Kentucky Public Pensions Authority
Quarterly Board Meeting
September 24, 2026 at 10:00 a.m. EST
Live Video Conference/Facebook Live
AGENDA

1.	**Call to Order**	**George Cheatham**
2.	**Legal Opening Statement**	**Michael Board**
3.	**Roll Call/Public Comment**	**Sherry Rankin**
4.	**Approval of Minutes – June 11, 2026 and June 25, 2026***	**George Cheatham**
5.	**KPPA Open Enrollment Update**	**Connie Pettyjohn**
6.	**KPPA Audit Committee Report****	**Kristen Coffey**
7.	**KPPA Ad Hoc Regulation Committee Report***	**Keith Peercy** **Nathan Goodrich** **Carole Catalfo**
8.	**Administrative Budget to Actual**	**Michael Lamb**
9.	**Investment Department Update**	**Steve Willer**
10.	**Procurement Department Updates** - ***Procurements Awarded in Last 12 Months and Status*** - ***Procurements Currently being advertised and purpose*** - ***Procurements being contemplated in the next 6 months and purpose.***	**Erin Surratt** **Anne Baker**
11.	**IT Modernization Update**	**Dominique McKinley**
12.	**KPPA Board of Trustees Ad-Hoc Committee on Governance and By-Laws***	**George Cheatham**
13.	**Optional 15-minute Break**	**George Cheatham**
14.	**HIPAA Policy****	**Carrie Bass** **Nathan Goodrich**
15.	**KPPA Strategic Plan Status Update**	**Erin Surratt**
16.	**KPPA Meeting Calendar 2027***	**George Cheatham**

17. KPPA Housekeeping Bill**	**Ryan Barrow** **Erin Surratt**
18. KPPA HR Update	**Lori Wells**
19. KPPA Employer Compliance and Education Update	**Michael Lamb** **D'Juan Surratt**
20. KPPA Update	**Ryan Barrow**
21. Closed Session – Litigation**	**George Cheatham**
22. Adjourn*	**George Cheatham**

**Board Action Required*
***Board Action May Be Required*

MINUTES OF MEETING
KENTUCKY PUBLIC PENSIONS AUTHORITY
SPECIAL CALLED BOARD MEETING
VIA LIVE VIDEO TELECONFERENCE
JUNE 11, 2026, AT 3:00 PM EST

At the special called meeting of the Kentucky Public Pensions Authority held on June 11, 2026, the following Board members were present: George Cheatham (Chair), Keith Peercy, Dr. Patricia Carver, Dr. Merl Hackbart, Prewitt Lane, Jim Tony Fulkerson, William Summers, V, and Larry Totten. Staff members present were KRS CEO John Chilton, CERS CEO Ed Owens III, Ryan Barrow, Michael Board, Leigh Ann Davis, Phillip Cook, Shery Rankin, and Mary Hill. Others in attendance included Paul Harnice, Chris Schaefer, Connor Egan, and Andy Hagerman with Stoll Keenon Ogden PLLC.

1. Mr. Cheatham called the meeting to ***order.***

2. Mr. Board read the ***Legal Opening Statement.***

3. Ms. Rankin ***called roll.***

4. Mr. Cheatham introduced agenda item ***Public Comment.*** Ms. Rankin indicated there were no public comments.

5. Mr. Cheatham introduced agenda item ***Closed Session.*** *(Video 00:06:56 to 00:08:33).* Mr. Cheatham requested a motion to move into closed session to discuss litigation. Mr. Fulkerson made the motion and Mr. Totten seconded. A vote to move into executive session was held and the motion carried unanimously. Before going into closed session, Mr. Cheatham read the following statement:

> *"A motion having been made in open session to move into 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). Closed session is necessary*

because of the necessity of protecting the confidentiality of the KPPA's litigation strategy and preserving any available attorney-client privilege."

****** Closed Session ******

Mr. Cheatham requested a motion to come out of executive session. *(Video 2 00:00:40 to 00:03:27).* Mr. Summers made the motion and Dr. Carver seconded. A vote was held and the motion carried unanimously. Mr. Cheatham noted for the record that no votes were held within executive session and he requested a motion to approve the settlement with Blackstone Alternative Asset Management and affiliated entities, as discussed in closed session, including authorizing the filing of any litigation required by the settlement and authorizing the KPPA Chair to sign all settlement documents on behalf of the Board. Mr. Fulkerson made the motion to approve, and Mr. Totten seconded. A vote was held and the motion passed unanimously.

Mr. Cheatham then requested a motion to approve the settlement on behalf of the Officers and Trustees, as discussed in closed session, including authorizing the filing of any litigation required by the settlement and authorizing the KPPA Chair to sign all settlement documents on behalf of the Board. Dr. Carver made the motion to approve, and it was seconded by Mr. Fulkerson. A vote was held and the motion passed unanimously.

6. There being no further business, Mr. Cheatham declared the meeting ***adjourned.***

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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.

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Recording Secretary

We, the Chair of the Kentucky Public Pensions Authority and Executive Director, do certify that the Minutes of Meeting held on June 11, 2026, were approved on September 24, 2026.

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KPPA Board Chair

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Executive Director

I have reviewed the Minutes of the June 11, 2026, Kentucky Public Pensions Authority Meeting for content, form, and legality.

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Executive Director, Office of Legal Services

MINUTES OF MEETING
KENTUCKY PUBLIC PENSIONS AUTHORITY
BOARD MEETING
VIA LIVE VIDEO TELECONFERENCE
JUNE 25, 2026, AT 10:00 AM EST

At the regular meeting of the Kentucky Public Pensions Authority held on June 25, 2026, the following Board members were present: George Cheatham (Chair), Dr. Patricia Carver, Keith Peercy, Dr. Merl Hackbart, Jim Tony Fulkerson, William Summers V, and Larry Totten. Staff members present were KRS CEO John Chilton, CERS CEO Ed Owens III, Erin Surratt, Michael Lamb, Michael Board, Odette Gwandi, Victoria Hale, Leigh Ann Davis, Steve Willer, Anthony Chiu, Joe Gilbert, Ian Blaiklock, Kristen Coffey, Madeline Evans, Connie Davis, Phillip Cook, Sherry Rankin, and Mary Hill.

1. Mr. Cheatham called the meeting to order.

2. Mr. Board read the ***Legal Opening Statement.***

3. Ms. Rankin ***called roll.***

4. Ms. Rankin noted there were no ***Public Comments.***

5. Mr. Cheatham introduced agenda item ***Approval of Minutes – April 22, 2026.*** *(Video 00:05:54 to 00:06:22)*. Mr. Fulkerson made a motion to approve the minutes of the meeting held on April 22, 2026. Mr. Summers seconded the motion. A vote to approve was held and the motion carried unanimously.

6. Mr. Cheatham introduced agenda item ***KPPA Audit Committee Recommendations.*** *(Video 00:06:28 to 00:10:45*). Mr. Summers introduced Ms. Coffey to discuss the reports from the Special Called Audit Committee Meeting held on June 10th. Ms. Coffey stated there were several items to be presented for ratification, including the proposed fiscal year 2027 budget. The budget reflected a 5% increase over estimated actual expenses for 2026, accounting for salary increases in July and anticipated insurance increases, as well as higher conference

expenses due to co-hosting an event in November. Mr. Summers made the motion to ratify the action of the Audit Committee's approval of the budget for Internal Audit, as presented. Mr. Totten seconded the motion and a vote was held. The motion passed unanimously.

Ms. Coffey then introduced Ms. Evans to discuss internal audit reports. Ms. Evans presented the audit of the post-retirement process and reported there were no findings. Nor were there any findings in the administrative regulations audit. Mr. Summers made a motion to ratify the Audit Committee's approval of the internal audit reports as presented, and to authorize KPPA staff to implement any corrective action. Mr. Totten seconded, and a vote was held. The motion passed unanimously.

7. Mr. Cheatham introduced agenda item ***FY27 Administrative Budget.*** *(Video 00:11:04 to 00:16:23*). Mr. Lamb presented the KPPA administrative budget for fiscal year 2027, totaling $49,811,000, as passed through House Bill 500 in the biennium budget process. He explained the process for handling line items and noted that if a summarized line item goes over budget, board approval is required, but staff can move amounts between individual line items as needed. Mr. Totten inquired about the locality premium line item, which was separated out in this year's budget for tracking purposes. Approximately $475,000 was budgeted for locality premiums, which relate to IT positions and are paid in areas where it is difficult to find qualified personnel. Mr. Totten made a motion to approve the FY 2027 administrative budget as presented and the motion was seconded by Mr. Fulkerson. A vote was held and the motion passed unanimously.

8. Mr. Cheatham introduced agenda item ***Investment Department Update.*** *(Video 00:16:25 to 00:25:40)*. Mr. Willer reported mixed quarterly performance, with positive returns in January and February but a decline in March. Both pension and insurance composites outperformed their benchmarks, resulting in significant fiscal year-to-date gains. The pension composite returned 5.65%, outperforming its benchmark by 65 basis points, and the insurance composite returned 5.42%, outperforming its benchmark (4.91%). This outperformance equated to approximately $147 million for the pension portfolio and $45 million for the insurance portfolio. Preliminary May results indicated that composites were up about 2%, potentially

bringing fiscal year-to-date performance to over 13%, but caution was advised due to increased volatility in June.

Staff renegotiated management fees with the public high-yield manager, lowering fees by 12% and saving an estimated $500,000 annually. Over the past eighteen (18) months, fees were renegotiated with seven (7) of fourteen (14) public equity managers, resulting in annual savings of approximately $4.6 million. Mr. Willer then presented the investment budget for fiscal year 2027 at $10.8 million, a reduction of $1 million (8%) from fiscal year 2026. Consulting services increased by $30,000 (2%) due to inflation and a new line item for a private markets consultant. Legal and auditing services decreased by $1.57 million due to resolution of investment litigation, but future expenses could rise depending on actions in remaining open cases. The contractual services line item increased by $600,000, mainly due to higher custodial services costs driven by increased assets and account activity. S&P Global Index services were replaced by Russell, and ISS fees increased by $40,000 due to the expanded scope for securities litigation monitoring and filing, now covering both U.S. and non-U.S. claims. A scheduled RFP for custodial services will occur in the first quarter of fiscal year 2027, with a working and scoring group already formed. Mike Lamb is heading the process, with Investments acting as a consultant and part of the scoring team. The goal is to complete the RFP by the second quarter of fiscal year 2027.

Mr. Cheatham requested a motion to approve the FY 2027 Investment Budget as presented and Mr. Totten made the motion. Dr. Hackbart seconded and a vote was held. The motion passed unanimously.

9. Mr. Cheatham introduced agenda item ***KPPA Update.*** *(Video 00:25:42 to 00:26:15)*. Ryan Barrow's update on KPPA operations was previously provided to members in their respective Board meetings. Mr. Barrow was not present for this meeting; Ms. Surratt confirmed there was nothing additional to add beyond what was included in the distributed report.

10. Mr. Cheatham introduced agenda item ***KPPA Strategic Plan Update – FY27 Business Plan.*** *(Video 00:26:16 to 00:51:42).* Ms. Surratt presented an overview of the annual business plan

for fiscal year 2027, including background on the four-year strategic plan developed with Provaliant in 2025, and the evolution from an implementation plan to a business plan. Ms. Surratt noted that her presentation was a high-level overview of the entire plan, which is quite lengthy. Those who wished to read the entire plan could find it in their board materials. She was also careful to note that the plan was a "fluid" document and subject to change, allowing for adjustments as priorities change throughout the year.

The Strategic Planning Committee was formed in the fall of the current fiscal year and meets monthly. The Committee is tasked with evaluating ongoing and new initiatives, developing processes, and improving staff communication regarding the strategic plan. There are four (4) areas of focus in the strategic plan: organizational excellence, customer service delivery, infrastructure and key resources, and governance. Ms. Surratt stated that ongoing and periodic review of all in-house policies by the Compliance Officer had begun and will continue into fiscal year 2027. Three-person teams, selected by business areas, spent 50% of their time for three (3) months researching and recommending improvements for each initiative. This approach will continue for service delivery programs, including the paper check reduction initiative that resulted in a 32% decrease in paper checks for monthly payroll between June 2025 and June 2026.

Other large parts of the plan included continued focus on member self-service enhancements, reevaluation of the current service model, and employer self-service redesign; ongoing staff training on Microsoft 365 collaborative tools; expansion of key performance indicators (KPIs) to cover all functional areas across the agency; and the establishment of framework for sustained conformance with web content accessibility guidelines, with compliance required by April 2027 due to federal regulations.

The Plan's technology updates will include the development of an internal artificial intelligence policy and implementation of an identity verification solution for enhanced security for the member self-service portal. Additionally, there will be an upgrade of the phone system, a consolidation and update of accounting software, and the integration of a software development lifecycle into strategic planning. Ms. Surratt stated that the technology assessment by Linea Solutions was underway, with recommendations for system modernization expected by December. The Capital Project planning phase was approved for fiscal years 2027 and 2028, with implementation scheduled for fiscal years 2029 and 2030, and closure in fiscal years 2031 and 2032. Ms. Surratt emphasized that modernization plans take several years to implement, and the Board will receive updates as they are available. Regarding Governance, there will be ongoing evaluation of board and committee document processes, including redaction policy and bylaw compliance. A three-person team is working on a policy and procedure solution to centralize access to policies.

Mr. Cheatham requested the number of members who are still receiving a paper check, and Ms. Surratt stated the numbers are very low, as KPPA policy requires a direct deposit of the monthly pension checks unless a member does not have a bank account or the bank does not accept electronic transfers. She noted that the numbers showed fewer than 1% of members still received paper checks and Ms. Coffey stated that a recently performed audit confirmed those numbers. Regarding the new identity verification process, Ms. Surratt stated that KPPA will be using ID.me, a vendor also used by the IRS, the SSA, and other statewide pension plan administrators. Following the presentation, Mr. Cheatham requested a motion to approve the updates to the KPPA Strategic Plan and 2027 Business Plan, as presented. Mr. Totten made the motion to approve, and it was seconded by Mr. Summers. A vote was held and the motion passed unanimously.

11. Mr. Cheatham introduced agenda item C***losed Session.*** *(Video 00:51:46 to 00:53:37).* Mr. Cheatham requested a motion to move into closed session to discuss litigation. Mr. Totten made a motion for closed session, and it was seconded by Dr. Carver. A vote to move into closed session was held and the motion carried unanimously. Before going into closed session, Mr. Cheatham read the following statement:

> *A motion having been made in open session to move into 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). Closed session is necessary*

because of the necessity of protecting the confidentiality of the KPPA's litigation strategy and preserving any available attorney-client privilege.

******Closed Session******

Mr. Cheatham requested a motion to come out of executive session. *(Video 2 00:00:41 to 00:01:51).* Mr. Fulkerson made the motion and Mr. Totten seconded. The motion carried unanimously, and the Board came back into open, public session. Mr. Cheatham noted for the record that no votes were held within executive session

12. There being no further business, Mr. Cheatham requested a motion to ***adjourn*** the meeting. Mr. Fulkerson made the motion and Mr. Totten seconded. The motion carried unanimously, and the meeting was adjourned.

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CERTIFICATION

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Recording Secretary

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KPPA Board Chair

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Executive Director

I have reviewed the Minutes of the June 25, 2026, Kentucky Public Pensions Authority Meeting for content, form, and legality.

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Executive Director, Office of Legal Services

Kentucky Employees Health Plan (KEHP) 2027 Open Enrollment Benefit Fairs

COUNTY	DATE	TIME	LOCATION
Boyd	Monday 09/28/2026	4:00 p.m. to 6:30 p.m. ET	Boyd County High School 14375 Lions Lane Ashland, KY 41102
Pike	Tuesday 09/29/2026	2:00 p.m. to 6:00 p.m. ET	Pike Co. Central High School Cafeteria 100 Winners Circle Dr. Pikeville, KY 41501
Franklin	Wednesday 09/30/2026	9:00 a.m. to 6:00 p.m. ET	State Office Bldg. Auditorium 501 High Street Frankfort, KY 40601
Hardin	Thursday 10/01/2026	3:30 p.m. to 7:30 p.m. ET	Bluegrass Middle School 170 W A Jenkins Rd. Elizabethtown, KY 42701
McCracken	Monday 10/5/2026	2:00 p.m. to 6:00 p.m. CT	Paducah Innovation Hub 500 South 25th St. Paducah, KY 42003
Hopkins	Tuesday 10/6/2026	2:00 p.m. to 6:00 p.m. CT	Hopkins Career & Tech Center 1775 Patriot Dr. Madisonville, KY 42431
Daviess	Wednesday 10/7/2026	2:00 p.m. to 6:00 p.m. CT	Daviess Co. Public Schools Central Office, Rooms 323, 331, 335 4801 Frederica St. Owensboro, KY 42301

COUNTY	DATE	TIME	LOCATION
Jefferson	Wednesday 10/7/2026	2:00 p.m. to 7:00 p.m. ET	Kentucky Exposition Center East Hall A 937 Phillips Lane Louisville, KY 40209
Pulaski	Thursday 10/8/2026	2:00 p.m. to 6:00 p.m. ET	Somerset Community College Meece Hall Auditorium, Room 120 808 Monticello St. Somerset, KY 42501
Boone	Monday 10/12/2026	2:00 p.m. to 6:00 p.m. ET	Gateway Community & Technical College Convening Center, Room B123 500 Technology Way Florence, KY 41042
Fayette	Tuesday 10/13/2026 & Wednesday 10/14/2026	3:30 p.m. to 7:30 p.m. ET	Steam Academy 1555 Georgetown Rd. Lexington, KY 40511
Warren	Thursday 10/15/2026	2:00 p.m. to 6:00 p.m. CT	Warren County Public Schools Central Office 303 Lovers Lane Bowling Green, KY 42103
Russell	Thursday 10/15/2026	2:00 p.m. to 6:00 p.m. CT	Russell County Complex Auditorium Natatorium 2167 South Hwy 127 Russell Springs, KY 42642

New Location – Kentucky Exposition Center Wednesday 10/7/2026 2pm-7pm ET, 935 Phillips Lane, Louisville KY, 40209

Web enrollment - a kiosk will be available at each event for KPPA retirees to log into their self-service account and complete the enrollment.

KPPA Non-Medicare Eligible Retiree Open Enrollment- Email Blasts

Date	Emails	Delivered %	Delivered #	Open Rate %	Open Rate #	Click Rate %	Click rate #
8/26/2026	21,444	96%	20,824	64%	13,365	3%	576
Date	Emails	Delivered %	Delivered #	Open Rate %	Open Rate #	Click Rate %	Click rate #
9/1/2026	7,085	99%	7,075	21%	1,462	1%	47

9/16/2026 KPPA mailed 1,500 post cards to the retirees that did not open emails noted above or retirees who do not have an email address on file at KPPA.

9/1/2026 the Department of Employee Insurance (DEI) Email Blast to Retirees enrolled in KEHP plans had a 62% Open Rate.

KEHP Open Enrollment Books for 2027 Non-Medicare eligible retirees will be mailed in the last week of September 2026. Retirees have until October 31, 2026 to complete the enrollment on their individual KPPA retiree self-service account, upload documents to their self-service account at KPPA, or send a paper health insurance enrollment form to KPPA. Insurance Enrollment Forms will be in the book for retirees to submit.

KPPA will offer 2 Webinars a day during September 28th through October 30th. A video will be posted for review at any time by the public.

KPPA has opened additional visitor offices at Frankfort KPPA office, scheduling retirees for in person counseling and providing virtual appointment stations for retirees that stop by the office.

KPPA will continue the Social Media posting during October with reminders regarding this Mandatory Open Enrollment for the 2027 KEHP health insurance plans.

KPPA will train additional staff and open up more phone lines to assist with calls.

2027 Medicare Eligible Open Enrollment will start on October 26, 2026 through November 30, 2026. Retirees will not need to take any action during Open Enrollment unless they wish to change their health insurance plan.

Humana will mail the Medicare Eligible Open Enrollment Books to retirees' homes mid-October. Retirees should call KPPA and Humana for Open Enrollment starting October 26, through November 30th, 2026.

Humana will mail a notice to retirees inviting them to one of the Open Enrollment Seminars they have planned beginning October 26, 2026 – October 30, 2026.

KPPA will post the Humana Seminar Presentation on the KPPA website for easy access if retirees are unable to attend the seminars.

KPPA Staff will attend the Humana Seminar Presentations.

- KY Transportation Cabinet Frankfort KY 10/26/2026 9am-12pm
- Holiday Inn South Hurstbourne Louisville KY 10/29/2026 9am-12pm
- Double Tree Suites Lexington KY 10/30/2026 9am – 12pm

KPPA has opened additional visitor offices at Frankfort Kentucky KPPA office, scheduling retirees for in person counseling and providing virtual appointment stations for retirees that stop by the office.

Kentucky Public Pensions Authority

Division of Internal Audit

Kentucky Public Pensions Authority

To: Kentucky Public Pensions Authority Board

From: William Summers V, Chair
KPPA Audit Committee

Kristen N. Coffey, CICA
KPPA Chief Auditor

Date: September 24, 2026

Subject: Summary of KPPA Audit Committee Meeting

The KPPA Audit Committee held a special-called meeting on September 9, 2026.

1. **Requested actions by the Authority***
    a. Ratify approval of the Annual Risk Assessment and Audit Plan.
    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 acceptance of the Office Space Utilization Memorandum.
    e. Ratify acceptance of the Retirement Allowance Account Memorandum.
    f. Ratify acceptance of the issued internal audits/open audit findings. Authorize KPPA staff to implement corrective action.
        i. 2026-10 Agency Critical Processes – had a finding in which management accepted risk of not implementing audit recommendation.
        ii. 2026-15 Manual Remittance Process
        iii. 2026-12 Annual Dependent Verification Process
        iv. 2026-13 Training Process for Various Leave Types
        v. 2026-14 System Build Process
        vi. 2026-18 Document Imaging Process

2. The following other items were also discussed during the Audit Committee meeting. These were presented for informational purposes only.
    a. Overview of the fiscal year 2026 external audit.
    b. Information disclosures – *9 disclosures identified, effecting 97 members*.
    c. Anonymous Tips – *7 open cases*.
    d. Update on research into use of Chase Bank Accounts.
    e. Presentation of audit conducted on Employer Audits conducted under KRS 61.5991 – audit was unable to be completed due to supporting documentation being unavailable for review. **Issued report is included for review.**
    f. Internal Audit Budget – *ended the fiscal year 5.94% under budget ($40,130.99)*
    g. Status of current internal audits – *all fiscal year 2026 audits completed, except one that was awaiting information from KPPA staff.*

***Authority action may be required**

Division of Internal Audit Risk Assessment

Fiscal Year 2027

Scale of Ratings

2 = No Impact	2 = Insignificant	2 = Not Likely	
4 = Indirect	4 = Minor	4 = Possible	
6 = Direct Minor	6 = Moderate	6 = Probable	1-70 = Low
8 = Direct Moderate	8 = Major	8 = Highly	71-140 = Moderate
10 = Direct Major	10 = Catastrophic	10 = Almost Certain	141+ = High

Item Number	Audited Office or Division	Identified Risk	Financial Statement Impact	Reputational Impact	Likelihood	Total Risk Score	Chance of Material Adverse Impact	Last Year Audited	Year Risk First Identified
BOARD OF TRUSTEES									
1	Board of Trustees	Review relationship with Perimeter Park West and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure PPW revenue and expenses are properly monitored, and dividends are properly paid.	8	6	6	84	42%	2020	2019
2	Board of Trustees	Review the process for making payments to Trustees and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure expenses are properly paid, supported, tracked, coded, and allocated.	4	2	4	24	12%	2026	2025
3	Board of Trustees	Review CERS and KRS policies, bylaws, and procedures related to required Trustees training hours. Confirm controls are established to ensure Trustees attend required training hours.	2	2	4	16	8%	2026	2025
		AVERAGE BOARD OF TRUSTEES	5	3	5	**37**	19%	-	-
EXECUTIVE DIRECTOR									
4	Executive Director	Review the process to establish agency policies and ensure compliance with statutes/regulations. Confirm controls are established to ensure policies are documented, approved, up-to-date, and shared with staff. Ensure compliance with policies.	2	6	4	32	16%	N/A	2019
5	Executive Director	Review the process for reporting financial information to the Board of Trustees. Ensure relevant information is reported to the Board of Trustees. Confirm that controls are established to ensure accurate information is reported timely.	4	4	2	16	8%	N/A	2019
6	Executive Director	Review the process to secure member data and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure member information is not released without proper authorization.	4	8	2	24	12%	N/A	2019
7	Executive Director	Review the annual administrative budgetary process and ensure compliance with statutes/regulations/policies. Confirm internal controls have been established to ensure the budget is properly prepared, approved, and monitored.	6	4	4	40	20%	N/A	2023
8	Executive Director	Review the biannual budgetary process and ensure compliance with statutes/regulations/policies. Confirm internal controls have been established to ensure the budget is properly prepared and approved and submitted timely	6	4	4	40	20%	N/A	2024
9	Executive Director	Review the agency Strategic Plan. Ensure it was properly approved and shared with staff. Confirm controls are established to monitor compliance with the plan and report issues to Executive Management.	2	4	6	36	18%	N/A	2026
10	Executive Director	Review telecommuting process and ensure compliance with statutes/regulations/policies, including proper taxation of telecommuting employees. Confirm controls are established to monitor productivity for staff utilizing telecommuting.	2	2	4	16	8%	N/A	2026
11	Executive Director	Review the agency risk monitoring process and ensure compliance with statutes/regulations/policies. Confirm controls are established to identify and monitor risks as well as report compliance to Executive Management and Trustees.	6	6	6	72	36%	N/A	2027
12	Executive Director	Review the process for reporting investment compliance information to the Board of Trustees. Ensure relevant information is reported to the Board of Trustees. Confirm that controls are established to ensure accurate information is reported timely.	4	4	4	32	16%	N/A	2027
13	Executive Director	Review the process to report disclosures of PII and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure disclosures are reported properly and timely.	2	8	2	20	10%	2019	2019
14	Executive Director	Review the procurement card (ProCard) process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure ProCard use is allowable and approved and that expenses are supported.	4	4	2	16	8%	2025	2019

Item Number	Audited Office or Division	Identified Risk	Financial Statement Impact	Reputational Impact	Likelihood	Total Risk Score	Chance of Material Adverse Impact	Last Year Audited	Year Risk First Identified
15	Executive Director	Review the travel process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure travel is properly approved, supported, and reimbursed.	4	4	2	16	8%	2025	2019
16	Executive Director	Review executive and division procedures for establishing a succession plan (e.g. clearly established back-ups) to ensure critical agency functions can continue.	4	6	2	20	10%	2026	2019
17	Executive Director	Review the process for creating the annual financial statements and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure financial statements are accurate and completed timely.	10	6	2	32	16%	Annual	2019
18	Executive Director	Review KPPA process for implementing audit findings and ensure compliance with policies. Confirm controls are established to ensure audit recommendations are thoroughly investigated and implemented within the established time frame.	4	6	4	40	20%	Annual	2019
19	Executive Director	Review division procedures and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure business processes are documented, effective and efficient, and followed.	4	4	4	32	16%	Every Audit	2019
20	Executive Director	Review the process to report information to Trustees and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure accurate information is reported timely.	4	4	4	32	16%	Every Audit	2024
		AVERAGE EXECUTIVE DIRECTOR	4	5	3	**31**	16%	-	-
OFFICE OF INVESTMENTS									
21	Office of Investments	Review the capital call process and ensure compliance with statutes/regulations/policies. Confirm controls have been established to ensure capital calls are accurate, approved, properly allocated, and timely.	6	2	4	32	16%	N/A	2019
22	Office of Investments	Review the investment distribution process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure distributions are accurate, approved, properly allocated, and timely.	6	2	4	32	16%	N/A	2019
23	Office of Investments	Review the investment repurchase (aka repo) process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure repurchases are accurate, approved, properly allocated, and timely.	6	2	4	32	16%	N/A	2019
24	Office of Investments	Review the processes to set-up and/or close investment accounts and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure investment accounts are set-up and/or closed accurately and timely.	4	4	4	32	16%	N/A	2019
25	Office of Investments	Review investment procurement process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure investment services match the contract, are properly procured, and are not provided by multiple vendors.	8	6	4	56	28%	N/A	2022
26	Office of Investments	Review the proxy voting process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure proxy voting is completed in accordance with CERS and KRS requirements.	4	6	4	40	20%	N/A	2024
27	Office of Investments	Review investment due diligence process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure investment staff properly and timely perform due diligence of all managers.	4	6	4	40	20%	N/A	2025
28	Office of Investments	Review process to analyze the proportion of manager and performance fees paid in relation to the returns received. Ensure this ration is comparable to industry standard and similarly sized pension systems.	2	6	4	32	16%	2020	2020
29	Office of Investments	Review daily cash projection process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure the daily cash projection is accurate and communicated timely.	6	6	4	48	24%	2022	2022
30	Office of Investments	Review Office of Investments policies and ensure they have been documented and approved. Confirm controls are established to monitor compliance with policies and report issues of non-compliance to Executive Management and Trustees.	4	4	2	16	8%	2025	2025
31	Office of Investments	Review the process for monitoring investment fees (administrative, manager, and performance) and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure fees are accurate, paid timely, and properly reported.	8	6	4	56	28%	2025	2019

Item Number	Audited Office or Division	Identified Risk	Financial Statement Impact	Reputational Impact	Likelihood	Total Risk Score	Chance of Material Adverse Impact	Last Year Audited	Year Risk First Identified
32	Office of Investments	Review the tier 3 GAINR calculation process and ensure compliance with statutes/regulations/ policies. Confirm controls are established to ensure proper calculation and appropriate interest.	8	6	2	28	14%	2026	2024
		AVERAGE OFFICE OF INVESTMENTS	6	5	4	37	19%	-	-
		OFFICE OF LEGAL SERVICES							
33	Office of Legal Services	Review the retired/re-employed process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure retired/re-employed requests are properly reviewed and approved.	2	6	4	32	16%	N/A	2019
34	Office of Legal Services	Review the Qualified Domestic Relations Order process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure QDRO amounts are accurate and paid timely.	4	6	4	40	20%	N/A	2019
35	Office of Legal Services	Review the process to create, update, and maintain forms and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure forms are accurate and the form submission process is efficient.	2	6	4	32	16%	N/A	2024
36	Office of Legal Services	Review the process related to Open Meetings and ensure compliance with statutes/ regulations/policies. Confirm controls are established to ensure staff and Trustees are made aware of the Open Meeting requirements.	2	8	4	40	20%	N/A	2024
37	Office of Legal Services	Review the process related to Open Records and ensure compliance with statutes/ regulations/policies. Confirm controls are established to ensure Open Record responses are sufficient and timely and ensure staff and Trustees are made aware of requirements.	2	8	4	40	20%	N/A	2024
38	Office of Legal Services	Review the vendor invoice dispute process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure disputed invoices with vendors are resolved timely.	4	6	4	40	20%	N/A	2027
39	Office of Legal Services	Review the Legal Services mail/correspondence sorting process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure all received mail is processed timely and delivered to the appropriate staff member.	2	2	4	16	8%	N/A	2027
40	Office of Legal Services	Review the administrative and disability appeal processes and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure documentation is on file and appeals are completed timely.	4	8	4	48	24%	2025	2019
41	Office of Legal Services	Review the process to update administrative regulations. Confirm controls are established to ensure regulations comply with statutes and are not expired.	4	2	2	12	6%	2026	2024
42	Office of Legal Services	Review the process for making payments to hearing officers and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure expenses are properly paid, supported, tracked, coded, and allocated.	4	2	2	12	6%	2026	2026
		AVERAGE OFFICE OF INVESTMENTS	3	5	4	30	15%	-	-
		DIVISION OF HUMAN RESOURCES							
43	Division of Human Resources	Review the timesheet process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure timesheets reflect accurate hours, including leave and overtime. Ensure timesheets are submitted timely and properly approved	4	4	2	16	8%	N/A	2019
44	Division of Human Resources	Review employee onboarding and on-going training processes, including training on emergency procedures. Ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure staff are properly trained to perform their job tasks.	4	4	2	16	8%	N/A	2025
45	Division of Human Resources	Review the employee payroll payment process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure employee payroll is accurate and run timely.	8	4	2	24	12%	N/A	2027
46	Division of Human Resources	Review the employee benefit process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure employee benefits are properly established upon employment.	8	4	2	24	12%	N/A	2027
47	Division of Human Resources	Review the unemployment insurance process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure unemployment insurance is properly calculated and paid only to eligible individuals.	6	4	2	20	10%	N/A	2027

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48	Division of Human Resources	Review process related to preventing unauthorized building access and ensure compliance with statutes/regulations/ policies. Confirm controls are established to ensure contractors, vendors, visitors, etc. are monitored while on site.	2	6	2	16	8%	2019	2019
49	Division of Human Resources	Review the hiring process and ensure compliance with statutes/regulations/policies. Confirm controls are established to review and address KPPA staffing levels and to ensure vacancies are filled timely.	4	4	2	16	8%	2025	2024
50	Division of Human Resources	Review use of EEO, ADA, and FMLA and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure staff are properly trained on procedures related to EEO, ADA, and FMLA.	4	6	2	20	10%	2026	2024
		AVERAGE DIVISION OF HUMAN RESOURCES	5	5	2	19	10%	-	-
		DIVISION OF COMMUNICATIONS							
51	Division of Communications	Review the process for printing activities and ensure compliance with statutes/regulations/policies. Confirm controls have been established to ensure printing services are monitored so that services are provided accurately and timely.	4	4	2	16	8%	N/A	2027
52	Division of Communications	Review the process for posting notices and meeting materials for Board and Committee meetings and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure notices are posted timely.	2	6	4	32	16%	N/A	2027
53	Division of Communications	Review the process for providing external communications and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure external communications are complete and accurate and issued timely.	2	6	4	32	16%	N/A	2027
54	Division of Communications	Review legislative tracking process and ensure controls are established to track of relevant legislation and report relevant legislation to Trustees and Executive Management in a timely manner.	4	6	4	40	20%	2024	2019
55	Division of Communications	Review the process for updating the KPPA website. Confirm controls are established to ensure the website reflects accurate information and is updated timely.	2	6	2	16	8%	2026	2024
56	Division of Communications	Review the process for creating the summary annual financial statements and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure summary financial statements are accurate and completed timely.	10	6	2	32	16%	Annual	2019
		AVERAGE DIVISION OF COMMUNICATIONS	4	6	3	29	15%	-	-
		DIVISION OF ENTERPRISE AND TECHNOLOGY SERVICES							
57	Division of Enterprise and Technology Services	Review the Disaster Recovery Plan and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure Disaster Recovery Plan is complete, up to date, and approved timely.	2	4	2	12	6%	N/A	2019
58	Division of Enterprise and Technology Services	Review IT batch run process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure batches run timely and accurately and that system generated data cannot be altered.	8	4	2	24	12%	N/A	2019
59	Division of Enterprise and Technology Services	Review process to replace/upgrade IT systems/equipment/software. Confirm controls are established to ensure operations continue in the event of a system/equipment/software failure.	4	4	6	48	24%	N/A	2019
60	Division of Enterprise and Technology Services	Review the IT security training process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure employees properly complete required training.	2	4	2	12	6%	N/A	2025
61	Division of Enterprise and Technology Services	Review IT data available to divisions and ensure it is accurate and reliable for internal analysis. Ensure duplicate reports do not exist. Determine controls in place for creating new reports.	6	4	4	40	20%	N/A	2025
62	Division of Enterprise and Technology Services	Review business rules established in Line of Business and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure business rules are operating as intended.	6	4	4	40	20%	N/A	2025
63	Division of Enterprise and Technology Services	Review the IT helpdesk ticket resolution process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure tickets are resolved timely and workarounds are not used unnecessarily.	4	2	4	24	12%	N/A	2025

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64	Division of Enterprise and Technology Services	Review process to ensure the pension administration system (START) remains online or can be brought back online quickly. Confirm controls are established to ensure agency operations can continue in the event of a system outage failure.	4	8	4	48	24%	N/A	2027
65	Division of Enterprise and Technology Services	Review the annual IT budgetary process and ensure compliance with statutes/regulations/policies. Confirm internal controls have been established to ensure the budget is properly prepared, approved, and monitored.	6	2	2	16	8%	N/A	2027
66	Division of Enterprise and Technology Services	Review the system access process and ensure compliance with statutes/regulations/policies. Confirm internal controls have been established to ensure employees have only the minimal system access required to complete their job tasks (internal and external)	4	6	4	40	20%	2022	2019
67	Division of Enterprise and Technology Services	Review legislative implementation process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure approval of proposed legislation, tracking of relevant legislation, and timely implementation.	6	4	4	40	20%	2024	2019
68	Division of Enterprise and Technology Services	Review the IT procurement process and ensure compliance with statutes/regulations/policies. Confirm controls have been established to ensure services match the contract, are properly procured, monitored, and best value for the agency.	4	4	2	16	8%	2026	2019
69	Division of Enterprise and Technology Services	Review the system build process and ensure compliance with statutes/regulations/policies. Confirm controls are established to sufficiently test the changed and identify errors.	4	2	2	12	6%	2026	2022
70	Division of Enterprise and Technology Services	Review the COOP and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure COOP is complete, up to date, and approved timely.	4	2	2	12	6%	2026	2024
71	Division of Enterprise and Technology Services	Review process in place to monitor personal use of KPPA accounts and equipment. Ensure policies and controls are established to address personal use of KPPA accounts and equipment.	4	6	4	40	20%	2026	2025
72	Division of Enterprise and Technology Services	Review the process to secure mission critical systems and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure operations can continue in the event of a cyberattack.	10	6	2	32	16%	Annual	2024
		AVERAGE DIVISION OF ENTERPRISE AND TECHNOLOGY SERVICES	5	4	3	**28**	14%	-	-
DIVISION OF PROCUREMENT AND OFFICE SERVICES									
73	Division of Procurement and Office Services	Review member correspondence process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure member correspondence is properly disseminated.	2	6	4	32	16%	N.A	2019
74	Division of Procurement and Office Services	Review the record retention process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure agency records are properly secured.	2	4	4	24	12%	N.A	2024
75	Division of Procurement and Office Services	Review the mail sorting process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure all received mail is processed timely and delivered to the appropriate staff member.	2	2	4	16	8%	N/A	2024
76	Division of Procurement and Office Services	Review the inventory process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure inventory is properly tracked and disposed.	6	4	8	80	40%	2025	2019
77	Division of Procurement and Office Services	Review the procurement process and ensure compliance with statutes/regulations/policies. Confirm controls have been established to ensure services match the contract, are properly procured, monitored, and best value for the agency.	6	4	2	20	10%	2026	2019
78	Division of Procurement and Office Services	Review the document imaging process (including KOFAX) and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure all received mail is imaged and timely provided to the proper division.	2	6	4	32	16%	2026	2019
		AVERAGE DIVISION OF PROCUREMENT AND OFFICE SERVICES	3	4	4	**33**	17%	-	-

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DIVISION OF ACCOUNTING									
79	Division of Accounting	Review the service purchases process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure service purchase are properly calculated, paid, and applied to member accounts.	6	6	4	48	24%	N/A	2019
80	Division of Accounting	Review the employer contribution receipt process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure contributions are split properly as well as received accurately and timely.	10	8	4	72	36%	N/A	2019
81	Division of Accounting	Review member overpayment process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure overpayments are collected timely and properly reported (including on financial statements).	6	6	4	48	24%	N/A	2019
82	Division of Accounting	Review the journal entry process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure journal entries are accurate, supported, approved, and timely.	6	2	4	32	16%	N/A	2019
83	Division of Accounting	Review the pension spiking process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure pension spiking is calculated accurately and paid by the correct entity.	6	8	4	56	28%	N/A	2019
84	Division of Accounting	Review process for receiving cash and/or checks and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure cash and checks received are properly recorded, stored, and deposited.	6	2	4	32	16%	N/A	2023
85	Division of Accounting	Review accounts receivable process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure receivables are properly tracked, recorded, coded, allocated, and reconciled. Ensure process is effective and efficient	6	2	4	32	16%	N/A	2024
86	Division of Accounting	Review the excise tax process and ensure compliance with statutes/regulations/policies. Confirm internal controls have been established to ensure the excise tax is properly calculated and paid.	6	2	4	32	16%	N/A	2024
87	Division of Accounting	Review the process related to unclaimed accounts and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure unclaimed accounts are properly paid and reported (including on financial statements).	6	2	4	32	16%	N/A	2024
88	Division of Accounting	Review the employee payroll (monthly and supplemental) payment process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure employee payroll is accurate and run timely.	6	6	4	48	24%	N/A	2027
89	Division of Accounting	Review the member invoicing process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure invoices are properly prepared and collected timely.	6	4	4	40	20%	N/A	2027
90	Division of Accounting	Review account reconciliation processes and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure accounts are properly reconciled and variances are resolved timely. As a part of this audit, Review the process for monitoring outstanding check balances and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure outstanding checks are monitored and proper follow-up is taken.	6	2	6	48	24%	2020	2019
91	Division of Accounting	Review the employer penalty invoice waiver process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure waivers are properly applied and approved.	6	6	2	24	12%	2022	2022
92	Division of Accounting	Review the employer qualification process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure monies collected from employers are qualified accurately and timely.	8	8	4	64	32%	2022	2022
93	Division of Accounting	Review use of non-custodial accounts and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure proper account access, accurate transfers, and proper reconciliation. Ensure account balances are not excessive.	10	6	6	96	48%	2023	2023
94	Division of Accounting	Review administrative expense process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure accurate transfers and proper reconciliation.	6	2	4	32	16%	2023	2023

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95	Division of Accounting	Review the accrual process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure accruals are properly supported, reversed, and approved.	8	2	2	20	10%	2025	2019
96	Division of Accounting	Review the accounts payable process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure expenses are properly paid, supported, tracked, coded, and allocated. Ensure process is effective and efficient.	6	2	4	32	16%	2025	2022
97	Division of Accounting	Review process to apply interest to member accounts and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure interest is applied accurately and timely. Ensure proper interest is reported on financial statements.	10	8	2	36	18%	2025	2024
		AVERAGE DIVISION OF ACCOUNTING	7	4	4	**44**	22%	-	-
		DIVISION OF EMPLOYER REPORTING, COMPLIANCE, AND EDUCATION							
98	Division of Employer Reporting, Compliance, and Education	Conduct employer audits and ensure compliance with statutes/regulations/ policies. Confirm controls are established to ensure employees are properly reported and accurate contributions are obtained.	10	8	10	180	90%	N/A	2019
99	Division of Employer Reporting, Compliance, and Education	Review the employer reporting process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure accurate employer reports are received timely.	8	6	6	84	42%	N/A	2019
100	Division of Employer Reporting, Compliance, and Education	Review the employer balancing process and ensure compliance with statutes/regulations/ policies. Confirm controls are established to ensure employers are balanced accurately and timely.	6	4	6	60	30%	N/A	2019
101	Division of Employer Reporting, Compliance, and Education	Review the employer error correction process and ensure compliance with statutes/ regulations/policies. Confirm controls are established to ensure errors are corrected properly and timely and adjustments made to employer account are accurate.	6	4	6	60	30%	N/A	2019
102	Division of Employer Reporting, Compliance, and Education	Review the employer training process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure new employers are trained, ongoing training is provided, and follow-up is conducted for continual reporting errors.	4	6	6	60	30%	N/A	2019
103	Division of Employer Reporting, Compliance, and Education	Review the hazardous duty classification process and ensure compliance with statutes/regulations/policies. Confirm internal controls have been established to ensure hazardous duty classification is properly reviewed and approved.	6	6	4	48	24%	N/A	2024
104	Division of Employer Reporting, Compliance, and Education	Review the employer invoicing process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure invoices are properly prepared and collected timely.	8	6	6	84	42%	2025	2019
105	Division of Employer Reporting, Compliance, and Education	Review the employer audit process required by KRS 61.5991 and ensure compliance with statutes/regulations/ policies. Confirm controls are established to ensure employers are audited as required and that audits are completed timely.	10	6	10	160	80%	2026	2019
		AVERAGE DIVISION OF EMPLOYER REPORTING, COMPLIANCE AND EDUCATION	7	6	7	**88**	44%	-	-
		DIVISION OF MEMBERSHIP SUPPORT							
106	Division of Membership Support	Review the process for answering member calls and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure calls are answered timely and issues are properly resolved or escalated.	2	6	4	32	16%	N/A	2019
107	Division of Membership Support	Review the process to create, update, and maintain retirement applications and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure applications are accurate and the submission process is efficient.	4	6	4	40	20%	N/A	2019
108	Division of Membership Support	Review the process for updating member information and ensure compliance with statutes/regulations/policies. Confirm controls are established to prevent unauthorized changes to member accounts	2	8	4	40	20%	N/A	2019
109	Division of Membership Support	Review the process for changing a member's beneficiary and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure changes are properly approved by member and made timely.	2	8	4	40	20%	N/A	2025

Item Number	Audited Office or Division	Identified Risk	Financial Statement Impact	Reputational Impact	Likelihood	Total Risk Score	Chance of Material Adverse Impact	Last Year Audited	Year Risk First Identified
110	Division of Membership Support	Review the process for utilizing certified mail and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure certified mail is used when required.	2	4	4	24	12%	N/A	2025
111	Division of Membership Support	Review the Tier 3 Opt-In process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure accounts are accurately converted (i.e. service credit, service purchases, and interest) and cannot revert back to Tier 2	6	4	2	20	10%	2026	2024
		AVERAGE DIVISION OFMEMBERSHIP SUPPORT	3	6	4	33	17%	-	-
DIVISION OF MEMBER SERVICES									
112	Division of Member Services	Review the process for verifying dependents and ensure compliance with statutes/ regulations/ policies. Confirm controls are established to ensure support is provided for each dependent. Confirm annual verification on file for hazardous members.	2	8	4	40	20%	N/A	2019
113	Division of Member Services	Review the service averaging process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure member averages proper number of hours per month to earn a month of service.	6	8	6	84	42%	N/A	2025
114	Division of Member Services	Review the new PLSO option, effective January 1, 2024 and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure retirement calculations are accurate and the process is efficient.	4	6	4	40	20%	N/A	2025
115	Division of Member Services	Review the member retirement process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure retirement calculations are accurate and the process is efficient.	6	8	4	56	28%	2024	2019
116	Division of Member Services	Review member refund process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure refunds are properly calculated and approved.	6	8	4	56	28%	2025	2019
		AVERAGE DIVISION OF MEMBER SERVICES	5	8	4	55	27%	-	-
DIVISION OF QUALITY ASSURANCE									
117	Division of Quality Assurance	Review the reciprocity process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure reciprocity recalculations are properly performed and applied to the members' account.	6	8	4	56	28%	N/A	2019
118	Division of Quality Assurance	Review the pre-retirement audit process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure pre-retirement audits are completed timely and accurately.	6	8	4	56	28%	N/A	2019
119	Division of Quality Assurance	Review the legacy recalculation process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure legacy recalculations are completed timely and accurately.	6	8	4	56	28%	N/A	2027
120	Division of Quality Assurance	Review the post-retirement audit process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure post-retirement audits are completed timely and accurately.	6	8	2	28	14%	2026	2019
		AVERAGE DIVISION OF QUALITY ASSURANCE	6	8	4	49	25%	-	-
DIVISION OF DISABILITY AND SURVIVOR BENEFITS									
121	Division of Disability and Survivor Benefits	Review the status of disability recipients and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure status is periodically reviewed and confirmed. Ensure disability benefits are discontinued when necessary.	4	8	4	48	24%	N/A	2019
122	Division of Disability and Survivor Benefits	Review the disability benefit application approval process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure disability benefits are properly calculated and approved.	6	6	4	48	24%	N/A	2024
123	Division of Disability and Survivor Benefits	Review determinations made by the medical review vendor and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure all proper documentation is prepared and on file.	6	8	4	56	28%	N/A	2024
124	Division of Disability and Survivor Benefits	Review medical review vendor contract and ensure compliance with the contract and ensure the vendor is cost beneficial to KPPA.	4	4	4	32	16%	N/A	2024

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125	Division of Disability and Survivor Benefits	Review the processing of in the line of duty and duty related disability or survivor benefits and ensure compliance with statutes/regulations/policies. Confirm that benefits are properly calculated, applied correctly, and paid timely.	6	8	4	56	28%	N/A	2025
126	Division of Disability and Survivor Benefits	Review the survivor benefits (retired and active) approval process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure benefits are properly calculated and approved.	6	8	4	56	28%	N/A	2027
127	Division of Disability and Survivor Benefits	Review the active member beneficiary death process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure the member account is properly updated.	2	8	2	20	10%	N/A	2027
128	Division of Disability and Survivor Benefits	Review process to stop payments to deceased members and beneficiaries and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure death matching batches run as scheduled and member's death is properly verified.	2	8	2	20	10%	2026	2025
129	Division of Disability and Survivor Benefits	Review the disability benefit payment process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure disability payments are made timely, accurately, and to the proper individual.	8	8	4	64	32%	2026	2025
		AVERAGE DIVISION OF DISABILITY AND SURVIVOR BENEFITS	**5**	**7**	**4**	**43**	**22%**	-	-
		DIVISION OF RETIREE PAYROLL							
130	Division of Retiree Services Payroll	Review the process for calculating offsets, specifically related to worker's compensation and social security and ensure compliance with statutes/regulations/policies. Confirm offsets are calculated properly and applied accurately and timely.	6	2	4	32	16%	N/A	2019
131	Division of Retiree Services Payroll	Review the Electronic Fund Transfer Return process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure EFT returns are processed timely and accurately.	4	4	4	32	16%	N/A	2019
132	Division of Retiree Services Payroll	Review the retiree payroll (monthly and supplemental) payment process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure retiree payroll is accurate and run timely.	6	8	2	28	14%	N/A	2019
133	Division of Retiree Services Payroll	Review the beneficiary benefit payment process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure payments are made timely and accurately.	6	8	2	28	14%	N/A	2027
134	Division of Retiree Services Payroll	Review 1099-R process to ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure 1099-Rs are prepared accurately, provided to required members, and mailed timely.	2	6	2	16	8%	2025	2019
135	Division of Retiree Services Payroll	Review the member benefit payment process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure payments are made timely and accurately.	6	8	2	28	14%	2026	2024
		AVERAGE DIVISION OF RETIREE PAYROLL	**5**	**6**	**3**	**29**	**15%**	-	-

Item Number	Audited Office or Division	Identified Risk	Financial Statement Impact	Reputational Impact	Likelihood	Total Risk Score	Chance of Material Adverse Impact	Last Year Audited	Year Risk First Identified
DIVISION OF RETIREE HEALTH CARE									
136	Division of Retiree Health Care	Review Medicare as a Secondary Payer process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure KPPA follows proper processes related to Medicare as a Secondary Payer.	2	6	4	32	16%	N/A	2019
137	Division of Retiree Health Care	Review the insurance enrollment process and ensure compliance with statutes/regulations/ policies. Confirm controls are established to ensure system updates are completed accurately and timely. Additionally, ensure member qualifies for selected plan.	4	8	2	24	12%	N/A	2024
138	Division of Retiree Health Care	Review the 2022 Senate Bill 209 implementation process and ensure compliance with statutes/regulations/policies. Confirm members' benefits were properly converted in a timely manner and accurate refunds were issued.	4	8	4	48	24%	N/A	2026
139	Division of Retiree Health Care	Review the insurance discrepancy process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure errors with insurance files, premium payments, selected plan, dependents, etc., are corrected timely.	4	4	2	16	8%	2023	2019
140	Division of Retiree Health Care	Review the annual hazardous dependent verification process and ensure compliance with statutes/regulations/ policies. Confirm controls are established to ensure annual verification is received timely.	4	8	2	24	12%	2026	2019
141	Division of Retiree Health Care	Review the manual remittance process and ensure compliance with statutes/regulations/ policies. Confirm controls are established to ensure manual remittance is processed accurately and timely.	4	2	4	24	12%	2026	2025
		AVERAGE DIVISION OF RETIREE HEALTH CARE	**4**	**6**	**3**	**29**	**15%**	-	-

Internal Audit Plan

Fiscal Year 2027 and 2028

Approved by Audit Committee during 2025 as a part of the proposed fiscal year 2027 Audit Plan

Audits currently in progress

Fiscal Year 2027 Audits/Projects								1,957.50	1,960.50	1,960.50	1,960.50	1,960.50	
Audit Number	**Number on Risk Assessment**	**Audited Office or Division**	**Project Number**	**Audit Scope**	**Total Risk Score**	**Chance of Material Adverse Impact**	**Budget Hours**	**Will**	**Zach**	**James**	**Madeline**	**Kristen**	**Estimated Other KPPA Staff Hours**
1	111	Division of Membership Support	2026-7	Review the Tier 3 Opt-In process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure accounts are accurately converted (i.e. service credit, service purchases, and interest) and cannot revert back to Tier 2	33	17%	10	0	1	0	1	8	
2	105	Division of Employer Reporting, Compliance, and Education	2026-11	Review the employer audit process required by KRS 61.5991 and ensure compliance with statutes/regulations/ policies. Confirm controls are established to ensure employers are audited as required and that audits are completed timely.	160	80%	28	0	0	10	8	10	
3	140	Division of Retiree Health Care	2026-12	Review the annual hazardous dependent verification process and ensure compliance with statutes/regulations/ policies. Confirm controls are established to ensure annual verification is received timely.	24	12%	10	0	0	0	2	8	
4	69	Division of Enterprise and Technology Services	2026-14	Review the system build process and ensure compliance with statutes/regulations/policies. Confirm controls are established to sufficiently test the changed and identify errors.	12	6%	10	0	0	0	2	8	
5	141	Retiree Health Care	2026-15	Review the manual remittance process and ensure compliance with statutes/regulations/ policies. Confirm controls are established to ensure manual remittance is processed accurately and timely.	24	12%	221	0	170	0	30	21	
6	71	Division of Enterprise and Technology Services	2026-17	Review process in place to monitor personal use of KPPA accounts and equipment. Ensure policies and controls are established to address personal use of KPPA accounts and equipment.	12	6%	295	250	0	0	0	45	
7	78	Division of Procurement and Office Services	2026-18	Review the document imaging process (including KOFAX) and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure all received mail is imaged and timely provided to the proper division.	32	16%	236	0	0	0	200	36	
8	Prior Year	Division of Internal Audit	2026-21	FY 2027 Risk Assessment and Audit Plan	-	-	63	0	0	0	0	63	
9	7	Executive Director	2027-1	Review the annual administrative budgetary process and ensure compliance with statutes/regulations/policies. Confirm internal controls have been established to ensure the budget is properly prepared, approved, and monitored.	40	20%	300	0	45	0	240	15	20-45
10	8	Executive Director	2027-2	Review the biannual budgetary process and ensure compliance with statutes/regulations/policies. Confirm internal controls have been established to ensure the budget is properly prepared and approved and submitted timely	40	20%	300	0	45	0	240	15	20-45
11	21	Office of Investments	2027-3	Review the capital call process and ensure compliance with statutes/regulations/policies. Confirm controls have been established to ensure capital calls are accurate, approved, properly allocated, and timely.	32	16%	300	0	240	45	0	15	20-35
12	26	Office of Investments	2027-4	Review the proxy voting process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure proxy voting is completed in accordance with CERS and KRS requirements.	40	20%	300	0	240	45	0	15	20-35
13	34	Office of Legal Services	2027-5	Review the Qualified Domestic Relations Order process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure QDRO amounts are accurate and paid timely.	40	20%	350	0	55	280	0	15	20-40
14	43	Division of Human Resources	2027-6	Review the timesheet process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure timesheets reflect accurate hours, including leave and overtime. Ensure timesheets are submitted timely and properly approved	16	8%	150	20	0	120	0	10	10-15
15	52	Division of Communications	2027-7	Review the process for posting notices and meeting materials for Board and Committee meetings and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure notices are posted timely.	32	16%	250	200	0	35	0	15	10-25
16	58	Division of Enterprise and Technology Services	2027-8	Review IT batch run process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure batches run timely and accurately and that system generated data cannot be altered.	24	12%	350	15	0	0	280	55	20-40
17	74	Division of Procurement and Office Services	2027-9	Review the record retention process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure agency records are properly secured.	24	12%	300	240	0	45	0	15	15-30
18	76	Division of Procurement and Office Services	2027-10	Review the inventory process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure inventory is properly tracked and disposed.	80	40%	35	25	0	0	0	10	5-10
19	79	Division of Accounting	2027-11	Review the service purchases process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure service purchase are properly calculated, paid, and applied to member accounts.	48	24%	300	45	0	240	0	15	20-40
20	89	Division of Accounting	2027-12	Review the member invoicing process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure invoices are properly prepared and collected timely.	40	20%	300	0	240	0	45	15	15-30
21	98	Division of Employer Reporting, Compliance, and Education	2027-13	Conduct employer audits and ensure compliance with statutes/regulations/ policies. Confirm controls are established to ensure employees are properly reported and accurate contributions are obtained.	180	90%	400	40	60	100	0	200	25-50

22	109	Division of Membership Support	2027-14	Review the process for changing a member's beneficiary and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure changes are properly approved by member and made timely.	40	20%	350	280	15	0	0	55	20-40
23	113	Division of Member Services, QA, ERCE	2027-15	Review the service averaging process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure member averages proper number of hours per month to earn a month of service.	84	42%	350	0	15	0	280	55	20-40
24	118	Division of Quality Assurance	2027-16	Review the pre-retirement audit process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure pre-retirement audits are completed timely and accurately.	56	28%	350	55	0	280	0	15	20-40
25	123	Division of Disability and Survivor Benefits	2027-17	Review determinations made by the medical review vendor and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure all proper documentation is prepared and on file.	56	28%	350	280	0	0	55	15	20-35
26	130	Division of Disability and Survivor Benefits	2027-18	Review the process for calculating offsets, specifically related to worker's compensation and social security and ensure compliance with statutes/regulations/policies. Confirm offsets are calculated properly and applied accurately and timely.	32	16%	350	0	280	0	15	55	20-35
27	138	Division of Retiree Health Care	2027-19	Review the 2022 Senate Bill 209 implementation process and ensure compliance with statutes/regulations/policies. Confirm members' benefits were properly converted in a timely manner and accurate refunds were issued.	48	24%	300	0	0	265	15	20	20-40
28	-	Board of Trustees	2027-20	SPRS Trustee Election	-	-	70	0	50	0	10	10	70
29	-	Board of Trustees	2027-21	Election Vendor RFP	-	-	100	0	0	0	0	100	
30	-	Executive Director	2027-22	Review of Office Space Utilization			25	0	0	0	0	25	50
31	-	Executive Director	2027-23	Open Audit Recommendation Review	-	-	25	0	15	0	0	10	
32	-	Executive Director	2027-24	ACFR/SAFR Review	-	-	30	20	0	0	0	10	
33	-	Division of Internal Audit	2027-25	FY 2028 Risk Assessment and Audit Plan	-	-	75	0	0	0	15	60	
34	-	Division of Internal Audit	2027-26	2027 Staff Performance Evaluations	-	-	200	25	25	25	25	100	
	-		**Other Projects**										
35	-	Division of Internal Audit	2027-30.1	KPPA Executive Requests	-	-	20	0	0	0	0	20	-
36	-	Division of Internal Audit	2027-30.2	CERS Requests	-	-	35	0	0	0	0	35	-
37	-	Division of Internal Audit	2027-30.3	KRS Requests	-	-	5	0	0	0	0	5	-
38	-	Division of Internal Audit	2027-30.4	FY 2027 Audit Project Setup	-	-	5	0	0	0	0	5	-
39	-	Division of Internal Audit	2027-30.5	Key Performance Indicators and Monthly Reports	-	-	20	0	0	0	0	20	-
40	-	Division of Internal Audit	2027-30.6	Process Documentation and Template Updates	-	-	30	0	0	0	0	30	-
41	-	Division of Internal Audit	2027-30.7	Security Access Review	-	-	2	0	0	0	2	0	-
42	-	Division of Internal Audit	2027-30.8	Charter Updates	-	-	2	0	0	1	0	1	-
43	-	Division of Internal Audit	2027-30.9	APPFA Conference	-	-	60	10	5	10	30	5	-
44	-	Division of Internal Audit	2027-30.10	Continuing Professional Education	-	-	200	40	40	40	40	40	-
	-		**Board and Committee Meetings**										
45	-	Division of Internal Audit	2027-31.1	Audit Committee Meetings and Preparation	-	-	50	5	5	5	5	30	-
46	-	Division of Internal Audit	2027-31.2	KPPA Board Meetings	-	-	30	5	5	5	5	10	-
47	-	Division of Internal Audit	2027-31.3	CERS Board and Committee Meetings	-	-	80	10	10	10	10	40	-
48	-	Division of Internal Audit	2027-31.4	KRS Board and Committee Meetings	-	-	35	5	5	5	5	15	-
	-		**Non-Board Meetings**										
49	-	Division of Internal Audit	2027-32.1	Internal Audit Meetings	-	-	250	50	50	50	50	50	-
50	-	Division of Internal Audit	2027-32.2	KPPA Executive Meetings	-	-	20	5	5	5	5	30	-
51	-	Division of Internal Audit	2027-32.3	Meetings with CEOs	-	-	50	0	0	0	0	50	-
52	-	Division of Internal Audit	2027-32.4	Meetings with KPPA Staff	-	-	30	5	5	5	5	10	-
53	-	Division of Internal Audit	2027-32.5	Quarterly Director's Meetings	-	-	4	0	0	0	0	4	-
54	-	Division of Internal Audit	2027-32.6	Quarterly All Employee Meetings	-	-	10	2	2	2	2	2	-
55	-	Division of Internal Audit	2027-32.7	IT Governance	-	-	4	0	0	0	0	4	-
56	-	Division of Internal Audit	2027-32.8	External Meetings	-	-	50	8	8	8	8	18	-
-	-	Division of Internal Audit	-	Other Administration	-	-	180	20	20	20	20	100	-
-	-	Division of Internal Audit	-	Other Leave	-	-	1000	200	200	200	200	200	-
-	-	Division of Internal Audit	-	Holiday	-	-	485	97	97	97	97	97	-
				Scheduled hours for Fiscal Year 2027			9,740	1,957	1,953	1,953	1,947	1,960	
				Reserve hours for unplanned projects			59.50	0.50	7.50	7.50	13.50	0.50	

Fiscal Year 2028 Audits/Projects

Audit Number	Number on Risk Assessment	Audited Office or Division	Project Number	Audit Scope	Total Risk Score	Chance of Material Adverse Impact	Budget Hours	Will	Zach	James	Madeline	Kristen	Estimated Other KPPA Staff Hours
								1,957.50	1,960.50	1,960.50	1,960.50	1,960.50	
1	4	Executive Director	2028-1	Review the process to establish agency policies and ensure compliance with statutes/regulations. Confirm controls are established to ensure policies are documented, approved, up-to-date, and shared with staff. Ensure compliance with policies.	32	16%	350	280	0	55	0	15	20-40
2	11	Executive Director	2028-2	Review the agency risk monitoring process and ensure compliance with statutes/regulations/policies. Confirm controls are established to identify and monitor risks as well as report compliance to Executive Management and Trustees.	72	36%	300	0	0	15	240	45	20-40
3	25	Office of Investments	2028-3	Review investment procurement process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure investment services match the contract, are properly procured, and are not provided by multiple vendors.	56	28%	300	0	240	0	15	45	20-40
4	27	Office of Investments	2028-4	Review investment due diligence process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure investment staff properly and timely perform due diligence of all managers.	40	20%	350	15	280	0	0	55	20-35
5	38	Office of Legal Services	2028-5	Review the vendor invoice dispute process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure disputed invoices with vendors are resolved timely.	40	20%	350	15	0	280	0	55	20-35
6	45	Division of Human Resources	2028-6	Review the employee payroll payment process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure employee payroll is accurate and run timely.	24	12%	350	280	0	55	0	15	20-35
7	53	Division of Communications	2028-7	Review the process for providing external communications and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure external communications are complete and accurate and issued timely.	32	16%	250	200	0	35	0	15	10-25
8	59	Division of Enterprise and Technology Services	2028-8	Review process to replace/upgrade IT systems/equipment/software. Confirm controls are established to ensure operations continue in the event of a system/equipment/software failure.	48	24%	300	0	15	0	240	45	20-35
9	73	Division of Procurement and Office Services	2028-9	Review member correspondence process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure member correspondence is properly disseminated.	32	16%	350	55	0	280	0	15	20-35
10	76	Division of Procurement and Office Services	2028-10	Review the inventory process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure inventory is properly tracked and disposed.	80	40%	35	0	0	25	0	10	5-10
11	80	Division of Accounting	2028-11	Review the employer contribution receipt process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure contributions are split properly as well as received accurately and timely.	72	36%	350	0	15	0	280	55	25-50
12	83	Division of Accounting	2028-12	Review the pension spiking process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure pension spiking is calculated accurately and paid by the correct entity.	56	28%	450	0	25	0	350	75	20-45
13	99	Division of Employer Reporting, Compliance, and Education	2028-13	Review the employer reporting process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure accurate employer reports are received timely.	84	42%	350	0	280	0	15	55	20-40
14	108	Division of Membership Support	2028-14	Review the process for updating member information and ensure compliance with statutes/regulations/policies. Confirm controls are established to prevent unauthorized changes to member accounts	40	20%	400	320	0	65	0	15	20-40
15	114	Division of Member Services	2028-15	Review the new PLSO option, effective January 1, 2024 and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure retirement calculations are accurate and the process is efficient.	40	20%	300	0	15	0	240	45	15-30
16	117	Division of Quality Assurance	2028-16	Review the reciprocity process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure reciprocity recalculations are properly performed and applied to the members' account.	56	28%	350	0	280	0	15	55	20-40
17	126	Division of Disability and Survivor Benefits	2028-17	Review the survivor benefits (retired and active) approval process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure benefits are properly calculated and approved.	56	28%	350	0	280	0	15	55	20-40
18	131	Division of Retiree Services Payroll	2028-18	Review the Electronic Fund Transfer Return process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure EFT returns are processed timely and accurately.	32	16%	350	0	15	280	0	55	20-35
19	136	Division of Retiree Health Care	2028-19	Review Medicare as a Secondary Payer process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure KPPA follows proper processes related to Medicare as a Secondary Payer.	32	16%	350	0	15	280	0	55	20-35
20	-	Board of Trustees	2028-20	Election Vendor RFP	-	-	100	0	0	0	0	100	
21	-	Executive Director	2028-21	Open Audit Recommendation Review	-	-	25	0	0	15	0	10	
22	-	Executive Director	2028-22	ACFR/SAFR Review	-	-	30	20	0	0	0	10	
23	-	Division of Internal Audit	2028-23	FY 2027 Risk Assessment and Audit Plan	-	-	75	0	0	0	25	50	
24	-	Division of Internal Audit	2028-24	Staff Performance Evaluations	-	-	200	25	25	25	25	100	
	-		**Other Projects**										
25	-	Division of Internal Audit	2028-30.1	KPPA Executive Requests	-	-	20	0	0	0	0	20	-
26	-	Division of Internal Audit	2028-30.2	CERS Requests	-	-	50	0	0	0	0	50	-
27	-	Division of Internal Audit	2028-30.3	KRS Requests	-	-	5	0	0	0	0	5	-
28	-	Division of Internal Audit	2028-30.4	FY 2029 Audit Project Setup	-	-	10	0	0	0	0	10	-
29	-	Division of Internal Audit	2028-30.5	Key Performance Indicators and Monthly Reports	-	-	36	0	0	0	18	18	-
30	-	Division of Internal Audit	2028-30.6	Process Documentation and Template Updates	-	-	50	0	0	0	0	50	-

31	-	Division of Internal Audit	2028-30.7	Security Access Review	-	-	2	0	0	0	2	0	-
32	-	Division of Internal Audit	2028-30.8	Charter Updates	-	-	3	0	0	0	1	2	-
33	-	Division of Internal Audit	2028-30.9	Continuing Professional Education	-	-	200	40	40	40	40	40	-
	-		**Board and Committee Meetings**										
34	-	Division of Internal Audit	2028-31.1	Audit Committee Meetings and Preparation	-	-	65	10	10	10	10	25	-
35	-	Division of Internal Audit	2028-31.2	KPPA Board Meetings	-	-	40	5	5	5	5	20	-
36	-	Division of Internal Audit	2028-31.3	CERS Board and Committee Meetings	-	-	80	10	10	10	10	40	-
37	-	Division of Internal Audit	2028-31.4	KRS Board and Committee Meetings	-	-	40	5	5	5	5	20	-
	-		**Non-Board Meetings**										
38	-	Division of Internal Audit	2028-32.1	Internal Audit Meetings	-	-	250	50	50	50	50	50	-
39	-	Division of Internal Audit	2028-32.2	KPPA Executive Meetings	-	-	55	5	5	5	5	35	-
40	-	Division of Internal Audit	2028-32.3	Meetings with CEOs	-	-	50	0	0	0	0	50	-
41	-	Division of Internal Audit	2028-32.4	Meetings with KPPA Staff	-	-	40	5	5	5	5	20	-
42	-	Division of Internal Audit	2028-32.5	Quarterly Director's Meetings	-	-	4	0	0	0	0	4	-
43	-	Division of Internal Audit	2028-32.6	Quarterly All Employee Meetings	-	-	10	2	2	2	2	2	-
44	-	Division of Internal Audit	2028-32.7	IT Governance	-	-	4	0	0	0	0	4	-
45	-	Division of Internal Audit	2028-32.8	External Meetings	-	-	52	8	8	8	8	20	-
-	-	Division of Internal Audit	-	Other Administration	-	-	200	20	20	20	40	100	-
-	-	Division of Internal Audit	-	Other Leave	-	-	1000	200	200	200	200	200	-
-	-	Division of Internal Audit	-	Holiday	-	-	485	97	97	97	97	97	-
				Scheduled hours for Fiscal Year 2028			9,366	1,667	1,942	1,867	1,958	1,932	
				Reserve hours for unplanned projects			433.50	290.50	18.50	93.50	2.50	28.50	

Kentucky Public Pensions Authority

Charter for the KPPA Audit Committee

Throughout the Charter for the KPPA Audit Committee (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 *Global Internal Audit Standards*, internal auditing is *an independent, objective assurance and advisory service designed to add value and improve an organization's operations. It helps an 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 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 Chairs of the CERS and KRS Boards may also each appoint one non-Authority trustee to serve on the KPPA Audit Committee.

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.[1]" 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

[1] See Sarbanes-Oxley Act of 2002 § 407

by the KPPA Audit Committee. Agendas are posted to the KPPA website in compliance with Kentucky's Open Meetings Act[2].

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[3] 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.

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[2] See Kentucky Open Meetings Act
[3] Kentucky Revised Statutes - Chapter 11A

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.
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.
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. Review of Charter for the KPPA Audit Committee

The Charter shall be reviewed and approved by the KPPA Audit Committee every three years or upon one of the following events:

1. Change to the majority of Audit Committee members.
2. Change to the majority of the Authority members.
3. Significant changes to the *Standards*, which leads to substantial updates to the Charter.

IX. Approvals

We, the undersigned, do certify that this Charter was approved on the 19th day of March 2026.

Chair   Date
KPPA Audit Committee

Board Chair   Date
Kentucky Public Pensions Authority

History: Initial Approval Date: June 28, 2023
Amended: June 27, 2024; March 19, 2026

Kentucky Public Pensions Authority

Charter for the Division of Internal Audit

Throughout the Charter for the Division of Internal Audit (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. Mission of Internal Audit

The Division 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.

II. Audit Standards

Internal Audit shall adhere to the *Global Internal Audit Standards*[1] (*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.

Internal Audit will follow the International Professional Practices Framework, which includes the *Standards*, Topical Requirements, and Global Guidance. The International Professional Practices Framework addresses current internal audit practices while enabling practitioners and stakeholders globally to be flexible and responsive to the ongoing needs for high-quality internal auditing in diverse environments and organizations of different purposes, sizes, and structures.

III. Guiding Principles for Effective Internal Auditing

1. Demonstrate integrity.
2. Maintain objectivity.
3. Demonstrate competency.
4. Exercise due professional care.
5. Maintain confidentiality.
6. Authorized by the Board.
7. Positioned independently.
8. Overseen by the Board.
9. Plan strategically.
10. Manage resources.
11. Communicate effectively.
12. Enhance quality.
13. Plan engagements effectively.
14. Conduct engagement work.
15. Communicate engagement results and monitor action plans.

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[1] Institute of Internal Auditors Global Internal Audit Standards

IV. 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[2].

V. The Internal Audit Function

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

Definition
As defined by the *Standards*, internal auditing is "*an independent, objective assurance and advisory service 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 governance, risk management, and control processes.*"

Purpose Statement
Internal auditing strengthens the organization's ability to create, protect, and sustain value by providing the Authority, CERS and KRS Boards, and KPPA management with independent, risk-based, and objective assurance, advice, insight, and foresight.

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.

VI. Internal Audit Mandate

This Charter establishes the authority, role, and responsibilities of Internal Audit.

A. Authority

Internal Audit's authority is created by its direct reporting relationship to the Authority. This reporting structure allows for free and unrestricted access to the Authority, as well as all activities across the organization. For example, records, personnel, and physical property. 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

[2] KPPA Website - Board Policies

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.

B. <u>Role</u>

The primary role of Internal Audit is to conduct internal audit activities and deliver internal audit services. There may be situations where roles beyond internal auditing are part of the Chief Auditor or Internal Audit staff responsibilities, such as risk management or compliance.

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.

C. **Responsibilities**

Internal Audit's responsibilities comprise its accountability and obligations to carry out its role, as well as the specific expectations of key stakeholders. For example, responsibilities typically include expectations regarding performance of audit services; communications; compliance with laws, regulations, and policies; conformance with the *Standards*; and other activities incumbent in the role. In order fulfill the Internal Audit mission, staff will be responsible for the following activities:

Responsibilities to the Authority

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).

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.

Working with External Auditors
The Chief Auditor will assist 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.

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 responsibilities (e.g., information technology and data security reviews). 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.

VII. 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. Additionally, Internal Audit staff should enhance their awareness and understanding of honesty and professional courage by seeking opportunities to obtain ethics-related continuing professional education.

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 and Vice 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.

VIII. 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 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
The *Standards* require that an external assessment be conducted at least once every five years by a qualified, independent assessor (or assessment team). 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.

IX. Internal Control System

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) issued the Internal Control – Integrated Framework [3] 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.[4]

Internal Audit utilizes guidance outlined in the COSO Internal Control Integrated Framework as well as the Standards for Internal Control in the Federal Government[5] 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, Chief Financial Officer, Executive Director-Office of Operations, Executive Director-Office of Benefits, and Executive Director-Office of Legal Services. 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).

X. Internal Audit Services

[3] COSO Internal Control - Integrated Framework Principles
[4] GFOA Internal Control Framework
[5] GAO Standards for Internal Control in the Federal Government

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 assurance and advisory 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 assurance and advisory services to contribute to the overall governance, risk management, and compliance framework of KPPA, promoting transparency, accountability, and the achievement of strategic objectives.

Assurance Services

1. Compliance Audits – Compliance audits provide results on whether an organization adheres to federal law, state law (Kentucky Revised Statutes, Kentucky Administrative Regulations), agency policies and procedures, and division specific procedures.

2. Operational Audits – Operational audits provide results on how effectively and efficiently an organization's operations, processes, and procedures are functioning. These audits are conducted to improve resource utilization, identify opportunities for process enhancement, and achieve organizational goals.

3. Financial Audits – Financial audits provide results on an organization's statements, records, transactions, and compliance 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.

4. Information Technology (IT) Audits – IT audits provide results on an organization's IT infrastructure, systems, and processes. These audits examine the security, availability, and confidentiality of information as well as the efficiency of IT 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.

5. Investigative Audits – Investigative audits provide results related to fraud that may have occurred within the organization. These audits are normally requested by trustees or staff of the KPPA, CERS, or KRS as a result of information received from a tip but may also be recommended as a result of a routine audit. These audits focus on alleged, irregular conduct. Reasons for investigative audits may include internal theft, misuse of agency property, and/or conflicts of interest. If during the performance of another type of audit or as the result of a received tip, the Chief Auditor believes an investigative audit is needed, 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. If so, the KPPA Audit Committee will determine if the investigative audit will be conducted by Internal Audit or an outside party. These audits may require 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. When determining who will perform the investigative audit, the KPPA Audit Committee should consider that the IIA has provided guidance stating that an organization should not expect its internal audit staff to have the expertise of a person whose primary responsibility is to investigate fraud and such investigations are best carried out by those experienced to undertake such assignments.

An engagement may involve more than one type of audit. For example, most audits performed are a combination of compliance and operational audits. With the exception of investigative audits, a review of internal controls will be included as a part of all assurance services. An internal control review involves evaluating the adequacy of policies, procedures, segregation of duties, access controls, and monitoring mechanisms to identify weaknesses, gaps, and potential vulnerabilities and make recommendations to correct any such noted deficiencies.

Advisory Services

1. 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.

2. 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.

3. 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.

4. 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.

5. 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.

6. 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.

7. Internal Audit staff may participate in various work groups including, but not limited to, the KPPA Information Technology Governance team, the Continuity of Operations team, the Strategic Plan 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.

XI. 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: Determine the objectives and scope of the audit.
2. During the audit (these steps happen at various stages throughout the audit and not all at once):
    a. Document the audit processes, including information that will be used to develop the audit background, which is included as a part of the Control Matrix in the audit report. This information will be provided to staff in charge of the area under review, including the Executive Director.
    b. Perform testing based on requirements of applicable statutes, regulations, policies, and/or staff procedures. During testing, audit staff will work with the area under review to resolve any issues found.
    c. Communicate potential findings. Issues that cannot be resolved as a part of item #2b, will be provided to the following individuals. This communication will include a request for information that could be used to clear the findings. If this information is not available, staff will be asked to provide insight into what caused the issue as well as steps that can be taken to prevent the issue from occurring in the future.
        i. Staff in charge of the area under audit.
        ii. KPPA Executive Management team, which includes the KPPA Executive Director, KPPA Deputy Executive Director, and the KPPA CFO. The team also includes the KPPA CIO (if investment related audit), KPPA Benefits Executive Director (if benefits related audit), and KPPA Legal Services Executive Director (if Legal related audit)

d. Communicate final findings and recommendations. An Exit Conference will be conducted with the following individuals. At this meeting staff and Internal Audit will have an additional chance to review the findings and recommendations to determine if updates are needed.
    i. Staff in charge of the area under audit.
    ii. KPPA Executive Management team (optional attendees)
e. Release the draft audit report, without management's final responses. This will be released to the KPPA Executive Management team and the CEOs for CERS and KRS.

3. 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 will be released to the Audit Committee.

<u>Audit Reports</u>
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.

XII. 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.

<u>Risk Assessment</u>
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.

<u>Audit Plan</u>
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.

During the course of performing assurance and advisory 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.

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.

The Risk Assessment and Audit Plan process includes the following activities:

1. Seeking input on organizational risks from the Audit Committee, CERS and KRS CEOs, and various KPPA staff.
2. Reviewing the risks received and identifying the associated auditable processes. These auditable processes become the "audit universe".
3. Scoring the risk for each process identified in the audit universe.
    - 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 an even-point value with two (2) 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.
4. Ranking the processes by overall risk.
5. Creating the Audit Plan, which includes estimated audit staff hours and estimated starting dates for each audit.
6. Reviewing the proposed Risk Assessment and Audit Plan with KPPA Executive Management and adjusting as necessary.
7. Obtaining estimated non-audit staff hours for proposed audits.
8. Submitting proposed Risk Assessment and Audit Plan to the Audit Committee Chair and Co-Chair for approval.
9. Presenting the proposed Risk Assessment and Audit Plan to the KPPA Audit Committee for approval.
10. Presenting the approved Risk Assessment and Audit Plan to the KPPA Board for ratification.

<u>Tracking Projects</u>
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.

XIII. Internal Audit Procedures

Detailed Internal Audit procedures can be found on the Internal Audit Process Documentation SharePoint site.

XIV. Review of Charter for Division of Internal Audit

Commented [KC1]: This was added after various discussions concerning if the Charter was required to be reviewed annually, if there were no changes to the document.

The Charter shall be reviewed and approved by the KPPA Audit Committee every three years or upon one of the following events:

1. Change to the majority of Audit Committee members.
2. Change to the Chief Auditor.
3. Significant changes to the *Standards*, which leads to substantial updates to the Charter.

XV. Approvals

We, the undersigned, do certify that this Charter was approved on 19th day of March 2026.

KPPA Audit Committee Chair Date

Board Chair Date
Kentucky Public Pensions Authority

Chief Auditor Date

History: Approval Date: September 28, 2023
Amended: March 19, 2026

KENTUCKY PUBLIC PENSIONS AUTHORITY
Ryan Barrow, Executive Director
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Kentucky Public Pensions Authority

MEMORANDUM

To: KPPA Audit Committee

From: Erin Surratt, Deputy Executive Director
Kentucky Public Pensions Authority

Date: September 9, 2026

Re: Office Space Utilization Study

Objective

At the request of the Kentucky Public Pensions Authority (KPPA) Audit Committee, management was asked to evaluate KPPA's current office space utilization and assess the feasibility of reducing leased space through consolidation or by leasing portions of the existing buildings to other entities. Because this request involved evaluating a previous operational decision rather than conducting an audit, management assumed responsibility for the assessment with coordination with KPPA Internal Audit staff. This memorandum summarizes management's findings and provides an analysis of the operational, financial, and logistical considerations.

Background

KPPA leases approximately 85,357 square feet of office space. This space consists of two separate one story buildings. The property shares 352 parking spaces, covers approximately 8.5 acres, and includes walkways, landscape beds, and green spaces. See details below.

Name	Building A	Building C
Location	1260 Louisville Rd	1270 Louisville Rd
Property Type	Offices, Mailroom	Offices, Boardroom
Assigned Full-time Equivalents (FTE)	165	119
Leased Square Feet (SF)	46,380	38,977
Annual Price/SF	$12.50	$12.50

Lease Term	Dec 1, 2019 - TBD	Dec 1, 2019 - TBD

KPPA currently has 284 authorized full-time positions, 20 interim positions, and one part-time position. Prior to the COVID-19 pandemic, all staff worked primarily in the office. Since that time, staffing levels have increased due to state budget approved position capacity (cap) increases while much of the workforce has transitioned to hybrid work schedules per the State Personnel Cabinet rules and regulations.

Space	Building A	Building C
Location	1260 Louisville Rd	1270 Louisville Rd
Lobby	2 (lower/upper – only lower is used for public)	2 (Hearing/Boardroom-public and Accounting)
Canteens	2 (1- fully furnished; 1- partially furnished)	3 (2- fully furnished; 1-partially furnished)
Mailroom	1 with loading ramp	NA
Server room	1	NA
Boardroom	NA	1
Conference room	2 (lower/upper)	2
Training room	2 (lower/upper)	1
Hearing room	NA	1
Storage room	3	NA
Restrooms	8 multi-stall, 2 single stalls in lobbies	8 multi-stall, 5 single stalls
Nursing Mother's room	1	1
Outreach Production room	1	NA
Offices	86	65
Cubicles	82	82
Janitor Closets	9	3

The current office layout includes numerous specialized spaces necessary for KPPA operations. These spaces support core agency functions and cannot efficiently be repurposed without affecting daily operations.

KPPA leases the property from Perimeter Park West, Inc. (PPW), a separate legal entity organized under 501(c)(25)(C). PPW uses KPPA employees as their agents to conduct the day-to-day business transactions of the corporation per the PPW, Inc Leasing Policy and Bylaws. KPPA pays rent to PPW per the lease agreement and PPW reimburses KPPA annually for their employees' time and ancillary costs via a monthly rent reduction.

Under Article VI of the Articles of Incorporation, "The exclusive purpose of the corporation [PPW] shall be the acquiring of and holding title to real property, collecting income therefrom, and turning over the entire amount thereof, less expenses, to one or more shareholders who meet the qualifications described in Section 501(c)(25)(C) of the Internal Revenue Code of 1986, as amended (the "Code"). PPW's sole purpose is to invest in real estate and to pay dividends to the shareholders in the amount of any earnings in excess of expenses.

Under the PPW Dividend Policy, dated May 9, 2023, PPW must retain a minimum of $500,000 cash on hand for annual expenses. The policy allows the PPW Board to declare an amount over $500,000 as a dividend to be paid to the shareholders according to the shareholders' stock allocation. The PPW Board is authorized to take into consideration anticipated budget needs for the next fiscal year and can declare the need to retain an amount higher than the $500,000 cash to pay for anticipated repairs, etc. in the upcoming year. The PPW Board annually determines if a dividend will be provided based on the cash on balances at June 30th each year after the June bank statements have been reconciled. Any dividends declared should be paid to the shareholders within 45 days of the declaration, or around July 31st of each year and may be paid by wire transfer. All large building expenses (e.g. roof replacement, HVAC replacement, flood/water damage mitigation) will affect the dividend payment.

Dividends Since 2020		
06/17/2020	Dividend Payment Wire	$500,000.00
07/29/2021	Dividend Payment Wire	$703,302.50
07/28/2022	Dividend Payment Wire	$472,901.20
07/25/2023	Dividend Payment Wire	$405,687.48
07/31/2024	Dividend Payment Wire	$472,845.05
07/30/2025	Dividend Payment Wire	$206,142.01
07/29/2026	Dividend Payment Wire	$445,231,10

Telecommuting Authority

KPPA is an Executive Branch agency controlled by Kentucky Revised Statutes - Chapter 18A, the Governor of the Commonwealth of Kentucky, and the Personnel Cabinet. The personnel policies and regulations, including telecommuting, are controlled by the Personnel Cabinet. Further, the Kentucky General Assembly has debated and considered legislative action mandating certain personnel actions by amending 18A statutes as evidenced by recently proposed bills - RS 2023 SB 148 and RS 2025 SB 79.

The current telecommuting policy in effect as of September 12, 2022, requires all Executive Branch employees to be in the office a minimum of three (3) days a week unless an exception is granted by the Personnel Cabinet. At the onset of the current Personnel Telecommuting Policy, KPPA requested and was granted various exceptions to the three days a week requirement for all non-member facing divisions. Additionally, with the drastic reduction of members utilizing the in-person services offered after the offices were re-opened following the COVID-19 pandemic and productivity metrics maintaining consistency from pre-pandemic levels, additional exceptions were granted. Per approval by the Personnel Cabinet, all member-facing divisions have set schedules to accommodate necessary in-person services, and they vary by division and are driven by member needs. Certain times of the year, such as heavy retirement months, open enrollment and tax season, require additional staff to be in the office to meet visitor demand. Additionally, higher in-office attendance occurs when “All Employee” meetings are held (quarterly), and division specific trainings/meetings occur which happen more frequently.

