



Quick Guide to Completing Form 6487 Member Pension Spiking Exemption

Section 1 – Member Pension Spiking Exemptions

This section contains the details of the last six (6) fiscal years of the member’s employment and shows the original creditable compensation, spiking increase, and the adjusted creditable compensation.



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

6487/

FORM 6487
Revised 09/2024

Section 1 - Member Pension Spiking Exemptions

Employer Information

Employer Name:

Employer Code:

Member Information

Member Name:

Member ID:

The retirement calculation for the member noted above has indicated that the employee experienced annual increases greater than ten percent (10%) over the employee's last five (5) fiscal years of employment. Per KRS 61.598(2), the member's final compensation "that exceeds ten percent (10%) more than the employee's creditable compensation from the immediately preceding fiscal year shall not be included in the creditable compensation used to calculate the retiring employee's monthly retirement allowance." The chart below displays the member's adjusted final compensation based on the current calculation.

Fiscal Year	Actual Comp	Comp Less Exclusions	Months	Employer Code	Increase	Spiking	Revised Comp
-------------	-------------	----------------------	--------	---------------	----------	---------	--------------

If the employer reported a bonus or an alternate sick leave payment, it is displayed in the above grid in the manner in which it has been applied to the final compensation in accordance with KRS 16.505(8); 61.510(13); 78.510(13) and 105 KAR 1:160.

KRS 61.598 and 105 KAR 1:142 provides for specific exemptions of reportable salary that are excludable when calculating the increase in creditable compensation. These exemptions are listed in the instructions for this form. Indicate whether or not exemptions are related to the salaries reported.

- No Exemptions:** The increase in creditable compensation is not attributable to an allowed exemption for this member.
- Exemptions:** The increase in creditable compensation is attributable to an allowed exemption. If this was due to an error found in the reported information, an adjustment to reported salary will be remitted through the monthly report.

If you selected "No Exemptions", skip to Section 5.
If you selected "Exemptions", continue to Section 2.



**Employer Reporting,
Compliance & Education**

Example:

Fiscal Year	Actual Comp	Comp Less Exclusions	Months	Employer Code	Increase	Spiking	Revised Comp
7/1/2024-6/30/2025	\$12,700.16 \$1683.94 \$11,016.22	\$11,016.22	4	K123 TRAILWAGES K123	-1.18%	NO SPIKING	N/A
7/1/2023-6/30/2024	\$30,657.06 \$250.00 \$30,407.06	\$30,657.06	11	K123 BONS K123	23.74%	SPIKING	\$30,293.18
7/1/2022-6/30/2023	\$27,028.41 \$346.92 \$26,681.49	\$27,028.41	12	BONS K123	-5.98%	NO SPIKING	N/A
7/1/2021-6/30/2022	\$26,352.46 \$470.02 \$25,882.44	\$26,352.46	11	BONS K123	-11.26%	NO SPIKING	N/A
7/1/2020-6/30/2021	\$29,695.38 \$470.02 \$29,225.36	\$29,695.38	11	BONS K123	-0.01%	NO SPIKING	N/A
7/1/2019-6/30/2020	\$29,699.66 \$470.02 \$29,229.64	\$29,699.66	11	BONS K123	0.00%	NO SPIKING	N/A

If the employer reported a bonus or an alternate sick leave payment, it is displayed in the above grid in the way it has been applied to the final compensation in accordance with KRS 16.505(8); 61.510(13); 78.510(13) and 105 KAR 1:160.

KRS 61.598 and 105 KAR 1:142 provide for specific exemptions of reportable salary that are excludable when calculating the increase in creditable compensation. These exemptions are listed in the instructions for this form. Indicate whether exemptions are related to the salaries reported.

Step 1

You **MUST** check either the “No Exemptions” **OR** “Exemptions” box. Failure to check one may cause the form to be invalid.

- No Exemptions: The increase in creditable compensation is not attributable to an allowed exemption for this member.
- Exemptions: The increase in creditable compensation is attributable to an allowed exemption. If this was due to an error found in the reported information, an adjustment to reported salary will be remitted through the monthly report.

