



Kentucky Public
Pensions Authority

CHAPTER 2

Employee Reporting

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REPORTING REQUIREMENTS



Reporting and compliance may be different for [School Board](#) and [KHRIS](#) employers on some of the topics covered in this chapter.

Although not all employees are eligible to participate in systems operated by KPPA and have retirement contributions withheld, employers are required by [105 Kentucky Administrative Regulations 1:140](#) to report all employees in the monthly report.

The exceptions to this requirement are:

1. Employees who rejected participation when the employer initially joined CERS or KERS. This is a one-time occurrence for most agencies except Cities.
2. Full-time Mayor or City Council members who reject participation upon initial election to the position. These are the only positions allowed to elect or reject participation after an employer has joined CERS. Form 2012, Election or Rejection of Participation, is required.
3. KPPA-approved retired police officers who meet the qualifications and are returning to employment with a [City Police Department](#), [County Police Department](#), [County Sheriff Office](#), or [Post-Secondary Institution](#).
4. KPPA-approved retirees returning to a position of [School Resource Officer](#) through a school board, a contract between a local law enforcement employer and a school board, or the Kentucky State Police and a school board.
5. Employees simultaneously participating in and earning a full year of service credit with another state administered retirement program.
6. Approved independent contractors. Employers must send a copy of the contract to the KPPA Office of Legal Services to determine if the person qualifies under federal guidelines to be an independent contractor.
7. Volunteers paid a nominal fee. To constitute a nominal fee, the compensation earned by the volunteer cannot exceed \$500 per month, aggregated among all participating employers.
8. Employees who retired and were reemployed prior to August 1, 1998 and did not elect to begin a new account.
9. Student employees of public universities participating in KERS who are enrolled as full-time students in a course of study at the university and who are exempt from FICA withholding pursuant to United States Code Title 26.3121(b)(10) and 26 Code of Federal Regulations (CFR) Section 31.3121(b)(1)-2.
10. Student employees of public universities participating in KERS who are enrolled as full-time students in a course of study at the university and are classified as full-time students throughout the fiscal year pursuant to 29 CFR Section 519.2(a).

These specific groups should not be reported to KPPA.



Participating employers are required to notify KPPA when a current or former employee hired on or after August 1, 2000 is convicted by any state or federal court of a felony related to his or her employment. KPPA recommends that employers provide notice when felony charges against an employee related to employment are merely pending, and have not resulted in a conviction, so that KPPA staff can monitor the outcome of the criminal proceeding. Please contact your ERCE representative if you have any questions about reporting felony convictions.

INDEPENDENT CONTRACTORS AND LEASED EMPLOYEES

KPPA considers a number of factors when evaluating whether someone is an “employee” or an “independent contractor/leased employee”. These factors are consistent with the factors used by the Internal Revenue Service (IRS) to determine whether someone is an “employee” or an “independent contractor/leased employee”. Among the factors are:

Behavioral Control

- Who decides when and where work is done?
- Who provides instructions for what tools or equipment is used to perform work?
- Who decides whether the person is hired, fired, or promoted?
- Who decides where supplies and services will be procured from?
- Who decides the work assigned to the person?
- Can another person perform the work? If so, who?
- Who directs the sequence and timing of the work?

Training

- Who will train the person?
- Will the person provide training to others? If so, who?

Financial Control

Business Expense Reimbursement

- Employees are more likely to be reimbursed for business expenses than independent contractors because business expenses are typically incorporated into the agreed-upon payments to the independent contractor.
- Leased employees should receive a reimbursement of business expenses from the staffing agency, not the employer to which the employee has been leased.

Other Clients

- Independent contractors, in particular, are free to seek out other business opportunities. Employers commonly restrict the ability of employees to seek out other business opportunities.
- With leased employees, the question is whether the staffing company has other clients that the leased employee could potentially be assigned to.

Taxes

- Who is paying FICA (Social Security and Medicare) tax?

Realization of Profits and Losses

- Independent contractors are often in the position to realize profits or losses from their business.

How the Person is Paid

- An employee is generally paid wages, which are reported on the IRS Form W-2; whereas an independent contractor is generally paid in some other fashion (frequently, payment to individual independent contractors is reported to the IRS on Form 1099).
- Independent contractors are more likely to be paid either a flat fee or on a time + materials basis, but they can be paid on an hourly basis. Employees are generally paid on an hourly basis or given a salary.
- With leased employees, it is important to look at which employer is issuing the payments to the leased employee and the IRS form on which those payments are reported.

Type of Relationship

Benefits

- Only employees should receive benefits such as health insurance, retirement benefits, paid leave, and fringe benefits.
- An independent contractor or leased employee should not be receiving benefits from an employer that claims the independent contractor or leased employee does not work directly for them.


Permanency

- Independent contractors and leased employees are more likely to expect an impermanent or temporary relationship.
- Employees are more likely to expect the relationship to continue indefinitely, absent a significant and unanticipated event.

Key Aspect of Regular Business

- Persons contributing to central aspects of regular business are more likely to be employees.

This list is not intended to be comprehensive; KPPA may consider other information in making its determination as to whether someone is an employee or an independent contractor/leased employee. Additionally, the number of factors met does not by itself demonstrate an employee or independent contractor/leased employee relationship.

 **PDF LINK**
[Reemployment
after Retirement
Handbook](#)



 **PDF LINK**
[Employee](#)

 **PDF LINK**
[Independent
Contractor/
Leased
Employee](#)

 **PDF LINK**
[Volunteer](#)



RETIRED REEMPLOYED

All members who retire from a system operated by KPPA must adhere to reemployment law. Failure to comply with [Kentucky Revised Statute 61.637](#) or [KRS 78.5540](#) upon reemployment with a participating agency will void the member's retirement and require repayment of all benefits. Please refer to our [Reemployment after Retirement Handbook](#) for more information.

