

61.635 Optional retirement plans. (Effective January 1, 2024)

- (1) Each member shall have the right to elect to have his or her retirement allowance payable under any one (1) of the options set forth in this section in lieu of the retirement allowance otherwise payable to the member upon retirement under any of the provisions of KRS 16.505 to 16.652, 61.510 to 61.705, and 78.510 to 78.852. The amount of any optional retirement allowance shall be actuarially equivalent to the amount of retirement allowance otherwise payable to the member.
- (2) Survivorship one hundred percent (100%). The member may elect to receive a decreased retirement allowance during his or her lifetime and have the retirement allowance continued after the member's death to his or her beneficiary during the lifetime of the person.
- (3) Survivorship sixty-six and two-thirds percent (66-2/3%). The member may elect to receive a decreased retirement allowance during his or her lifetime and have two-thirds (2/3) of the retirement allowance continue after the member's death to his or her beneficiary during the lifetime of the person.
- (4) Survivorship fifty percent (50%). The member may elect to receive a decreased retirement allowance during his or her lifetime and have one-half (1/2) of the retirement allowance continued after the member's death to his or her beneficiary during the lifetime of the person.
- (5) Life with ten (10) years certain. The member less than age seventy-six (76) may elect to receive a monthly retirement allowance during his or her lifetime which shall guarantee payments for one hundred twenty (120) months. If the member dies before receiving payments for one hundred twenty (120) months, the member's beneficiary shall receive the remaining payments monthly, for the duration of the one hundred twenty (120) months' period. However, if the trust is designated as beneficiary, the trustee of the trust may elect to receive a lump-sum payment which shall be the actuarial equivalent to the remaining payments, or the trustee may elect to continue the remaining monthly payments to the trust of the member. If the estate is designated as beneficiary, the estate shall receive a lump-sum payment which shall be the actuarial equivalent to the remaining payments.
- (6) Life with fifteen (15) years certain. The member less than age sixty-eight (68) may elect to receive a monthly retirement allowance during his or her lifetime which shall guarantee payments for one hundred eighty (180) months. If the member dies before receiving payments for one hundred eighty (180) months, the member's beneficiary shall receive the remaining payments monthly for the duration of the one hundred eighty (180) months' period. However, if the trust is designated as beneficiary, the trustee of the trust may elect to receive a lump-sum payment which shall be the actuarial equivalent to the remaining payments, or the trustee may elect to continue the remaining payments to the trust of the member. If the estate is designated as beneficiary, the estate shall receive a lump-sum payment which shall be the actuarial equivalent to the remaining payments.
- (7) Life with twenty (20) years certain. The member less than age sixty-two (62) may elect to receive a monthly retirement allowance during his or her lifetime which shall guarantee payments for two hundred forty (240) months. If the member dies before receiving payments for two hundred forty (240) months, the member's

beneficiary shall receive the remaining payments for the duration of the two hundred forty (240) months period. However, if the trust is beneficiary, the trustee of the trust may elect to receive a lump-sum payment which shall be the actuarial equivalent to the remaining payments, or the trustee may elect to continue the remaining payments to the trust of the member. If the estate is designated as beneficiary, the estate shall receive a lump-sum payment which shall be the actuarial equivalent to the remaining payments.

- (8) Social Security adjustment options. These options shall be available to any member who has not attained age sixty-two (62) as follows:
 - (a) No survivor rights. The member may elect to receive an increased retirement allowance from his or her effective retirement date through the month he or she attains age sixty-two (62) at which time his retirement allowance shall be decreased for the remainder of his or her lifetime;
 - (b) Survivor rights. The member may elect to receive an increased retirement allowance from his or her effective retirement date through the month he attains age sixty-two (62) based on the option payable under subsection (2) of this section, if the retirement allowance shall be decreased in the month following the month he or she attains age sixty-two (62), or the month following the month he or she would have attained age sixty-two (62), in event of the member's death, and have the retirement allowance continue after the member's death to his or her beneficiary during the lifetime of the person.
- (9) Beneficiary Social Security adjustment option. This option is available to the beneficiary of a deceased member if the beneficiary, who is a person, has not attained age sixty (60), and is eligible to receive Social Security payments at age sixty (60). The beneficiary may elect to receive during his or her lifetime an increased retirement allowance based on his or her annual benefit payable for life. The payment shall begin on his or her effective retirement date and continue through the month he or she attains age sixty (60) at which time his or her retirement allowance shall be decreased for the remainder of his or her lifetime.
- (10) Pop-up option. The member may elect to receive a decreased retirement allowance during his or her lifetime and have the retirement allowance continued after the member's death to his or her beneficiary during the lifetime of the person. If the beneficiary dies prior to the member, or if the beneficiary is the member's spouse and they divorce, the member's retirement allowance shall increase to the amount that would have been payable as a single life annuity.
- (11) Actuarial equivalent refund. A member who began participating in the system prior to January 1, 2014, may elect to receive a one (1) time lump-sum payment which shall be the actuarial equivalent of the amount payable for a period of sixty (60) months under KRS 61.595 (1).
- (12) Partial lump-sum option.
 - (a) No survivor rights. A member may elect to receive a one-time lump-sum payment equal to twelve (12), twenty-four (24), thirty-six (36), forty-eight (48), or sixty (60) monthly retirement allowances payable under the applicable retirement formula for the system and receive a reduced monthly retirement allowance payable for his or her lifetime. The lump-sum payment

shall be paid in the month the first monthly retirement allowance is payable.

