




Quick Guide to Completing Form 6487 Member Pension Spiking Exemption

STEP 1

Part 1 of the form provides information on the last participating employer, the member whose account is affected, and the member's final compensation with pension spiking details. It is important you review the final compensation information for accuracy, and once complete proceed to [STEP 2](#).



KENTUCKY PUBLIC PENSIONS AUTHORITY
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FORM 6487
Revised 6.2022

Part 1 - Member Pension Spiking Exemptions

Employer Information			
Employer Name:	City of Somewhere	Employer Code:	12345
Member Information			
Member Name:	John Doe	Member ID:	11111

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

Fiscal Year	Actual Comp	Comp Less Exclusions	Months	Employer Code	Increase	Spiking	Revised Comp
7/1/2019 - 6/30/2020	\$43,821.76	\$42,003.28	10	12345	15.20%	SPIKING	\$41,924.40
	\$1,818.48			TRAILWAGES			
7/1/2018 - 6/30/2019	\$43,751.91	\$43,751.91	12	12345	0.58%	NO SPIKE	N/A
7/1/2017 - 6/30/2018	\$43,498.02	\$43,498.02	12	12345	1.10%	NO SPIKE	N/A
7/1/2016 - 6/30/2017	\$43,024.30	\$43,024.30	12	12345	-1.09%	NO SPIKE	N/A
7/1/2015 - 6/30/2016	\$43,496.30	\$43,496.30	12	12345	2.67%	NO SPIKE	N/A
7/1/2014 - 6/30/2015	\$42,363.84	\$42,363.84	12	12345	0.00%	NO SPIKE	N/A

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

KRS 61.598 provides for specific exemptions of reportable salary that are excludable when calculating the increase in creditable compensation. If none of the monies reported are related to one of the listed exemptions, please check this box and move to the Certification section at the end of Part 3:

No Exemptions: The increase in creditable compensation is not attributable to an allowed exemption for this member.

Exemptions: The increase in creditable compensation is attributable to an allowed exemption. If this was due to an error found in the reported information, an adjustment to reported salary will be remitted through the monthly report.



STEP 2

Every member must have the bottom section of Part 1 completed. There are the three scenarios that affect how you may complete this information:

Member ID	Reporting Period	Reporting Period	Member ID	Reporting Period	Reporting Period	Reporting Period
MEMBER ID	MEMBER ID	MEMBER ID	MEMBER ID	MEMBER ID	MEMBER ID	MEMBER ID
MEMBER ID	MEMBER ID	MEMBER ID	MEMBER ID	MEMBER ID	MEMBER ID	MEMBER ID
MEMBER ID	MEMBER ID	MEMBER ID	MEMBER ID	MEMBER ID	MEMBER ID	MEMBER ID
MEMBER ID	MEMBER ID	MEMBER ID	MEMBER ID	MEMBER ID	MEMBER ID	MEMBER ID
MEMBER ID	MEMBER ID	MEMBER ID	MEMBER ID	MEMBER ID	MEMBER ID	MEMBER ID
MEMBER ID	MEMBER ID	MEMBER ID	MEMBER ID	MEMBER ID	MEMBER ID	MEMBER ID

No Exemptions: The increase in creditable compensation is not attributable to an allowed exemption for this member.

Exemptions: The increase in creditable compensation is attributable to an allowed exemption. If this was due to an error found in the reported information, an adjustment to reported salary will be remitted through the monthly report.

1. Mark the NO Exemptions check box if pension spiking is not due to a reporting issue or statutory approved exemption, then proceed to [STEP 5](#).
2. Mark the Exemption checkbox if pension spiking is due to one of the five statutory approved exemptions, and proceed to [STEP 3](#) of this quick reference guide.
3. Mark the Exemption checkbox if pension spiking is due to improper reporting of Leave without Pay, Alternate Sick Leave, or Lump Sum Compensatory Pay at Termination records. Make a notation below the exemptions box indicator that pension spiking is due to a reporting issue that needs correction. Then proceed to [STEP 5](#) of this quick reference guide.

The Reporting Official will need to correct the reporting issue in Employer Self Service using the Adjustments module or call the Employer Hotline at 1-888-696-8810 for assistance.



