment Operations and a Compliance Officer.

Investment Operations currently exists in the Division of Accounting as a branch. The duties of the Investment Operations branch differs significantly from the other Accounting tasks which warrants making it a separate division. If approved, the establishment of this division would also create a new non-merit division director position.

In addition to the changes noted above, we are requesting to establish a non-merit Special Assistant position, who will have the working title of Compliance Officer. This position will be established in the newly created Office of Financial Management, reporting to the CFO. This role currently exists in the Office of Investments as a Special Assistant. This change will allow the position to continue to focus on compliance for the Office of Investments along with consolidating other areas of compliance at KPPA into a single position.

With approval, the KPPA Executive Director will contact the Office of the Governor’s Chief of Staff to communicate the agency’s intent to reorganize. With preliminary approval from that Office, a Reorganization Planning Worksheet, and all accompanying documents will be submitted as directed.

Also, with the approval of the Office, the Personnel Cabinet will coordinate a meeting with the reorganization team members (likely Ryan Barrow, Rebecca Adkins, Mike Lamb and myself).

Finally, we will submit draft legislation for review, to the Office and the Personnel Cabinet. While this approval will be legislated during the 2025 General Assembly, no specific timetable can be confirmed at this time.

**RECOMMENDATION: The KPPA Board approve the reorganization request.**

**\*Board of Trustees Action Required**



**KENTUCKY PUBLIC PENSIONS AUTHORITY**

David L. Eager, Executive Director

1260 Louisville Road · Frankfort, Kentucky 40601  
kyret.ky.gov · Phone: 502-696-8800 · Fax: 502-696-8822



**To: Kentucky Public Pensions Authority**

**From: David Eager, Executive Director**

**Date: June 27, 2024**

**Subject: KPPA Update**

---

- I. **STAFFING:** I agreed to extend my contract retirement date from June 30, 2024, to July 31, 2024. I will be serving as the Executive Director Consultant and will be assisting the transition of Ryan Barrow into the role of Executive Director.

Ryan Barrow will join the KPPA on June 16th, and shadow me until my departure. Meetings are being scheduled with internal staff, with more meetings being scheduled with State Legislators, various lobbying groups, and the media after his arrival.

As of June 4th, the staffing level was at 258 with 1 additional part time and 4 interns. We have the following compliment of interns in the following departments: Two in Legal (one in Advocacy and one in Non-Advocacy), one in Communications and one in Internal Audit.

Plans are being made to get legislation establishing the Office of Financial Management within KPPA and will move the position of Compliance Officer from the Investment Department to the Office of Financial Management.

Katie Park resigned effective May 31<sup>st</sup>. A search for a replacement is beginning.

A 3% raise will go into effect for all staff effective July 1, 2024.

KPPA and all State offices will be closed on June 19<sup>th</sup> in observance of Juneteenth.

- II. **OUTSIDE MEETINGS:** I am presenting to Larry Totten's Kentucky Public Retirees in Lexington on June 13<sup>th</sup>. Ryan Barrow and Erin Surratt are attending with me.

**III. LOUISVILLE OFFICE:** KPPA and Finance Cabinet staff visited four locations in Louisville on June 3<sup>rd</sup>. Each will submit a proposal with build out ideas and pricing. We will review their proposals as soon as they are submitted. The build out is estimated to take two months.

**IV. CONFERENCE ATTENDANCE:** The following staff have attended conferences since the last update:

NCPERS Annual Conference- Rebecca Adkins  
National Association of Government Communicators- Amy Fields  
Kentucky Bar Association Annual Convention- Carrie Slayton  
Building Business Capability Conference- Staci Receveur, Brent Shannon  
Public Retirement Systems Management (PRISM) Conference- Dominique McKinley, Chris Johnson, Karen Pierson, Wes Crosthwaite  
Government Finance Officers Association (GFOA)- Connie Davis, Natalie Young  
State and Local Government Benefits Association (SALGBA) Conference- Connie Pettyjohn (Presenter) and Abby Sutherland

**V. STRATEGIC PLAN:** Progressing on schedule under the direction of Rebecca Adkins, Deputy Executive Director.

**VI. ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR) and SUMMARY ANNUAL FINANCIAL REPORT (SAFR):** We are prepared to produce two ACFRs this year (one for CERS and one for KRS). The SAFR will have the same combined format as we have used in the past with letters from each of the two CEOs.

