

21.525 Contributions by state -- Normal cost and actuarially accrued liability contributions -- Employer costs for hybrid cash balance plan.

- (1) The state, by appropriation to the Judicial Retirement Board, shall contribute annually to the Judicial Retirement System an amount equal to the percent as computed under subsection (2)(a) of this section of the creditable compensation of active members of the Judicial Retirement System, to be known as the "normal cost contribution," and an additional amount computed under subsection (2)(b) of this section, to be known as the "actuarially accrued liability contribution."
- (2)
 - (a) The normal cost contribution shall be determined using:
 1. The entry age normal cost funding method;
 2. An asset smoothing method that smooths investment gains and losses over a five (5) year period; and
 3. Other funding methods and assumptions established by the board.
 - (b) The actuarially accrued liability contribution shall be computed as follows:
 1. The total unfunded actuarially accrued liability shall be amortized over a closed period of twenty (20) years beginning with the 2023 actuarial valuation;
 2. Any increase or decrease in the unfunded actuarially accrued liability occurring after the completion of the 2023 actuarial valuation shall be amortized over a closed period of twenty (20) years beginning with the actuarial valuation in which the increase or decrease in the unfunded actuarially accrued liability is recognized. An increase or decrease in the unfunded actuarially accrued liability may result from, but not be limited to, legislative changes to benefits, changes in actuarial methods or assumptions, or actuarial gains or losses;
 3. If the annual valuation determines that the plan has surplus actuarial assets, the prior amortization bases established under subparagraph 2. of this paragraph shall be eliminated, and one (1) base equal to the amount of surplus actuarial assets shall be established and amortized over an open period of twenty (20) years; and
 4. The actuarially accrued liability contribution shall be determined by actuarial methods consistent with the methods prescribed for determining the normal cost contribution, except that beginning with the 2023 actuarial valuation the level dollar amortization method shall be utilized.
 - (c) The board shall adopt the actuarial assumptions that are to be used in making the determinations.
- (3) The normal cost contribution and the actuarially accrued liability contribution for each fiscal biennium shall be determined on the basis of the actuarial valuation last preceding the commencement of the biennium.
- (4) Employer costs for the hybrid cash balance plan as provided by KRS 21.402 shall be incorporated into the employer contribution rate of the Legislators' Retirement Plan and the Judicial Retirement Plan as a new benefit tier within the plans.

Effective: July 14, 2022

History: Amended 2022 Ky. Acts ch. 55, sec. 1, effective July 14, 2022. -- Amended 2013 Ky. Acts ch. 120, sec. 32, effective July 1, 2013. -- Amended 1988 Ky. Acts ch. 299, sec. 4, effective July 13, 1984. -- Created 1980 Ky. Acts ch. 246, sec. 6, effective July 15, 1980.