Employer Reporting, Compliance & Education

STEP 3

On Part 2 of the form, the Employer Information and Member Information will be prepopulated. The employer representative must enter the exemption amount in the appropriate table within the Member Pension Spiking Exemption Amount section. Please enter the exemption amount in the fiscal year it was paid.

Part 2 - Exemption Amounts	
Employer Information	
Employer Name:	City of Somewhere
Employer Code:	12345
Member Information	
Member Name:	John Doe
Member ID:	111111
Member Pension Spiking Exemption Amounts	
Fiscal Year	Bona Fide Promotion or Career Advancement **
7/1/2019 - 6/30/2020	
7/1/2018 - 6/30/2019	
7/1/2017 - 6/30/2018	
7/1/2016 - 6/30/2017	
7/1/2015 - 6/30/2016	
7/1/2014 - 6/30/2015	

**If any salary amount is added in the Bona fide promotion or career advancement exemption row, Part 3 of the Form 6487 is required to be completed.

Fiscal Year	Wages attributable to overtime performed during, and as a result of, a state of emergency declared by the President of the United States or by the Governor of the Commonwealth of Kentucky	Wages attributable to overtime performed during, and as a result of, a state of emergency declared by the local government in which the Governor mobilizes the KY National Guard per KRS 38.030 and 39A.050 **
7/1/2019 - 6/30/2020		
7/1/2018 - 6/30/2019		
7/1/2017 - 6/30/2018		
7/1/2016 - 6/30/2017		
7/1/2015 - 6/30/2016		
7/1/2014 - 6/30/2015		

**If the salary is for overtime worked from May 28, 2020 through May 11, 2021 for an emergency declared between May 28, 2020 to October 5, 2020, then the exemption is valid whether the KY National Guard was mobilized for the entire period or not.

Fiscal Year	Wages attributable to overtime required as a condition for an employer's receipt of a state or federal grant, grant pass-through or similar project	Wages attributable to the first 100 hours of mandatory overtime that an employee is individually required to work by the employer during a fiscal year
7/1/2019 - 6/30/2020		
7/1/2018 - 6/30/2019		
7/1/2017 - 6/30/2018		
7/1/2016 - 6/30/2017		
7/1/2015 - 6/30/2016		
7/1/2014 - 6/30/2015		



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

1. If the exemption is due to a Bona Fide Promotion or Career Advancement enter in the first table the difference in salary paid after the promotion or career advancement within the fiscal year the event occurred, then proceed to [STEP 4](#).
 - *Example1: If the employee's salary changed from \$2500/month to \$4000/month and the promotion or advancement occurred April 1, then the difference in salary from April 1 to June 30 is \$1500/month for 3 months. The total exemption amount paid in the fiscal year would be \$4500.*
 - *Example 2 (School Board Employee ONLY): On July 1, the employee's contract changed from \$10.00/hour for 7.0 hours/ day with a 180-day contract to \$14.00/hour for 8.0 hours/day in a 230-day contract. To find the exemption amount, first determine the difference in the daily rates: $\$10.00/\text{hour} \times 7.0 \text{ hours/day} = \70.00 (previous daily rate). $\$14.00/\text{hour} \times 8.0 \text{ hours/day} = \112.00 (new daily rate). $\$112.00 - \$70.00 = \$42.00$ (difference). Since the change was at the beginning of the school year on July 1, use the full number of contract days to finish the calculation: $\$42.00 \times 230 \text{ days}$. The total exemption amount paid in the fiscal year would be \$9660.00.*
 - *Example3 (School Board Employee ONLY): On November 16, the employee's contract changed from \$12.99/hour for 7.0 hours/day with a 185-day contract to \$16.98/hour for 8.0 hours/day in a 244-day contract. To find the exemption amount, first determine the difference in the daily rates: $\$12.99/\text{hour} \times 7.0 \text{ hours/day} = \90.93 (previous daily rate). $\$16.98/\text{hour} \times 8.0 \text{ hours/day} = \135.84 (new daily rate). $\$135.84 - \$90.93 = \$44.91$ (difference). Since the change was in the middle of the school year, use the actual days worked from the effective date on November 16th in the calculation: $\$44.91 \times 135 \text{ contract days}$. The total exemption amount paid in the fiscal year would be \$6062.85. If the pension spike continues into the next consecutive fiscal year, use the remainder of the contract to determine the exemption amount: $\$44.91 \times 109 \text{ contract days} (244 - 135)$. The total exemption amount paid in the following fiscal year would be \$4895.19.*
2. If the exemption is overtime due to a state of emergency enter the total exemption amount in the second table under the appropriate description of the state of emergency. If the emergency overlaps multiple fiscal years, you will need to enter the correct amount paid for each fiscal year. Once this information is entered, proceed to [STEP 5](#).
 - *If this exemption is for a state or federally declared emergency, a copy of the Declaration of Emergency from the Governor of the Commonwealth of Kentucky or a Declaration of Emergency from the President of the United States must be included with the completed Form 6487.*
 - *If this exemption is for a local government declared emergency in which the Governor of the Commonwealth of Kentucky has mobilized the Kentucky National Guard, a copy of the Declaration of Emergency and the Order by the Governor must be included with the completed Form 6487.*



