

**Kentucky Public Pensions Authority
Ad Hoc Regulation Committee – Special Meeting
August 15, 2023, at 10:00 AM EST (9:00 AM CT)
Live Video Conference/Facebook Live**

AGENDA

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| 1. Call to Order | Keith Peercy |
| 2. Opening Statement | Legal Services |
| 3. Roll Call | Sherry Rankin |
| 4. Public Comment | Sherry Rankin |
| 5. Approval of Minutes – June 13, 2023* | Keith Peercy |
| 6. Administrative Regulation 105 KAR 1:270 and
Administrative Regulation 105 KAR 1:215* | Carrie Bass
Jessica Beaubien
Jillian Hall |
| 7. Adjourn* | Keith Peercy |

****Committee Action May Be Taken***

**MINUTES OF MEETING
KENTUCKY PUBLIC PENSIONS AUTHORITY
AD HOC REGULATION COMMITTEE
SPECIAL CALLED MEETING
JUNE 13, 2023, AT 10:00 AM
VIA LIVE VIDEO TELECONFERENCE**

At the Special Called Meeting of the Kentucky Public Pensions Authority Ad Hoc Regulation Committee held on June 13, 2023, the following members were present: Keith Peercy (Chair), Betty Pendergrass, and Jerry Powell. Staff members present were CERS CEO Ed Owens, III, David Eager, Rebecca Adkins, Erin Surratt, Michael Board, Victoria Hale, Carrie Bass, Jessica Beaubien, Liza Welch, Wendi Pierce, Ashley Gabbard, Shaun Case, Katie Park, and Sherry Rankin.

Mr. Peercy called the meeting to order.

Mr. Board read the Legal Public Statement.

Ms. Rankin took Roll Call.

There being no *Public Comment* submitted, Mr. Peercy introduced agenda item *Approval of Minutes – April 18, 2023 (Video 00:06:00 to 00:06:26)*. Ms. Pendergrass made a motion to approve the minutes as presented. Mr. Powell seconded the motion and the motion passed unanimously.

Mr. Peercy introduced agenda item *Administrative Regulation 105 KAR 1:457 (Video 00:06:27 to 00:24:18)*. Ms. Jessica Beaubien presented 105 KAR 1:457, In-Line-of-Duty Survivor Benefits, which is a new administrative regulation which establishes the procedures and the processes for filing and or administering an application for In-Line-of-Duty Survivor Benefits for eligible beneficiaries. The Office of Legal Services requested that the Committee review the item materials and recommend presenting 105 KAR 1:457 to the KPPA for approval.

The Committee requested that the language in Section 6 (1)(a) and (b) and Section 7 (3)(a) be amended to provide additional clarity and detail.

Ms. Pendergrass made a motion to accept regulation 105 KAR 1:457 as amended, and to forward it to the KPPA for approval to file the regulation with the Office of the Regulations Compiler at LRC. Mr. Powell seconded the motion and the motion passed unanimously.

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

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CERTIFICATION

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

Recording Secretary

We, the Chair of the Kentucky Public Pensions Authority Ad Hoc Regulation Committee and Executive Director, do certify that the Minutes of Meeting held on June 13, 2023, were approved on August 15, 2023.

KPPA Ad Hoc Regulation Committee Chair

Executive Director

I have reviewed the Minutes of the June 13, 2023, Kentucky Public Pensions Authority Ad Hoc Regulation Committee Meeting for content, form, and legality.

Executive Director, Office of Legal Services

MEMORANDUM

TO: Ad Hoc Regulation Committee (“Committee”) for the Board of the Kentucky Public Pensions Authority (“Board”)

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

DATE: August 1, 2023

RE: Committee approval and recommendation of KPPA staff to present an amended administrative regulation, 105 KAR 1:270, Federal tax withholding or direct rollover of eligible distributions, to the full Board for approval to file with the Office of the Regulations Compiler at the Legislative Research Commission (“Regulations Compiler”)

Purpose of amended administrative regulation:

Kentucky Revised Statutes 61.505(1)(g) authorizes the Board to promulgate and amend administrative regulations “on behalf of the Kentucky Retirement Systems and the County Employees Retirement System, individually or collectively” as long as the regulations are consistent with the provisions of Kentucky Revised Statutes 16.505 to 16.652, 61.510 to 61.705, 78.510 to 78.852, and 61.505. 105 KAR 1:270, Federal tax withholding or direct rollover of eligible distributions, is consistent with these provisions of the Kentucky Revised Statutes.

105 KAR 1:270 establishes the procedure for informing affected members, beneficiaries, and alternate payees of their rights regarding 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 in the event that an alternate payee cannot be located. Please be aware that definitions for commonly used language found in this administrative regulation can be found in 105 KAR 1:001, Definitions for 105 KAR Chapter 1.

The proposed amendment to 105 KAR 1:270 includes the following changes:

1. Language stating that the forms and documents incorporated by reference are available on the Kentucky Public Pensions Authority’s website has been removed throughout the administrative regulation, as this is redundant in light of new KRS Chapter 13A requirements that all forms and documents incorporated by reference be available on an agency’s website.
2. Section 2: Clarifying language has been added to address situations in which a member requests a refund of their accumulated account balance, but later becomes ineligible to actually receive the refund under state and federal law.

3. Section 4: Clarifying language has been added to address situations in which there is a single beneficiary receiving an eligible distribution and, separately, situations in which there are multiple beneficiaries receiving an eligible distribution.
4. Section 5: Section added to incorporate the use of the Form 6025, Direct Rollover/Direct Payment Election Form for a Member, Beneficiary, or Alternate Payee Regarding an Eligible Rollover Distribution, for the \$5,000 death benefit.
5. Section 6: Section added to incorporate the use of the Form 6025, Direct Rollover/Direct Payment Election Form for a Member, Beneficiary, or Alternate Payee Regarding an Eligible Rollover Distribution, for certain death in-line-of-duty benefits.
6. Section 9: Incorporates a new form, the Form 6028, Withholding Certificate for Nonperiodic Payments and Eligible Rollover Distributions, that allows members, beneficiaries, and alternate payees choosing to receive direct payment of eligible distributions to withhold greater than the mandatory federal tax from the eligible distribution.
7. Section 10: Incorporates updates to the Special Tax Notice and Form 4527, Certification by a “Qualified Public Safety Employee” and Request for an Exception to the 10% Early Distribution Penalty in IRC 72(t), based on recent federal law changes.

Staff Recommendation:

The Office of Legal Services requests that the Committee review the attached materials and recommend presenting 105 KAR 1:270, Federal tax withholding or direct rollover of eligible distributions, for filing approval to the full Board at the September 28, 2023 meeting.

List of attached materials:

1. 105 KAR 1:270, Federal tax withholding or direct rollover of eligible distributions
2. Special Tax Notice Regarding Payments
3. Form 4525, Application for Refund of Member Contributions and Direct Rollover/Direct Payment Selection
4. Form 4527, Certification by a “Qualified Public Safety Employee” and Request for an Exception to the 10% Early Distribution Penalty in IRC 72(t)
5. Form 6010, Estimated Retirement Allowance
6. Form 6025, Direct Rollover/Direct Payment Election Form for a Member, Beneficiary, or Alternate Payee Regarding an Eligible Rollover Distribution
7. Form 6028, Withholding Certificate for Nonperiodic Payments and Eligible Rollover Distributions

1 FINANCE AND ADMINISTRATION CABINET

2 Kentucky Public Pensions Authority

3 (Amendment)

4 105 KAR 1:270. Federal tax withholding or direct rollover of ~~[funds for]~~ eligible distributions.

5 RELATES TO: KRS 16.505, 16.578, 16.645, 61.505(1)(~~g~~[f]), 61.510, 61.625, 61.635,
6 61.640, 61.690, 78.510, 78.545, 26 U.S.C. 72(t), 401(a), 402

7 STATUTORY AUTHORITY: KRS 61.505(1)(~~g~~[f])

8 NECESSITY, FUNCTION, AND CONFORMITY: KRS 61.505(1)(~~g~~[f]) authorizes the
9 Kentucky Public Pensions Authority to promulgate administrative regulations on behalf of the
10 Kentucky Retirement Systems and the County Employees Retirement System that are
11 consistent with KRS 16.510 to 16.652, 61.515 to 61.705, [~~16.510 to 16.652,~~] and 78.520 to
12 78.852. 26 U.S.C. 402 establishes the federal taxation requirements regarding direct rollovers
13 of distributions and the withholding of federal income tax on distributions that are not rolled over
14 to an IRA or other qualified plan. This administrative regulation establishes the procedure for
15 informing affected members, beneficiaries, and alternate payees of their rights with regard to
16 federal taxation rules and provides forms for members, beneficiaries, and alternate payees to
17 indicate their preference for federal tax withholding or direct rollover of eligible
18 distributions~~[funds]~~. This administrative regulation also establishes a procedure to issue a check
19 to an alternate payee of a qualified domestic relations order if the alternate payee does not file
20 the form required for federal income tax purposes [~~at the retirement office~~] within a reasonable
21 time, and a procedure in the event that an alternate payee cannot be located.

22 Section 1. Definitions.

1 (1) “Beneficiary” means a person designated by the member in accordance with KRS
2 61.542 and 78.545 to receive any available benefits in the event of the member's death. The
3 “beneficiary” may be different from the person designed as the death benefit beneficiary.

4 (2) “Death benefit beneficiary” means a person designated by the member in accordance
5 with KRS 61.705 and 78.5538 to receive the five thousand dollar (\$5,000) death benefit in the
6 event of the member's death. The “death benefit beneficiary” may be different from the person
7 designated as the beneficiary.

8 (3) “Eligible beneficiary” means a person who:

9 (a) Meets the eligibility qualifications for in-line-of-duty death benefits as provided by KRS
10 16.601(1)-(3) and 78.5534(1)-(3) or duty-related death benefits as provided by KRS 61.621(3)
11 and 78.545; and

12 (b) Elects, or has a parent or guardian who elects on his or her behalf, the payment option
13 for benefits that includes the one-time payment of ten thousand dollars (\$10,000) in accordance
14 with KRS 16.601(1)(b) or (3) and 78.5534(1)(b) or (3) or 61.621(3)(b) and 78.545.

15 ~~[Definitions contained in KRS 16.505, 61.510, and 78.510 shall apply to this~~
16 ~~administrative regulation.~~

17 ~~(2) Prior to April 1, 2021, “the Agency” means the Kentucky Retirement Systems, which~~
18 ~~administers the State Police Retirement System, the Kentucky Employees Retirement System,~~
19 ~~and the County Employees Retirement System. Effective April 1, 2021, “the Agency” means the~~
20 ~~Kentucky Public Pensions Authority, which is authorized to carry out the day-to-day~~
21 ~~administrative needs of the Kentucky Retirement Systems (comprised of the State Police~~
22 ~~Retirement System and the Kentucky Employees Retirement System) and the County~~
23 ~~Employees Retirement System.~~

1 ~~(3) "File" means the following methods for delivering or submitting a form to the retirement~~
2 ~~office: mail, fax, secure email, in-person delivery, and upload via Self Service on the Web site~~
3 ~~maintained by the agency (if available).~~

4 ~~(4) "Provide" means the following methods for the agency to make a form available to a~~
5 ~~member, beneficiary, or alternate payee: mail, fax, secure email, and upload via Self Service on~~
6 ~~the Web site maintained by the agency (if available).]~~

7 Section 2. Application for Refund of Accumulated Account Balance.

8 (1)(a) To apply for~~[receive]~~ a refund of an accumulated account balance in accordance
9 with KRS 61.625 and 78.545, a member shall complete and file~~[apply for a refund on]~~ a valid
10 Form 4525, Application for Refund of Member Contributions and Direct Rollover/Direct Payment
11 Selection, indicating the option for payment elected.

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

17 (c) The employer(s) may complete the applicable portion of the Form 4525, Application
18 for Refund of Member Contributions and Direct Rollover/Direct Payment Selection, verifying
19 termination of employment.

20 (2) Upon request by the member, the agency shall provide the Form 4525, Application for
21 Refund of Member Contributions and Direct Rollover/Direct Payment Selection, and~~[along with]~~
22 a copy of the Special Tax Notice Regarding Payments, to the member.

1 ~~[(c) Additionally, the agency may make the Form 4525, Application for Refund of Member~~
2 ~~Contributions and Direct Rollover/Direct Payment Selection, along with a copy of the Special~~
3 ~~Tax Notice Regarding Payments, available on its Web site.~~

4 ~~(2)(a) The member shall complete the Form 4525, Application for Refund of Member~~
5 ~~Contributions and Direct Rollover/Direct Payment Selection, and file it at the retirement office.~~

6 ~~(b) If the member intends to have the funds rolled over directly into an IRA or other plan,~~
7 ~~the member shall have the trustee or institution complete the applicable section of the Form~~
8 ~~4525, Application for Refund of Member Contributions and Direct Rollover/Direct Payment~~
9 ~~Selection, certifying that the rollover will be accepted.~~

10 ~~(c) The employer(s) participating in the agency from which the member has terminated~~
11 ~~employment may complete the applicable portion of the Form 4525, Application for Refund of~~
12 ~~Member Contributions and Direct Rollover/Direct Payment Selection, verifying termination of~~
13 ~~employment.]~~

14 (3)(a) The refund of the accumulated account balance~~[contributions]~~ shall not be
15 processed unless the member is eligible to receive a refund pursuant to KRS 61.625 and 78.545
16 and the valid Form 4525, Application for Refund of Member Contributions and Direct
17 Rollover/Direct Payment Selection, is filed~~[by the member at the retirement office]~~.

