

95.859 Retirement annuity -- Rate -- Minimum payment -- Annual cost-of-living increase.

- (1) The rate of retirement annuity shall be two and one-half percent (2.5%) of average salary, as defined in KRS 95.851(13), for each year of total service up to and including thirty (30) years, subject to a maximum of seventy-five percent (75%) of average salary. Fractional periods of service shall be considered in the calculation of such annuities according to the aforesaid rate. If the calculated benefit for a member is less than four thousand eight hundred dollars (\$4,800) per year, the board may increase the annual benefit to a minimum of four thousand eight hundred dollars (\$4,800) if the increase can be supported on an actuarially sound basis by the fund.
- (2) Any member who retired prior to June 21, 1974, shall receive an increase of ten dollars (\$10) per month for each year or part thereof of retirement prior to June 21, 1974, with a maximum increase of one hundred seventy dollars (\$170) per month. No surviving widow of a retiree shall receive a pension of less than one hundred and fifty dollars (\$150) per month. The board may increase the minimum benefit to no more than five hundred dollars (\$500) per month if the increase can be supported on an actuarially sound basis by the fund. When Social Security benefits are increased, the surviving widows' minimum shall be increased by a like percentage, but the pension increase shall not exceed five percent (5%).
- (3)
 - (a) Within six (6) months after the performance of the actuarial valuation required by KRS 95.872(6), the rate of retirement annuity of each annuitant shall be increased annually by an amount determined by the study to reflect so much of the annual increase in the cost of living of the annuitant as may be supported on an actuarially sound basis by the fund. So long as the same is published, such studies shall rely on the percentage increase in the annual average of the consumer price index for all items for the most recent calendar year as published by the United States Department of Labor's Bureau of Labor Statistics, not to exceed five percent (5%). In any year that the percentage increase in the annual average of the consumer price index for all items is less than five percent (5%), the board may set the annual increase at a rate higher than the increase of the consumer price index but not in excess of five percent (5%), if the board determines that the increase can be supported on an actuarially sound basis by the fund. The increases shall be payable to all members of the fund on the effective date of the increases, and all increases granted on July 15, 1990, or thereafter shall be compounded.
 - (b) If the board determines that no annual cost-of-living adjustment on annuities can be paid in accordance with paragraph (a) of this subsection, the city may, by action of the city's legislative body, require the fund to provide an increase in annuities paid to annuitants of the fund subject to the following conditions:
 1. Any cost-of-living adjustment the city directs the fund to pay shall not exceed the percentage increase in the annual average of the consumer price index for all items for the most recent calendar year as published by the United States Department of Labor's Bureau of Labor Statistics or five percent (5%), whichever is less;

2. Each annual cost-of-living adjustment provided under this paragraph shall require the action of the city's legislative body before being provided to annuitants of the fund; and
 3. The city's legislative body shall have the authority to suspend, reduce, or repeal any cost-of-living adjustments approved under this paragraph if in their judgment the welfare of the city so demands.
- (4) A surviving spouse who does not receive a pension increase pursuant to subsection (2) of this section or whose pension increase pursuant to the Social Security increase is less than the cost-of-living increase in subsection (3) of this section shall receive the same increase an annuitant receives pursuant to subsection (3) of this section, not to exceed a total of five percent (5%).

Effective: July 15, 2016

History: Amended 2016 Ky. Acts ch. 31, sec. 28, effective July 15, 2016. -- Amended 2012 Ky. Acts ch. 111, sec. 1, effective July 12, 2012. -- Amended 2000 Ky. Acts ch. 341, sec. 1, effective July 14, 2000. -- Amended 1996 Ky. Acts ch. 124, sec. 1, effective July 15, 1996; and ch. 132, sec. 1, effective July 15, 1996. -- Amended 1994 Ky. Acts ch. 50, sec. 1, effective July 15, 1994. -- Amended 1990 Ky. Acts ch. 118, sec. 4, effective July 13, 1990. -- Amended 1984 Ky. Acts ch. 351, sec. 1, effective July 13, 1984. -- Amended 1974 Ky. Acts ch. 396, sec. 2. -- Amended 1972 Ky. Acts ch. 185, sec. 1. -- Created 1956 Ky. Acts ch. 16, sec. 9, effective July 1, 1956.