- (b) Survivor rights. A member may elect to receive a one-time lump-sum payment equal to twelve (12), twenty-four (24), thirty-six (36), forty-eight (48), or sixty (60) monthly retirement allowances payable under subsection (2) of this section and receive a reduced monthly retirement allowance payable for his or her lifetime. The lump-sum payment shall be paid in the month the first monthly retirement allowance is payable. The reduced retirement allowance shall be continued after the member's death to his or her beneficiary during the lifetime of the person.
- (c) In order to explain the partial lump-sum option to members, the Authority shall:
 - 1. Provide, for all retirement estimates that include the partial lump-sum option, including estimates calculated by a member using an automatic estimator available on the Authority's website, the additional months of service a member would have to be employed in order to recoup the actuarial reduction in his or her monthly retirement allowance from selecting a partial lump-sum option at each payment level; and
 - 2. Prepare and make available to all members and participating employers in the form of a paper or electronic pamphlet or booklet a summary of the partial lump-sum option, written in a manner that can be understood by the average member and sufficiently accurate and comprehensive to reasonably apprise them of the benefits and potential consequences, including federal tax consequences, of taking a partial lump-sum option.
- (13) The other provisions of this section notwithstanding, the beneficiary of a retired member of the General Assembly shall, after the member's death, receive sixty-six and two-thirds percent (66-2/3%) of the member's retirement allowance during his or her lifetime if the member of the General Assembly began participating in the system prior to January 1, 2014, and has elected this option and has made contributions in accordance with subsection (14) of this section and of KRS 61.560. The retirement allowance of the retired member of the General Assembly shall not be actuarially reduced to provide for this survivor benefit.
- (14) A member of the General Assembly who began participating in the system prior to January 1, 2014, who wishes to obtain the survivorship option specified in subsection (13) of this section shall so notify the Kentucky Public Pensions Authority:
 - (a) Within thirty (30) days after first becoming a member of the General Assembly if he or she is not a member of the General Assembly on July 15, 1980; or
 - (b) Within thirty (30) days after July 15, 1980, if he or she is a member of the General Assembly on July 15, 1980.
- (15) The system shall forward to members of the General Assembly a form on which a member who began participating in the system prior to January 1, 2014, may elect the option provided for in subsections (13) and (14) of this section.
- (16) The options described in subsections (2), (3), (4), (8)(b), (10), (12)(b), and (13) of

this section shall be extended to the member only if the designated beneficiary is a person.

Effective: January 1, 2024

History: Amended 2023 Ky. Acts ch. 71, sec. 1, effective January 1, 2024. -- Amended 2022 Ky. Acts ch. 216, sec. 10, effective April 14, 2022. -- Amended 2013 Ky. Acts ch. 120, sec. 63, effective July 1, 2013. -- Amended 2008 (1st Extra. Sess.) Ky. Acts ch. 1, sec. 19, effective June 27, 2008. -- Amended 2002 Ky. Acts ch. 52, sec. 9, effective July 15, 2002. -- Amended 1996 Ky. Acts ch. 167, sec. 14, effective July 15, 1996. -- Amended 1992 Ky. Acts ch. 240, sec. 37, effective July 14, 1992. -- Amended 1988 Ky. Acts ch. 349, sec. 23, effective July 15, 1988. -- Amended 1986 Ky. Acts ch. 90, sec. 17, effective July 15, 1986. -- Amended 1980 Ky. Acts ch. 97, sec. 1, effective July 15, 1980; and ch. 186, sec. 11, effective July 15, 1980. -- Amended 1978 Ky. Acts ch. 384, sec. 553, effective June 17, 1978. -- Amended 1976 Ky. Acts ch. 321, secs. 26 and 40. -- Amended 1974 Ky. Acts ch. 128, sec. 23. -- Amended 1972 Ky. Acts ch. 116, sec. 45. -- Amended 1968 Ky. Acts ch. 26, sec. 4. -- Amended 1964 Ky. Acts ch. 86, sec. 5. -- Amended 1962 Ky. Acts ch. 58, sec. 17. -- Amended 1960 Ky. Acts ch. 165, Part II, sec. 12. -- Created 1956 Ky. Acts ch. 110, sec. 26.