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

21 (c)1. The member's refund of the accumulated account balance shall not be processed if
22 within forty-five (45) calendar days of the date of the member's termination of employment with
23 the employer(s):

1 a. The member reemploys in any position, including a full-time, part-time, seasonal,
2 temporary, emergency, interim, probationary, or intermittent position with one (1) or more
3 employer(s) through which he or she has participated; or

4 b. The member participates in the system(s) from which his or her accumulated account
5 balance refund has been requested.

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

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

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

16 2. Participating in the system from which the accumulated account balance refund was
17 been requested.

18 Section 3. Required Form ~~for~~[following] Member Selection of an Actuarial Refund
19 Retirement Payment Option, Lump-sum Refund of the accumulated account
20 balance[Contributions], or Partial Lump-sum Retirement Payment Option.

21 (1)~~(a)~~ Along with each ~~[blank]~~Form 6010, Estimated Retirement Allowance, the agency
22 shall provide the member with the Form 6025, Direct Rollover/Direct Payment Election Form for
23 a Member, Beneficiary, or Alternate Payee Regarding an Eligible Rollover Distribution,
24 and~~along with~~ the Special Tax Notice Regarding Payments~~, to the member~~].

1 ~~[(b) Additionally, the agency may make the Form 6025, Direct Rollover/Direct Payment~~
2 ~~Election Form for a Member, Beneficiary, or Alternate Payee Regarding an Eligible Rollover~~
3 ~~Distribution, along with a copy of the Special Tax Notice Regarding Payments, available on its~~
4 ~~Web site.]~~

5 (2)(a) If the member files a valid~~[completes the]~~ Form 6010, Estimated Retirement
6 Allowance, on which~~[and selects]~~ an actuarial refund retirement payment option, lump-sum
7 refund of the accumulated account balance~~[contributions]~~, or partial lump-sum retirement
8 payment option is selected, the member shall also file a valid~~[complete the]~~ Form 6025, Direct
9 Rollover/Direct Payment Election Form for a Member, Beneficiary, or Alternate Payee Regarding
10 an Eligible Rollover Distribution, indicating the option for payment elected ~~[, and file both~~
11 ~~completed forms at the retirement office].~~

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

17 (3) The agency shall not process payment of an actuarial refund retirement payment
18 option, lump-sum refund of the accumulated account balance, or partial lump-sum retirement
19 payment option to the member unless the following are on file:

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

23 (b) A valid~~[The payment option selected by the member on the completed and filed Form~~
24 ~~6010, Estimated Retirement Allowance, shall not be processed unless the completed]~~ Form

1 6025, Direct Rollover/Direct Payment Election Form for a Member, Beneficiary, or Alternate
2 Payee Regarding an Eligible Rollover Distribution~~[, is filed at the retirement office].~~

3 Section 4. Required Form ~~for~~[following] Beneficiary Selection of Lump-sum Payment
4 Option or Sixty (60) Months Certain Payment Option, or if Beneficiary Eligible for Lump-sum
5 Refund of the Accumulated Account Balance~~[Contributions]~~ Only.

6 (1) Single beneficiary.

7 (a) 1. Along with each Form 6010, Estimated Retirement Allowance, the agency shall
8 provide the beneficiary with the Form 6025, Direct Rollover/Direct Payment Election Form for a
9 Member, Beneficiary, or Alternate Payee Regarding an Eligible Rollover Distribution, and the
10 Special Tax Notice Regarding Payments.~~[Upon receipt of a completed Form 6010, Estimated~~
11 ~~Retirement Allowance, on which the beneficiary of the deceased member has selected the lump-~~
12 ~~sum actuarial refund, lump-sum refund of the deceased member's accumulated account~~
13 ~~balance, or sixty (60) months certain payment option, the agency shall provide the Form 6025,~~
14 ~~Direct Rollover/Direct Payment Election Form for a Member, Beneficiary, or Alternate Payee~~
15 ~~Regarding an Eligible Rollover Distribution, along with with the Special Tax Notice Regarding~~
16 ~~Payments, to the beneficiary of the deceased member.]~~

17 2. [(b)] If the beneficiary~~[of the deceased member]~~ is only eligible for a lump-sum refund
18 of the deceased member's accumulated account balance, the agency shall provide the Form
19 6025, Direct Rollover, Direct Payment Election Form for a Member, Beneficiary, or Alternate
20 Payee Regarding Eligible Rollover Distribution, and~~[along with]~~ the Special Tax Notice
21 Regarding Payments, to the beneficiary~~[of the deceased member]~~.

22 ~~[(c) Additionally, the agency may make the Form 6025, Direct Rollover/Direct Payment~~
23 ~~Election Form for a Member, Beneficiary, or Alternate Payee Regarding an Eligible Rollover~~

1 ~~Distribution, along with a copy of the Special Tax Notice Regarding Payments, available on its~~
2 ~~Web site.]~~

3 (b)1.[(2)(a)] If the beneficiary files a valid Form 6010, Estimated Retirement Allowance,
4 on which a lump-sum actuarial refund, lump-sum refund of the deceased member's accumulated
5 account balance, or sixty (60) months certain payment option is selected, or if the beneficiary is
6 only eligible for a lump-sum refund of the deceased member's accumulated account balance,
7 the beneficiary shall also file a valid [The beneficiary of the deceased member shall complete
8 ~~the]~~ Form 6025, Direct Rollover/Direct Payment Election Form for a Member, Beneficiary, or
9 Alternate Payee Regarding an Eligible Rollover Distribution, indicating the option for payment
10 elected [and file it at the retirement office].

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

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

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

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

1 (2) Multiple beneficiaries.

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

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

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

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

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

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

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

8 ~~[(3)(a)The payment option selected by the beneficiary of the deceased member on a Form~~
9 ~~6010, Estimated Retirement Allowance shall not be processed unless the completed Form 6025,~~
10 ~~Direct Rollover/Direct Payment Election Form for a Member, Beneficiary, or Alternate Payee~~
11 ~~Regarding an Eligible Rollover Distribution, is filed at the retirement office.~~

12 ~~(b) If the beneficiary of the deceased member is only eligible for a lump sum refund of the~~
13 ~~deceased member's accumulated account balance, payment to the beneficiary of the deceased~~
14 ~~member shall not be processed unless the completed Form 6025, Direct Rollover/Direct~~
15 ~~Payment Election Form for a Member, Beneficiary, or Alternate Payee Regarding an Eligible~~
16 ~~Rollover Distribution, is filed at the retirement office.]~~

17 Section 5. Required Form for Death Benefit Beneficiaries.

18 (1) Upon a member's death, the agency shall provide the Form 6025, Direct Rollover,
19 Direct Payment Election Form for a Member, Beneficiary, or Alternate Payee Regarding Eligible
20 Rollover Distribution, and the Special Tax Notice Regarding Payments, to the death benefit
21 beneficiary.

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

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

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

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

14 Section 6. Required Form for Eligible Beneficiaries.

15 (1) The agency shall provide the Form 6025, Direct Rollover, Direct Payment Election
16 Form for a Member, Beneficiary, or Alternate Payee Regarding Eligible Rollover Distribution,
17 and the Special Tax Notice Regarding Payments, to the eligible beneficiary.

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

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

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

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

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

10 Section ~~7~~[5]. Required Form for Alternate Payee who is Eligible for Actuarial Refund or
11 Partial Lump-sum Payment Option, or Eligible for a Portion of the Lump-sum Refund, Partial
12 Lump-sum, or Actuarial Refund Retirement Payment Option selected by the Member.

13 (1)[(a)] If the alternate payee is eligible for a lump-sum portion of the member's
14 accumulated account balance,~~[contributions]~~ actuarial refund, or partial lump-sum payment
15 option pursuant to a qualified domestic relations order, or an actuarial refund or partial lump-
16 sum payment option pursuant to a qualified domestic relations order, the agency shall provide
17 the Form 6025, Direct Rollover/Direct Payment Election Form for a Member, Beneficiary, or
18 Alternate Payee Regarding an Eligible Rollover Distribution, ~~and~~[along with] the Special Tax
19 Notice Regarding Payments, to the alternate payee.

20 ~~[(b) If the alternate payee is eligible for an actuarial refund or partial lump-sum payment~~
21 ~~option pursuant to a qualified domestic relations order, the agency shall provide a Form 6025,~~
22 ~~Direct Rollover/Direct Payment Election Form for a Member, Beneficiary, or Alternate Payee~~
23 ~~Regarding an Eligible Rollover Distribution, along with the Special Tax Notice Regarding~~
24 ~~Payments, to the alternate payee.]~~

1 ~~[(c) Additionally, the agency may make the Form 6025, Direct Rollover/Direct Payment~~
2 ~~Election Form for a Member, Beneficiary, or Alternate Payee Regarding an Eligible Rollover~~
3 ~~Distribution, along with a copy of the Special Tax Notice Regarding Payments, available on its~~
4 ~~Web site.]~~

5 (2)(a) To receive a lump-sum portion of the member's accumulated account balance,
6 actuarial refund, or partial lump-sum payment option pursuant to a qualified domestic relations
7 order, or to receive an actuarial refund or partial lump-sum payment pursuant to a qualified
8 domestic relations order, the~~[The]~~ alternate payee shall file a valid~~[complete the]~~ Form 6025,
9 Direct Rollover/Direct Payment Election Form for a Member, Beneficiary, or Alternate Payee
10 Regarding an Eligible Rollover Distribution~~[-, and file it at the retirement office].~~

11 (b) If the alternate payee intends to have the funds described in paragraph (2)(a) of this
12 subsection rolled over directly into an IRA or other qualified plan, the alternate payee shall have
13 the trustee or institution relevant to the IRA or other qualified plan complete the applicable
14 section of the Form 6025, Direct Rollover/Direct Payment Election Form for a Member,
15 Beneficiary, or Alternate Payee Regarding an Eligible Rollover Distribution, certifying that the
16 rollover will be accepted.

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

23 (4)(a) If the alternate payee does not file~~[-at the retirement office]~~ the valid Form 6025,
24 Direct Rollover/Direct Payment Election Form for a Member, Beneficiary, or Alternate Payee

1 Regarding an Eligible Rollover Distribution, by the end of day ~~[within]~~ thirty (30) calendar days
2 from~~[of receipt of]~~the date the form and the Special Tax Notice Regarding Payments were
3 provided to the alternate payee, the alternate payee's payment shall be processed and treated
4 for federal income tax purposes as if the alternate payee had made an election to directly receive
5 the funds instead of rolling over the payment to an IRA or other qualified plan.

6 (b)1. The agency shall hold the amount payable to the alternate payee under this section
7 for at least one hundred eighty (180) calendar days after the payment becomes payable.

8 2.~~[4.]~~ The agency shall make all reasonable efforts to locate the alternate payee during
9 the one hundred eighty (180) calendar days, and shall make payment to the alternate payee if
10 he or she is located within that period.

11 3.~~[2.]~~ If the alternate payee has not been located during the time period described in
12 subparagraph 1. of this paragraph ~~[-within 180 days after the alternate payee's payment~~
13 ~~becomes payable]~~ and the agency has exhausted all reasonable efforts to locate the alternate
14 payee, the agency shall pay the payment held to the member and shall assign the federal tax
15 liability for this payment to the member. Interest shall not accrue on this lump-sum payment
16 during the one hundred eighty (180) calendar day period or thereafter. If the alternate payee is
17 subsequently located, any amounts already paid to the member shall no longer be payable to
18 the alternate payee.

19 Section 8~~[6]~~. Optional Form for Qualified Public Safety Employee electing to receive an
20 Actuarial Refund Retirement Payment Option, Lump-sum Refund, Partial Lump-sum Refund, or
21 Ten (10) Year Certain Retirement Payment Option.

22 (1) A member who was last employed as a "qualified public safety employee" as defined
23 in 26 U.S.C. Internal Revenue Code, Section 72(t), and who is electing to receive an actuarial
24 refund, lump-sum refund of the accumulated account balance, partial lump-sum refund, or the

1 ten (10) years certain option, shall not be subject to the ten (10) percent early distribution tax
2 penalty [~~if electing to receive an actuarial refund, lump-sum refund, partial lump-sum refund, or~~
3 ~~the ten (10) years certain option~~] if the member files the following valid[~~completed~~] forms[~~at the~~
4 ~~retirement office~~]:

5 (a) The Form 4527, Certification by a "Qualified Public Safety Employee" and Request for
6 an Exception to the 10% Early Distribution Penalty in IRC 72(t); and

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

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

13 [~~(b) Additionally, the agency may make the Form 4527, Certification by a "Qualified Public~~
14 ~~Safety Employee" and Request for an Exception to the 10% Early Distribution Penalty in IRC~~
15 ~~72(t), available on its Web site.~~]

16 Section 9. Optional Form for Greater Federal Tax Withholding.

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

1 (b) If the member wants to withhold more than the mandatory twenty (20) percent of the
2 funds for federal taxes, the member shall file a valid Form 6028, Withholding Certificate for
3 Nonperiodic Payments and Eligible Rollover Distributions.