Existing Space Utilization

KPPA currently uses approximately 85,357 square feet of office space between Buildings A and C, while workstations are not occupied 100 percent of the time due to hybrid work schedules, all office space throughout the Frankfort campus is assigned to employees or dedicated to essential business functions. As employees rotate between in-office and remote workdays, the assigned workspaces are utilized throughout the workweek. Conference rooms, training rooms, hearing rooms, the Board Room, mailroom, server room, and other operational areas are used as business needs require. Therefore, daily occupancy fluctuates but the KPPA's footprint is utilized throughout the week.

Return-to-Office Capacity

Staff evaluated whether the existing office space could accommodate all employees if Executive Branch employees were required to return to the office five days per week.

Prior to the COVID-19 pandemic, office space was generally occupied with little excess capacity. Since then, KPPA's workforce has grown by approximately 29 employees. Based on current staffing levels, Buildings A and C could accommodate employees assigned to the Frankfort campus; however, doing so would likely require reducing meeting space, repurposing other operational areas, and reconfiguring existing work areas to create additional assigned workstations.

In June 2025, KPPA staff also conducted a high-level review of both buildings to estimate the number of additional workstations that could be created within the existing footprint. This review was based on observations and discussion rather than architectural drawings and did not account for code requirements or all operational constraints.

The review estimated that approximately:

- 88 additional workstations could potentially be added in Building A.
- 70 additional workstations could potentially be added in Building C.

These estimates assume that conference rooms, training rooms, storage rooms, executive offices, and other operational spaces could be converted into office space. Because many of these areas are essential to agency operations, staff believe these estimates should be reduced by at least 20 percent to reflect realistic business needs[1].

Estimated Cost of a Full Return to the Office

To estimate the potential operating costs associated with a full return to five day a week in-office work, current operating expenses were compared to the last full calendar year in which KPPA operated with employees reporting to office five days per week (Calendar Year 2019).

Lease expenses are fixed and are not dependent upon building occupancy. Accordingly, a full return to in-office work would not be expected to affect lease costs. It is important to

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[1] Safety and zoning requirements may result in a decrease of additional desks that could be added.

note any future increases in lease expenses can only occur if altered by a new lease agreement or termination of lease.

Natural gas expenditures increased by approximately 52.2% between calendar years 2019 and 2025. However, natural gas costs are primarily influenced by factors such as commodity pricing, weather conditions, and the need to heat and maintain the buildings regardless of occupancy. The additional energy caused by having more people in the building is usually much smaller than people expect. A search revealed that 70-90% of the heating load is from heat loss through walls, windows, roof and ventilation system which would not be related to occupancy. Consequently, natural gas expenditure may not be considered a meaningful indicator of the operating costs associated with changes in employee occupancy.

Electricity and water expenditures, by comparison, decreased by approximately 42.3% between calendar years 2019 and 2025. Because calendar year 2019 represents the last full year in which employees reported to the office five days per week, and calendar year 2025 reflects a significantly greater level of remote work, these utility expenditures provide the most relevant point of comparison for estimating the potential impact of a full return to in-office work. While utility costs are also affected by factors such as utility rates, weather conditions, and operational efficiencies, the observed reduction in electricity and water expenditures is consistent with lower building utilization during the period.

Current Building Operating Costs

For FY 2026, the estimated annual cost to operate Buildings A and C is approximately:

Expense	Annual Cost
Rent	$961,968.00
Natural Gas	$38,734.80
Electric, Water, Sewer & Security Monitoring:	$91,018.51
Total Annual Cost	$1,091,721.31
Average Monthly Cost	$90,976.78

Louisville Office

KPPA recently entered into a lease for approximately 3,345 square feet of office space in Louisville, which is currently being prepared for occupancy. Once occupied, the office will house employees of the Investment Division who reside in Louisville and are currently working remotely. The Louisville office operates under a separate lease agreement procured by the Finance Cabinet at a current monthly cost of $7,621.83, which includes utilities, janitorial services, and twelve reserved parking spaces. The lease also provides for an annual four (4) percent annual increase. Because these employees are not currently assigned workspace at the Frankfort campus and will report to the Louisville office regardless of any future return-to-office mandate, staff do not anticipate the Louisville office having any impact on the overall space utilization analysis for the Frankfort campus.

Feasibility of Reducing Leased Space

KPPA management evaluated three potential options for reducing leased space:

(1) consolidating all operations into a single building

(2) leasing a portion of one of KPPA's existing facilities to another tenant and

(3) closing a portion of one of KPPA's existing buildings.

Consolidating Operations into One Building

KPPA staff evaluated the feasibility of consolidating all operations into either Building A or Building C while leasing the remaining building.

Although current employee attendance patterns under today's hybrid work schedules suggest one building could theoretically accommodate staff with strategic hoteling (i.e. sharing of workstations), the operational requirements make consolidation considerably more complex than simply relocating offices.

Several mission-critical functions are located within specific buildings.

- Building A houses KPPA's primary server room, mailroom, and loading dock.
- Building C contains the Board Room, Legal Hearing Room, and meeting space, each of which contains specialized technology and infrastructure necessary to conduct board meetings, disability and administrative hearings, and other statutory functions.

Consolidating into Building C would require construction of a new server room capable of supporting KPPA's production systems. Staff believe this option would be prohibitively expensive. The existing server room recently underwent significant infrastructure improvements, including replacement of the UPS and Liebert environmental systems at a cost approaching $550,000. These systems are permanently integrated into the building and cannot be relocated without substantial expense. A new server room would require dedicated environmental controls, fire suppression systems, electrical infrastructure, and redundant power systems. Also, the fire system for Building C is up to code. However, if any significant renovations occur (more than 50% of the square footage) or new ownership takes place, the fire system will also need to be replaced under the revised building code which adds a material expense. Significant renovations may trigger other building code upgrades with additional capital costs.

Consolidating into Building A presents a different set of challenges. New Board Room and Legal Hearing Room facilities would need to be constructed to replace the modified spaces currently located in Building C. An estimate recently obtained by KPPA indicated that replacing the existing audiovisual and display equipment to meet current demand alone would cost approximately $244,000, exclusive of any construction or renovation cost required to create a new Board Room. It has not been determined whether the existing audiovisual equipment could be relocated and reused or whether replacement systems would be required but the relocation cost would be material. Similarly, the current Legal Hearing Room would need to be replaced. Disability and administrative hearings must be conducted in spaces that meet specific operational requirements, including proximity to public restrooms and recording capabilities. Available locations within Building A are limited and would likely require extensive renovation to accommodate these needs.

Creating these specialized rooms would also reduce the number of available workstations, requiring additional office renovations to convert storage areas and irregularly shaped spaces into employee work areas. These modifications would involve relocating walls, electrical systems, data cabling, HVAC ductwork, and potentially plumbing. As with any major renovation, permitting, engineering, construction, and code compliance would significantly increase both project costs and implementation time.

Regardless of which building was retained, consolidation would also create a substantial surplus of office furniture and equipment. Staff would need to determine whether to lease off-site storage or dispose of excess furniture through the Commonwealth's surplus property process. Should future Executive Branch policy require additional employees to return to the office, replacing previously disposed furniture would create additional costs.

KPPA staff do not believe the operational savings associated with consolidation outweigh the significant construction costs, infrastructure modifications, and long-term operational risks identified during this review. Additionally, one building would not be sufficient if employees were required to return to the office.

Leasing a Portion of an Existing Building

From a space utilization perspective, it may be possible to separate a portion of one of KPPA's existing buildings for lease to another tenant. Based on the analysis of consolidating to one building, and the need to retain specific spaces, the most likely scenario would be to retain all of Building C and rent out the upper portion of Building A (any lease would have to conform to the requirements set out in the lease agreement). However, doing so would require significant building modifications, infrastructure improvements, and additional engineering evaluation before the feasibility and cost of such an option could be determined.

A firewall extending from the floor to the roof deck would need to be constructed to separate the two occupancies. The impact of this addition on the existing sprinkler and fire alarm systems has not been quoted by a contractor but will require the systems to be separated into two independent footprints. In addition, utilities serving both portions of the building would require extensive modifications and multiple re-metering of utilities.

The electrical system would need to be reconfigured by rerouting lighting circuits and relocating electrical service to a new distribution point that does not currently exist. Existing HVAC ductwork crosses the proposed separation line at multiple locations and would require substantial rerouting. While preliminary observations indicate that the existing gas service may continue to support the rooftop HVAC units serving the leased space, additional engineering review would be necessary. Water lines do not appear to cross the proposed separation point, although this would also require confirmation.

Building modifications of this nature could trigger additional building code requirements. Required permits, inspections, and any associated code upgrades would increase both the cost and timeline of the project.

Operational considerations extend beyond the building systems. KPPA's security camera and electronic badge access systems need to be divided between the two occupancies or modified entirely depending on the tenant's security requirements. Additionally, the proposed leased space may lack a dedicated loading dock depending on which building/space is leased. Constructing a new loading area would likely require additional site work and roadway improvements, the cost of which has not been determined.

While leasing a portion of the building is technically possible, management believes the construction, infrastructure, and operational challenges require significant additional study before this option could be considered financially viable. Based on the current price per square foot of $12.50, it's likely that there will be a net loss in rental income in the first year or two due to cost of renovations and code improvements that will be needed.

Closing a Portion of an Existing Building

Closing off a portion of an existing building to reduce operating costs may not result in meaningful savings due to the integrated nature of the building's mechanical, electrical, plumbing, and life safety systems, which are designed to serve the facility as a whole rather than isolated areas. Achieving measurable utility savings could require significant infrastructure modifications, and certain building systems would likely need to remain operational to protect the facility and ensure code compliance.

In addition, maintaining an unoccupied section of the building presents operational challenges, including reduced routine observation of the space, which may delay the detection of maintenance issues such as water leaks, equipment failures, pest intrusion, or other conditions that could result in property damage or increased repair costs. As a result, the potential operational risks and costs associated with closing off a portion of the building could outweigh any anticipated reduction in utility expenses.

KPPA Management asked the PPW Facility Agent to contact the insurance company that covers the commercial property insurance for PPW to inquire whether there would be any impact on insurance premiums or coverage if a portion of the building is closed off. The insurance company confirmed there wouldn't be any change to premium for that reason, and that additional justification may be required for claims processing if an event occurred in a space that had been unoccupied for a significant period.

Conclusion

Because the General Assembly and the State Personnel Cabinet ultimately controls the in-office and telecommuting schedules and based on the specific business needs we have constructed, the current configuration is optimal and best for future scenarios such as if all employees are required to return to the office for even a minimum of three or five days per week. If adequate space is not maintained and a mandate to return to the office is given, KPPA would have to look for new space to lease to accommodate the mandate at likely substantially higher per square foot cost and erode the efficiency of one central location for employees and members. This process would be controlled by the Department of Real Properties, which may result in the full KPPA staff being relocated and likely have a long duration on the acquisition of new space. Due to the limited flexibility to give up space, and because the space that could be relinquished may not offer desirable lease space and would pose a significant construction cost, it is the opinion of management that KPPA continue to lease the current space without modification.

KENTUCKY PUBLIC PENSIONS AUTHORITY
Ryan Barrow, Executive Director
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Kentucky Public Pensions Authority

To: KPPA Audit Committee

From: Michael Lamb, Executive Director, Office of Operations, and Chief Financial Officer, KPPA

Date: September 9, 2026

Subject: The Retirement Allowance Account

Issue:

Disagreement and/or lack of clarification of what the Retirement Allowance Account (RAA) is and how and where it is to be set up and utilized for the County Employees Retirement System (CERS), the Kentucky Employees Retirement System (KERS) and the State Police Retirement System (SPRS) (the Systems).

This specific problem has been co-mingled with other questions and concerns related to the Systems' use of the Commonwealth's depository bank, currently JP Morgan Chase (JPM), versus the use of the Systems' custodial bank, currently The Bank of New York Mellon Corporation (BNY), as well as the definition of public funds vs. trust funds and trustee oversight and control of such funds.

Those other questions and concerns are important and need to be concluded on separately. This memo seeks to exclusively/solely conclude on the RAA and establish the appropriate definition and use to be utilized by the Kentucky Public Pensions Authority (KPPA) in the administration of the Systems.

Conclusion:

The RAA is the equivalent of a governmental accounting "Fund Balance" that is maintained within the general ledger accounting and pension administration systems of KPPA, and has always been accounted for correctly, since the inception of the Systems in 1956 and 1958, respectively.

KPPA's research through April 30, 2026, has found no statutory or industry evidence that the RAA should be set up as a bank, custodial, or investment account, or a series of such accounts.

Analysis and Basis for Conclusion:

Statutes:

KRS 16.555 (SPRS), KRS 61.570 (KERS), and KRS 78.630 (CERS) indicate that all the Assets of the Systems shall be held and invested in their respective retirement fund and credited to one of three accounts **(1): the Members' Account, (2) The Retirement Allowance Account, or (3): accounts established to pay for medical benefits under 26 U.S.C. sec. 401(h)**.

(1) The Members' Account – KRS 16.560 (SPRS), KRS 61.575 (KERS), and KRS 78.640 (CERS) define the Members' Account as the account that accumulates all members' contributions, or contributions picked up by the employer, all interest allowances (under Tier 1 and Tier 2), employer pay credits (under Tier 3), and GANIR Interest (under Tier 3), and excludes employee health insurance contributions. Interest allowances and GANIR interest are to be applied as of June 30 and transferred from the RAA. Prior to the member's retirement, death or statutorily required refund, no funds shall be made available from this account. Upon retirement of a member, then his or her accumulated member balance is transferred to the RAA.

Note: The Statutory name of "The Members Account" was changed from "The Members' ~~**Contribution**~~ Account" as part of SB 2 (2013) which introduced Tier 3.

(2) The Retirement Allowance Account (RAA) – KRS 16.565 (SPRS), KRS 61.580 (KERS), and KRS 78.650 (CERS) define the RAA as the account in which shall be accumulated all employer contributions, amounts transferred from the member's account, and to which all income from the invested assets of the system shall be credited. In addition, from this account the administration expenses of the system shall be paid, retirement allowances, and any other benefits payable after a member's retirement. Therefore, KPPA is not to pay any such "expenses" from the Members' Account. Furthermore, from this Account, KPPA is to transfer to the Members' Account the Employer pay credit (as these are "employer contributions") as well as the GANIR interest, both of which were established with the creation of Tier 3.

Prior to the establishment of the Systems in the late 1950's, the Legislative Research Commission (LRC) conducted research for the purpose of informing the Kentucky General Assembly of what options were available in establishing a retirement system for public employees. LRC published their research in the *Commonwealth of Kentucky Research Publication No. 6, "A Retirement System for Kentucky State Employees" (1949)*; The report included information on different types/structures of public retirement systems, comparisons of other state and municipal public pension plans at the time, and the cost of forming such retirement systems.

The report identified several options on how to administratively separate funds for accounting purposes, citing that some states utilize as many as five separate funds to account for varying levels of members and state contributions, as well as "a state pension fund" in which amounts are transferred to at the time of a member's retirement.

> It is a matter of administrative detail as to how funds shall be separated for accounting purposes. Some states utilize as many as five separate funds:
>
> 1. A fund for members' contributions in the process of accumulation,
> 2. A fund for the state's contributions for current service of members,
> 3. A prior service fund to which the state makes contributions,
> 4. A members' annuity fund to which individual members' accounts are transferred for the payment of annuities which they have built up at the time of retirement, and
> 5. A state pension fund to which the state's prior service and current service contributions in an individual member's account are transferred at the time of his retirement.
>
> The state normally pays the costs of administration from the regular appropriations it makes to the fund. The provision in the Nevada law for collecting fifty cents each month from every employee to defray administrative costs is exceptional.

(*See* PDF page 50 of the 1949 research paper.)

The original statutes establishing the RAA in the 1950's for each of the systems are very similar to a hybrid of example 4 and 5 included in the report, and likewise, the "retirement allowance accounts" as they exist today for the systems are very similar to a hybrid of options #4 and #5 listed in the 1949 report.

(3) Accounts established to pay for medical benefits under 26 U.S.C. sec. 401(h). The 3rd account referenced in the above statutes are the accounts established to pay for medical benefits under 26 U.S.C. sec. 401(h), and are ~~essentially are the plans established in the Insurance Trust Fund and include the employee and employer contributions to the Insurance Trust and~~ not part of the Members' Account and/or the RAA.

Financial Statements; Pension Administration System; Bookkeeping / Accounting System.

Within the Systems' bookkeeping or accounting processes there is, and has always been, a series of general ledger/bookkeeping accounts that contain the statutory required accumulated amounts for the RAA.

Furthermore, within the Systems' pension administration system (when it was kept manually or in today's modern START system), there has always been an individual account for every member that contains the statutory accumulated amounts of the Members' Account, as well as a series of general ledger/bookkeeping accounts that capture the accumulation of all individual member accounts, with the following exception:

> **Exception:** In 2013, a decision was made to no longer utilize the Series 600- **Member Fund Balance Accounts** within the system of accounting/booking accounts. Research has not determined exactly why this changed; however, the following indications may have contributed to the change.
>
> - With the implementation of Tier 3 via SB 2 (2013) there was statutory language change from the Member Contribution Account to just Member Account.
> - The pension administration system has always maintained an individual **Member Account** for every member that shows accumulated balance for that member, and a cumulative member balance can be generated (showing the entire Member Balance at any time).
> - Due to GAAP and GASB changes, The Annual reports were no longer segregating the Member Contribution Account and the RAA as part of fund balance.

These Series 600 fund balance accounts were brought back to the general ledger in fiscal year 2023, and the Series 700 fund balance (Retirement Allowance Accounts) have always been in the general ledger/bookkeeping accounts since the Systems' inception as evidenced in the following Annual Reports presented below.

The first financial statements

There are two financial statements in these annual reports.

In the example below, the first financial statement shows the Assets and Liabilities of the CERS System as of June 30, 1960, with the liabilities separated between the accumulated balance of the **Member Contribution Account** and the **Retirement Allowance Account.** In this financial statement, the RAA does not represent a bank, custodial, or investment account, or series of such accounts, but rather a fund balance.

This financial statement is generally referred to as a balance sheet, and in today's generally accepted accounting principles (GAAP) for pensions, is called the "Statement of Fiduciary Net Position"

COUNTY EMPLOYEES RETIREMENT SYSTEM
Financial Statement
As of June 30, 1960

	Percent of Investment		
ASSETS			
Cash			$ 4,591.78
June 1960 Contributions (In Process of Payment by State Treasurer)			107,146.03
Investment Securities:			
U. S. Bonds	16.51	$124,241.56	
Mutual Funds	83.49	628,375.79	
Total Investments	100.%		752,617.35
Bond Interest Purchased			96.04
Total Assets			$864,451.20
LIABILITIES			
Member Contribution Account		$342,741.67	
Retirement Allowance Account		521,709.53	
Total Liabilities			$864,451.20

The second financial statement shows the cumulative receipts and disbursements of both the **Member Contribution Account** and the **Retirement Allowance Account,** of June 30, 1960, resulting in the total "cash on hand" or in this case, with the State Treasurer. This financial statement also does not depict the RAA as a bank, custodial, or investment account, or series of such accounts, but rather a fund balance, in which the annual activity is being reconciled to the fund balance on the first financial statement.

This financial statement is generally referred to as an income statement, and in today's GAAP for pensions, is called the "Statement of Changes in Fiduciary Net Position"

COUNTY EMPLOYEES RETIREMENT SYSTEM
Analysis of Cumulative Cash Receipts and Disbursements

Period 7/1/1958 - 6/30/1960

MEMBER CONTRIBUTION ACCOUNT			
Accumulated Contributions of Members		$352,008.05	
Less: Refunds		9,266.38	
Net Receipts - Member Accounts			$342,741.67
RETIREMENT ALLOWANCE ACCOUNT			
Net Additions:			
Employer Contributions		$526,466.28	
Dividends - Interest on Investments		28,375.79	
Total Additions		$554,842.07	
Net Reductions:			
Administrative Costs	$28,373.09		
Actuarial Costs	710.00		
Interest on Member Accounts	4,049.45		
Total Reductions		33,132.54	
Net Receipts - Retirement Allowance Account			521,709.53
Total Receipts of System			$864,451.20
Disbursements for Investments			752,713.39
Cash on hand and due from State Treasurer			$111,737.81

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The Annual Reports 1961-1990

The financial statements from 1961 through 1990 are functionally the same as the 1960 statements but this 1990 example better illustrates that the **Member Contribution Account** and the **Retirement Allowance Account** are truly Fund Balances, and represent an accumulation of all system assets including investments, cash on deposit, receivables, accrued income, and other assets (which could be fixed assets or equipment, etc.).

The two income statements also illustrate the statutory requirements to transfer amounts between the two accounts ("retired members' balances transferred to retirement allowance account", and "Interest credited to members' balances transferred to Members' Contribution Account", and vice versa).

COUNTY EMPLOYEES RETIREMENT SYSTEM
BALANCE SHEETS

	June 30 1990	June 30 1989
ASSETS		
Investments (Note 7):		
United States Government securities	$ 202,647,085	$ 140,834,335
Government National Mortgage Association and similar securities	82,534,737	137,569,093
Corporate bonds and notes	74,294,842	85,533,897
Convertible bonds	456,244	422,166
Common stocks	516,084,853	265,349,082
First mortgage real estate loans	292,029	349,041
Real estate investment trust	44,554,750	29,379,594
Securities purchased under agreement to resell	274,717,537	337,406,104
	$1,195,582,077	$ 996,843,312
Cash on deposit with State Treasurer	91,948	254,486
Member and employer contributions receivable	10,698,258	13,433,230
Past service credit contribution receivable	58,189,845	66,533,639
Accrued investment income	9,484,087	8,826,881
Other assets	17,647	13,286
	$1,274,063,862	$1,085,904,834
LIABILITIES AND FUND BALANCE		
Member refunds, insurance fund transfers and investment expenses payable	$ 3,997,595	$ 7,852,198
Fund balance:		
Members' Contribution Account	$ 254,282,752	$ 225,193,010
Retirement Allowance Account	1,015,783,515	852,859,626
	$1,270,066,267	$1,078,052,636
	$1,274,063,862	$1,085,904,834

COUNTY EMPLOYEES RETIREMENT SYSTEM
STATEMENTS OF REVENUES, EXPENSES AND CHANGES
IN MEMBERS' CONTRIBUTION ACCOUNT

	Year Ended June 30 1990	1989
Revenues:		
Member contributions	$ 41,650,282	$ 63,609,817
Interest credited to members' balances transferred from Retirement Allowance Account	8,279,504	6,668,871
Total revenues	$ 49,929,786	$ 70,278,688
Expenses:		
Refunds to former members	$ 6,346,247	$ 5,208,722
Retired members' balances transferred to Retirement Allowance Account	14,493,797	17,403,017
Total expenses	$ 20,840,044	$ 22,611,739
Excess of revenues over expenses	$ 29,089,742	$ 47,666,949
Members' Contribution Account at beginning of year	225,193,010	177,526,061
Members' Contribution Account at end of year	$254,282,752	$225,193,010

COUNTY EMPLOYEES RETIREMENT SYSTEM
STATEMENTS OF REVENUES, EXPENSES AND CHANGES
IN RETIREMENT ALLOWANCE ACCOUNT

	Year Ended June 30 1990	1989
Revenues:		
Employer contributions	$ 80,658,140	$140,659,744
Investment income	86,852,951	76,400,250
Net realized gain on disposal of investments	45,450,457	6,466,883
Retirement members' balances transferred from Members' Contribution Account	14,493,797	17,403,017
Total revenues	$ 227,455,345	$240,929,894
Expenses:		
Retirement benefits for members	$ 41,158,196	$ 31,719,667
Contributions transferred to the Kentucky Retirement Systems Insurance Fund	13,054,106	10,131,427
Interest credited to members' balances transferred to Members' Contribution Account	8,279,504	6,668,871
Administrative expenses	1,551,164	1,420,006
Investment expenses	488,486	183,132
Total expenses	$ 64,531,456	$ 50,123,103
Excess of revenues over expenses	$ 162,923,889	$190,806,791
Retirement Allowance Account at beginning of year	852,859,626	662,052,835
Retirement Allowance Account at end of year	$1,015,783,515	$852,859,626

The Annual Reports for 1991-1995

In the 1991 Annual Report, the **Member Contribution Account** and the **Retirement Allowance Account** were combined into the line item "Net Assets Available for Plan Benefits" but has the two accounts parenthetically disclosed and tied out to the Fund Balance via an "actuarial present value of credited projected benefits" as well as an "unfunded actuarial present value of credited projected benefits".

COUNTY EMPLOYEES RETIREMENT SYSTEM

BALANCE SHEETS
JUNE 30, 1991 AND 1990

	1991	1990
ASSETS:		
Investments:		
Bonds (market value - 1991, $279,548,000; 1990, $365,332,000)	$ 270,111,181	$ 359,932,908
Common stocks (market value - 1991, $876,403,000; 1990, $600,305,000)	747,111,835	516,084,853
First mortgage real estate loans (market value - 1991, $9,289,000; 1990, $288,000)	10,124,614	292,029
Real estate investment trusts (market value - 1991, $79,710,000; 1990, $51,065,000)	75,313,134	44,554,750
Securities purchased under agreements to resell (market value approximates cost)	223,993,377	274,717,537
Total investments	1,326,654,141	1,195,582,077
Cash on deposit with State Treasurer	499,863	91,948
Members and employers contributions receivable	12,463,161	10,698,258
Past service credit contribution receivable	52,577,347	58,189,845
Accrued investment income	7,482,817	9,484,087
Other assets		17,647
TOTAL	1,399,677,329	1,274,063,862
LIABILITIES:		
Members refunds, insurance fund transfers and investment expenses payable	3,450,324	3,997,595
NET ASSETS AVAILABLE FOR PLAN BENEFITS (Members' Contribution Account - 1991, $289,073,219; 1990, $254,282,752 and Retirement Allowance Account - 1991, $1,107,153,786; 1990, $1,015,783,515)	$1,396,227,005	$1,270,066,267

These statements also depict that if your fund balance does not equal assets minus liabilities you have to have a negative. This is presented in the "unfunded actuarial present value of credited projected benefits", which essentially reduces the RAA. The Member Contribution Account should never be negative, as that represents the System's obligation to refund all the contributions and interest active members are entitled to. If it is negative, the System would be facing insolvency.

FUND BALANCE:		
Actuarial present value of projected benefits payable to current retirees and beneficiaries	$ 533,730,563	$ 414,437,109
Actuarial present value of projected benefits payable to terminated vested participants	15,183,655	21,505,175
Actuarial present value of credited projected benefits for active members:		
Member contributions	279,301,024	242,006,912
Employer financed portion	680,565,641	621,270,666
Total actuarial present value of credited projected benefits	1,508,780,883	1,299,219,862
Unfunded actuarial present value of credited projected benefits	(112,553,878)	(29,153,595)
TOTAL FUND BALANCE	$1,396,227,005	$1,270,066,267

See notes to financial statements.

COUNTY EMPLOYEES RETIREMENT SYSTEM

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN
MEMBERS' CONTRIBUTION ACCOUNT
YEARS ENDED JUNE 30, 1991 AND 1990

	1991	1990
REVENUES:		
Members contributions	$ 50,027,929	$ 41,650,282
Interest credited to members' balances transferred from Retirement Allowance Account	9,356,568	8,279,504
Total revenues	59,384,497	49,929,786
EXPENSES:		
Refunds to former members	5,404,817	6,346,247
Retired members' balances transferred to Retirement Allowance Account	19,189,213	14,493,797
Total expenses	24,594,030	20,840,044
EXCESS OF REVENUES OVER EXPENSES	34,790,467	29,089,742
MEMBERS' CONTRIBUTION ACCOUNT:		
BEGINNING OF YEAR	254,282,752	225,193,010
END OF YEAR	$289,073,219	$254,282,752

COUNTY EMPLOYEES RETIREMENT SYSTEM

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN
RETIREMENT ALLOWANCE ACCOUNT
YEARS ENDED JUNE 30, 1991 AND 1990

	1991	1990
REVENUES:		
Employers contributions	$ 77,403,269	$ 80,658,140
Investment income	75,889,593	86,852,951
Net realized gain on disposal of investments	1,292,434	45,450,457
Retired members' balances transferred from Members' Contribution Account	19,189,213	14,493,797
Total revenues	173,774,509	227,455,345
EXPENSES:		
Retirement benefits for members	53,341,986	41,158,196
Contributions transferred to the Kentucky Retirement Systems Insurance Fund	16,562,994	13,054,106
Interest credited to members' balances transferred to Members' Contribution Account	9,356,568	8,279,504
Administrative expenses	1,585,753	1,551,164
Investment expenses	1,556,937	488,486
Total expenses	82,404,238	64,531,456
EXCESS OF REVENUES OVER EXPENSES	91,370,271	162,923,889
RETIREMENT ALLOWANCE ACCOUNT:		
BEGINNING OF YEAR	1,015,783,515	852,859,626
END OF YEAR	$1,107,153,786	$1,015,783,515

The Annual Reports for 1996-2018

The financial statements of this annual report, no longer identify the Members' Contribution Account or the RAA, and this is due to the adoption of *GASB Statement 25 - "Financial Reporting for the Defined Benefit Plans and Note Disclosures for Defined Contribution Plans"*

NOTE C. Change in Accounting Principles

During 1996, the System elected an early adoption of the provisions of Government Auditing Standards Board Statement No. 25, "Financial Reporting for Defined Benefit Plans and Note Disclosures for Defined Contribution Plans." The provisions of this statement require restatement of prior year balance for the effect of changing from reporting certain investments at fair value. The effect of the change in accounting principle on the beginning net assets held in trust for pension benefits for System as previously reported was a decrease of $17,444,017.

GASB 25 required that the difference between total plan assets and total plan liabilities at the reporting date should be captioned **net assets held in trust for pension benefits.**

The statement of changes in plan net assets should be prepared on the accrual basis, for the recognition of plan receivables and liabilities. The information should be presented in two principal sections, additions and deductions. The difference between total additions and deductions should be reported as the net increase (or decrease) for the year in **net assets held in trust for pension benefits.**

This didn't mean that the RAA or the Members' Contribution Account was dissolved as they were still a part of the Systems general ledger/bookkeeping accounts; however, per GAAP, these two accounts were no longer being presented on the face of the audited annual financial statements.

COUNTY EMPLOYEES RETIREMENT SYSTEM
STATEMENTS OF NET PLAN ASSETS
June 30, 1996

	Hazardous Employees	Non-Hazardous Employees	1996 Total
ASSETS			
Cash and short-term investments			
Cash	$ 63,159	$ 194,248	$ 257,407
Short-term investments	106,388,817	385,171,136	491,559,953
Total cash and short-term investments	106,451,976	385,365,384	491,817,360
Receivables			
Investments - accounts receivable	4,651,627	16,314,612	20,966,239
Interest receivable - year end	1,925,908	6,244,953	8,170,861
Accounts receivable - year end	5,612,688	18,859,357	24,472,045
Accounts receivable - alternate plan	4,112,315	4,863,504	8,975,819
A/R - alternate plan - year end	282,960	324,375	607,335
Total receivables	16,585,498	46,606,801	63,192,299
Investments at fair value			
Bonds	88,920,374	273,222,092	362,142,466
Common stocks	456,124,114	1,639,717,615	2,095,841,729
Mortgages	25,797,074	81,390,663	107,187,737
Real estate	35,870,238	119,030,639	154,900,877
Total investments at fair value	606,711,800	2,113,361,009	2,720,072,809
Total assets	729,749,274	2,545,333,194	3,275,082,468
LIABILITIES			
Investment - accounts payable	28,508,921	88,415,960	116,924,881
Accounts payable	1,511,746	4,971,755	6,483,501
Total liabilities	30,020,667	93,387,715	123,408,382
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	$699,728,607	$2,451,945,479	$3,151,674,086

COUNTY EMPLOYEES RETIREMENT SYSTEM
STATEMENT OF CHANGES IN NET PLAN ASSETS
For the Year Ended June 30, 1996

	Hazardous Employees	Non-Hazardous Employees	Total
ADDITIONS			
Contributions			
Employer	$ 35,951,348	$ 95,660,478	$ 131,611,826
Member	14,855,633	57,702,044	72,557,677
Total contributions	50,806,981	153,362,522	204,169,503
Investment income			
Net appreciation in fair value of investments	192,603,233	707,162,428	899,765,661
Interest	13,513,968	44,746,256	58,260,224
Dividends	9,828,958	34,929,987	44,758,945
Real estate operating income (net)	2,093,876	6,855,703	8,949,579
Investment income	218,040,035	793,694,374	1,011,734,409
Less investment expense	2,385,784	8,441,531	10,827,315
Net investment income	215,654,251	785,252,843	1,000,907,094
Total additions	266,461,232	938,615,365	1,205,076,597
DEDUCTIONS			
Benefit payments	29,625,883	79,455,516	109,081,399
Refunds	968,999	7,975,454	8,944,453
Administrative expense	272,161	2,945,029	3,217,190
Other deductions (net)	12,382,174	25,240,005	37,622,179
Total deductions	43,249,217	115,616,004	158,865,221
Net increase	223,212,015	822,999,361	1,046,211,376
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS			
Beginning of year	478,924,330	1,643,982,397	2,122,906,727
Adjustment to net assets	(2,407,738)	(15,036,279)	(17,444,017)
End of year	$699,728,607	$2,451,945,479	$3,151,674,086

The Current Annual Reports (2025), the Current System of Accounting, and the current Pension Administration System

The current term for fund balance used is "Fiduciary Net Position", which is required with the adoption of *GASB Statement No. 67 – Financial Reporting for Pension Plans*, superseding *GASB Statement No. 25*, and was effective for fiscal year ended June 30, 2014.

GASB 67 requires defined benefit pension plans to present two financial statements, a statement of fiduciary net position and a statement of changes in fiduciary net position.

The statement of fiduciary net position presents the following items as of the end of the pension plan's reporting period, as applicable:

• Assets, such as cash and cash equivalents, receivables from employers and plan members, investments (measured at fair value), and equipment and other assets used in pension plan operations
• Deferred outflows of resources
• Liabilities, such as benefit payments due to plan members
• Deferred inflows of resources
• Fiduciary net position, which equals assets, plus deferred outflows of resources, minus liabilities, minus deferred inflows of resources

The statement of changes in fiduciary net position presents the following items for the pension plan's reporting period:

• Additions, such as contributions from employers, non-employer contributing entities, plan members, and net investment income
• Deductions, such as benefit payments and administrative expenses
• Net increase (decrease) in fiduciary net position, which equals the difference between additions and deductions

The Individual Member Account & The RAA

Within the current pension administration system, there is an individual **Member Account** for every member that shows an accumulated account balance. In addition, an annual statement is produced for each member and members can log into their self-service account and see their individual member balance.

Below is a screenshot of an actual Tier 3 Member's account, with a total balance of $47,240.72 ($11,405.66 + $16,177.83 + $14,144.68+ $5,512.55).

Contribution History Information

Your service, salary, and contribution history for this account through June 2025 is below. The 2010-2011 row may have the entirety of your interest accrued, instead of spread through each year. This is due to data conversion, and has no bearing on your account or retirement eligibility. The contribution details for service purchases will be reflected in the fiscal years in which you made the purchase. Contributions and interest displayed below are subject to audit and can change.

Fiscal Year	Plan	Pre Tax Contribution	Post Tax Contribution	Employee Interest	ERPAY	Employer Interest	Total Contribution & Interest
2025 - 2026	KERSNHZ	$6,336.52	$0.00	$0.00	$5,069.14	$0.00	$11,405.66
2024 - 2025	KERSNHZ	$8,205.72	$0.00	$781.92	$6,564.66	$625.53	$16,177.83
2023 - 2024	KERSNHZ	$7,680.86	$0.00	$177.32	$6,144.64	$141.86	$14,144.68
2022 - 2023	KERSNHZ	$3,062.53	$0.00	$0.00	$2,450.02	$0.00	$5,512.55

Within the current accounting system, there is a series of general ledger accounts that represents the combined balance of all individual **member accounts** in each system and plan (nonhazardous and hazardous).

In addition, within the current accounting system, there is a series of general ledger accounts that represents the balance of the RAA for each system and plan.

Below is the 6/30/2025 Great Plains general ledger trial balance for KERS and CERS nonhazardous that ties out to the 6/30/2025 ACFR's fiduciary net position.

System: 4/24/2026 9:28:31 AM
User Date: 4/24/2026

TRIAL BALANCE SUMMARY FOR 2026

Kentucky Retirement Systems

General Ledger

Page: 1
User ID: acase

Ranges:	From:	To:	
Date:	7/1/2024	7/1/2025	Sorted By: Account
Account:	56-CG-600	56-CG-700	Include: Posting

Inactive	Account	Description	Beginning Balance	Debit	Credit	Net Change	Ending Balance
	56-CG-600	Fund Balance-Member	($2,157,409,921.00)	$0.00	$167,151,176.35	($167,151,176.35)	($2,324,561,097.35)
	56-CG-700	Retirement Allowance Account	($7,560,216,065.45)	$0.00	$740,798,162.41	($740,798,162.41)	($8,301,014,227.86)

	Accounts	Beginning Balance	Debit	Credit	Net Change	Ending Balance
Grand Totals:	2	($9,717,625,986.45)	$0.00	$907,949,338.76	($907,949,338.76)	($10,625,575,325.21)

System: 4/24/2026 9:26:12 AM
User Date: 4/24/2026

TRIAL BALANCE SUMMARY FOR 2026

Kentucky Retirement Systems

General Ledger

Page: 1
User ID: acase

Ranges:	From:	To:	
Date:	7/1/2024	7/1/2025	Sorted By: Account
Account:	51-KG-600	51-KG-700	Include: Posting

Inactive	Account	Description	Beginning Balance	Debit	Credit	Net Change	Ending Balance
	51-KG-600	Fund Balance-Member	($1,449,467,943.63)	$0.00	$104,867,176.35	($104,867,176.35)	($1,554,335,119.98)
	51-KG-700	Retirement Allowance Account	($2,848,103,014.33)	$0.00	$740,846,180.54	($740,846,180.54)	($3,588,949,194.87)

	Accounts	Beginning Balance	Debit	Credit	Net Change	Ending Balance
Grand Totals:	2	($4,297,570,957.96)	$0.00	$845,713,356.89	($845,713,356.89)	($5,143,284,314.85)

Basic Financial Statements

CERS Combining Statement of Fiduciary Net Position
As of June 30, 2025, with Comparative Totals as of June 30, 2024 ($ in Thousands)

	Pension		Insurance			
ASSETS	Nonhazardous	Hazardous	Nonhazardous	Hazardous	Total 2025	Total 2024
CASH AND SHORT-TERM INVESTMENTS						
Cash Deposits	$347	$27	$102	$14	$490	$427
Short-term Investments	456,987	199,753	130,051	50,742	837,533	549,100
Total Cash and Short-term Investments	**457,334**	**199,780**	**130,153**	**50,756**	**838,023**	**549,527**
RECEIVABLES						
Accounts Receivable	82,169	24,683	4,848	1,866	113,566	132,694
Accounts Receivable - Investments	109,279	40,795	38,699	17,025	205,798	83,651
Total Receivables	**191,448**	**65,478**	**43,547**	**18,891**	**319,364**	**216,345**
INVESTMENTS, AT FAIR VALUE						
Core Fixed Income	1,308,686	477,687	487,232	221,756	2,495,361	1,810,070
Public Equities	5,038,728	1,806,652	1,856,841	872,231	9,574,452	9,514,789
Private Equities	598,233	212,752	227,007	126,030	1,164,022	1,219,303
Specialty Credit	2,059,130	734,922	776,100	362,496	3,932,648	3,638,528
Derivatives	(5)	(10)	9	16	10	219
Real Return	575,879	205,995	209,520	99,364	1,090,758	726,051
Real Estate	543,195	172,873	196,756	107,976	1,020,800	954,047
Securities Lending Collateral	272,127	97,816	82,942	39,382	492,267	445,653
Total Investments, at Fair Value	**10,395,973**	**3,708,687**	**3,836,407**	**1,829,251**	**19,770,318**	**18,308,660**
Total Assets	**11,044,755**	**3,973,945**	**4,010,107**	**1,898,898**	**20,927,705**	**19,074,532**
LIABILITIES						
Accounts Payable	6,699	1,310	15	—	8,024	8,604
Accounts Payable - Investments	140,354	52,768	51,302	23,076	267,500	147,492
Securities Lending Collateral	272,127	97,816	82,942	39,382	492,267	445,653
Total Liabilities	**419,180**	**151,894**	**134,259**	**62,458**	**767,791**	**601,749**
Total Fiduciary Net Position Restricted for Benefits	**$10,625,575**	**$3,822,051**	**$3,875,848**	**$1,836,440**	**$20,159,914**	**$18,472,783**

See accompanying notes which are an integral part of these combining financial statements.

Basic Financial Statements

KRS Combining Statement of Fiduciary Net Position
As of June 30, 2025, with Comparative Totals as of June 30, 2024 ($ in Thousands)

	Pension			Insurance				
ASSETS	KERS Nonhazardous	KERS Hazardous	SPRS	KERS Nonhazardous	KERS Hazardous	SPRS	KRS Total 2025	KRS Total 2024
CASH AND SHORT-TERM INVESTMENTS								
Cash Deposits	$263	$28	$26	$101	$16	$12	$446	$465
Short-term Investments	221,007	59,712	38,383	71,358	28,082	8,904	427,446	441,430
Total Cash and Short-term Investments	**221,270**	**59,740**	**38,409**	**71,459**	**28,098**	**8,916**	**427,892**	**441,895**
RECEIVABLES								
Accounts Receivable	89,217	4,019	2,995	5,631	444	220	102,526	116,626
Accounts Receivable - Investments	100,502	15,366	15,179	22,680	8,027	2,972	164,726	56,377
Total Receivables	**189,719**	**19,385**	**18,174**	**28,311**	**8,471**	**3,192**	**267,252**	**173,003**
INVESTMENTS, AT FAIR VALUE								
Core Fixed Income	1,321,111	108,938	192,126	185,737	71,714	26,046	1,905,672	1,672,118
Public Equities	1,634,223	488,519	239,772	778,997	308,751	124,098	3,574,360	3,092,032
Private Equities	204,983	64,641	28,351	110,299	44,588	19,915	472,777	474,267
Specialty Credit	1,007,415	279,612	141,502	450,538	173,745	72,263	2,125,075	1,726,445
Derivatives	17	(2)	1	—	11	(2)	25	(63)
Real Return	468,629	85,420	69,012	139,103	53,375	21,664	837,203	684,912
Real Estate	234,554	63,267	35,441	102,488	45,389	17,333	498,472	466,474
Securities Lending Collateral	129,611	29,538	19,073	39,153	15,518	6,208	239,101	205,574
Total Investments, at Fair Value	**5,000,543**	**1,119,933**	**725,278**	**1,806,315**	**713,091**	**287,525**	**9,652,685**	**8,321,759**
Total Assets	**5,411,532**	**1,199,058**	**781,861**	**1,906,085**	**749,660**	**299,633**	**10,347,829**	**8,936,657**
LIABILITIES								
Accounts Payable	4,662	1,276	236	3	—	—	6,177	5,691
Accounts Payable - Investments	133,975	19,574	19,699	33,057	10,039	3,953	220,297	112,582
Securities Lending Collateral	129,611	29,538	19,073	39,153	15,518	6,208	239,101	205,574
Total Liabilities	[illegible]	**50,388**	**39,008**	**72,213**	**25,557**	**10,161**	**465,575**	**323,847**
Total Fiduciary Net Position Restricted for Benefits	**$5,143,284**	**$1,148,670**	**$742,853**	**$1,833,872**	**$724,103**	**$289,472**	**$9,882,254**	**$8,612,810**

See accompanying notes which are an integral part of these combining financial statements.

CERS Combining Statement of Changes In Fiduciary Net Position

For the fiscal year ended June 30, 2025, with Comparative Totals as of June 30, 2024 ($ in Thousands)

	Pension		Insurance		Total	Total
	Nonhazardous	Hazardous	Nonhazardous	Hazardous	2025	2024
ADDITIONS						
Member Contributions	$167,083	$65,788	$22,847	$5,495	$261,213	$248,354
Employer Contributions	677,429	306,031	12,842	19,950	1,016,252	1,118,858
Other Additions	—	—	—	—	—	12,082
Total Contributions & Other Additions	**844,512**	**371,819**	**35,689**	**25,445**	**1,277,465**	**1,379,294**
INVESTMENT INCOME						
Net Appreciation in FV of Investments	872,213	311,368	310,970	148,062	1,642,613	1,507,635
Interest/Dividends	321,416	115,259	118,334	55,730	610,739	566,984
Securities Lending Income	12,932	4,839	4,298	1,749	23,818	20,244
Less: Investment Expense	64,089	22,005	23,941	12,226	122,261	117,831
Less: Performance Fees	23,797	8,108	8,520	4,505	44,930	36,302
Less: Securities Lending Fees, Expenses, and Rebates	11,663	4,366	3,875	1,573	21,477	18,313
Net Investment Income	**1,107,012**	**396,987**	**397,266**	**187,237**	**2,088,502**	**1,922,417**
Total Additions	**1,951,524**	**768,806**	**432,955**	**212,682**	**3,365,967**	**3,301,711**
DEDUCTIONS						
Benefit Payments	993,357	376,348	—	—	1,369,705	1,284,097
Refunds	24,377	8,005	—	—	32,382	33,807
Administrative Expenses	25,841	2,262	917	524	29,544	30,350
Healthcare Expenses	—	—	142,084	105,121	247,205	221,030
Total Deductions	**1,043,575**	**386,615**	**143,001**	**105,645**	**1,678,836**	**1,569,284**
Net Increase in Fiduciary Net Position Restricted for Pension Benefits	907,949	382,191	289,954	107,037	1,687,131	1,732,427
Total Fiduciary Net Position Restricted for Benefits						
Beginning of Period	**9,717,626**	**3,439,860**	**3,585,894**	**1,729,403**	**18,472,783**	**16,740,356**
End of Period	**$10,625,575**	**$3,822,051**	**$3,875,848**	**$1,836,440**	**$20,159,914**	**$18,472,783**

See accompanying notes, which are an integral part of these combining financial statements.

KRS Combining Statement of Changes In Fiduciary Net Position

For the fiscal year ended June 30, 2025 , with Comparative Totals as of June 30, 2024 ($ in Thousands)

	Pension			Insurance			KRS Total	KRS Total
	KERS Nonhazardous	KERS Hazardous	SPRS	KERS Nonhazardous	KERS Hazardous	SPRS	2025	2024
ADDITIONS								
Member Contributions	$104,830	$22,096	$6,006	$12,295	$2,176	$418	$147,821	$136,995
Employer Contributions	154,409	70,768	52,975	38,863	2,159	1,888	321,062	368,848
Actuarially Accrued Liability Contributions	864,522	—	—	1,860	—	—	866,382	987,445
General Fund Appropriations	300,000	—	25,000	—	—	—	325,000	240,000
Other Additions	—	—	—	4	—	—	4	9,485
Total Contributions & Other Additions	**1,423,761**	**92,864**	**83,981**	**53,022**	**4,335**	**2,306**	**1,660,289**	**1,742,773**
INVESTMENT INCOME								
Net Appreciation in FV of Investments	363,949	92,561	52,053	147,310	56,743	22,884	735,500	553,411
Interest/Dividends	161,500	37,396	24,259	61,373	23,284	9,436	317,248	278,989
Securities Lending Income	6,775	1,655	1,119	2,536	766	345	13,195	8,524
Less: Investment Expense	23,822	6,541	3,341	10,280	4,681	1,878	50,543	43,491
Less: Performance Fees	9,022	2,232	1,076	3,575	1,810	695	18,410	13,592
Less: Securities Lending Fees, Expenses, and Rebates	6,093	1,495	1,008	2,293	690	312	11,891	7,641
Net Investment Income	**493,287**	**121,344**	**72,006**	**195,070**	**73,612**	**29,780**	**985,099**	**776,200**
Total Additions	**1,917,048**	**214,208**	**155,987**	**248,092**	**77,947**	**32,086**	**2,645,368**	**2,518,973**
DEDUCTIONS								
Benefit Payments	1,046,018	87,620	65,696	—	—	—	1,199,334	1,176,475
Refunds	11,154	6,212	346	—	—	—	17,712	16,046
Administrative Expenses	14,163	1,627	308	687	116	71	16,972	16,947
Healthcare Expenses	—	—	—	105,627	21,645	14,634	141,906	127,902
Total Deductions	**1,071,335**	**95,459**	**66,350**	**106,314**	**21,761**	**14,705**	**1,375,924**	**1,337,370**
Net Increase in Fiduciary Net Position Restricted for Pension Benefit	845,713	118,749	89,637	141,778	56,186	17,381	1,269,444	1,181,603
Total Fiduciary Net Position Restricted for Benefits								
Beginning of Period	**4,297,571**	**1,029,921**	**653,216**	**1,692,094**	**667,917**	**272,091**	**8,612,810**	**7,431,207**
End of Period	**$5,143,284**	**$1,148,670**	**$742,853**	**$1,833,872**	**$724,103**	**$289,472**	**$9,882,254**	**$8,612,810**

See accompanying notes, which are an integral part of these combining financial statements.

While the Member Account and the RAA are no longer presented on the Systems' Annual Financial Statements as fund balance, and as the name fund balance has changed over the years, fund balance remains as it always has been: Assets minus Liabilities, and that "fund balance" (or that "net assets held in trust", or that "fiduciary net position") for the Systems continues to represent the combination of the Member Account and the RAA, and these accounts continue to be maintained as a system of accounting/general ledger accounts as they have always been since inception.

Through review of all the historical financial statements of CERS, KERS, and SPRS, there is no evidence that the RAA is to be depicted as a bank, custodial, or investment account, or series of such accounts, but rather a fund balance.

Other retirement systems and Industry Guidance:

Other public pension plan statutes with comparable language to the "retirement allowance accounts" of the Systems that have adopted similar interpretations, are as follows:

The Virginia Retirement Systems (VRS) has a "retirement allowance account",

> *§ 51.1-148. Retirement allowance account.*
>
> *A. All employer contributions, all amounts transferred from the members' contribution account, and all income from the invested assets of the retirement system shall be credited to the retirement allowance account. All benefits under the retirement system, other than refunds of members' accumulated contributions, and all administrative expenses of the retirement system, except to the extent that such expenses are otherwise paid, shall be paid from the retirement allowance account. At the discretion of the Board, contributions, penalties, and interest assessments may be deducted from the retirement allowance account of the employer.*
>
> *B. The amount of the interest allowances provided for in this chapter shall be transferred from the retirement allowance account to the members' contribution account annually.*
>
> *C. The records of the retirement allowance account shall be maintained so that the portion that is applicable to each respective employer may be ascertained at all times.*

Correspondence with the VRS Director of Policy, Planning and Compliance is as follows:

"These accounts are tracked separately in our system of record; they are not independent bank accounts. We think it would be impractical to have these funds in separate bank accounts and would provide challenges for investing the funds within the overall Trust structure. We also construe subsection (C) of the statute to mean that the retirement allowance accounts are intended to be a record keeping function."

The Kansas State Public Employees Retirement System (KPERS) also has "reserves" within the pension fund, (*See* K.S.A. § 74-4922), including members accumulate contribution reserve, retirement benefit accumulation reserve, and a retirement benefit payment reserve, expense reserve:

> *(b) Retirement benefit accumulation reserve. This reserve within the fund shall be credited with the portion of employer contributions for retirement benefits both for prior service and for participating service and with income of the fund not otherwise directed by law to a different reserve. The board shall credit interest to all other reserves and reserve accounts as provided by law at rates determined by the board. Interest so credited shall be transferred from the retirement benefit accumulation reserve. Separate reserve accounts shall not be maintained for each participating employer joining the system on the first entry date. The board shall determine whether or not separate reserve accounts shall be maintained for each participating employer joining the system after the first entry date.*

Correspondence with the KPERS Deputy Executive Director for Modernization is as follows:

"I would describe them as bookkeeping/accounting categories. The State has a main bank account divided into funds, one of which is the KPERS Trust Fund. The reserves are a component of the Trust Fund, with different accounting codes, depending on the type. Our statutes say the reserves are maintained within the funds and there is no mention of bank accounts or anything similar."

The Teachers Retirement System of Kentucky (TRS) also has a series of funds and accounts, including the State Accumulation Fund, the Allowance Reserve Fund, the Guarantee Fund, and the Expense Fund. *See* KRS 161.420.(statute.aspx)

> *KRS 161.420 (4) The allowance reserve fund shall be the fund from which shall be paid all retirement allowances and benefits provided under KRS 161.520 and 161.525. In addition, whenever a change in the status of a member results in an obligation on this fund, there shall be transferred to this fund from the teachers' savings fund and the state accumulation fund, the amounts as may be held in those funds for the account or benefit of the member;*

Upon meeting with the TRS Chief Financial Officer and the Investment Accounting Manager, it was confirmed that all these accounts referenced in statute are a series of self-balancing general ledger accounts. They too use JPM as their depository bank and BNY as their custodial bank and do not consider any of these statutory retirement accounts to be bank, custodial, investment, or series of such accounts.

List of documents, reports, memos, and minutes, utilized in the research for reaching the above noted conclusion.

The Cash Flow Memo

Email Exchange between Kentucky Public Pensions Authority and the Commonwealth Office of Financial Management

Internal Audit report titled *"Plan Liquidity – Daily Qualification Process as of November 18, 2021*, issued February 3, 2022, - Finding Item #1 "Compliance with State Statutes"

Minutes of April 7, 2022, Joint Audit Committee Meeting

May 24, 2022, memo titled "Legal Analysis of Retirement Allowance Account"

Minutes of May 24, 2022, Joint Audit Committee Meeting.

April 20, 2026, KPPA Compliance Officer RAA research Memo

Founding Research Document – "Commonwealth of Kentucky Research Publication No. 6, "A Retirement System for Kentucky State Employees" (1949)

Specific Annual reports from 1958-2025, including CERS 1960, CERS/KRS: 1990, 1991, 1996, and the 2025 ACFRs (on website).

2026-10

Agency Critical Processes

Audit Report

Lead Auditor: William Prince

Issue Date: June 24, 2026

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. Board(s) – Board of Trustees
5. CEO – Chief Executive Officer
6. CFO – Chief Financial Officer
7. KPPA Executive Management Team – KPPA Executive Director, KPPA Deputy Executive Director, KPPA Executive Director of Benefits, and KPPA CFO
8. Investments – KPPA Office of Investments
9. COOP – Continuity of Operations Plan
10. KAR – Kentucky Administrative Regulation

Report Contents

Overall Opinion

Process generally complies with relevant statutes, regulations, policies, and procedures. Internal controls are established but steps could be taken to strengthened the controls or make the process more effective and/or efficient.

Strategic Risk Addressed (Objective)

Review executive and division procedures for establishing a succession plan (e.g. clearly established back-ups) to ensure critical agency functions can continue.

Audit Scope

The Agency Critical Processes audit was conducted from February 6, 2026 to June 1, 2026. The scope of the audit was agency critical processes identified during the audit the COOP in place for fiscal year 2026.

Summary of Findings, Observations, and Opportunities for Improvement

An observation is defined as a minor deviation from an otherwise well-implemented process or a minor oversight by staff. Corrective action is recommended, but timing is more flexible based on staffing needs and availability. The following Observations were noted during our review.

1. Procedures related to agency critical processes are not documented
2. Tabletop exercises have not been conducted.

An opportunity for improvement is an item noted during the audit that was outside of the expected test result but is not indicative of a compliance or control failure. These items represent a possible area of improvement that we wanted to bring to the attention of KPPA management and Trustees. The following Opportunities for Improvement were noted during our review.

3. Critical processes at KPPA are not tracked.

Additional details related to the findings, including the corresponding recommendations, can be found in Appendix A.

Commendations

This audit had a broad reach and required input from all the divisions at KPPA. Most staff involved were helpful and responsive and allowed this project to run smoothly.

Audit Standards

The engagement was conducted in conformance with the Global Internal Audit Standards.

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; and the KPPA Executive Management Team. 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

Observations

1. Procedures related to agency critical processes are not documented	
Recurring Issue:	Yes
Condition:	Procedures for one agency critical process were not documented.
Criteria:	200 KAR Chapter 38:070 Section 2 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...(3) An internal control plan shall include the following...(f) 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 assure the continuation of agency operations in the event of staffing changes....”
Cause:	Due to other priorities, Investments staff have not documented the process related to the proxy voting process.
Effect:	If KPPA staff responsible for these critical processes were not available, it is possible there would be no way for other KPPA staff to step in and perform the processes.
Recommendation:	Investments staff should ensure the procedures related to the proxy voting process are clearly documented and available to other KPPA staff. The following information should be considered for incorporation into the procedures: 1. Any review performed to ensure proxy voting was accurate. 2. Steps taken to put collected data into the standardized report format.
Management Response:	Management agrees the process is not documented. The process is for Investments personnel to confirm that proxy voting reports are received for all accounts and the data is put into the standardized report format, which ensures that all required data fields are in the reports. It is then passed to Communications for posting per their website policy. Management agrees to consider the recommendation for documenting the process.
Implementation Date:	June 30, 2027

2. Tabletop exercises have not been conducted	
Recurring Issue:	No
Condition:	Tabletop exercises have not been conducted since the inception of the COOP in 2019.
Criteria:	Kentucky Revised Statutes 39A.220 states, “(4) Each agency, board, or commission of state government shall train its employees with regard to the contents of the agency emergency operations procedures and shall give any additional training necessary to implement the procedures during times of emergency or disaster....” While research is still being conducted to determine the applicability of this statute to CERS, SPRS, and KPPA, it can still be used as best practice guidance.
Cause:	Due to other agency priorities, a team to conduct tabletop exercises was not formed until 2025.
Effect:	Without the tabletop exercises, the effectiveness of the COOP cannot be verified.
Recommendations:	Staff have scheduled to begin conducting exercises in calendar year 2026. We recommend that conducting these exercises be given a priority.
Management Response:	KPPA management agrees that a tabletop exercise specific solely to the COOP has not been conducted. However, a Security Incident Governance Team Tabletop Exercise was held in September 2025, which crosses the Security Incident Response Plan, Disaster Recovery Plan and COOP. Management will work with the appropriate KPPA staff to coordinate and plan a COOP specific exercise. The anticipated date of completion is fiscal year 2027.
Implementation Date:	June 30, 2027

Opportunities for Improvement

3. Critical processes at KPPA are not tracked	
Recurring Issue:	No
Condition:	There is not a centralized way to track the critical processes performed at KPPA.
Criteria:	200 KAR Chapter 38:070 Section 2 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...(3) An internal control plan shall include the following...(f) 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 assure the continuation of agency operations in the event of staffing changes...."
Cause:	KPPA Executive Management has determined it is more efficient for each KPPA division to monitor their own critical processes. The COOP outlines the processes that must be restored quickly.
Effect:	Staff may not be aware of all the critical processes that need to be performed following an emergency.
Recommendations:	KPPA Executive Management should determine if it would be beneficial to track agency critical processes in a centralized location.
Management Response:	Executive Management agrees that KPPA has not centralized the tracking of critical processes performed at KPPA; **however, we are comfortable accepting this risk** and will not centralize a comprehensive list of all critical processes. However, the following compensating process is in place regarding critical process: The Kentucky Public Pensions Authority Continuity of Operations Plan and Disaster Recovery Plan Policy indicate that the COOP includes the development of process and procedures to ensure that an organization’s critical business operations continue during and after an event, and the Disaster Recovery Plan includes a plan for all critical KPPA information systems. During this audit process it was confirmed that each KPPA division, including the executive team, consider different processes as “critical”, and these differ, at times, from items in the COOP. The COOP centralizes the list to be restored quickly, and that would be the focus of all KPPA resources during a business continuity incident. Outside a business continuity incident, the decentralized management of each division would work with KPPA executives, and others, to address their own list of critical processes in their area that need additional resources, and that would be prioritized against other KPPA needs.
Implementation Date:	No further action to be taken – management accepts risk.

Appendix B – Control Matrix

No sampling was used for this project.

Item	Risk	Control	COSO Element and Principle	Staff Process to Mitigate Risk	Testing Procedures	Testing Results
1.	Critical processes are not identified	Control not established for identification of critical processes	**Control Activity:** Management designs control activities to achieve objectives and respond to risks. **Information and Communication:** Management uses quality information to achieve the organization's objectives.	KPPA does not currently have a list of all critical agency processes; however, the essential functions are documented in the COOP.	Auditor interviewed KPPA Executive Management and Division Directors and compiled a list of critical agency processes.	Executive Management identified 15 categories of critical processes. After speaking with Division Management it was determined that 79 processes fall into those 15 categories. It was noted that there is not a centralized location to track the critical processes performed at KPPA (**see Appendix A item #3**).
2.	Critical agency procedures have not been documented	Divisions perform annual review of process documentation	**Control Environment:** Oversight body and management establish an organizational structure, assigns responsibility, and delegates authority to achieve the entity's objectives. **Control Activity:** Management designs control activities to achieve objectives and respond to risks. **Information and Communication:** Management uses quality information to achieve the organization's objectives. **Monitoring:** Management establishes and operates monitoring activities to monitor the internal control system and evaluate the results.	Each office and division within KPPA is responsible for ensuring their procedures are documented. The Executive Management team encourages staff to document all processes and the Internal Audit team reviews process documentation during each audit.	Auditor reviewed internal files to determine if all critical agency procedures were documented either on KPPA's Process Documentation page or internally within the division.	1. 62 of 79 critical processes were documented. 2. 16 of 79 critical processes were deemed to be not feasible to document. 3. One process was not documented. (**see Appendix A item #1**)
3.	Back-ups have not been established for critical agency procedures (e.g. succession plan not established)	Divisions cross train employees to be able to serve as back-ups	**Control Environment:** Oversight body and management establish an organizational structure, assigns responsibility, and delegates authority to achieve the entity's objectives. **Control Activity:** Management designs control activities to achieve objectives and respond to risks. **Information and Communication:** Management uses quality information to achieve the organization's objectives.	Each office and division within KPPA is responsible for ensuring a back-up has been established for their procedures. The Executive Management team encourages cross-training of all staff.	Auditor verified through interviews with KPPA staff that each critical process had a process owner and an established back-up.	All 79 critical processes reviewed had a back-up established.
4.	COOP is not established and/or approved	COOP is approved by Executive Director	**Control Environment:** Oversight body and management establish an organizational structure, assigns responsibility, and delegates authority to achieve the entity's objectives. **Control Activity:** Management designs control activities to achieve objectives and respond to risks. **Information and Communication:** Management uses quality information to achieve the organization's objectives.	In 2018, the Kentucky Emergency Management Agency issued a directive that each state agency develop a COOP. The Project Manager (currently the Business Intelligence Architect), who oversees the KPPA COOP, attended training sessions with Kentucky Emergency Management Agency and received examples and templates that were utilized when creating the KPPA COOP. KPPA began the process of creating their COOP in 2018 and it was finalized and approved by the KPPA Executive Director in 2019. The plan was created with input from staff representing all the business areas that comprise KPPA. The plan is reviewed by the COOP team every two years, and each division's section is signed off by the corresponding COOP team member. If updates are needed for the given division, changes are made during this review process. Annually, the COOP and Disaster Recovery Plan Policy, which outlines the requirements of both the COOP and Disaster Recovery Plan as well as system and offsite storage requirements, is approved by the KPPA Executive Director.	1. Reviewed division sign off forms and ensured division staff and approved the COOP. 2. Reviewed the COOP to determine if it had been approved by the Executive Director.	1. Each division's section of the COOP has been approved by division staff. 2. While the COOP document as a whole has not been approved by the Executive Director, the COOP Policy, which describes the COOP and its requirements, was reviewed by the KPPA Executive Director.

Item	Risk	Control	COSO Element and Principle	Staff Process to Mitigate Risk	Testing Procedures	Testing Results
5.	COOP is not kept up-to-date	Project Manager ensures COOP Team completes review every two years, with additional review every five years	**Control Environment:** Oversight body and management demonstrate a commitment to integrity and ethical values., Oversight body and management oversees entity's internal control system., Oversight body and management establish an organizational structure, assigns responsibility, and delegates authority to achieve the entity's objectives. **Control Activity:** Management designs control activities to achieve objectives and respond to risks. **Information and Communication:** Management uses quality information to achieve the organization's objectives.	Every two years the Project Manager reaches out to division directors to verify that no changes are needed to the members of the COOP team. Once the COOP team is confirmed, those individuals review the essential functions contained in the COOP to determine if updates are needed. The COOP team also ensures the procedures to perform the essential functions are documented. Every five years the COOP team conducts a more thorough review of the entire COOP and makes necessary adjustments across the entire plan.	Reviewed division sign off forms to confirm that the KPPA COOP was reviewed.	COOP has been reviewed and updated as needed.
6.	Agency has not identified the COOP essential functions as critical processes	Control not established for identification of critical processes *Missing control for this item is addressed by* ***item #3 noted in Appendix A.***	**Control Activity:** Management designs control activities to achieve objectives and respond to risks. **Information and Communication:** Management uses quality information to achieve the organization's objectives.	The COOP must ensure that KPPA can maintain its Primary Mission Essential Functions under all conditions. This includes, but is not limited to emergencies, localized acts of nature, accidents, disasters, and technological attacks. Every two years, the COOP team reviews the plan and ensures all KPPA essential functions are contained in the COOP. The team also ensures the procedures to perform the essential functions are up to date and detailed enough so that someone without intimate knowledge of the process could perform the process if necessary.	Auditor reviewed processes contained in the COOP and compared them to the list of critical processes compiled during this project to ensure COOP was accurate and complete.	For the 48 essential functions in the COOP: • 33 were identified as critical processes. • 15 processes were not identified as critical processes. *After discussions with Executive Management, it was determined that these 15 processes are considered essential functions, they do not meet the level of a critical process.*
7.	COOP is not periodically tested	Training, Testing, and Exercise team develops and administers tabletop exercises	**Control Environment:** Oversight body and management establish an organizational structure, assigns responsibility, and delegates authority to achieve the entity's objectives. **Control Activity:** Management designs control activities to achieve objectives and respond to risks. **Information and Communication:** Not Applicable **Monitoring:** Management establishes and operates monitoring activities to monitor the internal control system and evaluate the results.	KPPA staff responsible for the COOP have put together a Training Testing and Exercise (TT&E) team to develop tabletop exercises. This team was created and first met in 2025 and is planning to hold one or two testing exercises a year starting in 2026.	Staff responsible for maintaining the COOP verified that periodic tests of the COOP have not yet been performed, including tabletop exercises.	Tabletop exercises have not been performed since inception of the COOP. (**See Appendix A item #2**)

2026-15

Review of the Manual Remittance Process

Final Audit Report

Lead Auditor: Zach Curtis

Issue Date: August 18, 2026

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. Board(s) – Board of Trustees
5. CEO - Chief Executive Officer
6. CFO - Chief Financial Officer
7. KPPA Executive Management Team - KPPA Executive Director, KPPA Deputy Executive Director, KPPA Executive Director of Benefits, and KPPA CFO
8. Retiree Healthcare – KPPA Division of Retiree Healthcare
9. Accounting – KPPA Division of Accounting
10. DETS – KPPA Division of Enterprise and Technology Services
11. Retiree Payroll – LPPA Division of Retiree Payroll
12. LOB – Line of Business
13. DOD – Date of death

Report Contents

Overall Opinion

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

Strategic Risk Addressed (Objective)

Review the manual remittance process and ensure compliance with statutes/regulations/ policies. Confirm controls are established to ensure manual remittance is processed accurately and timely.

Audit Scope

The Review of the Manual Remittance Process audit was conducted from June 2, 2026 to August 3, 2026. The scope of the audit was manual remittance that occurred during fiscal year 2025.

Summary of Findings, Observations, and Opportunities for Improvement

A finding is defined as a breakdown, or partial breakdown of a process or major non-compliance with statutes and/or regulations. Development of a corrective action plan is recommended in the next three months with full implementation recommended within one year. **No findings were noted during our review**.

An observation is defined as a minor deviation from an otherwise well-implemented process or a minor oversight by staff. Corrective action is recommended, but timing is more flexible based on staffing needs and availability. **No observations were noted during our review**.

An opportunity for improvement is an item noted during the audit that was outside of the expected test result but is not indicative of a compliance or control failure. These items represent a possible area of improvement that we wanted to bring to the attention of KPPA management and Trustees. **No opportunities for improvement were noted during our review**.

Commendations

As a part of this audit, Internal Audit staff ensured the following were operating in compliance with statutes, regulations, policies, and procedures. We also reviewed the process to ensure it was operating effectively and efficiently.

1. Medicare Eligible/Medicare Advantage Plans Master Agreement was implemented properly.
2. Deceased members were added to the remittance file.
3. Date of death discrepancies were reviewed by the Division of Disability and Survivor Benefits.
4. Manual remittance line-item data was accurately recorded and reviewed.
5. Final remittance totals were sent to the Division of Accounting.
6. The related user story was created, reviewed, and closed.

Recommendations for Future Audits

Based on work conducted during this audit, the manual remittance process for the Department of Employee Insurance has been recommended for review during a future audit.

Audit Standards

The engagement was conducted in conformance with the Global Internal Audit Standards.

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 Divisions of Retiree Healthcare and Accounting. 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 – Control Matrix

Auditor retrieved Manual Remittance reports found on the Retiree Healthcare server for fiscal year 2025. A total of 194 line-items were reviewed, which included 82 members. Auditor also reviewed all 39 deceased members listed on the Humana Remittance file. Auditor tested all remittance data provided on each remittance file.

Item	Risk	Control	COSO Element and Principle	Staff Process to Mitigate Risk	Testing Procedures	Testing Results
1.	Policies/procedures/internal controls are not established, documented, effective or efficient	Procedures are reviewed and updated as needed	**Control Environment:** Oversight body and management establish an organizational structure, assigns responsibility, and delegates authority to achieve the entity's objectives. **Risk Assessment:** Not Applicable **Control Activity:** Management implements control activities through policies. **Information and Communication:** Management uses quality information to achieve the organization's objectives. **Monitoring:** Not Applicable	Procedures for the Manual Remittance process are located on SharePoint.	Reviewed division procedures and ensured they were established, documented, up-to-date, effective, efficient, and available to staff.	Procedures are up to date.
2.	Deceased members are not added to remittance spreadsheet	Survivor Benefits authenticates Medicare Date of Death data for remittance file	**Control Environment:** Oversight body and management oversee entity's internal control system. **Risk Assessment:** Not Applicable **Control Activity:** Management designs control activities to achieve objectives and respond to risks. **Information and Communication:** Management uses quality information to achieve the organization's objectives. **Monitoring:** Not Applicable	Overview The Manual Remittance process consists of adjustments that may be needed to reconcile money discrepancies on accounts that no longer receive monthly benefits. This adjustment may occur when a person is being awarded LIS (Low Income Subsidy) and LEP (Late Enrollment Subsidy) after the members death has been reported. All benefits stop the month of the members death, therefore, the update to the member's premium cannot be processed in LOB due to system restrictions implemented after a member's DOD has been entered which enables transactions. Remittance Completion Twice a year, Retiree Healthcare requests a remittance file to be created by the Retiree Healthcare Medicare Specialist Team. The Medicare Team creates a remittance spreadsheet that includes members who need premium adjustments and deceased members. This information is found on the Monthly Humana Discrepancies report located on the "Death" tab. Once the spreadsheet has been compiled of the necessary adjustments, it is sent to the Retiree Healthcare Director for review. Retiree Healthcare coordinates with the DETS Developer to confirm availability on the day of payroll approval. After confirming with the assigned DETS Developer, the Retiree Healthcare Assistant Director submits a data ticket which provides the location of the "Humana Manual Remittance by System (Month/Year)". Once IT has created a test remittance file based on the Monthly Humana Discrepancies report, Retiree Healthcare staff will begin their review.	Reviewed deceased members for both testing months and compared to the DETS created remittance line-item file to ensure all deceased members were on the final version.	August 2024 - Of the 22 deceased members reviewed, all members were included in the final remittance file. May 2025 - Of the 17 deceased members reviewed, all members were included in the final remittance file.

Item	Risk	Control	COSO Element and Principle	Staff Process to Mitigate Risk	Testing Procedures	Testing Results
3.	Member receives benefits after date of death	Discrepancies are reviewed by Survivor Benefits	**Control Environment:** Oversight body and management oversee entity's internal control system. **Risk Assessment:** Not Applicable **Control Activity:** Management designs control activities to achieve objectives and respond to risks. **Information and Communication:** Management uses quality information to achieve the organization's objectives. Management communicates necessary information externally. **Monitoring:** Not Applicable	Death Verification Humana advises Retiree Healthcare of members who are deceased and if the death has not been reported to KPPA, the Retiree Healthcare Medicare Specialist reaches out to Survivor Benefits to confirm the member's death via Lexis Nexis. If the member is verified as deceased after outreach or Lexis Nexis results, Survivor Benefits will update the member's account.	Reviewed LOB date of death for members to ensure Humana and KPPA date of death matched. If dates did not match, ensured outreach was conducted by Survivor Benefits to confirm date of death.	August 2024 - Of the 22 members reviewed, all members DOD had been updated accurately. Five of the 22 members records were not updated at Retiree Healthcare initial review but implemented procedures were followed to verify members DOD. May 2025 - Of the 17 members reviewed, all members DOD had been updated accurately.
4.	Remittance amounts may be incorrect	Remittance spreadsheet is reviewed twice	**Control Environment:** Oversight body and management demonstrate a commitment to integrity and ethical values. Oversight body and management oversee entity's internal control system. **Risk Assessment:** Management clearly defines objectives to identify risks., Management clearly defines risk tolerances and identifies, analyzes, and responds to risks., Management considers the potential for fraud when identifying, analyzing and responding to risks., Management identifies, analyzes, and responds to significant changes that could impact the internal control system. **Control Activity:** Management designs control activities to achieve objectives and respond to risks. Management designs the entity's information system and control activities. Management implements control activities through policies. **Information and Communication Activities:** Management uses quality information to achieve the organization's objectives. **Monitoring:** Management establishes and operates monitoring activities to monitor the internal control system and evaluate the results.	Verifying Test File A member of the Medicare Specialist Team will email the completed remittance spreadsheet to the Retiree Healthcare Management team. The spreadsheet is sorted by "Fee Type", "System", and "Record Amount" (completed for each retirement system). On the "Accounting Breakdown" tab, the total amounts from the "Final by Trust" tab are added into the table and automatically populate a blue highlighted row labeled "Total" in comparison to "System" calculated totals. An email is sent to the Retiree Healthcare DETS Lead Developer and Retiree Healthcare DETS Business Analyst when the User Story is ready for the test file to be created. Once the testing file has been created the comparison review starts by opening original file in Notepad++. Each individual line items recorded data is then compared to the spreadsheet sent from Medicare Specialist Team. If there are any discrepancies in the comparison step, Retiree Healthcare notates the discrepancy on the User Story ticket and assigns it back to the DETS Developer to be corrected before resubmitting the ticket back to Retiree Healthcare for completion. If no discrepancies are detected, then a comment is added stating "Verified test file is correct. Will return to developer when the monthly payroll is approved and Accounting balances." Manual Updates The DETS Developer assigned to the remittance file will advise when/if any updates have been completed and ready for review. The ticket User Story will be updated with the number of additional records added, the file count change, the remittance total change, and name of the new file. The "Verifying Test File" comparison would be completed again based on the new remittance file counts/totals.	Compared Humana data file to DETS created spreadsheet to ensure each line-item of member information, adjustment dollar amount, and fee type matched.	1. August 2024: Of the 96 individual line-items reviewed, all data matched. 2. May 2025: Of the 98 individual line-items reviewed, all data matched.

Item	Risk	Control	COSO Element and Principle	Staff Process to Mitigate Risk	Testing Procedures	Testing Results
5.	Accounting does not receive accurate final report	Report is checked by multiple people	**Control Environment:** Oversight body and management oversee entity's internal control system. **Risk Assessment:** Not Applicable **Control Activity:** Management designs control activities to achieve objectives and respond to risks. **Information and Communication:** Management uses quality information to achieve the organization's objectives. **Monitoring:** Not Applicable	Payroll Notification and Balancing The morning of payroll approval, an email is sent by Retiree Healthcare including Divisions of Retiree Payroll, Accounting, and DETS to inform KPPA staff that manual updates are necessary and will need to be completed before the Humana Remittance file can be uploaded. After payroll has been balanced by both Retiree Healthcare and Retiree Payroll, an email is sent to the same group so that Accounting can complete their balancing process. Accounting responds to the email and advises they have balanced, and DETS can move forward with completing the manual updates to the Humana remittance file. Once the manual updates are completed and verified by Retiree Healthcare staff, Retiree Healthcare responds to the email chain and provides the new file count change and file total amount change. Accounting uses the new totals to balance payroll. Once completed, Retiree Healthcare comments on the actions on the User Story and closes the data request ticket. After the Manual Remittance is completed and Accounting balances, an email is sent by Accounting to DETS advising the Humana files can be uploaded. If payroll does not balance, the assigned DETS Developer is contacted for assistance. This issue must be resolved before the manual updates can be applied.	Recalculated remittance totals for each System. Compared this to the monthly payroll emails sent to Accounting and ensured the amounts matched.	August 2024: 3 of 5 Systems remittance totals were calculated correctly, while the remaining two Systems had no remittance data to review. May 2025: 4 of 5 Systems remittance totals were calculated correctly, and 1 System had no remittance data to review.
6.	User Story not reviewed/approved correctly.	File reviewed before/after corrections	**Control Environment:** Oversight body and management oversee entity's internal control system. **Risk Assessment:** Not Applicable **Control Activity:** Management designs control activities to achieve objectives and respond to risks. **Information and Communication:** Management uses quality information to achieve the organization's objectives. **Monitoring:** Not Applicable	User Story Completion After the User Story has been created, the remittance files are reviewed by the Retiree Healthcare Assistant Director and for report accuracy and corrections are notated and sent back to the assigned DETS Developer if needed. If corrections are needed after Retiree Healthcare reviews the data, Retiree Healthcare adds a comment to the User Story and reassigns the ticket back to the DETS Developer assigned to the remittance process to complete needed changes. After corrections are completed by DETS, the User Story is assigned back to Retiree Healthcare to ensure accuracy of corrections and complete the remittance process.	Reviewed User Story information to ensure Retiree Healthcare staff reviewed the remittance file, DETS created and edited if needed, and final approval is documented in User Story.	Of the two remittance months tested, both were created, reviewed, and approved accordingly.

Kentucky Public Pensions Authority

2026-12

Annual Dependent Verification Process

Final Audit Report

Lead Auditor: Madeline Evans

Issue Date: July 21, 2026

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. Board(s) – Board of Trustees
7. CEO – Chief Executive Officer
8. CFO – Chief Financial Officer
9. KPPA Executive Management Team - KPPA Executive Director, KPPA Deputy Executive Director, KPPA Executive Director of Benefits, and KPPA CFO
10. Retiree Health Care – KPPA Division of Retiree Health Care
11. LOB – Line of Business

Report Contents

Overall Opinion

Process generally complies with relevant statutes, regulations, policies, and procedures. Internal controls are established but steps could be taken to strengthen the controls or make the process more effective and/or efficient.

Strategic Risk Addressed (Objective)

Review the process for verifying dependents and ensure compliance with statutes/ regulations/ policies. Confirm controls are established to ensure support is provided for each dependent. Confirm annual verification is on file for hazardous members.

Audit Scope

The Annual Dependent Verification Process audit was conducted from May 4, 2026 to July 2, 2026. The scope of the audit was calendar year 2025.

Summary of Findings, Observations, and Opportunities for Improvement

A finding is defined as a breakdown, or partial breakdown of a process or major non-compliance with statutes and/or regulations. Development of a corrective action plan is recommended in the next three months with full implementation recommended within one year. **No findings were noted during our review**.

An observation is defined as a minor deviation from an otherwise well-implemented process or a minor oversight by staff. Corrective action is recommended, but timing is more flexible based on staffing needs and availability. The following Observations were noted during our review**:**

1. Dependents not marked verified in LOB correctly

An opportunity for improvement is an item noted during the audit that was outside of the expected test result but is not indicative of a compliance or control failure. These items represent a possible area of improvement that we wanted to bring to the attention of KPPA management and Trustees. The following Opportunities for Improvement were noted during our review:

2. KERS is missing a "dependent child" definition

Details related to the findings, observations, and opportunities for improvement, including the corresponding recommendations can be found in Appendix A.

Commendations

Retiree Healthcare staff were quick to respond to questions and thoroughly explained the process. We commend Retiree Healthcare staff for taking immediate action on the noted observation and performing an audit of the accounts to ensure no premium adjustments were needed.

Recommendations for Future Audits

Based on work conducted during this audit, the following items have been recommended for review during future audits:

1. Payments to dependents and refunds for unverified dependents.
2. Full-time student verification process.
3. Members requesting reimbursement or premiums paid for a spouse and/or dependent child under a qualifying reimbursement.

Audit Standards

The engagement was conducted in conformance with the Global Internal Audit Standards.

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 Division of Retiree Health Care. 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

Observations

1. Dependents not marked verified in LOB correctly	
Recurring Issue:	No
Condition:	Of the 62 members reviewed, two were not properly identified as verified or not verified in LOB based on supporting documentation. 1. One dependent was inaccurately identified as verified. The dependent does not qualify as the member's natural child according to the submitted birth certificate. Additionally, there are no adoption orders on file. 2. One dependent was inaccurately identified as not verified. The dependent is the natural child of the member according to the submitted birth certificate. Furthermore, the member verified that the dependent is unmarried and a full-time student on the 6256.
Criteria:	Kentucky Revised Statutes 16.505 (17) and 78.510 (49) state, "Dependent child means a child in the womb and a natural or legally adopted child of the member who has either attained age eighteen nor married or who is an unmarried full-time student who has not attained age twenty-two."
Cause:	Processing counselor overlooked marking the dependent correctly in LOB because the dependent has been verified for many past years.
Effect:	If a member were to only have one dependent and that dependent was inaccurately marked as verified or not verified, the insurance premiums for the member would be calculated incorrectly.
Recommendations:	Retiree Health Care management should correct the verification of these two dependents in LOB to match the documentation on file and recover any payments paid in error or deposit any payments withheld in error.
Management Response:	We agree with the recommendations. Retiree Health Care management will ensure the accounts are corrected along with additional coaching and education to staff. Upon audit of the accounts, no premium adjustments are necessary as there was no impact on members.
Implementation Date:	July 10, 2026
Auditor Response:	Auditor confirmed that accounts noted in the condition have been corrected. Additionally, auditor confirmed that on July 10, 2026 the policy was provided to staff for review.

Opportunities for Improvement

2. KERS is missing a "dependent child" definition	
Recurring Issue:	No
Condition:	Members of CERS and SPRS have a clear definition for "dependent child" relating to insurance purposes. However, for KERS, the only definition for "dependent child" as it relates to insurance, is found in Kentucky Revised Statutes 61.702(4) which governs dependents of KERS Hazardous members who are approved for In-Line-Of-Duty benefits and KERS Non-Hazardous members who are approved for Duty Related Benefits.
Criteria:	KERS Hazardous In-Line-of-Duty: Kentucky Revised Statutes 61.592(4) states, "The normal retirement age, retirement allowance, hybrid cash balance plans except as provided by [Kentucky Revised Statutes] 16.583(2)(b)2 and 16.584, other benefits [including in-line-of-duty benefits pursuant to KRS 16.582 and 16.601], eligibility requirements, rights, and responsibilities of a member in a hazardous position, as prescribed by subsections (1), (2), and (3) of this section, and the responsibilities, rights, and requirements of his or her employer shall be as prescribed for a member and employer participating in the State Police Retirement System as provided for by [Kentucky Revised Statutes] 16.505 to 16.652." KERS Non-Hazardous Duty Related Benefits: Kentucky Revised Statutes 61.621 (9) states, "For purposes of this section, 'dependent child' has the same meaning as [Kentucky Revised Statutes] 16.505.
Cause:	The General assembly did not specifically include a KERS definition for "dependent child" when the statute was first established. KPPA executive management has not made note of this missing definition during review of statutes.
Effect:	Without a clear definition of "dependent child" there could be confusion about who qualifies for insurance benefits.
Recommendations:	The KPPA Executive Management Team should work with the Office of Legal Services to determine if it would be beneficial to seek an update to the statues to add a definition of "dependent child" to Kentucky Revised Statutes 61.510, similar to the definition found in Kentucky Revised Statues 16.505 and 78.710.
Management Response:	We agree that it should be determined if a definition of a dependent child is needed for KERS members. KPPA Executive Management and the Office of Legal Services are currently performing research on this topic.
Implementation Date:	December 31, 2026

Appendix B – Control Matrix

Sampling

There were 7,372 members with dependents named in the 2025 calendar year for health insurance contributions. All were considered testable, and 62 members were judgmentally sampled to ensure members with the highest count of dependents were selected for testing.