PRIOR TO RETIREMENT

In general, Kentucky law prohibits a member from having a prearranged agreement, prior to his or her effective retirement date, to return to employment in any position with any participating agency. The member must certify on the [Form 6000, "Notification of Retirement"](#) that no prearranged agreement exists prior to retirement.

FOLLOWING RETIREMENT

Reemployment as an Employee with a participating agency: [Kentucky Revised Statute 78.5540](#), enacted by the General Assembly in 2021, and [KRS 61.590](#) and [61.637](#), amended by the General Assembly in 2019, deal with reemployment of a retiree with a participating agency. [Read More](#)

Reemployment as an Independent Contractor/Leased Employee with a participating agency: [Kentucky Revised Statute 78.5540](#), enacted by the General Assembly in 2021, and [KRS 61.590](#) and [61.637](#), amended by the General Assembly in 2019, deal with reemployment of a retiree as an independent contractor/leased employee with a participating agency. [Read More](#)

Reemployment as a Volunteer with a participating agency: [Kentucky Revised Statute 78.5540](#), enacted by the General Assembly in 2021, and [KRS 61.590](#) and [61.637](#), amended by the General Assembly in 2019, deal with service as a volunteer with a participating agency after retirement. [Read More](#)

Reemployment as an Elected Official with a participating agency: [Kentucky Revised Statute 78.5540](#), enacted by the General Assembly in 2021, and [KRS 61.590](#) and [61.637](#), amended by the General Assembly in 2019, provide that if an elected official retires from office, is reelected to the same office, and begins a new term within 12 months of retiring, this will constitute a prearranged agreement and his or her retirement will be voided.

Mayors and Members of City Legislative Bodies: [Kentucky Revised Statutes 78.5540](#) and [KRS 61.637](#) deal with the retirement of Mayors and Members of City Legislative Bodies. If the member holding the position is at least 62 years of age and eligible to retire from the County Employees Retirement System (CERS), the member is not required to resign from his or her position as Mayor or Member of a City Legislative Body in order to begin drawing benefits. The member cannot accumulate any additional benefits after the member's effective retirement date, or he or she may forfeit his or her initial retirement benefits. The member does not have to resign as Mayor or as a Member of a City Legislative Body if the member has not participated in CERS prior to retirement, regardless of age. See [Kentucky Revised Statutes 61.637\(17\)\(f\)1 and 78.5540\(4\)\(f\)1](#).

OTHER INFORMATION

Required Break in Service: Members with a retirement date on or after January 1, 2024, are required to observe a one (1) calendar month break in service from his or her effective retirement date before returning to work for a participating employer. For information on members with a retirement date before January 1, 2024, please contact your ERCE representative.

Member's Age: The obligation to notify KPPA of employment or volunteer work for a participating agency within twelve (12) months of the member's effective retirement applies regardless of the age of the retired member. There is no exemption based on age.

Health Insurance: If a retired member with an initial participation date prior to September 1, 2008, has elected health insurance coverage offered through KPPA but later reemploys with a participating agency in a regular full-time position, the agency is required to reimburse KPPA for the single coverage health insurance contribution provided to the retiree. If a retired member with an initial participation date on or after September 1, 2008, reemploys with a participating agency in a regular, full-time position, the retired member will not be eligible for health insurance coverage offered through KPPA during the period of reemployment.

REEMPLOYMENT EXCEPTIONS

Kentucky law provides specific requirements for participating agencies reemploying retirees. If the retiree does not qualify for one of the exceptions outlined below and meets the definition of regular full-time pursuant to [Kentucky Revised Statute 61.510\(21\)](#) and [78.510\(21\)](#) they must be reported each month to KPPA as Retired/Reemployed and the agency is responsible for paying employer contributions and any required insurance reimbursements.

There are currently five exceptions to the requirement that participating agencies remit employer contributions and any required insurance reimbursements for reemployed retirees in a regular-full-time position:

1. **Postsecondary Institution Employment of Retired Police Officer:** In 2019, the General Assembly passed legislation establishing new exceptions for participating postsecondary institutions that reemploy retired police officers. [Read More](#)
2. **School Resource Officer:** In 2018, the General Assembly passed legislation establishing a new exception for reemploying certain retirees as school resource officers, which is defined in [Kentucky Revised Statute 158.441](#). [Read more](#)
3. **County Employment of Retired Police Officer:** In 2018, the General Assembly passed legislation establishing an exception for participating county police departments that reemploy retired police officers. [Kentucky Revised Statute 70.291 to 70.293](#) outline these reemployment exceptions. [Read more](#)



STATUTE

[KRS 61.510\(21\)](#)

[KRS 78.510\(21\)](#)

 **PDF LINK**
[Postsecondary
Institution](#)

 **PDF LINK**
[School Resource
Officer](#)

 **PDF LINK**
[County Retired
Police Officer](#)

4. **City Employment of Retired Police Officer:** [Kentucky Revised Statute 95.022](#) outlines an exception for participating cities hiring retired police officers. [Read more](#)
5. **Sheriff Employment of Retired Police Officers:** [Kentucky Revised Statute 70.291 to 70.293](#) outlines reemployment exceptions for participating Sheriffs' offices hiring retired police officers. [Read more](#)

If the retiree does not qualify for one of the exceptions outlined above and does not meet the definition of regular full-time, he or she must be reported each month to KPPA as Retired/Reemployed in a Non-Participating status, therefore the agency is not responsible for paying employer contributions nor health insurance reimbursements.

PENSION SPIKING

Legislation passed in 2013 created [Kentucky Revised Statute 61.598](#), which requires KPPA to evaluate each retiring member's last five (5) fiscal years of employment to determine whether there was an increase in the member's creditable compensation by more than 10% between each fiscal year and the prior fiscal year. If there were any such increases in the retiring member's creditable compensation, KPPA then must evaluate whether the increase(s) meet certain statutory requirements. This is commonly referred to as pension spiking.