4 (2)(a) If the member, beneficiary, death benefit beneficiary, eligible beneficiary, or
5 alternate payee does not elect to have the funds rolled over directly into an IRA or other qualified
6 plan, except as provided in paragraph (b) of this subsection, twenty (20) percent for federal taxes
7 shall be withheld from funds paid to the member, beneficiary, or alternate payee who files a valid
8 Form 6025, Direct Rollover/Direct Payment Election Form for a Member, Beneficiary, or
9 Alternate Payee Regarding an Eligible Rollover Distribution, in accordance with Sections 3
10 through 7 of this administrative regulation.

11 (b) If the member, beneficiary, death benefit beneficiary, eligible beneficiary, or alternate
12 payee wants to withhold more than the mandatory twenty (20) percent of the funds for federal
13 taxes, the member, beneficiary, or alternate payee shall file a valid Form 6028, Withholding
14 Certificate for Nonperiodic Payments and Eligible Rollover Distributions.

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

20 Section 10.[Section 7.] Incorporation by Reference.

21 (1) The following material is incorporated by reference:

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

23 (b) Form 4525, "Application for Refund of Member Contributions and Direct
24 Rollover/Direct Payment Selection", April [February] 2021;

1 ~~[(b) "Special Tax Notice Regarding Payments", February 2021;]~~

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

4 (d) Form 6010, "Estimated Retirement Allowance", April [February] 2021;

5 (e)[(d)] Form 6025, "Direct Rollover/Direct Payment Election Form for a Member,
6 Beneficiary, or Alternate Payee Regarding an Eligible Rollover Distribution", June 2023
7 [February 2024]; and

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

10 ~~[(e) Form 4527, "Certification by a "Qualified Public Safety Employee" and Request for~~
11 ~~an Exception to the 10% Early Distribution Penalty in IRC 72(t)", February 2021.]~~

12 (2) This material may be inspected, copied, or obtained, subject to applicable copyright
13 law, at the Kentucky Public Pensions Authority, 1260 Louisville Road, Frankfort, Kentucky
14 40601, Monday through Friday, from 8 a.m. to 4:30 p.m., or on the agency's Website at
15 kyret.ky.gov.

16 (19 Ky.R. 2352; eff. 6-7-1993; Am. 20 Ky.R. 830; eff. 12-6-1993; 21 Ky.R. 1532; eff. 2-8-
17 1995; 29 Ky.R. 773; eff. 11-12-2002; 34 Ky.R. 121; 545; eff. 10-5-2007; 35 Ky.R. 119; eff. 10-3-
18 2008; Crt eff. 2-24-2020; 47 Ky.R. 2623; 48 Ky.R. 767; eff. 11-30-2021.)

APPROVED:

DAVID L. EAGER,
EXECUTIVE DIRECTOR
KENTUCKY PUBLIC PENSIONS AUTHORITY

DATE

PUBLIC HEARING AND PUBLIC COMMENT PERIOD: A public hearing to allow for public comment on this administrative regulation shall be held on Thursday, December 21, 2023, at 10:00 a.m. Eastern Time at the Kentucky Public Pensions Authority (KPPA), 1270 Louisville Road, Frankfort, Kentucky 40601. Individuals interested in presenting a public comment at this hearing shall notify this agency in writing no later than five workdays prior to the hearing of their intent to attend. If no notification of intent to attend the hearing was received by that date, the hearing may be cancelled. A transcript of the public hearing will not be made unless a written request for a transcript is made.

If you do not wish to be heard at the public hearing, you may submit written comments on the proposed administrative regulation. Written comments shall be accepted until December 31, 2023. Send written notification of intent to be heard at the public hearing or written comments on the proposed administrative regulation to the contact person.

KPPA shall file a response with the Regulations Compiler to any public comments received, whether at the public comment hearing or in writing, via a Statement of Consideration no later than the 15th day of the month following the end of the public comment period, or upon filing a written request for extension, no later than the 15th day of the second month following the end of the public comment period.

CONTACT PERSON: Jessica Beaubien, Policy Specialist, Kentucky Public Pensions Authority, 1260 Louisville Road, Frankfort, KY 40601, email Legal.Non-Advocacy@kyret.ky.gov, telephone (502) 696-8800 ext. 8570, facsimile (502) 696-8615.

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Regulation number: 105 KAR 1:270

Contact person: Jessica Beaubien

Phone number: 502-696-8800 ext. 8570

Email: Legal.Non-Advocacy@kyret.ky.gov

(1) Provide a brief summary of:

(a) What this administrative regulation does: This administrative regulation establishes 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 and/or direct rollover of funds. 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 for the event that 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 provides forms for members, beneficiaries, and alternate payees to indicate their preference for federal tax withholding or direct rollover of funds. This administrative regulation also is necessary to establish 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 for the event that an alternate payee cannot be located.

(c) How this administrative regulation conforms to the content of the authorizing statutes: This administrative regulation conforms to the authorizing statute because it is necessary to carry out the provisions of KRS 16.510 to 16.652, 61.515 to 61.705, and 78.520 to 78.852 in accordance with KRS 61.505(1)(g).

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: This administrative regulation establishes the procedures and forms necessary to carry out the provisions of KRS 16.510 to 16.652, 61.515 to 61.705, and 78.520 to 78.852, and assists the Kentucky Public Pensions Authority, Kentucky Retirement Systems, and County Employees Retirement System with ensuring compliance with federal law.

(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 removes language stating that the material incorporated by reference is available on the Kentucky Public Pensions Authority's website, as this is redundant in light of the current KRS Chapter 13A requirement that all material incorporated by reference be available on an agency's website. Additionally, the amendment incorporates a new form (Form 6028, Withholding Certificate for Nonperiodic Payments and Eligible Rollover Distributions), an updated notice (Special Tax Notice), and an updated form (Form 4527, Certification by a "Qualified Public Safety Employee" and Request for an Exception to the 10% Early Distribution Penalty in IRC 72(t)). The amendment also clarifies the existing administrative regulation.

(b) The necessity of the amendment to this administrative regulation: The amendment is necessary to incorporate a new form (Form 6028, Withholding Certificate for Nonperiodic Payments and Eligible Rollover Distributions), an updated notice (Special Tax Notice), and an updated form (Form 4527, Certification by a "Qualified Public Safety Employee" and Request for an Exception to the 10% Early Distribution Penalty in IRC 72(t)). The amendment also is necessary to clarify the existing administrative regulation.

(c) How the amendment conforms to the content of the authorizing statutes: The amendment conforms to the authorizing statute because it is necessary to carry out the provisions of KRS 16.510 to 16.652, 61.515 to 61.705, and 78.520 to 78.852 in accordance with KRS 61.505(1)(g).

(d) How the amendment will assist in the effective administration of the statutes: The amendment establishes the procedures and forms necessary to carry out the provisions of KRS 16.510 to 16.652, 61.515 to 61.705, and 78.520 to 78.852, and assists the Kentucky Public Pensions Authority, Kentucky Retirement Systems, and County Employees Retirement System with ensuring compliance with federal law.

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: Three (3) state government entities are affected: the Kentucky Public Pensions Authority, the Kentucky Retirement Systems, and the County Employees Retirement System. An unknown number of individuals (the members, beneficiaries, and alternate payees of the Kentucky Retirement Systems and the County Employees Retirement System) are affected.

(4) Provide an analysis of how the entities identified in question (3) will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:

(a) List the actions that each of the regulated entities identified in question (3) will have to take to comply with this administrative regulation or amendment: None. The Kentucky Public Pensions Authority, the Kentucky Retirement Systems, and the County Employees Retirement System are each already compliant with this amendment.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (3): There will be no additional cost of compliance with this amendment. The Kentucky Public Pensions Authority, the Kentucky Retirement Systems, and the County Employees Retirement System are each already compliant with this amendment.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (3): The benefit accruing to the Kentucky Public Pensions Authority, the Kentucky Retirement Systems, and the County Employees Retirement System through this amendment is continued compliance with state and federal law.

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

(a) Initially: None.

(b) On a continuing basis: Negligible.

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

(7) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment: No increase in fees or funding required.

(8) State whether or not this administrative regulation establishes any fees or directly or indirectly increases any fees: No fees are established or increased.

(9) TIERING: Is tiering applied? (Explain why or why not) Tiering is not applied.

FISCAL NOTE

Regulation number: 105 KAR 1:270
Contact person: Jessica Beaubien
Phone number: 502-696-8800 ext. 8570
Email: Legal.Non-Advocacy@kyret.ky.gov

(1) What units, parts, or divisions of state or local government (including cities, counties, fire departments, or school districts) will be impacted by this administrative regulation? The Kentucky Public Pensions Authority, the Kentucky Retirement Systems, and the County Employees Retirement System.

(2) Identify each state or federal statute or federal regulation that requires or authorizes the action taken by the administrative regulation. KRS 61.505(1)(g).

(3) Estimate the effect of this administrative regulation on the expenditures and revenues of a state or local government agency (including cities, counties, fire departments, or school districts) for the first full year the administrative regulation is to be in effect.

(a) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for the first year? None.

(b) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for subsequent years? None.

(c) How much will it cost to administer this program for the first year? Negligible.

(d) How much will it cost to administer this program for subsequent years? Negligible.

Note: If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.

Revenues (+/-): None

Expenditures (+/-): Negligible

Other Explanation: The Kentucky Public Pensions Authority, the Kentucky Retirement Systems, and the County Employees Retirement System are each already compliant with this amendment.

(4) Estimate the effect of this administrative regulation on the expenditures and cost savings of regulated entities for the first full year the administrative regulation is to be in effect.

(a) How much cost savings will this administrative regulation generate for the regulated entities for the first year? None.

(b) How much cost savings will this administrative regulation generate for the regulated entities for subsequent years? None.

(c) How much will it cost the regulated entities for the first year? Negligible..

(d) How much will it cost the regulated entities for subsequent years? Negligible.

Note: If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.

Cost Savings(+/-): None.

Expenditures (+/-): Negligible.

Other Explanation: The Kentucky Public Pensions Authority, the Kentucky Retirement Systems, and the County Employees Retirement System are each already compliant with this amendment.

(5) Explain whether this administrative regulation will have a major economic impact, as defined below. *"Major economic impact" means an overall negative or adverse economic impact from an administrative regulation of five hundred thousand dollars (\$500,000) or more on state or local government or regulated entities, in aggregate, as determined by the promulgating administrative bodies. [KRS 13A.010(13)].* This amendment will not have a major economic impact because there will not be a five hundred thousand dollar (\$500,000) or more economic impact on the Kentucky Public Pensions Authority, the Kentucky Retirement Systems, or the County Employees Retirement System as a result of this amendment.

SUMMARY OF MATERIAL INCORPORATED BY REFERENCE

"Special Tax Notice Regarding Payments," is a six (6) page document that is provided to members, beneficiaries, and alternate payees when all or a portion of a payment he or she is receiving from the Kentucky Employees Retirement System, County Employees Retirement System, or State Police Retirement System is eligible to be rolled over to a qualified plan. This notice provides the member, beneficiary, or alternate payee with information on federal tax requirements. This notice was updated due to federal law changes.

Form 4525, "Application for Refund of Member Contributions and Direct Rollover/Direct Payment Selection," is a three (3) page form that members of the Kentucky Employees Retirement System, State Police Retirement System, or the County Employees Retirement System use to apply for a refund of his or her accumulated account balance if the member is eligible and chooses to receive a refund pursuant to KRS 61.625 and 78.545. This form was updated in April 2021 due to a change in agency name.

Form 4527, "Certification by a 'Qualified Public Safety Employee' and Request for an Exception to the 10% Early Distribution Penalty in IRC 72(t)," is a one (1) page form that members of the Kentucky Employees Retirement System, State Police Retirement System, or the County Employees Retirement System who were last employed as a "qualified public safety employee" as defined in 26 U.S.C. Internal Revenue Code, Section 72(t), completes to be exempt from the ten (10) percent early distribution tax penalty when he or she elects to receive an actuarial refund, lump-sum refund of the accumulated account balance, partial lump-sum refund, or the ten (10) years certain option. This form was updated to add Correctional Officers, to clarify service requirements, and to enhance the legal statement.

Form 6010, "Estimated Retirement Allowance," is a one (1) page form that members and beneficiaries of the Kentucky Employees Retirement System, State Police Retirement System, or the County Employees Retirement System use to select their monthly payment option when required. This form was updated in April 2021 due to a change in agency name.

Form 6025, "Direct Rollover/Direct Payment Election Form for a Member, Beneficiary, or Alternate Payee Regarding an Eligible Rollover Distribution," is a two (2) page form that members, beneficiaries, and alternate payees must file when they elect an actuarial refund retirement payment option, lump-sum refund of the accumulated account balance, or partial lump-sum retirement payment option. This form was updated in April 2021 due to a change in agency name.

Form 6028, "Withholding Certificate for Nonperiodic Payments and Eligible Rollover Distributions," is a three (3) page form members, beneficiaries, and alternate payees must file when they elect to withhold more than the mandatory twenty (20) percent of the funds for federal taxes. This is a new form.



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

Print

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 Retirement Systems can provide a copy of the Form 4527 to you. The Form 4527 is also available on Kentucky Retirement Systems’ 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



Form 4525
Revised 04/2021

Application for Refund of Member Contributions and Direct Rollover/Direct Payment Selection

The earliest a refund may be processed is 45 days following termination of employment. KPPA does not guarantee the date a refund will be issued or the date it will be received once mailed from our office.