Item	Risk	Control	COSO Element and Principle	Staff Process to Mitigate Risk	Testing Procedures	Testing Results
1.	Trustees do not receive accurate, complete, or timely information	Information is presented quarterly to Board of Trustees	**Control Environment:** Oversight body and management establish an organizational structure, assigns responsibility, and delegates authority to achieve the entity's objectives. **Control Activity:** Management designs control activities to achieve objectives and respond to risks. **Information and Communication:** Management uses quality information to achieve the organization's objectives.	A yearly report has been created to show how many retirees submitted Form 6265 during open enrollment. This is presented at the Joint Retiree Health Plan Committee.	Confirmed that the Joint Retiree Health Plan Committee was shown the total number of members who submitted the Form 6256	The Joint Retiree Health Plan Committee was shown the count of members who submitted Form 6256 for calendar year 2025 and 2026.
2.	Policies/procedures/internal controls are not established, documented, effective or efficient	Procedures are reviewed and updated as needed	**Control Environment:** Oversight body and management establish an organizational structure, assigns responsibility, and delegates authority to achieve the entity's objectives. **Control Activity:** Management implements control activities through policies. **Information and Communication:** Management uses quality information to achieve the organization's objectives	The Retiree Health Care Assistant Division Director is responsible for ensuring procedures are up to date. Updates are made to the procedures as needed, during open enrollment, or when a counselor notices that procedures need to be clarified.	Reviewed division procedures and ensured they were established, documented, up-to-date, effective, efficient, and available to staff.	Procedures are up to date.
3.	Dependents named on Form 6256 do not match LOB	Dependents are marked "Verified" or "Not Verified" In LOB	**Control Activity:** Management designs the entity's information system and control activities. **Information and Communication:** Management uses quality information to achieve the organization's objectives.	Hazardous retirees and those approved for "In line of duty" or "duty related" benefits must submit the Form 6256 for dependents at the following times: 1. During the annual open enrollment period prior to January 1 each year. 2. Upon a dependent child obtaining 18 years of age. 3. Upon initial enrollment of dependent(s) for health insurance. 4. When requesting reimbursement or premiums paid for a spouse and/or dependent child under a qualifying reimbursement. This will be reviewed in a future audit. Retirees may submit the form online or on paper. If the 6256 is submitted online and no change is made, then dependents are marked as "verified" in LOB automatically once the member submits the form. If there is a change or if the 6256 is submitted by mail or fax, Retiree Health Care counselors update LOB manually. If the counselor completing this task is new to the process, their work is checked. Otherwise, these updates are not checked by a second Retiree Health Care counselor due to the volume of forms and documentation submitted. Errors in this process can be caught in the following methods: 1. Counselor marks dependent as "not verified" but did verify: A correspondence batch is run on the 15th each month which generates letters to members who need to submit required documentation to verify dependents. All letters generated in the December and January batches are checked to ensure that letters are not sent to members who submitted dependent verification documentation, but LOB was not updated correctly. 2. Dependent marked "verified" but documentation missing. This error can be caught during account audits, phone calls, self-reporting from the dependent, and system testing. The amount owed is deducted from the member's monthly benefits until repaid in full. Counselors who process this form incorrectly will be re-trained and their work will be checked by a second counselor until management is confident the error will not occur again.	Confirmed Form 6256 and supporting documentation on file matched with the verification status of each dependent named in LOB.	Of the 62 sampled members, two were not properly identified as verified or not verified in LOB. **(See Item #1 in Appendix A)**

Item	Risk	Control	COSO Element and Principle	Staff Process to Mitigate Risk	Testing Procedures	Testing Results
4.	Missing documentation or inadequate documentation	Counselors confirm valid documentation is in file	**Control Environment:** Oversight body and management establish an organizational structure, assigns responsibility, and delegates authority to achieve the entity's objectives. **Risk Assessment:** Management clearly defines objectives to identify risks. **Control Activity:** Management designs control activities to achieve objectives and respond to risks. **Information and Communication:** Management uses quality information to achieve the organization's objectives. **Monitoring:** Management establishes and operates monitoring activities to monitor the internal control system and evaluate the results.	Spouses are verified by submitting a marriage certificate when initially named. They only need to then be listed on Form 6256 each year until the member passes. If the member passes before the spouse, the spouse is verified one final time during the death process and will not need to submit a 6256 thereafter. All dependent children named require a birth certificate or adoption court orders to show that the child belongs to the member. Children between 18 and 22 years of age also need to submit Form 6256 for the member to certify that they are unmarried and a full-time student.	Confirmed all required documentation to verify each dependent was in the member's library manager.	Of the 62 sampled members, 61 had proper documentation 1. Four had adoption orders missing from file but the relationship with the member was verified by a birth certificate. 2. One member had illegible birth certificates on file, but beneficiaries were confirmed through an audit conducted by the Department of Employee Insurance. 3. One birth certificate was missing but the dependent was verified by adoption orders. 4. The remaining member has a dependent named who is not a "natural" or "adopted" child. There is no birth certificate or adoption orders on file naming the member as the parent. **(See Item #1 in Appendix A)**
5.	Full-time student status is not verified	Member certifies full-time status on form 6256	**Control Activity:** Management implements control activities through policies. **Information and Communication:** Management uses quality information to achieve the organization's objectives.	Members certify that dependent children between 18 and 22 years of age are unmarried, full-time students on Form 6256. The form clearly states that by signing the form, the member is claiming that what is reported on the form is accurate and that if the information is found to be false, then the member is required to pay back health insurance contributions. Dependents for In Line of Duty or Duty Related benefits must submit verification to confirm full-time status in a separate process completed by Retiree Payroll that will be reviewed in a future audit. However, it is noted in this audit that, should the dependent not meet the requirements of that verification process, Retiree Payroll notifies Retiree Health Care, and the dependent will be marked as "not verified" in LOB and the member's next monthly benefit will be decreased to cover the health insurance premiums for that child.	Reviewed Form 6256 submitted for calendar year 2025 to ensure that each section was filled out correctly.	Form 6256 was filled out correctly for all 62 sampled members. Six had the relationship section of the form missing but a birth certificate was in file to show that the dependent was related to the member.
6.	The Form 6256 may not be completed timely	KPPA advertises information is due November 30th	**Control Activity:** Management designs the entity's information system and control activities. **Information and Communication:** Management uses quality information to achieve the organization's objectives.	To ensure that all submitted information is processed by the January 1st deadline, KPPA advertises that documentation is due November 30th in notices for open enrollment, on the KPPA website, thon e KPPA Facebook page, and in mass emails and paper mailings sent to all retirees. Additionally, a monthly batch of correspondence is run which generates a letter and attaches a Form 6256 that is mailed to members who have a dependent about to turn 18. If the form is not submitted by the dependent's 18th birthday, LOB will automatically mark the child as "not verified" and the member's next monthly benefit will be decreased to cover the premium. The effective date of benefits can be back dated up to 90 days at any time of the year upon receipt of a valid Form 6256	Reviewed the sampled member's library manager to confirm that the Form 6256 for calendar year 2025 was submitted by December 31, 2024 for benefits effective January 1, 2025.	Of the 62 sampled members, 58 forms were submitted by the required deadline. The other four submitted the 6256 within 90 days of the January 1, 2025 effective date. In those instances, the benefits were backdated.

Kentucky Public Pensions Authority

2026-13

Review Training Process for Various Types of Leave

Final Audit Report

Lead Auditor: Madeline Evans

Issue Date: June 10, 2026

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. Board(s) – Board of Trustees
5. CEO – Chief Executive Officer
6. CFO – Chief Financial Officer
7. KPPA Executive Management Team – KPPA Executive Director, KPPA Deputy Executive Director, and KPPA CFO
8. HR – KPPA Division of Human Resources
9. KHRIS – Kentucky Human Resource Information System
10. FMLA – Family Medical Leave Act
11. HIPAA – Health Insurance Portability and Accountability Act

Report Contents

Overall Opinion

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

Strategic Risk Addressed (Objective)

Review the employer training process and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure new employees are trained, ongoing training is provided, and follow-up is conducted for continual reporting errors.

Audit Scope

The Review Training Process for Various Types of Leave audit was conducted from April 20, 2026 to June 1, 2026. The scope of the audit was leave taken by KPPA employees between July 1, 2025 and March 31, 2026. The following leave types were excluded from this review and will be deferred to a future timesheet audit – annual, compensatory, sick, and holidays.

Summary of Findings, Observations, and Opportunities for Improvement

No findings, observations, or opportunities for improvement were noted as a result of this audit.

Commendations

To maintain the privacy of employees, Human Resources Assistant Division Director collected all documentation for sampled employees and redacted identifying information to provide Internal Audit with supporting evidence to conduct testing procedures. This request was completed ahead of time even though the Assistant Director was on-boarding new employees and interns during the same time period. Internal Audit appreciates the time and effort put into the documentation provided and the time spent explaining the process and answering questions.

Recommendations for Future Audits

Based on work conducted during this audit, the following items have been recommended for review during future audits:

1. Defer sick leave, compensatory leave, annual leave, and holidays to timesheet audit.

Audit Standards

The engagement was conducted in conformance with the Global Internal Audit Standards.

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 Division of Human Resources. 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 – Control Matrix

Obtained a list of all 55 leave types from the Division of Human Resources. Identified which types would not be considered testable for this audit – nine are not available to KPPA employees, six are deferred to a timesheet audit, three types are keyed into KHRIS by HR, and one type was related to a disciplinary action. Auditor asked HR for a list of employees who used the remaining 36 leave types. Of the 36 types, 25 were not used by any KPPA employee in scope. The remaining 11 types were used by 98 employees. Three internal audit employees were removed from the testing population to remain independent. A sample of 52 leave periods was judgmentally selected.

Item	Risk	Control	COSO Element and Principle	Staff Process to Mitigate Risk	Testing Procedures	Testing Results
1.	Policies/procedures/internal controls are not established, documented, effective or efficient	Procedures are reviewed and updated as needed	**Control Environment:** Oversight body and management establish an organizational structure, assigns responsibility, and delegates authority to achieve the entity's objectives. **Control Activity:** Management implements control activities through policies. **Information and Communication:** Management uses quality information to achieve the organization's objectives.	Procedures about eligibility, use, and documenting leave are created and maintained by the Personnel Cabinet. Detailed instructions about documentation, qualification, and time recording are locked down to HR personnel only but the publicly available Employee Handbook gives a brief description of when leave types are used and what documentation is required.	Reviewed division procedures and ensured they were established, documented, up-to-date, effective, efficient, and available to staff. Reviewed the state employee handbook for leave types available.	Division procedures could not be evaluated because instructions are maintained by the Personnel Cabinet and locked to HR personnel.
2.	KPPA management is not aware of leave types available to employees	Managers are instructed to ask HR for guidance	**Control Environment:** Oversight body and management oversee entity's internal control system. **Control Activity:** Management designs control activities to achieve objectives and respond to risks. **Information and Communication:** Management uses quality information to achieve the organization's objectives. **Monitoring:** Management remediates identified internal control deficiencies in a timely manner.	New managers are required to complete the Executive Branch Manager training which contains guidance on how to approve timesheets and specifics of some leave types like FMLA, but not all leave is covered in detail at this time. Instead, managers are given instructions by HR or the next line supervisor on uncommonly used leave as they are used by employees they manage. Additionally, yearly Executive Branch training is required for all staff, and part of this training is to read through the Employee Handbook and certify that it was read. The Employee Handbook is publicly available to all employees and refers the reader to related laws and regulations.	Reviewed supporting documentation submitted when leave was used. If leave was used correctly and no communication between the manager and HR was needed, it was assumed that the manager understood the requirements of the leave being used. When there were questions, auditor reviewed the communications between the managers and HR and ensured managers followed HR's guidance when approving leave.	Of the 52 sampled leave periods, 49 were used correctly without the manager having to ask questions. For the remaining three, managers reached out to HR staff to ensure leave was used correctly prior to approving the leave.
3.	Leave is not used correctly	HR staff ensures leave is approved for specific dates on supporting documentation	**Control Environment:** Oversight body and management evaluate performance and hold individuals accountable. **Control Activity:** Management implements control activities through policies. **Information and Communication:** Management uses quality information to achieve the organization's objectives. **Monitoring:** Management remediates identified internal control deficiencies in a timely manner.	Managers are responsible for ensuring documentation is on file before approving leave. As a secondary check, HR reviews timesheets each pay period to ensure the documentation needed is on file. If documentation is missing the Human Resource Administrator emails both the supervisor and employee using the leave and requests the missing information. For leave types that only require supervisor approval, employees are required to use the comment function in KHRIS to document why the leave was taken without revealing HIPAA protected information.	1. Compared source documents against the leave type used and confirmed the leave was only used on approved dates. 2. Compared time charged to CLOS (state closure) and EVNT (state event) to agency closure and governor sponsored event email notifications from the Personnel Cabinet to ensure the right date was used and the max amount of time for the event or closure was not exceeded.	1. Leave used in fiscal year 2025 for the 52 sampled employees was used correctly and sufficiently documented. 2. All 15 employees who utilized the CLOS and/or EVNT codes charged no more than the max amount that could be charged for Governor sponsored events or more than the normal workday for agency closures. The dates for event also matched the dates from the Personnel Cabinet email.

KPPA
Kentucky Public Pensions Authority

2026-14
System Build Process
Final Audit Report

Lead Auditor: Madeline Evans

Issue Date: July 9, 2026

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. Board(s) – Board of Trustees
5. CEO – Chief Executive Officer
6. CFO – Chief Financial Officer
7. KPPA Executive Management Team – KPPA Executive Director, KPPA Deputy Executive Director, KPPA Executive Director of Benefits, and KPPA CFO
8. DETS – KPPA Division of Enterprise and Technology Services
9. HR – KPPA Division of Human Resources
10. WHD – Web Help Desk
11. START - Strategic Technology Advancements for the Retirement of Tomorrow
12. TFS – Microsoft Team Foundation Server
13. BA – Business Analyst
14. BU – Business User
15. AC – Acceptance Criteria
16. EMR – Extended release maintenance
17. SLDC – Software Development Life Cycle

Report Contents

Overall Opinion

Process generally complies with relevant statutes, regulations, policies, and procedures. Internal controls are established but steps could be taken to strengthen the controls or make the process more effective and/or efficient.

Strategic Risk Addressed (Objective)

Review the system build process and ensure compliance with statutes/regulations/policies. Confirm controls are established to sufficiently test the changed and identify errors.

Audit Scope

The System Build Process audit was conducted from March 2, 2026 to June 11, 2026. The scope of the audit was system builds completed during fiscal year 2025.

Summary of Findings, Observations, and Opportunities for Improvement

A finding is defined as a breakdown, or partial breakdown of a process or major non-compliance with statutes and/or regulations. Development of a corrective action plan is recommended in the next three months with full implementation recommended within one year. **No findings were noted during our review**.

An observation is defined as a minor deviation from an otherwise well-implemented process or a minor oversight by staff. Corrective action is recommended, but timing is more flexible based on staffing needs and availability. The following Observations were noted during our review. **No observations were noted during our review**.

An opportunity for improvement is an item noted during the audit that was outside of the expected test result but is not indicative of a compliance or control failure. These items represent a possible area of improvement that we wanted to bring to the attention of KPPA management and Trustees. The following Opportunities for Improvement were noted during our review.

1. Change management procedures are incomplete

Additional details related to the findings, including the corresponding recommendations, can be found in Appendix A.

Commendations

The Data Services Branch Manager and the Application Architect both took the time to answer questions and explain special case scenarios that deviated from the five standard build processes.

Recommendations for Future Audits

Based on work conducted during this audit, no items have been recommended for review during future audits.

Audit Standards

The engagement was conducted in conformance with the Global Internal Audit Standards.

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 Divisions of Enterprise and Technology Services and Human Resources. 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

Opportunities for Improvement

1. Change management procedures are incomplete	
Recurring Issue:	No
Condition:	There are no material findings about this process. All changes were created and reviewed by separate people, work completed matched acceptance criteria written, users were notified of the change, and procedures were updated when needed. 1. Procedures related to this process are on the DETS SharePoint Site but not easily located by those unfamiliar with the site. Additionally, while some divisions have a copy of the training material from 2017 linked to their division SharePoint Site, others do not. The following testing results were noted during our review of 73 sampled stories: a. 72 stories were moved directly to "validated" status without first being marked as "accepted." i. 54 were moved to "validated" by the product owner or business analyst. ii. 18 were moved to "validated" by a senior employee within the division. b. 19 had acceptance criteria set by someone who was not the designated product owner or business analyst. c. 17 stories were missing comments of approval from at least one assigned tester. d. Three builds were more than seven days past the scheduled due date. e. One story had an owner assigned incorrectly and two stories did not have a developer named in the responsibilities section of the user story. 2. The following items were noted throughout testing: a. Product Owners have no ownership of the process in the written procedures even though they are responsible for ensuring the change is implemented correctly. b. Role designations in TFS can change at any time by anyone with access to the TFS environment and there is not a process to ensure that all impacted divisions are able to test the change. c. Role designations in TFS do not prevent a story from moving through the process out of order and anyone with access to TFS may move the story to any step of the process.
Criteria:	KPPA Data Management Policy Section 4.7 states "A formal change management process shall be developed, documented and utilized for all changes to the KPPA computing environment".
Cause:	1. The developers, product owners, business analysts, and business users have been doing this process since 2017 so there has not been a need to update or clarify procedures. 2. Roles are not defined and/or included in staff job duties.
Effect:	If a new individual were to be tasked with completing the process, procedures may be completed in a manner other than the manner intended by management.
Recommendations:	1. The DETS Division Director should work with the Executive Management Team to update the system build procedures so that all procedures are combined into one Change Management Policy. The Change Management Policy should include the following items: a. The purpose of each build type and how stories submitted satisfy the requirements of each build type. b. Role assignment definitions and responsibilities. c. A step to ensure all assigned testers have commented with approval prior to moving an item to production. 2. The DETS Division Director should work with the KPPA Executive Management Team to determine if it would be beneficial to update current change management procedures to include the regression testing procedures performed by each division, including reasons why some test cases do not have to be tested for all builds. 3. The HR Division Director should work with the KPPA Executive Management Team to determine if it would be beneficial to add "Testing user stories" to the annual performance reviews of staff involved in this process. ***Note, this only applies to five staff members as all other staff responsible for testing user stories do have this task included as a goal in their performance reviews.***
Management Responses:	1. Management states the following: a. We agree to continue to track the build type and add more detailed descriptions into the Web Help Desk Change Control ticket and work with staff to ensure the user acceptance criteria has verbose comments in the User Stories logged for all builds. This will also be documented as part of the SDLC updated documentation. b. Agree. It would be beneficial to document SDLC roles and responsibilities. SDLC roles are not tied to specific position descriptions but could be included in the individual employee's goals. It is not necessary to maintain a list of authorized users for each division because business areas need flexibility to assign testers familiar with changes based on the requirements of the user stories. If a user has been granted access to TFS, they are an authorized user. c. We agree there needs to be a comment, but the only party required to comment their approval is the last tester. All testers should comment their testing results. 2. Regression Testing procedures are owned by the business areas, and they determine what testing is necessary for each build, with input from the Lead Business Analyst. DETS agrees it could be beneficial to document reasons why some system builds require regression testing and others do not. 3. Management agrees with this recommendation. HR has discussed this with each of the five employees' supervisors, and they have agreed to add it to the annual performance plan. This will be added to the employees' 2027 performance plan.
Implementation Date:	Recommendations 1 and 2: December 31, 2027 Recommendation 3: January 29, 2027

Appendix B – Control Matrix

There were 1,488 stories completed in fiscal year 2025. Of these, 795 were launched for a DETS workflow and two were launched by Internal Audit. These 797 items were removed from the testable population. The remaining stories were split into three distinct categories: 611 were considered "normal" or part of the big five builds throughout the year, 59 were considered small builds, and 21 were considered Extended Release Maintenance builds. A judgmental sample of 60 (normal), eight (small), and five (ERM) stories were taken from each group respectively.

Item	Risk	Control	COSO Element and Principle	Staff Process to Mitigate Risk	Testing Procedures	Testing Results
1.	Policies/procedures/internal controls are not established, documented, effective or efficient	Procedures are reviewed and updated as needed	**Control Environment:** Oversight body and management establish an organizational structure, assigns responsibility, and delegates authority to achieve the entity's objectives. **Control Activity:** Management implements control activities through policies. **Information and Communication:** Management uses quality information to achieve the organization's objectives.	Procedures to log WHD tickets that become user stories are maintained by DETS and trainings a given to product owners about acceptance criteria. Procedures to conduct and plan builds are also maintained by DETS and updated when needed. The Quality Assurance Retirement Programs Manager maintains documentation about the regression testing process. All procedures are saved to SharePoint.	Reviewed division procedures and ensured they were established, documented, up-to-date, effective, efficient, and available to staff.	Procedures related to this process are on the DETS SharePoint Site but not easily located by those unfamiliar with the site. Additionally, while some divisions have a copy of the training material from 2017 linked to their division SharePoint Site, others do not. The following testing results were noted during our review of 73 sampled stories: 1. 72 stories were moved directly to "validated" status without first being marked as "accepted." a. 54 were moved to "validated" by the product owner or business analyst. b. 18 were moved to "validated" by a senior employee within the division. 2. 19 had acceptance criteria set by someone who was not the designated product owner or business analyst. 3. 17 stories were missing comments of approval from at least one assigned tester. 4. Three builds were more than seven days past the scheduled due date. 5. Two stories did not have a developer named in the responsibilities section of the user story. **(See Item #1 in Appendix A)**
2.	Developers and application tester duties are not segregated	Roles for developers and testers are assigned to each user story	**Control Activity:** Management designs the entity's information system and control activities.	The code for START is stored in Visual Studio and only developers have access to this environment. Product owners, BUs, and BAs are aware of which requests are included in a given system build and the status of each request. Additionally, the Lead Business Analyst also ensures that each request goes through the proper steps so that no request is pushed to production without adequate testing. At minimum, there should be at least one developer and one tester assigned. Generally, the first tester is the area's BA, the second tester is a staff member from Quality Assurance, and the last tester is the BU. If the story impacts several areas, someone from each impacted division must comment approval to show that each division agrees with the change. The last assigned tester is responsible for moving the story to "ready for PROD" to notify the developer that the code can be pushed to production. Role designation is shown on the user story for each person involved in a given user story. The TFS environment allows roles to change at any time by anyone with access to the environment. TFS also does not prevent a story from being moved out of order in process steps. It also does not prevent the story from being completed even if approval has not been indicated by all users assigned to the story. Product owners are responsible for ensuring each impacted division is assigned to the story, all approvals are documented, and the story has gone through all the proper steps.	Confirmed that each role (product owner, developer, and testers) was assigned correctly according to the team assignment chart.	Of the 73 sampled user stories, one story did not have the correct owner, and two stories did not have a developer named in the responsibilities section of the user story. **(See Item #1 in Appendix A)**

Item	Risk	Control	COSO Element and Principle	Staff Process to Mitigate Risk	Testing Procedures	Testing Results
3.	Changes to START are not authorized appropriately	Product owners review submitted WHD tickets	**Control Environment:** Oversight body and management oversee entity's internal control system. **Control Activity:** Management designs the entity's information system and control activities. **Information and Communication:** Management uses quality information to achieve the organization's objectives.	Anyone in KPPA can log a WHD ticket to request a change to any element of START but designated product owners of each division review the requests to ensure they are valid. The division's product owner marks Invalid requests in TFS as removed and valid requests are moved to the "accepted" status. The same product owners set acceptance criteria and test the work of developers to ensure the results match the criteria. Approval from the product owner is maintained in the comments of the user story in the TFS environment.	Reviewed the history section and found when and by whom the story was moved to statuses "accepted" and "validated".	Of the 73 sampled user stories, only one was moved to "accepted," while 72 were moved directly to "validated" without first being marked as accepted. Of these, 18 were moved to "validated" by a senior employee within the division, and 54 were moved by the product owner or business analyst. **(See Item #1 in Appendix A)**
4.	Acceptance Criteria are not defined correctly	Legislative change acceptance criteria is determined by executive management Regular change request acceptance criteria are set by product owners or with BA assistance	**Control Environment:** Oversight body and management oversee entity's internal control system. **Control Activity:** Management designs the entity's information system and control activities. **Information and Communication:** Management uses quality information to achieve the organization's objectives. **Monitoring:** Management establishes and operates monitoring activities to monitor the internal control system and evaluate the results.	Legislative changes are discussed in a special meeting with Executive Management, management of impacted divisions, and Office of Legal Services, if needed, to determine how the change will be implemented. The design team made up of representatives from the impacted divisions then meet about how to log the user story and how acceptance criteria will be defined to comply with the new law or change to current law. Acceptance criteria for changes requested by various divisions are set by the product owners or Business Analyst to match how the current process should be done. These should describe the desired results without a known solution. This only applies to the big five builds throughout the year because the issue and solution are known before a story is launched for maintenance release builds and extended release maintenance builds.	1. Reviewed builds that resulted from a legislative change and ensured the acceptance criteria matched requirements described in statute. 2. Compared the user who set the acceptance criteria against the designated product owner and business analyst on the team assignment chart.	1. Of the 73 stories sampled, only six were identified by title to be legislative changes. Four of those stories had acceptance criteria that matched the related change to law. One change was identified as a "legislative change" but was only to adjust a workflow to accommodate how LOB would process a new form, but the change itself was not dictated by law. One change did not have acceptance criteria set but it was completed in a maintenance release build which does not require acceptance criteria. 2. Of the 73 sampled stories, 19 had acceptance criteria set by someone who was not the designated product owner or business analyst. **(See Item #1 in Appendix A)**
5.	Updates may disrupt business needs and tasks	Builds are released before payroll runs	**Control Activity:** Management designs the entity's information system and control activities.	Build committees meetings are held during the week of the code cut of date for the prior build to set the timeline for the new build's code cutoff date, testing, regression testing and release date. 1. Two weeks is given for testing 2. Six business days are given for regression testing 3. Release date should be before the 25th to not interfere with employer's monthly packets.	1. Compared the scheduled due date against the release date. 2. Compared the code cutoff date to the regression testing due date and ensures there were at least 16 business days between these dates.	1. Of the 24 builds in scope, 5 were released on time. The 16 EMR and small builds do not have a scheduled due date as these builds are released as quickly as possible. The remaining 3 were released more than 7 days past the scheduled due date. None were released on the 25th to interfere with batch processes. 2. Of the 24 builds in scope, only eight were "normal builds" which have a designated testing phase. These eight builds were scheduled with at least 16 days for the testing phase. The remaining 16 "small" and "EMR" builds did not have a dedicated testing phase.

Item	Risk	Control	COSO Element and Principle	Staff Process to Mitigate Risk	Testing Procedures	Testing Results
6.	WHD tickets are not prioritized fairly	Product owners advocate for their change	**Control Environment:** Oversight body and management oversee entity's internal control system. **Control Activity:** Management designs the entity's information system and control activities. **Information and Communication:** Management uses quality information to achieve the organization's objectives.	The first meeting of the build process is between Application Services management, Data Services manager, Business Analysts, and Developers to calculate the total developer hours available for the build being planned and to assign story points for each request. The developer hours calculation starts off first with 7.5 hours times the number of business days in the build scope per developer. Holidays, planned time off, and non-build related projects are removed from the hours available. The remaining total establishes the "red line" or estimated capacity that can address the current build. This remaining total is split among the divisions according to which division a developer is assigned to according to the current assignment chart. Story points are then assigned to each request (one story point is 7.5 hours or one business day) and this estimate is based on the perceived difficulty of the requested change. Changes that need to be made because of Legislation or Strategic Planning Executive request are given 80% of story points and regular requests from divisions are given 20%. Legislative changes may have their own build, or they can be merged into one of the five main builds throughout the year in February, April, June, September and November. If they are included in the five main builds, they are automatically above the red line. During the second meeting of the build process, after discussing legislative changes if needed, product owners present their requested change so that other divisions can understand the importance of the change, and they can comment on how the change would impact other processes. Product owners consider the total story points available for the current build which established the "red line." If all the requested changes can be completed based on the assigned points per request, then are all above the "red line." If the story points for all requests are more than what is available, the product owners negotiate on which changes should be prioritized over others. The request not included in the given build are considered "below the red line." The finalized list is decided on and published to the START team chat. Stories that are never moved from "for review" to "accepted" will automatically be set to "removed" by TFS two years are the creation date. If the change was needed, a new story would need to be logged by the product owner.	Surveyed product owners to ensure that the prioritization of user stories is fair and does not favor one division over others.	All surveyed product owners reported that the prioritization process was fair.
7.	Changes do not work as approved	Product owners designate testers to approve results Regression testing is performed to catch accidental breaks with fixes	**Control Activity:** Management designs the entity's information system and control activities. **Monitoring:** Management establishes and operates monitoring activities to monitor the internal control system and evaluate the results.	During the two weeks of testing, business analysts, product owners, business users, and Quality Assurance staff test the changes developers pushed to the test environments to ensure that the results match the acceptance criteria. Additionally, The Division of Quality Assurance coordinates with product owners and other high-level staff in each division to perform regression testing, normally in the Test 1 environment, to ensure that changes made did not accidently break some other element of START. Once all testing is completed and results are approved by each assigned tester, the changes are pushed to the live production environment.	1. Noted who was assigned as a tester and confirmed that each assigned tester left a comment approving the work completed. 2. Confirmed that each division regression testing results. 3. Compared test results to acceptance criteria to ensure acceptance criteria was met before marking item as "Ready for Production."	1. Of the 73 sampled user stories, 17 stories were missing comments of approval from at least one assigned tester. 2. The regression testing worksheets for each of the eight builds in scope were signed off by each division. 3. Of the 73 sampled stories, 72 had testing results that matched acceptance criteria. One story did not have acceptance criteria set, and this is counted as an issue in a separate test so it will not be counted as an issue for this test. **(See Item #1 in Appendix A)**

Item	Risk	Control	COSO Element and Principle	Staff Process to Mitigate Risk	Testing Procedures	Testing Results
8.	Changes to START are not documented	All comments about a ticket are retained in the TFS environment	**Control Activity:** Management designs control activities to achieve objectives and respond to risks. **Information and Communication:** Management uses quality information to achieve the organization's objectives. **Monitoring:** Management establishes and operates monitoring activities to monitor the internal control system and evaluate the results.	The description of the change needed, examples of the issue, an explanation of what should happen, acceptance criteria, comments from developers and product owners, and approval from product owners are all documented in the user story of the request in the TFS environment.	Reviewed TFS and ensured all supporting documentation was on file.	All supporting documentation was found TFS for the 73 sampled stories.
9.	START users may not be aware of changes made	Product owners are responsible for communicating the system changes	**Control Activity:** Management designs the entity's information system and control activities. **Information and Communication:** Management uses quality information to achieve the organization's objectives.	The PROD Build Master posts a list of all requests resolved and pushed to production in the START Team All Announcements channel which includes all product owners. Product owners are then expected to notify their divisions of changes enacted and update process documentation accordingly.	1. Confirmed procedures that needed to be updated were updated. 2. Confirmed that staff impacted by sampled stories were notified of the change or correction.	1. Of the 73 sampled stories, only seven required procedures on SharePoint to be updated. The remaining 66 were corrected to START to match the current process. 2. Users impacted by all 73 sample stories were notified of the change.
10.	The original version of START cannot be restored after changes are made	Extended Release Maintenance Builds are pushed to restore original functions	**Control Activity:** Management designs control activities to achieve objectives and respond to risks. **Monitoring:** Management establishes and operates monitoring activities to monitor the internal control system and evaluate the results.	If a critical element of START is broken because of a change made that was not caught during testing or regression testing, an EMR Build is created and scheduled to be completed as soon as possible. Developers can quickly trace user stories from the most recent build to determine which change caused the problem. No regression testing is completed for these builds unless it is determined that regression testing is needed. There is no "flipping" back to the original version but a re-writing of code to correct a problem. These corrections are made through the build process. Sometimes it is not easy or possible to know which user story caused a problem. When possible, links to related stories or comments to direct readers can be used by developers to help retrace their steps but it is not required.	Reviewed EMR stories and ensured the user story that caused the break was properly referenced.	Of the five EMR build stories, four were linked to the story that resulted in the system break. One story was originally in the January 2026 Build but was moved to the April 2026 build. Since this portion was "Ready for Production," it was released in an EMR.

Kentucky Public Pensions Authority

2026-18

Document Imaging Process

Final Audit Report

Lead Auditor: Madeline Evans

Issue Date: August 18, 2026

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. Board(s) – Board of Trustees
5. CEO - Chief Executive Officer
6. CFO - Chief Financial Officer
7. KPPA Executive Management Team - KPPA Executive Director, KPPA Deputy Executive Director, KPPA Executive Director of Benefits, KPPA Executive Director Office of Legal Services, and KPPA CFO
8. Document Imaging – Division of Procurement and Office Services, Document Imaging Branch
9. LOB – Line of Business
10. START - Strategic Technology Advancements for the Retirement of Tomorrow

Report Contents

Overall Opinion

Process generally complies with relevant statutes, regulations, policies, and procedures. Internal controls are established but steps could be taken to strengthen the controls or make the process more effective and/or efficient.

Strategic Risk Addressed (Objective)

Review the document imaging process (including KOFAX) and ensure compliance with statutes/regulations/policies. Confirm controls are established to ensure all mail received is imaged and provided timely to the proper division.

Audit Scope

The Document Imaging Process audit was conducted from June 9, 2026 to August 3, 2026. The scope of the audit was documents received and imaged during fiscal year 2026.

Summary of Findings, Observations, and Opportunities for Improvement

A finding is defined as a breakdown, or partial breakdown of a process or major non-compliance with statutes and/or regulations. Development of a corrective action plan is recommended in the next three months with full implementation recommended within one year. **No findings were noted during our review.**

An observation is defined as a minor deviation from an otherwise well-implemented process or a minor oversight by staff. Corrective action is recommended, but timing is more flexible based on staffing needs and availability. The following Observations were noted during our review

1. Documents missing form number or received date

An opportunity for improvement is an item noted during the audit that was outside of the expected test result but is not indicative of a compliance or control failure. These items represent a possible area of improvement that we wanted to bring to the attention of KPPA management and Trustees. **No opportunities for improvement were noted during our review.**

Additional details related to the findings, including the corresponding recommendations, can be found in Appendix A.

Commendations

The document processing specialist group is a vital group within KPPA. If documents are not scanned timely, legibly, and completely, there would be a delay in the workflows launched for many processes assigned to various divisions throughout the agency. Additionally, processes may not be able to be completed due to the lack of documentation. This would cause delays in services and/or benefits being delivered to eligible members. Until KPPA fully adopts a digital documentation system, the Document Imaging team will continue to serve as an integral piece of KPPA.

Additionally, between September 2023 and May 2026, 12,484,107 microfiche images were scanned and indexed to member and employer library manager accounts. These are old documents submitted to KPPA before START was launched in 2011. These documents were essential to confirm details of old retirement accounts.

Throughout the audit, Document Imaging staff were responsive to questions. They granted the auditor access to physical documents. Mail processors in the Office of Legal Services were also quick to answer questions thoroughly.

Recommendations for Future Audits

Based on work conducted during this audit, the following items have been recommended for review during future audits:

1. Cash receipt audit - checks are received by mailroom. Ensure these are properly tracked and forwarded to correct division.
2. Review process to add/update forms - ensure Document Imaging is included in these discussions, so staff know the proper way to process new/updated forms
3. Review of forms that launch or push workflows in Work Manager out of the "pend" status.

Audit Standards

The engagement was conducted in conformance with the Global Internal Audit Standards.

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; the Office of Legal Services; 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 are subject to Open Records Requests.

Appendix A – Audit Results

Observations

1. Documents Missing Form Number or Received Date	
Recurring Issue:	No
Condition:	Of the 248 documents reviewed, the following items were noted: 1. Three legal documents were missing a form number or stamp date. 2. One document received in the mail should have had a stamp from the Document Imaging team.
Criteria:	Document Imaging procedures state, "All mail must be written on with blue or black ink pen. And every piece of mail received must be stamped. Write the form number and member ID on each piece of mail or File Doc."
Cause:	Human error led to the addition of the details being overlooked.
Effect:	Since a document's scan date is not always the same as the received date, a member's eligibility for various benefits may be impacted if the actual receipt date is not listed on the document. Additionally, if the form number is missing, the proper workflows may not be launched, which could delay services being provided to members.
Recommendation #1	The KPPA Executive Management team should work with divisions that receive and/or process mail to ensure staff are reminded that all documents received must have a stamp date and a form number.
Recommendation #2	The Office of Legal Services should consider having paralegals ensure the form number has been written on the document when they are preparing the coversheet to send items to Document Imaging.
Management Response:	Management agrees with the recommendation. Ultimately 4 out of 248 reviewed docs were missing dates or form numbers (1.6% of the sample). It was attributable to reasonable and expected human error. More importantly due to the cumulative impact and redundancy of the total process all forms were processed with no negative impact to any members.
Implementation Date:	June 30, 2027

Appendix B – Control Matrix

Two populations were considered during testing:

1. As of June 16, 2026 there were 44 boxes of documents that were scanned and indexed to member and employer Library Manager. One box per type (File Doc, Legal, Retiree Health Care and Disability) was judgmentally selected. Batches of documents were haphazardly selected from the chosen boxes until at least 60 documents were included in testing without breaking a batch apart. A total of 248 documents were reviewed.
2. There were 21 cyber faxes processed on June 29, 2026 as of 8:00 a.m. and all were reviewed.

Item	Risk	Control	COSO Element and Principle	Staff Process to Mitigate Risk	Testing Procedures	Testing Results
1.	Policies/procedures/internal controls are not established, documented, effective or efficient	Procedures are reviewed and updated as needed	**Control Environment:** Oversight body and management establish an organizational structure, assigns responsibility, and delegates authority to achieve the entity's objectives. **Risk Assessment:** Not Applicable **Control Activity:** Management implements control activities through policies. **Information and Communication:** Management uses quality information to achieve the organization's objectives. **Monitoring:** Not Applicable	Procedures are posted to SharePoint and are updated as needed. The Administrative Branch Manager also updates the master form list when changes occur, and the newest version is saved to the M: Drive for all employees to access and employees are notified.	Reviewed division procedures and ensured they were established, documented, up-to-date, effective, efficient, and available to staff.	Procedures are up to date.
2.	Documents may not be processed timely	Imaging documents is the first daily task completed by staff	**Control Environment:** Not Applicable **Risk Assessment:** Not Applicable **Control Activity:** Management designs control activities to achieve objectives and respond to risks. **Information and Communication:** Management communicates necessary information externally. **Monitoring:** Not Applicable	Mailroom staff pick up mail from the post office first thing in the morning and sort packages by the first page or form into several stacks. Divisions of Accounting, Disability and Survivor Benefits and the Office of Legal Services process their own mail. Division of Accounting and Office of Legal Services mail is walked across the parking lot to Building C by mailroom staff. The processor for Division of Disability and Survivor Benefits mail may walk to the mail table and retrieve mail from the corresponding slot but often the mail is walked to her as well by mailroom staff. All other divisions' mail is processed by the Document Imaging team, who prepares mail for scanning as quickly as possible but 10 am is roughly the time it should be done. Most of the time the process is completed before 10 a.m. but it depends on how much mail is received. The only urgent time it must be completed by 10 a.m. or earlier is during supplemental payroll so payments can be issued on time.	Compared the meta data timestamp against the batch prepared date and time.	Of the 248 documents reviewed, 238 were scanned and indexed on the same day the batch was prepared. The remaining 11 were in batches prepared after the last mailroom staff walked around the building to pick up completed batches for the imaging team. These were scanned and indexed in the morning of the following day.

Item	Risk	Control	COSO Element and Principle	Staff Process to Mitigate Risk	Testing Procedures	Testing Results
3.	All documents may not be imaged	Coversheet page type is compared to physical document type	**Control Environment:** Not Applicable **Risk Assessment:** Not Applicable **Control Activity:** Management designs control activities to achieve objectives and respond to risks. **Information and Communication:** Management uses quality information to achieve the organization's objectives. **Monitoring:** Not Applicable	All mail processors follow the same batch preparation instructions. The batch preparer steps: 1. The coversheet page type is selected by marking "Single", "Duplex" or "Multi." Duplex pages are single page documents that are double sided. 2. If the documents in the batch are multiple pages, a document separator sheet is placed between each document to ensure proper start and finish of each item included. 3. Should the Document Imaging team come across documents that belong to Disability or Legal, they will create a separate batch. It will be scanned as normal but will be reviewed by Disability and Legal staff during the indexing step. Rarely, the Document Imaging team will receive live checks intended for the Division of Disability and Survivor Benefits. A journal comment is put in the member's profile showing that a check was received and that it was given to the designated Division of Disability and Survivor Benefits counselor in office on that day. Scanning Step: 1. The imaging team uses the coversheet page type to select the corresponding page type in scanner settings to ensure all pages are documented. 2. Scanner settings are also adjusted to ensure that information on the document is legible. Some documents must be scanned in color rather than just black and white. Each scanner lasts roughly 8 to 12 years and costs approximately $7,000 to replace. Scanners are replaced once an error occurs in the software that cannot be patched or fixed.	Compared physical document page type against the coversheet page type selected. Then compared the physical page type against the information in Library Manager.	All 248 documents reviewed had all pages scanned and prepared for indexing.
4.	Workflows may not be launched when needed	Coversheet bar code automatically launches a workflow once the document is indexed to file	**Control Environment:** Not Applicable **Risk Assessment:** Not Applicable **Control Activity:** Management designs control activities to achieve objectives and respond to risks. **Information and Communication:** Management uses quality information to achieve the organization's objectives. **Monitoring:** Not Applicable	If the documents in the batch need to launch a workflow, the batch preparer fills out the "Launch Workflow" coversheet for the corresponding group. If the documents just need to be uploaded to Library Manager, the "File Doc" coversheet is used. For documents that need a workflow, the division assigned to the batch indexes the file to the member/employer Library Manager, which then launches the associated workflow in Work Manager. The details of the indexed document are checked by a second person in the division who owns the document.	Confirmed that a workflow was launched on the day the document was indexed to Library Manager or that the document moved an existing work item out of "pend for review."	All 248 documents launched a workflow when required.

Item	Risk	Control	COSO Element and Principle	Staff Process to Mitigate Risk	Testing Procedures	Testing Results
5.	Metadata in Library Manager does not match document data	File Doc items are checked by a second individual	**Control Environment:** Not Applicable **Risk Assessment:** Not Applicable **Control Activity:** Management designs control activities to achieve objectives and respond to risks. **Information and Communication:** Management uses quality information to achieve the organization's objectives. **Monitoring:** Not Applicable	For documents that do not need a workflow, a Document Processing Specialist keys the document number, member or employer ID, and received date noted on the document into work manager. Each document is sent to a quality check queue to ensure details are entered correctly.	Compared details of the document against metadata in library manager	Of the 248 documents reviewed, four were missing a stamp date or form number. • One should have had a stamp from the Document Imaging team because it was received in the morning mail. • Three should have had a form number or stamp date prepared by the Office of Legal Services staff member processing mail. **See Observation #1 in Appendix A**
6.	Cyber faxes may not be properly indexed in Library Manager	Document Imaging Specialist assigns the fax to the division who owns the document type	**Control Environment:** Not Applicable **Risk Assessment:** Not Applicable **Control Activity:** Management designs control activities to achieve objectives and respond to risks. **Information and Communication:** Management uses quality information to achieve the organization's objectives. **Monitoring:** Not Applicable	Members may fax documents to (502) 696-8822 which creates a document for review in Kofax. The Administrative Branch Manager monitors the queue of faxes throughout the day to ensure they are being processed timely. Should a fax be accidentally deleted, she can recover it as long as 60 days have not passed from the original received date. A Document Processing Specialist prepares the file for indexing by ensuring all pages are right side up, in chronological order (if numbered), and the fax cover sheet is moved to the end of the file. The group responsible for the document is assigned and the file is sent to the indexing queue in Work Manager. If mail or a cyber fax is included in the wrong group's indexing queue, the processor changes the group designation, and it will be added to the correct indexing queue.	Confirmed cyber faxes were indexed to Library Manager.	All 21 faxes received between 8:00 and 8:45 a.m. on June 29, 2026, were indexed properly and workflows were launched correctly.

Kentucky Public Pensions Authority

2026-11

Review of Employer Audit Process, as required by Kentucky Revised Statutes 61.5991

Final Audit Report

Lead Auditor: James Westbay

Issue Date: July 14, 2026

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. Board(s) – Board of Trustees
5. CEO – Chief Executive Officer
6. CFO – Chief Financial Officer
7. KPPA Executive Management Team – KPPA Executive Director, KPPA Deputy Executive Director, KPPA Executive Director of Benefits, and KPPA CFO
8. ERCE – KPPA Division of Employer Reporting, Compliance, and Education
9. Legal Services – KPPA Office of Legal Services
10. Internal Audit – KPPA Division of Internal Audit
11. PPOB – Public Pension Oversight Board
12. LOB – Line of Business

Report Contents

Overall Opinion

Internal Audit was unable to complete the audit; therefore, an overall opinion on the process cannot be provided.

Strategic Risk Addressed (Objective)

Review the employer audit process required by Kentucky Revised Statutes 61.5991 and ensure compliance with statutes/regulations/ policies. Confirm controls are established to ensure employers are audited as required and that audits are completed timely.

Audit Scope

The Review of Employer Audit Process, as required by Kentucky Revised Statutes 61.5991 audit was conducted from February 16, 2026 to June 23, 2026. The scope of the audit was all employer audits required by Kentucky Revised Statutes 61.5991 that had been completed as of February 2026.

The employer audits were conducted by ERCE during fiscal years 2023, 2024, and 2025 and covered fiscal years 2022, 2023, and 2024, respectfully.

Summary of Findings, Observations, and Opportunities for Improvement

Due to lack of documentation, we were unable to fully execute our audit procedures, which may impact the audit results. Please see Appendix A - Procedures and Results for additional details on the audit methodology, restrictions on completion of procedures, and audit results.

Recommendations for Future Audits

Based on work conducted during this audit, the following items have been recommended for review during future audits:

1. Ensure the averaging process is accurate, so that participating and non-participating employees are being reported correctly.
2. Ensure retirement contributions are being paid on annual bonus payments over $1,000.
3. Ensure the Office of Legal Services reviews employee contracts and verifies accuracy of how employers report these employees to KPPA.

Audit Standards

The engagement was conducted in conformance with the Global Internal Audit Standards.

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 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 – Audit Procedures and Results

General statement on restrictions to complete audit

ERCE has completed 15 employer audits required under Kentucky Revised Statutes 61.5991. As noted in item #7, the records for most of the employers were either insufficient or unavailable at the time of the audit. Additionally, there were no ERCE work papers available for review. Given the lack of sufficient employer records, Internal Audit could not complete many of the designed testing procedures, including reperforming the employer audits to ensure accuracy of the results. Since there were no working papers to review, Internal Audit cannot ensure that ERCE followed their outlined audit procedures. As a result, Internal Audit cannot provide assurance that the results of the completed ERCE employer audits are accurate.

Since the audit could not be completed, Internal Audit is unable to provide official issues and recommendations. However, Internal Audit has made some suggestions for management's consideration. In addition to those suggestions, the KRS Board should determine if an employer audit should be conducted in the future on the 15 employers reviewed as a part of this audit.

Item	Procedure	Audit Work Performed	Audit Results	Management Comments and Corrective Action Date
1.	Ensure results of audits required under Kentucky Revised Statutes 61.5991 audit are presented to the KRS Board	1. Reviewed meeting materials to determine if audits were presented to the KRS Board. 2. Attempted to compare KRS Board meeting materials to ERCE's audit work papers to ensure full audit results were presented to the KRS Board.	1. ERCE presented results for the reviews conducted for fiscal years 2022 and 2024 to the KRS Board. The results for fiscal year 2023 were not presented to the Board. 2. No audit work papers available for review, so Internal Audit was unable to ensure full audit results were presented to the KRS Board.	KPPA management concurs, and: 1. ERCE, starting with FY 2025 audits, will present the results of audits performed under KRS 61.5991 to the KRS Board annually in November. 2. With the staffing of the new ERCE compliance and education branch (in January 2026), FY 2025 audits have work papers available for review.
2.	Evaluate division procedures	Reviewed procedures to determine if they are documented and available for staff review. Evaluated division procedures for efficiency and effectiveness.	ERCE Employer Audit procedures are established, documented, and available to staff. However, staff could consider adding the following items to strengthen the procedures: 1. Requirement to send an audit results letter for every audit, even if there are no findings. 2. Requirement to present audit results to the proper Board of Trustees or Board Committee.	KPPA management concurs, and: 1. Starting with FY 2025 audits, all employers audited under KRS 61.5991 will be provided with an audit results letter even if there are no findings. 2. ERCE, starting with FY 2025 audits, will present the results of audits performed under KRS 61.5991. to the KRS Board annually in November.
3.	Confirm the ERCE audit plan was approved by the KRS Board and provided to the PPOB	Reviewed the KRS Board and the PPOB meeting materials and ensured the audit plan was presented and approved.	The ERCE Audit Plan was approved by the KRS Board on March 1, 2023, and was presented to the PPOB on September 27, 2022.	KPPA management concurs.
4.	Confirm the required number of employer audits were completed each fiscal year	1. Reviewed the "Listing of Compliance Reviews Completed" to determine which employers were schedule for an audit each year beginning with fiscal year 2022. 2. Reviewed Library Manager for employers on the list and ensured an audit was completed. 3. Ensured that at least five audits were completed each fiscal year.	ERCE has completed the required number of Kentucky Revised Statutes 61.5991 employer audits for each fiscal year.	KPPA management concurs.
5.	Compare the ERCE Audit Program to requirements outlined in Kentucky Revised Statutes 61.5991	Compared the ERCE audit procedures to the reporting requirements of Kentucky Revised Statutes 61.5591.	ERCE has established some procedures but has not developed an official Audit Program. The ERCE audit procedures include a review of all items outlined in Kentucky Revised Statute 61.5991.	KPPA management concurs that the audit procedures do include a review of all items outlined in KRS 61.5991. However, an "official" audit program has not been developed. See management response in item 6 below.

Item	Procedure	Audit Work Performed	Audit Results	Management Comments and Corrective Action Date
6.	Compare the ERCE Audit Program to the employer audit programs of peer pension systems	Compared the ERCE audit procedures to the employer audit programs used by peer pension systems, specifically Kentucky Teacher's Retirement System.	ERCE has established some procedures but has not developed an official Audit Program. ERCE staff could consider establishing an Audit Program. In addition to the steps currently in the audit procedures, ERCE could consider adding the following steps to the Audit Program: 1. Conducting a formal Entrance Conference. 2. Conducting a formal Exit Conference. 3. Completing an internal controls questionnaire. 4. Completing the reporting obligations to the Legislative Research Commission and State Budget Director.	KPPA management concurs, that an "official" audit program documented procedures has not been developed. As the newly staffed ERCE compliance and education branch (January 2026) matures in their capabilities, the development of an official, formal audit program for audits performed under KRS 61.5991 will be formally documented. This is estimated to be in place prior to the start of the FY 2026 KRS 61.5991 audits, as the FY 2025 audits have already been completed.
7.	Determine if employers submitted required information by established deadline	1. Auditor located the annual Form 6756 submissions for all fifteen employers and verified that employee contracts were attached for Legal Services review. 2. Auditor reviewed employer information in LOB to determine if an audit correspondence letter was sent to each employer outlining the items ERCE needed in order to complete their review. 3. Auditor reviewed employer information uploaded to LOB to determine if the employer provided the required audit documentation. 4. Auditor reviewed employer information in LOB to determine if an audit results letter was provided to the employer. 5. Auditor compared the date the employer's records were uploaded to LOB to the due date specified in the correspondence letter to determine if the employer submitted documentation on time.	1. All employers submitted Form 6756 and the accompanying contract for all independent contractors. All employers accounted for non-participating members for all fiscal years in audit period. 2. Of the 15 audits completed, 13 employers were sent an audit notification letter. Notification letters for the other two employers were not sent. 3. Only three employers submitted complete payroll records. The remaining 12 were incomplete, not independent, missing, or uploaded late. a. Five employers submitted the monthly KPPA records rather than the independent payroll records requested. b. Three employers did not submit any payroll records. c. Two employers submitted payroll records that did not include the hourly rate of pay. d. Two employer's payroll records were not uploaded to Library Manager until after Internal Audit requested the records. 4. Of the 15 audits completed by ERCE, only one employer was provided with an audit results letter. 5. Employer records were not stamped with a receipt date. The only date available for comparison to the required due date was the date the employer records were uploaded to LOB. Based on the upload date, none of the employers submitted the required information by the due date.	1. KPPA management concurs 2. KPPA management concurs that only 13 of the 15 employers were sent an "audit notification letter". The other two employers were not provided with a letter as the employer records and information needed to perform the KRS 61.5991 audits were already in KPPA's possession (due to on-going ERCE/LEGAL reviews) and did not need to be re-requested via an audit notification letter. 3. KPPA management concurs that employer documentation submitted to ERCE was uploaded late, incomplete, or non-independent. With the staffing of the new ERCE compliance and education branch now complete (January 2026), all audits performed under KRS 61.5991, starting with FY 2025, will require complete, independent payroll records for the entire fiscal year from the employer. 4. KPPA management concurs that only one employer was provided with an audit results letter. (The only one of the 15 that had findings). However, starting with FY 2025 all employers audited under KRS 61.5991 will be provided with an audit results letter even if there are no findings. 5. KPPA management concurs. The staffing of the new ERCE compliance and education branch (January 2026) will allow for more timely follow up on employers who do not submit required information by the due date.
8.	Confirmed an audit results letter was provided to the proper reporting official	Compared the address and contact person listed on the audit results letter to the information in LOB to ensure letter was sent to the appropriate individual.	Of the 15 audits completed, only one employer was provided with an audit results letter. The reporting official and address on that audit results letter were accurate. *Note: ERCE staff indicated that in the future, an audit results letter will be sent after every audit.*	KPPA management concurs that only one employer was provided with an audit results letter. The only one of the 15 that had "findings". However, starting with FY 2025 all employers audited under KRS 61.5991 will be provided with an audit results letter even if there are no findings.
9.	Confirm that corrective action has occurred	Auditor located audit results letter in LOB and compared required deadline for corrective action to the actual receipt date of the updated reporting forms.	Of the fifteen employer audits completed since 2022, only one audit results letter was issued with required corrective action. The required updated information was submitted to KPPA after the deadline in the audit results letter. It took five additional months for the employer to begin reporting the non-participating employees.	KPPA management concurs that the one employer was delayed in accurately reporting the non-participating employees. Starting with FY 2025, ERCE has worked a follow-up step into the process for all audits performed under KRS 61.5991.

Item	Procedure	Audit Work Performed	Audit Results	Management Comments and Corrective Action Date
10.	Reperform audits conducted by ERCE	Internal Audit attempted to reperform an audit following the ERCE audit procedures.	Due to the lack of sufficient documentation, the selected audit could not be reperformed. Based on the information that was available the following concerns were noted: 1. Internal Audit identified a member who may qualify as a participating member even though they are being reported as part time by the employer. This was not noted in the review conducted by ERCE. • When attempting to reperform the fiscal year 2024 employer audit, Internal Audit staff found information that indicated this employee may have averaged more than 100 hours. If so, contributions should have been collected. Using the employer records submitted by the employer, Internal Audit performed averaging on the employee for fiscal years 2023-2025 and determined the employee worked an average of less than 100 hours for each of those fiscal years. However, for fiscal year 2026 (records available through May 2026), it appears the employee's average may exceed 100 hours. • For fiscal year 2026, using the Form 4225 submitted by the employer, Internal Audit calculated the employee as working an average of under 100 hours (through May 2026). There was no explanation for why Form 4225 did not match the employer records for fiscal year 2026. • When Internal Audit inquired about this discrepancy, ERCE staff indicated they did not complete the averaging process during the fiscal year 2024 review and would have to go back and review records to determine if this employee should be reported as participating. **Internal Audit suggests that averaging be completed for this employee to determine if she should be included as a participating member. If so, contributions should be collected for this individual.** 2. Several employees received year-end bonuses that were not reported as creditable compensation; these bonuses have potentially been paid for at least ten years. This was not noted in the review conducted by ERCE. • There is a Form 7250 on file that indicates the employer pays Christmas bonuses, paid in December. There is a letter from KPPA indicating these Christmas bonuses are creditable compensation and that contributions should be paid on these bonuses. • During the audit it was noted that bonuses were paid in June (rather than December), which does not correspond with the Christmas bonus. No Form 7250 was on file explaining these bonuses and likewise there was no letter from KPPA indicating whether these bonuses should be considered creditable compensation. • When Internal Audit inquired about these bonuses, ERCE indicated they would have to reach out to the agency to get documentation related to these bonuses. **Internal Audit suggests that KPPA determine whether these bonuses count as creditable compensation and issue an official letter to the employer on this determination. If these bonuses are determined to meet the criteria for creditable compensation, contributions on these bonuses should be collected.**	1. KPPA management concurs as follows: ERCE notified the employer to start reporting the employee on the monthly report. The employer has started reporting this employee. ERCE provided a form 4225 to the employer to complete to determine if any prior service not reported is eligible to be purchased. That form has been completed and returned to KPPA, and is being reviewed by the KPPA benefits team, who have requested more information from the employer to check for averaging, and will bill omitted for any additional service that averages. Averaging is performed on both a fiscal year & calendar year basis. (the Averaging performed by Internal Audit was only through the May 2026 report, which is inaccurate as the fiscal year is not complete). However, upon receipt of the June 2026 report, ERCE completed the averaging for this employee, and concluded that the employee did average, and omitted is being billed to the agency. 2. KPPA management concurs as follows: ERCE has reviewed the Form 7250 the agency submitted, however, additional information was needed to make a determination. ERCE is awaiting that information from the employer. Upon receipt, ERCE will conclude as to whether this is creditable compensation. If so, ERCE will complete adjustments and bill the employer for the contributions **Auditor Response:** Management states, "the Averaging performed by Internal Audit was only through the May 2026 report, which is inaccurate as the fiscal year is not complete." Internal Audit indicated that **based on the information available to us** it appeared **this employee may** average to 100 hours for fiscal year 2026. We never stated that the employee absolutely averaged since we are fully aware (and acknowledged) that the fiscal year had not yet ended. That is why we suggested that staff perform averaging on the employee. To imply that the work performed by Internal Audit staff during this audit was inaccurate or incomplete is misleading, especially given the fact that the employee did average to over 100 hours for fiscal year 2026.

Item	Procedure	Audit Work Performed	Audit Results	Management Comments and Corrective Action Date
11.	Ensure non-compliant entities were reported to the Legislative Research Committee and the Office of the State Budget Director	1. Auditor obtained ERCE's annual presentations to the KRS Board and determined which employers were deemed non-compliant for fiscal years 2022 to 2024. 2. Auditor reviewed the KRS Board meeting minutes and determined the date the non-compliant employer information was presented to the Legislative Research Committee and the Office of the State Budget Director.	1. One noncompliant agency, Mountain Comprehensive Care Center, was reported to the Legislative Research Committee for fiscal years 2022 and 2024. No information was available or provided for fiscal year 2023. Due to lack of available information, Internal Audit was unable to confirm if any other employers were non-compliant for fiscal years 2022, 2023, and 2024. 2. ERCE has completed employer audits for fiscal years 2022 to 2024. Results for all three fiscal years were presented timely to the Legislative Research Committee and the Office of the State Budget Director.	1. KPPA management concurs that Mountain Comprehensive Care Center was reported to LRC/OSBD, as non-compliant for fiscal years 2022 and 2024, However, they were also reported to LRC/OSBD as non-compliant for fiscal year 2023 as well. (see copy of email provided to LRC/OSBD on 8/28/2023). KPPA management also concurs that ERCE failed to maintain adequate documentation for internal audit to determine if any other employers should have been reported for fiscal years 2022, 2023, and 2024. This has been remedied for all audits performed under KRS 61.5991 for FY 2025 by the new ERCE Compliance and Education team. 2. KPPA management concurs that Results for fiscal year 2022, 2023, and 2024 were presented timely to LRC and OSBD.

To: Ad Hoc Regulations Review Committee
Date: September 16, 2026

105 KAR 1:365 – Hybrid cash balance plan - establishes the procedures and requirements for the administration of the hybrid cash balance plan tier for members with participation dates on or after January 1, 2014, or members who elect the hybrid cash balance plan pursuant to KRS 61.5955 and 78.545. Revisions include:

- Moving language defining “decompression service” and “military omitted service” to the Definitions section
- Adding that an accumulated account balance refund application from a member charged with an employment-related felony will not be processed until a final, appealable court judgement has been entered
- Removing Form 2022 (Separation of Accounts) from Materials Incorporated by Reference in favor of a citation to the regulation where the form is located
- Updating Form 2013 (Hybrid Cash Balance Plan Opt-In Election) - reformatted font and information fields, and a statement that “KPPA will update contact information for your retirement account based on the details provided below.”
- Updating language to comply with drafting requirements and KRS Chapter 13A

105 KAR 2:270 – Federal tax withholding – establishes the procedure for informing affected members, beneficiaries, and alternate payees of their rights with regard to federal taxation rules and provides forms for members, beneficiaries, and alternate payees to indicate their preference for federal tax withholding or direct rollover of eligible distributions. This regulation also establishes a procedure to issue a check to an alternate payee of a qualified domestic relations order if the alternate payee does not file the form required for federal income tax purposes within a reasonable time, and a procedure if an alternate payee cannot be located. Revisions include:

- Updates definitions for “beneficiary” and “death benefit beneficiary” to include non-persons (such as trusts) as beneficiaries and to clarify that only beneficiaries of retired members are eligible to receive the death benefit
- Removing Form 4525, 6010, 6025 from Materials Incorporated by Reference in favor of a citation to 105 KAR 5:200 in which they are now located
- Removing Form 6028 (Fed tax withholding certificate) which is actually a federal IRS form. This enables the KPPA to send or link to the latest federal form without needing to open the regulation. Additionally, federal forms – which are developed, controlled, and regulated by a federal agency – are not appropriate for incorporation into a state regulation pursuant to KRS Chapter 13A
- Removing the “Special Tax Notice Regarding Payments” document in favor of a reference to the US Code that governs and requires the notice which will enable the KPPA to send or link to the most recent notice whenever the IRS makes changes without needing to open the regulation
- Clarifying that Section 4 establishes forms/requirements for beneficiaries, Section 5 for death benefit beneficiaries, and Section 6 for eligible beneficiaries, related to direct rollovers of distributions and withholding federal tax on distributions that aren’t rolled over into an IRA or other qualified plan
- Streamlines and updates language to comply with drafting requirements and KRS Chapter 13A

105 KAR 2:420 – 401(h) account - establishes an account pursuant to 26 U.S.C. Section 401(h) (i.e., a "401(h)" account) for receipt of mandatory employee contributions made by members of the Kentucky Retirement Systems and the County Employees Retirement System if the employer is not eligible to participate in the insurance trust. *Note: this regulation will expire in January 2027, while it is in process. **This regulation is due to expire in January 2027. A certification letter will be filed simultaneously so that the regulation will remain in effect until the revisions below become effective(on or around May 2027).
Revisions include:

- Adding a definition for "insurance trust"
- Clarifying the use and purpose of mandatory contributions for health insurance benefits to the 401(h) account (if the employer's participation in the insurance trust conflicts with federal statutes or regulations) versus the insurance trust (if the employer's participation does not conflict with federal statutes or regulations)
- Removes the 1% mandatory contribution to comply with SB 10 of the 2025 legislative session
- Corrects statutory references
- Revises language to conform to drafting requirements

105 KAR 5:200 – Retirement procedures - establishes the procedures and forms required to apply for and receive retirement benefits. Revisions include:

- To comply with SB 85 of the 2026 legislative session, adding "special needs trust" as an optional beneficiary for members to choose on the Form 6030, "Death Benefit Designation"
- Removing Form 6017, which is actually the IRS Form W-4P for tax withholding for periodic pension or annuity payments, in favor of a citation to the federal tax code that requires it. This enables the KPPA to send or link to the latest federal form without needing to open the regulation. Additionally, federal forms – which are developed, controlled, and regulated by a federal agency – are not appropriate for incorporation into a state regulation pursuant to KRS Chapter 13A
- Removing Form 2035 which is incorporated into a separate regulation
- Removing a redundant definition
- Updating language to comply with drafting requirements

105 KAR 5:202 – Notification of retirement - establishes the use of Form 6000, "Notification of Retirement", which is required to apply for and receive retirement benefits. Revisions include:

- To comply with SB 85 of the 2026 regular legislative session, this amendment adds "special needs trust" as an optional beneficiary for members to choose on the Form 6000, "Notification of Retirement"
- Removes unnecessary citations to specific regulations to accommodate recent recodification and ease of developing or revising related regulations

105 KAR 3:390 – Employment after retirement – this regulation concerns the administration of KRS 61.637 and 78.5540 in conjunction with federal law regarding bona fide separation from service and changes in employment relationship if a retired member returns to employment with a participating employer in a KPPA retirement system. 26 C.F.R. 1.401-1(a)(2) requires that qualified plans expressly provide in its documents how the plan will be administered in accordance with federal law to maintain the tax qualified status of the plan. This regulation is necessary to maintain the tax qualified status of the KPPA systems under federal law. Revisions include:

- Refining definitions for “employee” and “prearranged agreement”, and adding a definition for “statutory officer”
- Including statutory language regarding prearranged agreements for elected officials and candidates for office
- Clarifying deadlines for information submission, and that failing to submit required or requested information will not prejudice a member’s ability to resubmit a request for approval of reemployment
- Adding factors (including federal Revenue Ruling 87-41) the agency considers to determine whether a reemployed member is an independent contractor or leased employee, or a volunteer.
- Adding a section to establish employer exemptions from paying employer contributions
- Adding ceased employer procedures
- Establishing employment relationships to which the administrative regulation will not apply
- Removing Form 6000 from MIRs in favor of a citation to the regulation in which the form is located, and condensing materials incorporated by reference to eliminate five related forms
- Streamlining and revising language to comply with drafting requirements

Certification letters (<u>information only</u>) – these regulations will expire in January 2027, prior to their anticipated revisions and filing around March 2027. In order to keep the regulations in effect until the revisions become effective (around November 2027), certification letters will be filed for:
105 KAR 2:420 – 401(h) account (see notes above)
105 KAR 3:180 – Death before retirement procedures
105 KAR 3:240 – Death after retirement procedures

FINANCE AND ADMINISTRATION CABINET

Kentucky Public Pensions Authority

(Amendment)

105 KAR 1:365. Hybrid cash balance plan.

RELATES TO: KRS 16.505, 16.543, 16.577, 16.578, 16.583, 61.505, 61.510, 61.542, 61.543, 61.552, 61.559, 61.565, 61.592, 61.5955, 61.597, 61.615, 61.625, 61.637, 61.640, 61.680, 61.702, 78.510, 78.545, 78.5510, 78.5512, 78.5514, 78.5516, 78.5520, 78.5528, 78.5532, 78.5536, 78.5540, 78.5542, 78.615, 78.635, 38 U.S.C. 4301-4335, 26 U.S.C. 414(u)

STATUTORY AUTHORITY: KRS 61.505(1)(g)

CERTIFICATION STATEMENT: This is to certify that this administrative regulation complies with KRS 13A.150(2) because it does not have a major economic impact.

NECESSITY, FUNCTION, AND CONFORMITY: KRS 61.505(1)(g) authorizes the Kentucky Public Pensions Authority on behalf of the Kentucky Retirement Systems and the County Employees Retirement System to promulgate administrative regulations that are consistent with and necessary and proper to carry out the provisions of KRS 16.505 to 16.652, 61.510 to 61.705, and 78.510 to 78.852. KRS 16.583, 61.597, 78.5512, and 78.5516 create a hybrid cash balance plan tier for members of the State Police Retirement System, Kentucky Employees Retirement System, and County Employees Retirement System with participation dates on or after January 1, 2014, or members making an election pursuant to KRS 61.5955 and 78.545. This administrative regulation establishes the procedures and requirements for the administration of the hybrid cash balance plan tier.

Section 1. Definitions.

(1) “Decompression service” means service purchased by a member for a period of time not to exceed ninety (90) days between the member's discharge from active-duty military service and the member's return to employment with a participating employer, if the member returned from military leave and did not immediately return to work, in accordance with the Uniformed Services Employment and Reemployment Rights Act (USERRA), 38 U.S.C. 4301-4333.

(2) “Military omitted service” means service purchased by a member with a participation date on or after January 1, 2014, who was called to active-duty military in accordance with KRS 61.552(1) and 78.545.

(3) "Nonvested member" means a member of the Systems who has less than five (5) years of service credited under KRS 16.543, 61.543, and 78.615 and who participates in the hybrid cash balance plan tier based on:

(a) A participation date on or after January 1, 2014, or

(b) Opting into the hybrid cash balance plan with a participation date between September 1, 2008 and December 31, 2013.

(4)[~~(2)~~] "Vested member" means a member of the Systems who has five (5) or more years of service credited under KRS 16.543, 61.543, and 78.615 and who participates in the hybrid cash balance plan tier based on:

(a) A participation date on or after January 1, 2014, or

(b) Opting into the hybrid cash balance plan with a participation date between September 1, 2008 and December 31, 2013.

Section 2. Military Service Credit.

(1) (a)[~~Decompression service shall mean service purchased by a member for a period of time not to exceed ninety (90) days between the member's discharge from active duty military service and the member's return to employment with a participating employer, if the member returned from military leave and did not immediately return to work, in accordance with the Uniformed Services Employment and Reemployment Rights Act (USERRA), 38 U.S.C. 4301-4333.~~

~~(b)~~] Decompression service shall be credited to the member's account after the member has paid the employee contributions that would have been paid by the member for this period of time in accordance with KRS 16.543, 61.543, and 78.615.

(b)[~~(c)~~] The employer shall pay the employer contributions for the period of decompression service in accordance with KRS 61.565 and 78.635.

(2) (a)[~~Military omitted service shall mean service purchased by a member with a participation date on or after January 1, 2014, who was called to active duty military in accordance with KRS 61.552(1) and 78.545.~~

~~(b)~~] Military omitted service shall be credited to the member's account only if the member has paid the employee contributions that would have been paid by the member for this period of time in accordance with KRS 16.543, 61.543, and 78.615.

(b)[~~(c)~~] The employer shall pay the employer contributions for the period of military omitted service in accordance with KRS 61.565 and 78.635.

Section 3. Application.

(1) Systems. This administrative regulation shall apply to:

(a) The[~~the~~] hybrid cash balance plan tier within each of the Systems; and[~~.~~]

(b)[~~(2) Members.~~] Except as provided in subsections (2) and (3)[~~and (4)~~] of this section,[~~this administrative regulation shall apply~~] solely to members who begin participating in the Systems on or after January 1, 2014, and who do not have a participation date in any other state-administered retirement system that is prior to January 1, 2014.

(2)[~~(3)~~] Irrevocable Election. This subsection shall apply only to members with a participation date in the Systems between September 1, 2008 and December 31, 2013, who have not received a retirement benefit from the Systems.

(a) Pursuant to KRS 61.5955 and 78.545, a member with a participation date in the Systems between September 1, 2008 and December 31, 2013, may make a one-time, irrevocable election to receive the benefits and rights provided under the hybrid cash balance plan tier as established[~~defined~~] in KRS 16.583, 61.597, 78.5512, and 78.5516 in lieu of benefits he or she is currently eligible to receive from the Systems.

1. A member with a participation date[~~based on service in the Systems or service~~] in another state-administered retirement system prior to September 1, 2008 shall not be eligible to make the[~~this~~] one-time, irrevocable election established in paragraph (a) of this subsection upon separation of accounts in accordance with KRS 61.680, 78.5542, and 105 KAR 1:020.

2. A member with a participation date in the Systems between September 1, 2008 and December 31, 2013 who also has service in another state-administered retirement system between September 1, 2008 and December 31, 2013 shall be eligible to make the[~~this~~] one-time, irrevocable election established in paragraph (a) of this subsection only upon separation of the member's account in the Systems from the member's account in the other state-administered retirement system as established in Section 6(6) of this administrative regulation and in accordance with KRS 61.680, 78.5542, and 105 KAR 1:020.

(b) 1. Eligible members who make the one-time, irrevocable election established[~~as~~

~~described~~] in paragraph (a) of this subsection shall only be entitled to retain purchased service that is recontribution of a refund, omitted, omitted with interest, decompression, or service purchased in accordance with the USERRA[~~Uniformed Services Employment and Reemployment Rights Act (USERRA)~~]. The[~~; the~~] agency shall remove any other purchased service from total months of service credit and refund the cost of that service[~~back~~], plus interest, to the source of the purchase.

2. Eligible members who make the one-time, irrevocable election established[~~as described~~] in paragraph (a) of this subsection shall not retain any active duty military service pursuant to KRS 61.552(1) and 78.545, unless the eligible member is currently participating in one (1) of the systems and pays the military omitted service.

(c) Members eligible to make the one-time, irrevocable election established[~~as described~~] in paragraph (a) of this subsection shall be provided information detailing the potential results of that election via Member Self Service on the agency's website[~~Web site maintained by the agency~~], which shall reflect service credit purchases retained and refunded as established[~~described~~] in paragraph (b) of this subsection, and may receive additional information from the agency[~~agency's counselors~~] upon request.

(d) The agency shall provide Form 2013, Hybrid Cash Balance Plan Opt-In Election, on which the member can make a one-time, irrevocable election as established[~~described~~] in paragraph (a) of this subsection, on the agency's website[~~available to the member via Member Self Service on the Web site maintained by the agency~~].

(e) The agency shall not process an eligible member's one-time, irrevocable election as established[~~described~~] in paragraph (a) of this subsection until a valid[~~complete and correct~~] Form 2013[~~, Hybrid Cash Balance Plan Opt-In Election,~~] is filed at the agency[~~on file at the~~

~~retirement office~~].

(f) The effective date of the eligible member's one-time, irrevocable election as established[~~described~~] in paragraph (a) of this subsection shall be the date on which the completed Form 2013[~~, Hybrid Cash Balance Plan Opt-In Election,~~] is filed[~~received~~] at the agency[~~retirement office~~].

(4) Prior Participation that has been refunded. This subsection shall apply to a member with a participation date with the Systems prior to January 1, 2014, who terminates employment, and who takes a refund of accumulated contributions pursuant to KRS 61.625 and 78.545.

(a) If the member[~~that person~~] is reemployed on or after January 1, 2014, in a regular full-time position required to participate in one of the Systems and does not have a participation date with any other state-administered retirement plan prior to January 1, 2014, he or she[~~the person~~] shall become a member of the hybrid cash balance plan tier.

(b) If the[~~that~~] member purchases[~~his or her~~] previously refunded service in accordance with KRS 61.552(3) and 78.545(7), the purchased service shall only be used to determine the member's years of service credited and shall not be used to determine the member's participation date.

(5) The agency shall not process an accumulated account balance refund application made pursuant to this administrative regulation for a vested member who has been charged with a felony related to his or her employment until a final, appealable judgment has been entered by a court of competent jurisdiction.

Section 4. Construction of Administrative Regulation. KRS 16.505 to 16.652, KRS 61.510 to 61.705, KRS 78.510 to 78.852, and KAR Title 105 shall apply to the hybrid cash balance plan tier except if required by or as necessary for the administration of the hybrid cash balance plan tier pursuant to[~~under~~] KRS 16.583, 61.597, 78.5512, and 78.5516.

Section 5. Trust Assets. All contributions made with respect to each System's[~~Systems'~~] hybrid cash balance plan tier shall be held in the trust for the respective System. Assets for the hybrid cash balance plan tier shall not be segregated from the assets for other tiers for the respective System.

Section 6. Reciprocity.

(1) All service credit with other state-administered retirement systems, including the Judicial and Legislators' Plan and the Teachers' Retirement System, shall be used to determine[~~for determining~~] a member's years of service credited for purposes of eligibility for annuitization, unless the member:

(a) Has[~~The member has~~] separated the member's account with another state-administered retirement systems by filing a complete Form 2022, Separation of Accounts, incorporated by reference in 105 KAR 1:020; or

(b) Previously[~~The member previously~~] retired based on the service with the other state-administered retirement system.

(2) Service credit in another state-administered retirement system shall not be used to determine[~~for determining~~] whether a member who is not eligible to retire in the hybrid cash balance plan tier has the five (5) years of service required in order to receive a full accumulated account balance refund pursuant to[~~of his or her accumulated account balance under~~] KRS 16.583(5)(b), 61.597(5)(b), 78.5512(5)(b), and 78.5516(5)(b).

(3) Service credit in the cash balance plan tier shall be counted as service for the other state-administered retirement systems and as service for hospital and medical insurance and managed care plan coverage pursuant to KRS 61.702 and 78.5536.

(4) The same service credit shall not be counted for benefit calculation purposes for more than one state-administered retirement system or tier under any circumstances.

(5) A member who is participating in the hybrid cash balance tier in more than one of the Systems shall[~~have to~~] retire at the same time and elect the same retirement benefit option in all applicable Systems, unless the member has requested that his or her accounts be separated in accordance with 105 KAR 1:020.

(6) (a) A member with a participation date in the Systems between September 1, 2008 and December 31, 2013 may make a one-time, irrevocable election to have each system treat[~~his or her~~] service credit in that system without regard to any other service credit, by filing a Form 2022, Separation of Accounts, incorporated by reference in 105 KAR 1:020, requesting that his or her accounts be separated in accordance with KRS 61.680 and 78.5542.

(b) Notwithstanding any restriction established in 105 KAR 1:020 regarding when a member may file a Form 2022, a member eligible to elect a separation of accounts as established in paragraph (a) of this subsection:

1. May do so at any time after his or her membership date;

2. No later than the first day of the month in which the member receives his or her first retirement allowance payment; and

3. “Final[~~If so requested, "final~~] compensation" shall then be based on the creditable compensation earned under each system separately.

(c)[~~(a)~~] The agency shall:

1. Provide members[~~Members~~] who are eligible and seeking to make the one-time, irrevocable election to separate accounts with[~~shall be provided~~] information detailing the potential results of that election;[~~from the agency's counselors.~~]

2.[~~(b)~~] Provide[~~The agency shall provide~~] Form 2022, incorporated by reference in 105 KAR 1:020[~~Separation of Accounts~~], on which the member can make the one-time, irrevocable election to separate accounts; and [~~.~~]

3.[~~(c)~~] Not[~~The agency shall not~~] process an eligible member's one-time, irrevocable election to separate accounts until the member has received the information required by subparagraph 1. of this paragraph[~~(a) of this subsection~~] and a valid[~~complete and correct~~] Form 2022[~~, Separation of Accounts,~~] is on file at the agency[~~retirement office~~].

(d) The effective date of the eligible member's one-time, irrevocable election to separate accounts shall be the date on which the valid[~~completed~~] Form 2022[~~, Separation of Accounts,~~] is received at the agency[~~retirement office~~].

Section 7. Lump-sum Distributions upon Termination of Employment or Death for Nonvested Members.

(1) Termination of Employment. A nonvested member eligible for a refund pursuant to KRS 61.625 and 78.545 shall only be refunded his or her accumulated contributions, and shall forfeit any accumulated employer credit.

(2) Death before Retirement. Upon the death of a nonvested member, the beneficiary designated by the member pursuant to KRS 61.542(1)-(2) and 78.545(2), or[~~(or~~] if no designated beneficiary, the member's estate,[~~)~~] shall only be entitled to receive a lump-sum payment of the nonvested member's accumulated contributions, and shall not be entitled to receive payment of any accumulated employer credits.

(3) Rollovers. A nonvested member or the designated beneficiary of a nonvested member who receives a refund of accumulated contributions may elect to have the refunded accumulated contributions paid directly to an eligible retirement plan in accordance with 105 KAR 2:270 and

105 KAR 2:345.

Section 8. Lump-sum Distributions upon Termination or Distributions upon Death of Vested Members.

(1) Termination of Employment.

(a) Upon termination of employment with all employers participating in the same Systems in which the member has service credit, a vested member who is not otherwise eligible to retire may elect to take a refund of his or her accumulated account balance.

(b) 1. Upon termination of employment with all employers participating in one or more of the Systems, a vested member who is eligible for retirement may elect to take a refund of his or her accumulated account balance, in lieu of other retirement payment options established[~~provided~~] in KRS 16.583(7), 61.597(7), 78.5512(7), and 78.5516(7).

2. a. The member's election to take an[~~a refund of his or her~~] accumulated account balance refund pursuant to[~~as described in~~] subparagraph 1 of this paragraph shall be treated as a retirement and the member shall be a retired member ineligible to participate or accrue additional benefits in the Systems upon subsequent reemployment with any participating employer pursuant to KRS 61.637 and 78.5540.

b. A[~~Additionally, the~~] member who has made the election established[~~described~~] in subparagraph 1 of this paragraph shall be subject to all requirements and restrictions for reemploying with a participating employer in KRS 61.637, 78.5540 and 105 KAR 5:390.

(2) Death before Retirement.

(a) Upon the death of a vested member participating in the Systems, the vested member's designated beneficiary, or[~~(or~~] if no designated beneficiary, the member's estate,[~~)~~] shall be entitled to a lump-sum distribution of the vested member's accumulated account balance in accordance with KRS 61.625(1)(a) and 78.545(5). The designated beneficiary may also be entitled to the other payment options available for a death before retirement pursuant to KRS 16.578, 61.640, and 78.5532.

(b) Upon the death of a vested member who is not participating in the Systems at the time of death and who has not taken a refund or retirement benefit, if the vested member has:

1. Fewer[~~fewer~~] than twelve (12) years of service credited, the vested member's designated beneficiary, or[~~(or~~] if no designated beneficiary the member's estate,[~~)~~] shall be entitled to a lump-sum distribution of the member's accumulated account balance in accordance with KRS 61.625(1)(a) and 78.545(5); or[~~.~~]

2. Twelve[~~If the vested member has twelve~~] (12) or more years of service credited, the designated beneficiary may also be entitled to other payment options available for a death before retirement pursuant to KRS 16.578, 61.640, and 78.5532.

(3) Rollover. A vested member or the designated beneficiary of a vested member who takes a lump-sum distribution of the vested member's accumulated account balance under this section may elect to have the lump-sum distribution paid directly to an eligible retirement plan in accordance with 105 KAR 2:270 and 105 KAR 2:345.

Section 9. Eligibility for an Annuity.

(1) At Normal Retirement Age. Subject to Section 6 of this administrative regulation, a vested member who reaches normal retirement age under the applicable System's statutory provisions and who terminates employment with all participating employers shall be eligible to retire and may elect to annuitize[~~his or her accumulated account balance~~] or take a lump-sum distribution of his or her accumulated account balance as established[~~provided~~] in Section 8(1)(b) of this administrative regulation.

(2) Additional Eligibility for Annuitization for Members with Hazardous position Service. A member who has hazardous position service as established[~~provided~~] in KRS 16.505-16.652, 61.592 and 78.5520, who has twenty-five (25)[~~25~~] or more years of service credited under KRS 16.543(1), 61.543(1), or 78.615(1) or any other Kentucky state-administered system, and who terminates employment with all employers participating in the Systems shall be eligible to retire and may elect to annuitize[~~his or her accumulated account balance~~] or take a lump-sum distribution of his or her accumulated account balance as established[~~provided~~] in Section 8(1)(b) of this administrative regulation.

(3) Additional Eligibility for Annuitization for Members with Service Only in a Nonhazardous Position. A member with exclusively nonhazardous position service who is at least age fifty-seven (57), who has an age plus years of service total of at least eighty-seven (87) years, and who terminates employment with all employers participating in the Systems shall be eligible to retire and may elect to annuitize[~~his or her accumulated account balance~~] or take a lump-sum distribution of his or her accumulated account balance as established[~~provided~~] in Section 8(1)(b) of this administrative regulation.

(4) Annuitization. A member who elects to annuitize his or her accumulated account balance may receive a retirement benefit determined in accordance with actuarial assumptions and actuarial methods adopted under subsection (6) of this section and in effect on the member's retirement date.

(5) Return of Contributions. If the retirement benefit payment option selected by the vested member includes a guaranteed return of contributions, the[~~that retirement benefit payment option shall be interpreted to mean that~~] guarantee shall apply[~~applies~~] to the accumulated account balance.

(6) Board Action with respect to Annuitization. The Board of Trustees of the Kentucky Retirement Systems and the Board of Trustees of the County Employees Retirement System shall adopt actuarial assumptions and methods that will apply to a specific fiscal year prior to the start of that fiscal year.

(7) Eligibility for Retiree Hospital and Medical Benefit. Only members who are[~~a member who is~~] receiving a monthly annuitized benefit shall be eligible for hospital and medical insurance and managed care plan coverage. Members who take[~~A member who takes~~] a lump-sum refund or lump-sum retirement benefit shall not be eligible for hospital and medical insurance and managed care plan coverage.

Section 10. Disability retirement. A member participating in the hybrid cash balance plan tier in one or more of the Systems and whose disability retirement allowance is discontinued pursuant to KRS 61.615 or[~~and~~] 78.5528 shall begin receiving retirement benefits, if eligible, pursuant to[~~under~~] KRS 16.583(6), 61.597(6), 78.5512(6), or 78.5516(6), but shall not be eligible for early retirement benefits pursuant to[~~under~~] KRS 61.559, 78.5510, 78.5514, or 16.577.

Section 11. Purchase of Service Credit.

(1) Members participating in the hybrid cash balance plan tier shall only be eligible to purchase service credit that is recontribution of a refund, omitted service, omitted service with interest, military omitted service, decompression service, or service pursuant to[~~under~~] the Uniformed Services Employment and Reemployment Rights Act[~~(USERRA)~~], and shall not be eligible to make any other types of service purchases.

(2) Uniformed Services Employment and Reemployment Rights Act (USERRA) Service.

(a) Years of service credited shall be determined as established in[~~required by~~] USERRA.

(b) In order to receive service credit for military omitted service, decompression service, or service pursuant to USERRA[~~under the Uniformed Services Employment and Reemployment Rights Act (USERRA)~~], the member shall file the documentation established in 105 KAR 1:330 Section 5(2) and pay the member contributions in accordance with KRS 16.543, 61.543, and 78.615, as though the member was employed during the period of[~~his or her~~] active military duty or decompression.

(c) The employer shall pay all employer contributions owed in accordance with KRS 61.552, 61.565, 78.545, and 78.635.

(3) Repayment of Refunded Contributions Plus Interest Credits or Accumulated Account Balance.

(a) Upon reemployment with a participating employer in a regular full-time position required to participate in the Systems or participation in another state-administered retirement system, a nonvested member who took a refund of his or her member contributions plus interest credits may regain the refunded service credit by repaying, with interest at a rate determined by the board of the respective retirement system, the amount refunded with post-tax employee contributions or a rollover or transfer allowed under the Internal Revenue Code. The[~~Although the~~] repayments of refunded contributions plus interest credit shall be used to determine the member's service credited, but the repayment of the amount refunded shall not be used to determine a member's participation date.

(b) Upon reemployment with a participating employer in a regular full-time position required to participate in the Systems or participation in another state-administered retirement system, a vested member who was not eligible to retire and who took an accumulated account balance[~~a~~] refund[~~of his or her accumulated account balance~~] may regain the refunded service credit by repaying, with interest at a rate determined by the board of the respective retirement system, the amount refunded with post-tax employee contributions or a rollover or transfer allowed under the Internal Revenue Code. The[~~Although the~~] repayments of the refunded accumulated account balance shall be used to determine the member's service credited, but the repayment of the amount refunded shall not be used to determine a member's participation date.

(4) Omitted Service. Any person who is entitled to service credit in the hybrid cash balance plan tier that was not reported in accordance with KRS 16.543, 61.543, or 78.615 may pay the amount of member contributions that would have been due for[~~on~~] that service[~~in order~~] to receive credit for the service in the hybrid cash balance plan tier. The[~~However, the~~] service shall not be credited to the member's account until employer contributions for the service are received by the Systems. Once member and employer contributions have been received, accumulated employer credits shall be reflected in the member's account.

Section 12. Incorporation by Reference.[~~(1) The following material is incorporated by reference:~~

~~(a)~~] Form 2013, "Hybrid Cash Balance Plan Opt-In Election", September 2026, is incorporated by reference[~~February 2021; and~~

~~(b) Form 2022, "Separation of Accounts", September 2022~~].

(2) This material may be inspected, copied, or obtained, subject to applicable copyright law, at the Kentucky Public Pensions Authority, 1260 Louisville Road, Frankfort, Kentucky 40601, Monday through Friday, 8 a.m. to 4:30 p.m. This material is also available on the agency website[~~Kentucky Public Pensions Authority's Web site~~] at kyret.ky.gov.