EMPLOYER PENSION SPIKING

For retirement dates of January 1, 2014 through June 30, 2017, the law required the last participating employer to pay for any additional actuarial costs resulting from pension spiking.

MEMBER PENSION SPIKING

In 2017, [Kentucky Revised Statute 61.598](#) was amended to establish a different process for pension spiking.

Under current law, KPPA reviews the last five fiscal years of employment for Tier 1 and Tier 2 members retiring on or after January 1, 2018. Any increase in salary earned after July 1, 2017 in excess of 10% from the immediately preceding fiscal year will be exempt from creditable compensation when calculating the member's retirement benefit, if the fiscal year is to be used in the member's final compensation. KPPA will refund member contributions and interest attributable to the reduction in creditable compensation back to the employer. KPPA will allocate the employer contributions to the appropriate system to offset the unfunded pension liability.

A member's final compensation will be adjusted unless the increase in creditable compensation by more than 10% is due to one of the following exemptions:

1. Bona Fide promotion or career advancement;
2. Lump sum payout for compensatory time at termination only;
3. Lump sum payout for alternate sick leave payments;
4. Increases in years where the member was on leave without pay in the prior fiscal year;
5. An increase due to overtime work and pay as the result of a state or federal grant, grant pass-through or a similar program that requires overtime as a condition or necessity of the employer's receipt of the grant;
6. An increase due to overtime work and pay required by a federal or state-declared emergency.




For retirement dates of July 1, 2021 and after, the 10% cap on creditable compensation growth will not apply when it results in a benefit change of less than \$25 per month. If there is a benefit change of \$25 or more per month due to pension spiking, the member's creditable compensation will be reduced by the appropriate amount to meet the new \$25 monthly threshold.



House Bill 30, which deals with pension spiking, passed during the 2025 Regular Session of the Kentucky General Assembly. The bill amends Kentucky Revised Statute (KRS) 61.598 to expand the definition of *bona fide promotion or career advancement* to include increases in the rate of pay given to all employees of a specified class, commonly referred to as across-the-board raises. These raises will be exempt from pension spiking per KRS 61.598(4)(a). Per 105 Kentucky Administrative Regulation (KAR) 1:142, this is effective for retirements on or after July 1, 2024.

A Form 6487, Request for Member Pension Spiking Exemption Amounts, is mailed to the employer when a pension spike is identified. This form must be completed by the agency head or primary reporting official and returned to KPPA within the allotted time period.

Please refer to the [Quick Guide to Completing Form 6487](#) for instructions on how to properly complete the form.

 **PDF LINK**
[Quick Guide](#)
[Form 6487](#)

EECON
Employee
Contributions

HICON
Health Insurance
Contributions

ERCON
Employer
Contributions



READ MORE

[Chapter 1:
KPPA
Information](#)



CONTRIBUTION GROUPS

Contribution groups are used to validate employee contributions (EECON) and health insurance contributions (HICON) as well as to calculate employer contributions (ERCON) for each employee in a regular full-time position reported to KPPA. This designation allows these employees to be “organized” based on the different contribution groups. Contribution groups indicate system participation (KERS, CERS or SPRS), plan participation (Nonhazardous or Hazardous) and the required contributions (employee, health insurance and employer):

CONTRIBUTION GROUP

CONTRIBUTION GROUP	DESCRIPTION	EECON	HICON	ERCON
Without HICON	Participation date in a state-administered retirement system prior to 9/1/2008.	Yes	No	Yes
With HICON	Participation date in a state-administered retirement system on or after 9/1/2008.	Yes	Yes	Yes
Cash Balance	Participation date in KERS, CERS, or SPRS on or after 1/1/2014.	Yes	Yes	Yes
Retired Reemployed	KERS, CERS, or SPRS retirees who returned to a regular full-time position on or after 9/1/2008.	No	No	Yes
Non-Participating	Employees classified in a non-participating status.	No	No	No

Kentucky law provides that all employees in a regular full-time position with a participating agency contribute a percentage of their creditable compensation. Read more about creditable compensation in [Chapter 1](#). The amount the employee contributes is determined by their benefit tier as well as the classification of their position as hazardous or nonhazardous. Employees classified as hazardous contribute a different amount than employees classified as nonhazardous. Due to legislation passed during the 2008 Special Session of the General Assembly, employees with a participation date on or after September 1, 2008 contribute an additional, non-refundable, one percent (1%) health insurance contribution (HICON).

EMPLOYEE CONTRIBUTION

TIER	PARTICIPATION DATE	CONTRIBUTION
Tier 1	Prior to 9/1/08	Without HICON NHAZ 5%; HAZ 8%
Tier 2	9/1/08 - 12/31/13	With HICON NHAZ 5% + 1% HICON HAZ 8% + 1% HICON
Tier 3	1/1/14 and after	With HICON NHAZ 5% + 1% HICON HAZ 8% + 1% HICON



For Example:

An employee is hired by the city in a regular full-time nonhazardous position with a participation date after 9/1/2008.

The employee is assigned to the CERS nonhazardous with HICON contribution group.

CNHZHI

For this employee, KPPA will expect:

5% EECON

1% HICON

Required ERCON

CNHZHI
CERS
Nonhazardous
with Health
Insurance
contribution



For Example:

An employee is hired by the city in a seasonal position.

The employee is assigned to the CERS nonhazardous non-participating contribution group.

CNHZNP

For this employee, KPPA will expect:

0% EECON

0% HICON

0% ERCON

CNHZNP
CERS
Nonhazardous
Non-participating

ESS
Employer
Self Service

SELF SERVICE

LOGIN

The Download Member ID Module in Employer Self Service (ESS) allows employers to view and download contribution group information for employees hired in a participating [position status](#). This helps employers identify the contribution group in which a new member should be reported. Employers can use this information during initial payroll setup to ensure that correct contribution rates are withheld from the member's paycheck.

To view all contribution groups, refer to [Appendix C: Contribution Groups](#).



