

### **65.155 Pick up of employee contributions.**

- (1) Each local government or local government agency which has a pension plan which is qualified under Section 401(a) of the Internal Revenue Code shall, solely for the purpose of compliance with Section 414(h) of the United States Internal Revenue Code, pick up the employee contributions made to the respective retirement system pursuant to KRS 79.080, 90.400, 90.410, 95.290, 95.580, 95.627, 95.768, 95.769, 95.867, or 96.180 for all compensation earned after August 1, 1982, or after qualification pursuant to Section 401(a) of the Internal Revenue Code, whichever is later, and all contributions so picked up shall be treated as employer contributions in determining tax treatment under the United States Internal Revenue Code and KRS 141.010(10). However, each local government or local government agency shall continue to withhold federal and state income taxes based upon these contributions and hold them in a separate account until the Internal Revenue Service or the federal courts rule that, pursuant to Section 414(h) of the United States Internal Revenue Code, these contributions shall not be included as gross income of the employee until such time as the contributions are distributed or made available to the employee. The picked-up employee contribution shall satisfy all obligations to the retirement fund satisfied prior to August 1, 1982, or later date, as the case may be, by the employee contribution, and the picked-up employee contribution shall be in lieu of an employee contribution. The local governments or local government agencies shall pay these picked-up employee contributions from the same source of funds which is used to pay earnings to the employee. The employee shall have no option to receive the contributed amounts directly instead of having them paid by the local government or local government agency to the fund. Employee contributions picked up after August 1, 1982, shall be treated for all purposes of KRS 79.080, 90.400, 90.410, 95.290, 95.580, 95.627, 95.768, 95.769, 95.867, or 96.180 in the same manner and to the same extent as employee contributions made prior to August 1, 1982, or later date of pick up, as the case may be.
- (2) The pick up of employee contributions by the employer shall not be construed to reduce the final salary or the average salary upon which the employee retirement benefit may be based in any of the retirement systems covered by this section.

**Effective:** April 11, 1990

**History:** Amended 1990 Ky. Acts ch. 476, Pt. VII D, sec. 644, effective April 11, 1990.  
-- Amended 1984 Ky. Acts ch. 177, sec. 13, effective July 13, 1984. -- Created 1982 Ky. Acts ch. 166, sec. 44, effective July 15, 1982.