105 KAR 1:365 Hybrid cash plan balance is approved for filing.

____________________ ______________________________

Ryan Barrow, Date
Executive Director
Kentucky Public Pensions Authority

PUBLIC HEARING AND PUBLIC COMMENT PERIOD: A public hearing on this administrative regulation shall be held on December 21, 2026 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 (5) workdays prior to the hearing of their intent to attend. If no notification of intent to attend the hearing is received by that date, the hearing may be canceled. This hearing is open to the public. Any person who wishes to be heard will be given an opportunity to comment on the proposed administrative regulation. 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 through December 31, 2026 and shall receive the same consideration as verbal comments. 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: Carole J. Catalfo
Policy Specialist
Kentucky Public Pensions Authority
1260 Louisville Road
Frankfort, Kentucky 40601
Phone (502) 696-8679
Fax (502) 696-8615
Email: Legal.Non-Advocacy@kyret.ky.gov

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

105 KAR 1:365
Contact Person: Carole J. Catalfo
Phone: (502) 696-8679
Email: Legal.Non-Advocacy@kyret.ky.gov

Subject Headings: Boards and Commissions, Retirement and Pensions, State Employees

(1) Provide a brief summary of:

(a) What this administrative regulation does: This administrative regulation establishes the procedures and requirements for the administration of the hybrid cash balance plan tier for members with participation dates on or after January 1, 2014, or members who elect the hybrid cash balance plan pursuant to KRS 61.5955 and 78.545.

(b) The necessity of this administrative regulation: This administrative regulation is necessary to establish the procedures and requirements for the administration of the hybrid cash balance plan tier for members with participation dates on or after January 1, 2014, or members who elect the hybrid cash balance plan pursuant to KRS 61.5955 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 on behalf of the Kentucky Retirement Systems and the County Employees Retirement System to promulgate administrative regulations that are consistent with and necessary and proper to carry out the provisions of KRS 16.505 to 16.652, 61.510 to 61.705, and 78.510 to 78.852. KRS 16.583, 61.597, 78.5512, and 78.5516 create a hybrid cash balance plan tier for members of the State Police Retirement System, Kentucky Employees Retirement System, and County Employees Retirement System with participation dates on or after January 1, 2014, or members making an election pursuant to KRS 61.5955 and 78.545.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: This administrative regulation assists in the effective administration of the statutes by establishing the procedures and requirements for the administration of the hybrid cash balance plan tier for members with participation dates on or after January 1, 2014, or members who elect the hybrid cash balance plan pursuant to KRS 61.5955 and 78.545.

(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:

(a) How the amendment will change this existing administrative regulation: The amendment to this administrative regulations moves language defining “decompression service” and “military omitted service” to the Definitions section, adds language clarifying that an accumulated account balance refund application from a member charged with an employment-related felony will not be processed until a final, appealable court judgement is entered, removes Form 2022 (Separation of Accounts) from Materials Incorporated by Reference in favor of a citation to the regulation where the form is located, updates Form 2013 (Hybrid Cash Balance Plan Opt-In Election), and updates language to comply with the drafting requirements of KRS Chapter 13A.

(b) The necessity of the amendment to this administrative regulation: The amendment to this administrative regulation is necessary to move language that defines terms to the Definitions section, add language that delays processing refund applications for members charged with an employment-related felony until a court judgement is entered, remove Form 2022 from Materials Incorporated by Reference in favor of a citation to the regulation where the form is "housed" and update Form 2013, and to bring language into compliance with the drafting requirements of KRS Chapter 13A.

(c) How this administrative regulation conforms to the content of the authorizing statutes: KRS 61.505(1)(g) authorizes the Kentucky Public Pensions Authority on behalf of the Kentucky Retirement Systems and the County Employees Retirement System to promulgate administrative regulations that are consistent with and necessary and proper to carry out the provisions of KRS 16.505 to 16.652, 61.510 to 61.705, and 78.510 to 78.852. KRS 16.583, 61.597, 78.5512, and 78.5516 create a hybrid cash balance plan tier for members of the State Police Retirement System, Kentucky Employees Retirement System, and County Employees Retirement System with participation dates on or after January 1, 2014, or members making an election pursuant to KRS 61.5955 and 78.545.

(d) How the amendment will assist in the effective administration of the statutes: The amendment to this administrative regulation will assist in the effective administration of the statutes by clarifying terms, adding language that delays processing refund applications for members charged with an employment-related felony until a court order is entered, reducing the number of documents incorporated by reference, and clarifying the procedures and requirements for the administration of the hybrid cash balance plan tier for members with participation dates on or after January 1, 2014, or members who elect the hybrid cash balance plan pursuant to KRS 61.5955 and 78.545.

(3) Does this administrative regulation or amendment implement legislation from the previous five years? (If yes, provide the year of the legislation and either the bill number or KY Acts chapter number being implemented). Yes.
KRS 61.505 - Amended 2024 Ky. Acts ch. 55, sec. 1, effective July 15, 2024. -- Amended 2023 Ky. Acts ch. 28, sec. 1, effective June 29, 2023. -- Amended 2022 Ky. Acts ch. 216, sec. 2, effective April 14, 2022. -- Amended 2021 Ky. Acts ch. 102, sec. 76, effective April 1, 2021. -- Created 2020 Ky. Acts ch. 79, sec. 2, effective April 1, 2021.
KRS 61.5955 - Repealed and reenacted 2021 Ky. Acts ch. 102, sec. 44, effective April 1, 2021.
KRS 78.545 - Amended 2021 Ky. Acts ch. 102, sec. 20, effective April 1, 2021. -- Amended 2020 Ky. Acts ch. 79, sec. 40, effective April 1, 2021.

(4) List the type and number of individuals, businesses, organizations, or state and local

governments affected by this administrative regulation: Approximately 161,168 members with participation dates on or after January 1, 2014, and those eligible members who elect the hybrid cash balance plan pursuant to KRS 61.5955 and 78.545.

(5) Provide an analysis of how the entities identified in question (4) will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:

(a) List the actions that each of the regulated entities identified in question (4) will have to take to comply with this administrative regulation or amendment: The regulated community will be minimally impacted because the administrative regulation is already being implemented as written. The amendments are primarily technical in nature.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (4): There will be no additional costs to comply with the amendment because it is already being implemented as written. The amendment is primarily technical in nature.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (4): The regulated community will benefit from clarified definitions, notice regarding the delay of a refund application if the member has been charged with an employment-related felony, and a reduced number of materials incorporated by reference.

(6) Provide an estimate of how much it will cost the administrative body to implement this administrative regulation:

(a) Initially: There will be no additional costs because the regulation is already being implemented as written.

(b) On a continuing basis: There will be no additional costs because the regulation is already being implemented as written.

(7) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation or this amendment: Administrative expenses of the Kentucky Public Pensions Authority are paid from the Retirement Allowance Account (trust and agency funds).

(8) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment: No, an increase in fees or funding will not be necessary.

(9) State whether or not this administrative regulation established any fees or directly or indirectly increased any fees: No, this administrative regulation does not establish any fees or directly or indirectly increase any fees.

(10) TIERING: Is tiering applied? (Explain why or why not) No, tiering is not applied. The processes and procedures related to the hybrid cash balance plan are the same for all members who are Tier 3 state employees or those eligible members who elect the hybrid cash balance plan pursuant to KRS 61.5955 and 78.545.

FISCAL IMPACT STATEMENT

105 KAR 1:365
Contact Person: Carole J. Catalfo
Phone: (502) 696-8679
Email: 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(g), 26 U.S.C. 414(u), 38 U.S.C. 4301-4335

(2) State whether this administrative regulation is expressly authorized by an act of the General Assembly, and if so, identify the act: KRS 61.505(g)

(3)(a) Identify the promulgating agency and any other affected state units, parts, or divisions: The promulgating agency is the Kentucky Public Pensions Authority. There are no other affected state units, parts, or divisions.

(b) Estimate the following for each affected state unit, part, or division identified in (3)(a):

1. Expenditures:
   For the first year: None.
   For subsequent years: None.
2. Revenues:
   For the first year: None.
   For subsequent years: None.
3. Cost Savings:
   For the first year: None.
   For subsequent years: None.

(4)(a) Identify affected local entities (for example: cities, counties, fire departments, school districts): There are no affected local entities.

(b) Estimate the following for each affected local entity identified in (4)(a):

1. Expenditures:
   For the first year: N/A
   For subsequent years: N/A
2. Revenues:
   For the first year: N/A
   For subsequent years: N/A
3. Cost Savings:
   For the first year: N/A
   For subsequent years: N/A

(5)(a) Identify any affected regulated entities not listed in (3)(a) or (4)(a): There are no additional regulated entities.

(b) Estimate the following for each regulated entity identified in (5)(a):
1. Expenditures:
For the first year: N/A
For subsequent years: N/A
2. Revenues:
For the first year: N/A
For subsequent years: N/A
3. Cost Savings:
For the first year: N/A
For subsequent years: N/A

(6) Provide a narrative to explain the following for each entity identified in (3)(a), (4)(a), and (5)(a):

(a) Fiscal impact of this administrative regulation: This administrative regulation has minimal fiscal impact. It is being implemented as written.

(b) Methodology and resources used to determine the fiscal impact: The agency analyzed costs and procedures for administering the hybrid cash balance plan for state employees.

(7) Explain, as it relates to the entities identified in (3)(a), (4)(a), and (5)(a):

(a) Whether this administrative regulation will have a "major economic impact", as defined by KRS 13A.010(13): No, this administrative regulation will not have a major economic impact as defined by KRS 13A.010(13).

(b) The methodology and resources used to reach this conclusion: The agency analyzed its costs and procedures for administering the hybrid cash balance plan for state employees.

FEDERAL MANDATE ANALYSIS COMPARISON

105 KAR 1:365
Contact Person: Carole J. Catalfo
Phone: (502) 696-8679
Email: Legal.Non-Advocacy@kyret.ky.gov

1. Federal statute or regulation constituting the federal mandate. 26 U.S.C. 414(u), 38 U.S.C. 4301-4335

2. State compliance standards. KRS 61.505(g), 61.5955, and 78.545

3. Minimum or uniform standards contained in the federal mandate. 26 U.S.C. 414(u) establishes special rules relating to veterans' reemployment rights under the Uniformed Services Employment and Reemployment Right Act of 1994 (USERRA). 38 U.S.C. 4301-4335 encourage military and uniformed service by minimizing disadvantages to civilian careers and employment which can result from miliary service.

4.Will this administrative regulation impose stricter requirements, or additional or different responsibilities or requirements than those required by the federal mandate? No, this administrative regulation does not impose stricter requirements, or additional or different responsibilities or requirements than those required by the federal mandate.

5. Justification for the imposition of the stricter standard, or additional or different responsibilities or requirements. This administrative regulation does not impose stricter standards, or additional or different responsibilities or requirements than those required by the federal mandate.

SUMMARY OF CHANGES TO MATERIALS INCORPORATED BY REFERENCE

Form 2013, "Hybrid Cash Balance Plan Opt-In Election", 2/2026, is the one-page form that members who began participating between September 1, 2008 and December 31, 2013 and other eligible members use to elect the hybrid cash balance plan.

Changes to the previous form include:

A new revision date of 9/2026, reformatted font and information fields, and a statement that "KPPA will update contact information for your retirement account based on the details provided below."

KENTUCKY PUBLIC PENSIONS AUTHORITY
1260 Louisville Road • Frankfort, KY 40601
Phone: (502) 696-8800 • Fax: (502) 696-8822 • kyret.ky.gov

Form 2013
Revised 09/2026

Hybrid Cash Balance Plan Opt-In Election

Member Information

Member Name:	Member ID:

KPPA will update contact information for your retirement account based on the details provided below.

Address:	City:	State:	Zip Code:

Phone (select type) ◯ Mobile ◯ Home ◯ Work	Email:

Certification of Irrevocable Election

I, ____ (print member name), in lieu of benefits I am currently eligible to receive from the Kentucky Employees Retirement System, County Employees Retirement System, and State Police Retirement System ("the Systems") based on my participation date in the Systems between September 1, 2008 and December 31, 2013, elect to receive the benefits and rights provided to members participating in the Systems on or after January 1, 2014, including participating in the hybrid cash balance plan created pursuant to KRS 61.597 for members in nonhazardous duty positions and KRS 16.583 for members in hazardous duty positions. I understand that my election to receive the benefits and rights provided to members participating in the Systems on or after January 1, 2014 pursuant to KRS 61.597 and KRS 16.583 in lieu of benefits I am currently eligible to receive will become effective immediately once this fully completed form is on file at the retirement office, and that **this election is irrevocable.** I understand that effective with my election to participate in the hybrid cash balance plan, my accumulated contributions, less any interest, shall be deposited into a hybrid cash balance account and employer pay credits shall be added to the accumulated account balance for each month I contributed to the Systems prior to my effective election date. Additionally, I understand that interest credits shall only be applied for periods occurring on or after the effective date of my election. I further understand that effective with my election to participate in the cash balance plan, I forfeit the right to keep any purchased service on my account that is not a Recontribution of a Refund, Omitted Service, Omitted Service with Interest, Military Omitted, USERRA, or Decompression. I understand that any purchased service on my account that is not a Recontribution of a Refund, Omitted Service, Omitted Service with Interest, Military Omitted, USERRA, or Decompression will be removed from my total months of service credit and the cost of that service will be refunded back to the source of the purchase.

Signature: ____ Date: __________________________

KENTUCKY PUBLIC PENSIONS AUTHORITY
1260 Louisville Road • Frankfort, KY 40601
Phone: (502) 696-8800 • Fax: (502) 696-8822 • kyret.ky.gov

Form 2013
09/2026~~[02/2021]~~

Hybrid Cash Balance Plan Opt-In Election

Member Information				
Member Name: [redacted]			Member ID: [redacted]	
KPPA will update contact information for your retirement account based on the details provided below.				
Address: [redacted]	City: [redacted]		State: [redacted]	Zip Code: [redacted]
Phone (select type) ○ Mobile ◉ Home ○ Work [redacted]		Email: [redacted]		

Certification of Irrevocable Election

I, [redacted] (print member name), in lieu of benefits I am currently eligible to receive from the Kentucky Employees Retirement System, County Employees Retirement System, and State Police Retirement System ("the Systems") based on my participation date in the Systems between September 1, 2008 and December 31, 2013, elect to receive the benefits and rights provided to members participating in the Systems on or after January 1, 2014, including participating in the hybrid cash balance plan created pursuant to KRS 61.597 for members in nonhazardous duty positions and KRS 16.583 for members in hazardous duty positions. I understand that my election to receive the benefits and rights provided to members participating in the Systems on or after January 1, 2014 pursuant to KRS 61.597 and KRS 16.583 in lieu of benefits I am currently eligible to receive will become effective immediately once this fully completed form is on file at the retirement office, and that **this election is irrevocable**. I understand that effective with my election to participate in the hybrid cash balance plan, my accumulated contributions, less any interest, shall be deposited into a hybrid cash balance account and employer pay credits shall be added to the accumulated account balance for each month I contributed to the Systems prior to my effective election date. Additionally, I understand that interest credits shall only be applied for periods occurring on or after the effective date of my election. I further understand that effective with my election to participate in the cash balance plan, I forfeit the right to keep any purchased service on my account that is not a Recontribution of a Refund, Omitted Service, Omitted Service with Interest, Military Omitted, USERRA, or Decompression. I understand that any purchased service on my account that is not a Recontribution of a Refund, Omitted Service, Omitted Service with Interest, Military Omitted, USERRA, or Decompression will be removed from my total months of service credit and the cost of that service will be refunded back to the source of the purchase.

Signature: [redacted]　　　　Date: [redacted]

FINANCE AND ADMINISTRATION CABINET

Kentucky Public Pensions Authority

(Amendment)

105 KAR 2:270. Federal tax withholding or direct rollover of eligible distributions.

RELATES TO: KRS 16.505, 16.578, 16.601, 16.645, 61.505(1)(g), 61.510, 61.542, 61.621, 61.625, 61.635, 61.640, 61.685, 61.690, 61.705, 78.510, 78.545, 78.5534, 78.5538, 395.455, 26 U.S.C. 72(t), 401(a), 402, 3405

STATUTORY AUTHORITY: KRS 61.505(1)(g)

CERTIFICATION STATEMENT: This is to certify that this administrative regulation complies with KRS 13A.150(2) because it does not have a major economic impact.

NECESSITY, FUNCTION, AND CONFORMITY: KRS 61.505(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 and necessary or proper to carry out the provisions of KRS 16.505 to 16.652, 61.505, 61.510 to 61.705, and 78.510 to 78.852. 26 U.S.C. 402 establishes the federal taxation requirements regarding direct rollovers of distributions and the withholding of federal income tax on distributions that are not rolled over to an IRA or other qualified plan. 26 U.S.C. 3405 establishes requirements for federal tax withholding for periodic payments and distributions. This administrative regulation establishes the procedure for informing affected members, beneficiaries, and alternate payees of their rights with regard to federal taxation rules and provides forms for members, beneficiaries, and alternate payees to indicate their preference for federal tax withholding or direct rollover of eligible distributions. This administrative regulation also establishes a procedure to issue a check to an alternate payee of a qualified domestic relations order if the alternate payee does not file the form required for federal income tax purposes within a reasonable time, and a procedure if an alternate payee cannot be located.

Section 1. Definitions.

(1)[~~"Beneficiary" means:~~

~~(a) A person designated by the member in accordance with KRS 61.542 and 78.545 to receive any available benefits in the event of the member's death; or~~

~~(b) A person to whom the member's assets are ordered to be transferred pursuant to KRS 395.455.~~

~~(2)~~] "Death benefit beneficiary" means:

(a) A beneficiary[~~person~~] designated by the retired member pursuant to[~~in accordance with~~] KRS 61.705 and 78.5538 to receive the $5,000 death benefit in the event of the retired member's death; or

(b) A person to whom the member's assets are ordered to be transferred pursuant to KRS 395.455.

(2)[~~(3)~~] "Eligible beneficiary" means a person who:

(a) Meets the eligibility qualifications for in-line-of-duty death benefits pursuant to[~~as provided by~~] KRS 16.601(1)-(3) and 78.5534(1)-(3) or duty-related death benefits pursuant to[~~as provided by~~] KRS 61.621(3) and 78.545; and

(b) Elects, or has a parent or guardian elect[~~who elects~~] on his or her behalf, the payment option for benefits that includes the one-time payment of $10,000 pursuant to[~~in accordance~~

~~with~~]:

1. KRS 16.601(1)(b) or (3) and 78.5534(1)(b) or (3); or

2. KRS 61.621(3)(b) and 78.545.

Section 2. Application for Refund of Accumulated Account Balance.

(1) (a) To apply for[~~a refund of~~] an accumulated account balance refund in accordance with KRS 61.625 and 78.545, a member shall complete and file a valid Form 4525, Application for Refund of Member Contributions and Direct Rollover/Direct Payment Selection, incorporated by reference in 105 KAR 1:170, selecting the option for payment.

(b) If the member intends to have the funds from the refund of an accumulated account balance rolled over directly into an IRA or other qualified plan, the member shall have the trustee or institution relevant to the IRA or other qualified plan complete the applicable section of the Form 4525[~~, Application for Refund of Member Contributions and Direct Rollover/Direct Payment Selection,~~] certifying that the rollover will be accepted.

(c) The employer or employers may complete the applicable portion of the Form 4525[~~, Application for Refund of Member Contributions and Direct Rollover/Direct Payment Selection,~~] verifying termination of employment.

(2) Upon request by the member, the agency shall provide the Form 4525[~~, Application for Refund of Member Contributions and Direct Rollover/Direct Payment Selection,~~] and[~~a copy of~~] the special tax notice regarding payments required by 26 U.S.C. 402(f)[~~Special Tax Notice Regarding Payments,~~] to the member.

(3)[~~(a)~~] The[~~refund of the~~] accumulated account balance refund shall not be processed:

(a) Unless[~~unless~~] the member is eligible to receive a refund pursuant to KRS 61.625 and 78.545 and the valid Form 4525[~~, Application for Refund of Member Contributions and Direct~~

~~Rollover/Direct Payment Selection,~~] is filed;[~~.~~]

(b) Earlier[~~The refund of the accumulated account balance shall not be processed earlier~~] than forty-five (45) calendar days from the date of the member's termination of employment with the participating employer or employers that previously employed the member; or[~~.~~]

(c) 1. If,[~~The member's refund of the accumulated account balance shall not be processed if~~] within forty-five (45) calendar days of the date of the member's termination of employment with the employer or employers, the member:

a. Reemploys[~~The member reemploys~~] in any position, including a full-time, part-time, seasonal, temporary, emergency, interim, probationary, or intermittent position with one (1) or more employers through which he or she has participated; or

b. Participates[~~The member participates~~] in the system or systems from which his or her accumulated account balance refund has been requested.

2. A member whose accumulated account balance refund is not processed pursuant to subparagraph 1. of this paragraph may reapply for a refund in accordance with subsection (1) of this section if the member again becomes eligible for an[~~to receive a refund of his or her~~] accumulated account balance refund pursuant to KRS 61.625 and 78.545.

(4) The member shall be required to repay the accumulated account balance refund to the systems in compliance with KRS 61.685(1) and 78.545 if, at the time of the member's receipt of the accumulated account balance refund, the member is:

(a) Reemployed in any position, including a full-time, part-time, seasonal, temporary, emergency, interim, probationary, or intermittent position, with one (1) or more employers through which he or she participated; or

(b) Participating in the system from which the accumulated account balance refund has been requested.

Section 3. Required Form for Member Selection of an Actuarial Refund Retirement Payment Option, Lump-sum Refund of the Accumulated Account Balance[~~accumulated account balance~~], or Partial Lump-sum Retirement Payment Option.

(1) Along with each Form 6010, Estimated Retirement Allowance, incorporated by reference in 105 KAR 5:200, the agency shall provide the member with the Form 6025, Direct Rollover/Direct Payment Election Form for a Member, Beneficiary, or Alternate Payee Regarding an Eligible Rollover Distribution, incorporated by reference in 105 KAR 5:200, and the special tax notice regarding payments required by 26 U.S.C. 402(f)[~~Special Tax Notice Regarding Payments~~].

(2) (a) If the member files a valid Form 6010[~~, Estimated Retirement Allowance,~~] on which an actuarial refund retirement payment option, lump-sum refund of the accumulated account balance, or partial lump-sum retirement payment option is selected, the member shall also file a valid Form 6025[~~, Direct Rollover/Direct Payment Election Form for a Member, Beneficiary, or Alternate Payee Regarding an Eligible Rollover Distribution, selecting the option for payment~~].

(b) If the member intends to have the funds rolled over directly into an IRA or other qualified plan, the member shall have the trustee or institution relevant to the IRA or other qualified plan complete the applicable section of the Form 6025[~~, Direct Rollover/Direct Payment Election Form for a Member, Beneficiary, or Alternate Payee Regarding an Eligible Rollover Distribution,~~] certifying that the rollover will be accepted.

(3) The agency shall not process payment of an actuarial refund retirement payment option, lump-sum refund of the accumulated account balance, or partial lump-sum retirement

payment option to the member unless it has[~~the following are~~] on file:

(a) A valid Form 6010[~~, Estimated Retirement Allowance,~~] with the actuarial refund retirement payment option, lump-sum refund of the accumulated account balance, or partial lump-sum retirement option for payment selected; and

(b) A valid Form 6025[~~, Direct Rollover/Direct Payment Election Form for a Member, Beneficiary, or Alternate Payee Regarding an Eligible Rollover Distribution~~].

Section 4. Required Form for Beneficiary Selection of Lump-sum Payment Option or Sixty (60) Months Certain Payment Option, or if Beneficiary Eligible for Lump-sum Refund of the Accumulated Account Balance Only. This section solely establishes the forms and requirements for beneficiaries related to direct rollovers of distributions and the withholding of federal income tax on distributions that are not rolled over to an IRA or other qualified plan. Beneficiaries subject to this section may also be subject to additional requirements pursuant to 105 KAR 3:180 and 105 KAR 3:240.

(1) Single beneficiary.

(a) 1. With[~~Along with~~] each Form 6010, Estimated Retirement Allowance, the agency shall provide the beneficiary with the Form 6025, Direct Rollover/Direct Payment Election Form for a Member, Beneficiary, or Alternate Payee Regarding an Eligible Rollover Distribution, and the special tax notice regarding payments required by 26 U.S.C. 402(f)[~~Special Tax Notice Regarding Payments~~].

2. If the beneficiary is only eligible for a lump-sum refund of the deceased member's accumulated account balance, the agency shall provide the Form 6025[~~, Direct Rollover, Direct Payment Election Form for a Member, Beneficiary, or Alternate Payee Regarding Eligible Rollover Distribution, and the Special Tax Notice Regarding Payments,~~] to the beneficiary.

(b) 1. If the beneficiary files a valid Form 6010[~~, Estimated Retirement Allowance,~~] on which a lump-sum actuarial refund, lump-sum refund of the deceased member's accumulated account balance, or sixty (60) months certain payment option is selected, or if the beneficiary is only eligible for a lump-sum refund of the deceased member's accumulated account balance, the beneficiary shall also file a valid Form 6025[~~, Direct Rollover/Direct Payment Election Form for a Member, Beneficiary, or Alternate Payee Regarding an Eligible Rollover Distribution, selecting the option for payment~~].

2. If the beneficiary intends to have the funds rolled over directly into an IRA or other qualified plan, the beneficiary shall have the trustee or institution relevant to the IRA or other qualified plan complete the applicable section of the Form 6025[~~, Direct Rollover/Direct Payment Election Form for a Member, Beneficiary, or Alternate Payee Regarding an Eligible Rollover Distribution,~~] certifying that the rollover will be accepted.

(c) The agency shall not process payment to the beneficiary of a lump-sum actuarial refund, lump-sum refund of the deceased member's accumulated account balance, or sixty (60) months certain payment option unless it has[~~the following are~~] on file a valid:

1.[~~A valid~~] Form 6010[~~, Estimated Retirement Allowance,~~] with the actuarial refund retirement payment option, lump-sum refund of the accumulated account balance, or partial lump-sum retirement payment option selected; and

2.[~~A valid~~] Form 6025[~~, Direct Rollover/Direct Payment Election Form for a Member, Beneficiary, or Alternate Payee Regarding an Eligible Rollover Distribution~~].

(2) Multiple beneficiaries.

(a) If[~~there are~~] multiple beneficiaries[~~and the beneficiaries~~] have elected a lump-sum actuarial refund, lump-sum refund of the deceased member's accumulated account balance, or sixty (60) months certain payment option, all beneficiaries shall indicate his or her agreement[~~agree~~] to the payment option, sign,[~~for payment selected~~] and file a single valid Form 6010[~~, Estimated Retirement Allowance, indicating the selection agreed upon, and signed by all beneficiaries~~]. Each beneficiary shall also file a valid Form 6025[~~, Direct Rollover/Direct Payment Election Form for a Member, Beneficiary, or Alternate Payee Regarding an Eligible Rollover Distribution~~].

(b) If[~~there are~~] multiple beneficiaries[~~and the beneficiaries~~] are only eligible for a lump-sum refund of the deceased member's accumulated account balance, each beneficiary shall file a valid Form 6025[~~, Direct Rollover/Direct Payment Election Form for a Member, Beneficiary, or Alternate Payee Regarding an Eligible Rollover Distribution~~].

(c) Any beneficiary who[~~that~~] intends to have[~~his or her portion of the~~] funds rolled over directly into an IRA or other qualified plan shall have the trustee or institution relevant to the IRA or other qualified plan complete the applicable section of the Form 6025[~~, Direct Rollover/Direct Payment Election Form for a Member, Beneficiary, or Alternate Payee Regarding an Eligible Rollover Distribution,~~] certifying that the rollover will be accepted.

(d) The agency shall not process payment of a lump-sum actuarial refund, lump-sum refund of the deceased member's accumulated account balance, or sixty (60) months certain payment option to a beneficiary unless it has[~~the following are~~] on file for all beneficiaries:

1. A single valid Form 6010[~~, Estimated Retirement Allowance,~~] completed in accordance with paragraph (a) of this subsection, if applicable; and

2. A valid Form 6025[~~, Direct Rollover/Direct Payment Election Form for a Member, Beneficiary, or Alternate Payee Regarding an Eligible Rollover Distribution,~~] for each beneficiary completed in accordance with paragraphs (b) and (c) of this subsection.

[~~(3) This section solely establishes the forms and requirements for beneficiaries related to direct rollovers of distributions and the withholding of federal income tax on distributions that are not rolled over to an IRA or other qualified plan. Beneficiaries subject to this section may also be subject to additional requirements under 105 KAR 1:180 and 105 KAR 1:240.~~]

Section 5. Required Form for Death Benefit Beneficiaries. This section solely establishes the forms and requirements for death benefit beneficiaries related to direct rollovers of distributions and the withholding of federal income tax on distributions that are not rolled over to an IRA or other qualified plan. Death benefit beneficiaries subject to this section may also be subject to additional requirements under 105 KAR 3:240.

(1) Upon a member's death, the agency shall provide the Form 6025, Direct Rollover, Direct Payment Election Form for a Member, Beneficiary, or Alternate Payee Regarding Eligible Rollover Distribution, and the special tax notice regarding payments required by 26 U.S.C. 402(f)[~~Special Tax Notice Regarding Payments~~], to the death benefit beneficiary who shall file a valid Form 6025 with the agency.

(2)[~~(a) The death benefit beneficiary shall file a valid Form 6025, Direct Rollover/Direct Payment Election Form for a Member, Beneficiary, or Alternate Payee Regarding an Eligible Rollover Distribution.~~

~~(b)~~] A[~~If the~~] death benefit beneficiary who intends to have the funds rolled over directly into an IRA or other qualified plan[~~, the death benefit beneficiary~~] shall have the trustee or institution relevant to the IRA or other qualified plan complete the applicable section of the Form 6025[~~, Direct Rollover/Direct Payment Election Form for a Member, Beneficiary, or Alternate Payee Regarding an Eligible Rollover Distribution,~~] certifying that the rollover will be accepted.

(3) Payment to the death benefit beneficiary shall not be processed unless the member is

deceased and the valid Form 6025[~~, Direct Rollover/Direct Payment Election Form for a Member, Beneficiary, or Alternate Payee Regarding an Eligible Rollover Distribution,~~] is filed.

[~~(4) This section solely establishes the forms and requirements for death benefit beneficiaries related to direct rollovers of distributions and the withholding of federal income tax on distributions that are not rolled over to an IRA or other qualified plan. Death benefit beneficiaries subject to this section may also be subject to additional requirements under 105 KAR 1:240.~~]

Section 6. Required Form for Eligible Beneficiaries. This section solely establishes the forms and requirements for eligible beneficiaries related to direct rollovers of distributions and the withholding of federal income tax on distributions that are not rolled over to an IRA or other qualified plan. Eligible beneficiaries subject to this section may also be subject to additional requirements under 105 KAR 3:457.

(1) The agency shall provide the Form 6025, Direct Rollover, Direct Payment Election Form for a Member, Beneficiary, or Alternate Payee Regarding Eligible Rollover Distribution, and the special tax notice regarding payments required by 26 U.S.C. 402(f)[~~Special Tax Notice Regarding Payments~~], to the eligible beneficiary who shall file a valid Form 6025 with the agency.

(2)[~~(a) The eligible beneficiary shall file a valid Form 6025, Direct Rollover/Direct Payment Election Form for a Member, Beneficiary, or Alternate Payee Regarding an Eligible Rollover Distribution.~~

~~(b)~~] If the eligible beneficiary intends to have the funds rolled over directly into an IRA or other qualified plan, the eligible beneficiary shall have the trustee or institution relevant to the IRA or other qualified plan complete the applicable section of the Form 6025[~~, Direct~~

~~Rollover/Direct Payment Election Form for a Member, Beneficiary, or Alternate Payee Regarding an Eligible Rollover Distribution,~~] certifying that the rollover will be accepted.

(3) Payment to the eligible beneficiary shall not be processed unless the member is deceased and the valid Form 6025[~~, Direct Rollover/Direct Payment Election Form for a Member, Beneficiary, or Alternate Payee Regarding an Eligible Rollover Distribution,~~] is filed.

[~~(4) This section solely establishes the forms and requirements for eligible beneficiaries related to direct rollovers of distributions and the withholding of federal income tax on distributions that are not rolled over to an IRA or other qualified plan. Eligible beneficiaries subject to this section may also be subject to additional requirements under 105 KAR 1:457.~~]

Section 7. Required Form for Alternate Payee who is Eligible for Actuarial Refund or Partial Lump-sum Payment Option, or Eligible for a Portion of the Lump-sum Refund, Partial Lump-sum, or Actuarial Refund Retirement Payment Option selected by the Member.

(1) If the alternate payee is eligible for a lump-sum portion of the member's accumulated account balance, actuarial refund, or partial lump-sum payment option pursuant to a qualified domestic relations order, or an actuarial refund or partial lump-sum payment option pursuant to a qualified domestic relations order, the agency shall provide the Form 6025, Direct Rollover/Direct Payment Election Form for a Member, Beneficiary, or Alternate Payee Regarding an Eligible Rollover Distribution, and the special tax notice regarding payments required by 26 U.S.C. 402(f)[~~Special Tax Notice Regarding Payments~~], to the alternate payee.

(2) (a) To receive a lump-sum portion of the member's accumulated account balance, actuarial refund, or partial lump-sum payment option pursuant to a qualified domestic relations order, or to receive an actuarial refund or partial lump-sum payment pursuant to a qualified domestic relations order, the alternate payee shall file a valid Form 6025[~~, Direct Rollover/Direct~~

~~Payment Election Form for a Member, Beneficiary, or Alternate Payee Regarding an Eligible Rollover Distribution~~].

(b) If the alternate payee intends to have the funds described in paragraph (a) of this subsection rolled over directly into an IRA or other qualified plan, the alternate payee shall have the trustee or institution relevant to the IRA or other qualified plan complete the applicable section of the Form 6025[~~, Direct Rollover/Direct Payment Election Form for a Member, Beneficiary, or Alternate Payee Regarding an Eligible Rollover Distribution,~~] certifying that the rollover will be accepted.

(3) The payment to an alternate payee of an actuarial refund or lump-sum refund pursuant to a qualified domestic relations order, or a portion of the member's accumulated account balance, actuarial refund, or partial lump-sum payment option pursuant to the qualified domestic relations order shall not be processed until the valid Form 6025[~~, Direct Rollover/Direct Payment Election Form for a Member, Beneficiary, or Alternate Payee Regarding an Eligible Rollover Distribution,~~] is filed.

(4) (a) If the alternate payee does not file the valid Form 6025[~~, Direct Rollover/Direct Payment Election Form for a Member, Beneficiary, or Alternate Payee Regarding an Eligible Rollover Distribution,~~] by the end of the thirtieth (30th) calendar day[~~thirty (30) calendar days~~] from the date the form and the special tax notice regarding payments[~~Special Tax Notice Regarding Payments~~] were provided to the alternate payee, the alternate payee's payment shall be processed and treated for federal income tax purposes as if the alternate payee had made an election to directly receive the funds instead of rolling over the payment to an IRA or other qualified plan.

(b) 1. The agency shall:

a. Hold[~~hold~~] the amount payable to the alternate payee under this section for at least 180 calendar days after the payment becomes payable;[~~.~~]

b.[~~2.~~] Make[~~The agency shall make~~] all reasonable efforts to locate the alternate payee during the 180 calendar days;[~~,~~] and

c. Shall pay[~~shall make payment to~~] the alternate payee if he or she is located within the 180 day[~~that~~] period.

2.[~~3.~~] If the alternate payee has not been located during the time period established[~~described~~] in subparagraph 1. of this paragraph and the agency has exhausted all reasonable efforts to locate the alternate payee:[~~,~~]

a. The[~~the~~] agency shall pay the payment held to the member and shall assign the federal tax liability for the[~~this~~] payment to the member;[~~.~~]

b. Interest shall not accrue on the[~~this~~] lump-sum payment during the 180 calendar day period or thereafter; and[.]

c. If the alternate payee is subsequently located, any amounts already paid to the member shall no longer be payable to the alternate payee.

Section 8. Optional Form for Qualified Public Safety Employee Electing[~~electing~~] to Receive[~~receive~~] an Actuarial Refund Retirement Payment Option, Lump-sum Refund, Partial Lump-sum Refund, or Ten (10) Year Certain Retirement Payment Option.

[~~(1)~~] A member who was last employed as a "qualified public safety employee" as defined by[~~in~~] 26 U.S.C.[~~Internal Revenue Code,~~] Section 72(t), and who elects[~~is electing~~] to receive an actuarial refund, lump-sum refund of the accumulated account balance, partial lump-sum refund, or the ten (10) years certain option, shall not be subject to the ten (10) percent early distribution tax penalty if the member files a valid[~~the following valid forms:~~]

~~(a) The~~] Form 4527, Certification by a "Qualified Public Safety Employee" and Request for an Exception to the 10% Early Distribution Penalty in IRC 72(t) which the agency shall provide upon request[~~; and~~

~~(b) The Form 4525, Application for Refund of Member Contributions and Direct Rollover/Direct Payment Selection, or the Form 6025, Direct Rollover/Direct Payment Election Form for a Member, Beneficiary, or Alternate Payee Regarding an Eligible Rollover Distribution.~~

~~(2) Upon request by the member, the agency shall provide the Form 4527, Certification by a "Qualified Public Safety Employee" and Request for an Exception to the 10% Early Distribution Penalty in IRC 72(t), to the member~~].

Section 9. Optional Form for Greater Federal Tax Withholding.

(1) (a) If the member does not elect to have the refund of the accumulated account balance rolled over directly into an IRA or other qualified plan, except as established[~~provided~~] in paragraph (b) of this subsection, twenty (20) percent for federal taxes shall be withheld from funds paid to a member who files a valid Form 4525, Application for Refund of Member Contributions and Direct Rollover/Direct Payment Selection, in accordance with Section 2 of this administrative regulation.

(b) If the member wants to withhold more than the mandatory twenty (20) percent of the funds for federal taxes, the member shall file a valid withholding certificate for the applicable tax year required by 26 U.S.C. Section 3405[~~Form 6028, Withholding Certificate for Nonperiodic Payments and Eligible Rollover Distributions~~].

(2) (a) If the member, beneficiary, death benefit beneficiary, eligible beneficiary, or alternate payee does not elect to have the funds rolled over directly into an IRA or other qualified

plan, except as provided in paragraph (b) of this subsection, twenty (20) percent for federal taxes shall be withheld from funds paid to the member, beneficiary, or alternate payee who files a valid Form 6025, Direct Rollover/Direct Payment Election Form for a Member, Beneficiary, or Alternate Payee Regarding an Eligible Rollover Distribution, in accordance with Sections 3 through 7 of this administrative regulation.

(b) If the member, beneficiary, death benefit beneficiary, eligible beneficiary, or alternate payee wants to withhold more than the mandatory twenty (20) percent of the funds for federal taxes, the member, beneficiary, or alternate payee shall file a valid withholding certificate for the applicable tax year as required by 26 U.S.C. Section 3405[~~Form 6028, Withholding Certificate for Nonperiodic Payments and Eligible Rollover Distributions~~].

(c) The[~~If an invalid, incomplete, or incorrect Form 6028, Withholding Certificate for Nonperiodic Payments and Eligible Rollover Distributions, is filed, the~~] agency shall notify a[~~the~~] person who files an[~~filed the~~] incomplete or incorrect withholding certificate[~~Form 6028~~] that he or she has until the end of the forty-fifth (45th) calendar[~~day forty-five (45) calendar days~~] from the date of notification to file a corrected valid withholding certificate[~~Form 6028,~~] or the funds will be paid with the regular twenty (20) percent withholding for federal taxes.

Section 10. Incorporation by Reference.

(1)[~~The following material is incorporated by reference:~~

~~(a) "Special Tax Notice Regarding Payments", July 2023;~~

~~(b) Form 4525, "Application for Refund of Member Contributions and Direct Rollover/Direct Payment Selection", April 2021;~~

~~(c)~~] Form 4527, "Certification by a "Qualified Public Safety Employee" and Request for an Exception to the 10% Early Distribution Penalty in IRC 72(t)", September 2023, is incorporated by reference[~~;~~

~~(d) Form 6010, "Estimated Retirement Allowance", April 2021;~~

~~(e) Form 6025, "Direct Rollover/Direct Payment Election Form for a Member, Beneficiary, or Alternate Payee Regarding an Eligible Rollover Distribution", June 2023; and~~

~~(f) Form 6028, "Withholding Certificate for Nonperiodic Payments and Eligible Rollover Distributions", November 2022~~].

(2) This material may be inspected, copied, or obtained, subject to applicable copyright law, at the Kentucky Public Pensions Authority, 1260 Louisville Road, Frankfort, Kentucky 40601, Monday through Friday, from 8 a.m. to 4:30 p.m., or on the agency's website[~~Web site~~] at kyret.ky.gov.

105 KAR 2:270 Federal tax withholding or direct rollover of eligible distributions is approved for filing.

______________________ ________________________________

Ryan Barrow, Date
Executive Director
Kentucky Public Pensions Authority

PUBLIC HEARING AND PUBLIC COMMENT PERIOD: A public hearing on this administrative regulation shall be held on December 21, 2026 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 (5) workdays prior to the hearing of their intent to attend. If no notification of intent to attend the hearing is received by that date, the hearing may be canceled. This hearing is open to the public. Any person who wishes to be heard will be given an opportunity to comment on the proposed administrative regulation. 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 through May 31, 2026 and shall receive the same consideration as verbal comments. 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: Carole J. Catalfo
Policy Specialist
Kentucky Public Pensions Authority
1260 Louisville Road
Frankfort, Kentucky 40601
Phone (502) 696-8679
Fax (502) 696-8615
Email: Legal.Non-Advocacy@kyret.ky.gov

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

105 KAR 2:270
Contact Person: Carole J. Catalfo
Phone: (502) 696-8679
Email: Legal.Non-Advocacy@kyret.ky.gov

Subject Headings: Retirement and Pensions, State Employees, Taxation

(1) Provide a brief summary of:

(a) What this administrative regulation does: This administrative regulation establishes the procedure for informing affected members, beneficiaries, and alternate payees of their rights with regard to federal taxation rules and provides forms for members, beneficiaries, and alternate payees to indicate their preference for federal tax withholding or direct rollover of eligible distributions. This administrative regulation also establishes a procedure to issue a check to an alternate payee of a qualified domestic relations order (QDRO) if the alternate payee does not file the form required for federal income tax purposes within a reasonable time, and a procedure if an alternate payee cannot be located.

(b) The necessity of this administrative regulation: This administrative regulation is necessary to establish the procedure for informing affected members, beneficiaries, and alternate payees of their rights with regard to federal taxation rules and provide forms for members, beneficiaries, and alternate payees to indicate their preference for federal tax withholding or direct rollover of eligible distributions. This administrative regulation is also necessary to establish a procedure to issue a check to an alternate payee of a QDRO if the alternate payee does not file the form required for federal income tax purposes within a reasonable time, and a procedure if an alternate payee cannot be located.

(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 and necessary or proper to carry out the provisions of KRS 16.505 to 16.652, 61.505, 61.510 to 61.705, and 78.510 to 78.852. 26 U.S.C. 402 establishes the federal taxation requirements regarding direct rollovers of distributions and the withholding of federal income tax on distributions that are not rolled over to an IRA or other qualified plan.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: This administrative regulation assists in the effective administration of the statutes by establishing the procedure for informing affected members, beneficiaries, and alternate payees of their rights with regard to federal taxation rules and provide forms for members, beneficiaries, and alternate payees to indicate their preference for federal tax withholding or direct rollover of eligible distributions. This administrative regulation also assists in the administration of the statutes by establishing a procedure to issue a check to an alternate payee of a qualified domestic relations order if the alternate payee does not file the form required for federal income tax purposes within a reasonable time, and a procedure if an alternate payee cannot be located.

(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:

(a) How the amendment will change this existing administrative regulation: The amendment updates definitions for "beneficiary" and "death benefit beneficiary" to include non-persons (such as trusts) as beneficiaries and to clarify that only beneficiaries of retired members are eligible to receive the death benefit; removes Forms 4525, 6010, and 6025 from being incorporated by reference in favor of a citation to 105 KAR 5:200 where the forms are "housed" for efficiency; removes the Special Tax Notice required by, and inserts a citation to, 26 U.S.C. 402(f) from being incorporated by reference because it is already governed by the federal Internal Revenue Code and enables the KPPA to revise the notice when required by the federal government; and streamlines and revises language to comply with the drafting requirements of KRS Chapter 13A.

(b) The necessity of the amendment to this administrative regulation: The amendment to this administrative regulation is necessary to update definitions for "beneficiary" and "death benefit beneficiary" to include non-persons, such as trusts, as beneficiaries and to clarify that only beneficiaries of retired members are eligible to receive the death benefit; remove Forms 4525, 6010, and 6025 from being incorporated by reference in favor of a citation to 105 KAR 5:200 where the forms are "housed" for efficiency; removes the Special Tax Notice required by, and inserts a citation to, 26 U.S.C. 402(f), from being incorporated by reference because it is already governed by the federal Internal Revenue Code and enables the KPPA to revise the notice when required by the federal government; and to streamline and revise language to comply with the drafting requirements of KRS Chapter 13A.

(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 and necessary or proper to carry out the provisions of KRS 16.505 to 16.652, 61.505, 61.510 to 61.705, and 78.510 to 78.852. 26 U.S.C. 402 establishes the federal taxation requirements regarding direct rollovers of distributions and the withholding of federal income tax on distributions that are not rolled over to an IRA or other qualified plan.

(d) How the amendment will assist in the effective administration of the statutes: The amendment to this administrative regulation will assist in the effective administration of the statutes by updating and clarifying definitions, streamlining materials incorporated by reference, and revising and clarifying language that also complies with KRS Chapter 13A.

(3) Does this administrative regulation or amendment implement legislation from the previous five years? (If yes, provide the year of the legislation and either the bill number or KY

Acts chapter number being implemented). Yes. KRS 61.505(1)(g). Amended 2024 Ky. Acts ch. 55, sec. 1, effective July 15, 2024. -- Amended 2023 Ky. Acts ch. 28, sec. 1, effective June 29, 2023. -- Amended 2022 Ky. Acts ch. 216, sec. 2, effective April 14, 2022. -- Amended 2021 Ky. Acts ch. 102, sec. 76, effective April 1, 2021. -- Created 2020 Ky. Acts ch. 79, sec. 2, effective April 1, 2021.

(4) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: Those members, of approximately 433,461 participants in the Kentucky Employees Retirement System, the State Police Retirement System, and the County Employees Retirement System, who are affected by the federal taxation requirements regarding direct rollovers of distributions and withholding of federal income tax on distributions that are not rolled over to an IRA or other qualified plan.

(5) Provide an analysis of how the entities identified in question (4) will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:

(a) List the actions that each of the regulated entities identified in question (4) will have to take to comply with this administrative regulation or amendment: The regulated community will be minimally impacted because the administrative regulation is already being implemented as written. The amendments are primarily technical in nature.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (4): There will be no additional costs to comply with the amendment because it is already being implemented as written. The amendment is primarily technical in nature.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (4): The regulated community will have the benefit of updated and clarified definitions for “beneficiary” and “death benefit beneficiary”, fewer incorporated forms in favor of citing to 105 KAR 5:200 where the forms are “housed” for efficiency; up-to-date Special Tax Notice information; and streamlined language that should make the regulation easier to read and use.

(6) Provide an estimate of how much it will cost the administrative body to implement this administrative regulation:

(a) Initially: There will be no additional costs because the regulation is already being implemented as written.

(b) On a continuing basis: There will be no additional costs because the regulation is already being implemented as written.

(7) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation or this amendment: Administrative expenses of the Kentucky Public Pensions Authority are paid from the Retirement Allowance Account (trust and agency

funds).

(8) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment: No, an increase in fees or funding will not be necessary.

(9) State whether or not this administrative regulation established any fees or directly or indirectly increased any fees: No, this administrative regulation does not establish any fees or directly or indirectly increase any fees.

(10) TIERING: Is tiering applied? (Explain why or why not) Yes, tiering is applied to the extent that different forms and processes are required for different beneficiaries and whether they choose federal tax withholding or direct rollover of eligible distributions.

FISCAL IMPACT STATEMENT

105 KAR 2:270
Contact Person: Carole J. Catalfo
Phone: (502) 696-8679
Email: 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), 26 U.S.C. 402)f)

(2) State whether this administrative regulation is expressly authorized by an act of the General Assembly, and if so, identify the act: KRS 61.505(1)(g)

(3)(a) Identify the promulgating agency and any other affected state units, parts, or divisions: The promulgating agency is the Kentucky Public Pensions Authority. There are no other affected state units, parts, or divisions.

(b) Estimate the following for each affected state unit, part, or division identified in (3)(a):

1. Expenditures:
   For the first year: None.
   For subsequent years: None.
2. Revenues:
   For the first year: None.
   For subsequent years: None.
3. Cost Savings:
   For the first year: None.
   For subsequent years: None.

(4)(a) Identify affected local entities (for example: cities, counties, fire departments, school districts): There are no affected local entities.

(b) Estimate the following for each affected local entity identified in (4)(a):

1. Expenditures:
   For the first year: N/A
   For subsequent years: N/A
2. Revenues:
   For the first year: N/A
   For subsequent years: N/A
3. Cost Savings:
   For the first year: N/A
   For subsequent years: N/A

(5)(a) Identify any affected regulated entities not listed in (3)(a) or (4)(a): There are no additional regulated entities.

(b) Estimate the following for each regulated entity identified in (5)(a):
1. Expenditures:
For the first year: N/A
For subsequent years: N/A
2. Revenues:
For the first year: N/A
For subsequent years: N/A
3. Cost Savings:
For the first year: N/A
For subsequent years: N/A

(6) Provide a narrative to explain the following for each entity identified in (3)(a), (4)(a), and (5)(a):

(a) Fiscal impact of this administrative regulation: This administrative regulation has minimal fiscal impact. It is being implemented as written.

(b) Methodology and resources used to determine the fiscal impact: The agency analyzed costs and procedures for its processes and procedures for informing affected members, beneficiaries, and alternate payees of their rights regarding federal tax withholding and direct rollover of eligible distributions, issuing checks to alternate payees of a QDRO if the payee does not file the federal income tax form within a reasonable time, and when an alternate payee cannot be located.

(7) Explain, as it relates to the entities identified in (3)(a), (4)(a), and (5)(a):

(a) Whether this administrative regulation will have a "major economic impact", as defined by KRS 13A.010(13): No, this administrative regulation will not have a major economic impact as defined by KRS 13A.010(13).

(b) The methodology and resources used to reach this conclusion: The agency analyzed costs and procedures for its processes and procedures for informing affected members, beneficiaries, and alternate payees of their rights regarding federal tax withholding and direct rollover of eligible distributions, issuing checks to alternate payees of a QDRO if the payee does not file the federal income tax form within a reasonable time, and when an alternate payee cannot be located.

FEDERAL MANDATE ANALYSIS COMPARISON

105 KAR 2:270
Contact Person: Carole J. Catalfo
Phone: (502) 696-8679
Email: Legal.Non-Advocacy@kyret.ky.gov

1. Federal statute or regulation constituting the federal mandate. 26 U.S.C. 402(f)

2. State compliance standards. KRS 61.505(1)(g)

3. Minimum or uniform standards contained in the federal mandate. 26 U.S.C. 402(f) requires plan administrators to provide recipients of eligible rollover distributions with written "Special Tax Notice" information that explains direct rollovers, mandatory withholding for cash payments, 60-day rollover rules, and tax treatment of non-rolled over amounts, which must be provided 30–180 days before distribution.

4.Will this administrative regulation impose stricter requirements, or additional or different responsibilities or requirements than those required by the federal mandate? No.

5. Justification for the imposition of the stricter standard, or additional or different responsibilities or requirements. This administrative regulation does not impose a stricter standard, or additional or different responsibilities or requirements, than the federal mandate.

SUMMARY OF MATERIALS INCORPORATED BY REFERENCE

Form 4527, "Certification by a "Qualified Public Safety Employee" and Request for an Exception to the 10% Early Distribution Penalty in IRC 72(t)", September 2023, is the one-page form used by qualified members to request an exception to the 10% early distribution penalty established in 26 U.S.C. Section 72(t).

KENTUCKY PUBLIC PENSIONS AUTHORITY
1260 Louisville Road • Frankfort, KY 40601
Phone: (502) 696-8800 • Fax: (502) 696-8822 • kyret.ky.gov

Form 4527
Revised 09/2023

Certification by a "Qualified Public Safety Employee" and Request for an Exception to the 10% Early Distribution Penalty in IRC Section 72(t)

Member Information Please provide your Member ID or Social Security number in the Member ID box below.			
Member Name:		Member ID:	
Address:	City:	State:	Zip Code:

You may complete this form and avoid a 10% early distribution tax penalty if you meet all of the following criteria:

- You were last employed as a "qualified public safety employee" (For purposes of meeting the exception to the tax penalty, the term "qualified public safety employee" generally means an employee whose principal duties include services requiring specialized training in the area of police protection, firefighting services, Corrections Officers, or emergency medical services); and
- You elected to receive an early distribution of an Actuarial Refund, Lump Sum Refund, Partial Lump Sum Refund,or the 10-year Certain Option from the Kentucky Retirement Systems or the County Employees Retirement System since August 18, 2006; and
- You were age fifty (50) or older, or you have at least twenty-five (25) years of service, during the year of separation from service.

If you do not complete this form and file it at the retirement office, your Form 1099-R may indicate that you received a payment subject to a 10% early distribution penalty. Section 72(t) of the Internal Revenue Code provides for an additional 10% early distribution tax penalty of an early distribution from the Kentucky Retirement Systems or the County Employees Retirement System. There is an exception to the additional tax for public safety employees set forth in Section 72(t)(10) of the Internal Revenue Code. The exception provides that the early distribution penalty will not apply to a "qualified public safety employee" who received an early distribution on or after August 18, 2006, and who was age fifty (50) or older, or had at least twenty-five (25) years of service, during the year of separation from service.

Certification of Status as a "Qualified Public Safety Employee"	
I, ______________________________, certify that immediately prior to my retirement or my most recent separation from service, I was an employee participating in the (check all that are applicable): ☐ Kentucky Employees Retirement System ☐ County Employees Retirement System ☐ State Police Retirement System	I also certify that my principal duties included services requiring specialized training in the area of (check all that are applicable): ☐ Police protection, ☐ Firefighting services, ☐ Corrections officer, ☐ Emergency medical services

I am making this certification under penalty of perjury in order that the Kentucky Public Pensions Authority may properly code my Form 1099-R with respect to a benefit payment that I have received or will receive from the Kentucky Retirement Systems or the County Employees Retirement System. I certify that the information provided 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, I may not only be liable for repayment of benefits I was not entitled to receive, but also liable for civil payments, legal fees, and costs.

Signature: ______________________________ Date: ____________________

FINANCE AND ADMINISTRATION CABINET

Kentucky Public Pensions Authority

(Amendment)

105 KAR 2:420. 401(h) account established under 26 U.S.C. 401(h).

RELATES TO: KRS 61.701, 61.702, 61.645(9)(e); 26 U.S.C. 401(h)

STATUTORY AUTHORITY: KRS 61.702, 61.645(9)(e)

CERTIFICATION STATEMENT: This is to certify that this administrative regulation complies with KRS 13A.150(2) because it does not have a major economic impact.

NECESSITY, FUNCTION, AND CONFORMITY: KRS 61.505(1)(g)[~~61.645(9)(e)~~] authorizes the Kentucky Public Pensions Authority on behalf of Kentucky Retirement Systems and County Employees Retirement System[~~requires the Board of Trustees of Kentucky Retirement Systems~~] to promulgate[~~all~~] administrative regulations that are consistent with and necessary or proper[~~in order~~] to carry out the provisions of KRS 61.505[~~61.510~~] to 61.705, 16.505 to 16.652, and 78.510 to 78.852 and to conform to federal statutes and regulations. Pursuant to KRS 61.701, 61.702(3) and (4),[~~the provisions of KRS 61.702(2)(b)(5), as amended by 2008 Extra Sess. Ky. Acts ch. 1, sec. 24 and of KRS~~] 61.645, and 78.5536, this administrative regulation establishes[~~, effective September 1, 2008,~~] a separate 401(h) account under 26 U.S.C. 401(h) within[~~each of the following:~~] the Kentucky Employees Retirement System Trust Fund, the State Police Retirement System Trust Fund, and the County Employees Retirement Trust Fund.

Section 1. Definitions.

(1) "Dependent" is defined by[~~the Internal Revenue Code,~~] 26 U.S.C. 152, excluding subsections (b)(1), (b)(2), and (d)(1)(B).

(2) “Insurance trust” means the Kentucky Retirement Systems insurance trust fund established in KRS 61.701**.**

(3) "Medical expense" means expense for medical care as defined by 26 U.S.C. Section 213(d)(1)[~~213(e)(1) of the Internal Revenue Code~~].

(4)[~~(3)~~] "Retired", for purposes of eligibility to receive the medical benefits established[~~described~~] in 26 U.S.C. 401(h), means an employee who:

(a) Is[~~An employee is~~] eligible to receive benefits under the Kentucky Retirement Systems or County Employee Retirement System;

(b) Is[~~The employee is~~] not still employed by the employer; and

(c) Has separated from employment[~~A separation from employment has occurred~~].

[~~(4) "Systems" means the retirement systems administered by Kentucky Retirement Systems.~~]

Section 2. The purpose of the 401(h) account established pursuant to[~~under~~] 26 U.S.C. 401(h) in each of the systems shall be to pay part of the subsidy for health benefits that are otherwise payable from the insurance trust[~~health insurance fund~~]. The 401(h) account shall be used only to the extent that funds are not available from the insurance trust or if the Board determines that an employer’s participation in the insurance trust conflicts with federal statute or regulations and risks disqualification of a plan or the insurance trust pursuant to 26 U.S.C. 115 or 401(a)[~~health insurance fund~~].

Section 3. (1) The[~~one (1) percent~~] mandatory contribution established in KRS 61.702(3) and KRS 78.5536(3)[~~by KRS 61.702(2)(b)~~] shall be deposited in the insurance trust if the employer is eligible to participate in the insurance trust[~~separate account of each system trust fund, respectively~~].

(2) The mandatory contribution established in KRS 61.702(3) or 78.5536(3) shall be deposited in the 401(h) account of the respective system trust fund if the employer is not eligible to participate in the insurance trust.

(3) These contributions are[~~reasonable~~] to pay medical expenses as required by 26 C.F.R. 1.401-14(c)(3).

Section 4. The health benefits shall be subordinate to the retirement benefits provided by the systems.[~~(No life insurance protection is provided by any system.)~~] This requirement shall not be satisfied unless the actual contributions to the 401(h) accounts established under 26 U.S.C. 401(h) do not exceed twenty-five (25) percent of the total actual contributions to the systems excluding contributions to fund past service credit[~~(other than contributions to fund past service credits),~~] determined on an aggregate basis since the inception of the 401(h) accounts established under 26 U.S.C. 401(h).

Section 5. Amounts in the 401(h) accounts established under 26 U.S.C. 401(h) shall:

(a) Be[~~be~~] for the exclusive purpose of paying medical expenses for retirees, their spouses, and dependents;

(b) Not[~~. Amounts in the 401(h) accounts established under 26 U.S.C. shall not~~] be diverted for other purposes; and

(c) Upon dissolution of the 401(h) account[~~.~~

~~Section 6. Any amounts in the 401(h) accounts established under 26 U.S.C. 401(h) shall~~] revert to the employers upon satisfaction of all liabilities for medical benefits.

Section 6[~~7~~]. Employees shall not have an individual interest in the 401(h) accounts established under 26 U.S.C. 401(h).

Section 7[~~8~~]. The 401(h) accounts established under 26 U.S.C. 401(h) may be commingled with the pension assets of the trust funds for investment purposes. Investment earnings shall be credited to the 401(h) accounts established under 26 U.S.C. 401(h) on a reasonable basis.

Section 8[~~9~~]. Administrative and other expenses shall be charged to the 401(h) accounts established under 26 U.S.C. 401(h) on a reasonable basis.

105 KAR 2:420 401(h) account established under 26 U.S.C. 401(h) is approved for filing.

______________________ ________________________________

Ryan Barrow, Date
Executive Director
Kentucky Public Pensions Authority

PUBLIC HEARING AND PUBLIC COMMENT PERIOD: A public hearing on this administrative regulation shall be held on December 21, 2026 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 (5) workdays prior to the hearing of their intent to attend. If no notification of intent to attend the hearing is received by that date, the hearing may be canceled. This hearing is open to the public. Any person who wishes to be heard will be given an opportunity to comment on the proposed administrative regulation. 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 through December 31, 2026 and shall receive the same consideration as verbal comments. 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: Carole J. Catalfo
Policy Specialist
Kentucky Public Pensions Authority
1260 Louisville Road
Frankfort, Kentucky 40601
Phone (502) 696-8679
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REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

105 KAR 2:420
Contact Person: Carole J. Catalfo
Phone: (502) 696-8679
Email: Legal.Non-Advocacy@kyret.ky.gov

Subject Headings: Retirement and Pensions, State Employees

(1) Provide a brief summary of:

(a) What this administrative regulation does: This administrative regulation establishes an account pursuant to 26 U.S.C. Section 401(h) (i.e., a "401(h)" account) for receipt of mandatory employee contributions made by members of the Kentucky Retirement Systems and the County Employees Retirement System if the employer is not eligible to participate in the insurance trust.

(b) The necessity of this administrative regulation: This administrative regulation is necessary to establish and maintain the 401h) account for receipt of a mandatory employee contribution made by members of the Kentucky Retirement Systems and members of the County Employees Retirement System to pay part of the health benefit subsidy if the Board determines an employer's participation in the insurance trust conflicts with federal statute or regulations, and risks disqualification of a plan or the insurance trust pursuant to 26 U.S.C. 115 or 26 U.S.C. 401(a).

(c) How this administrative regulation conforms to the content of the authorizing statutes: KRS 61.505(1)(g) authorizes the Kentucky Public Pensions Authority on behalf of Kentucky Retirement Systems and County Employees Retirement System to promulgate administrative regulations that are consistent with and necessary or proper to carry out the provisions of KRS 61.505 to 61.705, 16.505 to 16.652, and 78.510 to 78.852 and to conform to federal statutes and regulations. Pursuant to KRS 61.701, 61.702(3) and (4), 61.645, and 78.5536, this administrative regulation establishes a separate 401(h) account under 26 U.S.C. 401(h) within the Kentucky Employees Retirement System Trust Fund, the State Police Retirement System Trust Fund, and the County Employees Retirement Trust Fund for receipt of mandatory employee contributions if the employer's participation in the insurance trust conflicts with federal statutes or regulations.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: This administrative regulation assists in the effective administration of the statutes by establishing and maintaining a separate 401(h) account within the KERS, SPRS, and CERS Trust Funds for receipt of mandatory employee contributions if the employer's participation in the insurance trust conflicts with federal statutes or 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: The amendment to this administrative regulation includes the addition of a definition for “insurance trust”, clarifying the use and purpose of mandatory contributions for health insurance benefits to the 401(h) account versus the insurance trust, removes the one (1) percent mandatory contribution to comply with SB 10 of the 2025 legislative session, corrects statutory references, and revises language to conform to drafting requirements.

(b) The necessity of the amendment to this administrative regulation: The amendment to this administrative regulation is necessary to add a definition for “insurance trust”, clarify the use and purpose of mandatory contributions for health insurance benefits to the 401(h) account versus the insurance trust, remove the one (1) percent mandatory contribution to comply with SB 10 of the 2025 legislative session, correct statutory references, and revise language to conform to drafting requirements. This regulation was originally adopted before the creation of the Kentucky Retirement Systems insurance trust fund in KRS 61.701. KRS 61.702(3)(b) provides that the board has discretion to deposit contributions in either the 401(h) account or the insurance trust. The amendment clarifies that all health insurance contributions required by KRS 61.702 are being placed in the insurance trust fund and the 401(h) account is not being used for new contributions unless federal law would prohibit the insurance trust from accepting the funds. In order to participate in the insurance trust, the employer must be exempt from taxation under 26 USC 115. State agencies and political subdivisions of a state all meet this requirement. The amendment clarifies that in the event an employer is determined not to meet this requirement, contributions from that employer would be deposited into the 401(h) account in order to avoid disqualification of the insurance trust by the Internal Revenue Service.

(c) How this administrative regulation conforms to the content of the authorizing statutes: KRS 61.505(1)(g) authorizes the Kentucky Public Pensions Authority on behalf of Kentucky Retirement Systems and County Employees Retirement System to promulgate administrative regulations that are consistent with and necessary or proper to carry out the provisions of KRS 61.505 to 61.705, 16.505 to 16.652, and 78.510 to 78.852 and to conform to federal statutes and regulations. Pursuant to KRS 61.701, 61.702(3) and (4), 61.645, and 78.5536, this administrative regulation establishes a separate 401(h) account under 26 U.S.C. 401(h) within the Kentucky Employees Retirement System Trust Fund, the State Police Retirement System Trust Fund, and the County Employees Retirement Trust Fund for receipt of mandatory employee contributions if the employer’s participation in the insurance trust conflicts with federal statutes or regulations.

(d) How the amendment will assist in the effective administration of the statutes: The amendment will assist in the effective administration of the statutes by adding a definition for “insurance trust”, clarifying the use and purpose of mandatory contributions for health insurance benefits to the 401(h) account for receipt of mandatory employee contributions if the employer’s participation in the insurance trust conflicts with federal statutes or regulations, removing the one (1) percent mandatory contribution to comply with SB 10 of the 2025 legislative session, correcting statutory references, and revising language to conform to drafting requirements.

(3) Does this administrative regulation or amendment implement legislation from the

previous five years? (If yes, provide the year of the legislation and either the bill number or KY Acts chapter number being implemented). Yes. Senate Bill 10 of the 2025 regular legislative session.

(4) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: Approximately 444,293 participants in the Kentucky Employees Retirement System, the State Police Retirement System, and the County Employees Retirement System.

(5) Provide an analysis of how the entities identified in question (4) will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:

(a) List the actions that each of the regulated entities identified in question (4) will have to take to comply with this administrative regulation or amendment: The regulated community will be minimally impacted and will not have to take any additional actions because the administrative regulation is already being implemented as written. The amendments are primarily technical in nature.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (4): There will be no additional costs to comply with the amendment because it is already being implemented as written. The amendment is primarily technical in nature.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (4): The regulated community will benefit from health benefit contributions being properly allocated between the insurance trust and 401(h) account, and the addition of a definition for “insurance trust”. The regulated community will also benefit from continued qualification with federal law and the deferred tax benefits that come with maintaining a retirement plan’s deferred tax qualification status under federal law.

(6) Provide an estimate of how much it will cost the administrative body to implement this administrative regulation:

(a) Initially: There will be no additional costs because the regulation is already being implemented as written.

(b) On a continuing basis: There will be no additional costs because the regulation is already being implemented as written.

(7) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation or this amendment: Administrative expenses of the Kentucky Public Pensions Authority are paid from the Retirement Allowance Account (trust and agency funds).

(8) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment: No, an increase in fees or funding will not be necessary.

(9) State whether or not this administrative regulation established any fees or directly or indirectly increased any fees: No, this administrative regulation does not establish any fees or directly or indirectly increase any fees.

(10) TIERING: Is tiering applied? (Explain why or why not) Yes, tiering is applied only to the extent that mandatory member contributions will be directed to the 401(h) account if the employer's participation in the insurance trust would conflict with federal law.

FISCAL IMPACT STATEMENT

105 KAR 2:420
Contact Person: Carole J. Catalfo
Phone: (502) 696-8679
Email: 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 61.702, 61.645(9)(e).

(2) State whether this administrative regulation is expressly authorized by an act of the General Assembly, and if so, identify the act: KRS 61.702, 61.645(9)(e); SB 10 of the 2025 regular legislative session.

(3)(a) Identify the promulgating agency and any other affected state units, parts, or divisions: The promulgating agency is the Kentucky Public Pensions Authority. There are no other affected state units, parts, or divisions.

(b) Estimate the following for each affected state unit, part, or division identified in (3)(a):

1. Expenditures:
   For the first year: None.
   For subsequent years: None.
2. Revenues:
   For the first year: None.
   For subsequent years: None.
3. Cost Savings:
   For the first year: None.
   For subsequent years: None.

(4)(a) Identify affected local entities (for example: cities, counties, fire departments, school districts): There are no affected local entities.

(b) Estimate the following for each affected local entity identified in (4)(a):

1. Expenditures:
   For the first year: N/A
   For subsequent years: N/A
2. Revenues:
   For the first year: N/A
   For subsequent years: N/A
3. Cost Savings:
   For the first year: N/A
   For subsequent years: N/A

(5)(a) Identify any affected regulated entities not listed in (3)(a) or (4)(a): There are no additional regulated entities.

(b) Estimate the following for each regulated entity identified in (5)(a):

1. Expenditures:
   For the first year: N/A
   For subsequent years: N/A
2. Revenues:
   For the first year: N/A
   For subsequent years: N/A
3. Cost Savings:
   For the first year: N/A
   For subsequent years: N/A

(6) Provide a narrative to explain the following for each entity identified in (3)(a), (4)(a), and (5)(a):

(a) Fiscal impact of this administrative regulation: This administrative regulation has minimal fiscal impact. It is being implemented as written.

(b) Methodology and resources used to determine the fiscal impact: The agency analyzed costs and procedures for collecting and allocating mandatory member contributions to the insurance trust and the 401(h) account.

(7) Explain, as it relates to the entities identified in (3)(a), (4)(a), and (5)(a):

(a) Whether this administrative regulation will have a "major economic impact", as defined by KRS 13A.010(13): No, this administrative regulation will not have a major economic impact as defined by KRS 13A.010(13).

(b) The methodology and resources used to reach this conclusion: The agency analyzed costs and procedures for collecting and allocating mandatory member contributions to the insurance trust and the 401(h) account.

FEDERAL MANDATE ANALYSIS COMPARISON

105 KAR 2:420
Contact Person: Carole J. Catalfo
Phone: (502) 696-8679
Email: Legal.Non-Advocacy@kyret.ky.gov

1. Federal statute or regulation constituting the federal mandate. 26 U.S.C. 401(h)

2. State compliance standards. KRS 61.645, 61.701, 61.702, 78.5536

3. Minimum or uniform standards contained in the federal mandate. 26 U.S.C. 401(h) requires a separate, exclusive account to fund medical benefits for retired employees and their spouses and dependents under certain circumstances.

4.Will this administrative regulation impose stricter requirements, or additional or different responsibilities or requirements than those required by the federal mandate? No, this administrative regulation does not impose stricter requirements or additional or different responsibilities or requirements than those in the federal mandate.

5. Justification for the imposition of the stricter standard, or additional or different responsibilities or requirements. This administrative regulation does not impose stricter standards or additional or different responsibilities or requirements than the federal mandate.

FINANCE AND ADMINISTRATION CABINET

Kentucky Public Pensions Authority

(Amendment)

105 KAR 5:200. Retirement procedures.

RELATES TO: KRS 16.505-16.652, 61.505–61.705[~~61.505, 61.510-61.705~~], 78.510-78.852

STATUTORY AUTHORITY: KRS 61.505(1)(g), 61.590(1), 78.545

CERTIFICATION STATEMENT: This is to certify that this administrative regulation complies with KRS 13A.150(2) because it does not have a major economic impact.

NECESSITY, FUNCTION, AND CONFORMITY: KRS 61.505(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, and are necessary or proper in order to carry out the provisions of, KRS 16.505 to 16.652, 61.505[~~61.505, 61.510~~] to 61.705, and 78.510 to 78.852. KRS 61.590(1) and 78.545 require that all forms and information required by the board are on file to receive retirement benefits. This administrative regulation establishes the procedures and forms required to apply for and receive retirement benefits.

Section 1. Definitions.

(1) "Applicant" means a participant who has:

(a) Applied or is applying for retirement in accordance with KRS 61.590 and 78.545; or

(b) Been approved for retirement but has not yet received a retirement allowance.

(2) "Disability retirement" means a retirement allowance a member is eligible to receive based on an incapacity as established in KRS 16.582, 61.600, 61.621, 61.665, 78.545, 78.5522, and 78.5524.

(3)[~~"Early Retirement date" means a retirement date prior to a member's normal retirement date that is not a disability retirement.~~

~~(4)~~] "Effective retirement date" means the date upon which a member's service retirement allowance or disability retirement allowance began or will begin, which might be a different date than the date the payments are initiated.

(4)[~~(5)~~] "Service retirement" means a retirement allowance a participant is eligible to receive as established in[~~prescribed by~~] KRS 16.576, 16.577, 16.583(6), 61.559, 61.595(2), 61.597(6), 78.5510(2) through (3), 78.5512(6), 78.5514, and 78.5516(6).

(6) "Termination Date" means the date on which the member has ceased or will cease[~~his or her~~] employment[~~relationship~~] with all participating employers.

(7) "Unsubstantiated service" means:

(a) For school board employees, that:

1. The actual days worked averaged or is expected to average less than eighty (80) hours per month in a fiscal year; or

2. Service is incomplete; or

(b) For non-school board employees, that:

1. The actual[~~worked~~] time worked averaged or is expected to average less than 100 hours per month in a fiscal or calendar year; or

2. Service is incomplete.

Section 2. Retirement Eligibility Requirements.

(1) Service retirement eligibility shall be determined in accordance with:

(a) For applicants with a participation date prior to September 1, 2008, KRS 16.576(1)(a), 16.577, 61.559(1) and (2), 61.592(4), 78.5510(2), and 78.5514(2);

(b) For applicants with a participation date on or after September 1, 2008, but prior to January 1, 2014, KRS 16.576(1)(b), 16.577, 61.559(3), 61.592(4), 78.5510(3), and 78.5514(3); and

(c) For applicants with a participation date on or after January 1, 2014, KRS 16.583(6), 61.592(4), 61.597(6), 78.5512(6), and 78.5516(6).

(2) Disability retirement eligibility shall be determined in accordance with KRS 16.582, 61.600, 61.621, 61.665, 78.545, 78.5522, 78.5524, and 105 KAR 3:210.

Section 3. Application for Retirement.

(1) The applicant shall file a valid Form 6000, Notification of Retirement, incorporated by reference in 105 KAR 5:202, no earlier than six (6) months prior to his or her desired effective retirement date.

(2) (a) The agency shall not process an invalid Form 6000 which[~~, Notification of Retirement. The Form 6000~~] shall be invalid if it:

1. Is incomplete;

2. Does not include all indicated required documentation;

3. Is not signed by the applicant and a spouse or other witness on the indicated place in the Certification of Bona Fide Separation from Service and Notification of Retirement Section unless submitted through the Self-service website with a PIN; or

4. Is not signed by the applicant and a witness on the indicated place in the Member's

Statement of Disability section if the applicant is applying for disability retirement unless submitted through the Self-service website with a PIN.

(b) If the agency finds the Form 6000 to be invalid, the agency shall provide notification to the applicant of the actions necessary for completion or correction.

(3) If the applicant indicates on the Form 6000[~~, Notification of Retirement,~~] that he or she is simultaneously retiring with reciprocity and[~~reciprocityand~~] he or she fails to retire from all state administered retirement systems indicated on the Form 6000, either simultaneously or with an effective retirement date within one (1) month of the applicant's effective retirement date with the systems, the applicant shall not be eligible to retire with reciprocity.

(4) (a) If the applicant fails to designate a federal tax withholding preference, the agency shall withhold federal tax based on the default withholding provided by the Internal Revenue Service.

(b) Once the applicant begins receiving a retirement allowance, he or she may establish or change his or her federal tax withholding preference through the Self-service website[~~Self Service Web site~~] or by filing a valid tax withholding certificate as established in 26 U.S.C. 3405[~~Form 6017, Withholding Certificate for Periodic Pension or Annuity Payments~~].

(5) (a) The applicant's estate shall be the beneficiary of the $5,000 death benefit if the applicant fails to:

1. Designate a beneficiary of the $5,000 death benefit; or

2. Accurately fill out the $5,000 Death Benefit Section of the Form 6000[~~, Notification of Retirement,~~] designating a single beneficiary.

(b) Once the applicant begins receiving a retirement allowance, he or she may designate or change the beneficiary of the $5,000 death benefit through the Self-service website[~~Self~~

~~Service Web site~~] or by filing a valid Form 6030, Death Benefit Designation.

(6) The applicant shall authorize the direct deposit of his or her retirement allowance on the Form 6000[~~, Notification of Retirement~~].

(7) (a) If the applicant does not have an account with a financial institution or the applicant's financial institution does not participate in the electronic funds transfer program, the applicant shall file a valid Form 6135, Request for Payment by Check, simultaneously with the Form 6000[~~, Notification of Retirement~~].

(b) Once a member begins receiving a retirement allowance, he or she may change the designated financial institution or account through the Self-service website[~~Self Service Web site~~] or by filing a valid Form 6130, Authorization for Deposit of Retirement Payment.

(8) (a) Only applicants applying for disability retirement shall complete the Member's Statement of Disability section of the Form 6000 and[~~, Notification of Retirement. These applicants~~] shall also comply with the requirements of 105 KAR 3:210.

(b) Applicants not applying for disability retirement shall not complete the Member's Statement of Disability section of the Form 6000[~~, Notification of Retirement~~].

(9) (a) The applicant’s current[~~applicant'scurrent~~] employer shall complete the Employer Certification of Leave Balances and Final Salary section of the Form 6000[~~, Notification of Retirement,~~] as provided in 105 KAR 4:140, Section 15. If the employer does not comply with the requirements of 105 KAR 4:140, Section 15(1), the agency shall utilize the information previously reported to the agency by the applicant's employer and former employers in accordance with KRS 61.675 and 78.625 and shall not include sick leave, compensatory time, projected salary, projected service, or unsubstantiated service in the agency's initial calculations of the applicant's retirement allowance or eligibility to retire, except as provided in paragraph (b)

of this subsection.

(b) If the application is for disability retirement, the employer shall comply with the requirements of 105 KAR 3:210.

(c) The Employer Certification of Leave Balances and Final Salary section of the Form 6000[~~, Notification of Retirement,~~] shall be signed by a person designated by the employer on file at the retirement office.

Section 4. Verification of Date of Birth.

(1) (a) The applicant shall file verification of his or her date of birth and verification of the date of birth of the beneficiary named on the applicant's Form 6000, Notification of Retirement:

1. Prior to the agency processing the application; and

2. For disability retirement or retirement at an early retirement date, by the end of the day six (6) months following the date the valid Form 6000 was filed, or the Form 6000 shall be invalid.

(b) The agency shall accept one (1) or more of the documents established in this paragraph[~~following~~] as verification of date of birth of the applicant or beneficiary:

1. Age record from the Social Security Administration;

2. Immigration and naturalization service records;

3. Birth certificate;

4. Military ID or discharge;

5. U.S. passport;

6. Driver's license or state-issued identification that requires birth verification; or

7. Other reliable proof of date of birth that may be used by a court of competent

jurisdiction[~~the courts~~] to verify the person's date of birth.

(2) If the applicant's or beneficiary's name does not match[~~is no longer the same as~~] the name listed on the verification of date of birth, the applicant or beneficiary shall file a social security card, driver's license, marriage certificate, court order, passport, or legally binding documentation verifying the name change.

Section 5. Additional Requirements.

(1) Based on the salary reported to the agency and information provided by the applicant's employer, the agency shall provide an estimate of the applicant's retirement allowance on the Form 6010, Estimated Retirement Allowance, which shall include:

(a) The payment options and amounts available to the applicant;

(b) A place to designate the applicant's choice of payment option;

(c) A place for the applicant to sign and date; and

(d) A place for the spouse or other witness' signature.

(2) (a) 1. The applicant shall complete and file a valid Form 6010[~~, Estimated Retirement Allowance~~]:

a. For disability retirement, in accordance with 105 KAR 3:210; or

b. For retirement at an early retirement date, by the end of the day six (6) months following his or her effective retirement date.

2. A Form 6010[~~, Estimated Retirement Allowance,~~] shall not be valid if not completed in its entirety and signed by the applicant, and:

a. Signed by a spouse or other witness; or

b. Submitted through the Self-service website with a PIN.

(b) 1. If the applicant for retirement at an early retirement date fails to comply with paragraph (2)(a)2. of this subsection, the Form 6000, shall be void.

2. The applicant may file a new valid Form 6000 to re-apply for retirement benefits and[~~. If the applicant files a new valid Form 6000, he or she~~] shall select a new effective retirement date that shall not be prior to the date the new Form 6000 is filed.

(3) If an applicant is approved for disability retirement, he or she shall comply with the requirements of 105 KAR 3:210 prior to receiving the approved disability retirement allowance.

(4) If the applicant selects a monthly retirement allowance or a partial lump-sum payment option and is eligible for hospital and medical insurance in accordance with KRS 16.645, 61.702, and 78.5536, he or she shall be provided with information on how to apply for hospital and medical insurance in accordance with 105 KAR 5:411.

(5) (a) If the applicant selects an actuarial equivalent refund, lump-sum refund, or partial lump-sum payment option, he or she shall complete and file a valid Form 6025, Direct Rollover/Direct Payment Election Form for a Member, Beneficiary, or Alternate Payee Regarding an Eligible Rollover Distribution, selecting the option for payment.

(b) If the applicant intends to have the funds rolled over directly into an IRA or other qualified plan, the applicant shall have the trustee or institution relevant to the IRA or other qualified plan complete the applicable section of the Form 6025 certifying that the rollover shall be accepted.

Section 6. Voiding the Form 6000.

(1) The Form 6000, Notification of Retirement, shall be void if the:

(a)[~~The~~] Form 6000 is invalid, and the applicant fails to comply with Section 3(2) and Section 4 of this administrative regulation;

(b)[~~The~~] Form 6000 is withdrawn;

(c) Applicant:[~~The applicant~~]

1. Is[~~is~~] applying for disability retirement;

2.[~~(d)~~] Is[~~The applicant is~~] approved for retirement but fails to complete the requirements of Section 5 of this administrative regulation;

3.[~~(e)~~] Died[~~The applicant died~~] while the application is being processed and the beneficiary, representative of the deceased applicant's estate, or trustee fails to complete the requirements of Section 9 of this administrative regulation; or

4.[~~(f)~~] Did[~~The applicant did~~] not indicate on the Form 6000 that he or she was applying for disability retirement and the applicant is not eligible for service retirement.

(2) (a) If an applicant's Form 6000[~~, Notification of Retirement,~~] is void, the beneficiary or beneficiaries and contingent beneficiary or beneficiaries designated on the most recently filed valid Form 2035, Beneficiary Designation, incorporated by reference in 105 KAR 1:170 , shall remain in full force and effect, except as provided in paragraph (b) of this subsection.

(b) This subsection shall not apply to a retirement account from which the applicant was already receiving a retirement allowance.

Section 7. Administration of the Retirement Allowance.

(1) (a) The agency shall not process a monthly retirement allowance until the applicant has completed and filed all requirements of this administrative regulation.

(b) If an applicant is retiring from any other state-administered retirement system with reciprocity, the agency shall hold the retirement allowance payment until the other state-administered retirement system finalizes the applicant's retirement from its retirement system in accordance with KRS 61.680(8) and 78.5542.

(2) The agency shall not process an actuarial equivalent refund or lump sum refund until

the applicant has complied with all requirements of this administrative regulation, the applicant's employer has submitted proof of the applicant's employment termination, and the applicant's employer has reported all creditable compensation and accumulated sick leave.

(3) (a) The agency shall not process the first retirement allowance payment earlier than the month of the applicant's effective retirement date as indicated on the Form 6010, Estimated Retirement Allowance.

(b) The agency shall process the first service retirement allowance payment the month following the month:

1. Of the applicant's last termination date; and

2. That all applicable forms and documents as established by this administrative regulation are on file.

(c) The agency shall process the disability retirement allowance payment in accordance with 105 KAR 3:210.

Section 8. Subsequent Application for Retirement While a Prior Application is Pending. If a valid subsequent application for retirement that complies with Section 3 of this administrative regulation is filed while a prior application is pending <u>and is filed</u>:

(1) <u>By</u>[~~If the subsequent application is filed by~~] 11:59 p.m. Eastern Time on the last day of the month prior to the month of the applicant's initial retirement allowance payment, the subsequent application shall supersede the prior application on file; or

(2) <u>After</u>[~~If the subsequent application is filed after~~] 11:59 p.m. Eastern Time on the last day of the month prior to the month of the applicant's initial retirement allowance payment, the subsequent application shall not be valid.

Section 9. Death During the Retirement Application Process.

(1) Except as provided in subsection (2) of this section, if the applicant dies prior to the first day of the month in which the applicant would have received his or her first retirement payment, any benefits payable to a beneficiary or estate shall be determined pursuant to KRS 16.578, 61.621, 61.640, 78.5532, and 105 KAR 3:180.

(2) If an applicant for disability retirement dies prior to receiving his or her first retirement payment, eligibility for a disability retirement allowance that might be payable to a beneficiary, surviving spouse, dependent child, or estate shall be determined pursuant to KRS 16.582, 61.600, 61.621, 61.665, 78.545, 78.5522, 78.5524, and 105 KAR 3:210.

Section 10. Exceptions to Changing the Beneficiary After Retirement.

(1) Except as provided in this section, the beneficiary indicated on the Form 6000 shall not be changed on or after the first day of the month in which a recipient receives his or her first retirement allowance payment.

(2) (a) In accordance with KRS 61.542(5)(a) and 78.545, a beneficiary may be changed at any time by a recipient receiving a monthly retirement allowance under:

1. The basic payment option;

2. A period certain option as provided by KRS 61.635(5) through (7) and 78.545; or

3. The Social Security adjustment option without survivor rights as provided by KRS 61.635(8)(a) and 78.545.

(b) To change the beneficiary as provided in this subsection, the recipient shall file a valid Form 6036, Beneficiary Designation Change<u>, which shall become</u>[~~. The newly designated beneficiary shall be~~] effective the date the valid <u>form</u>[~~Form 6036~~] is on file.

(c) The recipient shall not change the payment option selected at retirement.

(3) (a) In accordance with KRS 61.542(5)(b) and 78.545, a beneficiary may be changed

only once by the end of the 120th calendar day[~~120 calendar days~~] following the date of a recipient's marriage or remarriage.

(b) To change the beneficiary as provided in this subsection, the recipient shall file a valid Form 6035, Beneficiary and Payment Option Change~~, by the end of the 120th calendar day[100 calendar days]~~ following the date of a recipient's marriage or remarriage that includes:

1. Verification of the date of birth of the new beneficiary as provided in Section 4 of this administrative regulation;

2. The recipient and new beneficiary's marriage certificate; and

3. If a prior spouse was the beneficiary, a divorce decree or death certificate.

(c) Once a valid Form 6035[~~, Beneficiary and Payment Option Change,~~] is on file, the agency shall provide the recipient with a Form 6050 Payment Option Change Designation. The recipient shall complete the requirements of subsection 3(b) of this section and file a valid Form 6050 selecting his or her new payment option as established in KRS 61.542(5)(b)2. and 78.545[~~by the end of day 120 calendar days] following the date of his or her marriage or remarriage~~].

