

161.605 Resumption of employment by retired member -- Continuation of retirement allowance -- Individuals who retire and are reemployed -- Part-time, substitute teaching, and nonteaching employment -- Health insurance coverage.

Any member retired by reason of service may return to work in a position covered by the Kentucky Teachers' Retirement System and continue to receive his or her retirement allowance under the following conditions:

- (1) Any member who is retired with thirty (30) or more years of service may return to work in a full-time or a part-time position, or in a position providing substitute teaching service, covered by the Teachers' Retirement System and earn up to a maximum of seventy-five percent (75%) of the member's last annual compensation measured on a daily rate to be determined by the board of trustees. For purposes of determining whether the salary of a member returning to work is seventy-five percent (75%) or less of the member's last annual compensation, all remuneration paid and benefits provided to the member, on an actual dollar or fair market value basis as determined by the retirement system, excluding employer-provided medical insurance required under subsection (4) of this section, shall be considered. Members who were retired on or before June 30, 2002, shall be entitled to return to work under the provisions of this section as if they had retired with thirty (30) years of service. Nonqualified service credit purchased under the provisions of KRS 161.5465 or elsewhere with any state-administered retirement system shall not be used to meet the thirty (30) year requirement set forth in this subsection. Out-of state teaching service provided in public schools for kindergarten through grade twelve (12) may count toward the thirty (30) year requirement set forth in this subsection even if it is not purchased as service credit, if the member obtains from his or her out-of-state employer certification of this service on forms prescribed by the retirement system;
- (2) Any member who is retired with less than thirty (30) years of service after June 30, 2002, may return to work in a full-time or part-time position, or in a position providing substitute teaching service, covered by the Teachers' Retirement System and earn up to a maximum of sixty-five percent (65%) of the member's last annual compensation measured on a daily rate to be determined by the board of trustees. For purposes of determining whether the salary of a member returning to work is sixty-five percent (65%) or less of the member's last annual compensation, all remuneration paid and benefits provided to the member, on an actual dollar or fair market value basis as determined by the retirement system, excluding employer-provided medical insurance required under subsection (4) of this section, shall be considered;
- (3) Under this section, an employer may employ full-time a number of retired members not to exceed ten percent (10%) of the membership actively employed full-time by that employer. The board of trustees may reduce this ten percent (10%) cap upon recommendation of the retirement system's actuary if a reduction is necessary to maintain the actuarial soundness of the retirement system. The board of trustees may increase the ten percent (10%) cap upon a determination that an increase is warranted to help address a shortage in the number of available teachers and upon

the determination of the retirement system's actuary that the proposed cap increase allows the actuarial soundness of the retirement system to be maintained. For purposes of this subsection, "full-time" means the same as defined by KRS 161.220(21). A local school district may exceed the quota established by this subsection by making an annual written request to the Kentucky Department of Education which the department may approve on a year-by-year basis;

- (4) (a) Except as provided by subsection (9) of this section, a retired member returning to work in a full-time or part-time position, or in a position providing substitute teaching service under subsection (1) or (2) of this section, shall contribute to an account with the retirement system that shall be administered independently from and with no reciprocal impact with the member's original retirement account, or any other account from which the member is eligible to draw a retirement allowance.
 - (b) Except as provided by subsection (9) of this section, a retired member returning to work under subsection (1) or (2) of this section shall make contributions to the retirement system at the rate provided under KRS 161.540. The new account shall independently meet all vesting requirements as well as all other conditions set forth in KRS 161.600(1) or (2), as applicable, before any retirement allowance is payable from this account. The retirement allowance accruing under this new account shall be calculated pursuant to KRS 161.620. This new account shall not entitle the member to a duplication of the benefits offered under KRS 161.620(7) or 161.675, nor shall this new account provide the benefits offered by KRS 161.520, 161.525, 161.620(3), 161.655, 161.661, or 161.663.
 - (c) A retired member returning to work for an employer that participates in a state-administered retirement system shall waive his or her medical insurance with the Teachers' Retirement System during the period of reemployment and shall receive the medical insurance coverage that is offered by the member's active employer. If medical insurance coverage is not available from the employer, the Kentucky Teachers' Retirement System may provide coverage for the member.
 - (d) A retired member returning to work under subsection (1) or (2) of this section shall not be eligible to purchase service credit for any service provided after the member's effective date of retirement but prior to the date that the member returns to work. A member returning to work under subsection (1) or (2) of this section shall not be eligible to purchase service credit that the member would have otherwise been eligible to purchase prior to the member's initial retirement.
 - (e) A retired member who returns to work under subsection (1) or (2) of this section, or in the event of the death of the member, the member's estate or applicably designated beneficiary, shall be entitled, within ninety (90) days of the posting of the annual report submitted by the employer, to a refund of contributions as permitted and limited by KRS 161.470;
- (5) The board of trustees may annually, on July 1, adjust the current daily rate of a member's last annual compensation, for each full twelve (12) month period that has

