

2021 Regular Session
Prefiled Bills Relating to the State-Retirement Systems

December 13, 2020

BR 14 (Rep. J. Miller): **KRS Housekeeping Measures**

- Apply the alternate death benefit calculation options as written prior to 2009 legislation for deaths occurring prior to retirement;
- Remove requirement that the employer and member file a statement of facts before benefit payments can commence;
- Provide that 10% cap on creditable compensation growth during a member's last 5 years of employment shall not apply to situations where the growth in excess of 10% during the entire 5-year period results in a benefit change of less than \$25 per month;
- Provide that the implementation date of the amendments to 2017 Ky. Acts ch. 32, sec. 9(28) by the Kentucky Retirement Systems shall be December 1, 2019; and
- Provide that the amendments to KRS 16.578 and 61.640 (*see* first bullet) are retroactive to June 25, 2009.

BR 15 (Rep. J. Miller): **TRS Housekeeping Measures**

- Permit electronic signatures;
- Add anti-salary spiking measures to the definition of “final average salary” (change shall not increase benefits or increase liability to the system);
- Require all public employers to grant paid leave to teacher trustees serving on the TRS board;
- Specify the types of remuneration included in retirement incentives;
- Permit board to contract for insurance, delete the requirement for the procurement of fiduciary bonds for board trustees and the executive secretary, and authorize the board to expend funds for indemnification and self-insurance;
- Specify when a member who leaves service prior to retirement is eligible for a refund;
- Default a member's spouse as beneficiary for an active member's account balance upon employment until changed by the member and upon the death of a member under any conditions where a member has not otherwise named another beneficiary and make similar changes for life insurance;
- Include reference to contracts for lengths other than “(185) days” (nonuniversity) and “(180) days” (university) to reflect that members so employed may also be entitled to a full year of service credit;
- Reference new retirement benefit factors resulting from 2008 pension reform legislation to reflect that out-of-state service purchase costs may incorporate post-2008 factors;
- Specify the requirements under which calendar-year members may incorporate no more than 60 days of annual leave payouts to their final average salary;
- Provide that full-time sabbatical leave by university staff participating in the TRS be deemed FT employment for retirement purposes and require employee and employer contributions to be paid during the period of sabbatical leave;
- Update state funding schedule;
- Update wording of employer deduction language to accurately reflect that with electronic fund transfers/Pathway, deductions are on a pay date basis and set penalties for employer filing noncompliance;
- Require a refund of prior installment payments and a reduction in service credit for a member in default on installment payments for purchasing service credit;
- Specify post-retirement return to work requirements to comply with federal law, including required break in service and no prearranged agreements between a retiring member and post-retirement employer;
- Reduce the \$500 minimum monthly disability benefit dollar-for-dollar by benefit payments from other state-administered retirement systems for PT employees and substitute teachers participating in TRS who apply for disability benefits on or after July 1, 2021, and specify that part-time employees and substitute teachers are not eligible to apply for a disability retirement allowance if they are eligible for an unreduced retirement benefit;
- Add legally binding mediation as procedure that may be acknowledged in adjusting a member’s account with additional salary and service credit;
- Specify that partial years qualify a member for 3% retirement factor in excess of 30 years as authorized by the TRS board;

- Authorize TRS to require more frequent submission of reports and other data by participating employers who employ retired members of the system;
- Specify that only for retirement distribution options providing indefinitely continuing spousal benefits shall permit a member to “pop up” to option one in the event of a dissolution of marriage; and
- Detail the system's authority to collect overpayments.

BR 17 (Rep. J. Miller): Actuarial Reporting

- Establish additional standards and requirements for the completion of the actuarial analysis required for bills pertaining to state-administered retirement systems, including:
 - A projection of costs/savings over a 30-year period rather than 20 years,
 - Completion of the analysis in a format established by the LRC, and
 - The addition of a summary of relevant data and information on the front page of the analysis; and
- Require the state-administered retirement systems to provide a projection/analysis over a 30-year period rather than a 20-year period for statutorily required projections in the annual actuarial valuation, experience studies, assumption changes, and other changes made by the boards of each system.

BR 149 (Rep. J. Graviss): Actuarial Reporting

- Establish additional requirements for the completion of the actuarial analysis required for bills pertaining to state-administered retirement systems, including:
 - A projection of costs/savings over a 30 year period rather than 20 years,
 - Completion of the analysis in a format established by the LRC, and
 - The addition of a summary of relevant data and information on the front page of the analysis;
- LRC shall not transmit a request for analysis unless authorized by a bipartisan working group consisting of 4 members of the General Assembly, but
- Nothing shall prevent the systems from obtaining an analysis at their own discretion on bills that have been filed, prefiled, or released by the sponsor.

BR 168 (Rep. J. Tipton): Dually-Employed Hazardous/Nonhazardous KRS members

Provide that if a member is working in a regular full-time hazardous duty position that participates in the KERS or the CERS and is simultaneously employed in a nonhazardous position that is not considered regular full-time with a different participating employer, the member shall participate solely as a hazardous duty member and shall not participate under the nonhazardous position unless he or she makes an election within 30 days of taking employment in the nonhazardous position; and specify that provisions shall only apply to prospective nonhazardous employment occurring on or after the effective date of the Act.