[KRS 61.510\(21\)](#)
[KRS 78.510\(21\)](#)



[Chapter 6:](#)
[School Boards](#)

POSITION STATUS

There are both statutory and report-based position statuses. Statutory positions are specifically defined in [Kentucky Revised Statutes 61.510\(21\)](#) and [78.510 \(21\)](#). Report-based positions have been established for averaging and service credit validations to be accurately performed for an employee assigned to one of these statuses.

STATUTORY POSITION STATUSES

Regular Full Time (non-school board): Positions in KERS, CERS, and SPRS that average one hundred (100) or more hours per month over a calendar or fiscal year. This is a participating position.

Regular Full Time (school board): Classified school board employees are required to average eighty (80) or more hours per month over actual days worked within a school year. Employees classified under this status must have contributions withheld from their creditable compensation unless they are retired from KERS, CERS, or SPRS and reemployed after September 1, 2008. Generally, if the employee averages four (4) or more hours per day, they should be considered Regular Full Time. This is a participating position.

Seasonal: Employees classified under seasonal status should not have contributions withheld from their creditable compensation.

A position is considered seasonal if:

- the position is temporary in duration,
- the position coincides in duration with a particular season or seasons of the year,
- the position may recur regularly from year to year, and
- the position is limited to nine (9) months*

**An exception is classified school board positions which are limited to six (6) months.*



Effective July 1, 2013, the time limit for a seasonal status is based on a fiscal year (July 1-June 30). The months worked in a seasonal status do not have to be consecutive during the fiscal year, however, they cannot exceed the limit. KPPA alerts the employer when the seasonal period is about to expire. Continuing to report an employee beyond the allowable seasonal period will result in reporting errors.

Temporary: Temporary positions are non-renewable positions in KERS not to exceed nine (9) months and positions in CERS not to exceed twelve (12) months. Employees classified under this status should not have contributions withheld from their creditable compensation.



[KRS 61.510\(21\)](#)

[KRS 78.510\(21\)](#)

[KRS 61.680\(6\)](#)

Probationary: Positions in CERS not to exceed twelve (12) months and must be universally administered by the employer for new employees. These positions are not renewable for the same employee, unless the employee has not been employed with the participating employer for a period of at least twelve (12) months. CERS employers may designate a period of probation for all employees not to exceed twelve (12) months. Employees classified under this status should not have contributions withheld from their creditable compensation.

Probationary periods in KERS and SPRS are required to be reported as regular full-time.

Emergency: Positions in KERS, SPRS and CERS limited to thirty (30) working days and not renewable. Employees classified under this status should not have contributions withheld from their creditable compensation.

Retired Police Officer: Certain positions that have been preapproved by KPPA as exempt from paying employer contributions and health insurance reimbursements.

Interim: Positions in KERS established for a one-time or recurring need, not to exceed nine (9) months. Employees classified under this status should not have contributions withheld from their creditable compensation.

Part Time: Positions in KERS and CERS which may be permanent but require less than a calendar or fiscal year average of one hundred (100) hours* of work per month.

Use this position status if the employee has a set work schedule. Employees classified by an employer as part-time but who meet the definition of regular, full-time per [Kentucky Revised Statutes 61.510\(21\)](#) and [78.510\(21\)](#) must have salary and contributions reported.

**For school board employees, these are positions that require an average of less than 80 hours per month over actual days worked in a school year. Part-time classified positions should be reported with contract days.*



If an employee is working more than one part-time or full-time position for more than one employer in the same system, a combination of hours will be used to determine eligibility per [Kentucky Revised Statute 61.680\(6\)](#).

Volunteer: Position with a participating employer receiving no compensation for services rendered, except for reimbursement of actual expenses and/or payments of a nominal fee for the cost of performing the voluntary services.

Independent Contractors: Individuals working as independent contractors should not be included on monthly reporting to KPPA, however effective Fiscal Year 2022, quasi-governmental employers are required to supply information to KPPA regarding their contract employees on a fiscal year basis. The Internal Revenue Service (IRS) sets specific guidelines which must be met before an individual can be classified as an independent contractor for tax purposes. If the individual is not classified as an independent contractor for reporting income to the IRS, the individual cannot be exempt from retirement coverage.



Contracts must be submitted to our Office of Legal Services for review before the employee can be classified as an independent contractor.

REPORT-BASED POSITION STATUSES

Report-based positions have been established for averaging and service credit validations to be accurately performed for an employee assigned to one of these statuses.

Intermittent: Position status for those employees who receive creditable compensation which must be reported to KPPA, but who maintain a sporadic work schedule and may not earn wages every month.

Paraprofessional: Position Status for noncertified school board employees who work in the capacity of a coach.

Regular Full Time Less Than 12 Months: Positions in KERS or CERS that are held by regular full-time employees who do not work 12 months per year but are paid over 12 months, excluding classified employees of local school boards. Some examples include head start employees employed by community action agencies and school nurses employed by local health departments.



Substitute classified school board employees who meet the above requirement must be reported as intermittent. Please read [Chapter 6](#) for more information.



[READ MORE](#)

[Chapter 6:](#)
[School Boards](#)

JOB POSITION

KHRIS



Teachers'
Retirement
System



STATUTE

KRS 61.520



STATUTE

KRS 78.540(1)

KHRIS employers can only report the following positions: County Attorney Employee, General Assembly Employee, Constitutional Officers, Sheriff, Police, Jailer, and Other.

Every employee reported to KPPA is assigned a specific job position. Hazardous duty employees have specific job titles that should be reported each month. Certain nonhazardous positions have special rules or regulations that apply and the employees in these positions must have the appropriate job position reported.

Non-instructional Positions: Colleges and universities that participate in KERS should only report employees who are in non-instructional positions. Non-instructional positions are all positions other than (a) instructional staff responsible for teaching and (b) administrative positions included in the Teachers' Insurance and Annuity Association (TIAA) or the Teachers' Retirement System. Colleges and universities with questions regarding whether an employee is in a non-instructional position should contact their ERCE representative for assistance. See Kentucky Revised Statute 61.520.