(d) A change in payment option pursuant to this subsection shall not affect payments to an alternate payee under a Qualified Domestic Relations Order.

(e) 1. If the recipient fails to timely complete all requirements of this subsection, the beneficiary previously on file will remain the beneficiary.

2. If no beneficiary was previously on file, the beneficiary shall be the estate.

Section 11. Incorporation by Reference.

(1) The following material is incorporated by reference:

(a) [~~Form 2035, "Beneficiary Designation", December 2024;~~

~~(b)~~] Form 6010, "Estimated Retirement Allowance", April 2024;

(b)[~~(c) Form 6017, "[Tax] Withholding Certificate for Periodic Pension or Annuity Payments", January 2024;~~

~~(d)~~] Form 6025, "Direct Rollover/Direct Payment Election Form for a Member, Beneficiary, or Alternate Payee Regarding an Eligible Rollover Distribution ", September 2026[~~June 2023~~];

(c)[~~(e)~~] Form 6030, "Death Benefit Designation", September 2026[~~November 2024~~];

(d)[~~(f)~~] Form 6035, "Beneficiary and Payment Option Change", September 2026[~~April 2024~~];

(e)[~~(g)~~] Form 6036, "Beneficiary Designation Change", April 2024;

(f)[~~(h)~~] Form 6050 "Payment Option Change Designation", April 2022;

(g)[~~(i)~~] Form 6130, "Authorization for Deposit of Retirement Payment", September 2026[~~November 2024~~]; and

(h)[~~(j)~~] Form 6135, "Request for Payment by Check", April 2024.

(2) This material may be inspected, copied, or obtained, subject to applicable copyright law, at the Kentucky Public Pensions Authority, 1260 Louisville Road, Frankfort, Kentucky 40601, Monday through Friday, 8 a.m. to 4:30 p.m. This material is also available on the agency's website[~~Web site~~] at https://kyret.ky.gov.

105 KAR 5:200 Retirement procedures is approved for filing.

______________________ ________________________________

Ryan Barrow, Date

Executive Director

Kentucky Public Pensions Authority

PUBLIC HEARING AND PUBLIC COMMENT PERIOD: A public hearing on this administrative regulation shall be held on December 21, 2026 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 (5) workdays prior to the hearing of their intent to attend. If no notification of intent to attend the hearing is received by that date, the hearing may be canceled. This hearing is open to the public. Any person who wishes to be heard will be given an opportunity to comment on the proposed administrative regulation. 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 through December 31, 2026 and shall receive the same consideration as verbal comments. 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: Carole J. Catalfo
Policy Specialist
Kentucky Public Pensions Authority
1260 Louisville Road
Frankfort, Kentucky 40601
Phone (502) 696-8679
Fax (502) 696-8615
Email: Legal.Non-Advocacy@kyret.ky.gov

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

105 KAR 5:200
Contact Person: Carole J. Catalfo
Phone: (502) 696-8679
Email: Legal.Non-Advocacy@kyret.ky.gov

Subject Headings:

(1) Provide a brief summary of:

(a) What this administrative regulation does: This administrative regulation establishes the procedures and forms required to apply for and receive retirement benefits.

(b) The necessity of this administrative regulation: This administrative regulation is necessary to establish the procedures and forms required to apply for and receive retirement benefits.

(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, and are necessary or proper in order to carry out the provisions of, KRS 16.505 to 16.652, 61.505 to 61.705, and 78.510 to 78.852. KRS 61.590(1) and 78.545 require that all forms and information required by the board are on file to receive retirement benefits.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: This administrative regulation assists in the effective administration of the statutes by establishing the procedures and forms required to apply for and receive retirement benefits.

(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: To comply with SB 85 of the 2026 legislative session, this amendment adds “special needs trust” as an optional beneficiary for members to choose on the Form 6030, "Death Benefit Designation", September 2026, which is incorporated by reference. This amendment also removes a redundant definition, removes Form 2035 which is incorporated into a separate regulation, removes Form 6017 which is actually IRS Form W-4P form developed, controlled, and regulated by the IRS, in favor of a citation to the U.S. Code that requires it, revises Form 6035 and the regulation to clarify the 120-day deadline related to beneficiary changes, adds Military IDs as a valid form of birthdate verification, and revises regulatory language to comply with drafting requirements.

(b) The necessity of the amendment to this administrative regulation: The amendment to this administrative regulation is necessary to comply with SB 85 of the 2026 legislative session, by adding “special needs trust” as an optional beneficiary for members to choose on the Form 6030, "Death Benefit Designation", September 2026, which is incorporated by reference. This amendment is also necessary to remove a redundant definition, remove Form 2035 which is incorporated into a separate regulation, revise Form 6035 and the regulation to clarify the 120-day deadline related to beneficiary changes, add Military IDs as a valid form of birthdate verification and revise regulatory language to comply with drafting requirements.

(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, and are necessary or proper in order to carry out the provisions of, KRS 16.505 to 16.652, 61.505 to 61.705, and 78.510 to 78.852. KRS 61.590(1) and 78.545 require that all forms and information required by the board are on file to receive retirement benefits. This administrative regulation establishes the procedures and forms required to apply for and receive retirement benefits.

(d) How the amendment will assist in the effective administration of the statutes: The amendment will assist in the effective administration of the statutes, and comply with SB 85 of the 2026 legislative session, by adding “special needs trust” as an optional beneficiary for members to choose on the Form 6030, "Death Benefit Designation", September 2026, which is incorporated by reference. This amendment will also assist in administration of the statutes by removing a redundant definition, removing Form 2035 which is incorporated into another regulation, and removing Form 6017 which is actually IRS Form W-4P, in favor of a citation to the applicable U.S. Code that requires it, which will enable the agency to send or link to the most recent federal form whenever it is published, and by revising Form 6035 and the regulation to clarify the 120-day deadline related to beneficiary changes, and adding Military IDs as a valid form of birthdate verification.

(3) Does this administrative regulation or amendment implement legislation from the previous five years? (If yes, provide the year of the legislation and either the bill number or KY Acts chapter number being implemented). Yes, this amendment implements SB 85 of the 2026 regular legislative session.

(4) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: Approximately 444,293 participants in the Kentucky Employees Retirement System, the State Police Retirement System, and the County Employees Retirement System.

(5) Provide an analysis of how the entities identified in question (4) will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:

(a) List the actions that each of the regulated entities identified in question (4) will have to take to comply with this administrative regulation or amendment: The regulated community will be minimally impacted because only those members who wish to choose a special needs trust for their beneficiary will need to check the appropriate box on the amended form and provide certain information to implement their choice.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (4): There will be no additional costs to comply with the amendment.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (4): The regulated community will benefit from the ability to choose a special needs trust as a beneficiary, or present a military ID for birthdate verification.

(6) Provide an estimate of how much it will cost the administrative body to implement this administrative regulation:

(a) Initially: There will be no additional costs because the amendment primarily revises a form allowing the selection of a special needs trust as a beneficiary and the remainder of the regulation is already being implemented as written.

(b) On a continuing basis: There will be no additional costs because the amendment primarily revises a form allowing the selection of a special needs trust as a beneficiary and the remainder of the regulation is already being implemented as written.

(7) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation or this amendment: Administrative expenses of the Kentucky Public Pensions Authority are paid from the Retirement Allowance Account (trust and agency funds).

(8) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment: No, an increase in fees or funding will not be necessary.

(9) State whether or not this administrative regulation established any fees or directly or indirectly increased any fees: No, this administrative regulation does not establish any fees or directly or indirectly increase any fees.

(10) TIERING: Is tiering applied? (Explain why or why not) Yes, tiering is applied only to the extent that the processes and procedures to implement a member’s choice of beneficiary may require different information.

FISCAL IMPACT STATEMENT

105 KAR 5:200
Contact Person: Carole J. Catalfo
Phone: (502) 696-8679
Email: 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), 61.590(1), and 78.545, and Senate Bill 85 of the 2026 regular legislative session.

(2) State whether this administrative regulation is expressly authorized by an act of the General Assembly, and if so, identify the act: KRS 61.505(1)(g), 61.590(1), and 78.545, and Senate Bill 85 of the 2026 regular legislative session.

(3)(a) Identify the promulgating agency and any other affected state units, parts, or divisions: The promulgating agency is the Kentucky Public Pensions Authority. There are no other affected state units, parts, or divisions.

(b) Estimate the following for each affected state unit, part, or division identified in (3)(a):

1. Expenditures:
   For the first year: None.
   For subsequent years: None.
2. Revenues:
   For the first year: None.
   For subsequent years: None.
3. Cost Savings:
   For the first year: None.
   For subsequent years: None.

(4)(a) Identify affected local entities (for example: cities, counties, fire departments, school districts): There are no affected local entities.

(b) Estimate the following for each affected local entity identified in (4)(a):

1. Expenditures:
   For the first year: N/A
   For subsequent years: N/A
2. Revenues:
   For the first year: N/A
   For subsequent years: N/A
3. Cost Savings:
   For the first year: N/A
   For subsequent years: N/A

(5)(a) Identify any affected regulated entities not listed in (3)(a) or (4)(a): There are no additional regulated entities.

(b) Estimate the following for each regulated entity identified in (5)(a):

1. Expenditures:
   For the first year: N/A
   For subsequent years: N/A
2. Revenues:
   For the first year: N/A
   For subsequent years: N/A
3. Cost Savings:
   For the first year: N/A
   For subsequent years: N/A

(6) Provide a narrative to explain the following for each entity identified in (3)(a), (4)(a), and (5)(a):

(a) Fiscal impact of this administrative regulation: This administrative regulation has minimal fiscal impact because the amendment primarily revises a form to allow members to choose a special needs trust as a beneficiary to comply with SB 85 of the 2026 regular legislative session.

(b) Methodology and resources used to determine the fiscal impact: The agency analyzed costs and procedures for beneficiary selection and implementation.

(7) Explain, as it relates to the entities identified in (3)(a), (4)(a), and (5)(a):

(a) Whether this administrative regulation will have a "major economic impact", as defined by KRS 13A.010(13): No, this administrative regulation will not have a major economic impact as defined by KRS 13A.010(13).

(b) The methodology and resources used to reach this conclusion: The agency analyzed costs and procedures for beneficiary selection and implementation.

SUMMARY OF MATERIALS INCORPORATED BY REFERENCE

Form 6010, "Estimated Retirement Allowance", September 2026, is the six (6) page form that members complete to elect a payment option for their retirement benefits.

Form 6036, "Beneficiary Designation Change", April 2024, is a one (1) page form members can complete to change their beneficiary designation after retirement if they meet certain criteria.

Form 6050 "Payment Option Change Designation", April 2022, is a form generated by the agency and populated with a member's payment options and estimated payment amounts, for the member to sign and return to the agency acknowledging receipt of the information.

Form 6135, "Request for Payment by Check", April 2024, is a one (1) page form members can complete to request their retirement benefits by check when they do not have a financial institution, or their financial institution does not participate in the Electronic Funds Transfer Program.

SUMMARY OF CHANGES TO MATERIALS INCORPORATED BY REFERENCE

Form 6025, "Direct Rollover/Direct Payment Election Form for a Member, Beneficiary, or Alternate Payee Regarding an Eligible Rollover Distribution ", September 2026, is a two (2) page form members use to direct their eligible rollover distribution payments to various recipients.
Changes to the previous form include removing the special tax notice.

Form 6030, “Death Benefit Designation, $5000 Death Benefit from Kentucky Public Pensions Authority”, September 2026, is the one (1) page form members use to designate a beneficiary for the one-time KPPA $5000 Death Benefit.
Changes to the previous form include:
Revision date change to 9/2026
“Living trust” field amended to include Living Trust, Special Needs Trust, and Testamentary Trust as beneficiary options.
“Trust Tax ID” field replaced with “Trust Tax EIN or special needs trust beneficiary Social Security Number”
“Date of Trust” eliminated.
“Trustee Contact Information” includes the statement: “Our office will contact the trustee listed below following your death”.
“Testamentary Trust” field eliminated and replaced with “If the trust is a special needs trust:” with fields for the Trust's beneficiary and the beneficiary's birthdate.

Form 6035, "Beneficiary and Payment Option Change", September 2026, is a one (1) page form members can complete to change their beneficiary designation or payment option after retirement if they meet certain criteria.
Changes to the previous form include:

Clarifying language in the Notice and Marital Status fields that the form must be submitted with attached birthdate documentation within 120 days of marriage or remarriage.
Clarifying language in the Certification and Authorization field that the form must be valid and received within the statutory 120-day period to proceed with payment option changes, or the previous retirement payment option will remain in effect.

Form 6130, "Authorization for Deposit of Retirement Payment", September 2026, is a one (1) page form that members can complete to authorize direct deposit of their payments to their financial institution.
Changes to the previous form include removing one page of instructions.

KENTUCKY PUBLIC PENSIONS AUTHORITY
1260 Louisville Road • Frankfort, KY 40601
Phone: (502) 696-8800 • Fax: (502) 696-8822 • kyret.ky.gov

Form 6010

FORM 6010 ESTIMATED RETIREMENT ALLOWANCE

Retirement Plan: ________ **Retirement Date:** ________ Retirement Type: ________

Member: ________ Beneficiary: ________

Member Date of Birth: ________ Beneficiary Date of Birth: ________

Please Select ONE payment option by checking one box below	Payment to member while living	Payment to beneficiary after member's death
☐ Basic/Annuity	$________	$0.00
☐ Life with 10 Years Certain	$________	$________or $0.00
☐ Life with 15 Years Certain	$________	$________or $0.00
☐ Life with 20 Years Certain	$________	$________or $0.00
☐ Survivorship 100%	$________	$________
☐ Survivorship 66 2/3%	$________	$________
☐ Survivorship 50%	$________	$________
☐ Pop-Up	$________	$________
☐ Life with 10 Years Certain	$________	$________or $0.00

PARTIAL LUMP SUM WITHOUT SURVIVOR RIGHTS (*See Note)

☐ One Time Payment = $_______ PLUS $________ $0.00

PARTIAL LUMP SUM WITH SURVIVOR RIGHTS (*See Note)

☐ One Time Payment = $_______ PLUS $________ $________

SOCIAL SECURITY ADJUSTMENT OPTION (*See Note)

☐ Without Survivor Rights Until Age 62 $________ Age 62 and After $_______
☐ With Survivor Rights Until Age 62 $________ Age 62 and After $_______

☐ I reject all monthly payment options and request an ACTUARIAL refund of approximately $________. I am also forfeiting any health insurance and death benefits provided by the Kentucky Public Pensions Authority. *See Note

☐ I reject all monthly payment options and request a LUMP SUM refund of approximately $________. I am also forfeiting any health insurance and death benefits provided by the Kentucky Public Pensions Authority. *See Note

* NOTE: If you select the Partial Lump Sum or Refund Option, you must also complete and return the enclosed Form 6025, Direct Rollover/Direct Payment Election Form. The Form 6025 is located in the Special Tax Notice.

(*QDRO*)

☐ Initial Here

I understand that the amounts listed above have not been reduced by the amount that is payable to the alternate payee as directed by the Qualified Domestic Relations Order currently in effect on my retirement account. I understand that if I choose a monthly payment option the alternate payee will receive $_______ of the BASIC payment option listed above. If I choose a PLSO option, the alternate payee will receive $________ of the one-time lump sum payment and $_________of the correlating Without Survivor Rights monthly payment. If I choose an actuarial refund or lump sum the alternate payee will receive $________ of that payment amount.

Certification

I certify that I have selected the option of my choice. I understand that after the first day of the month in which I receive my first retirement check, I will not have the right to change my payment option or beneficiary except under limited circumstances as outlined in KRS 61.542.

Signature of Recipient: ______________________________ Date: ____________

Signature of Spouse ______________________________ Date: ____________

OR 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

FORM 6010 - CB ESTIMATED RETIREMENT ALLOWANCE

Retirement Plan: _________ **Retirement Date:** _________ Retirement Type: _________

Beneficiary: _________
Beneficiary Date of Birth: _________
Beneficiary Address: _________
____

Member: _________
Member ID: _________

The payment options available to the Trust are listed below.

Please select ONE payment option by checking one box below.	**Payment to Trust**

☐ I reject all monthly payment options and request a(n) LUMP SUM refund of approximately $_________. *See Note

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Certification
I certify that I have selected the option of my choice. I understand that after the first day of the month in which I receive my first retirement check, I will not have the right to change my payment option except under limited circumstances as outlined in KRS 61.542.

Signature of Trustee(s): ______________________ Date: ___________

Witnessed by: ______________________ Date: ___________

Signature of Co-Trustee(s)
(if applicable): ______________________ Date: ___________

Witnessed by: ______________________ Date: ___________

KENTUCKY PUBLIC PENSIONS AUTHORITY
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Phone: (502) 696-8800 • Fax: (502) 696-8822 • kyret.ky.gov

FORM 6010 - ESTIMATED RETIREMENT ALLOWANCE

Retirement Plan: _________ **Retirement Date:** _________ Retirement Type: _________

Beneficiary: _________
Beneficiary Date of Birth: _________
Beneficiary Address: _________
____

Member: _________
Member ID: _________

The payment options available to the Estate are listed below.

Please select ONE payment option by checking one box below. **Payment To Estate**

LUMP SUM REFUND

☐ One Time Payment = $_________

* NOTE: If you select the Refund Option, you must also complete and return the enclosed Form 6016, Federal Income Tax Withholding Preference for Non-Periodic Payments to Estates.

Certification
I certify that I have selected the option of my choice. I understand that after the first day of the month in which I receive my first retirement check, I will not have the right to change my payment option except under limited circumstances as outlined in KRS 61.542.

Signature of Executor/Administrator: ______________________ Date: __________

Witnessed by: ______________________ Date: __________

Signature of Co-Executor / Co-Administrator (if applicable): ______________________ Date: __________

Witnessed by: ______________________ Date: __________

KENTUCKY PUBLIC PENSIONS AUTHORITY
1260 Louisville Road • Frankfort, KY 40601
Phone: (502) 696-8800 • Fax: (502) 696-8822 • kyret.ky.gov

FORM 6010 - ESTIMATED RETIREMENT ALLOWANCE

Retirement Plan: _________ **Retirement Date: _________** Retirement Type: _________

Member Information

MEMBER NAME Member ID: ______________

This account has multiple beneficiaries.

Beneficiary Information	**Percentage of the Benefit Listed Below**
BENE NAME 1 ADDRESS LINE 1 ADDRESS LINE 2, ZIP	_________%
BENE NAME 2 ADDRESS LINE 1 ADDRESS LINE 2, ZIP	_________%
BENE NAME 3 ADDRESS LINE 1 ADDRESS LINE 2, ZIP	_________%

The payment options available to beneficiaries of this account are listed below. Please note that the total payment amount is provided for each payment option. The percentages shown above reflect the percentage of the total payment each beneficiary will receive. All beneficiaries must select the same payment option and sign the same Form 6010 (see signature section below).

Please select ONE payment option by checking one box below.	**Payment to Beneficiary**
☐ 60 Months Certain (See Note*)	$_________ per month for only 60 months
☐ 120 Months Certain (See Note*)	$_________ per month for only 120 months

☐ We reject all monthly payment options and request a(n) LUMP SUM refund of approximately $_________.
We are also forfeiting any health insurance provided by the Kentucky Public Pensions Authority. **See Note

*NOTE: By selecting this option, I will forfeit health insurance benefits when my monthly payments end.

**NOTE: If the actuarial refund, lump sum refund, or 60 months certain option is selected, each beneficiary must complete and return a Form 6025, Direct Rollover/Direct Payment Election Form. The Form 6025 is located in the Special Tax Notice.

Certification

I certify that I have selected the option of my choice. I understand that after the first day of the month in which I receive my first retirement check, I will not have the right to change my payment option except under limited circumstances as outlined in KRS 61.542.

Signature of Recipient: ______________________________ Date: ____________________

Signature of Witness ______________________________ Date: ____________________

Signature of Recipient: ______________________________ Date: ____________________

Signature of Witness ______________________________ Date: ____________________

Signature of Recipient: ______________________________ Date: ____________________

Signature of Witness ______________________________ Date: ____________________

KENTUCKY PUBLIC PENSIONS AUTHORITY
1260 Louisville Road • Frankfort, KY 40601
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FORM 6010 - ESTIMATED RETIREMENT ALLOWANCE

Retirement Plan: _________ **Retirement Date:** _________ Retirement Type: _________

Beneficiary: _________
Beneficiary Date of Birth: _________
Beneficiary Address: _________
____

Member: _________
Member ID: _________

Please select ONE payment option by checking one box below.

Payment to Beneficiary

- ☐ Life Annuity — $_________per month for your lifetime
- ☐ 60 Months Certain (*See Note) — $_________per month for only 60 months
- ☐ 120 Months Certain (*See Note) — $_________per month for only 120 months
- ☐ I reject all monthly payment options and request a(n) ACTUARIAL refund of approximately $_________. I am also forfeiting any health insurance provided by the Kentucky Public Pensions Authority. **See Note

* NOTE: By selecting this option, I will forfeit health insurance benefits when my monthly payments end.

**NOTE: If you select the actuarial refund, lump sum refund or 60 months certain you must also complete and return the enclosed Form 6025, Direct Rollover/Direct Payment Election Form. The Form 6025 is located in the Special Tax Notice.

Certification
I certify that I have selected the option of my choice. I understand that after the first day of the month in which I receive my first retirement check, I will not have the right to change my payment option except under limited circumstances as outlined in KRS 61.542.

Signature of Recipient: ______________________________ Date: ____________

Signature of Witness ______________________________ Date: ____________

KENTUCKY PUBLIC PENSIONS AUTHORITY
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FORM 6010 - ESTIMATED RETIREMENT ALLOWANCE

Retirement Plan: _________ **Retirement Date:** _________ Retirement Type: _________

Beneficiary: _________
Beneficiary Date of Birth: _________
Beneficiary Address: _________
____

Member: _________
Member ID: _________

Please select ONE payment option by checking one box below. **Payment To Beneficiary**

LUMP SUM REFUND OF MEMBER'S ACCUMULATED ACCOUNT BALANCE (*See Note)

☐ One Time Payment = $_________

*NOTE: If you select the actuarial refund or lump sum refund you must also complete and return the enclosed Form 6025, Direct Rollover/Direct Payment Election Form. The Form 6025 is located in the Special Tax Notice.

Certification
I certify that I have selected the option of my choice. I understand that after the first day of the month in which I receive my first retirement check, I will not have the right to change my payment option except under limited circumstances as outlined in KRS 61.542.

Signature of Recipient: ______________________ Date: __________

Signature of Spouse ______________________ Date: __________

OR Signature of Witness ______________________ Date: __________

KENTUCKY PUBLIC PENSIONS AUTHORITY
1260 Louisville Road • Frankfort, KY 40601
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Form 6025
Revised
09/2026[~~06/2023~~]

Direct Rollover/Direct Payment Election Form for a Member, Beneficiary, or Alternate Payee Regarding an Eligible Rollover Distribution

Required Information: Failure to complete all items and sign this form could delay the processing of your lump sum/ monthly benefit.

Recipient Information

Member Name:		Member ID:	
If you are not the member, please provide your name and Social Security Number (SSN) below.			
Name:		SSN:	
Address:	City:	State:	Zip Code:
Is this a new address? ○ Yes ○ No			

This form must be completed if you are electing to receive an "eligible rollover distribution." **Failure to complete this form could delay the processing of your lump sum/monthly benefit.** If you are the member, the following payment options are "eligible rollover distributions": Actuarial Refund, Partial Lump Sum, and Refund of Contributions. If you are a beneficiary, the following payment options are "eligible rollover distributions": Actuarial Refund, Refund of Contributions, $5,000 Death Benefit, $10,000 Lump Sum pursuant to KRS 16.601 and 78.5534, and 60 Months Certain.

Please read the enclosed SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS. **If you have questions about the SPECIAL TAX NOTICE, please contact a qualified tax advisor. Kentucky Public Pensions Authority employees are not qualified to answer questions concerning your tax status or the effects of the federal tax laws and regulations.** After you have read the SPECIAL TAX NOTICE, you must complete the following form to certify that you have read the SPECIAL TAX NOTICE and to make your selections with regard to treatment of your payment.

Distribution of Payment Election: If you are unsure about the information to provide in this section, please contact our office for assistance from a counselor to avoid possible delays in processing your benefits.

I elect a complete distribution of my payment as follows:

If your distribution will include a taxable portion, you must select one option from this column. Taxable Portion (Monies have not yet been taxed)	If your distribution will include a non-taxable portion, you must select one option from this column. Non-Taxable Portion (Monies have already been taxed)
☐ Direct Rollover	☐ Direct Rollover
☐ Paid Directly to me (less 20% withholding*)	☐ Paid Directly to me
☐ Partial Rollover in the amount of $__________, balance (less 20% withholding*) paid to me.	☐ Partial Rollover in the amount of $__________, balance paid to me.

Complete page 2 only if you select a rollover

I certify that I have read the enclosed SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS and have selected the distribution option indicated above. I understand that my payment will not be processed until this form is completed and returned to the retirement office. I understand that I have a right to at least 30 days from my receipt of the SPECIAL TAX NOTICE in which to make my decision regarding receipt or rollover of these funds, and by signing and returning this form, I waive my right to the full 30-day period. I understand that if I elect to receive any or all of the taxable portion directly, 20% of the taxable portion paid to me will be withheld for my federal income taxes.* I understand that no tax will be withheld if I have the entire taxable portion rolled over. If I elect to have any or all of the payment rolled over, I will have the Trustee receiving the rollover complete the back of this form. I understand that in the case of monthly payments, my selection will remain in effect for each monthly payment until I change my election. 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, I (personally) may be liable for restitution of the benefits for which I or a minor recipient was not eligible to receive, civil payments, legal fees, and costs.

***If you are a nonresident alien, the mandatory withholding rate is 30% instead of 20%, unless a tax treaty exemption applies.**

Signature:______________________________ Date: ______________________

*If you are a nonresident alien, the mandatory withholding rate is 30% instead of 20%, unless a tax treaty exemption applies.

Recipient Information

Member Name:	Member ID:

Direct Rollover Information: To be completed by Trustee of IRA or eligible plan receiving rollover. Please complete both sections if the distribution will include a taxable portion and a non-taxable portion.

Taxable Portion *(Monies have not yet been taxed)*

- ☐ Traditional Individual Retirement Account/Annuity*
- ☐ Roth Individual Retirement Account/Annuity*
- ☐ 401(a) Qualified Plan, 403(a) Qualified Annuity, 403(b) Annuity Contract, or 457(b) Governmental Plan*
- ☐ SIMPLE IRA that has been established for at least two (2) years*

Make check payable to: ______________________________

Account number (if applicable): ______________________________

Send check to: ______________________________

As agent for the above named plan, I certify that the above plan is an eligible plan and will accept the rollover for the benefit of the distributee of pre-tax dollars that would otherwise be taxable upon distribution.

Trustee/Agent Signature: ______________________________ Phone: ______________

Title: ______________________________ Date: ______________

Non-Taxable Portion *(Monies have already been taxed)*

- ☐ Traditional Individual Retirement Account/Annuity*
- ☐ Roth Individual Retirement Account/Annuity*
- ☐ 401(a) Qualified Plan or 403(b) Annuity Contract*

Make check payable to: ______________________________

Account number (if applicable): ______________________________

Send check to: ______________________________

As agent for the above named plan, I certify that the above plan is an eligible plan and will accept the rollover for the benefit of the distributee of post-tax dollars, and will separately account for such post-tax dollars, in the case of a 401(a) qualified plan or a 403(b) annuity contract.

Trustee/Agent Signature: ______________________________ Phone: ______________

Title: ______________________________ Date: ______________

*** If you are a non-spouse beneficiary, you may only rollover your payment to an "inherited" individual retirement account/annuity. The "inherited" IRA may be either a traditional IRA or a Roth IRA.**

KENTUCKY PUBLIC PENSIONS AUTHORITY
1260 Louisville Road • Frankfort, KY 40601
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~~Special Tax Notice~~
~~Application for Direct Rollover or Direct Payment~~

~~You are receiving this notice because all or a portion of a payment you are receiving from the Kentucky Employees Retirement System, County Employees Retirement System, or State Police Retirement System (the "Plan") is eligible to be rolled over to an IRA or an employer plan. This notice is intended to help you decide whether to do such a rollover. If you have additional questions after reading this notice, you can contact your Plan Administrator at 1-502-696-8800 or 1-800-928-4646.~~

~~Rules that apply to most payments from a plan are described in the "General Information About Rollovers" section. Special rules that only apply in certain circumstances are described in the "Special Rules and Options" section.~~

~~General Information About Rollovers~~

~~How can a rollover affect my taxes?~~

~~You will be taxed on a payment from the Plan if you do not roll it over. If you are under age 59½ and do not do a rollover, you will also have to pay a 10% additional income tax on early distributions (generally, distributions made before age 59½), unless an exception applies. However, if you do a rollover, you will not have to pay tax until you receive payments later and the 10% additional income tax will not apply if those payments are made after you are age 59½ (or if an exception to the 10% additional income tax applies).~~

~~What types of retirement accounts and plans may accept my rollover?~~

~~You may roll over the payment to either an IRA (an individual retirement account or individual retirement annuity) or an employer plan (a tax-qualified plan, section 403(b) plan, or governmental section 457(b) plan) that will accept the rollover. The rules of the IRA or employer plan that holds the rollover will determine your investment options, fees, and rights to payment from the IRA or employer plan. Further, the amount rolled over will become subject to the tax rules that apply to the IRA or employer plan (for example, IRAs are not subject to spousal consent rules and IRAs may not provide loans). Further, the amount rolled over will become subject to the tax rules that apply to the IRA or employer plan.~~

~~How do I do a rollover?~~

~~There are two ways to do a rollover. You can do either a direct rollover or a 60-day rollover.~~

~~If you do a direct rollover, the Plan will make the payment directly to your IRA or an employer plan. You should contact the IRA sponsor or the administrator of the employer plan for information on how to do a direct rollover.~~

~~If you do not do a direct rollover, you may still do a rollover by making a deposit into an IRA or eligible employer plan that will accept it. Generally, you will have 60 days after you receive the payment to make the deposit. If you do not do a direct rollover, the Plan is required to withhold 20% of the payment for federal income taxes (up to the amount of cash and property received other than employer stock). This means that, in order to roll over the entire payment in a 60-day rollover, you must use other funds to make up for the 20% withheld.~~

~~If you do not roll over the entire amount of the payment, the portion not rolled over will be taxed and will be subject to the 10% additional income tax on early distributions if you are under age 59 ½ (unless an exception applies).~~

~~How much may I roll over?~~

~~If you wish to do a rollover, you may roll over all or part of the amount eligible for rollover. Any payment from the Plan is eligible for rollover, except:~~

- ~~Certain a period of at least 10 years or over your life or life expectancy (or the joint lives or joint life expectancies of you and your beneficiary);~~
- ~~Required minimum distributions after age 70½ (if you were born before July 1, 1949), after age 72 (if you were born after June 30, 1949), after age 73 (if you were born on or after January 1, 1951), or after death;~~
- ~~Corrective distributions of contributions that exceed tax law limitations; and~~
- ~~Distributions of certain premiums for health and accident insurance.~~

~~KPPA can tell you what portion of a payment is eligible for rollover.~~

~~If I don't do a rollover, will I have to pay the 10% additional income tax on early distributions?~~

~~If you are under age 59½, you will have to pay the 10% additional income tax on early distributions for any payment from the Plan (including amounts withheld for income tax) that you do not roll over, unless one of the exceptions listed below applies. This tax applies to the part of the distribution that you must include in income and is in addition to the regular income tax on the payment not rolled over.~~

~~The 10% additional income tax does not apply to the following payments from the Plan:~~

- ~~Payments made after you separate from service if you will be at least age 55 in the year of the separation;~~
- ~~Payments that start after you separate from service if paid at least annually in equal or close to equal amounts over your life or life expectancy (or the joint lives or joint life expectancies of you and your beneficiary);~~
- ~~Payments from a governmental plan made after you separate from service if you are a qualified public safety employee and you will be at least age 50 or have 25 or more years of service in the plan in the year of the separation;~~
- ~~Payments made due to disability;~~
- ~~Payments after your death;~~
- ~~Corrective distributions of contributions that exceed tax law limitations;~~
- ~~Payments made directly to the government to satisfy a federal tax levy;~~
- ~~Payments made under a qualified domestic relations order (QDRO);~~
- ~~Payments up to the amount of your deductible medical expenses (without regard to whether you itemize deductions for the taxable year);~~
- ~~Certain payments made while you are on active duty if you were a member of a reserve component called to duty after September 11, 2001, for more than 179 days~~
- ~~Payments of up to $22,000 made to you if the payment is a qualified disaster recovery distribution;~~
- ~~Payments made to you if you are terminally ill, as determined by applicable federal requirements or guidance; and~~
- ~~Phased retirement payments made to federal employees.~~

~~If I do a rollover to an IRA, will the 10% additional income tax apply to early distributions from the IRA?~~

~~If you receive a payment from an IRA when you are under age 59 ½, you will have to pay the 10% additional income tax on early distributions on the part of the distribution that you must include in income, unless an exception applies. In general, the exceptions to the 10% additional income tax for early distributions from an IRA are the same as the exceptions listed above for early distributions from a plan. However, there are a few differences for payments from an IRA, including:~~

- ~~The exception for payments made after you separate from service if you will be at least age 55 in the year of the separation (or age 50 or have 25 or more years of service in the Plan for qualified public safety employees) does not apply;~~
- ~~The exception for qualified domestic relations orders (QDROs) does not apply (although a special rule applies under which, as part of a divorce or separation agreement, a tax-free transfer may be made directly to an IRA of a spouse or former spouse); and~~
- ~~The exception for payments made at least annually in equal or close to equal amounts over a specified period applies without regard to whether you have had a separation from service.~~

~~If you are a "qualified public safety employee," in order not to be subject to the additional 10% early distribution tax on this payment, you must submit a fully completed "Form 4527, Certification by a Qualified Public Safety Employee and Request for an Exception to the ten (10) percent Early Distribution Penalty in IRC 72(t)" to the retirement office. Upon request, Kentucky Public Pensions Authority can provide a copy of the Form 4527 to you. The Form 4527 is also available on the Authority's website, kyret.ky.gov.~~

~~Additional exceptions apply for payments from an IRA, including:~~

- ~~Payments for qualified higher education expenses;~~
- ~~Payments up to $10,000 used in a qualified first-time home purchase; and~~
- ~~Payments for health insurance premiums after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).~~

~~Will I owe State income taxes?~~

~~This notice does not address any State or local income tax rules (including withholding rules).~~

~~Special Rules and Options~~

~~If your payment includes after-tax contributions~~

~~After-tax contributions included in a payment are not taxed. If you receive a partial payment of your total benefit, an allocable portion of your after-tax contributions is included in the payment, so you cannot take a payment of only after-tax contributions. However, if you have pre-1987 after-tax contributions maintained in a separate account, a special rule may apply to determine whether the after-tax contributions are included in the payment. In addition, special rules apply when you do a rollover, as described below.~~

~~You may roll over to an IRA a payment that includes after-tax contributions through either a direct rollover or a 60-day rollover. You must keep track of the aggregate amount of the after-tax contributions in all of your IRAs (in order to determine your taxable income for later payments from the IRAs). Using the Form 4525, Application for Refund of Member Contributions and Direct Rollover/Direct Payment Selection, or the Form 6025, Direct Rollover/Direct Payment Election Form for a Member, Beneficiary, or Alternate Payee Regarding an Eligible Rollover Distribution, you will elect how your after-tax contributions will be distributed separately from how your pre-tax contributions will be distributed. The Plan will distribute your after-tax contributions and pre-tax contributions in accordance with your elections for each.~~

~~You may roll over to an employer plan all of a payment that includes after-tax contributions, but only through a direct rollover (and only if the receiving plan separately accounts for after-tax contributions and is not a governmental section 457(b) plan). You can do a 60-day rollover to an employer plan of part of a payment that includes after-tax contributions, but only up to the amount of the payment that would be taxable if not rolled over.~~

~~If you miss the 60-day rollover deadline~~

~~Generally, the 60-day rollover deadline cannot be extended. However, the IRS has the limited authority to waive the deadline under certain extraordinary circumstances, such as when external events prevented you from completing the rollover by the 60-day rollover deadline. Under certain circumstances, you may claim eligibility for a waiver of the 60-day rollover deadline by making a written self-certification. Otherwise, to apply for a waiver from the IRS, you must file a private letter ruling request with the IRS. Private letter ruling requests require the payment of a nonrefundable user fee. For more information, see IRS Publication 590-A, Contributions to Individual Retirement Arrangements (IRAs).~~

~~If you were born on or before January 1, 1936~~

~~If you were born on or before January 1, 1936 and receive a lump sum distribution that you do not roll over, special rules for calculating the amount of the tax on the payment might apply to you. For more information, see IRS Publication 575, *Pension and Annuity Income*.~~

~~If you roll over your payment to a Roth IRA~~

~~If you roll over a payment from the Plan to a Roth IRA, a special rule applies under which the amount of the payment rolled over (reduced by any after-tax amounts) will be taxed. In general, the 10% additional income tax on early distributions will not apply (unless you take the amount rolled over out of the Roth IRA within the 5 years year period that begins on January 1 of the year of the rollover).~~

~~If you roll over the payment to a Roth IRA, later payments from the Roth IRA that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a Roth IRA is a payment made after you are age 59½ (or after your death or disability, or as a qualified first-time homebuyer distribution of up to $10,000) and after you have had a Roth IRA for at least 5 years. In applying this 5-year rule, you count from January 1 of the year for which your first contribution was made to a Roth IRA. Payments from the Roth IRA that are not qualified distributions will be taxed to the extent of earnings after the rollover, including the 10% additional income tax on early distributions (unless an exception applies). You do not have to take required minimum distributions from a Roth IRA during your lifetime.~~

~~For more IRS information, see IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*, and Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*.~~

~~You cannot roll over a distribution to a designated Roth account in another employer's plan.~~

~~If you are not a Plan member~~

~~Payments after death of the member. If you receive a distribution after the member's death that you do not roll over, the distribution generally will be taxed in the same manner described elsewhere in this notice. However, the 10% additional income tax on early distributions and the special rules for public safety officers do not apply, and the special rule described under the section "If you were born on or before January 1, 1936" applies only if the deceased member was born on or before January 1, 1936.~~

~~If you are a surviving spouse~~

~~If you receive a payment from the Plan as the surviving spouse of a deceased member, you have the same rollover options that the member would have had, as described elsewhere in this notice. In addition, if you choose to do a rollover to an IRA, you may treat the IRA as your own or as an inherited IRA.~~

~~An IRA you treat as your own is treated like any other IRA of yours, so that payments made to you before you are age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies) and required minimum distributions from your IRA do not have to start until after you are age 70½ (if you were born before July 1, 1949) or age 72 (if you were born after June 30, 1949), or after age 73 (if you were born on or after January 1, 1951).~~

~~If you treat the IRA as an inherited IRA, payments from the IRA will not be subject to the 10% additional income tax on early distributions. However, if the member had started taking required minimum distributions, you will have to receive required minimum distributions from the inherited IRA. If the member had not started taking required minimum distributions from the Plan, you will not have to start receiving required minimum distributions from the inherited IRA until the year the member would have been age 70½ (if the member was born before July 1, 1949) or age 72 (if the member was born after June 30, 1949), or after age 73 (if the member was born on or after January 1, 1951).~~

~~**If you are a surviving beneficiary other than a spouse.** If you receive a payment from the Plan because of the member's death and you are a designated beneficiary other than a surviving spouse, the only rollover option you have is to do a direct rollover to an inherited IRA. Payments from the inherited IRA will not be subject to the 10% additional income tax on early distributions. You will have to receive required minimum distributions from the inherited IRA.~~

~~Payments under a QDRO~~

~~If you are the spouse or former spouse of the member who receives a lump-sum payment from the Plan under a QDRO ("alternate payee"), you generally have the same options and the same tax treatment that the member would have (for example, you may roll over the payment to your own IRA or an eligible employer plan that will accept it). However, payments under the QDRO will not be subject to the 10% additional income tax on early distributions.~~

~~If the alternate payee does not return the Form 6025, Direct Rollover/Direct Payment Election Form for a Member, Beneficiary, or Alternate Payee Regarding an Eligible Rollover Distribution, within thirty (30) days of receipt of the form and this notice, the lump-sum payment shall be processed and treated for federal income tax purposes as if the alternate payee had made an election to directly receive the funds instead of rolling over the payment to an IRA or an eligible employer plan.~~

~~In the event that the Plan cannot locate an alternate payee when a lump-sum payment from the Plan pursuant to a QDRO becomes payable, the Plan shall hold the amount payable to the alternate payee and shall make payment to the alternate payee if he or she is located within one hundred eighty (180) days after the payment becomes payable. If the alternate payee has not been located within one hundred eighty (180) days after the alternate payee's payment becomes payable, the Plan shall pay the payment held to the member and shall assign the federal tax liability for this payment to the member. No interest shall accrue on this lump-sum payment during the one hundred and eighty (180) day period or thereafter. If the alternate payee is subsequently located, any amounts already paid to the member shall no longer be payable to the alternate payee.~~

~~If you are a nonresident alien~~

~~If you are a nonresident alien and you do not do a direct rollover to a U.S. IRA or U.S. employer plan, instead of withholding 20%, the Plan is generally required to withhold 30% of the payment for federal income taxes. If the amount withheld exceeds the amount of tax you owe (as may happen if you do a 60- day rollover), you may request an income tax refund by filing Form 1040NR and attaching your Form 1042-S. See Form W-8BEN for claiming that you are entitled to a reduced rate of withholding under an income tax treaty. For more information, see also IRS Publication 519, *U.S. Tax Guide for Aliens*, and IRS Publication 515, *Withholding of Tax on Nonresident Aliens and Foreign Entities*.~~

~~Other Special Rules~~

~~If a payment is one in a series of payments for less than 10 years, your choice whether to do a direct rollover will apply to all later payments in the series (unless you make a different choice for later payments).~~

~~If your payments for the year are less than $200 (not including payments from a designated Roth account in the Plan), the Plan is not required to allow you to do a direct rollover. However, you may do a 60-day rollover.~~

~~You may have special rollover rights if you recently served in the U.S. Armed Forces. For more information on special rollover rights related to the U.S. Armed Forces, see IRS Publication 3, Armed Forces' Tax Guide. You also may have special rollover rights if you were affected by a federally declared disaster (or similar event), or if you received a distribution on account of a disaster. For more information on special rollover rights related to disaster relief, see the IRS website at www.irs.gov.~~

~~For More Information~~

~~You may wish to consult with the Plan administrator or payor, or a professional tax advisor, before taking a payment from the Plan. Also, you can find more detailed information on the federal tax treatment of payments from employer plans in: IRS Publication 575, *Pension and Annuity Income*; IRS Publication 590- A, *Contributions to Individual Retirement Arrangements (IRAs)*; IRS Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*; and IRS Publication 571, *Tax-Sheltered Annuity Plans (403(b) Plans)*. These publications are available from a local IRS office, on the web at www.irs.gov, or by calling 1-800-TAX-FORM~~

KENTUCKY PUBLIC PENSIONS AUTHORITY
1260 Louisville Road • Frankfort, KY 40601
Phone: (502) 696-8800 • Fax: (502) 696-8822 • kyret.ky.gov

Form 6025
Revised 09/2026

Direct Rollover/Direct Payment Election Form for a Member, Beneficiary, or Alternate Payee Regarding an Eligible Rollover Distribution

Required Information: Failure to complete all items and sign this form could delay the processing of your lump sum/monthly benefit.

Recipient Information

Member Name:		Member ID:	
If you are not the member, please provide your name and Social Security Number (SSN) below.			
Name:		SSN:	
Address:	City:	State:	Zip Code:
Is this a new address? ◯ Yes ◯ No			

This form must be completed if you are electing to receive an "eligible rollover distribution." **Failure to complete this form could delay the processing of your lump sum/monthly benefit.** If you are the member, the following payment options are "eligible rollover distributions": Actuarial Refund, Partial Lump Sum, and Refund of Contributions. If you are a beneficiary, the following payment options are "eligible rollover distributions": Actuarial Refund, Refund of Contributions, $5,000 Death Benefit, $10,000 Lump Sum pursuant to KRS 16.601 and 78.5534, and 60 Months Certain.

Please read the enclosed SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS. **If you have questions about the SPECIAL TAX NOTICE, please contact a qualified tax advisor. Kentucky Public Pensions Authority employees are not qualified to answer questions concerning your tax status or the effects of the federal tax laws and regulations.** After you have read the SPECIAL TAX NOTICE, you must complete the following form to certify that you have read the SPECIAL TAX NOTICE and to make your selections with regard to treatment of your payment.

Distribution of Payment Election: If you are unsure about the information to provide in this section, please contact our office for assistance from a counselor to avoid possible delays in processing your benefits.

I elect a complete distribution of my payment as follows:

If your distribution will include a taxable portion, you must select one option from this column. Taxable Portion (Monies have not yet been taxed)	If your distribution will include a non-taxable portion, you must select one option from this column. Non-Taxable Portion (Monies have already been taxed)
☐ Direct Rollover	☐ Direct Rollover
☐ Paid Directly to me (less 20% withholding*)	☐ Paid Directly to me
☐ Partial Rollover in the amount of $__________, balance (less 20% withholding*) paid to me.	☐ Partial Rollover in the amount of $__________, balance paid to me.

Complete page 2 only if you select a rollover

I certify that I have read the enclosed SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS and have selected the distribution option indicated above. I understand that my payment will not be processed until this form is completed and returned to the retirement office. I understand that I have a right to at least 30 days from my receipt of the SPECIAL TAX NOTICE in which to make my decision regarding receipt or rollover of these funds, and by signing and returning this form, I waive my right to the full 30-day period. I understand that if I elect to receive any or all of the taxable portion directly, 20% of the taxable portion paid to me will be withheld for my federal income taxes.* I understand that no tax will be withheld if I have the entire taxable portion rolled over. If I elect to have any or all of the payment rolled over, I will have the Trustee receiving the rollover complete the back of this form. I understand that in the case of monthly payments, my selection will remain in effect for each monthly payment until I change my election. 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, I (personally) may be liable for restitution of the benefits for which I or a minor recipient was not eligible to receive, civil payments, legal fees, and costs.

Signature:______________________________________ Date: ______________________

***If you are a nonresident alien, the mandatory withholding rate is 30% instead of 20%, unless a tax treaty exemption applies.**

Recipient Information

Member Name:	Member ID:

Direct Rollover Information: To be completed by Trustee of IRA or eligible plan receiving rollover. Please complete both sections if the distribution will include a taxable portion and a non-taxable portion.

Taxable Portion *(Monies have not yet been taxed)*

☐ Traditional Individual Retirement Account/Annuity*

☐ Roth Individual Retirement Account/Annuity*

☐ 401(a) Qualified Plan, 403(a) Qualified Annuity, 403(b) Annuity Contract, or 457(b) Governmental Plan*

☐ SIMPLE IRA that has been established for at least two (2) years*

Make check payable to: ______________________________

Account number (if applicable): ______________________________

Send check to: ______________________________

As agent for the above named plan, I certify that the above plan is an eligible plan and will accept the rollover for the benefit of the distributee of pre-tax dollars that would otherwise be taxable upon distribution.

Trustee/Agent Signature: ______________________________ Phone: ______________

Title: ______________________________ Date: ______________

Non-Taxable Portion *(Monies have already been taxed)*

☐ Traditional Individual Retirement Account/Annuity*

☐ Roth Individual Retirement Account/Annuity*

☐ 401(a) Qualified Plan or 403(b) Annuity Contract*

Make check payable to: ______________________________

Account number (if applicable): ______________________________

Send check to: ______________________________

As agent for the above named plan, I certify that the above plan is an eligible plan and will accept the rollover for the benefit of the distributee of post-tax dollars, and will separately account for such post-tax dollars, in the case of a 401(a) qualified plan or a 403(b) annuity contract.

Trustee/Agent Signature: ______________________________ Phone: ______________

Title: ______________________________ Date: ______________

*** If you are a non-spouse beneficiary, you may only rollover your payment to an "inherited" individual retirement account/annuity. The "inherited" IRA may be either a traditional IRA or a Roth I**

KENTUCKY PUBLIC PENSIONS AUTHORITY
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Form 6030
Revised 9/2026 ~~11/2024~~

Death Benefit Designation
$5000 Death Benefit from Kentucky Public Pensions Authority

Notice: This properly completed form must be received at Kentucky Public Pensions Authority before your death to be valid.

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.

Member Information Please provide your Member ID or Social Security Number in the Member ID box below.

Member Name:		Member ID:	
KPPA will update contact information for your retirement account based on the details provided below.			
Address:	City:	State:	Zip Code:
Phone (select type) ☐ Mobile ☐ Home ☐ Work		Email:	

You may name one death benefit beneficiary. Please check only one box below.

Please complete the necessary information and provide the requested documentation with this form. Failure to complete this form properly or provide the requested documentation may invalidate the form. If the form is deemed to be invalid, the previous beneficiary designation on file shall remain in effect. If no beneficiary designation is on file, your Estate will become your beneficiary.

Person

You may only name one person as your death benefit beneficiary.

Beneficiary Name:		Beneficiary Social Security Number:	
Beneficiary Date of Birth:	Relationship to Member:	◯Male	◯Female
Address:	City:	State:	Zip Code:

My Estate

No additional information required.

☐ ~~Living~~ **Trust** (select one): Living Trust Special Needs Trust Testamentary Trust (no additional information or trust document is required)

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~~ EIN or special needs trust beneficiary Social Security Number:	
Trustee ~~or Successor Trustee~~ Contact Information: Our office will contact the trustee listed below following your death.			
Name ~~of Trustee~~:	~~Successor Trustee (if applicable)~~ Phone:		
~~Trustee~~ Address:	City:	State:	Zip Code:
~~A testamentary trust is established by the member's will and takes effect following the member's death. No additional information required.~~ If the trust is a special needs trust:			
Trust's Beneficiary:	Beneficiary's Date of Birth:		

☐ **Funeral Home**

Please enclose a copy of the Funeral Home License.

Funeral Home Legal Name:		Funeral Home License Number:	
Funeral Home Tax ID:	Contact Name:	Phone:	
Address:	City:	State:	Zip Code:

You may only designate ONE beneficiary. This form is not valid if you designate more than one beneficiary. This form is not valid unless signed by the member and witnessed. Please initial all corrections you have made to the form. Failure to initial changes may cause the form to be invalid.

Your Signature:	Member ID:
Spouse Signature: (Not Required)	Date:

Witness Signature: (Required if Spouse does not sign)	Date:

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Form 6035
Revised 9/2026[04/2024]

Beneficiary and Payment Option Change

NOTICE: Retired members may be eligible to make changes to their account beneficiary and/or payment option under certain conditions. This form is not valid unless it is completed correctly, with required date of birth documentation attached, and is received in the retirement office no later than 120 days after the date of marriage, remarriage, or prior to the member's death, whichever occurs first.

Member Information Please provide your Member ID or Social Security Number in the Member ID box below.

Member Name:	Member ID:

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:	Email:		

Retirement Account Beneficiary Designation: If you have multiple retirement dates, please complete a form for each retirement date.

☐ Kentucky Employees Retirement System (KERS)

☐ County Employees Retirement System (CERS)

☐ State Police Retirement System (SPRS)

Retirement Date:

Marital Status

Is this beneficiary change due to your recent (within 120 days) marriage or remarriage? ☐ Yes ☐ No

A retired member receiving a monthly retirement allowance who marries or remarries after retiring may make a one-time election within 120 days of marriage or remarriage to provide monthly survivorship benefits to his/her new spouse by designating the new spouse as beneficiary. The member must submit this form within 120 days of marriage or remarriage. Upon receipt of a valid Form 6035, the retirement office will mail additional forms for you to complete and return. All forms must be received in the retirement office by the end of the month to be effective with the following month's retirement payment; changes to a member's retirement payment option will not be retroactive.

Any new survivorship payment option shall be actuarially equivalent to the monthly payment option the member was receiving prior to the change and shall not impact any other benefits otherwise payable to an alternate payee under a valid Qualified Domestic Relations Order already on file at the retirement office.

You must provide date of birth verification and a copy of your marriage certificate with this form. Acceptable forms of date of birth verification include a copy of any of the following: birth certificate, state issued driver's license that requires date of birth verification, U.S. Passport, Military ID or Discharge, Immigration and Naturalization records.

Spouse Name:	Date of Marriage or Remarriage:		
Spouse Social Security Number:	Date of Birth:	Gender:	
Address:	City:	State:	Zip Code:

CERTIFICATION AND AUTHORIZATION

If you are eligible and you choose to submit changes using this form, the change made to your account beneficiary is irrevocable.

In lieu of benefits I am currently eligible to receive from the Kentucky Employees Retirement System, County Employees Retirement System and/or State Police Retirement System ("the Systems"), I elect to change my retirement account beneficiary, and to have my monthly retirement payment options recalculated. I understand that this election is irrevocable.

If changing my payment option, I understand that, if this form is valid, I will be sent Form 6050, Payment Option Change Designation, to select a survivorship payment option for my spouse. I understand that the Form 6050, Payment Option Change Designation, must be received by the retirement office within 120 days of the date of marriage or remarriage. If the Form 6050 is not received by the retirement office by the deadline, or is deemed invalid, I understand my current monthly retirement payment option will remain in effect and my designation of my spouse as beneficiary shall be void. I understand that my election to change my monthly retirement payment option will be effective the month following the Systems' receipt of my valid Form 6050 and will not be made retroactive.

Your Signature: ______________________ Member ID: ______________________

Date: ______________________

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Form 6035
Revised 09/2026

Beneficiary and Payment Option Change

NOTICE: Retired members may be eligible to make changes to their account beneficiary and/or payment option under certain conditions. This form is not valid unless it is completed correctly, with required date of birth documentation attached, and is received in the retirement office no later than 120 days after the date of marriage, remarriage, or prior to the member's death, whichever occurs first.

Member Information Please provide your Member ID or Social Security Number in the Member ID box below.			
Member Name:		Member ID:	
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:	Email:		

Retirement Account Beneficiary Designation: If you have multiple retirement dates, please complete a form for each retirement date.
☐ Kentucky Employees Retirement System (KERS)
☐ County Employees Retirement System (CERS)
☐ State Police Retirement System (SPRS)
Retirement Date:

Marital Status

Is this beneficiary change due to your recent (within 120 days) marriage or remarriage? ☐ Yes ☐ No

A retired member receiving a monthly retirement allowance who marries or remarries after retiring may make a one-time election within 120 days of marriage or remarriage to provide monthly survivorship benefits to his/her new spouse by designating the new spouse as beneficiary. The member must submit this form within 120 days of marriage or remarriage. Upon receipt of a valid Form 6035, the retirement office will mail additional forms for you to complete and return. All forms must be received in the retirement office by the end of the month to be effective with the following month's retirement payment; changes to a member's retirement payment option will not be retroactive.

Any new survivorship payment option shall be actuarially equivalent to the monthly payment option the member was receiving prior to the change and shall not impact any other benefits otherwise payable to an alternate payee under a valid Qualified Domestic Relations Order already on file at the retirement office.

You must provide date of birth verification and a copy of your marriage certificate with this form. Acceptable forms of date of birth verification include a copy of any of the following: birth certificate, state issued driver's license that requires date of birth verification, U.S. Passport, Military ID or Discharge, Immigration and Naturalization records.

Spouse Name:		Date of Marriage or Remarriage:	
Spouse Social Security Number:	Date of Birth:		Gender:
Address:	City:	State:	Zip Code:

CERTIFICATION AND AUTHORIZATION

If you are eligible and you choose to submit changes using this form, the change made to your account beneficiary is irrevocable.

In lieu of benefits I am currently eligible to receive from the Kentucky Employees Retirement System, County Employees Retirement System and/or State Police Retirement System ("the Systems"), I elect to change my retirement account beneficiary, and to have my monthly retirement payment options recalculated. I understand that this election is irrevocable.

If changing my payment option, I understand that, if this form is valid, I will be sent Form 6050, Payment Option Change Designation, to select a survivorship payment option for my spouse. I understand that the Form 6050, Payment Option Change Designation, must be received by the retirement office within 120 days of the date of marriage or remarriage. If the Form 6050 is not received by the retirement office by the deadline, or is deemed invalid, I understand my current monthly retirement payment option will remain in effect and my designation of my spouse as beneficiary shall be void. I understand that my election to change my monthly retirement payment option will be effective the month following the Systems' receipt of my valid Form 6050 and will not be made retroactive.

Your Signature: ______________________ Member ID: ______________________

Date: ______________________

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*6050/ *

FORM 6050

****DATE**

FORM 6050 ESTIMATED RETIREMENT ALLOWANCE

Retirement Date:
Retirement Plan:
Retirement Type:

Member Information

Member Date of Birth:
Member ID:

Beneficiary Information
Beneficiary:
Beneficiary Date of Birth:

Mark [X] in one payment option	**Payment to member while living**	**Payment to beneficiary after member's death**
☐ SURVIVORSHIP 100%	$___________	$___________
☐ SURVIVORSHIP 66 2/3%	$___________	$___________
☐ SURVIVORSHIP 50%	$___________	$___________
SOCIAL SECURITY ADJUSTMENT OPTION:	UNTIL AGE 62	AGE 62 AND AFTER
☐ WITH SURVIVORSHIP	$___________	$___________

Signature of Recipient: ____ Date: _________________________

I certify that I have selected the option of my choice. I understand that after the first day of the month in which I receive my first retirement check, I will not have the right to change my payment option or beneficiary except under limited circumstances as outlined in KRS 61.542. I understand that my payment option and beneficiary will not change unless I return this form to KPPA and changes will be effective the month following receipt of the Form 6050.This form is due by__________________ .

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Form 6036
Revised 04/2024

Beneficiary Designation Change

NOTICE: Retired members may be eligible to make changes to their account beneficiary under certain conditions. This form is not valid unless it is completed correctly and received in the retirement office prior to the member's death.

Member Information Please provide your Member ID or Social Security Number in the Member ID box below.

Member Name:	Member ID:

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:	Email:		

Retirement Account Beneficiary Designation: If you have multiple retirement dates, please complete a form for each retirement date.

☐ Kentucky Employees Retirement System (KERS)

☐ County Employees Retirement System (CERS)

☐ State Police Retirement System (SPRS)

Retirement Date:

Please select one of the beneficiary types below by checking the appropriate box and provide the required information.

Retired members receiving a monthly retirement allowance under the Basic, Social Security Adjustment Option without Survivor Rights, or a life with period certain payment option may elect to change his/her beneficiary by filing this form with the retirement office. Please note that making this beneficiary change does not change the payment option selected at retirement. You cannot name yourself as beneficiary.

☐ **Person**

Name:	Social Security Number:		
Date of Birth:	Relationship:	Gender:	
Address:	City:	State:	Zip Code:

☐ **My Estate**

No additional information required.

☐ **Living Trust**

The following information is required to designate a living trust. <u>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</u>. 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.

Name:			
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.

CERTIFICATION AND AUTHORIZATION

If you are eligible and you choose to submit changes using this form, the change made to your account beneficiary is irrevocable.

In lieu of benefits I am currently eligible to receive from the Kentucky Employees Retirement System, County Employees Retirement System and/or State Police Retirement System ("the Systems"), I elect to change my retirement account beneficiary, and to have my monthly retirement payment options recalculated, if applicable. I understand that this election is irrevocable.

Your Signature: ______________________ Member ID: ______________________

Date: ______________________

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Form 6130
Revised
09/2026[~~11/2024~~]

Authorization for Deposit of Retirement Payment

Recipient Information: The recipient is the person who is receiving a monthly benefit from the Kentucky Public Pensions Authority. Please provide your Member ID or Social Security Number in the Recipient ID box below.

Recipient Name:		Recipient ID:	
KPPA will update contact information for your retirement account based on the details provided below.			
Address:	City:	State:	Zip Code:
Phone (select type) ◯ Mobile ◯ Home ◯ Work		Email:	
If you are beneficiary of the account, please provide the member's name and Member ID below.			
Member Name:		Member ID:	

Financial Institution Information: Enter the complete information where you want your retirement check to be deposited.

Financial Institution Name:	Account Type: ◯ Checking ◯ Savings
Depositor Account Number:	Depositor Routing Number:

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

Prior Financial Institution Information: This section <u>must be</u> completed if you are making a change to a new financial institution, account number, or routing number. Enter the complete information where your retirement check currently is deposited.

Financial Institution Name:	Account Type: ◯ Checking ◯ Savings
Depositor Account Number:	Depositor Routing Number:

Authorization for Direct Deposit and International Transactions:

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 benefits for which I was not eligible to receive, civil payments, legal fees, and costs.

I authorize and request the Kentucky Public Pensions authority to directly deposit the net amount of my monthly retirement payment to my account at the financial institution designated above. I have attached to this form the documentation indicated above.

I understand that failure to sign this authorization and provide one of the documents listed above will cause a delay in setting up or changing account information.

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 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 Kentucky Public Pensions Authority in writing immediately if the payment becomes subject to transfer to a foreign bank in the future.

Signature: ______________________________ Date: ____________________

~~Instructions for Completing Form 6130 -- Authorization for Deposit of Retirement Payment~~

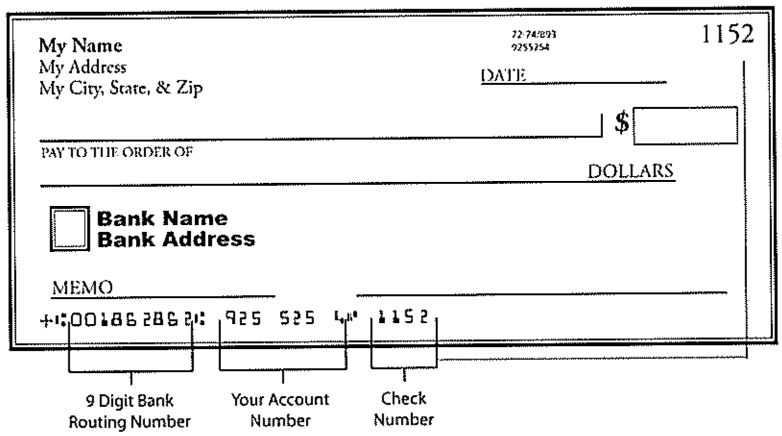
~~You may initiate or update authorization to deposit your retirement allowance directly into your account at a financial institution by either completing this Form 6130, Authorization for Deposit of Retirement Payment, or by designating an account online through Retiree Self Service. The financial institution 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). The North American Clearing House Association (NACHA) regulations require certification to identify any direct deposit payment made where the payment amount is subsequently transferred to a foreign bank account.~~

~~This form is to be used ONLY for the deposit of monthly benefit payments from the Kentucky Public Pensions Authority (KPPA). This form does not authorize withdrawals from your financial institution.~~

~~Please provide the necessary information about the financial institution.~~

- ~~You must sign and date the authorization form.~~
- ~~You are required to provide a VOIDED personalized check or verification from the financial institution for deposit to a checking account.~~
- ~~For deposit to a savings account you must provide a verification from the financial institution.~~
- ~~Your failure to sign and date the authorization form and provide the required documentation will cause a delay in setting up or changing the account information.~~

~~**For your convenience:**~~
~~The sample check shows where to locate the required bank information to complete your Direct Deposit.~~



~~Your monthly benefit payments will be deposited into your indicated account on the 14th unless that day is a weekend or holiday, then it will be deposited into your account on the last business day prior to the 14th. If you are a current recipient of a monthly benefit and request a change to the account number or financial institution to which your monthly benefit is deposited, the completed form must be received at the KPPA office by the 20th of the month prior to the month you wish the change to be effective. If your form is received after the 20th of the month, the next monthly payment will be issued as a paper check mailed to your listed address; and the requested change for the direct deposit will be effective the following month.~~

~~Once the authorization form has been processed by the KPPA, this authorization for deposit may be cancelled for any of the following reasons:~~

1. ~~A new authorization for deposit of retirement payment form is submitted and processed at KPPA. This new Form 6130 will supersede your previous authorization form.~~
2. ~~Your designated account information is updated online through Retiree Self Service.~~
3. ~~The financial institution no longer accepts direct deposit, which requires you to notify KPPA.~~
4. ~~Your financial institution rejects your direct deposit indicating your account is closed. In this case, KPPA will notify you of the cancellation.~~
5. ~~Your monthly benefit no longer covers the cost of your health insurance premium and you must submit payment to our office for your health insurance premium.~~
6. ~~Notice of your death is received at KPPA.~~

~~You may reach the KPPA at (800) 928-4646 or (502) 696-8800 if you have any questions. Written inquiries can be addressed to Kentucky Public Pensions Authority, 1260 Louisville Road, Frankfort, Kentucky 40601. For general information or to obtain additional forms, visit the Kentucky Public Pensions Authority's website: kyret.ky.gov.~~

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Form 6130
Revised 09/2026

Authorization for Deposit of Retirement Payment

Recipient Information: The recipient is the person who is receiving a monthly benefit from the Kentucky Public Pensions Authority. Please provide your Member ID or Social Security Number in the Recipient ID box below.

Recipient Name:		Recipient ID:	
KPPA will update contact information for your retirement account based on the details provided below.			
Address:	City:	State:	Zip Code:
Phone (select type) ○ Mobile ○ Home ○ Work		Email:	
If you are beneficiary of the account, please provide the member's name and Member ID below.			
Member Name:		Member ID:	

Financial Institution Information: Enter the complete information where you want your retirement check to be deposited.

Financial Institution Name:	Account Type: ○ Checking ○ Savings
Depositor Account Number:	Depositor Routing Number:

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	

Prior Financial Institution Information: This section must be completed if you are making a change to a new financial institution, account number, or routing number. Enter the complete information where your retirement check currently is deposited.

Financial Institution Name:	Account Type: ○ Checking ○ Savings
Depositor Account Number:	Depositor Routing Number:

Authorization for Direct Deposit and International Transactions:

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 benefits for which I was not eligible to receive, civil payments, legal fees, and costs.

I authorize and request the Kentucky Public Pensions authority to directly deposit the net amount of my monthly retirement payment to my account at the financial institution designated above. I have attached to this form the documentation indicated above.

I understand that failure to sign this authorization and provide one of the documents listed above will cause a delay in setting up or changing account information.

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 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 Kentucky Public Pensions Authority in writing immediately if the payment becomes subject to transfer to a foreign bank in the future.

Signature: ______________________ Date: ______________

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Form 6135
Revised 04/2024

Request for Payment By Check

Recipient Information

The recipient is the person who is receiving the monthly benefit from the retirement system. Please provide your Member ID or Social Security Number in the Recipient ID box below.

Recipient Name:		Recipient ID:	
KPPA will update contact information for your retirement account based on the details provided below.			
Address:	City:	State:	Zip Code:
Is this a new address? ◯ Yes ◯ No			
Phone (Select Type) ◯ Mobile ◯ Home ◯ Work	Phone Number:	Email Address:	

Reason for Receiving Retirement Allowance by Check

◯ I do not currently have an account with a financial institution. I will contact the retirement office when I have opened an account to which my benefit may be deposited.

◯ My financial institution does not participate in the Electronic Funds Transfer (EFT) program. The following must be completed by your financial institution:

Name of Institution: ______________________ Phone: ______________________

This recipient has an account in our institution, but we do not currently participate in the EFT program.

Authorized Signature of Financial Institution Officer: ______________________ Title: ______________________

Certification

I certify that the information provided 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, I may be liable for repayment of benefits I was not entitled to receive, but also liable for civil payments, legal fees, and costs.

I understand that I must contact the retirement office if the above situation changes so that I may have my retirement allowance electronically transferred to my account. The retirement office may require me to verify the above information.

Signature: ______________________ Date: ______________________

FINANCE AND ADMINISTRATION CABINET

Kentucky Public Pensions Authority

(Amendment)

105 KAR 5:202. Notification of Retirement.

RELATES TO: KRS 16.505 - 16.652, 61.505[~~, 61.610~~] - 61.705, 78.510 - 78.852

STATUTORY AUTHORITY: KRS 61.505

CERTIFICATION STATEMENT: This is to certify that this administrative regulation complies with KRS 13A.150(2) because it does not have a major economic impact.

NECESSITY, FUNCTION, AND CONFORMITY: KRS 61.505(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, and are necessary or proper in order to carry out the provisions of, KRS 16.505 to 16.652, 61.505[~~, 61.510~~] to 61.705, and 78.510 to 78.852. This administrative regulation establishes the use of the Form 6000, Notification of Retirement.

Section 1. Uses.

[~~(1)~~] The Form 6000, Notification of Retirement, shall be used by participants to apply for:

(a) Retirement based on service as established in KRS 16.576, 16.577, 16.583, 61.559, 61.595(2), 61.597(6), 78.5510(2) through (3), 78.5512(6), 78.5514, and 78.5516; or

(b) Disability retirement as established in KRS 16.582, 61.600, 61.621, 61.665, 78.545, 78.5522, and 78.5524.

[~~(2) The Form 6000, Notification of Retirement, shall be used as established by:~~

~~(a) 105 KAR 1:020;~~

~~(b) 105 KAR 5:200;~~

~~(c) 105 KAR 3:210;~~

~~(d) 105 KAR 3:310;~~

~~(e) 105 KAR 5:390; and~~

~~(f) 105 KAR 3:455;~~]

Section 2. Incorporation by Reference.

(1) The Form 6000, "Notification of Retirement", September 2026[~~November 2024~~], is incorporated by reference.

(2) This material may be inspected, copied, or obtained, subject to applicable copyright law, at the Kentucky Public Pensions Authority, 1260 Louisville Road, Frankfort, Kentucky 40601, Monday through Friday, 8 a.m. to 4:30 p.m. This material is also available on the agency's website at https://kyret.ky.gov.

105 KAR 5:202 Notification of Retirement is approved for filing.

____________________ ______________________________

Ryan Barrow, Date
Executive Director
Kentucky Public Pensions Authority

PUBLIC HEARING AND PUBLIC COMMENT PERIOD: A public hearing on this administrative regulation shall be held on Monday, December 21, 2026 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 (5) workdays prior to the hearing of their intent to attend. If no notification of intent to attend the hearing is received by that date, the hearing may be canceled. This hearing is open to the public. Any person who wishes to be heard will be given an opportunity to comment on the proposed administrative regulation. 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 through December 31, 2026 and shall receive the same consideration as verbal comments. 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: Carole J. Catalfo
Policy Specialist
Kentucky Public Pensions Authority
1260 Louisville Road
Frankfort, Kentucky 40601
Phone (502) 696-8679
Fax (502) 696-8615
Email: Legal.Non-Advocacy@kyret.ky.gov

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

105 KAR 5:202
Contact Person: Carole J. Catalfo
Phone: (502) 696-8679
Email: Legal.Non-Advocacy@kyret.ky.gov

Subject Headings:

(1) Provide a brief summary of:

(a) What this administrative regulation does: This administrative regulation establishes the use of Form 6000 which is required to apply for and receive retirement benefits.

(b) The necessity of this administrative regulation: This administrative regulation is necessary to establish the use of Form 6000, "Notification of Retirement", which is required to apply for and receive retirement benefits.

(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, and are necessary or proper in order to carry out the provisions of, KRS 16.505 to 16.652, 61.505 to 61.705, and 78.510 to 78.852. This administrative regulation establishes the use of the Form 6000, Notification of Retirement.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: This administrative regulation assists in the effective administration of the statutes by establishing the use of Form 6000 which is required to apply for and receive retirement benefits.

(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: To comply with SB 85 of the 2026 regular legislative session, this amendment adds "special needs trust" as an optional beneficiary for members to choose on the Form 6000, "Notification of Retirement", which is incorporated by reference. The amendment to this administrative regulation also removes unnecessary citations to specific regulations and accommodates recent recodification and ease of developing or revising related regulations.

(b) The necessity of the amendment to this administrative regulation: The amendment to this administrative regulation is necessary to comply with SB 85 of the 2026 regular legislative session by adding "special needs trust" as an optional beneficiary for members to choose on the Form 6000, to remove unnecessary citations to specific regulations that cite to this administrative regulation, and to accommodate recent recodification and ease of developing or revising related regulations.

(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, and are necessary or proper in order to carry out the provisions of, KRS 16.505 to 16.652, 61.505 to 61.705, and 78.510 to 78.852. This administrative regulation establishes the use of the Form 6000, Notification of Retirement.

(d) How the amendment will assist in the effective administration of the statutes: The amendment to this administrative regulation will assist in the administration of the statutes, and comply with SB 85 of the 2026 regular legislative session, by adding "special needs trust" as an optional beneficiary for members to choose on the Form 6000, by removing unnecessary citations to specific regulations that cite to this administrative regulation, and by accomodating recent recodification and ease of developing or revising related regulations.

(3) Does this administrative regulation or amendment implement legislation from the previous five years? (If yes, provide the year of the legislation and either the bill number or KY Acts chapter number being implemented). Yes, this amendment is to comply with SB 85 of the 2026 regular legislative session.

(4) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: Approximately 433,461 participants in the Kentucky Employees Retirement System, the State Police Retirement System, and the County Employees Retirement System.

(5) Provide an analysis of how the entities identified in question (4) will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:

(a) List the actions that each of the regulated entities identified in question (4) will have to take to comply with this administrative regulation or amendment: The regulated community will be minimally impacted because only those members who wish to choose a special needs trust for their beneficiary will need to check the appropriate box on the amended form and provide certain information to implement their choice.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (4): There will be no additional costs to comply with the amendment.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (4): The regulated community will benefit from the ability to choose a special needs trust as a beneficiary.

(6) Provide an estimate of how much it will cost the administrative body to implement

this administrative regulation:

(a) Initially: There will be no additional costs because the amendment primarily revises a form allowing the selection of a special needs trust as a beneficiary.

(b) On a continuing basis: There will be no additional costs because the amendment primarily revises a form allowing the selection of a special needs trust as a beneficiary.

(7) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation or this amendment: Administrative expenses of the Kentucky Public Pensions Authority are paid from the Retirement Allowance Account (trust and agency funds).

(8) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment: No, an increase in fees or funding will not be necessary.

(9) State whether or not this administrative regulation established any fees or directly or indirectly increased any fees: No, this administrative regulation does not establish any fees or directly or indirectly increase any fees.

(10) TIERING: Is tiering applied? (Explain why or why not) Yes, tiering is applied only to the extent that the processes and procedures to implement a member's choice of beneficiary may require different information.

FISCAL IMPACT STATEMENT

105 KAR 5:202
Contact Person: Carole J. Catalfo
Phone: (502) 696-8679
Email: 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; Senate Bill 85 of the 2026 regular legislative session.

(2) State whether this administrative regulation is expressly authorized by an act of the General Assembly, and if so, identify the act: Yes, Senate Bill 85 of the 2026 regular legislative session.

(3)(a) Identify the promulgating agency and any other affected state units, parts, or divisions: The promulgating agency is the Kentucky Public Pensions Authority. There are no other affected state units, parts, or divisions.

(b) Estimate the following for each affected state unit, part, or division identified in (3)(a):

1. Expenditures:
   For the first year: None.
   For subsequent years: None.
2. Revenues:
   For the first year: None.
   For subsequent years: None.
3. Cost Savings:
   For the first year: None.
   For subsequent years: None.

(4)(a) Identify affected local entities (for example: cities, counties, fire departments, school districts): There are no affected local entities.

(b) Estimate the following for each affected local entity identified in (4)(a):

1. Expenditures:
   For the first year: N/A
   For subsequent years: N/A
2. Revenues:
   For the first year: N/A
   For subsequent years: N/A
3. Cost Savings:
   For the first year: N/A
   For subsequent years: N/A

(5)(a) Identify any affected regulated entities not listed in (3)(a) or (4)(a): There are no additional regulated entities.

(b) Estimate the following for each regulated entity identified in (5)(a):
1. Expenditures:
For the first year: N/A
For subsequent years: N/A
2. Revenues:
For the first year: N/A
For subsequent years: N/A
3. Cost Savings:
For the first year: N/A
For subsequent years: N/A

(6) Provide a narrative to explain the following for each entity identified in (3)(a), (4)(a), and (5)(a):

(a) Fiscal impact of this administrative regulation: This administrative regulation has minimal fiscal impact because the amendment primarily revises a form to allow members to choose a special needs trust as a beneficiary to comply with SB 85 of the 2026 regular legislative session.

(b) Methodology and resources used to determine the fiscal impact: The agency analyzed costs and procedures for beneficiary selection and implementation.

(7) Explain, as it relates to the entities identified in (3)(a), (4)(a), and (5)(a):

(a) Whether this administrative regulation will have a "major economic impact", as defined by KRS 13A.010(13): No, this administrative regulation will not have a major economic impact as defined by KRS 13A.010(13).

(b) The methodology and resources used to reach this conclusion: The agency analyzed costs and procedures for beneficiary selection and implementation.

SUMMARY OF CHANGES TO MATERIALS INCORPORATED BY REFERENCE

Form 6000, Notification of Retirement, September 2026, is the ten (10) page form members use to provide notice to the agency of their retirement and provide certain information regarding retirement type, beneficiaries, payments, etc.

Changes to the previous form include:

Removing four (4) pages of guidance/instructions.

Page 1:

Revision date changed to 9/2026

Pages 2 and 3:

"Living trust" field amended to include Living Trust, Special Needs Trust, and Testamentary Trust as beneficiary options.

"Trust Tax ID" field replaced with "Trust Tax EIN or special needs trust beneficiary Social Security Number"

"Date of Trust" eliminated.

"Trustee Contact Information" includes the statement: "Our office will contact the trustee listed below following your death".

"Testamentary Trust" field eliminated and replaced with "If the trust is a special needs trust:" with fields for the Trust's beneficiary and the beneficiary's birthdate.

Page 5:

Removed the federal W-4P form.

KENTUCKY PUBLIC PENSIONS AUTHORITY
1260 Louisville Road • Frankfort, KY 40601
Phone: (502) 696-8800 • Fax: (502) 696-8822 • kyret.ky.gov

Revised 11/2024

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 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:

- State Issued Driver's License or State Issued ID
- Birth Certificate
- U.S. Passport
- Military Discharge
- Immigration and Naturalization Records
- Age record of the Social Security Administration

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. 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 a Partial Lump Sum or a 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.

KENTUCKY PUBLIC PENSIONS AUTHORITY
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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.

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.

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 **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 (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 $ ______

~~**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~~ $ ______

4 ~~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~~ $ ______

KENTUCKY PUBLIC PENSIONS AUTHORITY
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Form 6000
Revised 9/2026 ~~04/2024~~

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:

KPPA will update contact information for your retirement account based on the details provided below.

Address:	City:	State:	Zip Code:
Personal Email Address:		Phone:	
Date of Birth:	Sex: ☐ Male ☐ 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:

- State Issued Driver's License or State Issued ID
- Marriage Certificate
- Court Order
- U.S. Passport
- Immigration and/or Naturalization Documents
- Social Security Card

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

Check the appropriate box or boxes to indicate the types of retirement and retirement systems from which you intend to retire. (Check all that apply). If applying for normal or early retirement, you may not submit this form more than 6 months prior to your retirement date. You must terminate employment to be eligible for early or normal retirement benefits.

Disability Retirement applicants must complete Section I.

☐ **NORMAL OR EARLY RETIREMENT** ☐ **DISABILITY RETIREMENT**

☐ **Kentucky Employees Retirement System - KERS** (state employees, health departments, universities)

☐ **County Employees Retirement System - CERS** (city, county, local governments, classified employees of boards of education)

☐ **State Police Retirement System - SPRS** (full-time officers of Kentucky State Police)

Other State Administered Retirement Systems

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.

☐ **Teachers' Retirement System - (certified employees of boards of education)**

☐ **Legislators' Retirement Plan - LRP (State Senators and Representatives)**

☐ **Judicial Retirement Plan - JRP (Judges)**

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:

☐ **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:		◯ Male	◯ Female
Relationship:	☐ Check this box if this person is also your legal spouse.		
Address:	City:	State:	Zip Code:

☐ **My Estate** No additional information required.

☐ ~~**Living**~~ **Trust (select one): Living Trust Special Needs Trust Testamentary Trust (no additional information or trust document is required)** 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~~ EIN or special needs trust beneficiary Social Security Number	

Trustee Contact Information: Our office will contact the Trustee listed below following your death.

Trustee ~~or Successor Trustee~~ Contact Information: Our office will contact the trustee listed below following your death.

~~Trustee~~ Name:	~~Successor Trustee (if applicable)~~ Phone:		
Address:	City:	State:	Zip Code:

If the trust is a special needs trust, submit a copy of the trust beneficiary's birth verification with this form with your Member ID written on it and complete the section below.

Trust's Beneficiary:	Beneficiary's Date of Birth:

☐ ~~**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:

☐ **Person** You may only name one person as your death benefit beneficiary.

Name:		Social Security Number:	
Date of Birth:	Relationship:		◯Male ◯Female
Address:	City:	State:	Zip Code:

☐ **My Estate** No additional information required.

☐ **~~Living~~ Trust (select one): Living Trust Special Needs Trust Testamentary Trust (no additional information or trust document is required)** 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~~ EIN or special needs trust beneficiary Social Security Number	

Trustee Contact Information: Our office will contact the Trustee listed below following your death.

Trustee ~~or Successor Trustee~~ Contact Information: Our office will contact the trustee listed below following your death.

~~Trustee~~ Name:	~~Successor Trustee (if applicable)~~ Phone:		
Address:	City:	State:	Zip Code:

If the trust is a special needs trust, submit a copy of the trust beneficiary's birth verification with this form with your Member ID written on it and complete the section below.

Trust's Beneficiary:	Beneficiary's Date of Birth:

☐ ~~**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.

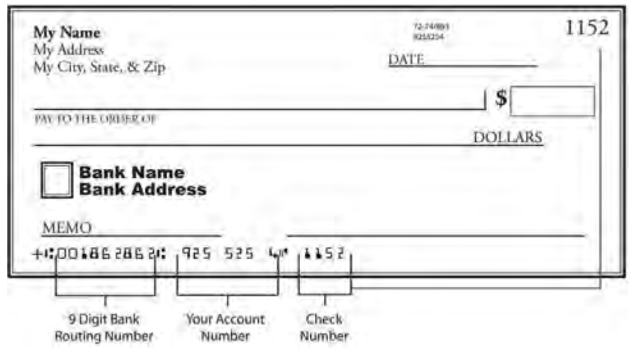
Financial Institution Name:

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**

Department of the Treasury
Internal Revenue Service

Withholding Certificate for Pension or Annuity Payments

OMB No. 1545-0074

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.

Step 3: Claim Dependent and Other Credits

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 . . . 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. This may include interest, taxable social security, and dividends 4(a) $ ______

(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 (KPPA) in order to include future salary, service and sick and compensatory leave balances in your estimated retirement allowance. Section H must be submitted no later than 30 days prior to the effective retirement date. If you are currently employed by more than one participating employer, each employer should complete a copy of Section H. If Section H is not submitted by the prescribed deadline, the KPPA will **exclude** all leave balances, future service and salary 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? ◯ Yes ◯ No

If yes above, select the type of sick leave plan: ◯ Standard ◯ Alternate

Does the above member work an average of 21 days per month? ◯ Yes ◯ 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 H *Continued* - Employer Certification of Leave Balances and Final Salary

Employer Name:	Employer Code:
Member Name:	Member ID:

Note to Employer:

KPPA will provide calculations to the member based upon the information you certify below. Due to the reporting process there may be a delay from the time you report it to the time it is available for use in the calculation. For this reason we ask that you verify the actual earned wages for the three months prior to the date you are completing this certification and each month thereafter through member's anticipated date of termination.

Employer's Report of Final Salary

You may select from the following payment reasons:
Regular Pay, Regular Pay with Additional Creditable

Posting Month	Payment Reason	Salary

Employer Certification

I certify that the leave balances and estimated final salary information provided above is accurate based upon our agency's records. I state that I have full knowledge of the penalty in KRS 523.100 related to falsification of records and that the information provided is true and accurate.

Printed Name of Agency Official: ______________________________

Title: ______________________________ Agency Phone Number: ____________________

Signature of Agency Official: ______________________________ Date: ____________________

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:

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

Form 6000
Revised 09/2026

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:
KPPA will update contact information for your retirement account based on the details provided below.			
Address:	City:	State:	Zip Code:
Personal Email Address:			Phone:
Date of Birth:	Sex: ☐ Male ☐ 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:

- State Issued Driver's License or State Issued ID
- Marriage Certificate
- Court Order
- U.S. Passport
- Immigration and/or Naturalization Documents
- Social Security Card

You must provide a termination date and retirement date below.

Termination Date: ________________ ____ _________
Month Day Year

Retirement Date: ________________ 1, _________
Month Year

(YOUR TERMINATION DATE MUST BE PRIOR TO YOUR RETIREMENT DATE.)

(YOUR RETIREMENT DATE MUST BE THE FIRST DAY OF THE MONTH.)

Section B - Type of Retirement and Retirement Systems

Check the appropriate box or boxes to indicate the types of retirement and retirement systems from which you intend to retire. (Check all that apply). If applying for normal or early retirement, you may not submit this form more than 6 months prior to your retirement date. You must terminate employment to be eligible for early or normal retirement benefits.

Disability Retirement applicants must complete Section I.

☐ **NORMAL OR EARLY RETIREMENT** ☐ **DISABILITY RETIREMENT**

☐ **Kentucky Employees Retirement System - KERS** (state employees, health departments, universities)

☐ **County Employees Retirement System - CERS** (city, county, local governments, classified employees of boards of education)

☐ **State Police Retirement System - SPRS** (full-time officers of Kentucky State Police)

Other State Administered Retirement Systems

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.

- [ ] **Teachers' Retirement System - (certified employees of boards of education)**
- [ ] **Legislators' Retirement Plan - LRP (State Senators and Representatives)**
- [ ] **Judicial Retirement Plan - JRP (Judges)**

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:

☐ **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:		◯ Male	◯ Female
Relationship:	☐ Check this box if this person is also your legal spouse.		
Address:	City:	State:	Zip Code:

☐ **My Estate** No additional information required.

☐ **Trust** **(select one):** ☐ **Living Trust** ☐ **Special Needs Trust** ☐ **Testamentary Trust (no additional information or trust document is required)**

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 EIN or special needs trust beneficiary Social Security Number :

Trustee Contact Information: Our office will contact the trustee listed below following your death.

Name:		Phone:	
Address:	City:	State:	Zip Code:

If the trust is a special needs trust, submit a copy of the trust beneficiary's birth verification with this form with your Member ID written on it and complete the section below.

Trust's Beneficiary:	Beneficiary's Date of Birth:

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:

☐ **Person** You may only name one person as your death benefit beneficiary.