<b>VII. RETIREMENTS:</b>	FY 22/23: CERS +2.8%	KRS -22.95%	Total -5.92%
	FY 23/24: CERS -11.82%	KRS -.36%	Total -8.76%



**KPPA**  
Kentucky Public Pensions Authority

# STRATEGIC PLAN

## SUMMARY



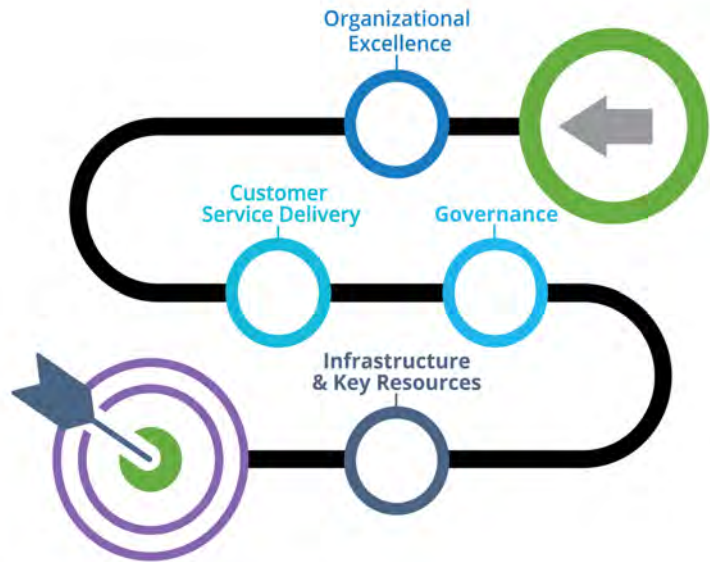
**2024-2028**

Presented by KPPA Leadership  
June 2024

## PURPOSE

The Kentucky Public Pensions Authority (KPPA) continues to prepare for a future of organizational excellence, responsive customer service, modernized information systems, and effective governance practices. Using KPPA's Mandates as a foundation, staff has developed a multi-year strategic plan that emphasizes executive leadership's commitment to meet and exceed evolving administrative and operational demands. Ultimately, KPPA is committed to ensuring that the retirement journey for our members is secure and supported by exemplary customer service for all stakeholders.

This strategic plan is a roadmap for the future focused on organizational excellence with a member and employer centric culture, modern technology, and leadership continuity. KPPA looks forward to delivering positive results for both those who are being served, and for the organization as a whole.



## THE SIX MANDATES

KPPA's six Mandates guide staff when serving members, beneficiaries, employers, and other stakeholders and set the standard for excellence in communications, staffing, customer service delivery, and investment operations for the organization. This strategic plan explains:

- How the Mandates serve as the foundation for the strategic planning process,
- How the Mandates are used to measure progress and performance, and
- The steps that KPPA staff will take to ensure operations directly support each Mandate.

The KPPA Board defines the strategic direction of KPPA operations. This strategic plan defines the highest-level goals of the organization. Executive leadership sets the Mandates as guiding principles for staff to use as they work towards implementing the strategic plan. As strategic goals change in response to customer needs, the Mandates may also require modifications.

**1** Strive for appropriate funding for all plans.

**2** Provide members with efficient access to information and helpful counseling to meet their individual needs.

**3** Manage the assets in accordance with each plan's needs while adding value to a passive portfolio.

**4** Communicate effectively with all constituents, while ensuring appropriate transparency.

**5** Maintain a work environment that promotes employee inclusion and diversity, effectiveness, morale, safety, and retention.