Required Information: Failure to complete all items and sign this form could result in delays. This form and verification of termination must be on file at the retirement office before a refund or rollover will be issued.

Member Information

Member Name:		Member ID:		
Address:		City:	State:	Zip Code:
Phone (select type) <input type="radio"/> Mobile <input type="radio"/> Home <input type="radio"/> Work		Email:		
Date of Birth:		Gender: <input type="checkbox"/> Male <input type="checkbox"/> Female		

System	Name of Agency Refund/Rollover Requested From	Termination Date		
		Month	Day	Year
<input type="checkbox"/> Kentucky Employees Retirement System (KERS)				
<input type="checkbox"/> County Employees Retirement System (CERS)				
<input type="checkbox"/> State Police Retirement System (SPRS)				

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:

<p>If your refund will include taxable monies, you must select one option from this column.</p> <p>Taxable Portion (Monies have not yet been taxed)</p> <p><input type="checkbox"/> Direct Rollover</p> <p><input type="checkbox"/> Paid Directly to me (less 20% withholding*)</p> <p><input type="checkbox"/> Partial Rollover in the amount of \$ _____, balance (less 20% withholding*) paid to me.</p>	<p>If your refund will include non-taxable monies, you must select one option from this column.</p> <p>Non-Taxable Portion (Monies have already been taxed)</p> <p><input type="checkbox"/> Direct Rollover</p> <p><input type="checkbox"/> Paid Directly to me</p> <p><input type="checkbox"/> Partial Rollover in the amount of \$ _____, balance paid to me.</p>
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Please complete Page 2. Complete Page 3 only if you select a rollover.

Member Information

Member Name: _____	Member ID: _____
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Employer Information: If you have terminated employment with a participating agency within the last 6 months, please have your former employer complete the information below.

Employer Name: _____	Employer Code: _____
Termination Date: _____	Were there wages reported to KPPA after termination? <input type="checkbox"/> Yes <input type="checkbox"/> No
If so, were those wages earned prior to the termination? <input type="checkbox"/> Yes <input type="checkbox"/> No	

Signature of Agency Official: _____ Date: _____

Printed Name of Agency Official: _____

Title: _____ Agency Phone Number: _____

Acknowledgments: Subject to penalty of KRS 523.100

- I acknowledge that federal and state law both require a bona fide separation from service with all employers participating in the Kentucky Retirement Systems (KRS) and the County Employees Retirement System (CERS) and, in some cases, entities affiliated with participating employers in order for the Kentucky Public Pensions Authority to pay a refund of a retirement account.
- If I am taking a refund of my retirement account, I affirm that I have had a separation from service with all employers participating in the KRS and the CERS. I also affirm that I do not have a prearranged agreement to return to work for a participating employer (including, in some cases, entities affiliated with participating employers) after I have received a refund.
- 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, work as an independent contractor or leased employee) with all employers participating in the KRS and the CERS (including, in some cases, entities affiliated with participating employers).
- I understand that the term "prearranged agreement" as used in this affidavit means any contemplation of return to employment with employers participating in the KRS and the CERS (including, in some cases, entities affiliated with participating employers) after I have received a refund.
- I understand that the terms "employers participating in the KRS and the CERS" and "participating employer" as used in this affidavit are to be construed in a broad manner, and include not only the employer itself, but may also include certain entities affiliated with participating employers, regardless of whether such entities are holding themselves out as legally separate entities. I am aware that I may contact the Kentucky Public Pensions Authority for assistance if I have any questions about whether an entity affiliated with a participating employer may be included in these terms.
- I acknowledge that if I fail to comply with federal and state law regarding bona fide separation from service, I will be required to repay all refunded contributions paid in error.
- I acknowledge that I have full understanding that any person who provides a false statement, report, or representation is subject to the penalty of perjury in accordance with Kentucky Revised Statutes 523.010, et seq.
- I understand that by taking a refund, I am forfeiting all service credit and eligibility for future retirement benefits.
- If I am a Tier 3 member (participation date is on or after January 1, 2014) and I am not eligible to retire, I understand that by taking a refund that is not a retirement benefit, I will be eligible to participate in the KRS and/or CERS again if I should become reemployed with a participating employer, but I will not be able to re-establish my original participation date.
- If I am a Tier 3 member (participation date is on or after January 1, 2014), and I am eligible to retire, and taking a refund that is a retirement benefit, I understand that I will not be eligible to participate in the KRS or the CERS again if I should become reemployed with a participating employer.

Certification

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 directly to an IRA, qualified plan, or other retirement plan that can accept the rollover. If I elect to have any or all of the payment rolled over, I will have the Trustee receiving the rollover complete page 3 of this form.

***If you are a nonresident alien, the mandatory withholding rate is 30% instead of 20%, unless a tax treaty exemption applies.**

Signature: _____ Date: _____

Witness Signature: _____ Date: _____

Note: Signature of Member is required. Signature of Witness is also required. Failure to sign form and have your signature witnessed by another person will result in the form being voided.

Member Information

Member Name: _____	Member ID: _____
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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: _____



Special Tax Notice

Application for Refund of Member Contributions

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.

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:

- A period certain 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), or after death); and
- Corrective distributions of contributions that exceed tax law limitations.

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 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); and
- Payments excepted from the additional income tax by federal legislation relating to certain emergencies and disasters.

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 59½, 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 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 KPPA’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 are an eligible retired public safety officer and your payment is used to pay for health coverage or qualified long-term care insurance

If the Plan is a governmental plan, you retired as a public safety officer, and your retirement was by reason of disability or was after normal retirement age, you can exclude from your taxable income Plan payments paid directly as premiums to an accident or health plan (or a qualified long-term care insurance contract) that your employer maintains for you, your spouse, or your dependents, up to a maximum of \$3,000 annually. For this purpose, a public safety officer is a law enforcement officer, firefighter, chaplain, or member of a rescue squad or ambulance crew.

If you want to take advantage of this exclusion, you must report the amount claimed on Form 1040. The instructions to Form 1040 explain that the taxable amount received from the Plan, reduced by the amount of qualified premiums deducted and paid by the Plan (not to exceed \$3,000), must be entered on line 16b of the Form 1040. Next to the entry, in the margin, you must write the letters "PSO." This is an annual election—you will need to report the exclusion for each year in which you want to claim the exclusion. Note: The Form 1099-R that you receive from the Plan Administrator will report this amount as taxable.

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. However, if you take the amount rolled over out of the Roth IRA within the 5-year period that begins on January 1 of the year of the rollover, the 10% additional income tax will apply (unless an exception applies).

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 IRS Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*.

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).

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).

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.

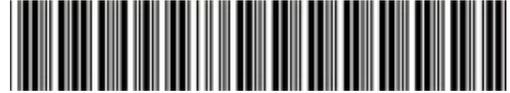
You may have special rollover rights if you recently served in the U.S. Armed Forces. For more information on special rollover rights related to the U.S. Armed Forces, see IRS Publication 3, *Armed Forces' Tax Guide*. You also may have special rollover rights if you were affected by a federally declared 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 4527
 Revised 07/2023

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.

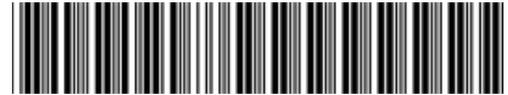
If you do not complete this form and file it at the retirement office, your Form 1099-R may indicate that you received a payment subject to a 10% early distribution penalty. Section 72(t) of the Internal Revenue Code provides for an additional 10% early distribution tax penalty of an early distribution 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): <input type="checkbox"/> Kentucky Employees Retirement System <input type="checkbox"/> County Employees Retirement System <input type="checkbox"/> State Police Retirement System	I also certify that my <u>principal duties</u> included services requiring specialized training in the area of (check all that are applicable): <input type="checkbox"/> Police protection, <input type="checkbox"/> Firefighting services, <input type="checkbox"/> Corrections officer, <input type="checkbox"/> 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 be liable for repayment of benefits I was not entitled to receive, but also liable for civil payments, legal fees, and costs.

Signature: _____

Date: _____



Form 6025
Revised 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? <input type="radio"/> Yes <input type="radio"/> 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) <input type="checkbox"/> Direct Rollover <input type="checkbox"/> Paid Directly to me (less 20% withholding*) <input type="checkbox"/> Partial Rollover in the amount of \$ _____, balance (less 20% withholding*) paid to me.	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) <input type="checkbox"/> Direct Rollover <input type="checkbox"/> Paid Directly to me <input type="checkbox"/> Partial Rollover in the amount of \$ _____, balance paid to me.
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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. Page 1

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 (<i>Monies have not yet been taxed</i>)	
<input type="checkbox"/> Traditional Individual Retirement Account/Annuity* <input type="checkbox"/> Roth Individual Retirement Account/Annuity* <input type="checkbox"/> 401(a) Qualified Plan, 403(a) Qualified Annuity, 403(b) Annuity Contract, or 457(b) Governmental Plan* <input type="checkbox"/> 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 (<i>Monies have already been taxed</i>)	
<input type="checkbox"/> Traditional Individual Retirement Account/Annuity* <input type="checkbox"/> Roth Individual Retirement Account/Annuity* <input type="checkbox"/> 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.**



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.

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 59½ (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:

- A period certain 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), or after death); and
- Corrective distributions of contributions that exceed tax law limitations.

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 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); and
- Payments excepted from the additional income tax by federal legislation relating to certain emergencies and disasters.

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 59½, 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 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, the Kentucky Public Pensions Authority can provide a copy of the Form 4527 to you. The Form 4527 is also available on KPPA’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 are an eligible retired public safety officer and your payment is used to pay for health coverage or qualified long-term care insurance

If the Plan is a governmental plan, you retired as a public safety officer, and your retirement was by reason of disability or was after normal retirement age, you can exclude from your taxable income Plan payments paid directly as premiums to an accident or health plan (or a qualified long-term care insurance contract) that your employer maintains for you, your spouse, or your dependents, up to a maximum of \$3,000 annually. For this purpose, a public safety officer is a law enforcement officer, firefighter, chaplain, or member of a rescue squad or ambulance crew.

If you want to take advantage of this exclusion, you must report the amount claimed on Form 1040. The instructions to Form 1040 explain that the taxable amount received from the Plan, reduced by the amount of qualified premiums deducted and paid by the Plan (not to exceed \$3,000), must be entered on line 16b of the Form 1040. Next to the entry, in the margin, you must write the letters "PSO." This is an annual election—you will need to report the exclusion for each year in which you want to claim the exclusion. Note: The Form 1099-R that you receive from the Plan Administrator will report this amount as taxable.

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. However, if you take the amount rolled over out of the Roth IRA within the 5-year period that begins on January 1 of the year of the rollover, the 10% additional income tax will apply (unless an exception applies).

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)*.

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).

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).

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 W-4R 2022
 Department of the Treasury
 Internal Revenue Service

Withholding Certificate for Nonperiodic Payments and Eligible Rollover Distributions

Form 6028
 11/2022
 OMB No. 1545-0074

▶ Give Form W-4-R to the payer of your retirement payments.

1a First name and middle initial	Last name	1b Social security number
Address		
City or town, state, and ZIP code		

Your withholding rate is determined by the type of payment you will receive.

- For nonperiodic payments, the default withholding rate is 10%. You can choose to have a different rate by entering a rate between 0% and 100% on line 2. Generally, you can't choose less than 10% for payments to be delivered outside the United States and its possessions.
- For an eligible rollover distribution, the default withholding rate is 20%. You can choose a rate greater than 20% by entering the rate on line 2. You may not choose a rate less than 20%.

See page 2 for more information.

2 Complete this line if you would like a rate of withholding that is different from the default withholding rate. See the instructions on page 2 and the Marginal Rate Tables below for additional information. Enter the rate as a whole number (no decimals)	▶	2	%
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Sign Here ▶	Your signature (This form is not valid unless you sign it.)	Date	
	Member Name	Member ID	

General Instructions

Section references are to the Internal Revenue Code.

Future developments. For the latest information about any future developments related to Form W-4R, such as legislation enacted after it was published, go to www.irs.gov/FormW4R.

Purpose of form. Complete Form W-4R to have payers withhold the correct amount of federal income tax from your nonperiodic payment or eligible rollover distribution from an employer retirement plan, annuity (including a commercial annuity), or individual retirement arrangement (IRA). See page 2 for the rules and options that are available for each type of payment. Don't use Form W-4R for periodic payments (payments made in installments at regular intervals over a

period of more than 1 year) from these plans or arrangements. Instead, use Form W-4P, Withholding Certificate for Periodic Pension or Annuity Payments. For more information on withholding, see Pub. 505, Tax Withholding and Estimated Tax. **Caution:** If you have too little tax withheld, you will generally owe tax when you file your tax return and may owe a penalty unless you make timely payments of estimated tax. If too much tax is withheld, you will generally be due a refund when you file your tax return. Your withholding choice (or an election not to have withholding on a nonperiodic payment) will generally apply to any future payment from the same plan or IRA. Submit a new Form W-4R if you want to change your election.

2022 Marginal Rate Tables

You may use these tables to help you select the appropriate withholding rate for this payment or distribution. Add your income from all sources and use the column that matches your filing status to find the corresponding rate of withholding. See page 2 for more information on how to use this table.