Mayors, City Council and City Manager: Upon initial election of a city official, the reporting official of the city must determine whether or not the employee is full-time under statute. It is the responsibility of the employer to determine full-time status. Part-time city elected officials should still be reported to KPPA, but will utilize a non-participating contribution group.

Under the provisions of Kentucky Revised Statute 78.540, mayors and members of city legislative bodies, who are considered fulltime, may decline membership in CERS prior to their participation by submitting Form 2012, Election or Rejection of Participation. Any full-time Mayor or City Council member who rejects participation should not be reported to KRS. In addition, if the mayor or city council member initially rejects participation in CERS, he or she can later elect to participate.



Cities utilizing a city commission should report those employees using the "city council" job position.

Further, the statute provides that city managers and other appointed local government executives who participate in a retirement system, other than Social Security, which operates in more than one state (e.g. ICMA), may decline prior to their participation. If these employees decline participation, they should not be reported to KPPA.



Employees can decline participation but at a later date elect to participate in CERS.



STATUTE

[KRS 78.510\(6\)](#)



REGULATION

[105 KAR 1:250](#)



STATUTE

[KRS 78.5302](#)



[Contact ERCE](#)

Magistrate\Commissioner: Upon initial election of a magistrate, the reporting official of the fiscal court must determine whether or not the employee is full-time under statute. It is the responsibility of the employer to determine full-time status.

Magistrates may either be classified as part-time or full-time on an individual basis. If a magistrate is classified as full-time, the appropriate retirement contributions should be withheld and reported to KPPA. If a magistrate is part-time, the magistrate should be reported to KPPA in a non-participating contribution group and should not have contributions withheld.

Coroner/Deputy Coroner: Effective July 15, 1984, legislation was passed to include the coroner of all participating counties in the definition of employee, so that they became eligible to participate in CERS, regardless of whether the coroner worked enough hours to qualify as a regular full-time officer per [Kentucky Revised Statute 78.510\(6\)](#).

Deputy Coroners must meet the definition of a full-time employee to be eligible for participation in CERS. A deputy coroner should be reported to KPPA with a job position of "Other." Please refer to the Position Status section for the definition of a full-time employee.

County Attorney Employee: Effective July 16, 1992, all full-time employees of a County Attorney Office who were paid from sources of funds outside a Fiscal Court's control were required to participate with either CERS or KERS. All employees who work in a County Attorney Office should be reported to KPPA with the job position "County Attorney Employee", regardless of the employing agency.

The County Attorney is required to determine which system an employee will participate in based upon the employee's job duties. Form 2110, Retirement System Determination - County Attorney Employees, should be completed and filed with KPPA as required by [105 Kentucky Administrative Regulation 1:250](#) and [Kentucky Revised Statute 78.5302](#). The following criteria provide a basis for the determination:

- If the employee's job duties are related to the prosecution of criminal cases in the district or circuit courts of the Commonwealth, the employee should participate in KERS.
- If the employee's job duties are related to the legal representation of the fiscal court, its officers or employees, or other elected county officers in any civil or administrative proceeding in state or federal courts and administrative agencies, the employee should participate in CERS.
- Employees who are already participating in one of the systems operated by KPPA will continue to participate in that system and wages paid by the County Attorney will be reported under that system.

For a copy of the Form 2110, please contact your ERCE representative or access a copy from the available forms list in Employer Self Service.



STATUTE

[KRS 61.510\(43\)](#)
[KRS 78.510\(40\)](#)



STATUTE

[KRS 61.510\(5\)](#)

Volunteer: Effective July 1, 2016, if a volunteer receives a greater than nominal fee payment from an employer participating in CERS or one participating in KERS or SPRS, then that volunteer is required to have the compensation reported as an employee. Nominal fees are defined in [Kentucky Revised Statute 61.510\(43\)](#) and [78.510\(40\)](#) as compensation earned for services as a volunteer that do not exceed a payment of \$500 per month, aggregated among all participating employers.

Master Commissioner: Master Commissioners began participating in KERS by Executive Order effective July 1958. [Kentucky Revised Statute 61.510\(5\)](#) requires an individual to be a regular full-time employee in order to participate with KERS. Newly appointed Master Commissioners should contact the Employer Reporting, Compliance and Education Division for information regarding participation. All employees of the Master Commissioner's office should be reported to KPPA with the job position "Master Commissioner". The employer contributions for Master Commissioners are paid by the Administrative Office of the Courts and not the Master Commissioner's office. Master Commissioners and their employees are still responsible for reporting all contribution detail information and appropriate employee contributions to KPPA each month. For each of these employee records, the "Employer Paid ERCON" field should be marked as No.

General Assembly Employee: Assistants employed by the General Assembly who meet the following qualifications may be eligible for service as a regular full-time employee: (a) The assistant was employed by the General Assembly for at least one (1) regular legislative session prior to July 13, 2004, (b) the assistant elects to participate in KERS, (c) the assistant serves for at least six (6) regular legislative sessions, and (d) the assistant averages 100 hours of work per month.



The assistant will only receive service credit for the months actually worked that average the required 100 hours.

Once the assistant has met these qualifications, the assistant and the employer will be billed for omitted contributions for all previous regular sessions. Additionally, once the assistant has met these qualifications, the employer must thereafter withhold employee contributions, report employee and employer contributions to KPPA, and report the required information to KPPA for the assistant during all future regular and special sessions. All assistants employed by the General Assembly for the first time after July 13, 2004 are designated as interim employees.

Constable: [Section 99](#) of the present KY Constitution requires the election of one constable in each justice of the peace district court for a four (4)-year term. The number of districts varies from county to county; each county has from three (3) to eight (8) ([section 142](#)). Today, constables are defined as peace officers and possess the same law enforcement powers as sheriffs, coroners, and jailers and are eligible for the same police training provided to other peace officers. Their main duties include

executing warrants, summonses, subpoenas, attachments, notices, rules, and orders of the court in all criminal, penal, and civil cases ([KRS 70.350](#)).