Name:		Social Security Number:	
Date of Birth:	Relationship:	◯Male ◯Female	
Address:	City:	State:	Zip Code:

☐ **My Estate** No additional information required.

☐ **Trust (select one):** ☐ **Living Trust** ☐ **Special Needs Trust** ☐ **Testamentary Trust (no additional information or trust document is required)**

The following information is required to designate a living trust. <u>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</u>. A charitable organization or a religious charity cannot be named as beneficiary unless it is a trust.

Name of Trust:	Trust Tax EIN or special needs trust beneficiary Social Security Number :		
Trustee Contact Information: Our office will contact the trustee listed below following your death.			
Name:	Phone:		
Address:	City:	State:	Zip Code:
If the trust is a special needs trust:			
Trust's Beneficiary:	Beneficiary's Date of Birth:		

☐ **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.

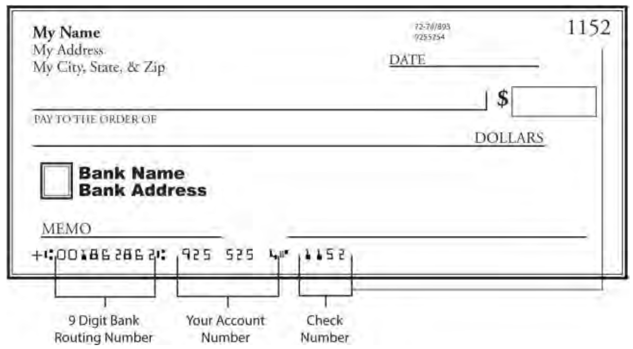
Financial Institution Name:

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 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 eturn 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 (KPPA) in order to include future salary, service and sick and compensatory leave balances in your estimated retirement allowance. Section H must be submitted no later than 30 days prior to the effective retirement date. If you are currently employed by more than one participating employer, each employer should complete a copy of Section H. If Section H is not submitted by the prescribed deadline, the KPPA will **exclude** all leave balances, future service and salary 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? ◯ Yes ◯ No

If yes above, select the type of sick leave plan: ◯ Standard ◯ Alternate

Does the above member work an average of 21 days per month? ◯ Yes ◯ 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

lowing page. You must complete the Employer Certification at the end of Section H.

Section H *Continued* - Employer Certification of Leave Balances and Final Salary

Employer Name:	Employer Code:
Member Name:	Member ID:

Note to Employer:

KPPA will provide calculations to the member based upon the information you certify below. Due to the reporting process there may be a delay from the time you report it to the time it is available for use in the calculation. For this reason we ask that you verify the actual earned wages for the three months prior to the date you are completing this certification and each month thereafter through member's anticipated date of termination.

Employer's Report of Final Salary

You may select from the following payment reasons:
Regular Pay, Regular Pay with Additional Creditable

Posting Month	**Payment Reason**	**Salary**

Employer Certification

I certify that the leave balances and estimated final salary information provided above is accurate based upon our agency's records. I state that I have full knowledge of the penalty in KRS 523.100 related to falsification of records and that the information provided is true and accurate.

Printed Name of Agency Official: ______________________________

Title: ______________________________ Agency Phone Number: ______________

Signature of Agency Official: ______________________________ Date: ______________

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:

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: ____________________

FINANCE AND ADMINISTRATION CABINET

Kentucky Public Pensions Authority

(Amendment)

105 KAR 5:390. Employment after retirement.

RELATES TO: KRS 15.420(2)(a), 16.010, 16.505, 61.505, 61.510, 61.565, 61.590, 61.637, 61.675, 61.702, 70.291 - 70.293, 78.510, 78.545, 78.5540, 78.625, 78.635, 95.022, 158.441, 164.952, 26 U.S.C. 401(a), 26 C.F.R. 1.401-1, 1.401(a)-1

STATUTORY AUTHORITY: KRS 61.505(1)(g), 61.590, 61.637(18), 78.5540(5)

CERTIFICATION STATEMENT: This is to certify that this administrative regulation complies with KRS 13A.150(2) because it does not have a major economic impact.

NECESSITY, FUNCTION, AND CONFORMITY: KRS 61.505(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. KRS 61.637(18) and 78.5540(5) require[~~requires~~] the Kentucky Public Pensions Authority to promulgate administrative regulations to implement[~~the requirements of~~] KRS 61.637 and 78.5540. This administrative regulation concerns the administration of KRS 61.637 and 78.5540 in conjunction with federal law regarding bona fide separation from service and changes in employment relationship if a retired member returns to employment with a participating employer in a retirement system operated by the Kentucky Public Pensions Authority. 26 C.F.R. 1.401-1(a)(2) requires that a qualified plan expressly provide in its plan documents how it shall administer its plan in accordance with federal law in order to maintain the tax qualified status of the plan. This administrative regulation is necessary to maintain the tax qualified status of the Kentucky Employees Retirement System, the County Employees Retirement System, and the State Police Retirement System under 26 U.S.C. 401(a), and to comply with the provisions established in 26 C.F.R. 1.401-1(b)(1)(i) and 1.401(a)-1.

Section 1. Definitions. The definitions established in this section apply only for the purposes of this administrative regulation.

(1) "Bona fide separation from service" means:

(a) A cessation of the employment relationship between the member and the member's employer; and

(b) There is no prearranged agreement.

(2) "Employee" means a retired member who is performing services for any[~~an~~] employer participating in the Kentucky Employees Retirement System, the County Employees Retirement System, or the State Police Retirement System in a manner that demonstrates an employment relationship under the common law factors used by the Internal Revenue Service (IRS) established in Section 4(3)(d)1. of this administrative regulation.

(3)[~~"Non-participating position" means any position of employment with a participating employer other than a regular full-time position or a regular full-time officer position.~~

~~(4) "Participating position" means a regular full-time position or a regular full-time officer position.~~

~~(5)~~] "Prearranged agreement" means a verbal or written, explicit or implicit agreement:

(a) That occurred prior to the retired member's effective retirement date;

(b) Between the retired member and:

1. His[~~his~~] or her former employer regarding any position with the former employer; or

2. Any participating employer other than a former employer regarding a regular full-time position; and

(c) That[~~for~~] the retired member would[~~to~~] reemploy[~~with the employer~~] within twelve (12) months after the retired member's effective retirement date[~~; and~~

~~(b) That occurred prior to the retired member's effective retirement date.~~

~~(6) "Retirement date" means the member's effective retirement date as described in KRS 61.590(5) and 78.545(4)~~].

(4) “Statutory officer” means:

(a) An elected officer or appointed board member other than a regular full-time employee who receives no compensation for services other than a per diem not to exceed five hundred dollars ($500) per month and reimbursement of actual expenses; or

(b) A precinct election officer appointed pursuant to KRS 117.045.

Section 2. Form 6000 Certification.

(1) In order to retire with the systems, an eligible member shall complete and file a valid Form 6000, Notification of Retirement, incorporated by reference in 105 KAR 5:202, which shall comply with the requirements of KRS 61.590, KRS 78.545, and 105 KAR 1:200.

(2) The agency shall not process a Form 6000[~~, Notification of Retirement,~~] until the member certifies on the Form 6000 that there is no prearranged agreement for reemployment with any[~~a~~] participating employer after the member's retirement date.

Section 3. Employment After Retirement.

(1) A retired member who is reemployed with a participating employer in any position,

including participating positions and non-participating positions, shall have a:

(a) Bona[~~A bona~~] fide separation from service as defined in Section 1 of this administrative regulation; and

(b) Break[~~A break~~] in service as provided in subsection (3) of this section.

(2) (a)[~~A retired member who is reemployed with a participating employer in any position, including participating positions and non-participating positions shall not have a prearranged agreement.~~

~~(b)~~] An elected official who is reelected and takes office in the same elected position that[~~as~~] he or she held prior to retirement within twelve (12) months after his or her effective retirement date shall be deemed to have a prearranged agreement.

(b) A candidate for an elected office who retires between the date of the regular or special election at which he or she is the successful candidate and the beginning of the term of office to which he or she has been elected shall be deemed to have a prearranged agreement.

(3) "Break in service" as provided in this section shall require that:

(a) For effective retirement dates prior to January 1, 2024:

1. A member who retired from a hazardous position shall have a one (1) month break in service before returning to work with any participating employer in a regular full-time hazardous participating position.

2. Except as provided in subparagraph 1. of this paragraph, a member who retired from a hazardous or nonhazardous position shall have a three (3) month break in service before returning to work with any participating employer in a participating or nonparticipating position.

(b) For effective retirement dates beginning January 1, 2024, a member who retired from a hazardous or nonhazardous position shall have a one (1) month break in service before returning to work with any participating employer in a participating or nonparticipating position.

(4) A[~~If a~~] retired member who seeks reemployment with a participating employer within twelve (12) months of his or her retirement date shall have on file prior to the beginning of his or her reemployment[~~, then the following shall be filed~~]:

(a) A valid Form 6751, Employer Certification Regarding Reemployment, completed by the participating employer, which shall certify that there was no prearranged agreement;

(b) A valid Form 6754, Member Reemployment Certification, completed by the retired member; and

(c) Any other information requested by the agency from the participating employer and the retired member pursuant to KRS 61.637(8) and 78.5540(2)(a).

(d) If a retired member or his or her employer fail to submit information requested by the agency or valid forms required by this administrative regulation within thirty (30) days of an agency request or notice that a form is invalid, the agency shall notify the retired member that the member's request was not approved without prejudice to the retired member's ability to resubmit a valid request for approval of the reemployment.

(5) (a) The agency shall issue a final determination to the retired member no later than thirty (30) calendar days after receipt of all required forms and additional requested information.

(b) If the agency determines that the retired member failed to comply with any of the requirements of this section or federal law, the retired member's retirement shall be voided and he or she shall repay all retirement allowances, dependent child payments, and hospital and medical insurance plan premiums paid by the systems.

Section 4. Independent Contractors and Leased Employees.

(1) A[~~If a~~] retired member who seeks to provide services to a participating employer as

an independent contractor, under a professional services contract, or as a leased employee within twelve (12) months of the retired member's retirement date shall have on file[~~, then the following shall be filed~~]:

(a) A valid Form 6752, Employer Certification of Independent Contractor/Leased Employee, completed by the participating employer;

(b) A valid Form 6754, Member Reemployment Certification, completed by the retired member;

(c) A complete copy of any contract under which services are provided by the retired member to the participating employer; and

(d) Any other information requested by the agency from the participating employer and the retired member pursuant to KRS 61.637(9) and 78.5540(2)(b).

(2) The agency shall apply common law factors used by the Internal Revenue Service (IRS), in accordance with IRS Publication 1779, Independent Contractor or Employee and Revenue Ruling 87-41, established in Section 4(3)(d)1. of this administrative regulation, to determine whether a retired member is an employee or an independent contractor of the participating employer[~~or an independent contractor of the participating employer~~]. The agency may also consider rules issued by the United States Department of Labor for determining whether a worker is an employee or an independent contractor under federal wage and hour law.

(3) (a) The agency shall issue a final determination to the retired member no later than thirty (30) calendar days after receiving[~~receipt of~~] all required forms and requested information.

(b) If the agency determines that the retired member is an employee of the participating employer and not[~~, rather than~~] an independent contractor or leased employee through a leasing company, staffing agency, or other entity:

1. The retired member shall comply with[~~be subject to the provisions of~~] Section 3 of this administrative regulation and shall have a "bona fide separation from service" and "break in service"; and

2. The employer shall:

a. Report the retired member as required by KRS 61.675, 78.625, and 105 KAR 4:140;

b. Pay employer contributions for the retired member as established in[~~specified by~~] KRS 61.565, 61.702, and 78.635; and

c. Reimburse the systems for the cost of hospital and medical insurance plan premiums paid by the systems for the retired member.

(c) If the agency determines that the retired member is an independent contractor or leased employee through a leasing company, staffing agency, or other entity, the retired member shall[~~still~~] be required to observe a break in[~~bona fide separation from~~] service to the extent required by federal law if the change in the employment relationship is merely superficial in nature.

(d) To determine whether the change in the employment relationship is superficial, the agency shall consider:

1. The common law factors established in federal Revenue Ruling 87-41 to determine if a person is an independent contractor or leased employee, including the extent to which the employer maintains any behavioral or financial control, and the actual change to the relationship of the parties;

2. Any change in duties between the retired member’s last employed position and the proposed duties as a contractor or leased employee, including the extent to which the employee continued providing services to the participating employer; and

3. The relationship between the participating employer and the leasing company, staffing agency , or other entity.

Section 5. Volunteers.

(1) A[~~If a~~] retired member who seeks to volunteer with a participating employer within twelve (12) months of the retired member's retirement date shall have on file[~~, then the following shall be filed~~]:

(a) A valid Form 6753, Employer Certification of Volunteer, completed by the participating employer;

(b) A valid Form 6754, Member Reemployment Certification, completed by the retired member; and

(c) Any other information requested by the agency from the participating employer and retired member pursuant to KRS 61.637(8) and 78.5540(2)(a).

(2) (a) The agency shall issue a final determination to the retired member no later than thirty (30) calendar days after receipt of all required forms and requested information.

(b) If the agency[~~Agency~~] determines that the retired member is an employee of the participating employer, rather than a volunteer:

1. The retired member shall comply with[~~be subject to the provisions of~~] Section 3 of this administrative regulation and shall have a "bona fide separation from service" and "break in service"; and

2. The employer shall:

a. Report the retired member as required by KRS 61.675, 78.625, and 105 KAR 4:140;

b. Pay employer contributions for the retired member as specified by KRS 61.565, 61.702, and 78.635; and

c. Reimburse the systems for the cost of hospital and medical insurance plan premiums paid by the systems for the retired member.

(c) If the agency determines that the retired member is a volunteer, the retired member shall[~~may still~~] be required to observe a break in[~~bona fide separation from~~] service to the extent required by federal law if, prior to the member's retirement date, the retired member:

1. Received creditable compensation from the employer;

2. Received any reimbursement or nominal fee from the employer that was credited as creditable compensation to the member's account; or

3. Purchased or received service credit for service from the participating employer for which the retired member is performing volunteer services.

(3) The agency shall determine the need for a statutory officer to have a bona fide separation from his or her position as a statutory officer or the ability to work as a statutory officer following retirement pursuant to the criteria established in this section unless the retired member elects to be deemed an employee for the purposes of this administrative regulation.

Section 6. Hospital and Medical Insurance Plan Premium Reimbursements for Retired Members Reemployed by Multiple Participating Employers.

(1) This section shall only apply to a retired member who is reemployed by a participating employer on or after September 1, 2008 in accordance with KRS 61.637(17) and 78.5540(4).

(2) If a retired member is reemployed by multiple participating employers in a month in two (2) or more regular full-time positions, one (1) regular full-time position and one (1) or more part-time positions pursuant to KRS 61.680(6) and 78.545, or multiple part-time positions pursuant to KRS 61.680(6) and 78.545, each[~~, then~~]:

[~~(a) Each~~] participating employer shall reimburse[~~be responsible for reimbursing~~] the systems for a portion of the hospital and medical insurance plan premium paid by the systems to provide coverage for the retired member for that month[~~; and~~

~~(b) The portion shall be~~] equal to the cost of the premium divided by the number of participating employers that are not exempt from reimbursement of hospital and medical insurance plan premiums.

(3) Participating employers that are exempt from reimbursement of hospital and medical insurance plan premiums pursuant to[~~under~~] Section 7 of this administrative regulation, or[~~by virtue of being~~] a school board employing the retired member for eighty (80) calendar days or less during the fiscal year, shall not be[~~are not~~] responsible for hospital and medical insurance plan premiums under this section.

Section 7. Exemption for Payment of[~~Of~~] Employer Contributions and Reimbursement of Hospital and Medical Insurance Plan Premiums for Retired Members Reemployed as Police Officers and School Resource Officers.

(1) This section shall only apply to a retired member who is reemployed by a participating employer on or after September 1, 2008 in accordance with KRS 61.637(17) and 78.5540(4).

(2) A participating employer shall be exempt from paying employer contributions and from reimbursing the systems for the cost of hospital and medical insurance plan premiums for a retired member reemployed in the positions established in this section if the applicable valid form and supporting documentation established in subsections 4 through of this section are:

(a) On file prior to the start of the retired member's term of employment, the employer exemption shall be for a term of appointment of no more than one (1) year; or

(b) Not on file prior to the start of the retired member's term of employment, the employer exemption shall be effective in the month after the applicable valid form and supporting documentation are on file.

(3) A participating employer shall not be exempt from paying employer contributions and reimbursement of hospital and medical insurance plan premiums if the forms established in subsection 4 of this section are not on file with the agency.

(4) The employer shall file valid forms established in this section for a:

(a) Police officer pursuant to KRS 70.921 to 70.293:

1. Form 6770, Certification and Appointment of Retired Law Enforcement Officer, for initial appointment; and

2. Form 6774, Recertification of Retired Law Enforcement Officer, for each subsequent term of reappointment.

(b) School resource officer pursuant to KRS 158.441, Form 6755, Appointment of Retired School Resource Officer.

(c) Kentucky State Police school resource officer pursuant to KRS 158.441, Form 6767, Appointment of Retired Postsecondary Institution or School Resource Officer.

(d) Police officer employed by a postsecondary institution pursuant to KRS 164.952, Form 6767.

(e) Police officer pursuant to KRS 95.022:

1. Form 6770 for initial appointment; and

2. Form 6774, for each subsequent term of reappointment.

Section 8. Ceased Employers.

(1) Employees of a voluntarily ceased employer shall comply with 105 KAR 4:145,

Sections 8 and 9.

(2) Employees of an involuntarily ceased employer shall comply with 105 KAR 4:147.

[~~(2) (a) A participating employer shall be exempt from paying employer contributions and from reimbursing the systems for the cost of the hospital and medical insurance plan premiums paid by the systems for a retired member reemployed as a police officer pursuant to KRS 70.291 to 70.293 for a term of appointment of no more than one (1) year if a valid Form 6760, County Police or Sheriff Appointment of Retired Police Officer, and the supporting documentation required by the Form 6760 are on file prior to the start of the retired member's term of appointment.~~

~~(b) If a valid Form 6760, County Police or Sheriff Appointment of Retired Police Officer, and the supporting documentation required by the Form 6760 are not on file prior to the start of the retired member's term of appointment as a police officer pursuant to KRS 70.291 to 70.293, then the participating employer shall be exempt from paying employer contributions and reimbursements of hospital and medical insurance plan premiums for a retired member reemployed as a police officer pursuant to KRS 70.291 to 70.293 effective in the month after a valid Form 6760 and supporting documentation are on file.~~

~~(3) (a) For each subsequent term of reappointment after the initial term of appointment listed on the valid Form 6760, County Police or Sheriff Appointment of Retired Police Officer, described in subsection (1) of this section, the participating employer shall be exempt from paying employer contributions and from reimbursing the systems for the cost of the hospital and medical insurance plan premiums paid by the systems for a retired member reemployed as a police officer pursuant to KRS 70.291 to 70.293 for a term of reappointment of no more than one (1) year if a valid Form 6764, Recertification of Retired Police Officer, is on file prior to the start~~

~~of the retired member's term of reappointment.~~

~~(b) If a valid Form 6764, Recertification of Retired Police Officer, is not on file prior to the start of the retired member's term of reappointment as a police officer pursuant to KRS 70.291 to 70.293, then the participating employer shall be exempt from paying employer contributions and reimbursements of hospital and medical insurance plan premiums for a retired member reemployed as a police officer pursuant to KRS 70.291 to 70.293 effective in the month after a valid Form 6764 and supporting documentation are on file.~~

~~(4) (a) A participating employer shall be exempt from paying employer contributions and from reimbursing the systems for the cost of the hospital and medical insurance plan premiums paid by the systems to provide coverage for a retired member reemployed as a school resource officer pursuant to KRS 158.441 for a term of appointment of no more than one (1) year if a valid Form 6766, Appointment of Retired School Resource Officer, and the supporting documentation required by the Form 6766 are on file prior to the start of the retired member's term of appointment.~~

~~(b) If a valid Form 6766, Appointment of Retired School Resource Officer, and the supporting documentation required by the Form 6766 are not on file prior to the start of the retired member's term of appointment, then the participating employer shall be exempt from paying employer contributions and reimbursements of hospital and medical insurance plan premiums for a retired member reemployed as a school resource officer pursuant to KRS 158.441 effective in the month after a valid Form 6766 and supporting documentation are on file.~~

~~(5) (a) A participating employer shall be exempt from paying employer contributions and from reimbursing the systems for the cost of the hospital and medical insurance plan premiums paid by the systems for a retired member reemployed as a Kentucky State Police school resource~~

~~officer pursuant to KRS 158.441 for a term of appointment of no more than one (1) year if a valid Form 6767, Appointment of Kentucky State Police School Resource Officer, and the supporting documentation required by the Form 6767 are on file prior to the start of the retired member's term of appointment.~~

~~(b) If a valid Form 6767, Appointment of Kentucky State Police School Resource Officer, and the supporting documentation required by the Form 6767 are not on file prior to the start of the retired member's term of appointment, then the participating employer shall be exempt from paying employer contributions and reimbursements of hospital and medical insurance plan premiums for a retired member reemployed as a Kentucky State Police school resource officer pursuant to KRS 158.441 effective in the month after a valid Form 6767 and supporting documentation are on file.~~

~~(6) (a) A participating employer shall be exempt from paying employer contributions and from reimbursing the systems for the cost of the hospital and medical insurance plan premiums paid by the systems for a retired member reemployed as a police officer by a postsecondary institution pursuant to KRS 164.952 for a term of appointment of no more than one (1) year if a valid Form 6768, Postsecondary Institution Appointment of Retired Police Officer, and the supporting documentation required by the Form 6768 are on file prior to the start of the retired member's term of appointment.~~

~~(b) If a valid Form 6768, Postsecondary Institution Appointment of Retired Police Officer, and the supporting documentation required by the Form 6768 are not on file prior to the start of the retired member's term of appointment, then the participating employer shall be exempt from paying employer contributions and reimbursements of hospital and medical insurance plan premiums for a retired member reemployed as a police officer by a postsecondary~~

~~institution pursuant to KRS 164.952 in the month after a valid Form 6768 and supporting documentation are on file.~~

~~(7) A participating employer shall not be eligible for exemption from payment of employer contributions or from reimbursing the systems for the costs of hospital and medical insurance plan premiums for any retired members reemployed as a police officer pursuant to KRS 95.022 unless a valid Form 6769, Certification of Employed Police Officers Calendar Year 2015, is on file.~~

~~(8) (a) A participating employer with a valid Form 6769, Certification of Employed Police Officers Calendar Year 2015, on file shall be exempt from paying employer contributions and from reimbursing the systems for the costs of hospital and medical insurance plan premiums for a retired member reemployed as a police officer pursuant to KRS 95.022 for a term of appointment of no more than one (1) year if a valid Form 6770, City Appointment of Retired Police Officer, and the supporting documentation required by the Form 6770 are on file prior to the start of the retired member's term of appointment.~~

~~(b) If a valid Form 6770, City Appointment of Retired Police Officer, and the supporting documentation required by the Form 6770 are not on file prior to the start of the retired member's term of appointment, then the participating employer with a valid Form 6769, Certification of Employed Police Officers Calendar Year 2015, on file shall be exempt from paying employer contributions and reimbursements of hospital and medical insurance plan premiums for a retired member reemployed as a police officer pursuant to KRS 95.022 effective in the month after a valid Form 6770 and supporting documentation are on file.~~

~~(9) (a) For each subsequent term of reappointment after the initial term of appointment listed on the valid Form 6770, City Appointment of Retired Police Officer, described in~~

~~subsection (7) of this section, the participating employer with a valid Form 6769, Certification of Employed Police Officers Calendar Year 2015, on file shall be exempt from paying employer contributions and hospital and medical insurance plan premiums paid by the systems for a retired member reemployed as a police officer pursuant to KRS 95.022 for a term of reappointment of no more than one (1) year if a valid Form 6774, City Recertification of Retired Police Officer, is on file prior to the start of the retired member's term of reappointment.~~

~~(b) If a valid Form 6774, City Recertification of Retired Police Officer, is not on file prior to the start of the retired member's term of reappointment, then the participating employer shall be exempt from paying employer contributions and reimbursements of hospital and medical insurance plan premiums for retired member reemployed as a police officer pursuant to KRS 95.022 in the month after a valid Form 6774 is on file.~~

~~(10) If the appropriate form as required by this section is not on file, then the employer shall not be exempt from paying employer contributions and reimbursement of hospital and medical insurance plan premiums.~~]

Section 9. Exemptions. Reemployment pursuant to KRS 61.637 or 71.5540 shall not apply, and agency preapproval shall not be required, if a retired member:

(1) Who has had a break in service as established in Section 3 of this administrative regulation is deposed or otherwise provides testimony relating to the retired member’s prior employment and accepts compensation for his or her time and reimbursement of expenses for testimony and preparation; or

(2) Is employed during the retired member’s break in service established in Section 3 of this administrative regulation by a business entity that has a contract with a participating employer, if:

a. The retired member has no ownership interest in the business entity;

b. Less than fifty percent (50%) of the retired member’s working time will be spent providing services for participating employers; and

c. The business entity was not created by and does not share ownership or management with a participating employer; or

(3) Is employed by an individual who is receiving Social Security Act, Section 1915(c) Medicaid waiver services through a participant-directed services program administered by the Cabinet for Health and Family Services.

Section 10[~~8~~]. Incorporation by Reference.

(1) The following material is incorporated by reference:

(a) [~~Form 6000, "Notification of Retirement", June 2023;~~]

[~~(b)~~] Form 6751, "Employer Certification Regarding Reemployment", December 2023;

(b)[~~(c)~~] Form 6752, "Employer Certification of Independent Contractor/Leased Employee", September 2026[~~December 2023~~];

(c)[~~(d)~~] Form 6753, "Employer Certification of Volunteer", December 2023;

(d)[~~(e)~~] Form 6754, "Member Reemployment Certification", December 2023;

[~~(f) Form 6760, "County Police or Sheriff Appointment of Retired Police Officer", December 2023;~~

~~(g) Form 6764, "Recertification of Retired Police Officer", December 2023;~~

~~(h) Form 6766, "Appointment of Retired School Resource Officer", December 2023~~];

(e)[~~(i)~~] Form 6767, "Appointment of Retired Postsecondary Institution or[~~Kentucky State Police~~] School Resource Officer", September 2026[~~December 2023~~;

[~~(j) Form 6768, "Postsecondary Institution Appointment of Retired Police Officer",~~

~~December 2023;~~

~~(k) Form 6769, "Certification of Employed Police Officers Calendar Year 2015", December 2023~~];

(f)[~~(l)~~] Form 6770, "Certification and[~~City~~] Appointment of Retired Law Enforcement[~~Police~~] Officer", September 2026[~~December 2023~~];

(g)[~~(m)~~] Form 6774, "[~~City~~] Recertification of Retired Law Enforcement[~~Police~~] Officer", September 2026;[~~December 2023; and~~]

(h)[~~(n)~~] Internal Revenue Service Publication 1779, "Independent Contractor or Employee", March 2023; and

(i) Internal Revenue Service Ruling 87-41, January 1987.

(2) This material may be inspected, copied, or obtained, subject to applicable copyright law, at the Kentucky Public Pensions Authority, 1260 Louisville Road, Frankfort, Kentucky 40601, Monday through Friday, from 8:00 a.m. to 4:30 p.m. This material is also available on the agency’s website[~~Authority's Web site~~] at kyret.ky.gov.

(3) Internal Revenue Service Publication 1779, “Independent Contractor or Employee”, March 2023, is also available at https://www.irs.gov/pub/irs-pdf/p1779.pdf.

(4) Internal Revenue Service Ruling 87-41, January 1987, is also available at https://bradfordtaxinstitute.com/Endnotes/Rev_Rul_87-41.pdf.

105 KAR 5:390 Employment after retirement is approved for filing.

______________________ _________________________________

Ryan Barrow, Date

Executive Director

Kentucky Public Pensions Authority

PUBLIC HEARING AND PUBLIC COMMENT PERIOD: A public hearing on this administrative regulation shall be held on December 21, 2026 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 (5) workdays prior to the hearing of their intent to attend. If no notification of intent to attend the hearing is received by that date, the hearing may be canceled. This hearing is open to the public. Any person who wishes to be heard will be given an opportunity to comment on the proposed administrative regulation. 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 through December 31, 2026 and shall receive the same consideration as verbal comments. 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: Carole J. Catalfo
Policy Specialist
Kentucky Public Pensions Authority
1260 Louisville Road
Frankfort, Kentucky 40601
Phone (502) 696-8679
Fax (502) 696-8615
Email: Legal.Non-Advocacy@kyret.ky.gov

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

105 KAR 5:390
Contact Person: Carole J. Catalfo
Phone: (502) 696-8679
Email: Legal.Non-Advocacy@kyret.ky.gov

Subject Headings:

(1) Provide a brief summary of:

(a) What this administrative regulation does: This administrative regulation administers KRS 61.637 and 78.5540 in conjunction with federal law by establishing criteria, requirements, and procedures for bona fide separation from service and changes in employment relationship if a retired member returns to employment with a participating employer in a retirement system operated by the Kentucky Public Pensions Authority.

(b) The necessity of this administrative regulation: This administrative regulation is necessary to administer KRS 61.637 and 78.5540 in conjunction with federal law by establishing criteria, requirements, and procedures for bona fide separation from service and changes in employment relationship if a retired member returns to employment with a participating employer in a retirement system operated by the Kentucky Public Pensions Authority. This regulation is also necessary to maintain the tax qualified status of plans administered by KPPA pursuant to federal law.

(c) How this administrative regulation conforms to the content of the authorizing statutes: KRS 61.637(18) and 78.5540(5) require the Kentucky Public Pensions Authority to promulgate administrative regulations to implement KRS 61.637 and 78.5540. This administrative regulation administers KRS 61.637 and 78.5540 in conjunction with federal law by establishing criteria, requirements, and procedures for bona fide separation from service and changes in employment relationship if a retired member returns to employment with a participating employer in a retirement system operated by the Kentucky Public Pensions Authority. 26 C.F.R. 1.401-1(a)(2) requires that a qualified plan expressly provide documents addressing how it shall administer its plan in accordance with federal law in order to maintain the tax qualified status of the plan. This administrative regulation is necessary to maintain the tax qualified status of the Kentucky Employees Retirement System, the County Employees Retirement System, and the State Police Retirement System under 26 U.S.C. 401(a), and to comply with the provisions established in 26 C.F.R. 1.401-1(b)(1)(i) and 1.401(a)-1.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: This administrative regulation assists in the effective administration of KRS 61.637 and 78.5540 in conjunction with federal law by establishing criteria, requirements, and procedures for bona fide separation from service and changes in employment relationship if a retired member returns to employment with a participating employer in a retirement system operated by the Kentucky Public Pensions Authority, and maintaining the tax qualified status of the Kentucky Employees Retirement System, the County Employees Retirement System, and the State Police Retirement System under 26 U.S.C. 401(a), and complying with the provisions established in 26 C.F.R. 1.401-1(b)(1)(i) and 1.401(a)-1.

(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:

(a) How the amendment will change this existing administrative regulation: The amendment to this administrative regulation refines definitions for "employee" and "prearranged agreement"; adds a definition for "statutory officer"; includes statutory language regarding prearranged agreements for elected officials and candidates for office; clarifies deadlines for information submission and that failing to submit valid forms or agency requests for information will not prejudice a member's ability to resubmit a valid request for approval of reemployment; added a section establishing employer exemptions from paying employer contributions; adds ceased employer procedures; establishes employment relationships to which the administrative regulation will not apply; streamlines and revises language to comply with drafting requirements; and condenses materials incorporated by reference to eliminate five related forms.

(b) The necessity of the amendment to this administrative regulation: The amendment to this administrative regulation is necessary to clarify definitions, incorporate statutory language regarding elected officials and candidates for office, clarify deadlines for information submission and criteria the agency will consider in determining independent contractor, leased employee, and volunteer status, clarify employer exemptions from employer contributions, establish employment relationships to which the administrative regulation will not apply, streamline and revise language to comply with drafting requirements, and condense materials incorporated by reference to eliminate five related forms.

(c) How this administrative regulation conforms to the content of the authorizing statutes: KRS 61.637(18) and 78.5540(5) require the Kentucky Public Pensions Authority to promulgate administrative regulations to implement KRS 61.637 and 78.5540. This administrative regulation administers KRS 61.637 and 78.5540 in conjunction with federal law by establishing criteria, requirements, and procedures for bona fide separation from service and changes in employment relationship if a retired member returns to employment with a participating employer in a retirement system operated by the Kentucky Public Pensions Authority. 26 C.F.R. 1.401-1(a)(2) requires that a qualified plan expressly provide in its plan documents how it shall administer its plan in accordance with federal law in order to maintain the tax qualified status of the plan. This administrative regulation is necessary to maintain the tax qualified status of the Kentucky Employees Retirement System, the County Employees Retirement System, and the State Police Retirement System under 26 U.S.C. 401(a), and to comply with the provisions established in 26 C.F.R. 1.401-1(b)(1)(i) and 1.401(a)-1.

(d) How the amendment will assist in the effective administration of the statutes: The amendment to this administrative regulation will assist in the effective administration of the statutes by clarifying definitions, incorporating statutory language regarding elected officials and candidates for office, clarifying deadlines for information submission and criteria the agency will consider in determining independent contractor, leased employee, and volunteer status, clarifying employer exemptions from employer contributions, establishing employment relationships to which the administrative regulation will not apply, streamlining and revising language to comply with drafting requirements, and condensing materials incorporated by reference by eliminating five related forms.

(3) Does this administrative regulation or amendment implement legislation from the previous five years? (If yes, provide the year of the legislation and either the bill number or KY Acts chapter number being implemented). Yes.

KRS 61.592 - Amended 2024 Ky. Acts ch. 55, sec. 12, effective July 15, 2024; ch. 165, sec. 13, effective July 15, 2024; and ch. 214, sec. 1, effective July 15, 2024. -- Amended 2023 Ky. Acts ch. 71, sec. 2, effective January 1, 2024. -- Amended 2022 Ky. Acts ch. 56, sec. 1, effective July 14, 2022; and ch. 216, sec. 11, effective April 14, 2022.

KRS 78.5540 - Amended 2024 Ky. Acts ch. 55, sec. 24, effective July 15, 2024; ch. 165, sec. 14, effective July 15, 2024; and ch. 214, sec. 2, effective July 15, 2024. -- Amended 2023 Ky. Acts ch. 71, sec. 3, effective January 1, 2024. -- Amended 2022 Ky. Acts ch. 56, sec. 2, effective July 14, 2022; and ch. 216, sec. 24, effective April 14, 2022.

(4) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: Of approximately 444,293 participants in the Kentucky Employees Retirement System, the State Police Retirement System, and the County Employees Retirement System, this administrative regulation affects only those who reemploy with a participating employer after they retire.

(5) Provide an analysis of how the entities identified in question (4) will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:

(a) List the actions that each of the regulated entities identified in question (4) will have to take to comply with this administrative regulation or amendment: The regulated community will be minimally impacted because the administrative regulation is already being implemented as written.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (4): There will be no additional costs to comply with the amendment because it is already being implemented as written.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (4): The regulated community will benefit from clarified definitions and deadlines for information submission and criteria the agency will consider in determining independent contractor, leased employee, and volunteer status, clarified employment relationships to which the administrative regulation will not apply, and fewer forms required for information submission.

(6) Provide an estimate of how much it will cost the administrative body to implement

this administrative regulation:

(a) Initially: There will be no additional costs because the regulation is already being implemented as written.

(b) On a continuing basis: There will be no additional costs because the regulation is already being implemented as written.

(7) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation or this amendment: Administrative expenses of the Kentucky Public Pensions Authority are paid from the Retirement Allowance Account (trust and agency funds).

(8) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment: No, an increase in fees or funding will not be necessary.

(9) State whether or not this administrative regulation established any fees or directly or indirectly increased any fees: No, this administrative regulation does not establish any fees or directly or indirectly increase any fees.

(10) TIERING: Is tiering applied? (Explain why or why not) Yes, tiering is applied to the extent that retirement from hazardous and non-hazardous positions, and particularly law enforcement positions, may require different forms and procedures when reemploying with a participating employer as required by the governing statutes.

FISCAL IMPACT STATEMENT

105 KAR 5:390
Contact Person: Carole J. Catalfo
Phone: (502) 696-8679
Email: 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), 61.590, 61.637(18), 78.5540(5).

(2) State whether this administrative regulation is expressly authorized by an act of the General Assembly, and if so, identify the act: KRS 61.637(18) and 78.5540(5).

(3)(a) Identify the promulgating agency and any other affected state units, parts, or divisions: The promulgating agency is the Kentucky Public Pensions Authority. There are no other affected state units, parts, or divisions.

(b) Estimate the following for each affected state unit, part, or division identified in (3)(a):
1. Expenditures:
For the first year: None.
For subsequent years: None.
2. Revenues:
For the first year: None.
For subsequent years: None.
3. Cost Savings:
For the first year: None.
For subsequent years: None.

(4)(a) Identify affected local entities (for example: cities, counties, fire departments, school districts): There are no affected local entities.

(b) Estimate the following for each affected local entity identified in (4)(a):
1. Expenditures:
For the first year: N/A
For subsequent years: N/A
2. Revenues:
For the first year: N/A
For subsequent years: N/A
3. Cost Savings:
For the first year: N/A
For subsequent years: N/A

(5)(a) Identify any affected regulated entities not listed in (3)(a) or (4)(a): There are no additional regulated entities.

(b) Estimate the following for each regulated entity identified in (5)(a):

1. Expenditures:
   For the first year: N/A
   For subsequent years: N/A
2. Revenues:
   For the first year: N/A
   For subsequent years: N/A
3. Cost Savings:
   For the first year: N/A
   For subsequent years: N/A

(6) Provide a narrative to explain the following for each entity identified in (3)(a), (4)(a), and (5)(a):

(a) Fiscal impact of this administrative regulation: This administrative regulation has minimal fiscal impact. It is being implemented as written.

(b) Methodology and resources used to determine the fiscal impact: The agency analyzed costs and procedures for collecting information and determining whether reemployment of a retired member complies with statutory and regulatory requirements.

(7) Explain, as it relates to the entities identified in (3)(a), (4)(a), and (5)(a):

(a) Whether this administrative regulation will have a "major economic impact", as defined by KRS 13A.010(13): No, this administrative regulation will not have a major economic impact as defined by KRS 13A.010(13).

(b) The methodology and resources used to reach this conclusion: The agency analyzed costs and procedures for collecting information and determining whether reemployment of a retired member complies with statutory and regulatory requirements.

FEDERAL MANDATE ANALYSIS COMPARISON

105 KAR 5:390
Contact Person: Carole J. Catalfo
Phone: (502) 696-8679
Email: Legal.Non-Advocacy@kyret.ky.gov

1. Federal statute or regulation constituting the federal mandate. 26 U.S.C. 401(a), 26 C.F.R. 1.401-1, 1.401(a)-1

2. State compliance standards. KRS 61.637, 78.5540.

3. Minimum or uniform standards contained in the federal mandate. 26 U.S.C. 401(a), and 26 C.F.R. 1.401-1 and 1.401(a)-1 establishes the requirements for pensions, profit-sharing, and stock bonus plans to qualify for certain tax-exempt benefits.

4.Will this administrative regulation impose stricter requirements, or additional or different responsibilities or requirements than those required by the federal mandate? No, this administrative regulation does not impose stricter requirements, or additional or different responsibilities or requirements than the federal mandate.

5. Justification for the imposition of the stricter standard, or additional or different responsibilities or requirements. This administrative regulation does not impose stricter requirements, or additional or different responsibilities or requirements than the federal mandate.

SUMMARY OF MATERIALS INCORPORATED BY REFERENCE

Form 6751, “Employer Certification Regarding Reemployment”, December 2023, is the one-page form employers use to certify the reemployment status of a reemployed retired member.

Form 6753, “Employer Certification of Volunteer”, December 2023, is the one-page form employers use to certify the volunteer status of a reemployed retired member.

Form 6754, “Member Reemployment Certification”, December 2023, is the one-page form retired members use to certify their reemployment status.

Internal Revenue Service Publication 1779, “Independent Contractor or Employee”, March 2023, is the two-page document used to determine whether behavioral or financial control, or the relationship of the parties, indicates that a reemployed employee is an independent contractor or employee.

Internal Revenue Service Ruling 87-41, January 1987, is the nine-page document that establishes twenty (20) common law factors used to determine whether a reemployed employee is an independent contractor or employee.

SUMMARY OF CHANGES TO MATERIALS INCORPORATED BY REFERENCE

Form 6752, “Employer Certification of Independent Contractor / Leased Employee”, September 2026, is the one-page form used by employers to certify the independent contractor or leased employee status of a retired member.

Changes to the previous form include:

In the “Participating Employer Inquiry” section, adding a checkbox for “Neither IRS Form” if the employer is not going to issue an IRS Form W-2 or 1099.

Form 6767, “Appointment of Retired Postsecondary Institution or School Resource Officer”, September 2026, is the two-page form that a school district or college/university uses to notify the KPPA of the appointment of a retired state police or school resource officer to work at their facility.

Changes to the previous form include:

Combining previous Forms 6766, “Appointment of Retired School Resource Officer” and 6768 “Postsecondary Institution Appointment of Retired Police Officer, with the previous Form 6767 “Appointment of Kentucky State Police School Resource Officer”, to streamline the reemployment process.

Page 1: Changed title of form

Member Information:

Changed “Employer” to “Reemploying Employer”

Added a Yes/No checkbox question: “Did the member retire as a police officer as defined by KRS 164.950 – 164.980”?

Appointment Information:

Added a Yes/No checkbox question for whether this is an Initial Appointment

Employer Certification:

Added language to clarify the position of the person completing the form

Condensed question 2 regarding the retired members eligibility into 3 subsections and renumbered remaining questions

Clarified question 3 and revised question 4 to include language regarding payment of contributions

Form 6770, “Certification and Appointment of Retired Law Enforcement Officer, September 2026, is the one-page form cities and counties use to notify the KPPA of the appointment of a retired police officer.

Changes to the previous form include:

Combining previous Form 6760, “County Police or Sherriff Appointment of Retired Police Officer”, Form 6769, “Certification of Employed Police Officers Calendar Year 2015”, and Form 6770, “City Appointment of Retired Police Officer”, to streamline the reemployment process.

Changed title of form

Changed “Reemploying City” to “Reemploying Employer” in Member Information field

Employer Certification

Added language to clarify the position of the person completing the form

Replaced the requirement for notarized certification regarding pending administrative charges to a verified statement in question 3.

Added question 5 regarding the number of retired officers a City is reemploying and acknowledgement that KRS 95.022 establishes those limits

Clarified question 6 to include language regarding payment of contributions

KENTUCKY PUBLIC PENSIONS AUTHORITY
1260 Louisville Road • Frankfort, KY 40601
Phone: (502) 696-8800 • Fax: (502) 696-8822 • kyret.ky.gov

Form 6751
Revised 12/2023

Employer Certification Regarding Reemployment

Member Information	
Reemploying Employer:	Employer Code:
Member Name:	Member ID:
Start date:	

My name is: ______________________________. I am the agency head, appointing authority, or authorized designee for the participating employer. I have made a personal inquiry and confirm that this participating employer: (check one)

☐ **DID NOT** have any type of prearranged agreement, whether written or verbal, with the above-named retired member to return to work in any capacity following the member's initial retirement date.

☐ **DID** have a prearranged agreement, whether written or verbal, with the above-named retired member to return to work in some capacity following the member's initial retirement date.

Employer Acknowledgement and Certification (signature, job title, and date required)

I acknowledge that:

- If my agency reemploys a Kentucky Public Pensions Authority's retired member within twelve (12) months of the member's initial retirement date, my agency is required by law to submit the required form and any additional requested information to confirm the retired member's employment status.
- If my agency fails to certify the reemployment status of the retired member or provide any additional information requested by Kentucky Public Pensions Authority, the retired member's retirement benefits shall be voided and the retired member required to repay all retirement allowances, dependent child payments, and health plan premiums paid by Kentucky Public Pensions Authority.
- If my agency employs a retired member prior to the member's required months of break in service pursuant to KRS 61.637(17) and 78.5540, benefits shall be voided, and the retired member shall be required to repay all retirement allowances, dependent child payments, and health plan premiums paid by Kentucky Public Pensions Authority.

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: ____________________ Job Title: ____________________ Date: __________

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Form 6752
Revised 092026

Employer Certification of Independent Contractor / Leased Employee

Member Information

Reemploying Employer:	Employer Code:
Member Name:	Member ID:
Start date:	

Printed full name of the **agency head, appointing authority or authorized designee** of the employer participating in the Kentucky Public Pensions Authority completing this form:

Participating Employer Inquiry (must provide a response to all questions)

As the agency head, appointing authority or authorized designee of the employer, I have conducted an inquiry and confirm the following:

The above referenced member will be providing services as: ☐ An Independent Contractor ☐ A Leased Employee

The participating employer will issue the member an: ☐ IRS Form W2 ☐ IRS Form 1099-MISC ☐ Neither IRS Form

The participating employer previously employed the member as: ☐ An Employee ☐ Independent Contractor ☐ A Leased Employee ☐ None

YES	NO	
☐	☐	A third party or staffing company is responsible for paying the member's salary or wages for services provided to the participating employer.
☐	☐	Both the participating employer and the member will retain the right to voluntarily terminate the work relationship without liability or penalty.

YES	NO	The Participating Employer:
☐	☐	Is responsible for FICA taxes or reimbursement of FICA taxes for the member.
☐	☐	Issued a Request for Proposal (RFP) to the general public soliciting the services now to be provided by the member.
☐	☐	Will require the member to comply with their instructions related to when, where, and how services are to be provided.
☐	☐	Will require the member to adhere to established work schedules and agency hours of operation.
☐	☐	Will provide the member with training, which may include attending meetings and working with experienced employees of the participating employer.
☐	☐	Will require the member to provide services on-site with access and usage of the participating employer's tools and equipment.
☐	☐	Will require the member to provide regular written or oral progress / completion reports related to the services provided.
☐	☐	Will require the member to work full-time.
☐	☐	Will pay the member a flat fee for all services provided.
☐	☐	Will pay the member a salary or hourly wage for a specified duration of time for services provided.
☐	☐	Will reimburse the member for any business or travel expenses incurred while performing services.
☐	☐	Will permit the member to provide similar services to other participating employers, business entities, or the general public at the same time the member is providing services for the participating employer.
☐	☐	Will allow the member to subcontract other persons on behalf of the member to provide services for the participating employer.
☐	☐	Will permit the member to hire and supervise employees for the participating employer in the performance of those services.

Participating Employer Supporting Documentation (Must select and provide at least one)

Indicate which of the following **REQUIRED** documents pertaining to the member's employment relationship with the participating employer are attached to this Form 6752: (check all applicable)

- ☐ A complete copy of the labor contract entered into between the participating employer and member.
- ☐ A complete copy of the labor contract entered into between the participating employer and a third party or staffing service related to the member's reemployment with the participating employer.
- ☐ A complete copy of the Request for Proposal (RFP) for the solicitation of services that are to be provided by the member and responses submitted.
- ☐ Other (please specify): ______________________________

Participating Employer 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.

Signature: ______________________ Job Title: ______________________ Date: __________

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Form 6752
Revised
09/2026[~~12/2023~~]

Employer Certification of Independent Contractor / Leased Employee

Member Information

Reemploying Employer:	Employer Code:
Member Name:	Member ID:
Start date:	

Printed full name of the **agency head, appointing authority or authorized designee** of the employer participating in the Kentucky Public Pensions Authority completing this form:

Participating Employer Inquiry (must provide a response to all questions)

As the agency head, appointing authority or authorized designee of the employer, I have conducted an inquiry and confirm the following:

The above referenced member will be providing services as: ☐ An Independent Contractor ☐ A Leased Employee

The participating employer will issue the member an: ☐ IRS Form W2 ☐ IRS Form 1099-MISC ☐ Neither IRS Form

The participating employer previously employed the member as: ☐ An Employee ☐ Independent Contractor ☐ A Leased Employee ☐ None

YES	NO	
☐	☐	A third party or staffing company is responsible for paying the member's salary or wages for services provided to the participating employer.
☐	☐	Both the participating employer and the member will retain the right to voluntarily terminate the work relationship without liability or penalty.

YES	NO	**The Participating Employer:**
☐	☐	Is responsible for FICA taxes or reimbursement of FICA taxes for the member.
☐	☐	Issued a Request for Proposal (RFP) to the general public soliciting the services now to be provided by the member.
☐	☐	Will require the member to comply with their instructions related to when, where, and how services are to be provided.
☐	☐	Will require the member to adhere to established work schedules and agency hours of operation.
☐	☐	Will provide the member with training, which may include attending meetings and working with experienced employees of the participating employer.
☐	☐	Will require the member to provide services on-site with access and usage of the participating employer's tools and equipment.
☐	☐	Will require the member to provide regular written or oral progress / completion reports related to the services provided.
☐	☐	Will require the member to work full-time.
☐	☐	Will pay the member a flat fee for all services provided.
☐	☐	Will pay the member a salary or hourly wage for a specified duration of time for services provided.
☐	☐	Will reimburse the member for any business or travel expenses incurred while performing services.
☐	☐	Will permit the member to provide similar services to other participating employers, business entities, or the general public at the same time the member is providing services for the participating employer.
☐	☐	Will allow the member to subcontract other persons on behalf of the member to provide services for the participating employer.
☐	☐	Will permit the member to hire and supervise employees for the participating employer in the performance of those services.

Participating Employer Supporting Documentation (Must select and provide at least one)

Indicate which of the following **REQUIRED** documents pertaining to the member's employment relationship with the participating employer are attached to this Form 6752: (check all applicable)

- ☐ A complete copy of the labor contract entered into between the participating employer and member.
- ☐ A complete copy of the labor contract entered into between the participating employer and a third party or staffing service related to the member's reemployment with the participating employer.
- ☐ A complete copy of the Request for Proposal (RFP) for the solicitation of services that are to be provided by the member and responses submitted.
- ☐ Other (please specify): ______________________________

Participating Employer 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.

Signature: ______________________ Job Title: ______________________ Date: __________

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Form 6753
12/2023

Employer Certification of Volunteer

Member Information	
Reemploying Employer:	Employer Code:
Member Name:	Member ID:
Volunteer start date:	

My name is: ________________________________ . I am the agency head, appointing authority, or authorized designee of the employer participating in the Kentucky Public Pensions Authority, where the above referenced member will be volunteering as (please describe the job title and principal volunteer duties below and attach additional pages if needed):

____

____

____

____

Participating Employer Inquiry

As the agency head, appointing authority or authorized designee of the participating employer, I have conducted an inquiry and confirm the following:

- The member ☐ **was** ☐ **was not** previously employed by the participating employer.
- The member ☐ **did** ☐ **did not** previously receive creditable compensation from the participating employer.
- The member ☐ **did** ☐ **did not** previously earn retirement service credit from the participating employer.
- The member ☐ **is** ☐ **is not** volunteering for the participating employer freely and without pressure or coercion.
- The member ☐ **will** ☐ **will not** receive compensation for volunteering for the participating employer.
- The member ☐ **will** ☐ **will not** receive reimbursement from the participating employer for actual expenses incurred while volunteering.
- The member ☐ **will** ☐ **will not** receive a nominal fee in the amount of $ _________ for volunteer services performed for the participating employer.

Participating Employer 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 any 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, and civil payments, legal fees, and costs.

gnature: ____________________ Job Title: ____________________ Date: __________

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Form 6754
Revised 12/2023

Member Reemployment Certification

Member Information Please provide your Member ID or Social Security number in the Member ID box below.

Member Name:	Member ID:

Pursuant to 105 KAR 1:390, any retired member who desires to reemploy as an employee, independent contractor, leased employee, or volunteer with a participating employer of Kentucky Public Pensions Authority within twelve (12) calendar months of the retired member's initial retirement date must disclose that information.

A retired member reemploying twelve (12) calendar months or more after the retired member's initial retirement date is not required to submit this Form.

1. Participating employer's full name: ______________________________

2. Job title:

3. Anticipated start date (mm/dd/yyyy): ______________________________

4. Check whether the position is:

   ☐ Full-time or ☐ Part-time

5. Check whether you are Medicare eligible:

   ☐ Yes ☐ No

6. Check the space below identifying the type of position:

   ☐ Employee ☐ Independent Contractor ☐ Leased Employee ☐ Volunteer

If you are an independent contractor or leased employee, you can include a copy of your work contract .

Member Certification (signature and date required)

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, that I (personally) may be liable for restitution of the benefits for which I was not eligible to receive, civil payments, legal fees, and costs.

Signature: ______________________________ Date: ______________________________

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Form 6767
Revised
09/2026 ~~03/2024~~

Appointment of Retired Postsecondary Institution or ~~Kentucky State Police~~ School Resource Officer

IMPORTANT NOTICE: This form is to identify a current/retired Kentucky State Police officer, CVE R Class, or Trooper R class employed by a school district in the capacity of a Kentucky State Police School Resource Officer (KSPSRO) in accordance with KRS 158.441, or a retired police officer employed by a postsecondary institution pursuant to KRS 164.952. Please attach a copy of the member's KSPSRO employment contract.

Member Information			
Member Name:		Member ID:	
~~Employer Name~~: Reemploying Employer		Employer Code:	
Did the Member retire as a police officer pursuant to KRS 164.950-164.980?		Yes	No

Appointment Information			
Date of the Appointment:			
Initial Appointment	Yes	No	
Term of Appointment (Postsecondary appointment cannot exceed one year):____________			

Employer Certification

Pursuant to Penalty of Perjury, I certify that the following statements are true:

~~1. My name is ____ and I hold the position of ____ for the school district listed above.~~

~~2. The member identified above possesses sworn law enforcement authority and has specialized training in school-based policing and crisis response including all training required of a school resource officer.~~

~~3. The member identified above is a Kentucky State Police officer, CVE R Class, or Trooper R class, as identified in KRS 16.010, and will be employed by the school district as a KSPSRO. Any salary or wages paid to the member for services as a KSPSRO shall be excluded from creditable compensation pursuant to KRS 16.505(8)(c), 61.510(13)(c), and 78.510(13)(c).~~

~~4. The return to employment for the member identified above is consistent with KRS 61.637 and 78.5540 and, if reemploying within twelve (12) months of retirement, the member has received a response from Kentucky Public Pensions Authority authorizing this return to employment.~~

~~5. I acknowledge that Kentucky Public Pensions Authority shall administer the member's employment in the capacity of a KSPSRO upon submission of this properly completed form and a copy of the member's employment contract entered into pursuant to the KSPSRO program.~~

1. My name is (print name clearly) _____________________. I hold the position of __________________ and I am the agency head or authorized designee of the participating employer where the member identified above will be employed.

2. The member identified above (circle one)
   a. Is a sworn law enforcement or special law enforcement officer appointed pursuant to KRS 61.902 who has specialized training to work with youth at a school site and will be employed as a school resource officer as defined by KRS 158.441.

b. Possesses sworn law enforcement authority and has specialized training in school-based policing and crisis response, including all training required of a school resource officer; is a Kentucky State Police officer (CVE or Trooper R class) pursuant to KRS 16.010; and will be employed by the school district as a KSPSRO. Any salary or wages paid for KSPSRO services shall be excluded from creditable compensation pursuant to KRS 16.505(8)(c), KRS 61.510(13)(c), and KRS 78.510(13)(c).
c. Participated in the Kentucky Law Enforcement Foundation program and I have provided a certificate of participation from the KY Department of Criminal Justice Training, retired as a commissioned officer pursuant to KRS Chapter 16, or retired as a police officer from a postsecondary institution.

3. Reemployment of the member identified above is consistent with KRS 61.637 and 78.5540 and, if reemploying within twelve (12) months of retirement, the member has received authorization from KPPA to return to employment.

4. I acknowledge that KPPA shall administer the member's reemployment pursuant to KRS 61.637 and 78.5540 including requiring this entity to pay any retirement contributions owed until the first month following submission of all proper documentation.

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, I and 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: ______________________________ Date: ______________________

Title: ______________________________

KENTUCKY PUBLIC PENSIONS AUTHORITY
1260 Louisville Road• Frankfort, KY 40601
Phone: (502) 696-8800 • Fax: (502) 696-8822 • kyret.ky.gov

Form 6770
Revised 6/2026[~~12/2023~~]

Certification and[~~City~~] Appointment of Retired Law Enforcement[~~Police~~] Officer

~~IMPORTANT NOTICE: The appointing employer will be Invoiced unless this form is fully completed, all supporting~~ documentation is submitted along with this form, and a response to a properly submitted Form 6751 has been Issued by the Kentucky Public Pensions Authority.

Member Information

Member Name:	Member ID:
Reemploying Employer[~~City~~]:	Employer Code:
Did the member retire as a police officer as defined by KRS 70.291? 0 Yes O No	
Initial Appointment: 0 Yes O No Date of the Appointment: _ _ _ _ _ _ _ _ _ _ _ _ _ _ _ _ _	
Term of Appointment (cannot exceed one year) : ________	

Employer Certification

Pursuant to Penalty of Perjury, I certify that the following statements are true:

1. My name is (Print name)______________________ and I am the Chief of Police/Sherriff for ~~the city of~~ (Name of City or County)______________________ ,which will be employing the member identified above;

2. The member identified above participated in the Kentucky Law Enforcement Foundation program and I have provided a certification of participation from the Kentucky Department of Criminal Justice Training, which administers the program;

3. I have verified ~~confirmed~~ the member identified above retired on ________________ from ________________, with no administrative charges pending ~~and I have attached a notarized statement from the agency listed above certifying that there were no pending administrative chargesat the time of the member's retirement~~;

4. The return to employment for the member identified above is consistent with KRS 61.637 and 78.5540 and the member has received a response from Kentucky Public Pensions Authority approving this return to employment following the submission of Form 6751; ~~and~~

5. For City employers only: The City employed an average of ___ police officers in the previous calendar year and, including this officer, the City is currently employing ___ retired police officers pursuant to KRS 95.022. I understand that KRS 95.022 limits the number of retired officers a city may employ.

6. I acknowledge that if I fail to submit this Form prior to the beginning of the member's term of appointment that Kentucky Public Pensions Authority shall administer the member's reemployment pursuant to KRS 61.637 and 78.5540 including requiring this entity to pay any retirement contributions owed until the first month following submission of the proper documentation.

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, I and 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: ______________________ Date: ______________________

KENTUCKY PUBLIC PENSIONS AUTHORITY
1260 Louisville Road• Frankfort, KY 40601
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Form 6770
Revised 6/2026

Certification and Appointment of Retired Law Enforcement Officer

IMPORTANT NOTICE: The appointing employer will be Invoiced unless this form is fully completed, all supporting documentation is submitted along with this form, and a response to a properly submitted Form 6751 has been Issued by the Kentucky Public Pensions Authority.

Member Information

Member Name:	Member ID:
Reemploying Employer:	Employer Code:

Did the member retire as a police officer as defined by KRS 70.291? O Yes O No

Initial Appointment: O Yes O No Date of the Appointment: _ _ _ _ _ _ _ _ _ _ _ _ _ _ _ _ _ _ _

Term of Appointment (cannot exceed one year) : ____________________

Employer Certification

Pursuant to Penalty of Perjury, I certify that the following statements are true:

1. My name is (print name) ______________________ and I am the Chief of Police/Sherriff for (Name of City or County) ______________________,which will be employing the member identified above;

2. The member identified above participated in the Kentucky Law Enforcement Foundation program and I have provided a certification of participation from the Kentucky Department of Criminal Justice Training, which administers the program;

3. I have verified the member identified above retired on ______________ from ______________, with no administrative charges pending;

4. The return to employment for the member identified above is consistent with KRS 61.637 and 78.5540 and the member has received a response from Kentucky Public Pensions Authority approving this return to employment following the submission of Form 6751;

5. For City employers only: The City employed an average of ____ police officers in the previous calendar year and including this officer, the City is currently employing ___ retired police officers pursuant to KRS 95.022. I understand that KRS 95.022 limits the number of retired officers a city may employ; and

6. I acknowledge that if I fail to submit this Form prior to the beginning of the member's term of appointment that Kentucky Public Pensions Authority shall administer the member's reemployment pursuant to KRS 61.637 and 78.5540 including requiring this entity to pay any retirement contributions owed until the first month following submission of the proper documentation.

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, I and the employer I represent may be liable for restitution of the benefits for which the member was not eligible to receive, civil payments, legal fees, and costs.

Signature: ________________________________ Date: ______________

KENTUCKY PUBLIC PENSIONS AUTHORITY
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Phone: (502) 696-8800 • Fax: (502) 696-8822 • kyret.ky.gov

Form 6774
9/2026[~~12/2023~~]

~~City~~ Recertification of Retired Law Enforcement[~~Police~~] Officer

IMPORTANT NOTICE: The appointing employer will be invoiced unless this form is fully completed.

Member Information

Member Name:	Member ID:
Reemploying Employer[~~City~~]:	Employer Code:
Was the member previously approved for reemployment pursuant to KRS 70.291 - 70.293 or 164.950 – 164.980?	0 Yes O No
Term of Appointment (cannot exceed one year): Begin Date:	End Date:

Employer Certification

Pursuant to Penalty of Perjury, I certify that the following statements are true:

My name is ______________________________________ and I am the Chief of Police for the city of ______________________________ and I have reappointed the member identified above for the term identified above.

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: ______________________________ Date: ______________

____

Title:

KENTUCKY PUBLIC PENSIONS AUTHORITY
1260 Louisville Road • Frankfort, KY 40601
Phone: (502) 696-8800 • Fax: (502) 696-8822 • kyret.ky.gov

Form 6774
9/2026

Recertification of Retired Law Enforcement Officer

IMPORTANT NOTICE: The appointing employer will be invoiced unless this form is fully completed.

Member Information

Member Name:	Member ID:
Reemploying Employer:	Employer Code:
Was the member previously approved for reemployment pursuant to KRS 70.291 - 70.293 or 164.950 – 164.980?	0 Yes O No
Term of Appointment (cannot exceed one year): Begin Date:	End Date:

Employer Certification

Pursuant to Penalty of Perjury, I certify that the following statements are true:

My name is ______________________________and I am the Chief of Police for the city of ______________________________ and I have reappointed the member identified above for the term identified above.

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: ______________________________ Date:______________________________

____

Title:

IRS Tax Publications

If you are not sure whether you are an employee or an independent contractor, get Form SS-8, Determination of Worker Status for Purposes of Federal Employment Taxes and Income Tax Withholding. Publication 15-A, Employer's Supplemental Tax Guide, provides additional information on independent contractor status.

IRS Electronic Services

You can download and print IRS publications, forms, and other tax information materials on the Internet at www.irs.gov. You can also call the IRS at 1-800-829-3676 (1-800-TAX-FORM) to order free tax publications and forms.

Call 1-800-829-4933, the Business and Speciality Tax Line, if you have questions related to employment tax issues.

IRS

Publication 1779 (Rev. 3-2023) Catalog Number 16134L
Department of the Treasury **Internal Revenue Service**
www.irs.gov

Independent Contractor *or* Employee

W[illegible]e you?

Fo[illegible]urposes, this is an important distinction. Worker classification affects how you pay your federal income tax, so[illegible]nd Medicare taxes, and how you file your tax return. Classification affects your eligibility for social security an[illegible]enefits, employer provided benefits and your tax responsibilities. If you aren't sure of your work status, you sh[illegible]ow. This brochure can help you.

The courts have considered many facts in deciding whether a worker is an independent contractor or an employee. These relevant facts fall into three main categories: behavioral control; financial control; and relationship of the parties. In each case, it is very important to consider all the facts – no single fact provides the answer. Carefully review the following definitions.

Behavioral Control

These facts show whether there is a right to direct or control how the worker does the work. A worker is an employee when the business has the right to direct and control the worker. The business does not have to actually direct or control the way the work is done – as long as the employer has the right to direct and control the work. For example:

Instructions – if you receive extensive instructions on how work is to be done, this suggests that you are an employee. Instructions can cover a wide range of topics, for example:

- how, when, or where to do the work
- what tools or equipment to use
- what assistants to hire to help with the work
- where to purchase supplies and services

If you receive less extensive instructions about what should be done, but not how it should be done, you may be an independent contractor. For instance, instructions about time and place may be less important than directions on how the work is performed.

Training – if the business provides you with training about required procedures and methods, this indicates that the business wants the work done in a certain way, and this suggests that you may be an employee.

Financial Control

These facts show whether there is a right to direct or control the business part of the work. For example:

Significant Investment – if you have a significant investment in your work, you may be an independent contractor. While there is no precise dollar test, the investment must have substance. However, a significant investment is not necessary to be an independent contractor.

Expenses – if you are not reimbursed for some or all business expenses, then you may be an independent contractor, especially if your unreimbursed business expenses are high.

Opportunity for Profit or Loss – if you can realize a profit or incur a loss, this suggests that you are in business for yourself and that you may be an independent contractor.

Relationship of the Parties

These are facts that illustrate how the business and the worker perceive their relationship. For example:

Employee Benefits – if you receive benefits, such as insurance, pension, or paid leave, this is an indication that you may be an employee. If you do not receive benefits, however, you could be either an employee or an independent contractor.

Written Contracts – a written contract may show what both you and the business intend. This may be very significant if it is difficult, if not impossible, to determine status based on other facts.

When You Are an Employee...

- Your employer must withhold income tax and your portion of social security and Medicare taxes. Also, your employer is responsible for paying social security, Medicare, and unemployment (FUTA) taxes on your wages. Your employer must give you a Form W-2, Wage and Tax Statement, showing the amount of taxes withheld from your pay.

When You Are an Independent Contractor...

- The business may be required to give you Form 1099-MISC, Miscellaneous Income, to report what it has paid to you.
- You are responsible for paying your own income tax and self-employment tax (Self-Employment Contributions Act – SECA). The business does not withhold taxes from your pay. You may need to make estimated tax payments during the year to cover your tax liabilities.
- You may deduct business expenses on Schedule C of your income tax return.

Revenue Ruling 87-41

Employment status under section 530 (d) of the Revenue Act of 1978. Guidelines are set forth for determining the employment status of a taxpayer (technical service specialist) affected by section 530 (d) of the Revenue Act of 1978, as added by section 1706 of the Tax Reform Act of 1986. The specialists are to be classified as employees under generally applicable common law standards.

ISSUE

In the situations described below, are the individuals employees under the common law rules for purposes of the Federal Insurance Contributions Act (FICA), the Federal Unemployment Tax Act (FUTA), and the Collection of Income Tax at Source on Wages (chapters 21, 23, and 24 respectively, subtitle C, Internal Revenue Code)? These situations illustrate the application of section 530 (d) of the Revenue Act of 1978, 1978-3 (Vol. 1) C.B. 119 (the 1978 Act), which was added by section 1706 (a) of the Tax Reform Act of 1986, 1986-3 (Vol. 1) C.B. 698 (the 1986 Act) (generally effective for services performed and remuneration paid after December 31, 1986).

FACTS

In each factual situation, an individual worker (Individual), pursuant to an arrangement between one person (Firm) and another person (Client), provides services for the Client as an engineer, designer, drafter, computer programmer, systems analyst, or other similarly skilled worker engaged in a similar line of work.

Situation 1

The Firm is engaged in the business of providing temporary technical services to its clients. The Firm maintains a roster of workers who are available to provide technical services to prospective clients. The Firm does not train the workers but determines the services that the workers are qualified to perform based on information submitted by the workers.

The Firm has entered into a contract with the Client. The contract states that the Firm is to provide the Client with workers to perform computer programming services meeting specified qualifications for a particular project. The Individual, a computer programmer, enters into a contract with the Firm to perform services as a computer programmer for the Client's project, which is expected to last less than one year. The Individual is one of several programmers provided by the Firm to the Client. The Individual has not been an employee of or performed services for the Client (or any predecessor or affiliated corporation of the Client) at any time preceding the time at which the Individual begins performing services for the Client. Also, the Individual has not been an employee of or performed services for or on behalf of the Firm at any time preceding the time at which the Individual begins performing services for the Client. The Individual's contract with the Firm states that the Individual is an independent contractor with respect to services performed on behalf of the Firm for the Client.

The Individual and the other programmers perform the services under the Firm's contract with the Client. During the time the Individual is performing services for the Client, even though the Individual retains the right to perform services for other persons, substantially all of the Individual's working time is devoted to performing services for the Client. A significant portion of the services are performed on the Client's premises. The Individual reports to the Firm by accounting for time worked and describing the progress of the work. The Firm pays the Individual and regularly charges the Client for the services performed by the Individual. The Firm generally does not pay individuals who perform services for the Client unless the Firm provided such individuals to the Client.

The work of the Individual and other programmers is regularly reviewed by the Firm. The review is based primarily on reports by the Client about the performance of these workers. Under the contract between the Individual and the Firm, the Firm may terminate its relationship with the Individual if the review shows that he or she is failing to perform the services contracted for by the Client. Also, the Firm will replace the Individual with another worker if the Individual's services are unacceptable to the Client. In such a case, however, the Individual will nevertheless receive his or her hourly pay for the work completed.

Finally, under the contract between the Individual and the Firm, the Individual is prohibited from performing services directly for the Client and, under the contract between the Firm and the Client, the Client is prohibited from receiving services from the Individual for a period of three months following the termination of services by the Individual for the Client on behalf of the Firm.

Situation 2

The Firm is a technical services firm that supplies clients with technical personnel. The Client requires the services of a systems analyst to complete a project and contacts the Firm to obtain such an analyst. The Firm maintains a roster of analysts and refers such an analyst, the Individual, to the Client. The Individual is not restricted by the Client or the Firm from providing services to the general public while performing services for the Client and in fact does perform substantial services for other persons during the period the Individual is working for the Client. Neither the Firm nor the Client has priority on the services of the Individual. The Individual does not report, directly or indirectly, to the Firm after the beginning of the assignment to the Client concerning (1) hours worked by the Individual, (2) progress on the job, or (3) expenses incurred by the Individual in performing services for the Client. No reports (including reports of time worked or progress on the job) made by the Individual to the Client are provided by the Client to the Firm.

If the Individual ceases providing services for the Client prior to completion of the project or if the Individual's work product is otherwise unsatisfactory, the Client may seek damages from the Individual. However, in such circumstances, the Client may not seek damages from the Firm, and the Firm is not required to replace the Individual. The Firm may not terminate the services of the Individual while he or she is performing services for the Client and may not otherwise affect the relationship between the Client and the Individual. Neither the Individual nor the Client is prohibited for any period after termination of the Individual's services on this job from contracting directly with the other. For referring the Individual to the Client, the Firm receives a flat fee that is fixed prior to the Individual's commencement of services for the Client and is unrelated to the number of hours and quality of work performed by the Individual. The Individual is not paid by the Firm either directly or indirectly. No payment made by the Client to the Individual reduces the amount of the fee that the Client is otherwise required to pay the Firm. The Individual is performing services that can be accomplished without the Individual's receiving direction or control as to hours, place of work, sequence, or details of work.

Situation 3

The Firm, a company engaged in furnishing client firms with technical personnel, is contacted by the Client, who is in need of the services of a drafter for a particular project, which is expected to last less than one year. The Firm recruits the Individual to perform the drafting services for the Client. The Individual performs substantially all of the services for the Client at the office of the Client, using materials and equipment of the Client. The services are performed under the supervision of employees of the Client. The Individual reports to the Client on a regular basis. The Individual is paid by the Firm based on the number of hours the Individual has worked for the Client, as reported to the Firm by the Client or as reported by the Individual and confirmed by the Client. The Firm has no obligation to pay the Individual if the Firm does not receive payment for the Individual's services from the Client. For recruiting the Individual for the Client, the Firm receives a flat fee that is fixed prior to the Individual's commencement of services for the Client and is unrelated to the number of hours and quality of work performed by the Individual. However, the Firm does receive a reasonable fee for performing the payroll function. The Firm may not direct the work of the Individual and has no responsibility for the work performed by the Individual. The Firm may not terminate the services of the Individual. The Client may terminate the services of the Individual without liability to either the Individual or the Firm. The Individual is permitted to work for another firm while performing services for the Client, but does in fact work for the Client on a substantially full-time basis.

LAW AND ANALYSIS

This ruling provides guidance concerning the factors that are used to determine whether an employment relationship exists between the Individual and the Firm for federal employment tax purposes and applies those factors to the given factual situations to determine whether the Individual is an employee of the Firm for such purposes. The ruling does not reach any conclusions concerning whether an employment relationship for federal employment tax purposes exists between the Individual and the Client in any of the factual situations.

Analysis of the preceding three fact situations requires an examination of the common law rules for determining whether the Individual is an employee with respect to either the Firm or the Client, a determination of whether the Firm or the Client qualifies for employment tax relief under section 530 (a) of the 1978 Act, and a determination of whether any such relief is denied the Firm under section 530 (d) of the 1978 Act (added by section 1706 of the 1986 Act).

An individual is an employee for federal employment tax purposes if the individual has the status of an employee under the usual common law rules applicable in determining the employer-employee relationship. Guides for determining that status are found in the following three substantially similar sections of the Employment Tax Regulations: sections 31.3121 (d)-1 (c); 31.3306 (i)-1; and 31.3401 (c)-1.

These sections provide that generally the relationship of employer and employee exists when the person or persons for whom the services are performed have the right to control and direct the individual who performs the services, not only as to the result to be accomplished by the work but also as to the details and means by which that result is accomplished. That is, an employee is subject to the will and control of the employer not only as to what shall be done but as to how it shall be done. In this connection, it is not necessary that the employer actually direct or control the manner in which the services are performed; it is sufficient if the employer has the right to do so.

Conversely, these sections provide, in part, that individuals (such as physicians, lawyers, dentists, contractors, and subcontractors) who follow an independent trade, business, or profession, in which they offer their services to the public, generally are not employees.

Finally, if the relationship of employer and employee exists, the designation or description of the relationship by the parties as anything other than that of employer and employee is immaterial. Thus, if such a relationship exists, it is of no consequence that the employee is designated as a partner, coadventurer, agent, independent contractor, or the like.

As an aid to determining whether an individual is an employee under the common law rules, twenty factors or elements have been identified as indicating whether sufficient control is present to establish an employer-employee relationship. The twenty factors have been developed based on an examination of cases and rulings considering whether an individual is an employee. The degree of importance of each factor varies depending on the occupation and the factual context in which the services are performed. The twenty factors are designed only as guides for determining whether an individual is an employee; special scrutiny is required in applying the twenty factors to assure that formalistic aspects of an arrangement designed to achieve a particular status do not obscure the substance of the arrangement (that is, whether the person or persons for whom the services are performed exercise sufficient control over the individual for the individual to be classified as an employee). The twenty factors are described below:

1. Instructions. A worker who is required to comply with other persons' instructions about when, where, and how he or she is to work is ordinarily an employee. This control factor is present if the person or persons for whom the services are performed have the right to require compliance with instructions. See, for example, Rev. Rul. 68-598, 1968-2 C.B. 464, and Rev. Rul. 66-381, 1966-2 C.B. 449.

2. Training. Training a worker by requiring an experienced employee to work with the worker, by corresponding with the worker, by requiring the worker to attend meetings, or by using other methods, indicates that the person or persons for whom the services are performed want the services performed in a particular method or manner. See Rev. Rul. 70-630, 1970-2 C.B. 229.

3. Integration. Integration of the worker's services into the business operations generally shows that the worker is subject to direction and control. When the success or continuation of a business depends to an appreciable degree upon the performance of certain services, the workers who perform those services must necessarily be subject to a

certain amount of control by the owner of the business. See United States v. Silk, 331 U.S. 704, 91 L. Ed. 1757, 67 S. Ct. 1463, 1947-2 C.B. 167 (1947), 1947-2 C.B. 167.

4. Services Rendered Personally. If the services must be rendered personally, presumably the person or persons for whom the services are performed are interested in the methods used to accomplish the work as well as in the results. See Rev. Rul. 55-695, 1955-2 C.B. 410.

5. Hiring, Supervising, and Paying Assistants. If the person or persons for whom the services are performed hire, supervise, and pay assistants, that factor generally shows control over the workers on the job. However, if one worker hires, supervises, and pays the other assistants pursuant to a contract under which the worker agrees to provide materials and labor and under which the worker is responsible only for the attainment of a result, this factor indicates an independent contractor status. Compare Rev. Rul. 63-115, 1963-1 C.B. 178, with Rev. Rul. 55-593, 1955-2 C.B. 610.

6. Continuing Relationship. A continuing relationship between the worker and the person or persons for whom the services are performed indicates that an employer-employee relationship exists. A continuing relationship may exist where work is performed at frequently recurring although irregular intervals. See United States v. Silk.

7. Set Hours of Work. The establishment of set hours of work by the person or persons for whom the services are performed is a factor indicating control. See Rev. Rul. 73-591, 1973-2 C.B. 337.

8. Full Time Required. If the worker must devote substantially full time to the business of the person or persons for whom the services are performed, such person or persons have control over the amount of time the worker spends working and impliedly restrict the worker from doing other gainful work. An independent contractor, on the other hand, is free to work when and for whom he or she chooses. See Rev. Rul. 56-694, 1956-2 C.B. 694.

9. Doing Work on Employer's Premises. If the work is performed on the premises of the person or persons for whom the services are performed, that factor suggests control over the worker, especially if the work could be done elsewhere. Rev. Rul. 56-660, 1956-2 C.B. 693. Work done off the premises of the person or persons receiving the services, such as at the office of the worker, indicates some freedom from control. However, this fact by itself does not mean that the worker is not an employee. The importance of this factor depends on the nature of the service involved and the extent to which an employer generally would require that employees perform such services on the employer's premises. Control over the place of work is indicated when the person or persons for whom the services are performed have the right to compel the worker to travel a designated route, to canvass a territory within a certain time, or to work at specific places as required. See Rev. Rul. 56-694.

10. Order or Sequence Set. If a worker must perform services in the order or sequence set by the person or persons for whom the services are performed, that factor shows that the worker is not free to follow the worker's own pattern of work but must follow the established routines and schedules of the person or persons for whom the services are

performed. Often, because of the nature of an occupation, the person or persons for whom the services are performed do not set the order of the services or set the order infrequently. It is sufficient to show control, however, if such person or persons retain the right to do so. See Rev. Rul. 56-694.

11. Oral or Written Reports. A requirement that the worker submit regular or written reports to the person or persons for whom the services are performed indicates a degree of control. See Rev. Rul. 70-309, 1970-1 C.B. 199, and Rev. Rul. 68-248, 1968-1 C.B. 431.

12. Payment by Hour, Week, Month. Payment by the hour, week, or month generally points to an employer-employee relationship, provided that this method of payment is not just a convenient way of paying a lump sum agreed upon as the cost of a job. Payment made by the job or on a straight commission generally indicates that the worker is an independent contractor. See Rev. Rul. 74-389, 1974-2 C.B. 330.

13. Payment of Business and/or Traveling Expenses. If the person or persons for whom the services are performed ordinarily pay the worker's business and/or traveling expenses, the worker is ordinarily an employee. An employer, to be able to control expenses, generally retains the right to regulate and direct the worker's business activities. See Rev. Rul. 55-144, 1955-1 C.B. 483.

14. Furnishing of Tools and Materials. The fact that the person or persons for whom the services are performed furnish significant tools, materials, and other equipment tends to show the existence of an employer-employee relationship. See Rev. Rul. 71-524, 1971-2 C.B. 346.

15. Significant Investment. If the worker invests in facilities that are used by the worker in performing services and are not typically maintained by employees (such as the maintenance of an office rented at fair value from an unrelated party), that factor tends to indicate that the worker is an independent contractor. On the other hand, lack of investment in facilities indicates dependence on the person or persons for whom the services are performed for such facilities and, accordingly, the existence of an employer-employee relationship. See Rev. Rul. 71-524. Special scrutiny is required with respect to certain types of facilities, such as home offices.

16. Realization of Profit or Loss. A worker who can realize a profit or suffer a loss as a result of the worker's services (in addition to the profit or loss ordinarily realized by employees) is generally an independent contractor, but the worker who cannot is an employee. See Rev. Rul. 70-309. For example, if the worker is subject to a real risk of economic loss due to significant investments or a bona fide liability for expenses, such as salary payments to unrelated employees, that factor indicates that the worker is an independent contractor. The risk that a worker will not receive payment for his or her services, however, is common to both independent contractors and employees and thus does not constitute a sufficient economic risk to support treatment as an independent contractor.

17. Working for More Than One Firm at a Time. If a worker performs more than de minimis services for a multiple of unrelated persons or firms at the same time, that factor generally indicates that the worker is an independent contractor. See Rev. Rul. 70-572, 1970-2 C.B. 221. However, a worker who performs services for more than one person

may be an employee of each of the persons, especially where such persons are part of the same service arrangement.

18. Making Service Available to General Public. The fact that a worker makes his or her services available to the general public on a regular and consistent basis indicates an independent contractor relationship. See Rev. Rul. 56-660.

19. Right to Discharge. The right to discharge a worker is a factor indicating that the worker is an employee and the person possessing the right is an employer. An employer exercises control through the threat of dismissal, which causes the worker to obey the employer's instructions. An independent contractor, on the other hand, cannot be fired so long as the independent contractor produces a result that meets the contract specifications. Rev. Rul. 75-41, 1975-1 C.B. 323.

20. Right to Terminate. If the worker has the right to end his or her relationship with the person for whom the services are performed at any time he or she wishes without incurring liability, that factor indicates an employer-employee relationship. See Rev. Rul. 70-309.

Rev. Rul. 75-41 considers the employment tax status of individuals performing services for a physician's professional service corporation. The corporation is in the business of providing a variety of services to professional people and firms (subscribers), including the services of secretaries, nurses, dental hygienists, and other similarly trained personnel. The individuals who are to perform the services are recruited by the corporation, paid by the corporation, assigned to jobs, and provided with employee benefits by the corporation. Individuals who enter into contracts with the corporation agree they will not contract directly with any subscriber to which they are assigned for at least three months after cessation of their contracts with the corporation. The corporation assigns the individual to the subscriber to work on the subscriber's premises with the subscriber's equipment. Subscribers have the right to require that an individual furnished by the corporation cease providing services to them, and they have the further right to have such individual replaced by the corporation within a reasonable period of time, but the subscribers have no right to affect the contract between the individual and the corporation. The corporation retains the right to discharge the individuals at any time. Rev. Rul. 75-41 concludes that the individuals are employees of the corporation for federal employment tax purposes.

Rev. Rul. 70-309 considers the employment tax status of certain individuals who perform services as oil well pumpers for a corporation under contracts that characterize: such individuals as independent contractors. Even though the pumpers perform their services away from the headquarters of the corporation and are not given day-to-day directions and instructions, the ruling concludes that the pumpers are employees of the corporation because the pumpers perform their services pursuant to an arrangement that gives the corporation the right to exercise whatever control is necessary to assure proper performance of the services; the pumpers' services are both necessary and incident to the business conducted by the corporation; and the pumpers are not engaged in an independent enterprise in which they assume the usual business risks, but rather work in the course of the corporation's trade or business. See also Rev. Rul. 70-630, 1970-2 C.B. 229, which considers the employment tax status of salesclerks furnished by an employee service company to a retail store to perform temporary services for the store.

Section 530 (a) of the 1978 Act, as amended by section 269 (c) of the Tax Equity and Fiscal Responsibility Act of 1982, 1982-2 C.E. 462, 536, provides, for purposes of the employment taxes under subtitle C of the Code, that if a taxpayer did not treat an individual as an employee for any period, then the individual shall be deemed not to be an employee, unless the taxpayer had no reasonable basis for not treating the individual as an employee. For any period after December 31, 1978, this relief applies only if both of the following consistency rules are satisfied: (1) all federal tax returns (including information returns) required to be filed by the taxpayer with respect to the individual for the period are filed on a basis consistent with the taxpayer's treatment of the individual as not being an employee ("reporting consistency rule"), and (2) the taxpayer (and any predecessor) has not treated any individual holding a substantially similar position as an employee for purposes of the employment taxes for periods beginning after December 31, 1977 ("substantive consistency rule").

The determination of whether any individual who is treated as an employee holds a position substantially similar to the position held by an individual whom the taxpayer would otherwise be permitted to treat as other than an employee for employment tax purposes under section 530 (a) of the 1978 Act requires an examination of all the facts and circumstances, including particularly the activities and functions performed by the individuals. Differences in the positions held by the respective individuals that result from the taxpayer's treatment of one individual as an employee and the other individual as other than an employee (for example, that the former individual is a participant in the taxpayer's qualified pension plan or health plan and the latter individual is not a participant in either) are to be disregarded in determining whether the individuals hold substantially similar positions.

Section 1706 (a) of the 1986 Act added to section 530 of the 1978 Act a new subsection (d), which provides an exception with respect to the treatment of certain workers. Section 530 (d) provides that section 530 shall not apply in the case of an individual who, pursuant to an arrangement between the taxpayer and another person, provides services for such other person as an engineer, designer, drafter, computer programmer, systems analyst, or other similarly skilled worker engaged in a similar line of work. Section 530 (d) of the 1978 Act does not affect the determination of whether such workers are employees under the common law rules. Rather, it merely eliminates the employment tax relief under section 530 (a) of the 1978 Act that would otherwise be available to a taxpayer with respect to those workers who are determined to be employees of the taxpayer under the usual common law rules. Section 530 (d) applies to remuneration paid and services rendered after December 31, 1986.

The Conference Report on the 1986 Act discusses the effect of section 530 (d) as follows:

> The Senate amendment applies whether the services of [technical service workers] are provided by the firm to only one client during the year or to more than one client, and whether or not such individuals have been designated or treated by the technical services firm as independent contractors, sole proprietors, partners, or employees of a personal service corporation controlled by such individual. The effect of the provision cannot be avoided by claims that such technical service personnel are employees of personal service corporations controlled by such personnel. For example, an engineer retained by a technical services firm to provide services to a manufacturer cannot avoid the effect of this provision by organizing a corporation that he or she controls and then claiming to provide services as an employee of that corporation.

... [T]he provision does not apply with respect to individuals who are classified, under the generally applicable common law standards, as employees of a business that is a client of the technical services firm.

2 H.R. Rep. No. 99-841 (Conf. Rep.), 99th Cong., 2d Sess. II-834 to 835 (1986).

Under the facts of Situation 1, the legal relationship is between the Firm and the Individual, and the Firm retains the right of control to insure that the services are performed in a satisfactory fashion. The fact that the Client may also exercise some degree of control over the Individual does not indicate that the individual is not an employee. Therefore, in Situation 1, the Individual is an employee of the Firm under the common law rules. The facts in Situation 1 involve an arrangement among the Individual, Firm, and Client, and the services provided by the Individual are technical services. Accordingly, the Firm is denied section 530 relief under section 530 (d) of the 1978 Act (as added by section 1706 of the 1986 Act), and no relief is available with respect to any employment tax liability incurred in Situation 1. The analysis would not differ if the facts of Situation 1 were changed to state that the Individual provided the technical services through a personal service corporation owned by the Individual.