elapsed subsequent to the member earning his or her last annual compensation, by the percentage increase in the annual average of the consumer price index for all urban consumers for the calendar year preceding the adjustment as published by the Federal Bureau of Labor Statistics, not to exceed five percent (5%) annually. Each annual adjustment shall become part of the member's daily rate base. Failure to comply with the salary limitations set forth in subsections (1) and (2) of this section as may be adjusted by this subsection shall result in a reduction of the member's retirement allowance or any other benefit to which the member would otherwise be entitled on a dollar-for-dollar basis for each dollar that the member exceeds these salary limitations, and the member shall be refunded his or her retirement contributions made on the compensation that exceeds these salary limitations. Notwithstanding any other provision of law to the contrary, a member retiring from a local school district who returns to work for a local school district under subsection (1) or (2) of this section shall be entitled, without any reduction to his or her retirement allowance or any other retirement benefit, to earn a minimum amount equal to two hundred dollars (\$200) per day;

- (6) (a) A retired member returning to work under subsection (1) or (2) of this section shall have separated from service for a period of at least one (1) year if returning to work for the same employer on a full-time basis, and at least three (3) months if returning to work for a different employer on a full-time basis. A retired member returning to work under subsection (1) or (2) of this section on a part-time basis shall have separated from service for a period of at least three (3) months before returning to work for any employer.
- (b) A retired member who is returning to work for an employer that has employees who participate in the Teachers' Retirement System shall comply with the separation-from-service requirements in this subsection before performing any service for the employer, regardless of whether the retired member is providing service in a position covered by the Teachers' Retirement System.
- (c) The starting date for any separation from service required under this subsection shall be the effective date of the member's retirement.
- (d) The separation-from-service requirements of this subsection are not met if there is a prearranged agreement between the member and an employer that has employees who participate in the Teachers' Retirement System prior to retirement for the member to work for the employer after retirement.
- (e) The Teachers' Retirement System may require the member and the employer for which the member is returning to work to certify in writing on a form prescribed by the Teachers' Retirement System that no prearranged agreement was or will be entered into between the member and employer prior to retirement for the member to work for the employer after retirement.
- (f) Failure to comply with the separation-from-service requirements in this subsection voids a member's retirement and the member shall be required to return all the retirement benefits he or she received, with interest, for the period of time that the member returned to work without a sufficient separation from service;

- (7) (a) Effective July 1, 2004, local school districts may employ retired members in full-time or part-time teaching or administrative positions in critical shortage areas without limitation on the compensation of the retired members that is otherwise required by subsections (1) and (2) of this section. The number of retired members that a local school district may employ under this subsection shall be no more than four (4) members per local school district or ten percent (10%) of the total active members employed by the local school district on a full-time basis as defined under KRS 161.220(21), whichever number is greater. Retired members returning to work under this subsection shall be subject to the separation-from-service requirements set forth in subsection (6) of this section. Retired members returning to work under this subsection shall waive their medical insurance coverage with the retirement system during their period of reemployment and receive medical insurance coverage that is offered by the member's active employer. Retired members returning to work under this subsection shall contribute to an account subject to the conditions set forth in subsection (4) of this section. Retired members returning to work under this subsection shall make contributions to the retirement system at the rate provided under KRS 161.540. The employer shall make contributions at the rate provided under KRS 161.550. Local school districts shall make annual payments to the retirement system on the compensation paid to the reemployed retirees at the rates determined by the retirement system's actuary that reflect any accrued liability resulting from the reemployment of these members.
- (b) The Department of Education may employ retired members in full-time or part-time teaching or nonteaching positions without the limitations on compensation otherwise required by subsections (1) and (2) of this section to fill critical shortage areas in the schools it operates, including the Kentucky School for the Blind and the Kentucky School for the Deaf, and to serve on audit teams. The department shall be subject to the same requirements as local school districts as provided in paragraph (a) of this subsection, except the Teachers' Retirement System shall determine the maximum number of employees that may be employed under this paragraph;
- (8) The return-to-work limitations set forth in this section shall apply to retired members who are returning to work in the same position from which they retired, or a position substantially similar to the one from which they retired, or a position described in KRS 161.046 or any position listed in KRS 161.220(4) which requires membership in the retirement system. Positions which generally require certification or graduation from a four (4) year college or university as a condition of employment which are created, or changed to remove the position from coverage under KRS 161.220(4) are also subject to the return to work limitations set forth in this section. The board of trustees shall determine whether employment in a nonteaching position is subject to this subsection;
- (9) (a) Notwithstanding the provisions of this section, individuals who become members on or after January 1, 2022, who subsequently retire and begin drawing a monthly lifetime retirement allowance from the Teachers' Retirement System, who following retirement are reemployed with an