A Constable may participate in the County Employees Retirement System (CERS). If the Constable meets the requirements of being a full-time employee per KRS 78.5810(21), the participating employer may report the Constable as participating in KPPA.



STATUTE

[KRS 6.150](#)



STATUTE

[KRS 61.510\(10\)](#)



MEMBER FORMS
[Form 4527](#)

Constitutional Officers: The term “Constitutional Officers” refers to certain General Assembly positions elected by the House and the Senate pursuant to [Kentucky Revised Statutes 6.150](#), including chief clerk, assistant clerk, enrolling clerk, sergeant-at-arms, doorkeeper, pages and cloakroom keepers. The Legislative Research Commission reporting official should communicate directly with designated KPPA staff concerning the appropriate reporting for these “Constitutional Officers”. [Kentucky Revised Statute 61.510\(10\)](#) specifies that members, officers, and employees of the General Assembly will be credited with a month of service for each month the position is occupied.



Nonhazardous Public Safety Officer: The following nonhazardous positions may qualify for special treatment under IRS regulations and are required to be classified accordingly:

- **Jailer:** To be used for nonhazardous jail employees
- **Sheriff:** To be used for nonhazardous sheriff employees who provide police protection
- **Police:** To be used for nonhazardous police employees who provide police protection
- **Fire:** To be used for nonhazardous employees who provide firefighting services
- **EMS:** To be used for nonhazardous employees who provide emergency medical services

The member will need to complete the [Form 4527, Certification by a “Qualified Public Safety Employee” and Request for an Exception to the 10% Early Distribution Penalty in IRC Section 72\(t\)](#).

Other: This job position should be used for all nonhazardous employees who should not be classified into one of the above specific positions.

HAZARDOUS DUTY COVERAGE



STATUTE

[KRS 61.592\(1\)\(a\)](#)

[KRS 78.5520\(1\)\(a\)](#)

[KRS 196.167\(3\)\(b\)](#)



STATUTE

[KRS 78.5520\(1\)\(b\)](#)

[KRS 61.315\(1\)](#)



REGULATION

[KAR Chapter 105](#)

Certain employers have positions that may qualify for hazardous duty coverage. It is not mandatory that employers participate under Hazardous Duty Coverage, however, employers must request hazardous duty coverage for these positions.

According to [Kentucky Revised Statute 61.592\(1\)\(a\) and 78.5520\(1\)\(a\)](#) "Hazardous Position" for participating KERS employees, as well as CERS employees who began participating before September 1, 2008, means:

Any position whose principal duties involve active law enforcement, including the positions of probation and parole officer and Commonwealth detective, active fire suppression or prevention, or other positions with duties that require frequent exposure to a high degree of danger or peril and also require a high degree of physical conditioning; and positions in the Department of Corrections in state correctional institutions and the Kentucky Correctional Psychiatric Center with duties that regularly and routinely require face-to-face contact with inmates; and positions of employees who elect coverage under [Kentucky Revised Statute 196.167\(3\)\(b\)2](#) and who continue to provide educational services and support to inmates as a Department of Corrections employee.

According to [Kentucky Revised Statute 78.5520\(1\)\(b\)](#) "Hazardous Position" for employees who begin participating in CERS on or after September 1, 2008 means:

Police Officers and Firefighters as defined in [Kentucky Revised Statute 61.315\(1\)](#), paramedics, correctional officers with duties that routinely and regularly require face-to-face contact with inmates, and emergency medical technicians if: the employee's duties require frequent exposure to a high degree of danger or peril and a high degree of physical conditioning; and the employee's duties are not primarily clerical or administrative.

In addition to the amended definition of hazardous duty as listed above, [105 Kentucky Administrative Regulation 1:130](#) requires that any CERS employer desiring to provide hazardous duty coverage for employees who begin participating in CERS on or after September 1, 2008, petition the CERS Board of Trustees to reestablish hazardous duty coverage for all positions.

Until the CERS Board of Trustees has approved hazardous duty coverage for a particular position effective after September 1, 2008, each employee who begins participating in CERS on or after September 1, 2008 MUST be reported as nonhazardous.

If an employee began participating in CERS prior to September 1, 2008, the employee should be reported as hazardous if their position was approved by as a hazardous duty position prior to September 1, 2008. Please remember this will only apply for those employees who have previously participated in CERS, not KERS or SPRS.

APPLY FOR HAZARDOUS COVERAGE



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VIDEOS

[CERS
HAZARDOUS
PETITION
TUTORIAL](#)

Before an agency can offer Hazardous Duty Coverage to its employees, the appropriate system's Board of Trustees must approve the position(s) as hazardous. Employers interested in applying for hazardous duty coverage should contact their ERCE representative to initiate the process. An ERCE representative will explain the petitioning process and provide the hazardous duty packet, which includes detailed instructions and forms that must be completed and returned to our office.



NOTICE

The process for applying is different for KERS and CERS. To learn more about how to apply, please refer to the system your agency participates in as the requirements vary.

Please note that contribution rates for hazardous duty may be higher for both the employer and the employee.

CERS employers must take the following steps to apply for Hazardous Duty Coverage:

1. **Adopt Resolution:** The agency must adopt a resolution stating the intention to transfer eligible positions to hazardous coverage and the desired effective date of hazardous coverage.
2. **Complete Form 7011, HP-1, Hazardous Participation Certification (CERS):** Form 7011 certifies that the position(s) involved meet the definition and that the agency has verified sufficient funds have been budgeted for employer contributions.
3. **Complete Job Description(s):** The agency must provide a Job Description for each position being requested for Hazardous Duty Coverage.
4. **Complete Form 7025, Position Questionnaire:** A Position Questionnaire must be completed on each position being requested for Hazardous Duty Coverage.
5. **Complete Form 2011, HP-2, Hazardous Position Certification:** This form certifies the effective date the employee began working in the position and when the employee had a physical examination.