**6** Insist on a culture of continuous enhancement to everything we do.

## STRATEGIC PLANNING PROCESS

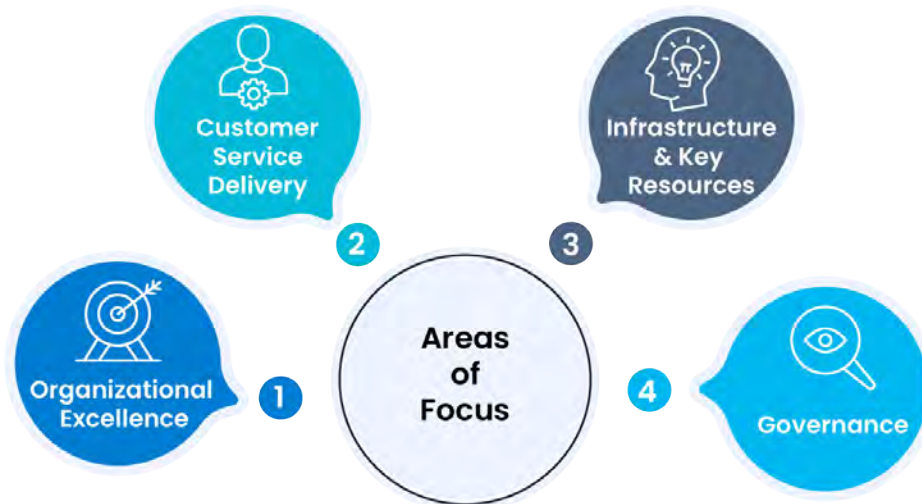
In support of the Mandates, this strategic plan identifies four Areas of Focus: Organizational Excellence, Customer Service Delivery, Infrastructure and Key Resources, and Governance. The activities that support focus areas are called Strategic Initiatives. Planning and performance monitoring of the Strategic Initiatives is an ongoing critical process, based on key performance metrics.



The process is cyclical and begins with strategic long-term vision in the strategic plan, then executive management planning, and proceeds to establishing the annual operating plan and budget. Based on the long-term vision of the strategic plan, the executive management team determines the projects and operating needs for the upcoming years and develops the budget for consideration and approval by the board and the Kentucky General Assembly. KPPA then measures performance to ensure that progress is being made towards its goals and conducts an annual assessment of performance that feeds back into strategic planning. This recurring planning-to-performance process keeps KPPA centered on the strategic areas of focus and empowers staff to execute activities to achieve the performance goals using the high standards set forth by the Mandates.

## AREAS OF FOCUS

KPPA has conducted a comprehensive review of our organizational structure and current procedures to develop a plan with four components, called **Areas of Focus**:



Together, the Areas of Focus support continually enhancing service and execution of the **Strategic Initiatives** as KPPA adapts to customer needs and changing internal and external environments. The Strategic Initiatives provide details about KPPA's approach to success in these areas.





## ORGANIZATIONAL EXCELLENCE

*Create KPPA Organizational Excellence Model*

Organizational excellence is the cornerstone for customer service and business operations. Given the dynamic nature of the retirement landscape, KPPA fosters a culture of innovation, continuous enhancement, and adaptability. Executive staff is dedicated to developing a skilled and responsive workforce; enabling KPPA to meet challenges, take advantage of opportunities when presented, and have an evolving and responsive customer service model.

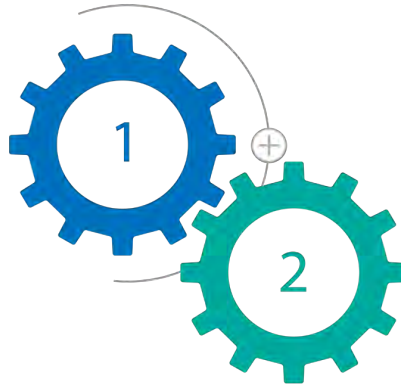
Organizational Excellence best practices are common in most successful organizations. KPPA executives will use proven best practices going forward to enhance the KPPA structure. These best practices will focus on refining customer service delivery and business operations to mirror high performance of other successful retirement systems and business organizations.

A formal organizational excellence model will create an environment centered on efficient use of resources that are planned and focused. Processes will be executed and evaluated against specific performance goals.

### KEY STRATEGIC INITIATIVES

#### Support the Mandates

Enhance and support the KPPA Mandates by using organizational excellence best practices and continuous improvement programs for business operations to create and follow an ongoing KPPA organizational excellence model.



#### Benchmarking & Best Practices

Use benchmarking and best practices programs for customer service delivery and related continuous improvement services to compare KPPA performance to other organizations.

Continuous enhancement of operations will gradually shift KPPA to a more proactive operating stance that supports a carefully planned future. KPPA staff will frequently compare services and operations against other retirement systems and public and private sector organizations to measure performance against these benchmarks.