employer participating in the Teachers' Retirement System, shall not be eligible to contribute to or earn benefits in a second retirement account in the Teachers' Retirement System during the period of reemployment.

- (b) The provisions of subsections (1) to (7) of this section are not subject to KRS 161.714;
- (10) Retired members may be employed in a part-time teaching capacity by an agency described in KRS 161.220(4)(b) or (n), not to exceed the equivalent of twelve (12) teaching hours in any one (1) fiscal year. Retired members may be employed for a period not to exceed the equivalent of one hundred (100) days in any one (1) fiscal year in a part-time administrative or nonteaching capacity by an agency described in KRS 161.220(4)(b) or (n) in a position that would otherwise be covered by the retirement system. Except as otherwise provided by this subsection, the return to work provisions set forth in subsections (1) to (7) of this section shall not apply to retired members who return to work solely for an agency described in KRS 161.220(4)(b) or (n). Calculation of the number of days and teaching hours for part-time teaching, substitute teaching, or part-time employment in a nonteaching capacity under this section shall not exceed the ratio between a school year and the actual months of retirement for the member during that school year. The board of trustees by administrative regulation may establish fractional equivalents of a day of teaching service. Any member who exceeds the twelve (12) hour or one hundred (100) day limitations of this subsection shall be subject to having his or her retirement voided and be required to return all retirement allowances and other benefits paid to the member or on the member's behalf since the effective date of retirement. In lieu of voiding a member's retirement, the system may reduce the member's retirement allowance or any other benefit to which the member would otherwise be entitled on a dollar-for-dollar basis for each dollar of compensation that the member earns in employment exceeding twelve (12) hours, one hundred (100) days, or any apportionment of the two (2) combined. Retired members returning to work for an employer described in KRS 161.220(4)(b) or (n) shall comply with the separation-from-service requirements of subsection (6) of this section;
- (11) When a retired member returns to employment in a part-time teaching capacity or in a nonteaching capacity as provided in subsection (10) of this section, the employer shall contribute annually to the retirement system on the compensation paid to the retired member at rates determined by the retirement system actuary that reflect accrued liability for retired members who return to work under subsection (10) of this section; and
- (12) For retired members who return to work during any one (1) fiscal year in both a position described in KRS 161.220(4)(b) or (n) and in a position described under another provision under KRS 161.220(4), and for retired members who return to work in a position described under KRS 161.220(4)(b) or (n) in both a teaching and an administrative or nonteaching capacity, the board of trustees shall adopt a methodology for a pro rata apportionment of days and hours that the retired member may work in each position.
- (13) Notwithstanding any other provision of KRS 161.220 to 161.716 to the contrary, an

annuitant who has returned to work following retirement with an employer that does not participate in the state-administered retirement systems shall not be required to take health insurance coverage through the employer and the system shall continue to provide health insurance coverage and benefits to the annuitant during the period of employment, except as may be required by the Medicare Secondary Payer Act under 42 U.S.C. sec. 1395y(b).

(14) Any member retired by reason of service may waive his or her annuity and return to full-time employment in a Teachers' Retirement System-covered position that is on the certified salary schedule under the following conditions:

(a) The member shall:

1. Receive no annuity payments while employed in a full-time position described in this subsection;
2. Make contributions on the salaries received for the service in a full-time position;
3. If employed for at least one (1) consecutive contract year in a full-time position, have his or her retirement annuity recalculated as provided in the regular retirement formula in KRS 161.620(1), except that, regardless of salaries earned during waiver, a monthly retirement allowance recalculated under this paragraph shall not be increased by more than ten percent (10%) per full contract year of waiver worked or a prorated percentage for a year during waiver when less than a full contract year was worked. The recalculated retirement allowance shall be less any applicable actuarial discount applied to the original retirement allowance due to the election of a joint and last survivor option; and
4. Waive his or her medical insurance coverage with the Teachers' Retirement System during the period of reemployment and instead shall receive the medical insurance coverage that is generally offered by the member's active employer;

(b) 1. The member's estate or, if there is a beneficiary applicably designated by the member, then the beneficiary, shall continue to be eligible for life insurance benefits as provided in KRS 161.655.