VIDEOS

[KERS HAZARDOUS PETITION TUTORIAL](#)

KERS employers must take the following steps to apply for Hazardous Duty Coverage:

1. Complete Form 7013, HP-1, Hazardous Position Certification (KERS):

Form HP-1 certifies that the position(s) involved meet the definition and that the agency has verified sufficient funds have been budgeted for employer contributions.

2. Letter from the Governor's Office for Policy and Management: Requests made by KERS employers reported by the Personnel Cabinet must be accompanied by a letter from the Governor's Office for Policy and Management stating that funds have been allocated for hazardous contribution rates.

3. Listing of Position/Employee Information: Provide a list of all positions to be covered under hazardous duty. Include the name, Social Security Number, and position title of all individuals who are currently employed in positions to receive hazardous duty coverage.



For KERS employers reported by the Personnel Cabinet, the list of positions should include the unique eight-character Job ID used by the Personnel Cabinet to identify each position. The eight-character Job ID for the position being presented for hazardous coverage cannot be the same as a Job ID that will continue to identify employees participating as nonhazardous.

4. Complete Job Description(s): The agency must provide a Job Description for each position being requested for Hazardous Duty Coverage.

5. Complete Form 7025, Position Questionnaire: A Position Questionnaire must be completed on each position being requested for Hazardous Duty Coverage.

6. Complete Form 2011, HP-2, Hazardous Position Certification: This form certifies the effective date the employee began working in the position and when the employee had a physical examination.

DATE OF COVERAGE

The Board of Trustees for the appropriate system reviews all hazardous coverage petitions to determine if the positions meets the requirements to be reported as hazardous duty. Your ERCE representative will provide the date that the completed hazardous packet must be returned in order for it to go before the Board. For KERS positions, the hazardous effective date will be the first day of the month following the meeting. For CERS positions, the hazardous effective date will be the first day of the month following the meeting unless a different date is approved by the Board of Trustees of the appropriate system. [View the meeting calendar.](#)

HAZARDOUS CONVERSION SERVICE PURCHASE

Per [Kentucky Revised Statutes 61.592\(3\)\(c\) and 78.5520\(3\)\(a\)](#), if an employer participated in a system prior to adopting hazardous duty coverage, the employer may pay the cost of converting nonhazardous service to hazardous service for members employed in an approved hazardous position who have a participation date prior to January 1, 2014. Employers interested in making this service purchase on behalf of an employee should contact their ERCE representative to discuss next steps.



[Meeting Schedule](#)



STATUTE

[KRS 61.592\(3\)\(c\)](#) [KRS 78.5520\(3\)\(a\)](#)

SICK LEAVE PROGRAMS



STATUTE

[KRS 61.546](#)

[KRS 78.616](#)



NOTICE

The administration of sick leave programs is dictated by state law. Employers must comply with these guidelines and uniformly administer their sick leave program.

The Sick Leave programs established by [Kentucky Revised Statute 61.546](#) and [78.616](#) allow an employee who is a Tier 1 or Tier 2 member to convert unused sick leave to additional months of service at the time of retirement.



Sick leave cannot be used to calculate retirement benefits for Tier 3 members who began participation in KERS, SPRS, or CERS on or after January 1, 2014.

LEAVE PROGRAMS

KPPA recognizes two sick leave programs relevant to retirement: Standard Sick Leave and Alternate Sick Leave.

Most KERS and SPRS employers are required to participate in the Standard Sick Leave Program. Only KERS quasi-governmental agencies have the option to elect participation in the Standard Sick Leave Program.

CERS employers can choose to participate in the Alternate Sick Leave Program, the Standard Sick Leave Program, or neither.

STANDARD SICK LEAVE PROGRAM

This program allows employees to convert their hours of unused sick leave to additional months of service credit at the time of retirement.

KERS AND SPRS EMPLOYERS – PARTICIPATION AND SERVICE CREDIT

Since July 14, 1984, SPRS and KERS employers reported by the Personnel Cabinet are required to participate in the Standard Sick Leave Program and universally administer the program based on statute.

At retirement, the member's unused sick leave hours and hours worked per day determine the sick leave service credit awarded to the member's account. For more information on converting hours to months of service credit, please refer to the Sick Leave Chart. Tier 1 members may use unlimited sick leave toward retirement and insurance eligibility. Tier 2 members may receive a maximum of 12 months of service credit for unused sick time. The sick leave service credit for Tier 2 members does not count toward retirement eligibility or health insurance benefits.

[Read more about Tier 1 Sick Leave Credit](#)

[Read more about Tier 2 Sick Leave Credit](#)

 **PDF LINK**
[Sick Leave Chart](#)



 **PDF LINK**
[Sick Leave Chart](#)



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CERS AND KERS QUASI-GOVERNMENTAL EMPLOYERS – PARTICIPATION AND SERVICE CREDIT

CERS and KERS quasi-governmental employers can opt to join the program by adopting Form 7030, Order of Participation Standard Unused Sick Leave Program. Employers interested in joining the program should contact their ERCE representative to request this form.

Once an employer elects to participate, they must universally administer the program based on their personnel policy in conjunction with statute. An employer sets the number of sick leave hours that the employee may accrue and/or use at termination in their personnel policy; but the employer's policy must be on record with KPPA stating the limitations and allowances.

At retirement, the reported unused sick leave hours and hours worked per day determine the sick leave service credit awarded to the member's account. For more information on converting hours to months of service credit, please refer to the Sick Leave Chart. Tier 1 members may use unlimited sick leave toward retirement and insurance eligibility. Tier 2 members may receive a maximum of 12 months of service credit for unused sick time. The sick leave service credit for these members does not count toward retirement eligibility or health insurance benefits.