Single or Married filing separately		Married filing jointly or Qualifying widow(er)		Head of household	
Total income over—	Tax rate for every dollar more	Total income over—	Tax rate for every dollar more	Total income over—	Tax rate for every dollar more
\$0	0%	\$0	0%	\$0	0%
12,950	10%	25,900	10%	19,400	10%
23,225	12%	46,450	12%	34,050	12%
54,725	22%	109,450	22%	75,300	22%
102,025	24%	204,050	24%	108,450	24%
183,000	32%	366,000	32%	189,450	32%
228,900	35%	457,800	35%	235,350	35%
552,850*	37%	673,750	37%	559,300	37%

* If married filing separately, use \$336,875 instead for this 37% rate.

General Instructions (continued)

Nonperiodic payments—10% withholding. Your payer must withhold at a default 10% rate from the taxable amount of nonperiodic payments unless you enter a different rate on line 2. Distributions from an IRA that are payable on demand are treated as nonperiodic payments. Note that the default rate of withholding may not be appropriate for your tax situation. You may choose to have no federal income tax withheld by entering “-0-” on line 2. See the specific instructions below for more information. Generally, you are not permitted to elect to have federal income tax withheld at a rate of less than 10% (including “-0-”) on any payments to be delivered outside the United States and its possessions.

Note: If you don’t give Form W-4R to your payer, you don’t provide an SSN, or the IRS notifies the payer that you gave an incorrect SSN, then the payer must withhold 10% of the payment for federal income tax and can’t honor requests to have a lower (or no) amount withheld. Generally, for payments that began before 2022, your current withholding election (or your default rate) remains in effect unless you submit a Form W-4R.

Eligible rollover distributions—20% withholding. Distributions you receive from qualified retirement plans (for example, 401(k) plans and section 457(b) plans maintained by a governmental employer) or tax-sheltered annuities that are eligible to be rolled over to an IRA or qualified plan are subject to a 20% default rate of withholding on the taxable amount of the distribution. You can’t choose withholding at a rate of less than 20% (including “-0-”). Note that the default rate of withholding may be too low for your tax situation. You may choose to enter a rate higher than 20% on line 2. Don’t give Form W-4R to your payer unless you want more than 20% withheld.

Note that the following payments are not eligible rollover distributions: (a) qualifying “hardship” distributions, and (b) distributions required by federal law, such as required minimum distributions. See Pub. 505 for details. See also Nonperiodic payments—10% withholding above.

Payments to nonresident aliens and foreign estates. Do not use Form W-4R. See Pub. 515, Withholding of Tax on Nonresident Aliens and Foreign Entities, and Pub. 519, U.S. Tax Guide for Aliens, for more information.

Tax relief for victims of terrorist attacks. If your disability payments for injuries incurred as a direct result of a terrorist attack are not taxable, enter “-0-” on line 2. See Pub. 3920, Tax Relief for Victims of Terrorist Attacks, for more details.

Specific Instructions

Line 1b

For an estate, enter the estate’s employer identification number (EIN) in the area reserved for “Social security number.”

Line 2

More withholding. If you want more than the default rate withheld from your payment, you may enter a higher rate on line 2.

Less withholding (nonperiodic payments only). If permitted, you may enter a lower rate on line 2 (including “-0-”) if you want less than the 10% default rate withheld from your payment. If you have already paid, or plan to pay, your tax on this payment through other withholding or estimated tax payments, you may want to enter “-0-”.

Suggestion for determining withholding. Consider using the Marginal Rate Tables on page 1 to help you select the appropriate withholding rate for this payment or distribution. The tables are most accurate if the appropriate amount of tax on all other sources of income, deductions, and credits has been paid through other withholding or estimated tax payments. If the appropriate amount of tax on those sources of income has not been paid through other withholding or estimated tax payments, you can pay that tax through withholding on this payment by entering a rate that is greater than the rate in the Marginal Rate Tables.

The marginal tax rate is the rate of tax on each additional dollar of income you receive above a particular amount of income. You can use the table for your filing status as a guide to find a rate of withholding for amounts above the total income level in the table.

To determine the appropriate rate of withholding from the table, do the following. Step 1: Find the rate that corresponds with your total income not including the payment. Step 2: Add your total income and the taxable amount of the payment and find the corresponding rate.

If these two rates are the same, enter that rate on line 2. (See Example 1 below.)

If the two rates differ, multiply (a) the amount in the lower rate bracket by the rate for that bracket, and (b) the amount in the higher rate bracket by the rate for that bracket. Add these two numbers; this is the expected tax for this payment. To get the rate to have withheld, divide this amount by the taxable amount of the payment. Round up to the next whole number and enter that rate on line 2. (See Example 2 below.)

If you prefer a simpler approach (but one that may lead to overwithholding), find the rate that corresponds to your total income including the payment and enter that rate on line 2.

Examples. Assume the following facts for Examples 1 and 2. Your filing status is single. You expect the taxable amount of your payment to be \$20,000. Appropriate amounts have been withheld for all other sources of income and any deductions or credits.

Example 1. You expect your total income to be \$60,000 without the payment. Step 1: Because your total income without the payment, \$60,000, is greater than \$54,725 but less than \$102,025, the corresponding rate is 22%. Step 2: Because your total income with the payment, \$80,000, is greater than \$54,725 but less than \$102,025, the corresponding rate is 22%. Because these two rates are the same, enter “22” on line 2.

Example 2. You expect your total income to be \$42,500 without the payment. Step 1: Because your total income without the payment, \$42,500, is greater than \$23,225 but less than \$54,725, the corresponding rate is 12%. Step 2: Because your total income with the payment, \$62,500, is greater than \$54,725 but less than \$102,025, the corresponding rate is 22%. The two rates differ. \$12,225 of the \$20,000 payment is in the lower bracket (\$54,725 less your total income of \$42,500 without the payment), and \$7,775 is in the higher bracket (\$20,000 less the \$12,225 that is in the lower bracket). Multiply \$12,225 by 12% to get \$1,467. Multiply \$7,775 by 22% to get \$1,710.50. The sum of these two amounts is \$3,177.50. This is the estimated tax on your payment. This amount corresponds to 15.9% of the \$20,000 payment (\$3,177.50 divided by \$20,000). Rounding up to the next whole number, enter “16” on line 2.

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to provide this information only if you want to (a) request additional federal income tax withholding from your nonperiodic payment(s) or eligible rollover distribution(s); (b) choose not to have federal income tax withheld from your nonperiodic payment(s), when permitted; or (c) change a previous Form W-4R (or a previous Form W-4P that you completed with respect to your nonperiodic payments or eligible rollover distributions). To do any of the aforementioned, you are required by sections 3405(e) and 6109 and their regulations to provide the information requested on this form. Failure to provide this information may result in inaccurate withholding on your payment(s). Failure to provide a properly completed form will result in your payment(s) being subject to the default rate; providing fraudulent information may subject you to penalties.

Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation, and to cities, states, the District of Columbia, and U.S.

commonwealths and possessions for use in administering their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, or to federal law enforcement and intelligence agencies to combat terrorism.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The average time and expenses required to complete and file this form will vary depending on individual circumstances. For estimated averages, see the instructions for your income tax return.

If you have suggestions for making this form simpler, we would be happy to hear from

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

*6010 [REDACTED]

FORM 6010

FORM 6010 ESTIMATED RETIREMENT ALLOWANCE

Retirement Date: [REDACTED]
Retirement Plan: [REDACTED]
Retirement Type: [REDACTED]

Member Information

[REDACTED]

Member Date of Birth: [REDACTED]
Member ID: [REDACTED]

Beneficiary Information

Beneficiary: [REDACTED]
Beneficiary Date of Birth: [REDACTED]

Please Select ONE payment option by checking one box below

- BASIC
- LIFE WITH 10 YEARS CERTAIN
- LIFE WITH 15 YEARS CERTAIN
- LIFE WITH 20 YEARS CERTAIN
- SURVIVORSHIP 100%
- SURVIVORSHIP 66 2/3%
- SURVIVORSHIP 50%
- POP-UP
- 10 YEARS CERTAIN

Payment to member while living

[REDACTED]

Payment to beneficiary after member's death

[REDACTED]

I REJECT ALL MONTHLY PAYMENT OPTIONS AND REQUEST A(n) ACTUARIAL REFUND OF APPROXIMATELY [REDACTED] I AM ALSO FORFEITING ANY HEALTH INSURANCE AND DEATH BENEFITS PROVIDED BY THE KENTUCKY PUBLIC PENSIONS AUTHORITY.

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. This estimate was calculated using an early retirement percentage of 100.00%.

Certification

I CERTIFY THAT I HAVE SELECTED THE OPTION OF MY CHOICE. I REALIZE 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 MY BENEFICIARY.

Signature of Recipient: _____ Date: _____
Signature of Spouse: _____ Date: _____
Witnessed by: _____ Date: _____

MEMORANDUM

TO: Ad Hoc Regulation Committee (“Committee”) for the Board of the Kentucky Public Pensions Authority (“Board”)

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

DATE: August 1, 2023

RE: Committee approval and recommendation of KPPA staff to present an amended administrative regulation, 105 KAR 1:215, Administrative Hearing, to the full Board for approval to file with the Office of the Regulations Compiler at the Legislative Research Commission (“Regulations Compiler”)

Purpose of amended administrative regulation:

Kentucky Revised Statutes 61.505(1)(g) authorizes the Board to promulgate and amend administrative regulations “on behalf of the Kentucky Retirement Systems and the County Employees Retirement System, individually or collectively” as long as the regulations are consistent with the provisions of Kentucky Revised Statutes 16.505 to 16.652, 61.510 to 61.705, 78.510 to 78.852, and 61.505. 105 KAR 1:215, Administrative Hearing, is consistent with these provisions of the Kentucky Revised Statutes.

105 KAR 1:215 provides the administrative appeals procedures for an affected person aggrieved by a decision of the agency or an employer required to pay additional actuarial costs pursuant to KRS 61.598 and 78.545. Please be aware that definitions for commonly used language found in this administrative regulation can be found in 105 KAR 1:001, Definitions for 105 KAR Chapter 1.

The proposed amendment to 105 KAR 1:215 includes the following changes:

1. Incorporates administrative appeals procedures for employers required to pay additional actuarial costs and for an affected person whose disability retirement benefits have been denied, reduced, discontinued, or denied reinstatement.
2. Provides for the use of the agency portal for the administrative hearing process and the administrative record. Details concerning this update can be found in the attached PowerPoint “105 KAR 1:215 Administrative Hearing and Box.com”.
3. Provides details related to:
 - a. Notification of the right to request a hearing;
 - b. Filing a request for a hearing;
 - c. Prehearing and Status Conferences;
 - d. Agreed Orders and Motions to Dismiss;
 - e. The administrative hearing;
 - f. Closing of the evidence, Position Statements, Recommended Orders, and Exceptions;
 - g. Board findings; and
 - h. Requesting copies of the administrative record.

Staff Recommendation:

The Office of Legal Services requests that the Committee review the attached materials and recommend presenting 105 KAR 1:215, Administrative Hearing, for filing approval to the full Board at the September 28, 2023 meeting.

List of attached materials:

1. 105 KAR 1:215, Administrative Hearing
2. PowerPoint “105 KAR 1:215 Administrative Hearing and Box.com”
3. Form 2940, Agency Portal Exemption.

FINANCE AND ADMINISTRATION CABINET

Kentucky Public Pensions Authority

(Amendment)

105 KAR 1:215. Administrative hearing.

RELATES TO: KRS 13B.010-13B170, 16.505-16.652, 61.510-61.705, 78.510-78.852

STATUTORY AUTHORITY: KRS 61.505(1)(g) [~~KRS 61.645(9)(e)~~]

NECESSITY, FUNCTION, AND CONFORMITY: KRS 61.505(1)(g) authorizes the Kentucky Public Pensions Authority to promulgate all administrative regulations on behalf of the Kentucky Retirement Systems and the County Employees Retirement System that are consistent with KRS 16.510 to 16.652, 61.510 to 61.705, and 78.510 to 78.852. [~~KRS 61.645(9)(e) authorizes the Board of Trustees of Kentucky Retirement Systems to promulgate all administrative regulations necessary or proper in order to carry out the provisions of KRS 61.515 to 61.705, 16.510 to 16.652, and 78.520 to 78.852.]~~ KRS 61.645(16) and 78.782(16) provide[s] that an affected person aggrieved by a decision of the agency [system], which is not a determination relating to disability retirement benefits, or an employer that is required to pay additional actuarial costs pursuant to KRS 61.598 and 78.545, may have the right to request an administrative hearing prior to the filing of an appeal in court. KRS 61.615(3), 61.665(3), 78.545 and 78.5528(3) provide that an affected person whose disability retirement benefits have been denied, reduced, discontinued, or denied for reinstatement may have the right to request an administrative hearing prior to filing of an appeal in court. This administrative regulation establishes the administrative appeal procedures.

Section 1. Definitions.

(1) "Administrative hearing" or "hearing" is defined by KRS 13B.010(2).

(2) "Administrative record" means the official record of hearing as defined by KRS 13B.130.

(3) "Affected person" means a member, retired member, beneficiary, or recipient [as defined in KRS 16.505, 61.510 and 78.510].

(4) "Agency portal" means an online portal which stores and tracks relevant information related to an administrative hearing held in accordance with KRS Chapter 13B, including:

(a) The evidentiary record;

(b) Notices of scheduled pretrial conferences, status conferences, or hearings; and

(c) Reports, findings, Briefs, Position Statements, Reply Position Statements, Exceptions, and Orders.