BR 279 (Rep. J. Tipton): Eliminating LRP & JRP for New Members

- Close the Legislators' Retirement Plan (LRP) and Judicial Retirement Plan (JRP) to new members effective July 1, 2021, and require participation in KERS in lieu thereof;
- Transfer LRP and JRP cash balance members (entered the plans on or after 1/1/2014) to KERS the hybrid cash balance plan and require future participation in KERS cash balance plan;
- Lower LRP benefit factor for the traditional defined benefit plan from 2.75% to 1.97% for service accrued on or after July 1, 2021;
- Prohibit non-legislative compensation earned in another state-administered retirement system or plan on or after July 1, 2021, from being used to calculate benefits in the LRP;
- Provide that legislative changes enacted on or after July 1, 2021, for LRP and JRP shall not be part of the "inviolable contract.”
- For any service to the General Assembly that is credited in the KERS, no compensation earned for other covered public employment shall be used to determine the portion of their benefit related to their service to the General Assembly;

- Provide that the Judicial Form Retirement System shall not request nor receive any funding for the LRP, except for administrative expenses, until such time the LRP plan has an actuarial funding level equal to or less than the KERS nonhazardous pension fund; and
- Restore/remove language due to a recent court ruling repealing SB 151.

BR 411 (Rep. B. Wheatley): Beneficiary Changes After Retirement

For KERS, CERS, and SPRS only:

- Allow a retiree to elect to change his or her beneficiary at any time, if the retiree has selected upon retirement:
 - Basic monthly annuity payment (member lifetime only, no survivorship);
 - Period certain payment option (i.e. Life with 10, 15, or 20; KRS 61.635(5) to (7)); or
 - Social Security adjustment option without survivorship rights (KRS 61.635(8)(a));
 - Must file a beneficiary change form prescribed by KRS;
 - No change to monthly benefit option permitted;
 - No reannuitization.
- Allow a retiree may change monthly payment option on a 1-time basis only (must meet all criteria):
 - Marriage or remarriage;
 - Retiree files beneficiary change form within 120 days of marriage or remarriage designating the new spouse as beneficiary;
 - Retiree selects a survivorship payment option (i.e. lifetime plus survivorship 50-100%; KRS 61.635(2) - (4)) or Social Security adjustment option with survivorship (KRS 61.635(8)(b));
 - Resulting payments must be actuarially equivalent to the retirement allowance provided at the date of the original retirement; and
 - Must not affect any prior benefits to alternate payee (i.e. former spouse under QDRO);
- Retroactive; retirees who were married or remarried prior to the effective date and who remain married or remarried to the same spouse, shall have 120 days from the effective date to select a survivorship option for their spouse.

BR 424 (Rep. J. DuPlessis): Liability-Based KERS NH Employer Rates

- Change the Kentucky Employees Retirement System's (KERS) nonhazardous actuarially accrued liability contribution (unfunded liability payment) that is payable by employers on or after July 1, 2021, from a value that is paid as a percent of pay on each employee to a set dollar amount;
- The set dollar amount shall be allocated to each individual employer based upon the employer's percent share of the liability as of the June 30, 2019, actuarial valuation and shall be paid by employers in equal installments monthly;
- Establish criteria for when adjustments to the dollar value and percent share may occur;
- A single amount shall be determined for state agencies in the legislative, executive, and judicial branch that participate in KERS;
- A KERS employer may charge the cost as a percent of pay for purposes of collecting contributions but shall be responsible to provide the full set dollar amount owed;
- If a KERS employer merges, splits, separates, or establishes a new agency, the systems shall have full authority to allocate the costs to any employer or entity that results from the split, separation, or establishment of a new agency;
- Modify the definition of "level percentage of payroll amortization method" to conform to the amendments;
- Kentucky Retirement Systems shall amend the actuarial valuation in accordance with the amendments in the Act and provide updated employer contributions to the Governor and General Assembly; and
- Declare an EMERGENCY

BR 460 (Sen. D. Parrett): Reciprocity; Unreported/Omitted Service

Retirees of the Teachers' Retirement System (TRS) who suspend their retirement benefits in order to return to covered employment and build upon their existing TRS account, as provided by current law, may utilize omitted service (service that should have been reported for prior full-time work) in the Kentucky Retirement Systems (KRS) that was purchased

during the period of reemployment for purposes of determining eligibility and the amount of benefits upon subsequent retirement from both KRS and TRS; make the provision retroactive to retirements on or after December 31, 2009.

BR 809 (Rep. J. Blanton): Duty-related Disability Benefits

- Increase minimum total and permanent line of duty disability benefits payable to a member of the state-administered retirement systems from 25% to 75% of the member's monthly average pay;
- Ensure full hospital and medical insurance benefits for the member, spouse, and dependents of a member who has a total and permanent line of duty disability;
- Amend definition of "monthly average pay" and "dependent child" for purposes of bill;
- Provide for prospective adjustments in benefits for those eligible members who were totally and permanently disabled in line of duty prior to effective date of bill;
- Declare an EMERGENCY.