If you selected “No exemptions”, skip to Section 5.
If you selected “Exemptions”, continue to Section 2

Section 2 - Exemption Amounts

Employer Information	
Employer Name:	Employer Code:
Member Information	
Member Name:	Member ID:



Employer Reporting, Compliance & Education

At the time of the increase, the employee was: (Please Check One) <input type="checkbox"/> A New Hire/Rehire <input type="checkbox"/> A Current Employee	Change/Hire Date: (list all applicable dates)
--	---

Step 2

- At the time of the increase, the employee was: **Check either:** A New Hire/Rehire or A Current Employee
- Mark if there is an exemption that must be reported during the employer’s normal monthly reporting process, these include:
 - Leave without pay in the preceding year
 - Lump-sum payment for alternate sick leave
 - Comp time at termination

If corrections to those reported salaries are needed, make those adjustments in the next monthly reporting cycle. These exemptions must be reported during the employer’s normal monthly reporting process with the corresponding payment reason:

Exemption	Payment Reason
Leave without pay in the preceding year	Leave Without Pay
Lump-sum payment pursuant to alt sick leave	Alternate Sick Leave Payment
Lump-sum payment for comp time at termination	Lump Sum Compensatory Pay at Termination

- List ONLY the total salary attributable to each exemption and the fiscal year in which it occurred in the charts below (DO NOT include total compensation for the fiscal year):

	Fiscal Year 7/1/2019- 6/30/2020	Fiscal Year 7/1/2020- 6/30/2021	Fiscal Year 7/1/2021- 6/30/2022	Fiscal Year 7/1/2022- 6/30/2023	Fiscal Year 7/1/2023- 6/30/2024	Fiscal Year 7/1/2024- 6/30/2025
Bona fide promotion or career advancement						
Wages for overtime because of a state of emergency declared by the President of the U.S. or by the Governor of the KY						
Wages for overtime because of a state of emergency declared by local government and the KY National Guard is mobilized**						
Wages attributable to overtime required as a condition for receipt of a state or federal grant, or a similar project*						
Wages attributable to the first 100 hours of mandatory overtime that is required by the employer to be worked during a fiscal year						



Employer Reporting, Compliance & Education

*If the increase was attributable to overtime hours worked under a state or federal grant, a copy of the grant will be required. Underline or highlight the specific language in the grant requiring overtime.

**If the increase was attributable to the KY National Guard mobilization, provide the applicable Executive Order number that mobilized the National Guard.

If any salary amount is listed in the Bona fide promotion or career advancement exemption chart, continue to Section 3.

If no salary amount is listed in the Bona fide promotion or career advancement exemption row, skip to Section 5.

Section 3 - Bona Fide Promotion or Career Advancement Exemption due to advancement or change in employment position pursuant to KRS 61.598(1)(a)

STEP 3

Is this a bona fide promotion or career advancement due to advancement or change in employment position pursuant to KRS 61.598(1)? Yes No

If you checked "Yes", complete this section and continue to Section 5.

Respond to the following request based on the employee's job description prior to promotion or career advancement (if the employee was a new hire/rehire, provide information about the employee's prior job).
Employee's job title prior to promotion or career advancement:

Describe the employee's job duties prior to promotion or career advancement. Please attach a job description if available. A copy of the personnel form with the date of the promotion/advancement must be submitted with the Form 6487.

If you checked "No", skip this section and continue to Section 4.

Section 4 – Bona Fide Promotion or Career Advancement due to authorized increases in creditable compensation pursuant to 105 KAR 1:142 Section 4(2)(b)2.b.

STEP 4

Is this a bona fide promotion or career advancement due to authorized increases in creditable compensation pursuant to 105 KAR 1:142 Section 4(b)2.b.? Yes No

If you checked "Yes", complete this section and continue to Section 5.

Describe the increase in creditable compensation for all employees in a specified class due to an increase of pay authorized or funded by the legislative or administrative body of the employer or due to an increase in rate of pay mandated in a collective bargaining agreement approved by the legislative body of the employer.

You must submit a copy of the personnel form with the date of increased rate of pay, an explanation, and documentation supporting the assertion that the increase in rate of pay was authorized or funded



Employer Reporting, Compliance & Education

by the legislative or administrative body of the employer or mandated in a collective bargaining agreement approved by the legislative body of the employer. School Board employers should submit a copy of the Board Minutes.

If you checked "No", skip this section and continue to Section 5.

Section 5 – Certification

STEP 5

The final step on this form is to certify the information you have provided is complete and accurate. KPPA will accept signatures from either the Agency Head or the primary Reporting Official on this form.

Section 5 - Certification

I hereby certify that the above information is correct and:

- Exemption details in Section 2 are accurate;
- Employment details in Section 3 and 4 accurately describes the employee's job descriptions both prior to and after promotion or career advancement;
- If the employee was a new hire/rehire, I certify that I have made a diligent effort to determine the employee's prior job description, and I certify that the employee's current job description is accurate to the best of my knowledge; and
- I understand that Kentucky Public Pensions Authority may request that I testify at an administrative hearing as to the matters described herein.

I acknowledge that I have full understanding that any person who provides a false statement, report, or representation to a governmental entity such as the Kentucky Public Pensions Authority is subject to the penalty of perjury in accordance with KRS 523.010, et seq. I further acknowledge that if I knowingly submit or cause to be submitted a false or fraudulent claim for the payment or receipt of benefits, my employer or myself personally may be liable for repayment of benefits the member was not entitled to receive, and also liable for civil payments, legal fees, and costs.