(5) "Authorized agency staff" means employees of the agency who are approved parties to access the agency portal.

(6) "Briefing Order" means an order issued by the hearing officer that provides deadlines for the parties to file any of the following:

(a) Position Statements and Reply Position Statements; or

(b) Briefs containing procedural, factual, or legal arguments.

(7) "Claimant" means an affected person who has filed an appeal due to a substantial impairment or an employer that is required to pay additional actuarial costs pursuant to KRS 61.598 and 78.545, and whose matter is still pending at the administrative or appellate court levels.

(8) "Entry of appearance" means a written statement filed at the retirement office attesting that a claimant is represented by an attorney in an administrative hearing process held in accordance with KRS Chapter 13B.

(9) "Evidentiary record" means all evidence, including video recordings of the administrative hearing, received and considered by the agency pertaining to a specific claimant's administrative hearing held in accordance with KRS Chapter 13B.

(10) "Final Order" is defined by KRS 13B.010(6).

(11) "Hearing officer" is defined by KRS 13B.010(7).

(12) "Party" is defined by KRS 13B.010(3).

(13) "Position statement" means a written statement each party may file to explain his or her arguments of fact and law based upon the evidentiary record and applicable statutory and case law.

(14) "Recommended Order" is defined by KRS 13B.010(5).

(15) "Reply Position Statement" means a written statement each party may file to explain his or her rebuttal arguments of fact and law that address the factual and legal arguments in the opposing party's position statement.

(16) "Substantially impair" means:

(a)1. The denial, discontinuance, or reduction of an affected person's benefits;

2. The final determination by the agency that an affected person must repay overpaid benefits; or

3. The final determination by the agency that the affected person is not exempt from the reduction of creditable compensation in accordance with KRS 61.598 and 78.545; and

(b) Does not include calculation methodology found in KRS 16.505-16.652, KRS 61.510-61.705, KRS 78.510-78.852, and KAR Title 105.

Section 2. Agency portal.

(1) The agency shall provide a unique method for approved parties to access the administrative record, including hearing recordings, memorandums, and any other relevant

documentation related to administrative hearings held in accordance with KRS Chapter 13B for the matter in which they are directly involved, in the agency portal. Access shall be granted to the following:

(a) Members of the Administrative Appeals Committee (AAC) or Disability Appeals Committee (DAC) as applicable;

(b) The claimant or the claimant's attorney;

(c) The hearing officer assigned to the matter; and

(d) Authorized agency staff.

(2) If a request for an administrative hearing in accordance with Section 5 of this administrative regulation is received by the agency, the agency shall notify the claimant or the claimant's attorney, as indicated on the request or entry of appearance, of the use of the agency portal for administrative hearings. The notice shall include details concerning:

(a) The use of the affected person's personal email, or his or her attorney's email, and how to provide or update that email for access to the agency portal; and

(b) How to request an exemption from use of the agency portal in accordance with Section 3 of this administrative regulation.

(3)(a) The claimant or the claimant's attorney, the applicable hearing officer, and authorized agency staff shall receive notification when the following becomes available on the agency portal, as applicable:

1. The evidentiary record;

2. Additional documents when they are received and uploaded;

3. Details of scheduled pretrial conferences, status conferences, or hearings;

4. Any additional information related to the administrative record as it becomes available;

5. Reports, findings, Briefs, Position Statements, Reply Position Statements, Exceptions and Orders; and

6. Video recordings of the administrative hearing.

(b)1. The agency shall provide notification to the claimant, or the claimant's attorney, detailing how to file and view documentation for inclusion in the evidentiary record and any other relevant documentation related to administrative hearings held in accordance with KRS Chapter 13B, such as motions, briefs, and exceptions.

2. Documentation shall be filed through mail, electronic mail, in-person delivery, or fax as provided in the notice, and shall be considered in compliance with KRS 13B.080(2).

(4) AAC or DAC members shall receive notification when the evidentiary record is ready for review in the agency portal.

Section 3. Agency portal use exemption.

(1)(a) A claimant may be exempt from use of the agency portal only if he or she files a completed request in accordance with subsection (2) of this section and meets one of the following criteria:

1. The claimant does not have internet access;

2. The claimant does not have access to a computer, smart phone, or tablet capable of allowing him or her to adequately use the agency portal; or

3. The claimant has an impairment or disability that limits his or her ability to use electronic communications.

(b) There is no agency portal use exemption available for hearing officers, DAC or AAC members, authorized agency staff, or attorneys.

(2)(a) To request an agency portal use exemption, the claimant shall complete and file a valid Form 2940, Agency Portal Exemption.

(b) Once a valid Form 2940 is on file with the agency, the affected person shall only be granted access to the agency portal if he or she completes and files a new valid Form 2940 electing to withdraw the previously filed exemption request and provides a valid email address.

(c) The last valid Form 2940 on file with the agency shall control whether the affected person has access to the agency portal.

Section 4 [2]. Notification of the right to request an administrative hearing.

(1)(a) If the agency issues a final determination [~~system takes action~~] which substantially impairs an affected person's benefits or rights under KRS 16.505 to 16.652, 61.510 to 61.705 or 78.510 to 78.852, except as provided in subsection (2) of this section [~~except action which relates to entitlement to disability benefits~~], the agency [~~system~~] shall notify the affected person of the opportunity to request an administrative hearing by the end of day thirty (30) calendar days from the date of the notice [~~a hearing by submitting the request in writing within thirty (30) days after the date of the notice of the opportunity to request a hearing. The request for hearing shall be filed with the executive director of the system at its office in Frankfort. The request for hearing shall contain a short and plain statement of the basis for request.~~]. The notification shall be contained in the notice of the final determination.

(b) If the agency issues a final determination that an employer is required to pay additional actuarial costs pursuant to KRS 61.598 and 78.545, the agency shall notify the affected employer of the opportunity to request an administrative hearing by the end of day thirty (30) calendar days from the date of the notice. The notification shall be contained in the notice of the final determination.

(2)(a) If the agency issues a final determination which denies an affected person disability retirement benefits, the agency shall notify the affected person of the opportunity to request an

administrative hearing by the end of day one hundred eighty (180) calendar days from the date of the notice as prescribed by KRS 61.665(2) and 78.545.

(b) If the agency issues a final determination which reduces or discontinues an affected person's disability retirement benefits, or which denies reinstatement of the affected person's disability retirement benefit, the agency shall notify the affected person of the opportunity to request an administrative hearing by the end of day sixty (60) calendar days from the date of the notice as prescribed by KRS 61.615(3) and 78.5528(3).

(c) The notification shall be contained in the notice of the final determination.

Section 5 [3]. Request for an administrative hearing.

(1) All requests for an administrative hearing shall be in writing and shall include a short and plain statement of the basis for the request. The request shall be filed as provided in the notice of the right to appeal and within the timeframes prescribed in Section 4 of this administrative regulation.

(2) Failure of the affected person to request a formal hearing within the prescribed timeframes [~~period of time specified~~] shall preclude the affected person from requesting an administrative [~~a~~] hearing at a later time.

(3) An Entry of Appearance may be filed with the request for an administrative hearing or at any time during the administrative hearing process.

Section 6 [4]. Prehearing conference.

(1) The prehearing conference shall be held telephonically. The agency shall provide notice to the affected person or his or her attorney of the date, time, and instructions for providing a phone number. [~~The system may, either through review of its records or conference with the affected person, recommend a favorable determination prior to scheduling a hearing. Upon~~

~~notification of a favorable determination, the affected person may withdraw the hearing request or request that the hearing be scheduled.]~~

~~(2) The prehearing conference shall be initiated by agency staff and shall be presided over by the hearing officer in accordance with KRS 13B.070. During the prehearing conference, the parties shall prepare stipulations, clarify the issues to be decided, request issuance of subpoenas and orders, and address other matters that will promote the orderly and prompt conduct of the hearing. [The hearing officer may request a prehearing conference or may consider new evidence not already part of the affected person's file. The prehearing conference is an informal procedure, presided over by the hearing officer. Every effort shall be made by all parties to dispose of controversies, to narrow and define issues, and to facilitate prompt settlement of the claim.]~~

~~(3) If at the conclusion of the prehearing conference either party needs time to submit additional documentation, the hearing officer shall schedule a status conference for follow up [the parties have not reached an agreement on all the issues, the hearing officer shall schedule a hearing to be held within a reasonable time].~~

~~(4) If at the conclusion of the prehearing conference all documentation is submitted and all parties agree to proceed, an administrative hearing shall be scheduled. [If the parties agree upon a settlement after the prehearing conference but before the hearing, the settlement agreement shall be filed with the hearing officer. The hearing shall be cancelled and notice of the cancellation shall be served on all parties.]~~

Section 7. Status conference.

~~(1) If held, a status conference shall be held telephonically. The agency shall provide notice to the affected person or his or her attorney of the date, time, and instructions for providing a phone number for the status conference.~~

(2) A status conferences may be held to discuss any outstanding issues or documentation from the prehearing conference or a previous status conference.

(3) Additional status conferences may be held until pending issues are resolved and the parties agree to proceed with the administrative hearing.

(4) A post administrative hearing status conference may be held to follow up on cases put on hold for further records in accordance with Section 10(5) of this administrative regulation.

Section 8. Agreed Orders and Motions to Dismiss.

(1) If at any time both parties agree to a settlement on the issue of the pending administrative appeal, a settlement agreement may occur through either an Agreed Order or a Motion to Dismiss filed with the hearing officer.

(2) Pursuant to KRS 13B.080(6), a Motion to Dismiss may be filed with the hearing officer if:

(a) The claimant or agency fails to appear at more than one (1) pre-hearing or status conference, and if the agency fails to reschedule or the claimant fails to contact the agency to reschedule, within fourteen (14) calendar days of the second missed conference;

(b) The claimant or agency fails to participate in any stage of the hearing process, or fails to comply with an order of the hearing officer; or

(c) The claimant decides to discontinue his or her appeal for any reason.

(3) The hearing officer may complete a Recommended Order of Dismissal in accordance with Section 13 of this administrative regulation based on the settlement agreement or Motion to Dismiss filed with him or her in accordance with subsection (1) and (2) of this section.

Section 9. Notice of administrative hearing. The agency shall notify the affected person of the date, time, and location of the administrative hearing in accordance with KRS 13B.050(2). The notice shall provide the details about the hearing required by KRS 13B.050(3).

Section 10. Administrative hearing.

(1) Administrative hearings shall be held at the retirement office in Frankfort or by secure video teleconference.

(2) Administrative hearings shall be conducted in accordance with KRS 13B.010-13B.170. Evidence, testimony, motions, and objections may be introduced during the administrative hearing, and shall be accurately and completely recorded by the agency. The hearing officer may issue subpoenas in accordance with KRS 13B.080(3).

(3) The hearing officer presiding over an administrative hearing shall not be bound by factual or legal findings of other state or federal agencies.

(4) Decisions in administrative hearings shall be based on a preponderance of evidence in the record as it relates to the substantial impairment. The party's burden of proof shall be assigned as established in KRS 13B.090(7).

(a) For determinations pursuant to KRS 61.598(2), the agency shall bear the burden of proof to show the propriety of the agency's final determination that the member's creditable compensation should be reduced and that no exception as set forth in KRS 61.598(4) applies.

(b) For determinations pursuant to KRS 61.598(5), the employer shall bear the burden of proof to show that the increase in the employee's creditable compensation was the result of a bona fide promotion or career advancement.

(5)(a) The hearing officer may place the case on hold to allow either party additional time to submit further evidence discussed at the hearing. If this occurs, a deadline to file the additional evidence shall be provided by the hearing officer.

(b) The hearing officer may schedule a status conference to follow up on cases held for further evidence.

Section 11. Close of evidentiary record.

(1) The hearing officer shall close the evidentiary record once all evidence has been filed.

(2) After the evidentiary record has been closed, the hearing officer or DAC/AAC may order the evidentiary record reopened for the submission of additional evidence.

Section 12. Briefing Order.

(1)(a) After the close of the evidentiary record, each party shall have the opportunity to simultaneously file Position Statements. The parties shall further have the opportunity to simultaneously file a Reply Position Statement to the other party's Position Statement.

(b) The hearing officer shall issue a Briefing Order that details deadlines for filing each of the following:

1. Position Statements;

2. Reply Position Statements; and

3. The Recommended Order, the due date for which shall not exceed sixty (60) calendar days from the deadline for the Reply Position Statements.

(2) The hearing officer shall take the Position Statements and Reply Position Statements provided in accordance with subsection (1) of this section into consideration when completing the Recommended Order in accordance with Section 13 of this administrative regulation.

Section 13 [5]. Recommended Order.

(1)(a) The hearing officer shall submit a Recommended Order to the board that contains a recitation of the evidence, the appropriate findings of fact, and conclusions of law.

(b) The hearing officer's findings of fact and conclusions of law shall be based upon the evidentiary record as a whole.

(c) The hearing officer's findings of fact shall include a finding concerning the credibility of each witness whose testimony is included in the evidentiary record. [The hearing officer shall make a report and a recommended order to the board. The report and recommended order shall

~~contain the appropriate findings of fact and conclusions of law. The hearing officer shall mail postage prepaid, a copy of his report and recommended order to all parties. The parties may file exceptions to the report and recommended order. There shall be no other or further submissions.]~~

(2)(a) The agency's Executive Director of the Office of Benefits shall approve or deny hearing officer requests for an extension time to file his or her Recommended Order.

