Employer Reporting, Compliance & Education

Pension-Spiking Changes

House Bill 220, passed during the 2026 Legislative Session, amended KRS 61.598 and changes how certain pay raises are treated under pension spiking rules for Tier 1 and Tier 2 members. Pension spiking occurs when a member's creditable compensation increases by more than 10% in a fiscal year during the five fiscal years immediately preceding retirement.

Under House Bill 220, pay raises given to groups of employees, whether approved by an employer, funded by the legislature, or included in a collective bargaining agreement, are excluded from pension spiking reductions. This change became effective July 15, 2026, and applies retroactively to members with an effective retirement date on or after July 1, 2021.

Impacted Members

Kentucky Public Pensions Authority (KPPA) has identified members with a retirement date of July 1, 2021, or after, whose benefits were reduced at retirement due to pension spiking and who may no longer be subject to those reductions under this legislative change. For each affected member, KPPA will send Form 6487, Request for Member Pension Spiking Exemption Amounts, to the employer's reporting official. The employer will use this form to identify any pay increases that may now qualify for an exemption. The form must be signed and dated by an authorized employer contact listed in Employer Self Service. Please complete and return the form within 30 days of receipt.

KPPA is requesting information only on across-the-board raises and increases in creditable compensation that apply to all employees within a specified class. All other pension spiking exemptions should have been reported previously. A new form is only required if there are additional exempt wages to be considered.

Exemption Review

Once the completed Form 6487 is received by KPPA, the Employer Reporting, Compliance & Education (ERCE) team will review the form and supporting documentation.

If you have questions, please contact your ERCE Representative at 1-888-696-8810. If members have questions about how this change may impact their account, they can contact the Call Center at 1-800-928-4646 for additional information.

Kentucky Public Pensions Authority | 1260 Louisville Road l Monday - Friday 8:00 a.m. - 4:30 p.m. ET | Frankfort, KY 40601 US

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