

**CHAPTER 48****( SB 107 )**

AN ACT relating to automatic enrollment in the Kentucky Public Employees Deferred Compensation Authority plans.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 18A.250 is amended to read as follows:

- (1) The authority shall establish and maintain a deferred compensation plan for the employees of the State of Kentucky. Participation in such plan shall be by agreement between such employees and the authority and shall provide for the deferral of such amount of compensation as requested by the employee. Participating employees must authorize that such deductions be made from their wages for the purpose of participation in such program. Amounts so deducted shall be deposited in the State Treasury to the credit of the trust fund.
- (2) The board is directed to develop and obtain, for the benefit of employees, a qualified employee plan that includes a qualified cash or deferred arrangement as described in Section 401(K)~~[(2)]~~ of the Internal Revenue Code. The board is directed to develop a program for participants to borrow from their account or accounts in the plan. The plan shall be in addition to other plans offered by the board, and shall be offered to employees upon receipt of appropriate approval of the Internal Revenue Service or on January 1, 1985, whichever occurs later.
- (3) Notwithstanding the provisions of KRS 337.060, agreements to participate and plan elections made by employees pursuant to subsections (1) and (2) of this section may be made in writing or by electronic record, signature, or contract as determined by the authority and in accordance with the provisions of KRS 369.101 to 369.120. Agreements and elections, including but not limited to hardship withdrawal applications, loan applications, beneficiary designations, and withdrawal requests made by participating employees under the plan, shall not be denied legal effect or enforceability if made electronically to the extent permitted by the authority.
- (4) *Notwithstanding KRS 337.060 and subsections (1) to (3) of this section, each full-time employee of the executive, judicial, and legislative branches of Kentucky state government hired on or after July 1, 2019, shall be automatically enrolled in the 401(K) plan established pursuant to this section, and the employee's compensation shall be reduced by thirty dollars (\$30) per month and contributed as a pre-tax deferral to the 401(K) plan unless and until the employee makes a deferral election under the terms of the 401(K) plan. The automatic enrollment shall begin as of the employee's first paycheck or as soon as administratively feasible thereafter. The board shall select a default investment fund or funds, pursuant to applicable federal law, for investment of an employee's deferrals into the employee's account until the employee makes an investment election. The board shall amend the 401(K) plan for the implementation and administration of employee automatic enrollment, and the board shall have authority to implement automatic enrollment consistent with applicable requirements of the Internal Revenue Code of 1986, as amended.*

➔Section 2. The Kentucky Public Employees Deferred Compensation Authority shall provide an update on the development of the automatic enrollment provisions enacted by Section 1 of this Act to the Public Pension Oversight Board no later than December 31, 2019. The update shall include any issues as it relates to state or federal law or potential options to improve employee participation in the Kentucky Public Employees Deferred Compensation Authority plans.

**Signed by Governor March 22, 2019.**