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3. If the exemption is due to mandatory or required overtime hours per KRS 61.598(4)(e), enter the total exemption amount in third table under the appropriate description of the overtime condition. If this overtime amount overlaps multiple fiscal years, you will need to enter the correct amount paid for each fiscal year. Once this information is entered, proceed to [STEP 5](#)
- *If the exemption is a state or federal grant, grant pass-through, or similar program, you must include a copy of the programs paperwork with the completed Form 6487. In order to expedite the review, please underline or highlight the specific language requiring overtime.*
 - *If this exemption is for the first 100 hours of mandatory overtime an employee is required to work by their employer within a fiscal year, KPPA requires an additional written statement from the primary reporting official or agency head for verification to be submitted with the completed Form 6487. Payment received for mandatory overtime after the first 100 hours in a fiscal year, voluntary overtime, and optional overtime does not qualify for this exemption.*

STEP 4

If the exemption is due to a Bona Fide Promotion or Career Advancement complete the first three sections of Part 3. Do not complete this part of the form if the pension spike is due to any other exemption or reason.

Part 3 - Bona Fide Promotion or Career Advancement Exemption			
Employee Information			
Please Check One:	<input type="checkbox"/> New Hire/Rehire	<input type="checkbox"/> Current Employee	Member ID or SSN:
Name:	Change/Hire Date:		
Complete the following section based on the employee's job description prior to promotion or career advancement (if the employee was a new hire/rehire, provide information about the employee's prior job).			
Employee's job title prior to promotion or career advancement:			
Describe the employee's job duties prior to promotion or career advancement. Please attach a job description if available			
Complete the following section based on the employee's job description after promotion or career advancement.			
Employee's job title after promotion or career advancement:			
Describe the employee's job duties prior to promotion or career advancement. Please attach a job description if available.			
If applicable, attach an organizational chart reflecting the employee's position both prior to and after promotion or career advancement. Provide any additional information that you would like to be considered by Kentucky Retirement Systems regarding the employee's promotion or career advancement. You may attach additional documentation if necessary.			

In the Employee Information section, check a box to indicate the employee's status at the time of the promotion or career advancement. Then provide the employee's name and SSN or Member ID. In the Change/Hire date field, provide the date of the promotion or career advancement.



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- *A copy of the personnel form with the date of the promotion/advancement must be submitted with the Form 6487.*

The second section requests information on the employee's job before the promotion or career advancement. Please provide the title along with a job description. If you cannot fit the job description in this space, please write *see attached* and include a copy of the job description with the completed form

The third section requests information on the employee's job after the promotion or career advancement. If you cannot fit the job description in this space, please write *see attached* and include a copy of the job description with the completed form. Once all sections are completed, proceed to [STEP 5](#).

STEP 5

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

Certification

I hereby certify that if I have full knowledge of the penalty in KRS 532.100 related to falsification of records and the information provided is true and accurate.

Agency Head Signature: _____

Date: _____

Agency Head Printed Name: _____

QUESTIONS?

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