

**61.701 Kentucky Retirement Systems insurance trust fund -- Purpose -- Participation, regulation, and termination.**

- (1) (a) There is hereby maintained a trust fund known as "Kentucky Retirement Systems insurance trust fund."
  - (b) Insurance trust fund assets shall be deemed trust funds to be held and applied solely as provided in this section. Assets shall not be used for any other purpose and shall not be used to pay the claims of creditors or any individual, person, or employer participating in the Kentucky Employees Retirement System, County Employees Retirement System, or State Police Retirement System.
  - (c) The trust fund has been established as a trust exempt from taxation under 26 U.S.C. sec. 115.
- (2) The insurance trust fund has been created for the purpose of providing a trust separate from the retirement funds. Trust fund assets are dedicated for use for health benefits as provided in KRS 61.702 and 78.5536 and as permitted under 26 U.S.C. secs. 105 and 106, to retired recipients and employees of employers participating in the Kentucky Employees Retirement System, County Employees Retirement System, and State Police Retirement System, and to certain of their dependents or beneficiaries, including but not limited to qualified beneficiaries as described in 42 U.S.C. secs. 300bb-1 et seq.
- (3) The boards shall manage the assets of the insurance fund in the same manner in which the respective board administers its retirement funds, except that separate accounting and financial reporting shall be maintained for the insurance trust fund.
- (4) In addition to the requirements of subsection (2) of this section, the employers participating in the trust funds are limited to the Commonwealth, political subdivisions of the Commonwealth, and entities whose income is exempt from taxation under 26 U.S.C. sec. 115. No other entity may participate in the insurance trust funds.
- (5) If the insurance trust fund is terminated, the assets in the insurance trust fund may revert, after the payment of all liabilities, to the participating employers as determined by the board of trustees.
- (6) The respective board of trustees may adopt regulations and procedures and take all action necessary and appropriate to provide that the income of the insurance trust fund the board administers is exempt from taxation under Title 26 of United States Code.
- (7) The establishment of the Kentucky Retirement Systems insurance trust fund shall not diminish or expand the rights of any recipients, employees, or dependents to health benefits.

**Effective:** April 1, 2021

**History:** Amended 2021 Ky. Acts ch. 102, sec. 79, effective April 1, 2021. -- Amended 2020 Ky. Acts ch. 79, sec. 27, effective April 1, 2021. -- Amended 2009 Ky. Acts ch. 77, sec. 21, effective June 25, 2009. -- Amended 2004 Ky. Acts ch. 36, sec. 29, effective July 13, 2004. -- Amended 2002 Ky. Acts ch. 52, sec. 15, effective July 15, 2002. -- Amended 2000 Ky. Acts ch. 385, sec. 27, effective July 14, 2000. -- Amended 1998 Ky. Acts ch. 351, sec. 1, effective July 15, 1998. -- Amended 1980 Ky. Acts ch. 97, sec. 3, effective July 15, 1980. --

Created 1978 Ky. Acts ch. 311, sec. 8, effective June 17, 1978.