Agency Head Signature: _____

Agency Head Printed Name: _____ Date: _____



Employer Reporting, Compliance & Education

APPENDIX A:

To complete Step 3 fill in the wage information for the appropriate exemption as described below:

1. If the exemption is due to a Bona Fide Promotion or Career Advancement enter in the first table the difference in salary paid after the promotion or career advancement within the fiscal year the event occurred, then proceed to STEP 4.

- *Example1: If the employee's salary changed from \$2500/month to \$4000/month and the promotion or advancement occurred April 1, then the difference in salary from April 1 to June 30 is \$1500/month for 3 months. The total exemption amount paid in the fiscal year would be \$4500.*
- *Example 2 (School Board Employee ONLY): On July 1, the employee's contract changed from \$10.00/hour for 7.0 hours/ day with a 180-day contract to \$14.00/hour for 8.0 hours/day in a 230-day contract. To find the exemption amount, first determine the difference in the daily rates: $\$10.00/\text{hour} \times 7.0 \text{ hours/day} = \70.00 (previous daily rate). $\$14.00/\text{hour} \times 8.0 \text{ hours/day} = \112.00 (new daily rate). $\$112.00 - \$70.00 = \$42.00$ (difference). Since the change was at the beginning of the school year on July 1, use the full number of contract days to finish the calculation: $\$42.00 \times 230 \text{ days}$. The total exemption amount paid in the fiscal year would be \$9660.00.*
- *Example3 (School Board Employee ONLY): On November 16, the employee's contract changed from \$12.99/hour for 7.0 hours/day with a 185-day contract to \$16.98/hour for 8.0 hours/day in a 244-day contract. To find the exemption amount, first determine the difference in the daily rates: $\$12.99/\text{hour} \times 7.0 \text{ hours/day} = \90.93 (previous daily rate). $\$16.98/\text{hour} \times 8.0 \text{ hours/day} = \135.84 (new daily rate). $\$135.84 - \$90.93 = \$44.91$ (difference). Since the change was in the middle of the school year, use the actual days worked from the effective date on November 16th in the calculation: $\$44.91 \times 135 \text{ contract days}$. The total exemption amount paid in the fiscal year would be \$6062.85. If the pension spike continues into the next consecutive fiscal year, use the remainder of the contract to determine the exemption amount: $\$44.91 \times 109 \text{ contract days} (244 - 135)$. The total exemption amount paid in the following fiscal year would be \$4895.19.*

2. If the exemption is overtime due to a state of emergency enter the total exemption amount in the second table under the appropriate description of the state of emergency. If the emergency overlaps multiple fiscal years, you will need to enter the correct amount paid for each fiscal year. Once this information is entered, proceed to STEP 5.

- *If the exemption is due to overtime worked due to a state or federal emergency OR as a requirement of a grant OR for the first 100 hours of mandatory overtime, payroll*



Employer Reporting, Compliance & Education

documents should be submitted which clearly highlight the overtime pay received as it relates.

- *If this exemption is for a state or federally declared emergency, a copy of the Declaration of Emergency from the Governor of the Commonwealth of Kentucky or a Declaration of Emergency from the President of the United States must be included with the completed Form 6487.*
- *If this exemption is for a local government declared emergency in which the Governor of the Commonwealth of Kentucky has mobilized the Kentucky National Guard, a copy of the Declaration of Emergency and the Order by the Governor must be included with the completed Form 6487.*

3. If the exemption is due to mandatory or required overtime hours per KRS 61.598(4)(e), enter the total exemption amount in third table under the appropriate description of the overtime condition. If this overtime amount overlaps multiple fiscal years, you will need to enter the correct amount paid for each fiscal year. Once this information is entered, proceed to STEP 5

- *If the exemption is due to overtime worked due to a state or federal emergency OR as a requirement of a grant OR for the first 100 hours of mandatory overtime, payroll documents should be submitted which clearly highlight the overtime pay received as it relates.*
- *If the exemption is a state or federal grant, grant pass-through, or similar program, you must include a copy of the program's paperwork with the completed Form 6487. To expedite the review, please underline or highlight the specific language requiring overtime.*
- *If this exemption is for the first 100 hours of mandatory overtime an employee is required to work by their employer within a fiscal year, KPPA requires an additional written statement from the primary reporting official or agency head for verification to be submitted with the completed Form 6487. Payment received for mandatory overtime after the first 100 hours in a fiscal year, voluntary overtime, and optional overtime does not qualify for this exemption.*

QUESTIONS?

If you have questions on how to complete the Form 6487, please call the Employer Hotline at 1-888-696-8810.