

67A.402 Employee purchase of service credit -- Payment procedures.

- (1) (a) Except as otherwise provided in paragraph (b) of this subsection, any member who has at least five (5) years of total service credit as a member of the fund may purchase service credit, that is not otherwise purchasable, for up to a maximum of four (4) years of service. The member shall not be entitled to purchase any service credit for which he or she has been given credit in another defined benefit retirement fund; however, the member may purchase government service credit by transferring funds directly from another public defined benefit retirement plan if the member provides proof that he or she is not eligible for a retirement benefit from the other public defined benefit retirement fund.
- (b) Any provision of law to the contrary notwithstanding, no service credit purchase under this subsection shall be counted toward the accrual of a health or other medical insurance retirement benefit in this retirement system.
- (2) A member who purchases service credit shall file an application with the board no later than sixty (60) days prior to the anticipated service purchase payment date. The member shall pay to the fund an amount which shall be determined by actuarial method consistent with the methods prescribed for determining the purchase of prior service credit which shall be the principal.
- (3) Payment of the principal shall be made in a lump sum or payment of the principal and interest may be made by installments. Interest, at the annual rate of return on investments of the fund for the preceding year, shall be established by the commissioner of finance on or before August 31 of each year and shall be based on financial statements of the fund for the year ending June 30, except that the interest shall not be less than three percent (3%). Interest shall be added to the principal for the time period for which installments are to be made.
- (4) If payments are made by installment, the cost of purchasing the service credit shall be recalculated annually based upon the member's current salary, the interest rate established by the commissioner of finance, and other factors required by the actuarial method. The member's payments shall be adjusted annually to reflect the annual recalculation of the cost of purchasing service credit. Installment payments shall be consecutive and the total number of monthly installments shall not be less than twelve (12) or more than two hundred forty (240). The member shall pay the installments by payroll deduction.
- (5) Payments shall not be picked up by the urban-county government. No employer contribution shall be paid on the installments. The board shall determine how much of the total cost represents payment for one (1) quarter of the service to be purchased and the member shall receive service credit for one (1) quarter of the service each time this amount is paid.
- (6) If the member dies, retires, or ceases to be a member of the fund before he or she has made all installment payments for the purchase of service credit, the fund shall refund to the member, his or her qualified surviving spouse, or his or her estate, the portion of any payment that does not represent a full quarter of service.

- (7) A member who does not repay a refund of contributions, as provided in KRS 67A.500(3), shall be entitled to purchase service credit for prior membership service.
- (8) The member may cancel a purchase obligation at any time, but once canceled, a member shall have forever forfeited, waived, and relinquished the right to purchase service credit.

Effective: April 4, 2006

History: Amended 2006 Ky. Acts ch. 144, sec. 2, effective April 4, 2006. -- Amended 2000 Ky. Acts ch. 484, sec. 2, effective July 14, 2000. -- Created 1990 Ky. Acts ch. 189, sec. 13, effective July 13, 1990.