KPPA
Kentucky Public Pensions Authority
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2026 Regular Session
Legislative Summary

The 2026 Regular Session of the Kentucky General Assembly concluded on April 15, 2026. Throughout the 60-day session, KPPA tracked 86 bills that could have affected the systems and submitted more than 80 Actuarial Analysis letters at the request of the Legislative Research Commission. Although many bills were introduced, only five were passed that directly affect KPPA.

BILLS PASSED AFFECTING KPPA

Law changes affecting members are typically based on specific membership details, such as participation date, benefit tier, and whether service is hazardous or nonhazardous. Members can review their individual retirement account by logging in or registering at MyRetirement.ky.gov.

Senate Bill 85

TIER 1 TIER 2 TIER 3

SPECIAL NEEDS TRUST *Senator Robin Webb*

This bill allows a Special Needs Trust to be named as a beneficiary. A Special Needs Trust is a legal way to hold money or assets for a person with a disability. It helps protect their eligibility for important benefits, like Medicaid, while still receiving financial support.

Senate Bill 85 also allows a Special Needs Trust to choose the same lifetime survivor payment options that are normally limited to person beneficiaries.

KPPA will provide more information as these changes are put into place.

House Bill 220

TIER 1 TIER 2

PENSION SPIKING *Representative John Blanton*

Pension spiking happens when a Tier 1 or Tier 2 member's pay increases by more than 10% a year during the last five years before retirement. House Bill 220 changes the effective date of an exemption established by House Bill 30 in the 2025 Regular Session.

Currently, if an employer gives a group of employees a pay raise - either because the employer approves it, the legislature funds it, or it is part of a union contract - those raises are treated as normal pay increases. House Bill 220 clarifies that these group raises will not cause pension-spiking reductions for members with an effective retirement date on or after July 1, 2021.

KPPA is developing procedures for the retroactive application of this change and will share updates as they become available.

House Bill 213

TIER 1 TIER 2 TIER 3

REEMPLOYMENT OF RETIRED POLICE OFFICERS *Representative Emily Callaway*

This bill gives cities, counties and postsecondary institutions the option to offer health insurance coverage for reemployed police officers. Each governing body may decide whether to provide this coverage and set its own terms. Retirees who currently receive health insurance through KPPA and choose to enroll in an employer plan will follow the current open enrollment and qualifying event processes.

House Bill 213 also updates how cities determine the number of exempt positions allowable when rehiring retired officers. Instead of using a fixed 2015 benchmark, all cities will now use prior year staffing levels to determine the number of exempt positions.

Senate Bill 102

KENTUCKY STATE POLICE R-CLASS REEMPLOYMENT *Senator Aaron Reed*
Senate Bill 102 makes changes to the appointment process for Trooper R Class and Commercial Vehicle Enforcement Officer R Class positions.

Since this bill has an emergency clause it became effective when signed by the Governor on April 9, 2026. Retirees must continue to follow all **reemployment laws and requirements** when returning to work.

House Bill 500

EXECUTIVE BRANCH/STATE BUDGET BILL *Representative Jason Petrie*
House Bill 500 sets the Executive Branch Budget for the biennium (Fiscal Years 2026-2027 and 2027-2028). While this bill does not change member benefits, the Executive Branch Budget provides funding for the systems and sets KPPA's administrative budget. Key items include:

- KPPA's Additional Budget Request and Capital Project amounts are included.
- $78.5 million from the permanent pension fund in Fiscal Year 2027 to reduce the KERS Nonhazardous Pension unfunded liability.
- Employer contribution rates set at the actuarially determined employer contribution: 18.83% for KERS Hazardous and 54.33% for SPRS.
- KERS Nonhazardous normal cost employer contribution rate set at 7.76%, to be paid in addition to the Actuarially Accrued Liability Contribution (AALC).
- No retiree supplemental payment.

EFFECTIVE DATE

JULY 15

Legislation is effective 90 days after adjournment, unless a bill includes an emergency clause, in which case the bill takes effect when it is signed by the Governor. Each year, the Reviser of Statutes requests an **Attorney General's Opinion** to confirm the official effective date. For the 2026 Regular Session, the effective date is July 15, 2026.

IMPLEMENTING NEW LAWS

New legislation requires KPPA to evaluate each bill to determine what process and system changes may be needed to administer benefits in accordance with law. Currently, our staff is unable to provide specific details until all bills are fully reviewed.

We encourage members and employers to check our website and email updates for the latest information. To learn more about the legislative process, visit the **Kentucky Legislative Research Commission website**.

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