(b) If any extension of time is granted for a hearing officer to complete his or her Recommended Order, the agency shall notify the claimant or his or her legal representative when the extension is granted. Each extension shall not exceed thirty (30) calendar days. The hearing officer may request multiple extensions in the same administrative case.

(3) A copy of the hearing officer's Recommended Order shall be mailed by first-class U.S. mail or, if permitted by law, electronically mailed through the agency portal to all parties.

(4) Each party may file written exceptions to the Recommended Order detailing any issue the party has with the Recommended Order no later than the end of day fifteen (15) calendar days from the date the Recommended Order was mailed by first class U.S. mail or, if permitted by law, electronically mailed through the agency portal.

Section 14 [6]. Board findings.

(1) The DAC and AAC shall have the authority to act upon the Recommended Order on behalf of the board pursuant to this section and in accordance with KRS 13B.120, 61.615, 61.645, 61.665, 78.545, 78.5528, and 78.782. [The board shall consider an act on the recommended order in accordance with KRS 13B.120.]

(2)(a) The DAC or AAC shall have ninety (90) calendar days from the date of the Recommended Order to provide a Final Order of the board.

(b) A Final Order of the board shall be based on substantial evidence appearing in the record as a whole and shall set forth the decision of the board and the facts and law upon which the decision is based.

(c) The DAC or AAC shall act in accordance with KRS 13B.120 regarding the Recommended Order.

Section 15 [7]. Notification of findings.

(1) All parties shall be provided with the Final Order of the board.

(2)(a) The Final Order of the board shall be provided to the claimant or his or her legal representative by certified mail in accordance with KRS 13B.120. The agency shall immediately enter the fact of mailing in the record.

(b) Service by certified mail is complete upon delivery of the envelope. The return receipt shall be proof of the time, place, and manner of service. The agency shall document and file the return receipt when it is received.

(c) If the envelope is returned with an endorsement showing failure of delivery, that fact shall be documented in the record, and the returned envelope shall be filed in the record. The agency shall make at least one (1) additional attempt to provide the Final Order of the board to the affected person or his or her legal representative by certified mail documenting and filing the outcome in accordance with this subsection. [The system shall mail the final decision of the board to the affected person or his legal representative. If any extension of time is granted by the board for a hearing officer to complete his report, the system shall notify the affected person or his legal representative when the extension is granted.

~~Section 8. A final order of the board shall be based on substantial evidence appearing in the record as a whole and shall set forth the decision of the board and the facts and law upon which the decision is based.~~

~~Section 9. Formal hearings shall be held at the system's office in Frankfort unless another location is determined by the hearing officer.~~

~~Section 10. All requests for a hearing pursuant to this section shall be made in writing.~~

~~Section 11. The board may establish an appeals committee whose members shall be appointed by the chairman and who shall have the authority to act upon the recommendations and reports of the hearing officer pursuant to this section on behalf of the board.~~

Section 16. Supplemental copies of an administrative record.

(1) A claimant, or his or her attorney, may request a supplemental paper copy of all or part of the administrative record at a rate of ten (10) cents per page, cost of postage, and staff time to process the request consistent with KRS 61.874, if the claimant, or his or her attorney:

(a) Originally received a paper copy of the administrative record;

(b) Met an exemption to receive a paper copy of the administrative record under Section 3 of this administrative regulation; or

(c) No longer has access to the agency portal.

(2) The claimant, or his or her attorney, may request a supplemental copy of all or part of the administrative record on an approved data storage device. Supplemental copies shall be provided at the following rates, if the claimant, or his or her attorney met one of the requirements identified in subsection (1)(a)-(c) of this section:

(a) Ten (10) dollars for each approved data storage device;

(b) Cost of postage; and

(c) Staff time to process the request consistent with KRS 61.874.

(3)(a) The supplemental copy of the administrative record shall not be mailed or otherwise provided to the claimant, or his or her attorney, until the applicable fees described in subsection (1) or (2) of this section are paid in full.

(b) The agency shall provide the amount of the cost for the applicable supplemental copy in accordance with subsection (1) or (2) of this section to the claimant, or his or her attorney.

(c) Payment for the supplemental copy shall be made by check or money order for the full amount owed and made payable to the Kentucky State Treasurer. The payment shall be mailed or delivered in-person to the retirement office.

Section ~~17~~ [42]. Judicial review. Any affected person aggrieved by a Final Order [~~final order~~] of the board may seek judicial review after all administrative appeals have been exhausted by filing suit in the Franklin Circuit Court within the time period prescribed in KRS 13B.140.

~~Section 13. Any proposed order or order shall be served by one (1) of the following methods:~~

~~(1) The system may place a copy of the document to be served in an envelope, and address the envelope to the affected person to be served at the address of the affected person existing in the system files or at the address set forth in written instructions furnished by the affected person or his legal representative. The system shall affix adequate postage and place the sealed envelope in the United States mail as certified mail return receipt requested. The system shall immediately enter the fact of mailing in the record and make entry when the return receipt is received. If the envelope is returned with an endorsement showing failure of delivery, that fact shall be entered in the record. The system shall file the return receipt or returned envelope in the record. Service by certified mail is complete upon delivery of the envelope. The return receipt shall be proof of the time, place, and manner of service.~~

~~(2) The system may cause the document, with necessary copies, to be transferred for service to any person authorized by the board or by any statute or rule to deliver them, who shall serve the documents, and the endorsed return shall be proof of the time and manner of service.~~

~~(3) The methods of service specified in this section shall be supplemental to and shall be accepted as an alternative to any other method of service specified by other applicable law.]~~

Section 18. Incorporation by reference.

(1) Form 2940, Agency Portal Exemption, updated June 2023, 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 website at kyret.ky.gov.

(18 Ky.R. 934; 1326; eff. 11-8-1991; 19 Ky.R. 969; eff. 12-9-1992; 21 Ky.R. 1527; eff. 2-8-1995; 22 Ky.R. 777; eff. 12-7-1995; 29 Ky.R. 770; 1252; eff. 11-12-2002; TAm eff. 3-5-2019; Crt eff. 3-5-2019.)

APPROVED:

DAVID L. EAGER,
EXECUTIVE DIRECTOR
KENTUCKY PUBLIC PENSIONS AUTHORITY

DATE

PUBLIC HEARING AND PUBLIC COMMENT PERIOD: A public hearing to allow for public comment on this administrative regulation shall be held on December 21, 2023, at 10:00 a.m. Eastern Time at the Kentucky Public Pensions Authority (KPPA), 1270 Louisville Road, Frankfort, Kentucky 40601. Individuals interested in presenting a public comment at this hearing shall notify this agency in writing no later than five workdays prior to the hearing of their intent to attend. If no notification of intent to attend the hearing was received by that date, the hearing may be cancelled. A transcript of the public hearing will not be made unless a written request for a transcript is made.

If you do not wish to be heard at the public hearing, you may submit written comments on the proposed administrative regulation. Written comments shall be accepted until December 31, 2023. Send written notification of intent to be heard at the public hearing or written comments on the proposed administrative regulation to the contact person.

KPPA shall file a response with the Regulations Compiler to any public comments received, whether at the public comment hearing or in writing, via a Statement of Consideration no later than the 15th day of the month following the end of the public comment period, or upon filing a written request for extension, no later than the 15th day of the second month following the end of the public comment period.

CONTACT PERSON: Jessica Beaubien, Policy Specialist, Kentucky Public Pensions Authority, 1260 Louisville Road, Frankfort, KY 40601, email Legal.Non-Advocacy@kyret.ky.gov, telephone (502) 696-8800 ext. 8570, facsimile (502) 696-8615.

REGULATORY IMPACT ANALYSIS
AND TIERING STATEMENT

Regulation number: 105 KAR 1:215
Contact person: Jessica Beaubien
Phone number: 502-696-8800 ext. 8570
Email: Legal.Non-Advocacy@kyret.ky.gov

(1) Provide a brief summary of:

(a) What this administrative regulation does: This administrative regulation establishes the administrative appeal procedures for an affected person whose retirement benefits have been denied, reduced, or discontinued.

(b) The necessity of this administrative regulation: This amended administrative regulation is necessary in order to include policy and procedures that were not found in the previous version, and to require the use of the agency portal except when an affected individual meets an exemption.

(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 all administrative regulations on behalf of the Kentucky Retirement Systems and the County Employee Retirement System that are consistent with KRS 16.510 to 16.652, 61.510 to 61.705, and 78.510 to 78.852. KRS 61.645(16) and 78.782(16) provide that an affected person aggrieved by a decision of the system, which is not a determination relating to disability retirement benefits, may have the right to request an administrative hearing prior to the filing of an appeal in court. KRS 61.615(3), 61.665(3), 78.545 and 78.5528(3) provide that an affected person whose disability retirement benefits have been denied, reduced, or discontinued may have the right to request an administrative hearing prior to filing of an appeal in court.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: This amended administrative regulation will allow KPPA to effectively administer administrative hearings through an electronic agency portal, and for affected individuals to have a clear set of procedures.

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

(a) How the amendment will change this existing administrative regulation: This amended administrative regulation adds procedures that were not found in the previous version and details on the use and requirements of the agency portal.

(b) The necessity of the amendment to this administrative regulation: This amended administrative regulation is necessary in order to include policy and procedures that were not found in the previous version, and to require the use of the agency portal except when an affected individual meets an exemption.

(c) How the amendment conforms to the content of the authorizing statutes: KRS 61.505(1)(g) authorizes the Kentucky Public Pensions Authority to promulgate all administrative regulations on behalf of the Kentucky Retirement Systems and the County Employee Retirement System that are consistent with KRS 16.510 to 16.652, 61.510 to 61.705, and 78.510 to 78.852. KRS 61.645(16) and 78.782(16) provide that an affected person aggrieved by a decision of the system, which is not a determination relating to disability retirement benefits, may have the right to request an administrative hearing prior to the filing of an appeal in court. KRS 61.615(3), 61.665(3), 78.545 and 78.5528(3) provide that an affected person whose disability retirement benefits have been denied, reduced, or discontinued may have the right to request an administrative hearing prior to filing of an appeal in court.

(d) How the amendment will assist in the effective administration of the statutes: This amended administrative regulation will assist in the effective administration of KRS 61.615(3), 61.645(16), 61.665(3), 78.545, 78.5528(3), and 78.782(16) by detailing the administrative appeals process and procedures, and by providing the requirements for the agency portal.

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation: This administrative regulation does not affect businesses, organizations, or state and local governments except for the KPPA. It is unknown how

many individuals this administrative regulation affects because it is unknown how many individuals will file an appeal in the future.

(4) Provide an analysis of how the entities identified in question (3) will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:

(a) List the actions that each of the regulated entities identified in question (3) will have to take to comply with this administrative regulation or amendment: KPPA already has the agency portal built and in use. KPPA is already in compliance with this amended administrative regulation.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (3): Nothing.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (3): The reduction of paper and cost of mailing.

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

(a) Initially: Minimal.

(b) On a continuing basis: Minimal.

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

(7) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment: An increase in fees or funding will not be necessary to implement this amended administrative regulation.

(8) State whether or not this administrative regulation establishes any fees or directly or indirectly increases any fees: This administrative regulation establishes fees for requested supplemental copies of an administrative record in certain instances.

(9) TIERING: Is tiering applied? (Explain why or why not) Tiering is not applied.

FISCAL NOTE

Regulation number: 105 KAR 1:215
Contact person: Jessica Beaubien
Phone number: 502-696-8800 ext. 8570
Email: Legal.Non-Advocacy@kyret.ky.gov

(1) What units, parts, or divisions of state or local government (including cities, counties, fire departments, or school districts) will be impacted by this administrative regulation? None except KPPA.

(2) Identify each state or federal statute or federal regulation that requires or authorizes the action taken by the administrative regulation. KRS 61.505(1)(g) authorizes the Kentucky Public Pensions Authority to promulgate all administrative regulations on behalf of the Kentucky Retirement Systems and the County Employee Retirement System that are consistent with KRS 16.510 to 16.652, 61.510 to 61.705, and 78.510 to 78.852.

(3) Estimate the effect of this administrative regulation on the expenditures and revenues of a state or local government agency (including cities, counties, fire departments, or school districts) for the first full year the administrative regulation is to be in effect.

(a) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for the first year? None.

(b) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for subsequent years? None.

(c) How much will it cost to administer this program for the first year? Minimal.

(d) How much will it cost to administer this program for subsequent years? Minimal.

Note: If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.

Revenues (+/-): None.

Expenditures (+/-): None.

Other Explanation:

(4) Estimate the effect of this administrative regulation on the expenditures and cost savings of regulated entities for the first full year the administrative regulation is to be in effect.

(a) How much cost savings will this administrative regulation generate for the regulated entities for the first year? Unknown.

(b) How much cost savings will this administrative regulation generate for the regulated entities for subsequent years? Unknown.

(c) How much will it cost the regulated entities for the first year? Unknown.

(d) How much will it cost the regulated entities for subsequent years? Unknown.

Note: If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.

Cost Savings(+/-): Unknown.

Expenditures (+/-): Unknown.