In Situation 2, the Firm does not retain any right to control the performance of the services by the Individual and, thus, no employment relationship exists between the Individual and the Firm.

In Situation 3, the Firm does not control the performance of the services of the Individual, and the Firm has no right to affect the relationship between the Client and the Individual. Consequently, no employment relationship exists between the Firm and the Individual.

HOLDINGS

Situation 1. The Individual is an employee of the Firm under the common law rules. Relief under section 530 of the 1978 Act is not available to the Firm because of the provisions of section 530 (d).

Situation 2. The Individual is not an employee of the Firm under the common law rules.

Situation 3. The Individual is not an employee of the Firm under the common law rules.

Because of the application of section 530 (b) of the 1978 Act, no inference should be drawn with respect to whether the Individual in Situations 2 and 3 is an employee of the Client for federal employment tax purposes.

KENTUCKY PUBLIC PENSIONS AUTHORITY

Ryan Barrow, Executive Director

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Kentucky Public Pensions Authority

September 29, 2026

Ms. Ange Darnell, Regulations Compiler
Legislative Research Commission
702 Capitol Avenue, Room 083
Frankfort, KY 40601

RE: 105 KAR 3:180 Death before retirement procedures

Dear Ms. Darnell,

Kentucky Public Pensions Authority has reviewed 105 KAR 3:180 Death before retirement procedures in its entirety for compliance with the requirements of KRS Chapter 13A and relevant agency-related statutes.

Ths administrative regulation shall remain in effect without amendment because it remains in compliance with KRS 16.578, 16.601, 61.640, 78.545 and Chapter 13A.

Sincerely,

Ryan Barrow
Executive Director
Kentucky Public Pensions Authority

KENTUCKY PUBLIC PENSIONS AUTHORITY

Ryan Barrow, Executive Director

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September 29, 2026

Ms. Ange Darnell, Regulations Compiler
Legislative Research Commission
702 Capitol Avenue, Room 083
Frankfort, KY 40601

RE: 105 KAR 3:240 Death after retirement procedures

Dear Ms. Darnell,

Kentucky Public Pensions Authority has reviewed 105 KAR 3:240 Death after retirement procedures in its entirety for compliance with the requirements of KRS Chapter 13A and relevant agency-related statutes.

Ths administrative regulation shall remain in effect without amendment because it remains in compliance with KRS 16.645, 61.623, 61.630, 78.545, and Chapter 13A.

Sincerely,

Ryan Barrow
Executive Director
Kentucky Public Pensions Authority

KENTUCKY PUBLIC PENSIONS AUTHORITY

Ryan Barrow, Executive Director

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September 29, 2026

Ms. Ange Darnell, Regulations Compiler
Legislative Research Commission
702 Capitol Avenue, Room 083
Frankfort, KY 40601

RE: 105 KAR 2:420 401(h) account established under 26 U.S.C. 401(h)

Dear Ms. Darnell,

Kentucky Public Pensions Authority has reviewed 105 KAR 2:420 401(h) account established under 26 U.S.C. 401(h) in its entirety for compliance with the requirements of KRS Chapter 13A and relevant agency-related statutes.

Ths administrative regulation IS CURRENTLY IN PROCESS and has already been filed.

Sincerely,

Ryan Barrow
Executive Director
Kentucky Public Pensions Authority

KPPA ADMINISTRATIVE BUDGET FY 2025-2026
BUDGET-TO-ACTUAL SUMMARY ANALYSIS

FOR THE TWELVE MONTHS PERIOD ENDING JUNE 30, 2026, WITH COMPARATIVE TOTALS FOR THE TWELVE MONTHS ENDING JUNE 30, 2025

CATEGORY	BUDGETED	FY 2026 EXPENSE	REMAINING	PERCENT REMAINING	FY 2025 EXPENSE	PERCENT DIFFERENCE
PERSONNEL	$37,718,000	$37,018,095	$699,905	1.86%	$34,960,780	5.88%
LEGAL CONTRACTS	1,820,000	746,853	1,073,147	58.96%	1,286,061	(41.93%)
AUDITING	250,000	204,033	45,967	18.39%	201,847	1.08%
ACTUARIAL SERVICES	550,000	351,330	198,670	36.12%	316,119	11.14%
MEDICAL REVIEWERS	1,800,000	1,180,225	619,775	34.43%	1,132,465	4.22%
OTHER PERSONNEL	1,085,000	445,060	639,940	58.98%	264,255	68.42%
PERSONNEL TOTAL	**$43,223,000**	**$39,945,596**	**$3,277,404**	**7.58%**	**$38,161,527**	**4.68%**
RENTALS - BUILDING & EQUIPMENT	1,400,000	1,185,927	214,073	15.29%	1,221,942	(2.95%)
INFORMATION TECHNOLOGY	4,005,000	3,840,371	164,629	4.11%	3,587,613	7.05%
OTHER OPERATIONAL	1,319,000	928,554	390,446	29.60%	1,162,372	(20.12%)
OPERATIONAL TOTAL	**$6,724,000**	**$5,954,852**	**$769,148**	**11.44%**	**$5,971,927**	**(0.29%)**
RESERVE	22,700	—	22,700	100.00%	—	—%
RESERVE OSBD ADDITIONAL FUNDS	149,500	—	149,500	100.00%	—	—%
ADMINISTRATIVE BUDGETED AMOUNT	**$50,119,200**	**$45,900,448**	**$4,218,751**	**8.42%**	**$44,133,454**	**4.00%**

Differences due to rounding.

ADMINISTRATIVE BUDGET SUMMARY NOTES	
PERSONNEL (Staffing Subtotal)	KPPA has spent 98.14% of the annual budget, coming in under by 1.86% (or $700k). This years spending was 5.88% (or $2.1M higher) than prior year. There were certain individual line items in this subcategory that we closely monitored through fiscal year end: Salaries and Wages + Locality Premium (were budgeted together but tracked separately) and combined KPPA spent 98.45% of the annual budget which was slightly below the $22.4 budget for salaries and Locality premium. Employer Paid FICA, and Employer Paid Retirement, both ended below budget by $133k, and $260k, respectively. However, the Employer Paid Health Insurance Line item exceeded budget by $437k. All other line items in this category were under budget at year-end.
LEGAL CONTRACTS	Every individual line item within the legal category was under budget ($1.1M in total) and was $539k less than last fiscal year.
AUDITING	The Auditing line was $46k under budget, and was $2k higher than prior year.
ACTUARIAL SERVICES	Costs were $199k below budget, and were $35k higher than prior fiscal year.
MEDICAL REVIEWERS	Costs were $620k below budget, and were $47k higher than prior fiscal year.
OTHER PERSONNEL	Category was under budget by $640k, but was $181k higher than prior fiscal year. The IT assessment is in this category, and will continue through Dec. 2026.
OPERATIONAL TOTAL	The Operational Category was below budget by $770k, and costs were $17k less than prior year. A few individual line items were over budget as follows; - Printing $8.5k - Insurance $5k. - Dues and Subscriptions $11k All other individual line items in the budget are on target to be below budget at year-end.
OVERALL	KPPA spent 91.58% (or $45,900,448) of the FY budget amount of $50,119,200, coming in under budget by $4.2M. This year's spend was 4% (or $1.8M) higher than last fiscal year, with most of the increase year over year in Personnel Costs.

KPPA ADMINISTRATIVE BUDGET FY 2025-2026
BUDGET-TO-ACTUAL ANALYSIS
FOR THE TWELVE MONTHS PERIOD ENDING JUNE 30, 2026, WITH COMPARATIVE TOTALS FOR THE TWELVE MONTHS ENDING JUNE 30, 2025

Account Name	Budgeted	FY 2026 Expense	Remaining	PERCENT REMAINING	FY 2025 EXPENSE	PERCENT DIFFERENCE
PERSONNEL						
Staff						
Salaries/Wages	$22,400,000	$21,590,966	$809,034	3.61%	$20,212,112	6.82%
Wages (Overtime)	320,000	226,484	93,516	29.22%	192,278	17.79%
Locality Premium	—	461,605	(461,605)	(100.00%)	56,437	717.91%
Emp Paid FICA	1,740,000	1,607,446	132,554	7.62%	1,478,076	8.75%
Emp Paid Retirement	9,730,000	9,466,924	263,076	2.70%	9,809,431	(3.49%)
Emp Paid Health Ins	3,200,000	3,636,936	-436,936	(13.65%)	3,099,419	17.34%
Emp Paid Life Ins	3,000	3,218	-218	(7.27%)	3,098	3.87%
Emp Paid Sick Leave	250,000	—	250,000	100.00%	87,735	(100.00%)
Adoption Assistance Benefit	15,000	—	15,000	100.00%	—	—%
Escrow For Admin Fees	5,000	—	5,000	100.00%	(3,000)	(100.00%)
Workers Compensation	20,000	12,485	7,515	37.57%	12,485	—%
Unemployment	10,000	—	10,000	100.00%	2,007	(100.00%)
Employee Training	25,000	12,030	12,970	51.88%	10,702	12.41%
Tuition Assistance	—	—	—	—	—	—%
Bonds	—	—	—	—	—	—%
Staff Subtotal	**$37,718,000**	**$37,018,095**	**$699,905**	**1.86%**	**$34,960,780**	**5.88%**
LEGAL & AUDITING SERVICES						
Legal Hearing Officers	270,000	135,325	134,675	49.88%	188,861	(28.35%)
Legal (Stoll, Keenon)	125,000	10,733	114,267	91.41%	—	—%
Frost Brown	600,000	292,134	307,866	51.31%	506,081	(42.28%)
Reinhart	—	—	—	—	—	—%
Ice Miller	500,000	156,095	343,905	68.78%	250,538	(37.70%)
Johnson, Bowman, Branco LLC	150,000	70,235	79,765	53.18%	123,182	(42.98%)
Dentons Bingham & Greenbaum	50,000	45,805	4,195	8.39%	98,998	(53.73%)
Kellerman Law PLC	100,000	36,286	63,714	63.71%	90,772	(60.03%)
Legal Expense	25,000	242	24,758	99.03%	27,630	(99.12%)
Auditing	250,000	204,033	45,968	18.39%	201,847	1.08%
Total Legal & Auditing Services	**$2,070,000**	**$950,886**	**$1,119,114**	**54.06%**	**$1,487,908**	**(36.09%)**
CONSULTING SERVICES						
Medical Reviewers	1,800,000	1,180,225	619,775	34.43%	1,132,465	4.22%
Escrow for Actuary Fees	—	(10,000)	10,000	—	(1,000)	900.00%
Total Consulting Services	**$1,800,000**	**$1,170,225**	**$629,775**	**34.99%**	**$1,131,465**	**3.43%**
CONTRACTUAL SERVICES						
Miscellaneous Contracts	1,000,000	402,848	597,152	59.72%	210,873	91.04%
Human Resources Consulting	10,000	—	10,000	100.00%	—	—%
Actuarial Services	550,000	351,330	198,670	36.12%	316,119	11.14%
Facility Security Charges	75,000	52,212	22,789	30.38%	54,382	(3.99%)
Contractual Subtotal	**$1,635,000**	**$806,390**	**$828,610**	**50.68%**	**$581,374**	**38.70%**
PERSONNEL SUBTOTAL	**$43,223,000**	**$39,945,596**	**$3,277,404**	**7.58%**	**$38,161,527**	**4.68%**
OPERATIONAL						
Natural Gas	50,000	38,735	11,265	22.53%	34,157	13.40%
Electric	140,000	91,019	48,981	34.99%	112,627	(19.19%)
Rent-Non State Building	105,000	—	105,000	100.00%	—	—%
Building Rental - PPW	1,000,000	961,968	38,032	3.80%	961,968	—%
Copier Rental	100,000	88,291	11,709	11.71%	107,215	(17.65%)
Rental Carpool	5,000	5,914	-914	(18.28%)	5,975	(1.02%)
Vehicle/Equip. Maintenance	1,500	1,384.00	116	7.73%	22,432	(93.83%)
Postage	480,000	415,194	64,806	13.50%	418,461	(0.78%)
Freight	500	65.00	435	87.00%	—	—%
Printing (State)	5,000	2,280	2,720	54.40%	50	4,460.00%
Printing (Non-State)	95,000	103,496	-8,496	(8.94%)	89,693	15.39%

Insurance	7,500	12,692	(5,192)	(69.23%)	12,692	—%
Garbage Collection	8,000	3,143	4,857	60.71%	6,637	(52.64%)
Conference Expense	48,000	48,301	-301	(0.63%)	45,815	5.43%
Conference Exp. Investment	1,000	—	1,000	100.00%	—	—%
Conference Exp. Audit	1,000	795.00	205	20.50%	744	6.85%
MARS Usage	65,000	59,040	5,960	9.17%	58,710	0.56%
COVID-19 Expenses	—	—	—	—	—	—%
Office Supplies	100,000	56,890	43,110	43.11%	43,223	31.62%
Furniture & Office Equipment	50,000	33.00	49,967	99.93%	2,474	(98.67%)
Travel (In-State)	15,000	10,015	4,985	33.23%	9,123	9.78%
Travel (In-State) Investment	500	41.00	459	91.81%	217.00	(81.11%)
Travel (In-State) Audit	1,000	—	1,000	100.00%	—	—%
Travel (Out of State)	77,000	53,412	23,588	30.63%	63,409	(15.77%)
Travel (Out of State) Investment	135,000	1,871.00	133,129	98.61%	9,376	(80.04%)
Travel (Out of State) Audit	3,000	833.00	2,167	72.22%	—	100.00%
Dues & Subscriptions	69,000	80,029	(11,029)	(15.98%)	69,072	15.86%
Dues & Subscriptions Investment	15,000	5,509	9,491	63.27%	6,420	(14.19%)
Dues & Subscriptions Audit	1,000	410	590	59.00%	805	(49.07%)
Miscellaneous	55,000	28,813	26,187	47.61%	172,117	(83.26%)
Miscellaneous Investment	—	—	—	—	—	—%
Miscellaneous Audit	—	—	—	—	—	—%
COT Charges	40,000	23,228	16,772	41.93%	24,098	(3.61%)
Telephone - Wireless	10,000	6,757	3,243	32.43%	7,706	(12.32%)
Telephone - Other	125,000	95,219	29,781	23.83%	178,014	(46.51%)
Telephone - Video Conference	15,000	1,370	13,630	90.86%	3,893	(64.81%)
Computer Equip./Software	3,900,000	3,758,103	141,897	3.64%	3,504,805	7.23%
Comp. Equip./Software Investment	—	—	—	—	—	—%
Comp. Equip./Software Audit	—	—	—	—	—	—%
OPERATIONAL SUBTOTAL	**$6,724,000**	**$5,954,852**	**$769,149**	**11.44%**	**$5,971,927**	**(0.29%)**
SUB-TOTAL	**$49,947,000**	**$45,900,448**	**$4,046,552**	**8.10%**	**$44,133,454**	**4.00%**
Reserve	22,700	—	22,700	100.00%	—	—%
Reserve OSBD Additional Funds	149,500	—	149,500	100.00%	—	—%
TOTAL	**$50,119,200**	**$45,900,448**	**$4,218,752**	**8.42%**	**$44,133,454**	**4.00%**
Differences due to rounding.						

Plan	Budgeted	FY 2026 Expense	% of Total KPPA FY 2026 Expense
CERS Nonhazardous	$29,645,507	$27,150,115	59.15%
CERS Hazardous	2,606,198	2,386,823	5.20%
KERS Nonhazardous	15,670,269	14,351,234	31.266%
KERS Hazardous	1,848,396	1,692,809	3.688%
SPRS	348,830	319,467	0.696%
TOTAL	**$50,119,200**	**$45,900,448**	**100.00%**
Differences due to rounding.			

Plan - Specific Expenses	CERS	CERS Hazardous	KERS	KERS Hazardous	SPRS	Total
FY 2026 Expense	$27,150,115	$2,386,823	$14,351,234	$1,692,809	$319,467	$45,900,448
Plan Specific Adjustment- Hybrid Percent	(510,891)	(44,914)	(270,051)	(31,854)	(6,012)	-$863,722
Plan Specific Adjustment	365,444	32,123	408,817	48,247	9,090	863,722
Total Expenses	**$27,004,668**	**$2,374,033**	**$14,490,000**	**$1,709,201**	**$322,546**	**$45,900,448**

KENTUCKY PUBLIC PENSIONS AUTHORITY

Ryan Barrow, Executive Director

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Kentucky Public Pensions Authority

To: Kentucky Public Pensions Authority

From: Steve Willer, CIO
Office of Investments

Date: September 24, 2026

Subject: Summary of Investment Committee Meetings

The Kentucky Retirement Systems Investment Committee held a regularly scheduled meeting on August 19, 2026, and the County Employees Retirement System Investment Committee held a regularly scheduled meeting on August 26, 2026.

Investment Staff and Wilshire presented material* and discussed the following items during the Regular 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 June 30, 2026

Quarter Ending Jube 30, 2026

Pension Composite 7.40% vs Pension Composite Benchmark 7.38%

Insurance Composite 7.54% vs Insurance Composite Benchmark 7.26%

Fiscal Year

Pension Composite 13.47% vs Pension Composite Benchmark 12.75%

Insurance Composite 13.37% vs Insurance Composite Benchmark 12.53%

Quarter Ending June 30, 2026:

CERS Pension 7.89%
CERSH Pension 7.89%
Benchmark 7.83%

KERS Pension 6.18%
Benchmark 6.34%

SPRS Pension 6.25%
Benchmark 6.07%

KERSH Pension 7.43%
Benchmark 7.38%

2026 Fiscal Year:

CERS Pension 13.80%
CERSH Pension 13.76%
Benchmark 13.33%

KERS Pension 12.31%
Benchmark 11.37%

SPRS Pension 12.09%
Benchmark 10.99%

KERSH Pension 13.58%
Benchmark 12.66%

Quarter Ending June 30, 2026:

CERS Insurance 7.66%
Benchmark 7.34%
CERSH Insurance 7.51%
Benchmark 7.32%
KERS Insurance 7.51%
Benchmark 7.27%
KERSH Insurance 7.08%
Benchmark 6.81%
SPRS Insurance 7.00%
Benchmark 6.80%

2026 Fiscal Year:

CERS Insurance 13.37%
Benchmark 12.68%
CERSH Insurance 13.21%
Benchmark 12.66%
KERS Insurance 13.29%
Benchmark 12.39%
KERSH Insurance 12.98%
Benchmark 11.84%
SPRS Insurance 12.93%
Benchmark 11.88%

a. **Performance Attribution** – During the quarter the largest contributors to relative performance were the outperformance in the Real Return and Core Fixed Income as well as the overweight to Public Equities. The Real Return portfolio produced a return of 4.01% for the quarter outperforming the benchmark 78bps driven by especially strong performance in the portfolios' activist closed-end fund and sports investment strategies. The overweight to Global Public Equities contributed between 32bps and 40bps of outperformance across portfolios which was offset by the underperformance of the overall Public Equity portfolio relative to the benchmark as active management continued to struggle in the narrow market, costing the portfolios between 29bps and 45bps for the quarter. For the Fiscal Year, the Specialty Credit, Real Return and Core Fixed Income portfolios all outperformed, producing 924bps, 209bps and 37bps of excess performance relative to their respective benchmark. The overweight to Public Equities contributed between 45bps and 54bps of relative outperformance which was offset by the Public Equity portfolio's underperformance of 247bps relative to the benchmark.

b. **Asset Class Performance -** For the quarter, the US Equity portfolio was the best performing asset class, producing a return of -15.13% vs the Russell 3000's return of 15.43% while the NonUS Equity portfolio returned 12.80% vs its benchmark return of 13.82%. For the Fiscal Year, the Global Equity portfolio returned 21.75% vs the MSCI ACWI IMI's return of 24.22%. Despite rising rates, the Core Fixed Income Portfolio produced a return of 0.84% for the quarter, outperforming the benchmark by 17bps and outperformed the benchmark by 37bps for the Fiscal Year. The Specialty Credit Portfolio produced a return of 2.05% modestly underperforming the benchmark by 12bps for the quarter but was able to outperform by 209bps for the Fiscal Year. The Real Estate Portfolio returned 0.59% for the Quarter and 1.95% for the Fiscal year, trailing the benchmark's returns of 1.04% and 3.11%. The Real Return Portfolio produced a return of 4.01% during the quarter, outperforming the 3.23% return of the benchmark and outperformed the benchmark by 924bps for the full year producing a return of 16.49%. The Private Equity Portfolio produced a return of 7.26% for the quarter and 10.57% for the year.

c. **Internal Portfolios** – An update was provided on the performance of the internally managed passive and proxy portfolios. The portfolios performed in line with expectations and consistent with their mandates. While the Real Return portfolio lagged the benchmark for the quarter, it outperformed the benchmark by 24.04% for the Fiscal year. The Real Estate portfolio outperformed its benchmark by 423bps for the year.

d. **Portfolio Asset Class Performance** – Dispersion of returns across individual portfolio asset class allocations was limited. The notable exception was in the Private Equity asset class where larger dispersions were driven by the different vintage profiles and exposures to specific investments with among the portfolios with the noted larger than usual dispersion in Private Equity performance driven by different exposures to one Fund that had a significant realization driving a return of over 50% for the quarter.

e. **Peer Universe** – All of the Pension and Insurance portfolios have produced exceptional, top or near top quartile or top decile risk adjusted performance over the reported 3- and 5-year time periods based on Wilshire's All Public Plans universe.

f. **Asset Allocations** – Staff provided an update on the rebalancing activity and noted that as of the end of the quarter, all asset classes were within their specified IPS allocation ranges with most asset classes within 1% of their Target Allocations. The largest underweight remained in Private Equity as staff has viewed the asset class as having limited value from a relative risk/reward basis with better opportunities available in other asset classes. An overweight was maintained in the other growth asset class, Public Equities, as the offset to the underweight in Private Equity.

g. Staff provided reviews of Private Equity and Specialty Credit Portfolios focused on recent headlines and concerns regarding liquidity issues, exposure to the AI impacted Technology sector and lack of distributions in the asset classes

    i. Portfolios have limited exposure to the technology sector across Private Equity and Specialty Credit investments.

    ii. The Specialty Credit Portfolio does not have any exposure to business development corporations (BDCs) which have experienced significant liquidity issues.

    iii. Staff noted that the difficulties in Private Equity as the higher rate environment makes for more a more challenging economic proposition as evident by the record number of unsold portfolio companies and vintage creep of older funds. While the risk/return dynamic currently favors other asset classes, Staff noted the current environment also presents opportunities for strategic deployment of new capital in Private Equity highlighting recent investments.

h. Staff provided an update on the Investment Budget. For the Fiscal Year, total investment expenses were $6.5MM which was only 55% of the amount budgeted. The difference was largely driven by the legal and auditing expenses where only $450k or 8% of the amount budgeted was spent. All other expense categories were running in line with the amounts budgeted. At the total pension level, Investment Fees and Expenses decreased by $12.3MM or 8% compared to the prior fiscal year despite a 14% increase in total assets. The decrease was primarily driven by decline in expenses and performance-based fees in the Private Equity and Specialty Credit portfolios.

i. Quarterly Investment Compliance Report – As of the end of the Fiscal Year there were no compliance violations reported.

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

Pension Portfolios Performance

Plan	Market Value	Month	3 Months	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	20 Years	30 Years	ITD
CERS	**11,764,728,909.74**	**0.11**	**7.89**	**13.80**	**13.80**	**12.34**	**8.02**	**9.34**	**7.15**	**7.73**	**9.10**
KY Ret. CKERS Plan IPS Index		-0.36	7.83	13.33	13.33	11.86	7.85	9.05	7.17	7.72	9.12
CERS- H	**4,301,456,472.57**	**0.13**	**7.89**	**13.76**	**13.76**	**12.39**	**8.03**	**9.31**	**7.15**	**7.72**	**9.09**
KY Ret. CERS Haz Plan IPS Index		-0.35	7.83	13.33	13.33	11.89	7.86	9.05	7.17	7.72	9.12
KERS	**6,049,751,546.82**	**0.11**	**6.18**	**12.31**	**12.31**	**11.00**	**6.76**	**8.29**	**6.65**	**7.39**	**8.85**
KY Ret. KERS Plan IPS Index		-0.09	6.34	11.37	11.37	9.83	6.14	7.63	6.53	7.30	8.81
KERS- H	**1,296,506,711.22**	**0.00**	**7.43**	**13.58**	**13.58**	**12.19**	**7.77**	**9.12**	**7.07**	**7.67**	**9.05**
KY Ret. KERS Haz Plan IPS Index		-0.25	7.38	12.66	12.66	11.16	7.44	8.83	7.07	7.65	9.07
SPRS	**842,354,764.41**	**0.21**	**6.25**	**12.09**	**12.09**	**10.89**	**6.94**	**8.34**	**6.61**	**7.36**	**8.84**
KY Ret. SPRS Plan IPS Index		-0.04	6.07	10.99	10.99	9.79	6.24	7.75	6.54	7.30	8.81

Structure		Month	3 Months	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	20 Years	30 Years	ITD
PUBLIC EQUITY		**-0.32**	**14.25**	**21.75**	**21.75**	**18.28**	**9.81**	**12.30**	**8.26**	**8.74**	**10.76**
MSCI ACWI		-0.61	14.93	24.22	24.22	19.45	10.40	12.51	8.25	8.61	10.68
PRIVATE EQUITY		**-2.04**	**7.26**	**10.57**	**10.57**	**7.13**	**8.23**	**11.78**	**9.66**		**11.22**
Custom Private Equity BM		-2.04	7.26	10.57	10.57	7.13	8.23	13.82	12.01		11.73
SPECIALTY CREDIT		**0.71**	**2.05**	**7.23**	**7.23**	**9.65**	**7.41**				**7.00**
50% BB US HY / 50% Morningstar LSTA Lev'd Ln		0.17	2.17	5.14	5.14	8.22	5.12				5.21
CORE FIXED INCOME		**0.39**	**0.84**	**4.16**	**4.16**	**5.17**	**2.17**	**2.66**			**3.03**
Bloomberg US Aggregate		0.24	0.67	3.79	3.79	4.16	0.08	1.54			2.12
CASH		**0.30**	**0.91**	**4.00**	**4.00**	**4.71**	**3.54**	**2.49**	**2.01**	**2.67**	**3.42**
FTSE Treasury Bill-3 Month		0.31	0.93	4.05	4.05	4.86	3.69	2.40	1.68	2.34	3.07
REAL ESTATE		**-0.71**	**0.59**	**1.95**	**1.95**	**-1.32**	**3.67**	**6.76**	**6.56**	**6.12**	**6.05**
NCREIF NFI-ODCE Net 1 Qtr in Arrears Index^		1.04	1.04	3.11	3.11	-2.81	2.34	3.79	4.58	6.85	5.78
REAL RETURN		**2.38**	**4.01**	**16.49**	**16.49**	**15.49**	**12.22**	**8.71**			**6.88**
US CPI +3%		0.86	3.23	7.25	7.25	6.29	6.79	5.53			4.56

Insurance Portfolios Performance

Plan	Market Value	Month	3 Months	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	20 Years	30 Years	ITD
CERS INS	**4,286,682,675.36**	**0.12**	**7.66**	**13.37**	**13.37**	**12.15**	**8.04**	**9.24**	**6.75**	**7.20**	**7.73**
KY Ins. CERS Plan IPS Index		-0.40	7.34	12.68	12.68	11.60	7.83	8.91	6.81	7.43	7.92
CERS - H INS	**1,980,832,758.74**	**0.14**	**7.51**	**13.21**	**13.21**	**12.03**	**8.03**	**9.26**	**6.76**	**7.21**	**7.74**
KY Ins. CERS Haz Plan IPS Index		-0.42	7.32	12.66	12.66	11.60	7.82	8.91	6.81	7.43	7.92
KERS INS	**2,014,068,696.56**	**0.04**	**7.51**	**13.29**	**13.29**	**12.03**	**7.71**	**8.98**	**6.54**	**7.06**	**7.62**
KY Ins. KERS Plan IPS Index		-0.19	7.27	12.39	12.39	11.09	7.75	8.93	6.79	7.42	7.91
KERS - H INS	**798,688,551.19**	**-0.03**	**7.08**	**12.98**	**12.98**	**11.77**	**7.81**	**9.09**	**6.66**	**7.14**	**7.68**
KY Ins. KERS Haz Plan IPS Index		-0.32	6.81	11.84	11.84	10.76	7.32	8.67	6.68	7.34	7.85
SPRS INS	**310,085,563.62**	**-0.07**	**7.00**	**12.93**	**12.93**	**11.73**	**7.83**	**9.23**	**6.74**	**7.20**	**7.73**
KY Ins. SPRS Plan IPS Index		-0.33	6.80	11.88	11.88	10.79	7.36	8.67	6.70	7.35	7.86

Structure		Month	3 Months	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	20 Years	30 Years	ITD
PUBLIC EQUITY		**-0.32**	**14.25**	**21.69**	**21.69**	**18.18**	**9.75**	**12.26**	**8.18**		**9.38**
MSCI ACWI		-0.61	14.93	24.22	24.22	19.45	10.39	12.49	8.17		9.29
PRIVATE EQUITY		**-2.03**	**0.78**	**1.69**	**1.69**	**3.37**	**7.97**	**10.63**	**9.97**		**9.98**
Custom Private Equity BM		-2.03	0.78	1.69	1.69	3.37	7.97	13.68	11.61		11.29
SPECIALTY CREDIT		**0.61**	**2.01**	**7.39**	**7.39**	**9.82**	**7.60**				**6.97**
50% BB US HY / 50% Morningstar LSTA Lev'd Ln		0.17	2.17	5.14	5.14	8.22	5.12				5.21
CORE FIXED INCOME		**0.39**	**0.83**	**4.13**	**4.13**	**5.07**	**2.05**	**2.54**			**2.79**
Bloomberg US Aggregate		0.24	0.67	3.79	3.79	4.16	0.08	1.54			2.12
CASH		**0.30**	**0.92**	**4.00**	**4.00**	**4.72**	**3.53**	**2.36**	**1.82**		**2.65**
FTSE Treasury Bill-3 Month		0.31	0.93	4.05	4.05	4.86	3.69	2.40	1.68		2.57
REAL ESTATE		**-0.67**	**0.36**	**1.69**	**1.69**	**-1.42**	**3.44**	**6.74**			**7.59**
NCREIF NFI-ODCE Net 1 Qtr in Arrears Index^		1.04	1.04	3.11	3.11	-2.81	2.34	3.79			4.55
REAL RETURN		**2.86**	**4.59**	**15.05**	**15.05**	**13.87**	**10.90**	**8.07**			**6.39**
US CPI +3%		0.86	3.23	7.25	7.25	6.29	6.58	5.52			4.60

Internal Portfolio Performance

Internal Portfolio Performance (Net of Fees)
As of Date: 06/30/26

Structure	Market Value	% of Total	Month	3 Months	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	20 Years	ITD	Inception Date
PUBLIC EQUITY												
Russell 500 Index	4,036,937,586.33	16.64	-1.05	14.51	20.96	20.96	20.38	13.29	15.58	11.52	9.86	2001-07-01
KY Ret. S&P/Russell Blend			-0.85	14.72	20.76	20.76	20.18	13.16	15.38	11.43	9.77	
Internal US Mid Cap	338,943,958.04	1.40	3.64	14.47	26.10	26.10	16.00	9.60	12.22		11.24	2014-08-01
S&P MidCap 400 Index			3.59	14.47	25.89	25.89	15.41	9.07	11.65		10.79	
PRIVATE EQUITY												
INTERNAL PRIVATE EQ	106,405,998.33	0.44	-0.01	10.55	16.04	16.04					15.27	2023-12-01
CORE FI												
INTERNAL CORE FI	1,225,681,153.94	5.05	0.25	0.72	3.80	3.80					4.77	2023-09-01
Bloomberg US Aggregate Bond Index			0.24	0.67	3.79	3.79					4.67	
REAL ESTATE												
INTERNAL REAL ESTATE	82,838,567.74	0.34	0.29	6.33	7.34	7.34					6.91	2023-12-01
NCREIF NFI ODCE Net 1Qtr in Arrears Index^			1.04	1.04	3.11	3.11					-2.16	
REAL RETURN												
INTERNAL REAL RETURN	179,914,911.71	0.74	-2.69	-0.59	31.29	31.29					22.11	2023-12-01
KRS CPI + 300 bpts			0.86	3.23	7.25	7.25					6.36	
INTERNAL TIPS	153,125.31	0.00	0.30	0.92	4.01	4.01	4.77	3.66	2.57	3.66	4.25	2002-05-01
KR2 Internal US TIPS Blend			-0.50	0.70	3.62	3.62	4.93	2.33	2.99	3.80	4.35	
CASH ACCOUNT	542,151,454.08	2.24	0.30	0.91	4.00	4.00	4.71	3.54	2.49	2.01	3.42	1988-01-01
FTSE Treasury Bill-3 Month			0.31	0.93	4.05	4.05	4.86	3.69	2.40	1.68	3.07	

Kentucky Retirement Systems Pension

Monthly Investment Manager Performance (Net of Fee)

Reporting Currency:BASE

As of Date:6/30/2026

Structure	Account/Security Id	Market Value	% of Total	Month	3 Months	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	20 Years	ITD	Inception Date
PUBLIC EQUITY	KR2G10000000	11,005,256,656.73	45.37	-0.32	14.25	21.75	21.75	18.28	9.81	12.30	8.26	10.76	4/1/1984
Global Equity Blended Index	KR2GX003GLBL			-0.61	14.93	24.22	24.22	19.45	10.40	12.51	8.25	10.68	4/1/1984
American Century Investments	KR2F20050002	495,338,032.75	2.04	-0.28	13.31	5.81	5.81	7.67	0.60	9.02		6.29	7/1/2014
Non-Us Equity Benchmark	KR2GXNONUSEQ			-0.59	14.49	27.66	27.66	18.82	8.79	9.99		6.88	7/1/2014
Axiom	KR2F20090002	178,142,170.13	0.73	-3.15	16.08	16.63	16.63	18.40				3.85	1/1/2022
MSCI AC World ex USA Small Cap Net Index	IX1F00187227			-3.85	9.62	19.83	19.83	16.42				6.88	1/1/2022
BLACKROCK World Ex-US	KR2F20030002	1,037,438,332.57	4.28	-0.16	10.42	21.38	21.38	17.27	9.80	10.28		8.31	7/1/2009
Blackrock Custom Benchmark	KR2GXMSCI000			-0.17	10.22	20.99	20.99	16.90	9.32	9.88		7.99	7/1/2009
CERS JPM US Large Cap Core	KR2F19120002	238,443,822.21	0.98	-1.43	13.31	14.46	14.46					14.46	7/1/2025
Russell 500 Net of Tax Index	IX1F00400257			-0.85	14.72	20.76	20.76					20.76	7/1/2025
CERS TRP US Structured Equity	KR2F19100002	268,720,504.62	1.11	-0.52	16.06	22.51	22.51					22.51	7/1/2025
Franklin Templeton Institution	KR2F20060002	3,413,335.07	0.01	-2.81	8.42	-6.20	-6.20	2.77	-4.55	5.54		3.87	7/1/2014
Non-Us Equity Benchmark	KR2GXNONUSEQ			-0.59	14.49	27.66	27.66	18.82	8.79	9.99		6.88	7/1/2014
Internal Russell 500 Index	KR2F19020002	4,036,937,586.33	16.64	-1.05	14.50	20.96	20.96	20.38	13.29	15.58	11.52	9.86	7/1/2001
KY Ret. S&P/Russell Blend	KR2GX00SP500			-0.85	14.72	20.76	20.76	20.18	13.16	15.38	11.43	9.77	7/1/2001
Internal US Mid Cap	KR2F10100002	338,943,958.04	1.40	3.64	14.47	26.10	26.10	16.00	9.60	12.22		11.24	8/1/2014
S&P MidCap 400 Index	IX1F0000180C			3.59	14.47	25.89	25.89	15.41	9.07	11.65		10.79	8/1/2014
JP MORGAN EMERG MKTS	KR2F25050002	283,955,623.88	1.17	0.71	29.34	57.71	57.71	24.64	5.60			11.06	11/1/2019
MSCI Emerging Markets Investable Market Index	IX1F00075167			-1.55	22.80	40.94	40.94	22.69	7.66			11.00	11/1/2019
KRS Clearbridge	KR2F25100002	324,773,724.72	1.34	-1.88								-1.88	6/1/2026
KRS JPM US Large Cap Core	KR2F19110002	86,594,069.98	0.36	-1.43	13.31	14.48	14.48					14.48	7/1/2025
Russell 500 Net of Tax Index	IX1F00400257			-0.85	14.72	20.76	20.76					20.76	7/1/2025
KRS TRP US Structured Equity	KR2F19090002	97,591,583.19	0.40	-0.51	16.07	22.53	22.53					22.53	7/1/2025
Russell 500 Net of Tax Index	IX1F00400257			-0.85	14.72	20.76	20.76					20.76	7/1/2025
Lazard Asset Management	KR2F20080002	723,900,852.04	2.98	-0.43	16.81	25.69	25.69	17.32	8.56	9.68		7.30	7/1/2014
Non-Us Equity Benchmark	KR2GXNONUSEQ			-0.59	14.49	27.66	27.66	18.82	8.79	9.99		6.88	7/1/2014
LSV asset Management	KR2F20070002	791,373,389.65	3.26	-1.33	13.09	41.66	41.66	26.26	14.90	12.56		8.71	7/1/2014
Non-Us Equity Benchmark	KR2GXNONUSEQ			-0.59	14.49	27.66	27.66	18.82	8.79	9.99		6.88	7/1/2014
NEXT CENTURY GROWTH	KR2F10130002	264,438,082.29	1.09	10.98	48.81	66.56	66.56	24.49	11.41			26.12	11/1/2019
Russell Microcap Growth Index	IX1F89372418			3.88	28.98	51.30	51.30	23.15	3.30			13.19	11/1/2019
NTGI STRUCTURED	KR2F10020002	494,304,220.90	2.04	5.66	20.65	39.79	39.79	19.30	9.43	12.88	10.12	10.72	10/1/1999
Russell 2000 Index	IX1F00003878			3.74	21.49	40.78	40.78	18.60	6.98	11.62	8.88	9.03	10/1/1999
PZENA EMERGING MKTS	KR2F25040002	278,636,006.88	1.15	-5.73	1.26	24.50	24.50	18.68	11.25			12.48	11/1/2019
MSCI Emerging Markets Net Dividend Index	IX1F0000131C			-1.41	24.05	43.51	43.51	23.03	7.20			10.37	11/1/2019
River Road FAV	KR2F10120002	456,128,127.23	1.88	2.33	-0.56	2.75	2.75	11.77	4.38	9.53		9.53	7/1/2016
Russell 3000 Value Index	IX1F0000427C			2.32	13.99	27.75	27.75	17.80	10.97	11.48		11.48	7/1/2016
WESTFIELD CAPITAL	KR2F10060002	604,103,010.83	2.49	-2.02	18.06	15.57	15.57	22.54	13.09	18.35		15.45	7/1/2011
Russell 3000 Growth Index	IX1F00061108			-2.66	17.05	18.24	18.24	22.26	13.17	18.13		16.06	7/1/2011
PRIVATE EQUITY	KR2G40000000	1,048,153,429.65	4.32	-2.04	7.26	10.57	10.57	7.13	8.23	11.78	9.66	11.22	7/1/2002
Custom Private Equity BM	KR2GX0000PE0			-2.04	7.26	10.57	10.57	7.13	8.23	13.82	12.01	11.73	7/1/2002
ARCANO FUND	KR2F40200002	5,623,609.41	0.02	-4.89	-4.89	-26.62	-26.62	-8.25	-4.05	2.15		-0.76	12/1/2009
ARES SSF IV	KR2F46300002	17,768,083.17	0.07	2.37	2.37	14.23	14.23	7.57	14.61	15.10		5.87	2/1/2015

Structure	Account/Security Id	Market Value	% of Total	Month	3 Months	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	20 Years	ITD	Inception Date
BAY HILLS EM PTNR I	KR2F40400002	167,668.47	0.00	-12.21	-64.01	-50.98	-50.98	31.93	26.73	31.30		21.21	12/1/2007
BAY HILLS EM PTNR II	KR2F40500002	154,548,528.99	0.64	-0.06	49.28	59.45	59.45	16.52	12.97	19.42		14.90	12/1/2007
BAY HILLS EM PTNR III	KR2F45600002	41,579,669.73	0.17	-2.72	-4.95	12.40	12.40	9.55	9.40	15.62		12.37	11/1/2013
Bay Hills II B	KR2F47000002	100,320,796.74	0.41	-0.27	52.48	64.31	64.31	18.52	17.83			22.75	7/1/2017
BDCM OPPT. FUND IV	KR2F46400002	43,226,471.00	0.18	-2.03	-2.03	-4.07	-4.07	2.38	17.21	11.33		10.89	3/1/2015
BLACKSTONE CAP V	KR2F40600002	30,544.95	0.00	-6.23	-6.23	44.25	44.25	-27.50	-14.25	-1.98	2.68	2.62	2/1/2006
BLACKSTONE CAP VI	KR2F40700002	7,512,316.40	0.03	-3.14	-3.14	-6.06	-6.06	1.70	5.30	10.77		9.24	10/1/2011
CERS Strat Val Part VI	KR2F52680002	4,639,529.57	0.02	7.20	7.20							-13.04	10/1/2025
COLUMBIA CAP EQ IV	KR2F40900002	1,445,631.30	0.01	-8.61	-8.61	34.38	34.38	54.07	29.62	25.92	16.37	16.30	12/1/2005
Crestview Partners III	KR2F46200002	12,163,613.00	0.05	0.69	0.69	6.29	6.29	-15.49	-7.04	2.59		1.44	3/1/2015
CRESTVIEW PTNRS II	KR2F41000002	10,343,645.41	0.04	16.96	16.38	13.89	13.89	21.81	15.86	17.60			10/1/2008
CVC Capital Partners VI	KR2F45800002	12,977,260.86	0.05	-5.94	-4.74	-6.81	-6.81	0.82	7.33	14.10		7.41	2/1/2014
DAG VENTURES II QP	KR2F41100002	951,528.66	0.00	-4.07	-4.09	-4.66	-4.66	-23.04	-15.02	-17.01	-10.58	-10.46	4/1/2006
DAG VENTURES IV QP	KR2F41300002	30,900,613.01	0.13	-24.05	-30.83	-14.67	-14.67	16.87	-0.81	2.58	2.68	2.65	4/1/2006
DB Private Equity	KR2F46000002	3,567,562.35	0.01	-2.46	-2.46	-6.99	-6.99	-21.29	-15.04	-2.83		2.93	11/1/2014
DCM VI LP	KR2F41500002	2,161,593.00	0.01	0.32	0.32	21.86	21.86	9.15	-5.50	-2.04		1.22	7/1/2010
GREEN EQTY INVST V	KR2F41800002	142,121.00	0.00	-0.39	-0.39	-4.75	-4.75	-53.14	-46.50	-17.37	-2.62	-2.81	9/1/2003
GREEN EQTY INVST VI	KR2F41900002	13,271,070.42	0.05	13.81	13.81	11.46	11.46	11.44	9.07	13.25		10.56	11/1/2011
Green Equity Inv VII	KR2F46800002	15,269,337.51	0.06	-1.03	-1.03	1.24	1.24	0.92	7.20			11.15	5/1/2017
H&F Spock I LP	KR2F47500002	7,240,770.00	0.03	-13.51	-13.51	-28.01	-28.01	-11.33	-2.32			10.62	4/1/2018
HARVEST PARTNERS VI	KR2F42200002	683,046.42	0.00	-31.05	-31.05	-68.71	-68.71	-49.21	-34.58	-10.12		-2.56	6/1/2012
Harvest Partners VII	KR2F46700002	23,061,489.00	0.10	0.29	0.29	-7.60	-7.60	-7.56	14.71			1.14	9/1/2016
HIG BIOVENTURES II	KR2F42400002	5,747,543.89	0.02	-21.42	-21.42	-13.64	-13.64	-0.20	-3.90	5.53		-5.56	4/1/2011
HIG CAP PTNRS V	KR2F42500002	3,571,900.12	0.01	-1.73	-1.73	79.92	79.92	28.00	29.07	27.78		19.22	7/1/2013
HIG VENTURE PTNR II	KR2F42600002	1,593,249.53	0.01	-1.44	-1.44	41.08	41.08	14.27	-2.38	-0.88	0.95	0.88	2/1/2005
HORSLEY BRDG INTL V	KR2F42700002	73,863,839.00	0.30	-5.98	-1.57	17.29	17.29	8.83	0.87	15.36		6.26	5/1/2009
INTERNAL PRIVATE EQ	KR2F48100002	106,405,998.33	0.44	-0.01	10.55	16.04	16.04					15.27	12/1/2023
Kayne Anderson	KR2F47100002	4,600,490.00	0.02	-4.16	-4.16	29.60	29.60	-10.65	3.81			-4.72	10/1/2016
KCP IV Co-Invest	KR2F46600002	2,119,249.25	0.01	1.68	7.29	-5.99	-5.99	1.20	24.14	18.58		18.16	5/1/2016
KEYHAVEN CAPITAL III	KR2F43100002	4,582,004.22	0.02	-0.37	-1.06	-1.84	-1.84	-7.29	-5.76	2.82		1.84	1/1/2010
Keyhaven Capital IV	KR2F46500002	8,760,873.01	0.04	-6.57	3.98	-4.64	-4.64	2.40	14.10	13.27		12.59	4/1/2016
KRS Strat Val Part VI	KR2F52670002	3,274,962.14	0.01	7.20	7.20							-13.04	10/1/2025
Levine Leichtman Fund VI	KR2F47200002	32,903,656.15	0.14	-6.51	-6.51	-8.54	-8.54	6.09	12.50			8.58	5/1/2017
LEVINE LEICHTMAN V	KR2F45700002	1,183,246.65	0.00	-4.79	-4.79	-30.40	-30.40	-10.83	3.88	10.88		9.98	12/1/2013
Middle Ground	KR2F47600002	38,301,409.05	0.16	-2.82	0.27	-7.34	-7.34	-1.96	11.86			13.04	8/1/2019
MIDDLE GROUND II	KR2F47700002	46,697,788.62	0.19	-0.60	-1.49	-5.64	-5.64	3.91				6.95	11/1/2021
MIDDLE GROUND II COINVEST	KR2F48000002	23,249,175.40	0.10	-0.66	-7.93	-12.34	-12.34	2.47				8.60	11/1/2021
MILL ROAD CAPITAL	KR2F43700002	972,902.56	0.00	0.00	0.00	0.69	0.69	-30.12	-21.83	-23.37		-11.55	2/1/2008
NEW MTN PTNRS III LP	KR2F43900002	1,322,993.00	0.01	-0.10	-0.10	-0.20	-0.20	-6.55	2.65	16.32	15.65	14.33	2/1/2005
New Mtn Ptnrs IV LP	KR2F45900002	3,267,002.00	0.01	-4.97	-4.97	-19.30	-19.30	-14.18	-11.87	6.00		7.21	12/1/2014
NEW STATE III	KR2F47900002	14,650,453.04	0.06	-6.95	-6.95	-6.44	-6.44	17.02				9.75	11/1/2021
RIVERSIDE APPREC VI	KR2F44300002	7,498,295.00	0.03	-10.79	-10.79	-20.45	-20.45	-14.75	-1.64	5.06		2.70	12/1/2013

Structure	Account/Security Id	Market Value	% of Total	Month	3 Months	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	20 Years	ITD	Inception Date
STRATEGIC VALUE PARTNERS V	KR2F47800002	92,487,233.08	0.38	6.35	6.35	15.27	15.27	17.41	13.07			12.63	5/1/2021
Strategic Value Special IV	KR2F47400002	16,235,410.01	0.07	2.06	2.06	-0.49	-0.49	7.23	7.08			9.04	3/1/2018
Triton Fund IV	KR2F45500002	7,656,896.48	0.03	1.18	2.51	-4.68	-4.68	29.52	19.73	16.98		11.76	7/1/2013
VANTAGEPOINT 2006	KR2F44600002	3,881,513.04	0.02	-0.87	-0.87	3.29	3.29	-8.27	-5.15	-2.58	-5.34	-0.72	4/1/2003
Vista EQ Partner Fd VI	KR2F46900002	18,460,355.00	0.08	-4.36	-4.36	-4.06	-4.06	-2.75	3.23	10.08		9.99	6/1/2016
VISTA EQ PTNR FD III	KR2F44800002	123,582.00	0.00	-2.13	-2.13	-69.65	-69.65	-27.60	-9.42	-12.25		3.70	5/1/2008
VISTA EQ PTNR FD IV	KR2F44900002	14,781,064.00	0.06	-15.90	-15.90	-19.14	-19.14	-6.51	-1.24	1.08		5.65	12/1/2011
WARBURG PINCUS PE IX	KR2F45300002	53,022.00	0.00	0.83	0.83	-8.86	-8.86	39.78	28.91	5.50	6.01	5.61	6/1/2005
WARBURG PINCUS PE X	KR2F45400002	191,356.71	0.00	1.64	1.64	-75.70	-75.70	-31.41	-7.07	15.20	11.72	11.00	6/1/2005
WAYZATA OPPS FD III	KR2F45200002	119,466.00	0.00	-1.64	-1.64	-50.01	-50.01	-21.39	-4.74	-2.91		-4.79	4/1/2013
CORE FI	**KR2G30CORE00**	**3,967,614,486.97**	**16.36**	**0.39**	**0.84**	**4.16**	**4.16**	**5.17**	**2.17**	**2.66**		**3.03**	**7/1/2013**
Bloomberg US Aggregate Bond Index	IX1F0000500C			0.24	0.67	3.79	3.79	4.16	0.08	1.54		2.12	7/1/2013
INTERNAL CORE FI	KR2F30250002	1,225,681,153.94	5.05	0.25	0.72	3.80	3.80					4.77	9/1/2023
Bloomberg US Aggregate Bond Index	IX1F00003848			0.24	0.67	3.79	3.79					4.67	9/1/2023
Loomis Core Fixed Income	KR2F30170002	1,339,678,076.35	5.52	0.47	0.97	4.46	4.46	4.83	1.10			2.42	2/1/2019
Bloomberg US Aggregate Bond Index	IX1F0000500C			0.24	0.67	3.79	3.79	4.16	0.08			1.81	2/1/2019
NISA	KR2F30080002	1,402,255,256.68	5.78	0.42	0.81	4.08	4.08	4.60	0.46	1.90		3.18	2/1/2009
Bloomberg US Aggregate Bond Index	IX1F0000500C			0.24	0.67	3.79	3.79	4.16	0.08	1.54		2.88	2/1/2009
SPECIALITY CREDIT FI	**KR2GSPCRFI00**	**4,772,803,885.10**	**19.68**	**0.71**	**2.05**	**7.23**	**7.23**	**9.65**	**7.41**			**7.00**	**7/1/2017**
High Yield Custom Benchmark	KR2GX00000HY			0.17	2.17	5.14	5.14	8.22	5.12			5.21	7/1/2017
ADAMS ST SPC II A1	KR2F30200002	98,549,783.00	0.41	1.59	1.59	8.74	8.74	14.52	14.95			14.73	6/1/2020
ADAMS ST SPC II B1	KR2F30210002	100,362,381.00	0.41	1.94	1.94	8.89	8.89	11.68	9.56			10.64	6/1/2020
ADAMS ST SPC III A1	KR2F30230002	74,983,818.00	0.31	-1.57	-1.57	4.84	4.84					10.77	11/1/2023
ADAMS ST SPC III B1	KR2F30240002	86,802,602.00	0.36	-0.37	-0.37	4.48	4.48					-5.76	11/1/2023
ARROWMARK	KR2F70360002	782,776,647.49	3.23	1.01	3.16	12.23	12.23	14.28	13.20			11.51	6/1/2018
Morningstar LSTA US Leveraged Loan Index	IX1F00063837			0.08	1.88	4.36	4.36	7.55	6.01			5.36	6/1/2018
Blue Torch	KR2F30220002	173,317,696.00	0.71	1.47	1.47	2.59	2.59	6.68	9.41			8.53	8/1/2020
Morningstar LSTA US Leveraged Loan Index	IX1F00063837			0.08	1.88	4.36	4.36	7.55	6.01			6.68	8/1/2020
BSP Coinvestment	KR2F30180002	13,397,780.00	0.06	2.10	2.10	11.66	11.66	12.21	10.08			9.17	10/1/2019
BSP Private Credit Fund	KR2F30130002	82,195,150.00	0.34	1.03	1.03	7.04	7.04	7.97	7.82			6.67	2/1/2018
Morningstar LSTA US Leveraged Loan Index	IX1F00063837			0.08	1.88	4.36	4.36	7.55	6.01			5.28	2/1/2018
CAP SPR CL B SHRS	KR2F19060002	1,528,657.90	0.01	0.40	0.40							0.40	3/1/2026
Russell 3000 + Hurdle(Qtr Lag)	KR2GX007RUSS			-4.44	-2.92							-2.47	3/1/2026
Capital Springs	KR2F30190002	91,165,289.69	0.38	1.06	1.06	10.12	10.12	17.31	16.11			14.98	2/1/2020
Morningstar LSTA US Leveraged Loan Index	IX1F00063837			0.08	1.88	4.36	4.36	7.55	6.01			5.60	2/1/2020
Cerberus KRS LP	KR2F46100002	220,972,801.00	0.91	0.82	2.22	5.57	5.57	6.05	8.44	8.78		8.70	9/1/2014
Morningstar LSTA US Leveraged Loan Index	IX1F00063837			0.08	1.88	4.36	4.36	7.55	6.01	5.50		4.86	9/1/2014
CERS Oaktree US Senior Loan	KR2F25090002	201,422,839.66	0.83	0.07	1.40							1.40	4/1/2026
COLUMBIA	KR2F30070002	901,238,858.97	3.72	0.30	2.64	6.54	6.54	9.22	4.72	5.89		6.25	11/1/2011
Bloomberg US Corporate High Yield Bond Index	IX1F0003354C			0.27	2.47	5.91	5.91	8.86	4.17	5.81		5.99	11/1/2011
KRS Oaktree US Senior Loan	KR2F25080002	253,515,083.47	1.05	0.05	1.85							1.85	4/1/2026
MANULIFE ASSET MGMT	KR2F30020002	446,837,987.02	1.84	-0.12	2.07	6.37	6.37	7.23	3.40	4.20		4.43	12/1/2011

Structure	Account/Security Id	Market Value	% of Total	Month	3 Months	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	20 Years	ITD	Inception Date
Manulife Benchmark	KR2GXMANU100			0.26	0.92	4.15	4.15	4.70	0.44	1.95		1.74	12/1/2011
Marathon Bluegrass Credit Fund	KR2F30090002	610,527,776.53	2.52	1.74	0.92	5.78	5.78	7.95	5.03	6.01		6.12	1/1/2016
High Yield Custom Benchmark	KR2GX00000HY			0.17	2.17	5.14	5.14	8.22	5.12				1/1/2016
PEN WF EAG FD II	KR2F19040002	62,628,269.51	0.26	0.62	2.92	9.26	9.26					8.18	3/1/2025
Opportunistic FI Blended Index	KR2GX004OPFI			0.21	1.87	5.73	5.73					5.80	3/1/2025
SHENKMAN CAP	KR2F30040002	12,843,949.43	0.05	1.24	5.76	12.36	12.36	9.68	6.96	5.86		5.38	10/1/2010
Shenkman Blended Index	KR2GX005SHEK			0.08	1.88	4.36	4.36	8.01	5.85	5.42			10/1/2010
WATERFALL	KR2F30050002	389,441,275.88	1.61	0.62	2.92	9.26	9.26	11.13	7.90	8.09		9.41	2/1/2010
Opportunistic FI Blended Index	KR2GX004OPFI			0.21	1.87	5.73	5.73	7.97	4.47	5.08		5.01	2/1/2010
White Oak Yield Spectrum Fund	KR2F30120002	168,292,132.12	0.69	0.94	0.94	5.90	5.90	7.43	6.65			6.08	3/1/2018
Morningstar LSTA US Leveraged Loan Index	IX1F00063837			0.08	1.88	4.36	4.36	7.55	6.01			5.30	3/1/2018
CASH ACCOUNT	KR2F90010002	542,151,454.08	2.24	0.30	0.91	4.00	4.00	4.71	3.54	2.49	2.01	3.42	1/1/1988
FTSE Treasury Bill-3 Month	IX1F0003127C			0.31	0.93	4.05	4.05	4.86	3.69	2.40	1.68	3.07	1/1/1988
REAL ESTATE	**KR2G50000000**	**1,076,796,096.51**	**4.44**	**-0.71**	**0.59**	**1.95**	**1.95**	**-1.32**	**3.67**	**6.76**	**6.56**	**6.05**	**7/1/1984**
NCREIF NFI ODCE Net 1Qtr in Arrears Index^	IX1G00369207			1.04	1.04	3.11	3.11	-2.81	2.34	3.79	4.58	5.78	7/1/1984
Baring Real Estate	KR2F52650002	35,448,577.23	0.15	-13.19	-12.08	-17.50	-17.50	-16.56	-13.79			-2.08	1/1/2019
Barings Euro Real Estate II	KR2F52660002	86,538,711.58	0.36	-2.18	-0.93	1.84	1.84	-3.93	-4.36			-12.73	12/1/2020
DIVCOWEST IV	KR2F52580002	452,614.00	0.00	2.85	2.85	-30.05	-30.05	-21.52	-8.39	3.10		6.18	3/1/2014
Fundamental Partners III	KR2F52630002	37,990,976.00	0.16	-5.48	-5.48	-9.32	-9.32	-3.98	4.36			7.58	5/1/2017
Greenfield Acq VII	KR2F52590002	796,689.00	0.00	-0.20	-0.20	-26.82	-26.82	-7.41	1.57	7.55		8.01	7/1/2014
HARRISON STREET	KR2F50030002	291,959,001.00	1.20	0.00	0.74	3.69	3.69	-0.22	3.09	5.22		6.18	5/1/2012
INTERNAL REAL ESTATE	KR2F48200002	82,838,567.74	0.34	0.29	6.33	7.34	7.34					6.91	12/1/2023
Lubert Adler RE Fund VIIB	KR2F52640002	2,850,624.73	0.01	0.71	0.71	-26.73	-26.73	-6.11	8.54			7.98	7/1/2017
LUBERT-ADLER VII	KR2F52600002	8,936,086.67	0.04	-1.36	-1.36	-16.67	-16.67	-17.20	-10.26	-4.38		-5.78	7/1/2014
MESA WEST CORE LEND	KR2F52550002	53,863,167.00	0.22	0.64	0.64	0.30	0.30	-1.88	-0.69	3.31		3.92	5/1/2013
Mesa West IV	KR2F52620002	16,890,778.00	0.07	0.06	0.06	6.07	6.07	-5.96	-4.68			0.19	3/1/2017
Patron Capital	KR2F52610002	13,491,166.37	0.06	-2.87	-1.63	-7.91	-7.91	-3.66	1.25			1.83	8/1/2016
PERIMETER PARK	KR2F80010002	7,507,508.69	0.03	0.00	0.00	2.84	2.84	5.06	6.33	3.81	0.70	2.62	4/1/1999
PROLOGIS TUSL	KR2F50070002	313,666,949.16	1.29	0.00	1.83	4.44	4.44	-0.69	9.08	12.30		12.39	10/1/2014
RUBENSTEIN PF II	KR2F52570002	2,466,794.94	0.01	0.01	0.01	-17.58	-17.58	-40.46	-34.36	-17.07		-10.43	7/1/2013
Stockbridge SmtMkts	KR2F50060002	117,751,782.85	0.49	1.61	1.61	5.56	5.56	1.55	4.19	6.15		6.86	5/1/2014
WALTON ST RE FD VI	KR2F52530002	1,960,749.21	0.01	-4.06	-4.06	-1.41	-1.41	-1.92	4.62	2.26		-9.26	5/1/2009
WALTON ST RE FD VII	KR2F52540002	1,385,352.34	0.01	-2.93	-2.93	-22.02	-22.02	-16.01	-9.18	-4.54		-0.41	7/1/2013
REAL RETURN	**KR2G35000000**	**1,842,550,230.46**	**7.60**	**2.38**	**4.01**	**16.49**	**16.49**	**15.49**	**12.22**	**8.71**		**6.88**	**7/1/2011**
PENSION REAL RETURN CUSTOM BM	KR2GXREALRET			0.86	3.23	7.25	7.25	6.29	6.79	5.53		4.56	7/1/2011
AMERRA AGRI FUND II	KR2F36020002	13,490,318.75	0.06	7.29	7.29	18.88	18.88	0.62	5.21	4.24		4.93	12/1/2012
Amerra-AGRI Holding	KR2F36060002	24,806,605.33	0.10	3.53	3.53	8.45	8.45	-2.86	-3.49	-2.84		-2.55	8/1/2015
Blackstone Strat Opp	KR2F70320002	0.00	0.00	0.00	-70.57	-73.23	-73.23	-35.68	-23.61			-15.50	7/1/2017
BTG Pactual	KR2F35050002	20,636,996.05	0.09	1.22	1.22	18.66	18.66	16.98	18.12	8.38		3.01	12/1/2014
CERS Arctos American Football	KR2F19070002	30,754,253.00	0.13	18.98	18.88	-1.27	-1.27					-1.17	6/1/2025
KRS CPI + 300 bpts	KR2GX005CPI3			0.86	3.23	7.25	7.25					7.11	6/1/2025
CERS CERES FARMS	KR2F20100002	137,721,563.01	0.57	1.12	1.12	6.02	6.02					5.25	12/1/2024

Structure	Account/Security Id	Market Value	% of Total	Month	3 Months	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	20 Years	ITD	Inception Date
KRS CPI + 300 bpts	KR2GX005CPI3			0.86	3.23	7.25	7.25					6.85	12/1/2024
IFM Infrast Debt FD	KR2F36070002	81,991,624.11	0.34	1.28	1.28	6.72	6.72	5.34	6.05			5.20	7/1/2019
INTERNAL REAL RETURN	KR2F36130002	179,914,911.71	0.74	-2.69	-0.59	31.29	31.29					22.11	12/1/2023
KRS CPI + 300 bpts	KR2GX005CPI3			0.86	3.23	7.25	7.25					6.36	12/1/2023
INTERNAL TIPS	KR2F39010002	153,125.31	0.00	0.30	0.92	4.01	4.01	4.77	3.66	2.57	3.66	4.25	5/1/2002
KR2 Internal US TIPS Blend	KR2GX000TIPS			-0.50	0.70	3.62	3.62	4.93	2.33	2.99	3.80	4.35	5/1/2002
ITE RAIL FD LP PEN	KR2F19050002	223,412,934.00	0.92	1.69	3.91	7.11	7.11					5.29	3/1/2025
KRS CPI + 300 bpts	KR2GX005CPI3			0.86	3.23	7.25	7.25					7.09	3/1/2025
KAYNE PE INC FD III	KR2F19080002	24,200,453.00	0.10	11.03	11.03	11.34	11.34					9.64	5/1/2025
KRS PENSION ARCTOS SPORTS II	KR2F36100002	52,594,211.00	0.22	9.66	15.78	22.53	22.53	6.83				26.71	5/1/2023
KRS CPI + 300 bpts	KR2GX005CPI3			0.86	3.23	7.25	7.25	6.29				6.36	5/1/2023
KRS Pension Ceres Farms	KR2F36110002	87,227,406.86	0.36	1.12	1.12	6.90	6.90					6.37	10/1/2024
KRS CPI + 300 bpts	KR2GX005CPI3			0.86	3.23	7.25	7.25					6.64	10/1/2024
KRS PENSION MARITIME PARTNERS	KR2F36120002	177,974,044.10	0.73	2.63	4.63	8.89	8.89					7.92	10/1/2023
KRS CPI + 300 bpts	KR2GX005CPI3			0.86	3.23	7.25	7.25					6.23	10/1/2023
Luxor Capital	KR2F70080002	1,366,584.41	0.01	2.77	5.40	11.08	11.08	6.85	6.79	6.07		1.61	4/1/2014
Oberland Capital	KR2F35040002	1,046,858.00	0.00	1.70	1.70	25.98	25.98	33.82	24.81	16.57		15.61	10/1/2014
PEN ARCTOS SP II COL	KR2F36140002	100,523,822.00	0.41	9.51	24.52	32.84	32.84					23.42	11/1/2023
KRS CPI + 300 bpts	KR2GX005CPI3			0.86	3.23	7.25	7.25					6.24	11/1/2023
PRISMA CAPITAL	KR2F70030002	111,666,205.65	0.46	0.30	0.87	3.84	3.84	4.55	2.79	2.64		2.83	9/1/2011
S&P 500 Index	IX1F00079488			-0.95	15.20	22.33	22.33	20.61	13.41	15.51		15.12	9/1/2011
SABA CAPITAL	KR2F25070002	92,496,803.03	0.38	-0.22	12.73	24.21	24.21					18.86	4/1/2024
SABA Custom Benchmark	KR2GX00BBMBE			1.35	14.12	23.54	23.54					14.89	4/1/2024
ST VAL SH 130 C 2	KR2F36160002	54,305,284.16	0.22	3.87	3.87	12.56	12.56					14.57	12/1/2024
KRS CPI + 300 bpts	KR2GX005CPI3			0.86	3.23	7.25	7.25					6.85	12/1/2024
STR VAL SH 130 C 1	KR2F36150002	5,959,244.95	0.02	3.87	3.87	12.56	12.56					16.41	2/1/2025
Russell+CPI 300	KR2GX07R5CPI			0.86	3.23	7.25	7.25					5.22	2/1/2025
Taurus Mine Finance	KR2F35070002	12,921.19	0.00	0.00	0.00	-41.48	-41.48	-14.14	6.49	6.10		6.84	4/1/2015
TORTOISE CAPITAL	KR2F35020002	418,890,128.14	1.73	2.69	0.55	23.34	23.34	28.52	24.73	11.32		12.67	8/1/2009
Alerian MLP Index	IX1F0005318C			-0.04	1.39	21.47	21.47	23.12	20.51	9.20		9.69	8/1/2009
Tricadia Select	KR2F70350002	1,277,305.64	0.01	0.00	0.00	0.00	0.00	0.00	0.00			-2.85	9/1/2017
HFRI Fund of Funds Diversified Index	IX1F0000609C			1.51	6.85	15.81	15.81	10.47	6.19			6.00	9/1/2017

Kentucky Retirement Systems Insurance

Monthly Investment Manager Performance (Net of Fee)

As of Date:6/30/2026

Reporting Currency:BASE

Structure	Account/Security Id	Market Value	% of Total	Month	3 Months	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	20 Years	ITD	Inception Date
PUBLIC EQUITY	KR3G10000000	4,583,893,683.92	48.81	-0.32	14.25	21.69	21.69	18.18	9.75	12.26	8.18	9.38	7/1/1992
Global Equity Blended Index	KR3GX003GLBL			-0.61	14.93	24.22	24.22	19.45	10.39	12.49	8.17	9.29	7/1/1992
American Century Investments	KR3F20050002	203,574,225.63	2.17	-0.28	13.27	5.71	5.71	7.67	0.62	9.03		6.28	7/1/2014
Non US Equity Benchmark	KR3GXNONUSEQ			-0.59	14.49	27.66	27.66	18.82	8.79	9.99		6.88	7/1/2014
Axiom	KR3F20090002	79,905,290.33	0.85	-3.16	16.10	16.66	16.66	18.39				3.85	1/1/2022
MSCI AC World ex USA Small Cap Net Index	IX1F00187227			-3.85	9.62	19.83	19.83	16.42				6.88	1/1/2022
BLACKROCK WORLD EX-US	KR3F20030002	430,876,797.06	4.59	-0.18	10.23	21.11	21.11	16.99	9.48	9.99		8.72	6/1/2012
Blackrock Custom Benchmark	KR3GXMSCI000			-0.17	10.22	20.99	20.99	16.90	9.32	9.88		8.60	6/1/2012
Franklin Templeton Institution	KR3F20060002	1,224,472.40	0.01	-2.82	8.88	-5.76	-5.76	3.08	-4.33	5.67		3.94	7/1/2014
Non US Equity Benchmark	KR3GXNONUSEQ			-0.59	14.49	27.66	27.66	18.82	8.79	9.99		6.88	7/1/2014
INS JPM US Large Cap Core	KR3F19110002	139,410,880.45	1.48	-1.41	13.30	14.55	14.55					14.55	7/1/2025
Russell 500 Net of Tax Index	IX1F00400257			-0.85	14.72	20.76	20.76					20.76	7/1/2025
INS TRP US Structured Equity	KR3F19090002	154,771,427.49	1.65	-0.49	16.15	22.58	22.58					22.58	7/1/2025
Russell 500 Net of Tax Index	IX1F00400257			-0.85	14.72	20.76	20.76					20.76	7/1/2025
Internal Russell 500 Index	KR3F19020002	1,675,264,978.40	17.84	-1.05	14.49	20.93	20.93	20.30	13.24	15.57	11.53	9.89	7/1/2001
KY Ins. S&P/Russell Blend	KR3GX00SP500			-0.85	14.72	20.76	20.76	20.18	13.16	15.38	11.43	9.77	7/1/2001
Internal US Mid Cap	KR3F10100002	125,563,513.24	1.34	3.62	14.51	26.22	26.22	15.87	9.54	12.17		11.24	8/1/2014
S&P MidCap 400 Index	IX1F0000180C			3.59	14.47	25.89	25.89	15.41	9.07	11.65		10.79	8/1/2014
JP MORGAN EMERG MKTS	KR3F25050002	119,816,226.64	1.28	0.65	29.09	57.47	57.47	24.48	5.56			11.11	11/1/2019
MSCI Emerging Markets Investable Market Index	IX1F00075167			-1.55	22.80	40.94	40.94	22.69	7.66			11.00	11/1/2019
KRS INS Clearbridge	KR3F25100002	134,370,974.92	1.43	-1.89								-1.89	6/1/2026
Lazard Asset Management	KR3F20080002	296,569,601.61	3.16	-0.42	16.79	25.65	25.65	17.26	8.57	9.65		7.26	7/1/2014
Non US Equity Benchmark	KR3GXNONUSEQ			-0.59	14.49	27.66	27.66	18.82	8.79	9.99		6.88	7/1/2014
LSV Asset Management	KR3F20070002	326,913,875.19	3.48	-1.38	12.97	40.81	40.81	26.02	14.55	12.35		8.46	7/1/2014
Non US Equity Benchmark	KR3GXNONUSEQ			-0.59	14.49	27.66	27.66	18.82	8.79	9.99		6.88	7/1/2014
NEXT CENTURY GROWTH	KR3F10130002	117,546,716.48	1.25	10.97	48.79	66.35	66.35	23.88	10.98			25.75	11/1/2019
Russell Microcap Growth Index	IX1F89372418			3.88	28.98	51.30	51.30	23.15	3.30			13.19	11/1/2019
NTGI STRUCTURED	KR3F10020002	218,625,674.51	2.33	5.64	20.59	39.48	39.48	18.89	9.17	12.57		11.66	7/1/2011
Russell 2000 Index	IX1F00003878			3.74	21.49	40.78	40.78	18.60	6.98	11.62		10.52	7/1/2011
PZENA EMERGING MKTS	KR3F25040002	122,551,323.60	1.31	-5.75	1.31	24.30	24.30	18.39	11.13			12.49	11/1/2019
MSCI Emerging Markets Net Dividend Index	IX1F0000131C			-1.41	24.05	43.51	43.51	23.03	7.20			10.37	11/1/2019
RIVER ROAD FAV	KR3F10120002	190,175,056.24	2.03	2.33	-0.55	2.70	2.70	11.71	4.35	9.51		9.51	7/1/2016
Russell 3000 Value Index	IX1F0000427C			2.32	13.99	27.75	27.75	17.80	10.97	11.48		11.48	7/1/2016
WESTFIELD CAPITAL	KR3F10060002	245,902,653.83	2.62	-2.02	18.04	15.51	15.51	22.56	13.06	18.36		15.49	7/1/2011
Russell 3000 Growth Index	IX1F00061108			-2.66	17.05	18.24	18.24	22.26	13.17	18.13		16.06	7/1/2011
PRIVATE EQUITY	KR3G40000000	446,157,071.48	4.75	-2.03	0.78	1.69	1.69	3.37	7.97	10.63	9.97	9.98	7/1/2002
Custom Private Equity BM	KR3GX0000PE0			-2.03	0.78	1.69	1.69	3.37	7.97	13.68	11.61	11.29	7/1/2002
ARCANO KRS FUND	KR3F40200002	624,846.62	0.01	-4.89	-4.89	-26.62	-26.62	-8.25	-4.05	2.15		-0.76	12/1/2009
ARES SSF IV	KR3F46300002	9,367,048.97	0.10	2.37	2.37	14.23	14.23	7.57	14.61	15.10		5.87	2/1/2015
BAY HILLS EM PTNR I	KR3F40400002	18,632.02	0.00	-12.20	-64.01	-50.98	-50.98	31.93	26.73	31.30		21.21	12/1/2007
BAY HILLS EM PTNR II	KR3F40500002	17,172,058.67	0.18	-0.06	49.28	59.45	59.45	16.52	12.97	19.42		14.90	12/1/2007
BAY HILLS EM PTNR III	KR3F45600002	35,587,681.93	0.38	-2.71	-4.94	12.38	12.38	9.53	9.38	15.59		12.51	11/1/2013

Structure	Account/Security Id	Market Value	% of Total	Month	3 Months	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	20 Years	ITD	Inception Date
Bay Hills II B	KR3F47000002	11,146,754.21	0.12	-0.27	52.48	64.31	64.31	18.52	17.83			22.75	7/1/2017
BDCM Oppt. Fund IV	KR3F46400002	29,668,093.00	0.32	-2.03	-2.03	-4.07	-4.07	2.38	17.21	11.33		10.89	3/1/2015
BLACKSTONE CAP V	KR3F40600002	7,829.00	0.00	-6.39	-6.39	46.04	46.04	-27.60	-14.34	-2.03	2.53	2.52	6/1/2006
BLACKSTONE CAP VI	KR3F40700002	5,008,213.66	0.05	-3.14	-3.14	-6.06	-6.06	1.70	5.30	10.77		9.24	10/1/2011
COLUMBIA CAP EQ IV	KR3F40900002	160,628.14	0.00	-8.61	-8.61	34.38	34.38	54.07	29.62	24.24	15.59	15.54	12/1/2005
Crestview Partners III	KR3F46200002	6,549,629.00	0.07	0.69	0.69	6.29	6.29	-15.50	-7.04	2.62		1.47	3/1/2015
CRESTVIEW PTNRS II	KR3F41000002	1,149,261.12	0.01	16.96	16.38	13.89	13.89	21.81	15.86	17.60			10/1/2008
CVC Capital Partners VI	KR3F45800002	6,857,155.92	0.07	-5.94	-4.74	-6.68	-6.68	0.89	7.37	14.13		7.43	2/1/2014
DAG VENTURES II QP	KR3F41100002	105,716.78	0.00	-4.07	-4.09	-4.66	-4.66	-23.04	-15.02	-17.01	-10.58	-10.46	4/1/2006
DAG VENTURES IV QP	KR3F41300002	3,433,401.05	0.04	-24.05	-30.83	-14.67	-14.67	16.87	-0.81	2.58	2.68	2.65	4/1/2006
DB Private Equity	KR3F46000002	10,702,688.30	0.11	-2.46	-2.46	-6.99	-6.99	-21.29	-15.04	-2.84		2.92	11/1/2014
DCM VI LP	KR3F41500002	240,178.00	0.00	0.32	0.32	21.86	21.86	9.15	-5.50	-2.04		1.22	7/1/2010
GREEN EQTY INVST V	KR3F41800002	15,791.00	0.00	-0.39	-0.39	-4.75	-4.75	-53.14	-46.50	-17.36	-2.58	-2.74	9/1/2003
GREEN EQTY INVST VI	KR3F41900002	11,612,202.00	0.12	13.81	13.81	11.46	11.46	11.44	9.07	13.28		10.58	11/1/2011
Green Equity Inv VII	KR3F46800002	15,269,337.00	0.16	-1.03	-1.03	1.24	1.24	0.92	7.20			11.17	5/1/2017
H&F Spock I LP	KR3F47500002	2,715,282.00	0.03	-13.51	-13.51	-28.01	-28.01	-11.33	-2.32			10.62	4/1/2018
HARVEST PARTNERS VI	KR3F42200002	278,992.00	0.00	-31.05	-31.05	-68.71	-68.71	-49.21	-34.59	-10.12		-2.55	5/1/2012
Harvest Partners VII	KR3F46700002	23,061,489.00	0.25	0.29	0.29	-7.60	-7.60	-7.56	14.71			1.14	9/1/2016
HIG BIOVENTURES II	KR3F42400002	4,896,056.74	0.05	-21.42	-21.42	-13.64	-13.64	-0.20	-3.90	5.53		-5.53	3/1/2011
HIG CAP PTNRS V	KR3F42500002	1,881,382.03	0.02	-1.73	-1.73	79.92	79.92	28.00	29.07	27.78		19.22	7/1/2013
HIG VENTURE PTNR II	KR3F42600002	177,024.48	0.00	-1.44	-1.44	41.08	41.08	14.27	-2.38	-0.88	0.95	0.88	2/1/2005
HORSLEY BRDG INTL V	KR3F42700002	8,207,080.00	0.09	-5.98	-1.56	17.29	17.29	8.83	0.87	15.33		6.25	5/1/2009
INTERNAL PRIV EQ INS	KR3F48100002	41,365,922.40	0.44	-0.01	10.48	16.00	16.00					15.22	12/1/2023
Kayne Anderson	KR3F47100002	4,600,491.00	0.05	-4.16	-4.16	29.60	29.60	-10.65	3.81			-4.72	10/1/2016
KCP IV CO-INVEST	KR3F46600002	1,454,525.99	0.02	1.68	7.29	-5.99	-5.99	1.20	24.14	18.58		18.16	5/1/2016
KEYHAVEN CAPITAL III	KR3F43100002	509,111.59	0.01	-0.37	-1.06	-1.84	-1.84	-7.29	-5.76	2.81		1.86	1/1/2010
Keyhaven Capital IV	KR3F46500002	6,012,944.86	0.06	-6.57	3.98	-4.64	-4.64	2.40	14.10	13.23		12.55	4/1/2016
KRS INS Strat Val Part VI	KR3F52670002	1,637,481.11	0.02	7.20	7.20							-13.04	10/1/2025
LEVINE LEICHTMAN V	KR3F45700002	617,350.99	0.01	-4.79	-4.79	-30.40	-30.40	-10.83	3.88	10.88		9.98	12/1/2013
Levine Leichtman VI	KR3F47200002	32,903,656.15	0.35	-6.51	-6.51	-8.54	-8.54	6.09	12.50			8.57	5/1/2017
MHR INST PTNRS III	KR3F43600002	1,166,642.00	0.01	36.68	45.02	73.05	73.05	20.87	1.84	4.18		1.64	10/1/2006
Middle Ground	KR3F47600002	19,150,711.99	0.20	-2.82	0.27	-7.34	-7.34	-1.96	11.86			13.04	8/1/2019
MIDDLE GROUND II	KR3F47700002	23,348,894.70	0.25	-0.60	-1.49	-5.64	-5.64	3.91				6.95	11/1/2021
MIDDLE GROUND II COINVEST	KR3F48000002	11,624,583.04	0.12	-0.66	-7.93	-12.34	-12.34	2.47				8.60	11/1/2021
MILL ROAD CAPITAL	KR3F43700002	108,100.52	0.00	0.00	0.00	0.69	0.69	-30.12	-21.83	-23.37		-11.55	2/1/2008
NEW MTN PTNRS III LP	KR3F43900002	293,997.00	0.00	-0.10	-0.10	-0.20	-0.20	-6.55	2.64	16.31	15.75	14.42	2/1/2005
New Mtn Ptnrs IV LP	KR3F45900002	1,713,173.00	0.02	-4.97	-4.97	-19.30	-19.30	-14.18	-11.87	6.00		7.21	12/1/2014
NEW STATE III	KR3F47900002	6,278,778.70	0.07	-6.95	-6.95	-6.44	-6.44	17.02				9.75	11/1/2021
RIVERSIDE APPREC VI	KR3F44300002	3,952,386.00	0.04	-10.79	-10.79	-20.45	-20.45	-14.75	-1.64	5.04		2.69	12/1/2013
Strategic Val Spc IV	KR3F47400002	8,136,421.00	0.09	2.06	2.06	-0.49	-0.49	7.23	7.08			9.39	3/1/2018
STRATEGIC VALUE PARTNERS V	KR3F47800002	39,637,371.61	0.42	6.35	6.35	15.27	15.27	17.56	13.16			12.71	5/1/2021
SUN CAP PTRNS IV	KR3F44400002	87,848.00	0.00	0.95	0.95	12.95	12.95	-8.15	8.62	-8.15	-0.32	-1.25	6/1/2005

Structure	Account/Security Id	Market Value	% of Total	Month	3 Months	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	20 Years	ITD	Inception Date
Triton Fund IV	KR3F45500002	4,035,036.36	0.04	1.18	2.51	-4.69	-4.69	29.51	19.72	17.01		11.78	7/1/2013
VANTAGEPOINT 2006	KR3F44600002	431,281.33	0.00	-0.87	-0.87	3.29	3.29	-8.27	-5.15	-2.58	-5.34	-0.72	4/1/2003
Vista EQ Partners Fd VI	KR3F46900002	18,460,355.00	0.20	-4.36	-4.36	-4.06	-4.06	-2.75	3.23	10.08		9.99	6/1/2016
VISTA EQ PTNR FD III	KR3F44800002	13,731.00	0.00	-2.15	-2.15	-69.65	-69.65	-27.60	-9.43	-12.25		3.70	5/1/2008
VISTA EQ PTNR FD IV	KR3F44900002	12,591,266.00	0.13	-15.90	-15.90	-19.14	-19.14	-6.51	-1.24	1.08		5.61	12/1/2011
WARBURG PINCUS PE IX	KR3F45300002	10,605.00	0.00	0.83	0.83	-8.86	-8.86	39.78	28.91	5.50	6.44	6.01	6/1/2005
WARBURG PINCUS PE X	KR3F45400002	36,980.50	0.00	1.64	1.64	-75.73	-75.73	-31.43	-7.08	15.19	12.17	11.42	6/1/2005
WAYZATA OPPS FD III	KR3F45200002	62,972.00	0.00	-1.64	-1.64	-50.01	-50.01	-21.39	-4.74	-2.91		-4.76	3/1/2013
CORE FI	**KR3G30CORE00**	**1,084,988,336.40**	**11.55**	**0.39**	**0.83**	**4.13**	**4.13**	**5.07**	**2.05**	**2.54**		**2.79**	**7/1/2013**
Bloomberg US Aggregate Bond Index	IX1F0000500C			0.24	0.67	3.79	3.79	4.16	0.08	1.54		2.12	7/1/2013
INTERNAL CORE FI INS	KR3F30250002	288,915,352.75	3.08	0.25	0.71	3.78	3.78					4.73	9/1/2023
Bloomberg US Aggregate Bond Index	IX1F00003848			0.24	0.67	3.79	3.79					4.67	9/1/2023
Loomis Core Fixed Income	KR3F30170002	371,802,635.51	3.96	0.47	0.95	4.44	4.44	4.81	1.08			2.41	2/1/2019
Bloomberg US Aggregate Bond Index	IX1F0000500C			0.24	0.67	3.79	3.79	4.16	0.08			1.81	2/1/2019
NISA	KR3F30080002	424,270,348.14	4.52	0.42	0.79	4.04	4.04	4.57	0.43	1.73		2.46	7/1/2011
Bloomberg US Aggregate Bond Index	IX1F0000500C			0.24	0.67	3.79	3.79	4.16	0.08	1.54		2.28	7/1/2011
SPECIALITY CREDIT FI	**KR3GSPCRFI00**	**1,979,216,652.31**	**21.08**	**0.61**	**2.01**	**7.39**	**7.39**	**9.82**	**7.60**			**6.97**	**7/1/2017**
High Yield Custom Benchmark	KR3GX00000HY			0.17	2.17	5.14	5.14	8.22	5.12			5.21	7/1/2017
ADAMS ST SPC II A1	KR3F30200002	42,235,623.00	0.45	1.59	1.59	8.74	8.74	14.52	14.95			14.73	6/1/2020
Morningstar LSTA US Leveraged Loan Index	IX1F00063837			0.08	1.88	4.36	4.36	7.55	6.01			7.03	6/1/2020
ADAMS ST SPC II B1	KR3F30210002	43,012,452.00	0.46	1.94	1.94	8.89	8.89	11.68	9.56			10.64	6/1/2020
Morningstar LSTA US Leveraged Loan Index	IX1F00063837			0.08	1.88	4.36	4.36	7.55	6.01			7.03	6/1/2020
ADAMS ST SPC III A1	KR3F30230002	32,289,167.00	0.34	-1.57	-1.57	4.84	4.84					10.77	11/1/2023
Morningstar LSTA US Leveraged Loan Index	IX1F00063837			0.08	1.88	4.36	4.36					7.17	11/1/2023
ADAMS ST SPC III B1	KR3F30240002	37,378,517.00	0.40	-0.37	-0.37	4.48	4.48					-5.76	11/1/2023
Morningstar LSTA US Leveraged Loan Index	IX1F00063837			0.08	1.88	4.36	4.36					7.17	11/1/2023
ARROWMARK	KR3F70360002	398,594,688.89	4.24	1.01	3.16	12.23	12.23	14.28	13.20			11.51	6/1/2018
Morningstar LSTA US Leveraged Loan Index	IX1F00063837			0.08	1.88	4.36	4.36	7.55	6.01			5.36	6/1/2018
BLUE TORCH	KR3F30220002	74,279,015.00	0.79	1.47	1.47	2.59	2.59	6.68	9.41			8.53	8/1/2020
Morningstar LSTA US Leveraged Loan Index	IX1F00063837			0.08	1.88	4.36	4.36	7.55	6.01			6.68	8/1/2020
BSP Coinvestment	KR3F30180002	5,827,588.00	0.06	2.07	2.07	11.90	11.90	12.37	10.15			9.23	10/1/2019
BSP Private Cred Fd	KR3F30130002	41,097,573.00	0.44	1.03	1.03	7.04	7.04	7.97	7.82			6.67	2/1/2018
Morningstar LSTA US Leveraged Loan Index	IX1F00063837			0.08	1.88	4.36	4.36	7.55	6.01			5.28	2/1/2018
CAPITAL SPRINGS	KR3F30190002	39,070,840.27	0.42	1.06	1.06	10.12	10.12	17.31	16.13			14.96	2/1/2020
Morningstar LSTA US Leveraged Loan Index	IX1F00063837			0.08	1.88	4.36	4.36	7.55	6.01			5.60	2/1/2020
CapitalSpring Class B Ins	KR3F19060002	655,139.10	0.01	0.40	0.40							0.40	3/1/2026
Russell 3000 + Hurdle(Qtr Lag)	KR3GX007RUSS			-4.44	-2.92							-2.47	3/1/2026
Cerberus KRS LP	KR3F46100002	94,702,633.00	1.01	0.82	2.22	5.57	5.57	6.05	8.44	8.78		8.70	9/1/2014
Morningstar LSTA US Leveraged Loan Index	IX1F00063837			0.08	1.88	4.36	4.36	7.55	6.01	5.50		4.86	9/1/2014
COLUMBIA	KR3F30070002	299,277,926.51	3.19	0.28	2.63	6.63	6.63	9.37	4.76	5.73		6.16	11/1/2011
Bloomberg US Corporate High Yield Bond Index	IX1F0003354C			0.27	2.47	5.91	5.91	8.86	4.17	5.81		5.99	11/1/2011
INS WTRFL EAG FD II	KR3F19040002	14,584,663.56	0.16	0.62	2.92	9.26	9.26					8.18	3/1/2025