## CUSTOMER SERVICE DELIVERY

*Modernize, Enhance, and Sustain High Quality Services*

Enhanced customer service delivery is not just a goal for KPPA; it is a pledge to enrich the member experience. By prioritizing transparency, accessibility, and personalized support, staff continually refines what it means to be served by KPPA. Through streamlined processes and enhanced communication channels, KPPA aims to further build trust and maintain positive relationships with our valued members, employers, and other stakeholders.

KPPA strives to deliver high levels of customer service to its members, beneficiaries, and employers. This is best accomplished by engaging with members and employers from the start and building on those relationships. For members, this means providing communication and education throughout their time with KPPA by:

- Connecting with new hires as they begin their careers,
- Communicating with members as they go through career stages, achieve key milestones, and ultimately retire, and
- Providing support with a variety of educational options and services tailored to each stage in their career and age group.

For employers, this means ensuring the appropriate training, tools, and information are available to:

- Support accurate reporting of employee data,
- Ensure contributions are collected efficiently, and
- Support members with appropriate KPPA resources so they can make informed decisions about their retirement account.

Over time, customer service delivery expectations change as societal trends evolve. It is important to continually evaluate service delivery methods in the context of these trends. Doing so ensures KPPA services incorporate the appropriate technology and that relevant performance benchmarks are adjusted accordingly.

User satisfaction surveys are an integral part of ensuring efforts to deliver high levels of customer service are hitting the mark. KPPA intends to expand the use of surveys on all key processes and customer interactions to better understand the effectiveness of the services and determine ways to continually improve over time.

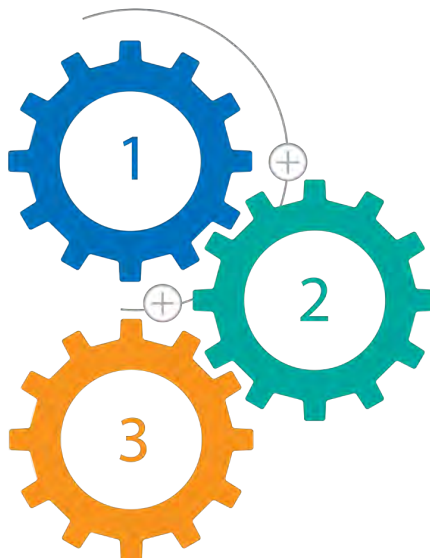
### KEY STRATEGIC INITIATIVES

#### Targeted Communications & Programs

Build member engagement across career stages and age groups through more targeted communications and programs.

#### Service Delivery Programs

Evaluate service delivery programs regularly to take advantage of changing societal trends and performance benchmarks.



#### Satisfaction Surveys

Use timely satisfaction surveys to fine tune and/or redesign future programs.



## INFRASTRUCTURE & KEY RESOURCES

*Modernize and Sustain High Quality Resources*

Modernizing information systems is not merely a technological initiative; it is a strategic imperative to fortify the foundation of operations. By investing in technology, data security, and analytics capabilities, KPPA will continue to enhance efficiency, accuracy, and responsiveness. Designed to meet current demands and position KPPA to leverage the rapidly evolving technology landscape, this modernization effort focuses on infrastructure and key resources. KPPA considers staff as the key resource. Therefore, succession planning is another critical component of our strategic vision. KPPA is committed to developing staff and preparing them to take on leadership roles in the future. Recognizing the importance of ensuring a seamless transition of institutional knowledge is critical to success.

KPPA staff believes a strong and dynamic foundation is critical to achieving strategic and operational goals. The key components of this foundation are the employees, their work environment, and the technology that supports the services they provide. With a significant number of employees eligible to retire in the next few years, it is imperative that KPPA replace these valuable resources with capable, effective staff able to lead the agency into the future. KPPA must also strengthen programs that foster a growth-oriented environment and early-stage leadership, ensuring that the organization prepares staff and continually builds leadership skills through continuous succession planning activities. Creating a supportive work environment that encourages collaboration and efficiency while providing flexibility to staff is a challenge many organizations are dealing with today. KPPA will continue to monitor workplace trends to determine the direction and effectiveness of current models and to better evaluate possible changes to the workplace environment.

