

**MINUTES OF MEETING
KENTUCKY PUBLIC PENSIONS
AUTHORITY
AD HOC REGULATION COMMITTEE
SPECIAL CALLED MEETING
MARCH 7, 2024 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 March 7, 2024, the following members were present: Keith Peercy (Chair), Betty Pendergrass, and Jerry Powell. Staff members present were CERS CEO Ed Owens, III, KRS CEO John Chilton, David Eager, Erin Surratt, Connie Pettyjohn, Mike Lamb, Victoria Hale, Carrie Bass, Jessica Beaubien, Ashley Gabbard, Katie Park, Shaun Case, and Sherry Rankin.

Mr. Peercy called the meeting to order.

Ms. Bass read the Opening Statement.

Ms. Rankin called roll.

There being no *Public Comment* submitted, Mr. Peercy introduced agenda item *Approval of Minutes – November 15, 2023 (Video 00:05:37 to 00:05:55)*. Mr. Powell made a motion to approve the minutes as presented. Ms. Pendergrass seconded the motion and the motion passed unanimously.

Mr. Peercy introduced agenda item *Administrative Regulation 105 KAR 1:001 (Video 00:05:56 to 00:06:50)*.

Ms. Jessica Beaubien stated that the presented amendment to 105 KAR 1:001, Definitions for 105 KAR Chapter 1, adds eight (8) new definitions and updates two (2) previous definitions to ensure consistent use of terminology across all regulations in Title 105 of the Kentucky Administrative Regulations.

Mr. Powell made a motion to approve administrative regulation 105 KAR 1:001 as presented, and to forward it to the Authority for its approval. Ms. Pendergrass seconded the motion and the motion

passed unanimously.

Mr. Peercy introduced agenda item *Administrative Regulation 105 KAR 1:411 (Video 00:06:51 to 00:23:20)*. Ms. Beaubien presented amendments to the existing Administrative Regulation 105 KAR 1:411, Hospital and Medical Insurance for Retired Members and Kentucky Retirement Systems Insurance Fund Trust.

The amendment:

- Removes definitions from Section 1 that can be found in 105 KAR 1:001, the general definitions regulation applicable to all Kentucky Public Pensions Authority, Kentucky Retirement Systems, and County Employees Retirement System regulations.
- Updates the language throughout the regulation to be consistent with the language used in all Kentucky Public Pensions Authority regulations and the definitions found in 105 KAR 1:001.
- Adds details to Section 4 to indicate the difference between the dollar amount contribution rate and the percentage contribution rate that the systems pay toward a retired member's hospital and medical insurance plan premium based on membership date or hire date.
- Adds clarifying language to Section 5 concerning the fee that recipients may be required to pay for tobacco usage or failure to complete a wellness or wellbeing promise.
- Updates Section 13 to detail how the dollar contribution reimbursement is applied for recipients with reciprocity, as well as how the reimbursement will be applied to a recipient who is on their spouses' insurance, including in another state-administered retirement system.

Mr. Peercy requested additional information on the Dollar Contribution Reimbursement Options. Ms. Surratt and Ms. Pettyjohn provided background and an in-depth review of Reimbursement Option 1 and Reimbursement Option 2.

The KPPA Ad Hoc Regulation Committee was in favor of the Reimbursement Option 2; therefore, Ms. Bass discussed the Retroactivity of Dollar Contribution Reimbursement Calculation Method. The Committee needed to make a recommendation as to whether the change in the reimbursement calculation method will be applied retroactive to January 1, 2023, when the dollar contribution reimbursement plan became effective, advised Ms. Bass.

Ms. Pendergrass made a motion to adopt administrative regulation 105 KAR 1:411 as presented

using the Reimbursement Option 2 as outlined in the materials provided by the KPPA Office of Legal Services and that the change in policy will be retroactive to January 1, 2023. Mr. Powell seconded the motion and the motion passed unanimously.

Mr. Peercy introduced agenda item *Administrative Regulation 105 KAR 1:190* (Video 00:23:21 to 00:37:44). Ms. Beaubien presented an amendment to the existing regulation 105 KAR 1:190, Qualified Domestic Relations Orders (“QDROs”). This administrative regulation establishes the requirements, procedures, and forms necessary to administer QDROs, said Ms. Beaubien.

The amendment achieves the following:

- Updates the language throughout the regulation to be consistent with the language used in all Kentucky Public Pensions Authority regulations and the definitions found in 105 KAR 1:001.
- Reorganizes the sections of the regulation for clarity.
- For QDROs received by the KPPA prior to retirement, incorporates the Partial Lump Sum Payment Option (PLSO) that is now available as a payment option.
- Adds details on how multiple retirement accounts affect the administration of a QDRO.
- Adds details throughout to more accurately reflect the way QDROs are currently being administered.
- Updates all forms for clarity and to reflect the agency name change.

Mr. Powell expressed concern regarding the request of a member’s social security number on the Form 6434. Ms. Beaubien, Ms. Bass, and Ms. Surratt explained the various reasons for requesting a social security number on the form.

Ms. Pendergrass raised questions regarding the calculation for the percentage of benefit due to an alternate payee and the specific percentage is awarded by the court. She asked if the Authority is authorized to change that percentage. Ms. Bass advised that Section 3 of the regulation refers to QDROs that were on file prior to July of 2000. The Authority does not take a stance on what is/is not marital property, said Ms. Bass. The calculation does not impact QDROs that are being submitted today. Ms. Surratt reported that the language is included in the regulation because QDROs dating prior to July of 2000 still exist and have yet to be paid.

Next, Ms. Pendergrass requested clarification regarding the process should the participant pass

away as opposed to the alternate payee. Ms. Bass provided a brief timeline of law changes over the years and how the changes have affected the regulation and the procedure in the event of a member's passing.

Ms. Pendergrass requested Staff to describe what changes were being made July 1, 2024. Ms. Bass reported that the Partial Lump Sum Payment Option (PLSO) is now available and those who have not retired, the KPPA recommended changing the QDRO form to account for the fact that the member may select the PLSO.

Mr. Powell made a motion to approve regulation 105 KAR 1:190 as presented, and to forward it to the Authority for its approval. Ms. Pendergrass 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 March 7, 2024, were approved on June 5, 2024.


KPPA Ad Hoc Regulation Committee Chair


Executive Director

I have reviewed the Minutes of the March 7, 2024, Kentucky Public Pensions Authority Ad Hoc Regulation Committee Meeting for content, form, and legality.


Executive Director, Office of Legal Services