Other Explanation: This administrative regulation as amended allows for the KPPA to utilize an agency portal for electronic records and notifications to the affected persons, hearing officers, Administrative Appeals Committee, Disability Appeals Committee and internally, and therefore reduces the use of paper and cost of mailing documents.

(5) Explain whether this administrative regulation will have a major economic impact, as defined below. *"Major economic impact" means an overall negative or adverse economic impact from an administrative regulation of five hundred thousand dollars (\$500,000) or more on state or local government or regulated entities, in aggregate, as determined by the promulgating administrative bodies. [KRS 13A.010(13)].* This administrative regulation will not have a major economic impact.

SUMMARY OF MATERIAL INCORPORATED BY REFERENCE

Form 2940, Agency Portal Exemption, is a one (1) page form claimants can use to request an exemption from the use of the agency portal for his or her administrative hearing record.



Agency Portal Exemption

Member Information Please provide your Member ID or Social Security number in the Member ID box below.

Member Name:	Member ID:
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Kentucky Public Pensions Authority Agency Portal

The Kentucky Public Pensions Authority (KPPA) utilizes an online agency portal which stores and tracks administrative records, hearing recordings, memorandums, and any other relevant documentation related to administrative hearings held in accordance with KRS Chapter 13B. A member or his or her attorney shall receive notification via email when documents are available in the agency portal, which can include important documents or orders related to the administrative hearing.

Exemption Request

At least one option must be selected for this form to be valid and processed by KPPA. If none of the options apply to you, the agency shall not allow an exemption pursuant to 105 KAR 1:215.

- I am requesting an exemption for use of the agency portal for the following reason(s):
- I do not have internet access.
 - I do not have access to a computer, smart phone, or tablet capable of allowing me to adequately use the agency portal.
 - I have an impairment or disability that limits my ability to use electronic communications.

Withdrawing Exemption Request

If you select this option, an email address must be provided below. If there is no email address provided, the withdrawal cannot be completed.

- I am withdrawing my previous exemption request and elect to use the agency portal. The following is my personal email:
- Email Address: _____

Certification

I am represented by Counsel, Hon. _____; **OR**

I am representing myself in this Administrative Appeals process and have been informed of my right to obtain counsel.

I understand that once the Agency Portal Exemption Form is on file with KPPA, the only way to use the Agency Portal is to withdraw my exemption request by filing an updated Agency Portal Exemption Form.

I certify that all 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.

Signature: _____ Date: _____

Members have four options for submitting this form to KPPA:

1. **Email:** Use the KPPA Secure Email Portal and send an email to KPPAHearingFilings@kyret.ky.gov. Go to KYRET.KY.GOV and select the Contact tab for details on using secure email.
2. **Self Service:** Use the Documents feature in Self Service at MYRETIREMENT.KY.GOV to upload documents and forms
3. **Mail:** Office of Legal Services, 1260 Louisville Road, Frankfort, KY 40601
4. **Fax:** (502) 696-8615



**105 KAR 1:215
Administrative
Hearings
and *Box.com***

Agency Portal (*Box.com*)

The term “agency portal” is used in 105 KAR 1:215 as a general term for an online portal which stores and tracks information related to the administrative hearing. KPPA currently uses *Box.com*.

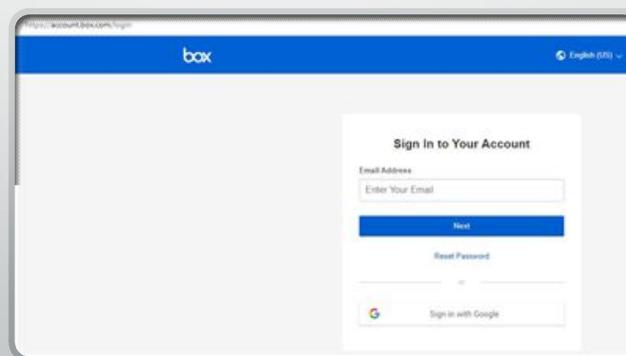
Exemptions for use of the portal are available, these include:

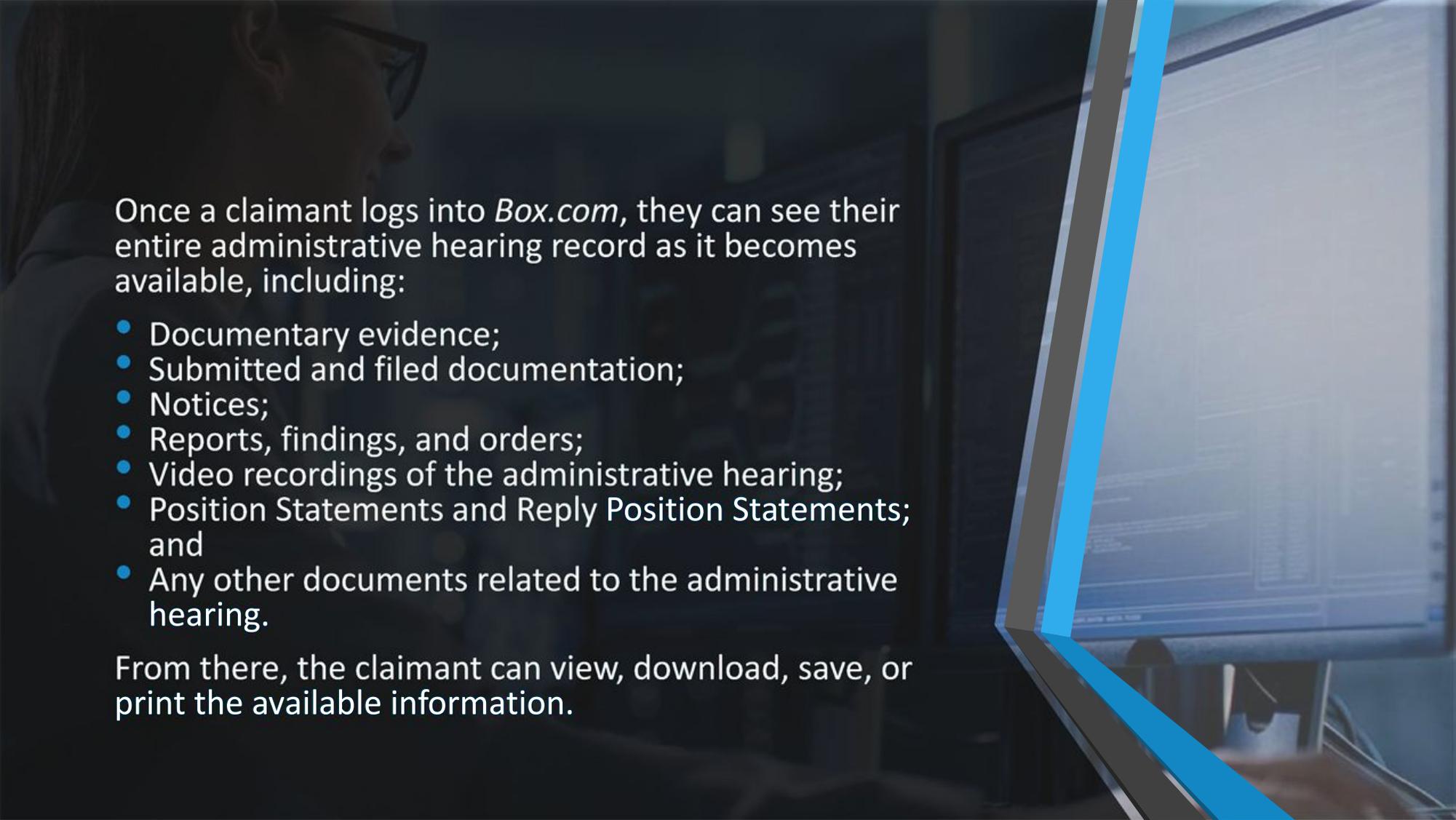
- The claimant does not have internet access;
- The claimant does not have access to a device that allows them to adequately use the agency portal;
- The claimant has an impairment or disability that limits their ability to use electronic communications.

When an administrative hearing request is received, the claimant is mailed a letter which provides details on access and use of *Box.com* for their hearing.

When the administrative record becomes available on *Box.com*, KPPA mails the claimant a letter which:

- Advises that the administrative record is available on *Box.com*;
- Reminds the claimant that an invitation to *Box.com* was sent to their email on file;
- Advises how to submit evidence to the KPPA designated email address;
- Reminds the claimant that future notices and documents regarding their administrative hearing will be available on *Box.com*; and
- Advises that a telephonic prehearing conference will be scheduled soon.





Once a claimant logs into *Box.com*, they can see their entire administrative hearing record as it becomes available, including:

- Documentary evidence;
- Submitted and filed documentation;
- Notices;
- Reports, findings, and orders;
- Video recordings of the administrative hearing;
- Position Statements and Reply Position Statements; and
- Any other documents related to the administrative hearing.

From there, the claimant can view, download, save, or print the available information.

Notices the Claimant Receives

The claimant receives an email from *Box.com* when documentation, notices, reports, findings, orders, or other related information becomes available. The email notice will advise the claimant to log into *Box.com* to securely view these items.



Prehearing Conference

In *Box.com*:

- Notice of date, time, and instructions for providing a phone number for the call.
- Documents submitted for the record.



Status Conferences

In *Box.com*:

- Notice of date, time, and instructions for providing a phone number for the call.
- Documents submitted for the record.



Agreed Orders and Motions to Dismiss

In *Box.com*:

- Copy of the Agreed Order; or
- Copy of the Motion to Dismiss.



Administrative Hearing

In *Box.com*:

- Notice of date, time, and location (available in person or via Zoom).
- Documents submitted for the record.
- Recording of the hearing will be available once processed and uploaded by staff.



Position Statements

In *Box.com*:

- Copy of the Position and Reply Position Statements.



Recommended Order

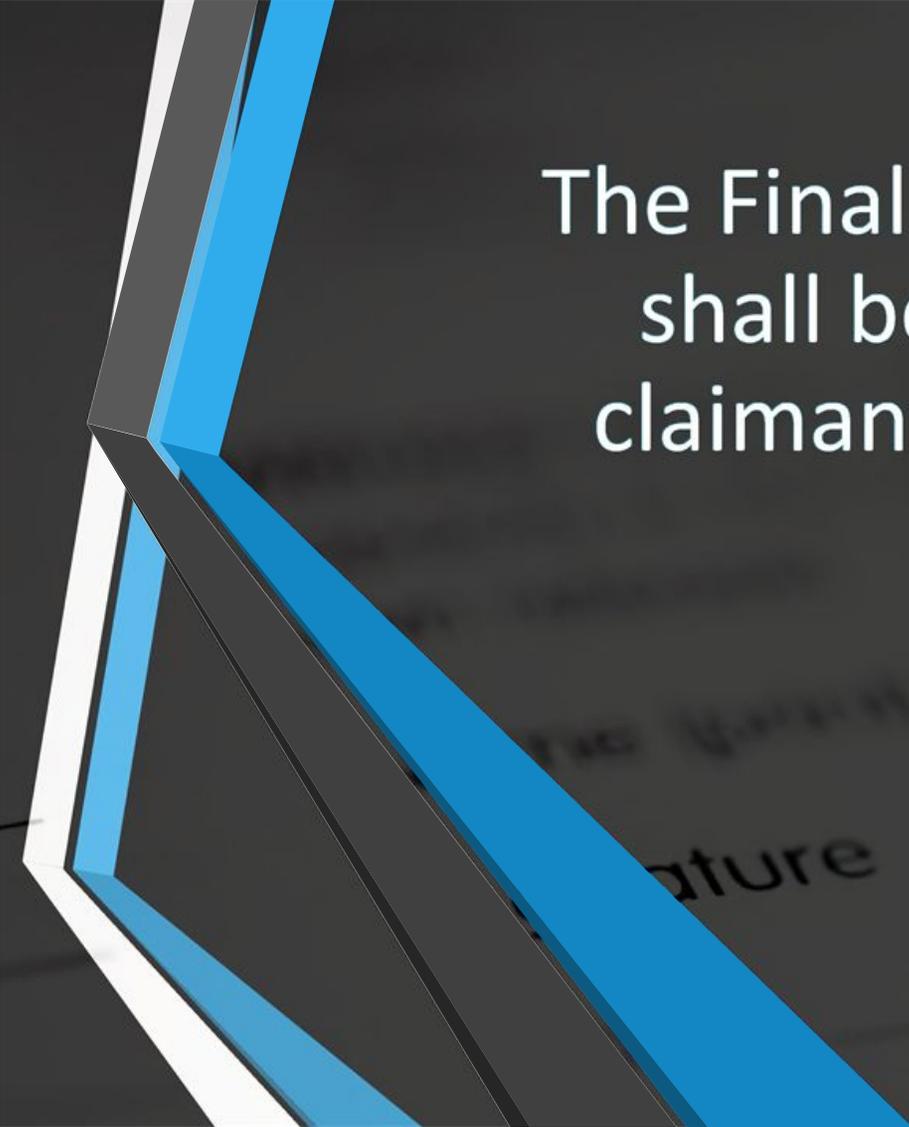
In *Box.com*:

- Copy of the Recommended Order.
- Any Exceptions to the Recommended Order filed will also be available.

DAC/AAC

DAC/AAC members receive an email notice when the Administrative Hearing Record is ready for their review.

DAC/AAC members log into *Box.com* to view the Administrative Hearing Record.



The Final Order of the Board
shall be provided to the
claimant by certified mail.