[Read more about Tier 1 Sick Leave Credit](#)

[Read more about Tier 2 Sick Leave Credit](#)

Employers should contact their ERCE representative to discuss adopting a Sick Leave Program or making changes to their personnel policy.



Once an employer participates in the Standard Sick Leave Program, they cannot exit the program. CERS and KERS quasi-governmental employers may alter their personnel policies, but should do so with assistance from their ERCE representative to fully understand the statutory requirements.

KERS AND SPRS EMPLOYERS – COST TO EMPLOYERS

On July 1, 2010, legislation amended the statute for all KERS and SPRS employers, requiring the last participating employer to pay the full cost of any sick leave credited to the member's account. SPRS and KERS employers reported by the Personnel Cabinet, will receive a Sick Leaving Billing Invoice in ESS following the post retirement audit of the member's account.

CERS AND KERS QUASI-GOVERNMENTAL EMPLOYERS – COST TO EMPLOYERS

CERS employers participating in a sick leave program will automatically be billed up to a maximum of six (6) months of the member's sick leave balance. Accumulated sick leave in excess of six (6) months will be added to the member's service credit if the member or employer pays the additional cost. The employer can split the cost of the additional sick leave with the employee, so that the employer and employee each pay fifty percent (50%), or the employer can pay the entire cost. Please contact your ERCE representative for guidance concerning this process.

SELF SERVICE

LOGIN 



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KERS quasi-governmental employers were affected by the legislative change in July 2010 that requires the last participating employer to pay the full cost of any sick leave credited to the member's account in KERS.

CERS and KERS Quasi-Governmental employers will receive a Sick Leaving Billing Invoice in ESS following the post retirement audit of the member's account.

CALCULATING THE COST TO EMPLOYERS

Three components determine the cost of the sick leave for each retired employee:

UNUSED SICK LEAVE x FINAL COMPENSATION x SERVICE PURCHASE FACTOR

Unused Sick Leave: Unused sick leave is the member's remaining balance at retirement. KPPA converts the remaining balance from months to years to calculate the cost.

Final Compensation: Final compensation is the salary average used in the formula to determine the retirement benefits based on the member's tier.

[Read more about Tier 1 Final Compensation](#)

[Read more about Tier 2 Final Compensation](#)

Service Purchase Factor: At least every five (5) years, KPPA's actuary conducts an Experience Study to compare actual experience to what has been expected (the assumptions). Based on this study, actuarial factors are adjusted or reaffirmed. Actuarial factors are used in the administration of benefits to determine the amount of retirement benefits to be paid.

The service purchase factor is used to calculate the cost of sick leave. This factor accounts for an employee's age, years of service credit, benefit factor, final compensation, and the amount of unused sick leave service. Even if two members have the same final compensation and amount of unused sick leave, individual differences in the other factor components may cause a substantial difference in the sick leave cost.



Employers who participate in the Standard Sick Leave Program can use the Sick Leave Cost Calculator in ESS to calculate an estimate of the employer's liability for a current or former employee's sick leave at retirement

REPORTING TO KPPA

When an employee has an Employment End Reason of termination, death or retirement in the monthly detail report, the following fields should be reported: Accrued Sick Leave Hours and Sick Leave Accrual Rate. Please contact your ERCE representative if you have questions or need assistance.

ALTERNATE SICK LEAVE PROGRAM



NOTICE

The Alternate Sick Leave Program is only available to CERS employers.

The Alternate Sick Leave program allows a CERS employer to compensate an employee for as many unused sick leave days as the employer's personnel policy provides. The employer must withhold and submit employer and employee contributions and report it as a separate record on the Monthly Report.

CERS EMPLOYERS – PARTICIPATION AND SERVICE CREDIT

CERS employers can join the program by adopting the Form 7030, Order of Participation Alternate Unused Sick Leave Program. Once an employer elects to participate they must universally administer the program based on their personnel policy in conjunction with statute. An employer sets the number of sick leave days that their employees may accrue and/or use at termination in their personnel policy; but the policy must be on record with KPPA stating the limitations and allowances.

The money paid to the member for their unused sick leave is used in determining final compensation and the service is also used to increase the member's service credit when the member retires. For more information on converting days to months, please refer to the Sick Leave Chart. Sick leave service credit for Tier 1 members counts toward retirement eligibility and health insurance benefits. Tier 2 members may receive a maximum of 12 months of service credit for unused sick time. The sick leave service credit for these members does not count toward retirement eligibility or health insurance benefits.

[Read more about Tier 1 Sick Leave Credit](#)

[Read more about Tier 2 Sick Leave Credit](#)

CERS employers should contact their ERCE representative to discuss adopting a Sick Leave Program or making changes to their personnel policy.



Once an employer participates in the Alternate Sick Leave program, they cannot exit the program. CERS employers may alter their personnel policies, but should do so with assistance from their ERCE representative to fully understand the statutory requirements.

CERS EMPLOYERS – COST TO EMPLOYERS

There is no additional cost outside of the direct payment to the employee and contributions submitted to KPPA for the sick leave payment.

 [PDF LINK](#)
[Sick Leave Chart](#)



**EECON
Employee
Contributions**

**HICON
Health Insurance
Contributions**

**ERCON
Employer
Contributions**

REPORTING TO KPPA

At the time the member terminates employment, the employer must compensate the employee for as many unused sick leave days as it is the uniform policy of the employer to allow. Report this payment on the detail monthly report as a separate record from the employees' regular wages with a Payment Reason of Alternate Sick Leave Payment, making sure to withhold and submit the required EECON, HICON and ERCON. This record must also contain an Employment End Date; Employment End Reason of termination, death, or retirement; and the required Accrued Sick Leave Days and Sick Leave Accrual Rate fields must be completed. Please contact your ERCE representative if you have questions or need assistance.

In cases where an employee terminated employment prior to September 2011, a Form 6500, Sick Leave Authorization, will be sent to the employer to certify the member's accumulated unused sick leave hours at the time the employee terminated their employment with the agency.

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