2. Retirement option, plan account type, and beneficiary designation on original retirement shall not be altered by postretirement employment under this subsection, and dependents and spouses of the members shall not become eligible for benefits under KRS 161.520, 161.525, or 161.661 due to postretirement employment;

(c) 1. When a member returns to a full-time position described in this subsection and as provided in paragraph (a) of this subsection, the employer is required to withhold and remit regular retirement contributions.

2. The member shall be returned to the annuity rolls on July 1 following completion of the contract year or on the first day of the month following the month of termination of service. A member shall not be

returned to the annuity rolls until after he or she has filed a retirement application in compliance with KRS 161.600(6). Any discounts applied at the time of the original retirement due to service or age may be reduced or eliminated in the recalculation subject to the ten percent (10%) cap in paragraph (a) of this subsection; and

- (d) A member retired by reason of service who has been employed the equivalent of twenty-five (25) days or more during a school year under KRS 161.605 may waive the member's retirement annuity and return to a position described in this subsection during that school year a maximum of one (1) time during any five (5) year period, beginning with that school year.

Effective: July 15, 2026

History: Amended 2026 Ky. Acts ch. 34, sec. 2, effective July 15, 2026. -- Amended 2025 Ky. Acts ch. 144, sec. 1, effective June 27, 2025. -- Repealed, reenacted, and amended 2021 Ky. Acts ch. 157, sec. 32, effective January 1, 2022; and amended ch. 192, sec. 16, effective June 29, 2021. -- Amended 2018 Ky. Acts ch. 107, sec. 70, effective July 14, 2018. -- Amended 2010 Ky. Acts ch. 164, sec. 9, effective July 1, 2010. -- Amended 2008 (1st Extra. Sess.) Ky. Acts ch. 1, sec. 38, effective June 27, 2008. -- Amended 2008 Ky. Acts ch. 78, sec. 14, effective July 1, 2008. -- Amended 2004 Ky. Acts ch. 121, sec. 16, effective July 1, 2004. -- Amended 2002 Ky. Acts ch. 275, sec. 25, effective July 1, 2002. -- Amended 2000 Ky. Acts ch. 477, sec. 2, effective July 14, 2000; and ch. 498, sec. 16, effective July 1, 2000. -- Amended 1998 Ky. Acts ch. 515, sec. 11, effective July 1, 1998. -- Amended 1996 Ky. Acts ch. 359, sec. 14, effective July 1, 1996. -- Amended 1992 Ky. Acts ch. 192, sec. 11, effective July 1, 1992. -- Amended 1990 Ky. Acts ch. 442, sec. 15, effective July 1, 1990; and ch. 476, Pt. V, sec. 562, effective July 13, 1990. -- Amended 1980 Ky. Acts ch. 102, sec. 1, effective July 15, 1980. -- Amended 1972 Ky. Acts ch. 82, sec. 19. -- Amended 1964 Ky. Acts ch. 43, sec. 14. -- Amended 1958 Ky. Acts ch. 10, sec. 1. -- Created 1952 Ky. Acts ch. 226, sec. 1.

Legislative Research Commission Note (12/13/2018). On December 13, 2018, the Kentucky Supreme Court ruled that the passage of 2018 SB 151 (2018 Ky. Acts ch. 107), did not comply with the three-readings rule of Kentucky Constitution Section 46 and that the legislation is, therefore, constitutionally invalid and declared void. That ruling applies to changes made to this statute in that Act.

Legislative Research Commission Note (7/1/2004) In subsection (13) of this statute, two references to "subsection (11) of this section" have been changed to read "subsection (12) of this section." When the statute was amended in 2004 Ky. Acts ch. 121, sec. 16, the subsections were renumbered, but the references to subsection (11) were not changed to conform. The Reviser of Statutes has made the conforming change under the authority of KRS 7.136.

Legislative Research Commission Note (7/1/2004) 2004 Ky. Acts ch. 121, sec. 27, provides that "The provisions of subsection (8) of Section 16 of this Act [KRS 161.605] supersede the provisions relating to critical shortage positions set forth in 2003 Ky. Acts ch. 156, sec. 1 [Executive Branch Budget Bill]."

Legislative Research Commission Note (7/13/90). The Act amending this section prevails over the repeal and reenactment in House Bill 940, Acts ch. 476, pursuant to sec. 653(1) of Acts ch. 476.