Structure	Account/Security Id	Market Value	% of Total	Month	3 Months	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	20 Years	ITD	Inception Date
Opportunistic FI Blended Index	KR3GX004OPFI			0.21	1.87	5.73	5.73					5.80	3/1/2025
KRS Ins Oaktree US Senior Loan	KR3F25080002	214,679,603.36	2.29	-0.51	1.56							1.56	4/1/2026
MANULIFE ASSET MGMT	KR3F30020002	134,267,337.57	1.43	-0.15	2.03	6.19	6.19	7.19	3.25	4.14		4.38	12/1/2011
Manulife Benchmark	KR3GXMANU000			0.26	0.92	4.15	4.15	4.70	0.44	1.95		1.74	12/1/2011
Marathon Bluegrass Credit Fund	KR3F30090002	243,853,328.34	2.60	1.75	0.89	5.64	5.64	8.00	4.98	5.96		6.11	1/1/2016
High Yield Custom Benchmark	KR3GX00000HY			0.17	2.17	5.14	5.14	8.22	5.12				1/1/2016
SHENKMAN CAP	KR3F30040002	1,182,362.27	0.01	-25.81	-14.24	-13.00	-13.00	0.81	1.73	3.21		3.32	7/1/2011
Shenkman Blended Index	KR3GX004SHEK			0.08	1.88	4.36	4.36	8.01	5.85	5.42		5.28	7/1/2011
WATERFALL	KR3F30050002	183,025,330.26	1.95	0.62	2.92	9.26	9.26	11.02	7.84	7.35		8.26	7/1/2011
Opportunistic FI Blended Index	KR3GX004OPFI			0.21	1.87	5.73	5.73	7.97	4.47	5.08		4.67	7/1/2011
White Oak Yd Spec Fd	KR3F30120002	79,202,142.12	0.84	0.94	0.94	5.89	5.89	7.44	6.65			6.09	3/1/2018
Morningstar LSTA US Leveraged Loan Index	IX1F00063837			0.08	1.88	4.36	4.36	7.55	6.01			5.30	3/1/2018
CASH ACCOUNT	KR3F90010002	161,610,198.12	1.72	0.30	0.92	4.00	4.00	4.72	3.53	2.36	1.82	2.65	7/1/1992
FTSE Treasury Bill-3 Month	IX1F0003127C			0.31	0.93	4.05	4.05	4.86	3.69	2.40	1.68	2.57	7/1/1992
REAL ESTATE	**KR3G50000000**	**460,595,256.66**	**4.90**	**-0.67**	**0.36**	**1.69**	**1.69**	**-1.42**	**3.44**	**6.74**		**7.59**	**5/1/2009**
NCREIF NFI-ODCE Net 1 Qtr in Arrears Index^	IX1F0003300C			1.04	1.04	3.11	3.11	-2.81	2.34	3.79		4.55	5/1/2009
Baring Real Estate	KR3F52650002	15,192,246.92	0.16	-13.19	-12.08	-17.50	-17.50	-16.56	-13.79			-2.08	1/1/2019
BARINGS EURO RE II	KR3F52660002	37,088,019.38	0.39	-2.18	-0.93	1.84	1.84	-3.93	-4.36			-12.73	12/1/2020
DIVCOWEST IV	KR3F52580002	200,195.31	0.00	2.85	2.85	-30.05	-30.05	-21.52	-8.39	3.10		6.18	3/1/2014
FUNDAMENTAL PTRS III	KR3F52630002	16,281,851.00	0.17	-5.48	-5.48	-9.32	-9.32	-3.98	4.36			7.58	5/1/2017
Greenfield Acq VII	KR3F52590002	349,628.00	0.00	-0.20	-0.20	-26.82	-26.82	-7.41	1.57	7.55		8.01	7/1/2014
HARRISON STREET	KR3F50030002	138,544,370.00	1.48	0.00	0.74	3.69	3.69	-0.20	3.21	5.35		6.03	5/1/2012
INTERNAL RE INS	KR3F48200002	11,733,871.41	0.12	0.28	7.15	6.23	6.23					6.52	12/1/2023
Lubert Adler RE Fund VIIB	KR3F52640002	1,221,696.87	0.01	0.71	0.71	-26.73	-26.73	-6.11	8.54			7.99	7/1/2017
LUBERT-ADLER VII	KR3F52600002	3,921,589.41	0.04	-1.36	-1.36	-16.67	-16.67	-17.20	-10.26	-4.38		-5.78	7/1/2014
MESA WEST CORE LEND	KR3F52550002	41,022,875.00	0.44	0.64	0.64	0.30	0.30	-1.88	-0.73	3.15		3.76	5/1/2013
Mesa West IV	KR3F52620002	6,568,636.00	0.07	0.06	0.06	6.07	6.07	-5.95	-4.67			0.20	3/1/2017
PATRON CAPITAL	KR3F52610002	5,246,684.87	0.06	-2.87	-1.63	-7.91	-7.91	-3.66	1.25			1.78	8/1/2016
PROLOGIS TUSL	KR3F50070002	124,052,280.16	1.32	0.00	1.83	4.44	4.44	-0.69	9.07	12.52		12.38	10/1/2014
RUBENSTEIN PF II	KR3F52570002	1,091,083.15	0.01	0.01	0.01	-17.58	-17.58	-40.46	-34.36	-17.07		-10.43	7/1/2013
Stockbridge SmtMkts	KR3F50060002	57,253,457.94	0.61	1.61	1.61	5.56	5.56	1.55	4.19	6.13		6.84	5/1/2014
WALTON ST RE FD VI	KR3F52530002	217,860.25	0.00	-4.06	-4.06	-1.41	-1.41	-1.92	4.63	2.26		-9.26	5/1/2009
WALTON ST RE FD VII	KR3F52540002	608,910.99	0.01	-2.93	-2.93	-22.02	-22.02	-16.01	-9.18	-4.54		-0.41	7/1/2013
REAL RETURN	**KR3G35000000**	**674,212,018.40**	**7.18**	**2.86**	**4.59**	**15.05**	**15.05**	**13.87**	**10.90**	**8.07**		**6.39**	**7/1/2011**
INSURANCE REAL RET CUSTOM BM	KR3GXREALRET			0.86	3.23	7.25	7.25	6.29	6.58	5.52		4.60	7/1/2011
AMERRA AGRI FUND II	KR3F36020002	5,440,665.30	0.06	7.29	7.29	18.88	18.88	0.62	5.21	4.24		4.93	12/1/2012
Amerra-AGRI Holding	KR3F36060002	13,357,403.45	0.14	3.53	3.53	8.45	8.45	-2.86	-3.49	-2.84		-2.55	8/1/2015
Arctos American Football Fund	KR3F19070002	13,180,394.00	0.14	18.98	18.88	-1.27	-1.27					-1.17	6/1/2025
KRS CPI + 300 bpts	KR3GX005CPI3			0.86	3.23	7.25	7.25					7.11	6/1/2025
Blackstone Strat Opp	KR3F70320002	0.00	0.00	0.00	-70.56	-73.23	-73.23	-35.70	-23.63			-15.44	8/1/2017
HFRI Fund of Funds Diversified Index	IX1F0000609C			1.51	6.85	15.81	15.81	10.47	6.19			6.06	8/1/2017
BTG Pactual	KR3F35050002	9,271,693.90	0.10	1.22	1.22	18.66	18.66	16.98	18.12	8.38		3.01	12/1/2014

Structure	Account/Security Id	Market Value	% of Total	Month	3 Months	Fiscal YTD	1 Year	3 Years	5 Years	10 Years	20 Years	ITD	Inception Date
CERS INS CERES FARMS	KR3F20100002	48,265,277.07	0.51	1.12	1.12	6.61	6.61					5.62	12/1/2024
KRS CPI + 300 bpts	KR3GX005CPI3			0.86	3.23	7.25	7.25					6.85	12/1/2024
IFM Infrast Debt FD	KR3F36070002	35,139,267.44	0.37	1.28	1.28	6.72	6.72	5.34	6.05			5.13	7/1/2019
INS ARCTOS SP II CN	KR3F36140002	47,305,325.00	0.50	9.51	24.52	32.84	32.84					23.42	11/1/2023
KRS CPI + 300 bpts	KR3GX005CPI3			0.86	3.23	7.25	7.25					6.24	11/1/2023
Ins Kayne Priv Energy Fnd III	KR3F19080002	10,371,623.00	0.11	11.03	11.03	11.34	11.34					9.64	5/1/2025
KRS CPI + 300 bpts	KR3GX005CPI3			0.86	3.23	7.25	7.25					7.09	5/1/2025
INTERNAL RR INS	KR3F36130002	35,221,925.78	0.38	-2.68	-0.58	31.02	31.02					21.75	12/1/2023
KRS CPI + 300 bpts	KR3GX005CPI3			0.86	3.23	7.25	7.25					6.36	12/1/2023
INTERNAL TIPS	KR3F39010002	325,089.05	0.00	0.30	0.92	4.01	4.01	4.77	3.66	2.44	3.63	3.77	10/1/2003
KR3 Internal US TIPS Blend	KR3GX000TIPS			-0.50	0.70	3.62	3.62	4.93	2.33	2.99	3.80	3.82	10/1/2003
ITE RAIL FD LP INS	KR3F19050002	95,748,401.00	1.02	1.69	3.91	7.11	7.11					5.29	3/1/2025
KRS CPI + 300 bpts	KR3GX005CPI3			0.86	3.23	7.25	7.25					7.09	3/1/2025
KRS INSU ARCTOS SPORTS II	KR3F36100002	24,750,213.00	0.26	9.66	15.78	22.53	22.53	6.83				26.71	5/1/2023
KRS CPI + 300 bpts	KR3GX005CPI3			0.86	3.23	7.25	7.25	6.29				6.36	5/1/2023
KRS INSU CERES FARMS	KR3F36110002	28,167,054.10	0.30	1.12	1.12	8.10	8.10					7.05	10/1/2024
KRS CPI + 300 bpts	KR3GX005CPI3			0.86	3.23	7.25	7.25					6.64	10/1/2024
KRS INSU MARITIME PARTNERS	KR3F36120002	76,274,590.25	0.81	2.63	4.63	8.89	8.89					7.92	10/1/2023
KRS CPI + 300 bpts	KR3GX005CPI3			0.86	3.23	7.25	7.25					6.23	10/1/2023
Luxor Capital	KR3F70080002	455,528.15	0.00	2.77	5.40	11.08	11.08	6.85	6.79	6.07		1.60	4/1/2014
Oberland Capital	KR3F35040002	470,329.00	0.01	1.70	1.70	25.98	25.98	33.82	24.81	16.78		15.79	10/1/2014
PRISMA CAPITAL PAR	KR3F70030002	46,414,230.35	0.49	0.30	0.87	3.84	3.84	4.55	2.80	2.65		2.84	9/1/2011
SABA CAP INS	KR3F25070002	23,249,283.31	0.25	-0.25	12.69	24.91	24.91					19.16	4/1/2024
SABA Custom Benchmark	KR2GX00BBMBE			1.35	14.12	23.54	23.54					14.89	4/1/2024
ST VA SH 130 C 2 IN	KR3F36160002	24,827,893.81	0.26	3.87	3.87	12.56	12.56					14.57	12/1/2024
KRS CPI + 300 bpts	KR3GX005CPI3			0.86	3.23	7.25	7.25					6.85	12/1/2024
STR VAL SH 130 C 1 INS	KR3F36150002	2,986,503.85	0.03	3.87	3.87	12.56	12.56					16.41	2/1/2025
Russell+CPI 300	KR3GX07R5CPI			0.86	3.23	7.25	7.25					5.22	2/1/2025
Taurus Mine Finance	KR3F35070002	5,697.54	0.00	0.00	0.00	-41.50	-41.50	-13.62	6.87	6.29		7.01	4/1/2015
TORTOISE CAP	KR3F35020002	132,429,422.86	1.41	2.69	0.52	23.16	23.16	28.48	24.70	11.26		12.72	8/1/2009
Alerian MLP Index	IX1F0005318C			-0.04	1.39	21.47	21.47	23.12	20.51	9.20		9.69	8/1/2009
TRICADIA SELECT	KR3F70350002	503,407.41	0.01	0.00	0.00	0.00	0.00	0.00	0.00			-2.85	9/1/2017
HFRI Fund of Funds Diversified Index	IX1F0000609C			1.51	6.85	15.81	15.81	10.47	6.19			6.00	9/1/2017

KENTUCKY PUBLIC PENSIONS AUTHORITY
Investment Budget
For the twelve month period ending June 30, 2026

Account Name	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	Budget FY 2026	FY26 Expenditures	Percentage Spent	FY 2027 Budget
CONSULTING SERVICES											
Wilshire Associates	$ 1,021,799	$ 1,238,170	$ 1,225,671	$ 1,021,175	$ 838,172	$ 1,130,417	$ 1,163,352	$ 1,250,000	$ 1,194,193	96%	$ 1,280,000
Albourne	-	-	-	-	306,750	270,000	270,000	270,000	270,000	100%	270,000
MercerInsight	-	-	-	-	153,548	160,000	160,000	160,000	160,000	100%	160,000
New Private Markets Consultant	-	-	-	-	153,548	160,000		250,000	-	0%	250,000
SUBTOTAL	**1,021,799**	**1,238,170**	**1,225,671**	**1,021,175**	**1,452,019**	**1,720,417**	**1,593,352**	**1,930,000**	**1,624,193**	**84%**	**1,960,000**
LEGAL & AUDITING SERVICES											
Faegre Drinker			96,039	202,502	16,428	18,519	10,990	500,000	9,407	2%	300,000
Intelligent Management Solutions (IMS)	620,001	202,140	155,700	69,884	81,880	8,061	1,919,090	-	-	-	-
McClain/Goldberg			891	-	-	312	648	25,000	72	0%	25,000
Reinhart	317,909	671,269	663,689	619,509	109,508	619,420	2,673,961	1,600,000	12,429	1%	500,000
Stoll-Keenon-Ogden	10,314	135,353	254,211	463,560	750,438	210,475	335,923	875,000	157,652	18%	1,000,000
Haystack			-	-	120,175	209,490	244,470	200,000	201,755	101%	250,000
Umberg Zipser			289,100	498,058	606,701	738,483	70,349	1,400,000	12,190	1%	1,000,000
Fiduciary Legal Expenses	-	-	-	-	5,288	400,872	761,938	1,000,000	52,352	5%	1,000,000
Miscellaneous				-	-	3,160	6,300	50,000	-	0%	
SUBTOTAL	**948,225**	**1,008,762**	**1,459,630**	**1,853,513**	**1,690,417**	**2,208,791**	**6,023,668**	**5,650,000**	**445,857**	**8%**	**4,075,000**
CONTRACTUAL SERVICES											
Bloomberg	68,722	71,810	98,163	102,243	104,153	110,823	114,006	160,000	118,739	74%	160,000
BNYM Custodial Fees	2,056,390	2,088,475	2,379,838	2,565,169	2,333,981	2,752,592	2,878,225	3,000,000	3,494,849	116%	3,600,000
eVestment (Solovis RMS)			-	30,000	33,800	39,422	42,891	35,000	46,666	133%	45,000
Solovis (Reporting & Analytics)			-	245,000	266,017	306,319	319,744	320,000	319,847	100%	320,000
FactSet	222,476	162,295	109,662	140,098	146,411	151,431	134,669	140,000	138,715	99%	140,000
Russell Index Subscription	1,075	1,250	1,000	1,000	750	1,000	8,250	30,000	-	0%	30,000
S&P Global		94,500	26,250	68,250	27,563		20,672	47,500	-	0%	-
TradeWeb			-	6,000	7,700	2,800		-	-	-	-
State Street/Elkins McSherry	10,000	5,000	15,000	10,000	10,000			10,000	-	0%	10,000
ISS	32,050	32,050	28,288	35,813	39,875	62,875	51,406	60,000	79,057	132%	100,000
MSCI	1,000	1,000	1,000	1,000	1,000	1,000	2,500	2,500	2,500	100%	2,500
KPMG Tax Guarantor Services		7,606	22,050	7,350	-	9,450	9,450	10,000	9,450	95%	10,000
Jayant Ghevaria and CO		10,050	-	52,085	-			55,000	143,114	260%	55,000
India Renewal Fee (SEBI)			-	3,000	-	2,950	2,950	3,000	-	0%	3,000
With Intelligence	-	-	-	-	9,520	9,520	10,150	10,150	10,850	-	11,000
SUBTOTAL	**2,391,713**	**2,474,036**	**2,681,251**	**3,267,008**	**2,980,769**	**3,450,182**	**3,594,914**	**3,883,150**	**4,363,787**	**112%**	**4,486,500**

KENTUCKY PUBLIC PENSIONS AUTHORITY Investment Budget For the twelve month period ending June 30, 2026											
Account Name	**FY 2019**	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**	**FY 2024**	**FY 2025**	**Budget FY 2026**	**FY26 Expenditures**	**Percentage Spent**	**FY 2027 Budget**
MISCELLANEOUS SERVICES											
Miscellaneous New Services							21,000	250,000	21,000	8%	200,000
Morningstar						2,500	2,500	2,625	2,625	100%	2,625
Mclagan Compensation Survey								8,750	-		-
Fin/News								1,350	-		1,350
Oxford Economics						19,500	20,475	21,500	21,500	100%	21,500
Pension Real Estate Association											2,950
Perscient Pro						330	330	350	330	94%	350
Reimbursement of Pzena	-	-	-	-	-	12,923	8,906	15,000	-		15,000
SUBTOTAL	**-**	**-**	**-**	**-**	**-**	**35,253**	**53,211**	**299,575**	**45,455**	**15%**	**243,775**
INACTIVE CONTRACTURAL SERVICES											
Dean Dorton	9,719		-	-	250	-	-	-	-	-	-
Hirschler		4,794	-	-		-	-		-	-	-
INFORMA	12,904		-	-		-	-	-	-	-	-
Lighthouse Solutions	3,093		-	-		-	-		-	-	-
London Stock Exchange GBP (GREAT BRITISH POUNDS)	6,467	3,544	-	-		-	-	-	-	-	-
Deutsche Bank Trust	3,000		3,000	-		-	-		-	-	-
Morris James LLP	94,192	20,154	-	-		-	-	-	-	-	-
Calcaterra Pollack			1,200,000	-		-	-		-	-	-
Manatt		90,798	30,757	-		-	-	-	-	-	-
ORG	162,344		-	-		162,344	-	-	-	-	-
SUBTOTAL	**291,718**	**119,290**	**1,233,757**	**-**	**250**			-			**-**
TOTAL	**$ 4,653,455**	**$ 4,840,258**	**$ 6,600,309**	**$ 6,141,696**	**$ 6,123,455**	**$ 7,414,644**	**$ 11,265,144**	**$ 11,762,725**	**$ 6,479,291**	**55%**	**$ 10,765,275**

INVESTMENT BUDGET	
CONSULTING SERVICES	
Wilshire Associates	General Investment Consultanting Services, Manager Research and Due Dilligence, Reporting, Asset Allocation
Albourne	Investment Consultant Research database - Private Markets Manager Research, Private Markets Research, Pension Markets Research
MercerInsight	Investment Consultant Research database - Public Markets Manager Research, Public Markets Research, Pension Markets Research
LEGAL & AUDITING SERVICES	
Faegre Drinker	Delaware litigation counsel
Intelligent Management Solutions (IMS)	IMS is an expert witness in the Bay Hills case.
McClain/Goldberg	Blackstone litigation counsel for the Trustees and Officers
Reinhart	Bay Hills counsel and investment counsel for contract negotiations
Stoll-Keenon-Ogden	Mayberry counsel
Haystack	Conduct Mayberry eDiscovery
Umberg Zipser	PAAMCO-Prisma (California litigation)
Frost Brown Todd	Currently has no investment-related cases
Swansburg & Smith	Reimbursement of Fiduciary Legal Expenses (KKR)
Eddins Domine	Reimbursement of Fiduciary Legal Expenses (KKR)
Taft	Reimbursement of Fiduciary Legal Expenses (Calcaterra Pollack)
CONTRACTURAL SERVICES	
Bloomberg	Bloomberg Professional Services, Data Analytics and Tools, Market Information and News, Research Portal
BNYM Custodial Fees	Full Service Custodial Services, Investment Accounting, Investment Operations, Transaction Services, Performance and Attribution, Reporting
eVestment (Solovis RMS)	Research Management Program organizing internal and exteranl research
Solovis (Reporting & Analytics)	Portfolio and Risk Analytics, Perfromance Measurement and Attribution, Reporting
FactSet	Workstation and Quant/Risk Applications for managing Public Equity Portfolios
Russell Index Subscription	Access to Russell Indexes for Portfolio Management, Reporting and Performance
S&P Global	Data on the S & P US Index / License to 10,000 Identifiers for Portfolio Management, Reporting and Performance
TradeWeb	Electronic Trading Platform for Internal Management
State Street/Elkins McSherry	Public Equity Trade Cost Analysis
ISS	Portfolio Monitoring and Proxy Voting Services, Securities Litigation Filing
MSCI	International Public Equity Data Package
KPMG Tax Guarantor Services	Tax Accounting Services - Taiwan
Jayant Ghevaria and CO	Tax Accounting Services - India
India Renewal Fee (SEBI)	Registration of India Local Market Accounts
With Intelligence	Portfolio Management Research provider
MISCELLANEOUS SERVICES	
Morningstar	Access to Morningstar Indexes for Portfolio Management, Reporting and Performance
Mclagan Compensation Survey	Compensation Data for US Public Funds
Fin/News	Subscription to institutional investment news hub
Oxford Economics	Global macroeconomics and markets research
Perscient Pro	Market and Policy Research
Pension Real Estate Association	Industry Association for News and Research
Reimbursement of Pzena	Proxy Voting Reimbursement

KENTUCKY PUBLIC PENSIONS AUTHORITY

Investment Fees and Expenses

For the twelve month period ending June 30

Pension

Fiscal Year	2026		2025		2024		2023		2022	
	FYTD Fees	Market Value	FYTD Fees	Market Value	FYTD Fees	Market Value	FYTD Fees	Market Value	FYTD Fees	Market Value
Core Fixed Income	**3,332,124**	**$ 3,967,614,487**	**2,482,085**	**$ 3,441,031,943**	**1,949,104**	**2,699,078,049**	**2,810,843**	**2,157,082,914**	**2,679,056**	**2,126,730,865**
Investment Advisory Fees	*2,426,140*		*2,134,665*		*1,817,614*		*2,161,526*		*2,284,025*	
Performance Fees	*877,423*		*321,985*		*92,418*		*597,736*		*327,140*	
Miscellaneous Fees and Expenses	*28,561*		*25,435*		*39,073*		*51,580*		*67,891*	
Public Equity	**18,316,190**	**11,005,256,657**	**16,677,701**	**9,343,374,181**	**14,330,178**	**8,857,531,079**	**13,439,395**	**7,675,481,712**	**13,773,772**	**6,283,684,703**
Investment Advisory Fees	*17,263,210*		*15,572,256*		*14,089,234*		*13,221,493*		*13,773,772*	
Performance Fees	*846,033*		*834,608*		*240,944*					
Miscellaneous Fees and Expenses	*206,947*		*270,837*		*240,944*		*217,902*		*14,055,871*	
Specialty Credit Fixed Income	**75,646,899**	**4,772,803,885**	**93,084,098**	**4,245,903,280**	**95,679,306**	**3,743,374,371**	**65,560,653**	**3,232,557,049**	**50,984,092**	**3,140,978,211**
Investment Advisory Fees	*23,952,691*		*23,415,763*		*19,917,912*		*18,967,582*		*18,167,989*	
Performance Fees	*28,813,429*		*30,526,183*		*35,457,002*		*18,303,365*		*23,790,103*	
Miscellaneous Fees and Expenses	*22,880,780*		*39,142,153*		*40,304,392*		*28,289,706*		*9,025,999*	
Real Estate	**16,001,446**	**1,076,796,097**	**14,724,916**	**1,051,020,113**	**6,975,957**	**982,170,683**	**6,077,555**	**970,705,137**	**34,875,097**	**882,758,681**
Investment Advisory Fees	*8,860,233*		*8,047,975*		*7,599,522*		*7,666,218*		*5,759,527*	
Performance Fees	*(3,723,074)*		*224,184*		*(5,262,915)*		*(3,012,939)*		*25,779,317*	
Miscellaneous Fees and Expenses	*10,864,287*		*6,452,757*		*4,639,350*		*1,424,277*		*3,336,253*	
Real Return	**30,255,899**	**1,842,550,230**	**13,953,397**	**1,444,811,572**	**6,837,222**	**1,023,460,825**	**6,438,573**	**477,175,149**	**4,923,027**	**560,575,289**
Investment Advisory Fees	*14,791,914*		*7,841,250*		*5,376,710*		*3,643,650*		*3,237,685*	
Performance Fees	*12,960,237*		*4,176,991*		*(552,218)*		*1,787,354*		*1,326,636*	
Miscellaneous Fees and Expenses	*2,503,749*		*1,935,155*		*2,012,730*		*1,007,569*		*358,707*	
Private Equity	**3,853,920**	**1,048,153,430**	**15,435,414**	**1,124,149,601**	**12,963,162**	**1,127,259,314**	**10,690,392**	**1,158,434,650**	**59,843,619**	**1,289,931,630**
Investment Advisory Fees	*4,667,073*		*4,191,371*		*5,347,292*		*6,858,327*		*7,269,395*	
Performance Fees	*(5,283,502)*		*8,149,800*		*3,357,570*		*(206,420)*		*47,992,035*	
Miscellaneous Fees and Expenses	*4,470,348*		*3,094,242*		*4,258,299*		*4,038,484*		*4,582,189*	
Administrative Expense/Cash	**4,280,617**	**541,623,611**	**7,674,317**	**642,551,398**	**4,951,114**	**492,340,367**	**3,907,558**	**1,037,039,063**	**4,288,007**	**718,023,703**
Total Investment Mgmt Fees	**151,687,096**	**$ 24,254,798,396**	**164,031,928**	**21,292,842,089**	**143,686,043**	**18,925,214,688**	**108,924,969**	**16,708,475,674**	**171,366,670**	**15,002,683,082**

KENTUCKY PUBLIC PENSIONS AUTHORITY

Investment Fees and Expenses

For the twelve month period ending June 30

Insurance

Fiscal Year	2026		2025		2024		2023		2022	
	FYTD Fees	Market Value	FYTD Fees	Market Value	FYTD Fees	Market Value	FYTD Fees	Market Value	FYTD Fees	Market Value
Core Fixed Income	**1,006,864**	**$ 1,084,988,336**	**784,419**	**$ 1,001,631,913**	**648,731**	**824,149,794**	**1,045,453**	**767,203,724**	**1,025,837**	**783,771,227**
Investment Advisory Fees	*736,960*		*671,355*		*601,745*		*815,621*		*884,381*	
Performance Fees	*261,065*		*104,860*		*33,662*		*212,206*		*117,337*	
Miscellaneous Fees and Expenses	*8,840*		*8,204*		*13,324*		*17,626*		*24,118*	
Public Equity	**7,633,392**	**4,583,893,684**	**7,341,541**	**3,995,191,571**	**6,555,994**	**3,921,171,952**	**6,213,291**	**3,502,969,757**	**6,151,291**	**2,913,823,466**
Investment Advisory Fees	*7,177,896*		*6,845,507*		*6,350,222*		*6,114,797*		*6,151,291*	
Performance Fee	*373,181*		*381,519*		*98,493*					
Miscellaneous Fees and Expenses	*82,315*		*114,515*		*107,279*		*98,493*		*103,020*	
Specialty Credit Fixed Income	**34,379,372**	**1,979,216,652**	**41,129,630**	**1,842,619,259**	**42,660,725**	**1,649,911,387**	**29,502,537**	**1,450,421,603**	**22,623,007**	**1,417,059,844**
Investment Advisory Fees	*10,039,694*		*10,077,381*		*17,943,502*		*8,250,969*		*9,031,968*	
Performance Fees	*14,210,331*		*13,806,747*		*6,868,097*		*8,673,066*		*9,702,493*	
Miscellaneous Fees and Expenses	*10,129,348*		*17,245,502*		*17,849,127*		*12,578,501*		*3,888,546*	
Real Estate	**7,064,874**	**460,595,257**	**6,453,852**	**470,701,061**	**3,365,738**	**439,013,490**	**2,906,175**	**428,207,724**	**14,379,286**	**372,994,823**
Investment Advisory Fees	*4,008,205*		*3,651,062*		*1,515,699*		*3,467,712*		*2,491,508*	
Performance Fees	*(1,597,116)*		*95,616*		*(138,338)*		*(1,172,536)*		*10,457,273*	
Miscellaneous Fees and Expenses	*4,653,785*		*2,707,174*		*1,988,377*		*610,998*		*1,430,505*	
Real Return	**12,727,978**	**674,212,018**	**5,888,152**	**533,914,351**	**2,995,206**	**396,544,988**	**2,958,987**	**185,474,384**	**2,154,305**	**218,958,241**
Investment Advisory Fees	*5,946,976*		*3,150,242*		*2,355,028*		*1,645,581*		*1,456,997*	
Performance Fees	*5,674,188*		*1,877,559*		*(256,032)*		*809,344*		*526,052*	
Miscellaneous Fees and Expenses	*1,106,814*		*860,352*		*896,210*		*504,062*		*171,255*	
Private Equity	**(1,119,178)**	**446,157,071**	**6,981,545**	**534,337,085**	**8,847,151**	**567,479,490**	**7,312,492**	**591,148,154**	**35,364,269**	**625,456,058**
Investment Advisory Fees	*2,159,916*		*2,664,872*		*3,357,844*		*4,438,736*		*4,821,382*	
Performance Fees	*(5,399,249)*		*2,838,979*		*2,906,861*		*959,666*		*28,808,835*	
Miscellaneous Fees and Expenses	*2,120,155*		*1,477,694*		*2,582,446*		*1,914,090*		*1,734,052*	
Administrative Expense/Cash	**2,198,675**	**161,295,224**	**3,531,590**	**168,104,954**	**2,456,266**	**126,189,693**	**1,938,475**	**269,624,118**	**2,171,197**	**277,962,758**
Total Investment Mgmt Fees	**63,891,976**	**$ 9,390,358,243**	**$ 72,110,729**	**$ 8,546,500,194**	**$ 67,529,811**	**$ 7,924,460,794**	**$ 51,877,408**	**$ 7,195,049,465**	**$ 83,869,191**	**$ 6,610,026,417**

KENTUCKY PUBLIC PENSIONS AUTHORITY
Ryan Barrow, Executive Director
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Kentucky Public Pensions Authority

MEMORANDUM

To: KPPA Board

From: Erin Surratt, Deputy Executive Director Kentucky Public Pensions Authority
Anne Baker, Assistant Director, Division of Procurement and Office Services

Date: September 24, 2026

Re: KPPA Procurement

At the request of KPPA Board Chair, the following memorandum provides an update on KPPA procurements. The update includes procurements issued since July 1, 2025, an update on procurements currently being advertised, and procurements anticipated within the next six months.

45A Procurements Issued Since July 1, 2025

The following procurements have been issued since July 1, 2025. The current status of each procurement, including whether it has been awarded, is provided below:

Procurement / Description	Cited Authority	Status	Award Date	Amount
KPPA Benchmarking Services	Sole Source	Draft	Pending	
KPPA General Legal Services	Bid – RFP	Draft	Pending	
KPPA General Legal Services	Bid – RFP	Draft	Pending	
KPPA General Legal Services	Bid – RFP	Draft	Pending	
KPPA Auditing Services – Eide Bailly	Bid – RFP	Final	07/15/2025	$592,100

Procurement / Description	Cited Authority	Status	Award Date	Amount
KPPA Legal Services – Kellerman	Bid – RFP	Final	07/01/2026	$250,000
KPPA Disability Retirement Reviews – Managed Medical Review Organization	Bid – RFP	Final	07/01/2026	$3,600,000
KPPA Hearing Officer Services – Arvin & Manning PLLC	Renewal	Final	07/01/2026	$180,000
KPPA Actuarial Services – Gabriel, Roeder, Smith	Renewal	Final	07/01/2026	$1,200,000
KPPA IT Technical Assessment – Linea	Renewal	Final	07/01/2026	$1,297,500
KPPA Legal Services - Reinhart Boerner Van Deuren	Bid – RFP	Final	08/01/2026	$1,000,000
KPPA General Legal Services – Stoll Keenan Ogden	Bid – RFP	Final	08/01/2026	$1,000,000
KPPA Legal Plan Assets / Investments / Securities Services – Reinhart Boerner Van Deuren	Bid – RFP	Final	08/01/2026	$1,000,000
KPPA Legal Services – Kellerman	NPTB	Final	07/01/2026	$250,000
KPPA Legal Services – McClain	NPTB	Final	07/01/2026	$25,000
KPPA Legal Services - Frost Brown Todd Gibbons	NPTB	Final	07/01/2026	$1,000,000
KPPA Legal Services – ICE Miller	NPTB	Final	07/01/2026	$800,000
KPPA Legal Services – FAEGRE DRINKER	NPTB	Final	07/01/2026	$495,000
KPPA Legal Services – UMBERG ZIPSER	NPTB	Final	07/01/2026	$1,500,000

Procurement / Description	Cited Authority	Status	Award Date	Amount
KPPA E-Discovery Consulting Services – Haystack LLC	NPTB	Final	07/01/2026	$450,000
KPPA Legal Services - Stoll Keenan Ogden	NPTB	Final	07/01/2026	$1,500,000

Non 45A Procurements Issued Since July 1, 2025

Procurement / Description	Cited Authority	Status	Award Date	Amount
XTP **(CERS)**	Bid – RFP	Final	04/15/2026	$0*

*XTP is entitled to 50% of the efficiencies identified during the first two years following the initial finding.

Procurements Currently Being Advertised

As of September 24, 2026, KPPA has no active procurements being advertised.

Procurements Anticipated Within the Next Six Months

The following procurements are currently being contemplated for issuance during the next six months:

- **Request for Proposals – Custodial Banking Services** – Custodial Banking Services
- **Request for Information – Personal Trading Vendor** – To explore whether there is a vendor that could provide a tech solution to handle personal trading compliance under the various securities/personal trading policies.
- **Request for Proposals – General Consultant –** Investment Consultant Services
- **XTP Services – KRS –** Currently in negotiations with XTP for fee validation services

Kentucky Public Pensions Authority

IT Modernization Update

Dominique McKinley, Division Director, DETS

Currently in Phase 2, with the vendor engaging KPPA staff to develop a deeper understanding of organizational goals, business needs, and future-state objectives. These discussions will provide the foundation for a comprehensive technology roadmap.

Ratification of Ad Hoc Committee on Governance and Bylaw Updates

Chairman's recommendation to the Kentucky Public Pensions Authority Board

Requested action. Ratify the Chair's creation of an Ad Hoc Committee on Governance and Bylaw Updates, approve a balanced and time-limited charge, and direct the Committee to return proposed amendments and related governance policies to the full Board within 180 days. The Committee would study and recommend; the Board would retain final authority to amend the Bylaws.

Why a comprehensive review is timely

House Bill (HB) 484 created a deliberately different governance model: separate Kentucky Retirement Systems and County Employees Retirement System (CERS) boards, supported by the Kentucky Public Pensions Authority (KPPA) as their shared administrative platform. The principal separation provisions and KPPA staffing transition became operative April 1, 2021. Five full operating years now provide something the Board did not possess at launch—evidence from actual decisions, committee work, shared-service delivery, budget allocation, audits, technology, benefits administration, and interaction among three governing bodies.

The publicly posted KPPA Bylaws and audit charters were revised in June 2024. Those revisions are important, but they do not eliminate the value of an end-to-end post-implementation review. KRS 61.505 has itself been amended since 2021, and operating practices inevitably develop between formal revisions. The question is not whether the structure should be reversed; it is whether the governing documents now describe the structure with enough precision to support consistent, transparent decisions.

The Board's responsibility is preventive

Kentucky Revised Statutes (KRS) 61.505(3)(b) authorizes KPPA to make bylaws that are consistent with law. KRS 61.505(12) requires members to act in good faith, on an informed basis, and in the best interests of the systems as applicable. Periodically reconciling statutes, bylaws, charters, delegations, and actual practice is therefore sound oversight: it reduces avoidable disputes over who may decide, when approval is effective, what must be reported, and which body—KPPA, Kentucky Retirement Systems, or CERS—owns the decision.

Two examples already identified

Review point	What the documents now say	Why it matters
Committee authority	Bylaws §2.4 says a committee decision within delegated authority constitutes Board action and is later reported. The Audit Committee Charter says all recommendations or actions must be ratified by the Authority (Charter §§III, VII.2).	The same action can appear final under one document and provisional under another. That uncertainty affects motions, minutes, implementation timing, accountability, and public reporting.
Outdated statutory cross-reference	Bylaws §1.4.XI directs the Executive Director to sign regulation documents under KRS 61.505(1)(f). Current KRS 61.505 places regulation authority in subsection (1)(g); subsection (1)(f) now concerns the external certified public accountant.	A technical citation error does not by itself invalidate an action, but it weakens the authority trail and shows why systematic statutory cross-checking is necessary.

Neither example implies misconduct or a flawed separation. Both are normal signs of document drift in a complex public institution—and both are better corrected deliberately before they complicate a consequential decision, audit trail, or public explanation.

A focused, time-limited committee

The Bylaws expressly allow the Chair or the Board to create an ad hoc committee and fix its duties (Bylaws §2.1). Board ratification would give the review institutional ownership, a public record, and a clear scope while preserving the Chair's existing authority and the full Board's final decision-making role.

Proposed charge

- **Reconcile governing documents.** Review the KPPA Bylaws, Audit Committee Charter, Division of Internal Audit Charter, committee rosters, delegations, and related Board policies against current statutes and one another.
- **Clarify decision rights.** Identify matters reserved to the KPPA Board, matters that may be delegated, matters assigned to the Executive Director, and matters that remain with the Kentucky Retirement Systems or CERS boards.
- **Strengthen Board oversight.** Recommend practical standards for Executive Director reporting, escalation, prior approval, risk acceptance, major contracts, cybersecurity, benefits administration, and follow-through on Board actions.
- **Harmonize committees.** Give each committee a written purpose, membership rule, quorum, authority, reporting duty, ratification rule, annual charter review, and sunset where appropriate.
- **Protect the shared-services boundary.** Make clear that KPPA governs administration, resources, controls, service levels, and enterprise risk while Kentucky Retirement Systems and CERS retain the fiduciary and system-specific powers assigned to them by law.
- **Return a usable package.** Present a legal crosswalk, redlined Bylaws, conforming charter and policy changes, an implementation schedule, and a list of any issues requiring counsel or legislative attention.

Guardrails

The review should be conducted under Kentucky open-meetings and open-records requirements, with counsel validating legal conclusions. Membership should comply with Bylaws §2.1 and maintain balanced Kentucky Retirement Systems/CERS representation. Management, the Chief Auditor, system chief executive officers, committee chairs, and subject-matter staff should provide facts and options; trustees should define governance. The Committee should not direct day-to-day operations, decide individual benefit or disability matters, or adopt amendments on behalf of the Board.

Why repeat the review every three to five years

Governance documents age even when the institution performs well. Statutes and regulations change; Board and executive leadership turns over; technology and cyber risk evolve; vendors and service models change; and practices created to solve immediate problems can gradually become unwritten policy. A regular cycle keeps the authority map current, preserves institutional memory, improves trustee onboarding, and gives auditors, management, members, employers, and the public a consistent account of how decisions are made.

Recommended cadence. Require a comprehensive review every four years—within the requested three-to-five-year range—and never allow more than five years to pass without one. Conduct a brief annual legal and technical cross-check, and begin an interim review after a material statutory change, reorganization, significant audit finding, major litigation, or serious cyber or service event. This approach is disciplined without creating a permanent governance bureaucracy.

Suggested motion

I move that the Kentucky Public Pensions Authority Board ratify the Chair's establishment of the Ad Hoc Committee on Governance and Bylaw Updates; approve the scope and guardrails described in this summary; and direct the Committee to report proposed amendments, conforming governance policies, and an implementation plan to the full Board within 180 days. All final amendments and other reserved actions shall remain subject to approval by the full Board after legal review.

Conclusion

Ratification is a prudent five-year checkpoint. It demonstrates that KPPA is willing to test its own governance against current law and operating experience, correct ambiguity before it becomes controversy, and preserve the balance envisioned by HB 484. A limited committee, a clear deadline, and full-Board approval provide the right combination of rigor, transparency, and restraint.

Authorities referenced: 2020 House Bill 484 | KRS 61.505 | KPPA Bylaws | Audit Committee Charter

[Insert KPPA/CERS/KRS logo]	**Joint HIPAA Privacy & Security Policy**	Initial Date: [Insert date policy initially adopted] Revision Date: [Insert most recent revision date] Policy Owner: KPPA Executive Director

I. Purpose & Scope

In accordance with Kentucky Revised Statutes (KRS) 61.702 and 78.5536, the Systems provide the Plan for Recipients. The Administrators provide oversight for the Plan. The Officials and Business Associates, on behalf of the Systems, maintain Protected Health Information (PHI) of Recipients related to the Plan. The vast majority of PHI associated with the operations of the Plan is handled by third party administrators and administrative services providers, who are Business Associates of the Plan.

The Plan is subject to the Health Insurance Portability and Accountability Act (HIPAA) and shall comply with all applicable obligations under HIPAA, as amended by the Health Information Technology for Economic Clinical Health Act (HITECH), and the related Regulations (45 Code of Federal Regulations (C.F.R.) pts. 160 and 164). The Administrators, the Plan, and the Kentucky Public Pensions Authority (KPPA) designate themselves as a single covered entity for the purposes of compliance with HIPAA, HITECH, and the Regulations.

In carrying out the Plan's obligations under HIPAA and HITECH, the Administrators adopt this HIPAA Privacy and Security Policy ("Policy") to:

1) Establish the KPPA as a hybrid entity for HIPAA purposes;
2) Designate a privacy official and a contact person responsible for receiving complaints in accordance with 45 C.F.R. §164.530 and security personnel required by 45 C.F.R. §164.308;
3) Establish Plan compliance with HIPAA, HITECH, the related HIPAA Regulations, related federal laws, and applicable state privacy laws; and
4) Establish the obligation of trustees and board members of the Administrators relating to HIPAA.

The Administrators' trustees and board members (including in their roles as committee and subcommittee members), Officials, and Business Associates are subject to this Policy, and any policies and procedures established by the KPPA relating to the privacy and security of PHI. The Administrators reserve the right to amend or change this Policy at any time, including retroactive application. To the extent this Policy establishes requirements and obligations above and beyond those required by HIPAA, this Policy shall be aspirational and shall not be binding upon the Administrators, Administrators' trustees and board members, Officials, or Business Associates. No third-party rights (including rights of Recipients or Business Associates) are intended to be created by this Policy or the KPPA HIPAA Procedures.

This Policy repeals and replaces the Kentucky Retirement Systems HIPAA Privacy Use and Disclosure Procedures last revised August 18, 2011.

This Policy is intended for use with the KPPA HIPAA Procedures and the HIPAA Appendix.

II. Definitions

Administrators mean the following Boards involved with oversight and administration of the Plan:

- KPPA;
- Kentucky Retirement Systems Board of Trustees; and
- County Employees Retirement System (CERS) Board of Trustees.

Breach means an unauthorized acquisition, access, use, or disclosure of PHI that violates the HIPAA Privacy Rule. *See* 45 C.F.R. § 164.402. A Breach may occur whether the PHI is in electronic, paper, or verbal form.

Business Associate means an individual or entity retained by the Officials to provide services related to covered functions or who might potentially access PHI in connection with claims processing and administration, billing or benefit management, IT or data storage, or similar activities. *See* 45 C.F.R. § 160.103. Business Associates include third party administrators, administrative services providers, insurance brokers, lawyers, accountants, actuaries, underwriters, consultants, IT consultants, data analysts, data storage providers, including cloud services providers, mobile health applications, and other service providers.

Covered Function means Plan administration and the related records and processes. *See* 45 C.F.R. § 164.103.

HIPAA Breach Notification Rule means the standards for Notification in the Case of Breach of Unsecured Protected Health Information at 45 C.F.R. pts. 160 and 164.

HIPAA Privacy Rule means the Standards for Privacy of Individually Identifiable Health Information at 45 C.F.R. pts. 160 and 164.

HIPAA Security Rule means the Security Standards for Protecting Electronic Health Information at 45 C.F.R. pts. 160 and 164.

Officials means people or entities who are responsible for carrying out the policies to ensure HIPAA compliance including:

- KPPA and its employees;
- Employees of the Kentucky Retirement Systems and CERS; and
- KPPA independent contractors and leased employees.

Protected Health Information (PHI) means individually identifiable information about an individual's physical or mental health, or receipt or payment of health care, that is created or received in connection with the establishment or administration of the Plan. PHI includes all individual information received or maintained by or on behalf of the Plan relating to covered functions. *See* 45 C.F.R. § 160.103.

PHI does not include records maintained by the Officials for non-Plan purposes, including documents relating to a Systems' member's application for or receipt of disability retirement benefits, any information about a person who has been deceased for 50 years, or de-identified information.

Plan means the hospital and medical insurance coverage for Recipients, including the Kentucky Employees Health Plan, the Medical Only Plan, the Mirror Plan, the Essential Medicare Advantage Plan, the Premium Medicare Advantage Plan, and any other medical benefits provided from time to time. The Plan (jointly with the Administrators and the KPPA) is a covered entity as defined by 45 C.F.R. § 160.103.

Recipient means an individual enrolled in the Plan, including:
- Retired members of the Systems;
- Beneficiaries drawing a retirement allowance as a result of the member's death;
- A dependent child drawing a retirement allowance; and
- Other dependents who are eligible to become an additional person covered under the member's or beneficiary's hospital and medical plan coverage, which may include a member's or beneficiary's spouse and children.

Systems means the Kentucky Retirement Systems and CERS, collectively.

III. Statement of Hybrid Entity

Pursuant to KRS 61.505, the KPPA is responsible for carrying out the day-to-day operations of the Administrators, including the administration of hospital and medical insurance plan coverage to Recipients under the Plan. The KPPA is also responsible for carrying out numerous other operations that are not related to administering hospital and medical insurance plan coverage to Recipients.

Accordingly, the KPPA is a hybrid entity, meaning that it performs both covered functions under HIPAA, and functions that are not covered under HIPAA. *See* 45 C.F.R. §§ 164.103 and 164.105. Only Covered Functions are subject to this Policy, the *KPPA HIPAA Procedures*, and the HIPAA related Regulations. Other agency functions may still be subject to legal and policy requirements and restrictions under applicable state law.

IV. Privacy & Security Personnel

The HIPAA Privacy Rule and the HIPAA Security Rule require that an individual be responsible for:
- Overall compliance with the rules (the "Privacy Official");
- Information requests and complaints (the "Information and Complaint Official"); and
- Ensuring the security of PHI (the "Security Official").

Privacy Official**.** The Privacy Official shall be responsible for:
- Daily compliance with this Policy and the *KPPA HIPAA Procedures*;

- Receiving and acting on requests for PHI access, amendment, privacy protection, alternative communication, and disclosures;
- Reviewing and monitoring receipt, collection, maintenance, and use of PHI in connection with the Plan to ensure that such information is protected from intentional or unintentional disclosures in violation of this Policy and the *KPPA HIPAA Procedures*;
- Maintaining HIPAA-related documentation in accordance with the KPPA Records Retention Schedule, KPPA internal policy and procedures, HIPAA law, and the *KPPA HIPAA Procedures*; and
- Ensuring that there are appropriate administrative and physical safeguards to protect the privacy of PHI.

See 45 C.F.R. § 164.530(a)(1)(i).

The Administrators designate the KPPA Compliance Officer as the Privacy Official for the Plan.

Information and Complaint Official**.** The Information and Complaint Official shall be responsible for:

- Responding to requests for, and providing information about, this Policy and the *KPPA HIPAA Procedures*;
- Receiving complaints of, and appropriately processing, potential privacy violations in connection with the Plan in compliance with this Policy, the *KPPA HIPAA Procedures*, and the HIPAA Privacy and Breach Notification Rules;
- Mitigating a prohibited use or disclosure of PHI as required by 45 C.F.R. § 164.530(f);
- Ensuring that no retaliatory or other acts, including intimidation, threats, coercion, discrimination, are taken against individuals on account of or due to the exercise of any rights available under the HIPAA Privacy Rule, including filing a complaint as required by 45 C.F.R. § 164.530(g); and
- Maintaining records of all complaints, responses to the individual complaining, sanctions implemented for individuals violating this Policy or the *KPPA HIPAA Procedures*, and actions taken to mitigate the harmful effect of any prohibited use or disclosure as required by 45 C.F.R. § 164.530(j)(1).

See 45 C.F.R. § 164.530(a)(1)(ii).

The Administrators designate the KPPA Office of Legal Services' Staff Assistant as the Information and Complaint Official for the Plan.

Security Official**.** The Security Official:

- Analyzes electronic security practices;
- Assists with evaluation of complaints or potential breaches involving health information maintained on computers or other devices, Mobile Health Apps, or on cloud storage platforms; and
- Ensures that appropriate physical and technical safeguards are in place to protect the privacy of PHI.

See 45 C.F.R. §164.308(a)(2).

The Administrators designate The KPPA Enterprise and Technology Services Assistant Director/Information Security Officer as the Security Official for the Plan.

V. HIPAA Privacy Rule

General Information. The HIPAA Privacy Rule applies to PHI. PHI must not be shared or used for any purpose other than for Plan administration unless certain limited exceptions apply. *See* 45 C.F.R. §164.500*, et seq.*

Use and Disclosure. The Officials and Business Associates may use and disclose PHI pursuant to the “minimum necessary disclosure” standard solely for the purpose of carrying out Plan functions in accordance with this Policy and the *KPPA HIPAA Procedures*. *See* 45 C.F.R. §§ 164.502(b) and 164.504(f). PHI shall not be used or disclosed except as stated in this Policy and the *KPPA HIPAA Procedures*.

State Law. The Administrators, the Administrators’ trustees and board members, Officials, and Business Associates will treat all Recipient account information in a confidential manner pursuant to KRS 61.661. Requests for a Recipient’s account information shall be subject to the policies and procedures developed by the KPPA pursuant to KRS 61.661 and 61.931-61.933.

Genetic Information Nondiscrimination Act (GINA). GINA prohibits health plans from requesting (including eligibility or wellness questionnaires), obtaining, using, and disclosing genetic information from Recipients with limited exceptions. All information about conditions of a family member is genetic information. *See* 45 C.F.R. § 164.502(a)(5)(i*).*

VI. Safeguards, Training, & Complaints

Safeguards to Protect Privacy and Security of PHI. The Officials shall have appropriate administrative, technical, and physical safeguards in place to protect the privacy and security of PHI. *See* 45 C.F.R. §§ 164.530(c) and 164.302, *et seq.* Required safeguards are established in the *KPPA HIPAA Procedures* and KPPA policies and processes. Required safeguards are documented in the *HIPAA Appendix*.

Workforce and Administrators’ Training. Training shall be provided to Administrators’ trustees and board members, Officials, and Business Associates who handle covered functions or PHI directly or indirectly. *See* 45 C.F.R. §§ 164.308(a)(5) and 164.530(b). Even though Administrators’ trustees and board members do not directly handle PHI, as fiduciaries, the Administrators must understand the obligations of the Plan.

Complaints to Information and Complaint Official. Any individual who believes that their PHI has or may have been used or disclosed in violation of this Policy, the *KPPA HIPAA Procedures*, or applicable privacy laws may submit a written complaint detailing the alleged misuse to the Information and Complaint Official. *See* 45 C.F.R. § 164.530(d). In response to a complaint, the Information and Complaint Official shall take all steps detailed in the *KPPA HIPAA Procedures*. If the complaint implicates a security breach or disclosure under state law or the Data Disclosure Notification Policy, the Information and Complaint Official shall also take the steps established in the applicable law or policy. Retaliation against the complainant is strictly prohibited. *See* 45 C.F.R. § 164.530(g).

Prohibited Waiver of Rights. Individuals shall not be required to waive their rights to file complaints with the Secretary of the U.S. Department of Health and Human Services (HHS) under HIPAA, including complaints of alleged violations of the Breach Notification Rules. *See* 45 C.F.R. § 164.530(h). Individuals will not be required to waive the administrative requirements or the burden of proof under 45 C.F.R. § 164.414 as a condition of the provision of treatment, payment, enrollment in the Plan, or eligibility for benefits.

VII. Breach Notification

General Information. The HIPAA Breach Notification Rule imposes specific notice requirements on the Officials when the Officials or their Business Associates discover or have reason to believe that unsecured PHI has been the subject of a breach. *See* 45 C.F.R. § 164.400, *et seq*. The Officials and Business Associates shall respond to an actual or suspected Breach as established in the *KPPA HIPAA Procedures* and Business Associate Agreements.

Notification in the Event of a Breach. If an improper disclosure occurs or may have occurred, the Information and Complaint Official shall be notified and evaluate whether a Breach has occurred as established in *KPPA HIPAA Procedures, Section 10*. *See* 45 C.F.R. § 164.400, *et seq*.

HHS assesses and enforces separate penalties for each violation of the HIPAA Privacy Rules, HIPAA Security Rule, and HIPAA Breach Notification Rule. *See* 45 C.F.R. § 160.400, *et seq*. The Administrators, trustees and board members of the Administrators, and the Officials may be subject to penalties for violations of HIPAA rules.

VIII. HIPAA Procedures

The Administrators delegate responsibility for establishing detailed procedures that ensure compliance with the HIPAA privacy, security, and breach notification rules, as well as this Policy, to KPPA. The Administrators reserve the right to review and provide instructions regarding the procedures established by the KPPA.

IX. Penalties

Penalties are assessed pursuant to 45 C.F.R. § 160.404 where:

- The Officials or Administrators did not know of the violation and would not have known by exercising reasonable diligence.
- There was willful neglect, but the violations are corrected within 30 days after the violation was discovered, or would have been discovered, with reasonable diligence.
- There was willful neglect that was or is not corrected within 30 days after the violation was discovered or would have been discovered.

Attorneys fees may also be awarded.

X. Compliance & Ownership

The KPPA Executive Director has the ultimate responsibility for establishing and maintaining this policy. The Compliance Officer has responsibility for monitoring compliance with this policy and reporting non-compliance to the Administrators.

XI. Review Period

This Policy, the *KPPA HIPAA Procedures*, and the *HIPAA Appendix* shall be reviewed no less frequently than every three (3) years

XII. Certification

We, the Chairs of the Kentucky Public Pensions Authority, Kentucky Retirement Systems, and County Employees Retirement System, hereby certify that this Joint HIPAA Privacy & Security Policy was made effective on Click or tap here to enter text..

Click or tap here to enter text. Chair, KPPA Board	Click or tap here to enter text. Date
Click or tap here to enter text. Chair, County Employees Retirement System Board of Trustees	Click or tap here to enter text. Date
Click or tap here to enter text. Chair, Kentucky Retirement Systems Board of Trustees	Click or tap here to enter text. Date

Appendix A: Revision History

Date	Details

KPPA
Kentucky Public Pensions Authority

Strategic Plan Update

Erin Surratt, Deputy Executive Director

IT ASSESSMENT (ACTIVE):

Currently in Phase 2, with the vendor engaging KPPA staff to develop a deeper understanding of organizational goals, business needs, and future-state objectives. These discussions will provide the foundation for a comprehensive technology roadmap.

PAPER CHECK REDUCTION TEAM (ACTIVE):

Implemented real-time banking verification and direct deposit functionality for supplemental payments. Currently evaluating strategies to further reduce paper checks, including enrolling recipients in a prepaid bank card program.

SELF-SERVICE MIRRORING TEAM (ACTIVE):

Monitoring a homegrown solution that would enable counselors to view and assist members through the same self-service experience, improving the efficiency and effectiveness of member support.

KPPA
Kentucky Public Pensions Authority

Strategic Plan Update

Erin Surratt, Deputy Executive Director

UPDATE BENEFICIARY TEAM (ACTIVE):

Preparing for implementation later this fiscal year, in parallel with the planned identity verification integration, to provide members with a more convenient and secure method for managing beneficiary information.

POLICY AND PROCEDURE SOLUTION (ACTIVE):

Conducting demonstrations and evaluating solutions from multiple vendors to identify the platform that best aligns with KPPA's requirements for managing, maintaining, and accessing policies and procedures.

EMPLOYER SELF-SERVICE CENTRALIZED MESSAGING CENTER (ACTIVE):

Launching a new team to evaluate the feasibility and organizational value of implementing a central messaging capability between KPPA and employers, with the goal of improving communication, responsiveness, and service delivery.

2027 Board and Committee Meeting Calendar

◄ Dec 2026 | **January 2027** | Feb 2027 ►

Sun	Mon	Tue	Wed	Thu	Fri	Sat
					1 New Year's Day	2
3	4	5	6	7	8	9
10	11	12 CERS Personnel Committee	13	14	15	16
17	18 Martin Luther King, Jr. Day	19	20	21	22	23
24	25	26	27	28	29	30
31						

◄ Jan 2027

February 2027

Mar 2027 ►

Sun	Mon	Tue	Wed	Thu	Fri	Sat
	1	2	3	4	5	6
7	8	9	10 CERS Actuarial Committee	11 Joint Retiree Health Plan Committee	12	13
14	15 CERS Finance Committee	16	17 KRS Investment Committee	18	19	20
21	22	23 KPPA Audit Committee	24 CERS Investment Committee	25	26	27
28						

◄ Feb 2027 | **March 2027** | Apr 2027 ►

Sun	Mon	Tue	Wed	Thu	Fri	Sat
	1	2	3	4	5	6
7	8 CERS Board	9	10 KRS Board	11	12	13
14	15	16	17	18 KPPA Board	19	20
21	22	23	24	25	26 Good Friday (1/2 day)	27
28	29	30	31			

April 2027

◄ Mar 2027 | May 2027 ►

Sun	Mon	Tue	Wed	Thu	Fri	Sat
				1	2	3
4	5	6	7	8	9	10
11	12 CERS Board	13	14 CERS Actuarial Committee	15 KRS Board Annual Meeting	16	17
18	19	20	21 CERS Board Annual Meeting	22	23	24
25	26	27	28	29 KPPA Board Annual Meeting	30	

◄ Apr 2027 | May 2027 | Jun 2027 ►

Sun	Mon	Tue	Wed	Thu	Fri	Sat
						1
2	3	4	5	6	7	8
9	10	11	12	13 Joint Retiree Health Plan Committee	14	15
16	17 CERS Finance Committee	18	19	20 KRS Investment Committee	21	22
23	24	25 KPPA Audit Committee	26 CERS Investment Committee	27	28	29
30	31 Memorial Day					

◀ May 2027 | **June 2027** | Jul 2027 ▶

Sun	Mon	Tue	Wed	Thu	Fri	Sat
		1	2	3	4	5
6	7	8 CERS Personnel Committee	9	10	11	12
13	14 CERS Board	15	16	17	18 Juneteenth - Observation	19
20	21	22 KRS Board	23	24 KPPA Board	25	26
27	28	29	30			

July 2027

◄ Jun 2027 Aug 2027 ►

Sun	Mon	Tue	Wed	Thu	Fri	Sat
				1	2	3
4	5 Independence Day- Observation	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

◄ Jul 2027

August 2027

Sep 2027 ►

Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16 CERS Finance Committee	17	18 KRS Investment Committee	19	20	21
22	23	24 KPPA Audit Committee	25 CERS Investment Committee	26	27	28
29	30	31				

◄ Aug 2027

September 2027

Oct 2027 ►

Sun	Mon	Tue	Wed	Thu	Fri	Sat
			1	2 Joint Retiree Health Plan Committee	3	4
5	6 Labor Day	7	8	9 KRS Board	10	11
12	13 CERS Board	14	15	16	17	18
19	20	21	22	23 KPPA Board	24	25
26	27	28	29	30		

◄ Sep 2027

October 2027

Nov 2027 ►

Sun	Mon	Tue	Wed	Thu	Fri	Sat
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27 CERS Actuarial Committee	28	29	30
31						

◄ Oct 2027

November 2027

Dec 2027 ►

Sun	Mon	Tue	Wed	Thu	Fri	Sat
	1 CERS Board	2	3	4 Potential date for CERS Actuarial Committee	5	6
7	8	9 KRS Board	10 Potential date for CERS Board	11 Veterans Day	12	13
14	15 Joint Retiree Health Plan Committee	16 KPPA Audit Committee	17	18 KRS Investment Committee	19	20
21	22 CERS Finance Committee	23 CERS Investment Committee	24	25 Thanksgiving Day	26 Office Closed	27
28	29	30				

December 2027

◀ Nov 2027
Jan 2028 ▶

Sun	Mon	Tue	Wed	Thu	Fri	Sat
			1	2 KRS Board	3	4
5	6 CERS Board	7 KPPA Board	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24 Christmas Eve	25
26	27 Christmas Day - Observed	28	29	30	31 New Year's Eve	

KPPA Housekeeping Bill List for 2027 Regular Session

***(Proposed additions are bolded and underlined**; proposed deletions are ~~stricken through~~)*

General housekeeping items:

1. Amend KRS 61.505 to permit KPPA to require the use of tax forms required by the IRS without promulgation of an administrative regulation
   a. Amend KRS 61.505(1)(g):
   There is created an eight (8) member Kentucky Public Pensions Authority whose purpose shall be to administer and operate:….The promulgation of administrative regulations as an authority or on behalf of the Kentucky Retirement Systems and the County Employees Retirement System, individually or collectively, provided such regulations are not inconsistent with the provisions of this section and KRS 16.505 to 16.652, 61.505, 61.510 to 61.705, and 78.510 to 78.852, necessary or proper in order to carry out the provisions of this section and duties authorized by KRS 16.505 to 16.652 and 61.510 to 61.705 **<u>and notwithstanding KRS 13A.110, the authority may require the use of forms required by the Internal Revenue Service pursuant to Title 26 of the United States Code without promulgation of an administrative regulation</u>**; ;

2. Treat settlements of Personnel Board and other employment actions the same as if the Board or court had ordered the agreed to resolution:
   a. Amend KRS 61.569(1)(a) to read
   The employer of a reinstated employee who has been ordered reinstated by the Personnel Board under authority of KRS 18A.095 or by court order or by order of the Kentucky Commission on Human Rights **<u>or pursuant to an agreement to dismiss an action before a court of competent jurisdiction, the Personnel Board, or the Kentucky Commission on Human Rights</u>** shall deduct from the employee's reinstated creditable compensation and remit to the system the member contribution the employee would have paid on the creditable compensation the employee would have earned as defined under KRS 18A.105 had the employee not been dismissed.

3. Add a paragraph to KRS 61.665(2) to clarify that an employee who has not yet established a last day of paid employment because they have not exhausted paid leave may still apply for disability retirement and how the agency's medical examiners and the Board would review a disability retirement application in that circumstance.
   a. Create KRS 61.665(2)(g):
   <u>The Authority shall process the disability retirement application of a person who has not yet established a last day of paid employment because the employee continues to receive creditable compensation. If the person has not yet established a last day of paid employment, in determining if a person has been disabled since his or her last day of paid employment as required by KRS 61.600(3)(a) and 78.5522(3)(a), a medical examiner conducting an evaluation under subsection (3) or (4) of this section or the board conducting a formal hearing under subsection (7) of this section shall conduct their determination as if the person's last day of paid employment was the last day of the month for which the record shows the member has most recently received service credit.. However, nothing in this paragraph shall permit payment of or entitlement to</u>

a disability retirement payment prior to the person's actual last day of paid employment.

4. Amend KRS 61.680 to be consistent with KRS 161.608 following 26 RS HB 642 passage and to comply with federal tax requirements.
   a. Amend KRS 61.680(2)(a) to add paragraph (6):
   State Police Retirement System, Kentucky Employees Retirement System, and County Employees Retirement System shall use the date the member began participating in the other state-administered retirement systems to establish eligibility for and participation in benefits if it is the earlier membership date between the systems, and this date shall not be subsequently changed once entered in the member's record. and service from another state-administered retirement system subsequently reinstated, refunded, or established in another system for an earlier period or date shall not change an active employee or retiree's continued participation in the State Police Retirement System, Kentucky Employees Retirement System, or County Employees Retirement System account type in which they participated prior to the reinstatement or refund.

5. Increase the maximum benefit that may be collected by a surviving relative without formal administration of an estate. The current cap has not been adjusted since 2002. The increase accounts for inflation and increases since 2002 in the exemption from formal administration of estates found in KRS 391.030 and 395.455.
   a. Amend KRS 61.703(1):
   Upon the death of a member, retiree, or recipient who has an existing account or other benefit in a retirement system administered by the Kentucky Retirement Systems that totals no more than ~~one~~ **five** thousand dollars ($~~1,000~~ **$5,000**), the surviving spouse, or if none, a surviving child, or if none, a surviving parent, or if none, a surviving brother or sister, may without formal administration of the estate collect the account subject to the provisions of this section.

6. Amend KRS 78.5528(7)(d)(2) to correct statutory citations:
   a. Amend KRS 78.5528(7)(d)(2) as follows:
   An application for reinstatement of disability benefits shall be administered as an application under KRS ~~78.5524~~ **78.5522** or ~~78.5526~~ **78.5524**, as applicable, except:…

7. Amend KRS 78.784 to correct a statutory citation.
   a. Amend KRS 78.784(1)(a) as follows:
   As soon as practicable after its organization, the County Employees Retirement System board shall adopt the actuarial tables, assumptions, and methods necessary for the administration of the system and for the annual determination of actuarial assets, actuarial liabilities, and recommended employer contribution rates of the system as provided by KRS ~~61.702~~ ***78.5536*** and 78.635, for the pension and retiree health funds. …

KENTUCKY PUBLIC PENSIONS AUTHORITY
Ryan Barrow, Executive Director
1260 Louisville Road • Frankfort, Kentucky 40601
kyret.ky.gov • Phone: 502-696-8800 • Fax: 502-696-8822

MEMORANDUM

TO: KPPA Board

FROM: Lori Casey
Division Director of Human resources

DATE: September 17, 2026

RE: KPPA HR Update

KPPA participated in the second year of the Team Kentucky Internship Program (TKIP) this summer. The objective of this program was to increase student internships in state government and to promote future employment and career opportunities across the Commonwealth. Students who successfully complete an internship through this program and meet program requirements will receive interview preference on state job registers for five years following their internship.

We hosted five interns at KPPA in the following areas: Accounting, Executive, Investments, Legal Advocacy, and the Division of Enterprise & Technology Services, Project Management Office.

The Personnel Cabinet organized a variety of activities for the students including professional development days, agency tours, and required the submission of a final project. The program wrapped up with a graduation ceremony, which was attended by agency leadership and Governor Beshear. Kudos to our Executive Intern, Amira Bowman, whose final project was chosen to be presented at the graduation ceremony.

KPPA also hosted several Lunch N' Learn sessions for the interns so that they could learn more about the work at KPPA. The interns shared their skills with staff and learned about state government work while completing many different projects over the summer. Several commented that they had not considered government work before the internship but would like to return to KPPA.

In 2025, KPPA launched the Leadership Academy that was designed to give current non-management staff the opportunity to participate in a structured program of study that will prepare them for future leadership roles in the organization. The program included a mentorship component that participants found to be an extremely valuable addition. The program involved 13 participants who represented 10 different Divisions/Areas. This group was assigned a project to review and re-write KPPA's Six Mandates. After several collaborative meetings they made a recommendation to replace the mandates with the five Core Values that we use today.

In 2026, KPPA launched the Management Essentials program that is currently leading 10 managers in seven Divisions through nine months of intentional training that focuses on skills that will empower them to become better leaders. The sessions are interactive and allow managers to speak openly about the challenges that they face. This program also provides the opportunity for them to build relationships with others outside of their department.

Currently, KPPA has several different types of positions which include those that are covered under KRS Chapter 18A and those who are not. Under 18A, there are both classified and unclassified employees who are afforded certain rights, benefits, and job protections. Most agency employees are covered under KRS 18A. Non-18A positions include: the KPPA Executive Director, the Chief Auditor, no more than 6 employees in the Office of Investments, and others employed by contract.

Employer Reporting Compliance and Education

KPPA Board meeting, September 24, 2026

Mike Lamb, Executive Director of Operations
D'Juan Surrat, Division Director, ERCE

ERCE COMPLIANCE AND EDUCATION BRANCH

- A NEW branch was created in the fall of 2025 within the ERCE Division of KPPA, with staffing completed in January 2026.

- The branch is dedicated to:
  - Performing reviews of employer payroll records and the related reporting (for CERS and KRS employers)
  - Providing coaching and education to reporting officials.

- Staffing
  - 1 Manager (Retirement Program Manager)
  - 2 Staff (Retirement System counselors IV)

ERCE COMPLIANCE AND EDUCATION BRANCH

- Parts of this presentation was presented to the newly formed CERS Employer Audit Committee on July 13, 2026.

- In the July 13th meeting, the results of major employer reviews that had been completed by ERCE/Legal staff, prior to the formation of the new ERCE Branch were discussed, as well as ongoing employer reviews.

- In addition, the CERS committee was presented with the method which ERCE will be choosing future (FY 2027) employers to review, via a Risk Assessment.

Which Employers to review in FY 2027

Team has created an employer risk assessment tool to "assist" in identifying which employers to review in FY 2027. (Rating 1-5), to be updated quarterly.

- Position Type (Hazardous or Nonhazardous)
- Member Count
- Past Due Employer Invoices
- Quantity of reporting errors in prior quarter
- Tips line referrals & APA referrals received
- External audit results (APA, DOE, DLG, etc.)
- Last fiscal year reviewed by ERCE
- Annual Attestation Survey
- Averaging Batch results
- Internally identified Red Flags
- Other

ERCE COMPLIANCE AND EDUCATION BRANCH

Which Employers to review in FY2027 Continued (CERS specifc)...

AGENCY CODE	AGENCY NAME	CLASSIFICATION	AVERAGE RISK SCORE	MEMBER COUNT
Planned Agencies to perform a comprehensive Review on in FY 2027				
V447	CITY OF ELIZABETHTOWN	Cities	3.5	382
V330	CITY OF OWENSBORO	Cities	3.375	468
N054	CITY OF MADISONVILLE	Cities	3.25	372
J059	KENTON COUNTY AIRPORT BOARD	Airport Boards	3.25	522
J856	LOUISVILLE WATER COMPANY	Utility Boards	3.25	446
L073	CITY OF PADUCAH	Cities	3.25	361
L009	CITY OF PARIS	Cities	3.25	136
M076	CITY OF RICHMOND	Cities	3.125	323
W082	MEADE COUNTY ATTORNEY	County Attorneys	3.125	4
P047	CITY OF WEST POINT	Cities	3.125	1
W029	CUMBERLAND COUNTY ATTORNEY	County Attorneys	3.125	4
K010	CITY OF ASHLAND	Cities	3	333
B100	CITY OF SCIENCE HILL	Cities	3	6
B856	JEFFERSON COUNTY SOIL CONSERVATION DISTRICT	Conservation Districts	3	3
Additional Agencies to perform a comprehensive Review on in FY 2027 (as Time Permits)				
V505	CITY OF PARK CITY	Cities	2.875	2
N094	CITY OF OWENTON	Cities	2.875	6
P043	CITY OF CLARKSON	Cities	2.875	7
B054	CITY OF NORTONVILLE	Cities	2.875	10
M091	NICHOLAS COUNTY WATER DISTRICT	Utility Boards	2.875	5
AB87	MT STERLING-MONTGOMERY COUNTY INDUSTRIAL AUTHORITY	Development Authorities	2.875	2
P113	HOUSING AUTHORITY OF STURGIS	Housing Authorities	2.875	4
K095	OWSLEY COUNTY PUBLIC LIBRARY	Libraries	2.875	1
K104	RUSSELL COUNTY CONSERVATION DISTRICT	Conservation Districts	2.875	1
K082	CITY OF MULDRAUGH	Cities	2.875	9
L090	CITY OF NEW HAVEN	Cities	2.875	2
N057	NICHOLASVILLE HOUSING AUTHORITY	Housing Authorities	2.875	2
M003	LAWRENCEBURG ANDERSON COUNTY PLANNING COMMISSION	Planning Commissions	2.875	2
V044	GREEN COUNTY FISCAL COURT	Fiscal Courts	2.25	34

- ERCE Team reviewed Risk Results using data as of 6/30/2026.
- 5 CERS agencies, with an average risk score of 3+, were not considered for this fiscal year for various reasons.
- 5 of the 14 planned CERS agencies listed have 10 or less employees.
- In addition, we have identified 14 additional CERS agencies, most with 10 or less employees, to review as time permits.

ERCE COMPLIANCE AND EDUCATION BRANCH

"Major" Reviews Completed Prior to the formation of the ERCE Branch:							
Code	Agency	System	Periods	Employees Reviewed	Findings	Contribution due as a result of the audit	Contributions Received
K032	Elliott County Ambulance Center	CERS	FY18-23	37	37	1,032,502.70	15,000.00
K559	City of Taylor Mill	CERS	FY16-24	7	7	40,971.13	40,971.13
V398	City of Elkhorn City	CERS	FY21-24	10+	10+	225,464.51 (Estimated)	11,690.30

Reviews Completed by ERCE Branch Since Formation:							
Code	Agency	System	Periods	Employees Reviewed	Findings	Contribution due as a result of the Review	Contributions Received
N051	City of Henderson	CERS	FY16-25	35	35	$ 70,211.66	$ 70,211.66
8208	Cumberland River Behavioral Health Inc.	KERS	FY25	707	327	$ (256,791.68)	$ (256,791.68)
1452	Springhaven Inc.	KERS	FY24-25	37	21	$ 4,326.63	$ 4,326.63
3076	Todd County Health Department	KERS	FY25	29	10	$ 16,963.46	$ 613.59
8216	Comprehend Inc.	KERS	FY25	175	42	$ 101,899.28	$ 75,524.69
1437	Sanctuary Inc.	KERS	FY24-25	36	31	$ (5,616.91)	$ (5,616.91)
V003	Anderson County Fiscal Court	CERS	FY24-25	249	68	$ 660,420.55	$ -
K091	City of Carlisle	CERS	FY25	70	49	$ 537,160.32	$ -
V026	Clay County Fiscal Court	CERS	FY23-25	270	200	$ 817,652.09	$ 817,652.09
J106	Shelby County Library	CERS	FY25	22	14	$ 16,049.46	$ -
V005	Barren County Fiscal Court	CERS	FY24-25	339	236	$ 416,422.94	$ -
V088	Morgan County Fiscal Court	CERS	FY24-25	114	27	$ 60,519.21	$ -
V055	Jackson County Fiscal Court	CERS	FY23-25	204	170	$ 128,090.36	$ 128,090.36
V099	Powell County Fiscal Court	CERS	FY25	239	36	$ (20,823.06)	$ -
V116	Wayne County Fiscal Court	CERS	FY24-25	251	150	$ (2,346.00)	$ -
	Total			2777	1416	$ 2,544,138.31	$ 834,010.43

Reviews InProgress and on radar			
P052	Little KY River Watershed Conservation	CERS	FY97-Present
J095	Owsley County Board of Education	CERS	FY25
J101	Robertson County Board of Education	CERS	FY25
V106	Shelby County Fiscal Court	CERS	FY25
B100	City of Science Hill	CERS	FY26
B856	Jefferson County Soil Conservation District	CERS	FY26
V330	City of Owensboro	CERS	FY26
L009	City of Paris	CERS	FY26
N054	City of Madisonville	CERS	FY26
P047	City of West Point	CERS	FY26
V505	City of Park City	CERS	FY26
3022	Lexington Fayette Co. Health Department	KERS	FY24-25
V447	City of Elizabethtown	CERS	
J059	Kenton County Airport Board	CERS	
J859	Louisville Water Company	CERS	
L073	City of Paducah	CERS	
M076	City of Richmond	CERS	
W082	Meade County Attorney	CERS	
W029	Cumberland County Attorney	CERS	
K010	City of Ashland	CERS	

Survey

In June of 2026, the First Annual Employer Survey was sent to all Employers. The results of this survey will be incorporated into our Risk Assessment for next quarter.

Survey Results

Total Surveys Sent	1,452
Total Responses	163
Total CERS Responses	128

ERCE COMPLIANCE AND EDUCATION BRANCH

KPPA Kentucky Public Pensions Authority

ERCE

EMPLOYER REPORTING, COMPLIANCE & EDUCATION

ANNUAL COMPLIANCE QUESTIONNAIRE

Employer Information

Employer ______ **Employer Code** ______

1) Does your agency submit the Form 7250, Verification of Payments Outside Regular Wages, for payments paid outside regular wages (i.e. Christmas bonus, incentive payments, longevity pay, etc.)? Yes ◯ No ◯
2) Does your agency report all part-time non-participating employees on your monthly report? Yes ◯ No ◯
3) Did your agency have an "external" audit performed by a CPA Firm and/or the Auditor of Public Accounts (APA) for fiscal year ended June 30, 2025? Yes ◯ No ◯

   If Yes, did the report contain any findings and/or recommendations? Yes ◯ No ◯

   If Yes, please attach a copy of the full audit report.
4) Do you outsource positions by utilizing independent contractors or leased employees through a third-party or staffing agency? Yes ◯ No ◯

   If yes, does your agency submit the subsequent contract and supporting documentation to KPPA for review to determine if that person(s) should be reported to KPPA as a regular full-time employee? Yes ◯ No ◯
5) Does your agency participate in a sick leave program? Yes ◯ No ◯

   If Yes, is your most recent sick leave policy on file with KPPA? Yes ◯ No ◯
6) Does your agency have retired police officers that qualify for a reemployment exception? Yes ◯ No ◯

   If yes, does your agency submit the required recertification annually for the positions that are approved not to exceed one (1) year? Yes ◯ No ◯
7) Does your agency report annual/vacation time payouts as creditable compensation to KPPA? Yes ◯ No ◯
8) How confident are you with completing Section H of the Form 6000, Notification of Retirement? Very Confident ◯ Confident ◯ Neutral ◯ Unconfident ◯ Very Unconfident ◯
9) How confident are you with the Retired Reemployed process and submitting the correct forms to KPPA? Very Confident ◯ Confident ◯ Neutral ◯ Unconfident ◯ Very Unconfident ◯
10) Please advise what specific topics your agency would like training on to be more confident when reporting to KPPA? ______

Certification

I hereby certify that the information provided on this form is correct 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.

Signed: ______ Date: ______

Printed Name: ______ Title: ______

ERCE COMPLIANCE AND EDUCATION BRANCH

KPPA 2026 Employer Survey Summary of Responses								
Questions				Employer Responses				
		YES	NO	1	2	3	4	5
#1	Submission of Form 7250	40	123					
#2	Reporting of part-time non-participating employees	128	35					
#3	External Audit performed in prior fiscal year.	132	31					
	- If Yes, did the report contain any findings and/or recommendations?	22	110					
#4	Outsourcing of positions	17	146					
	- If yes, does your agency submit supporting documentation	6	11					
#5	Sick leave program	80	83					
	- If Yes, is your most recent sick leave policy on file with KPPA?	63	17					
#6	Retired police officers	36	127					
	- If yes, does your agency submit the required recertification	30	6					
#7	Reporting of annual/vacation time payouts	70	93					
#8	Notification of Retirement			22	16	34	33	58
#9	Retired Reemployed			34	24	42	20	43

#10	**Topics for Training**	# of Responses
	- Annual Training	31
	- Reporting	27
	- Retirement	17
	- Retired Reemployed	13
	- Pension Spiking	11
	- Miscellaneous (Bonus Pay, Error Codes, LWOP, PT/Dually Employed, Sick Leave, and etc	11

KENTUCKY PUBLIC PENSIONS AUTHORITY
Ryan Barrow, Executive Director
1260 Louisville Road • Frankfort, Kentucky 40601
kyret.ky.gov • Phone: 502-696-8800 • Fax: 502-696-8822

Kentucky Public Pensions Authority

To: KPPA, CERS & KRS Board
From: Ryan Barrow
Date: September 2026
Subject: KPPA Update

I. ADMINISTRATIVE & STAFFING UPDATE:

- **Annual Statements Notification –** KPPA sent a target email communication to members about their Annual Statement. There is a long-term system design in development that is more personalized for that and it will be sent via the member's communication preference (paperless vs snail mail), but this is an attempt to be draw more attention to it as opposed to the info being in a newsletter with many other articles.

- In June, I attended the **NCPERS Chief Officers Summit**, which provided another opportunity to engage directly with public pension leaders from across the country. The summit offered valuable perspectives on the challenges facing our peers, as well as an opportunity to share KPPA's experiences and priorities. This type of peer engagement is particularly beneficial to KPPA as we continue to plan modernization of our Line of Business system. Specifically, KPPA is like many public retirement systems that are planning significant technology upgrades.

II. STRATEGIC PLAN & IMPLEMENTATION UPDATE:

The implementation of the Strategic Plan continues to advance, with **six active teams** focused on strategic initiatives that support organizational efficiency, technology modernization, and enhanced service delivery.

- **IT Assessment (Active):** Currently in Phase 2, with the vendor engaging KPPA staff to develop a deeper understanding of organizational goals, business needs, and future-state objectives. These discussions will provide the foundation for a comprehensive technology roadmap.
- **Paper Check Reduction Team (Active):** Implemented real-time banking verification and direct deposit functionality for supplemental payments. Currently evaluating strategies to further reduce paper checks, including enrolling recipients in a prepaid bank card program.
- **Self-Service Mirroring Team (Active):** Monitoring a homegrown solution that would enable counselors to view and assist members through the same self-service experience, improving the efficiency and effectiveness of member support.

- **Update Beneficiary Team (Active):** Preparing for implementation later this fiscal year, in parallel with the planned identity verification integration, to provide members with a more convenient and secure method for managing beneficiary information.
- **Policy and Procedure Solution (Active):** Conducting demonstrations and evaluating solutions from multiple vendors to identify the platform that best aligns with KPPA's requirements for managing, maintaining, and accessing policies and procedures.
- **Employer Self-Service Centralized Messaging Center (Active):** Launching a new team to evaluate the feasibility and organizational value of implementing a central messaging capability between KPPA and employers, with the goal of improving communication, responsiveness, and service delivery.

III. LEGISLATIVE & LRC COMETTIEE UPDATE:

- Staff have begun preparing **KPPA's housekeeping legislation** for consideration in the upcoming 2027 Regular Session. Erin and I have initiated discussions and meetings with legislators. The proposed bill is still being developed and will address routine and technical matters related to the administration of KPPA. The legislation is intended to remain limited to housekeeping items. Further information will be provided as the process progresses.

- Erin and I presented at the **Public Pension Oversight Board (PPOB)** related to asset allocation, cash flow and legislative update in August. The presentation went well and the discussion was productive.

IV. LOUISVILLE OFFICE UPDATE

- Construction is nearing completion. Office furniture delivery is anticipated to be October 8th with anticipated occupancy to occur shortly thereafter.

V. STATE AUDITOR (APA) PROXY AUDIT

- **All requested information has been sent to the** Auditor of Public Accounts (APA) and their contracted party (Prospr) has started the analysis. There was recently some discussion on the budget impact but ultimately it may be a share of the total cost ($285,000) to KPPA not currently included in the budget. As background the Legislative Oversight and Investigations Committee (LOIC) of the Kentucky General Assembly requests that the APA investigate investments with restricted financial companies as they relate to the funds managed by Kentucky's state administered retirement systems to ensure pension funds are being invested in the best interest of the participants.

VI. 2026 IMPACT FORUM UPDATE:

- Planning is underway for the **2026 IMPACT Forum**, October 22–23 at The Campbell House in Lexington. The Forum will provide the continuing education hours required by statute through a variety of educational sessions, while also offering opportunities to network with fellow Trustees, KPPA leadership, and industry professionals.

- **Day 1** will begin with New Trustee Orientation, open to all and required as part of the onboarding process for new Trustees, before transitioning to the Forum programming. IMPACT sessions will include topics such as the History of the Systems and HIPAA training, as well as CEO's Choice, a board-specific educational session planned by each respective CEO.

- Trustees and CEOs should **register by September 15** using the link sent by Ashley Gabbard to each attendee's KPPA email. Timely registration is necessary to finalize lodging, meals, and dietary accommodations. The IMPACT Forum and New Trustee Orientation agendas were included with the registration email.

VII. KPPA KUDOS:

- KPPA received the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the 2025 KRS and CERS Annual Comprehensive Financial Reports (ACFRs). This award represents the highest form of recognition in governmental accounting and financial reporting. The successful completion of these reports was the result of a collaborative effort among several **KPPA divisions, including Accounting, Internal Audit, Communications, Investments, and Benefits**. Congratulations to all the staff who contributed to this accomplishment and helped KPPA achieve this prestigious recognition!

- Our **Member Services Division** has received positive comments through our Membership Survey campaign. Members have recognized the team for providing knowledgeable, professional, and courteous service, with comments such as, "Counselor was very knowledgeable, polite, and friendly—a great experience," "Wonderful to work with," and "Very helpful, professional, and polite." Thank you to our Member Services team for continuing to provide exceptional service to our members.

- Staff from the Kentucky Department for Libraries and Archives (KDLA) recently conducted an on-site audit of KPPA's paper document retention process. **Ashley Gabbard** led this project, with valuable contributions and collaboration from **Anne Baker, Travis Humphries, Casey Rothenburger, and Brad McGuire**. We appreciate their collective efforts and dedication in bringing this project to successful completion.

- Kudos to policy specialist **Carole Catalfo** for her work on reorganizing KPPA's regulations. Over the past year, Carole has worked with the Regulations Compiler at LRC and internal staff to develop and implement a plan to reorganize KPPA's regulations in a way that will help us keep those regulations up to date more efficiently and make sure our reviews of the regulations are more comprehensive. The plan went into effect August 4.

Many thanks to everyone involved in maintaining and improving KPPA operations!