

**78.5532 Death before retirement -- Beneficiary's options -- Taxable distributions -- Injuries connected with performance of duty. (Effective July 15, 2026)**

- (1) If a member dies prior to the first day of the month in which the member would have received his or her first retirement allowance, the member's beneficiary shall be eligible for the benefits provided by this section if the member had on file a written designation of a beneficiary with the retirement office as provided by KRS 61.542 and the member met the following conditions at the date of his or her death:
  - (a) 1. The member had service in a nonhazardous position and was eligible to retire under KRS 78.5510(2) or (3) or 78.5512(6); or
  2. The member had service in a hazardous position and was eligible to retire under KRS 78.5514(2) or (3) or 78.5516(6);
  - (b) The member was in active employment or on authorized leave of absence with five (5) or more years of service credit and died prior to his or her normal retirement date or in the case of a nonhazardous member, was normal retirement age or older and had at least four (4) years of service credit; or
  - (c) The member was not in active employment or on authorized leave of absence with twelve (12) or more years of service credit and died prior to his or her normal retirement date.
- (2) If the beneficiary eligible for benefits as provided in subsection (1) of this section is a single person or a special needs trust, then the beneficiary may elect to receive:
  - (a) A monthly benefit payable for the life of the beneficiary or the life of the beneficiary of the special needs trust that is equal to the benefit that would have been paid had the member retired immediately prior to his or her date of death and elected to receive benefits payable under the survivorship one hundred percent (100%) option as provided in KRS 61.635(2);
  - (b) A monthly benefit payable for the life of the beneficiary or the life of the beneficiary of the special needs trust under the beneficiary Social Security adjustment option as provided in KRS 61.635(9) that is the actuarial equivalent to the amount computed under paragraph (a) of this subsection;
  - (c) A monthly benefit payable for a period of sixty (60) months that is the actuarial equivalent to the amount computed under paragraph (a) of this subsection;
  - (d) A monthly benefit payable for a period of one hundred twenty (120) months that is the actuarial equivalent to the amount computed under paragraph (a) of this subsection;
  - (e) If the member began participating prior to January 1, 2014, a monthly benefit payable for a period of one hundred twenty (120) months that is equivalent to the benefit the member would have been entitled to receive based on his or her years of service and final compensation at the date of his or her death reduced by the survivorship fifty percent (50%) factor as provided for in KRS 61.635(4), then reduced by fifty percent (50%), and that is the actuarial equivalent to the amount computed under paragraph (a) of this subsection; or
  - (f) The higher of a refund of the member's accumulated account balance as described in KRS 61.625(1) or one (1) time lump-sum payment which shall

be the actuarial equivalent of the amount payable under paragraph (a) of this subsection for a period of sixty (60) months.

- (3) If the beneficiary eligible for benefits as provided by subsection (1) of this section is multiple beneficiaries or a trust, other than a special needs trust, then the multiple beneficiaries by consensus or the trustee may elect to receive the actuarial equivalent amounts payable under subsection (2)(c), (d), (e), or (f) of this section using the assumption that the beneficiary's age is the same as the member's age.
- (4) If the beneficiary eligible for benefits as provided in subsection (1) of this section is the member's estate, then the beneficiary shall receive the higher of a refund of the member's accumulated account balance as described in KRS 61.625(1) or the one (1) time lump-sum payment payable under subsection (2)(f) of this section, using the assumption that the beneficiary's age is the same as the member's age.
- (5) Payments of taxable distributions made pursuant to this section shall be subject to state and federal income tax as appropriate.
- (6)
  - (a) The beneficiary of a member with service in a nonhazardous position who dies as a result of a duty-related injury may be eligible for benefits based upon the definitions, criteria, and benefits specified by KRS 61.621.
  - (b) The beneficiary of a member with service in a hazardous position who dies as a direct result of an act in line of duty may be eligible for benefits from the system based upon the definitions, criteria, and benefits specified by KRS 78.5534.

**Effective:** July 15, 2026

**History:** Amended 2026 Ky. Acts ch. 18, sec. 8, effective July 15, 2026. -- Created 2021 Ky. Acts ch. 102, sec. 12, effective April 1, 2021.