Technology continues to change at a rapid pace while also playing an increasingly important role in the services provided. KPPA will conduct a comprehensive technology assessment in 2024 to develop a roadmap based on best practices to address aging technology and to provide the right technology at the right time while continuing to protect our customers and their data.

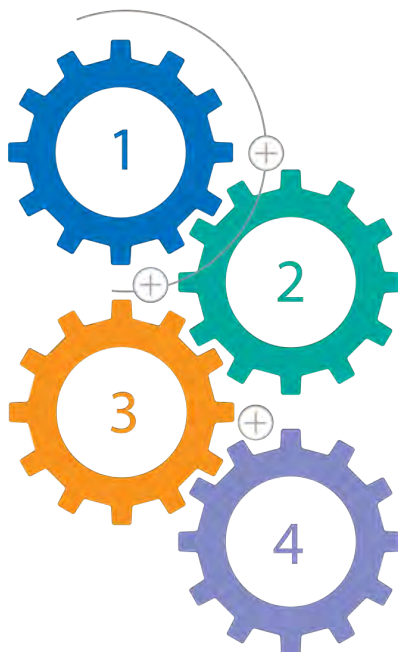
### KEY STRATEGIC INITIATIVES

#### Succession Plan

Reinforce KPPA's early-stage leadership and ongoing succession plan activities with additional proven best practices.

#### Technology

Conduct a comprehensive review of current technology against current and future needs and develop an overall roadmap with specific steps for addressing KPPA needs and consistent with societal trends in technology use.



#### Hybrid Work

Continue to monitor and measure the effectiveness of the evolving hybrid working arrangements during 2024 and update plans accordingly for 2025 and beyond.

#### Investments

Expand in-house investments management capabilities.



## GOVERNANCE

*Confirm, Improve, and Monitor Operations*

The governance structure of KPPA has been modified by legislative action and subsequent operational adjustments in recent years. During the strategic planning period, staff will focus on improving the effectiveness and efficiency of this structure and the agency’s operations.

Governance best practices from other organizations will be compared to current operations. A review of organizational bylaws and policies, and daily KPPA administrative policies and operational activities will be conducted to identify continuous improvement opportunities. These continuous improvement opportunities will be recommended to KPPA leaders and the KPPA Board as appropriate.

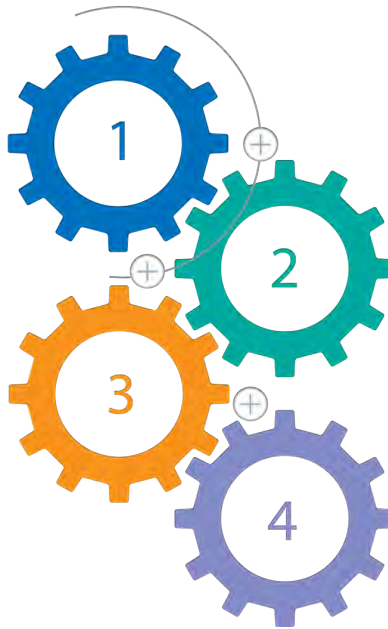
### KEY STRATEGIC INITIATIVES

#### KPPA Board

Reinforce and communicate the structure and purpose of the KPPA Board as needed.

#### Operational Decisions

Refine process of KPPA Board decisions impacting operations to ensure relevant statutes are being applied effectively and efficiently.



#### Policy Governance Models

Apply best practices from Policy Governance models.

#### Operational Resources

Ensure that KPPA operational resources are controlled and monitored by the Executive Director as directed by the KPPA Board.

## LOOKING AHEAD

KPPA is excited about the future and the role the organization serves in the lives of our members, retirees, beneficiaries, employers, and other stakeholders. The strategic plan serves as a roadmap in our journey to continuously enhance KPPA’s administration and services. Executive management recognizes that the strategic planning process is not a one-time event but a continuous cycle of improvement and is committed to fostering an environment of organizational excellence and sustainability.

The KPPA Board and the entire KPPA team remain committed to the core Mandates that serve as the standard of excellence to continue to ensure appropriate funding, communicate effectively with all stakeholders, and invest in staff and technologies to ensure KPPA is prepared for the future.