

61.691 Increase of benefits.

- (1) Effective August 1, 1996, to July 1, 2008, a recipient of a retirement allowance under KRS 16.505 to 16.652 and 61.510 to 61.705 shall have his or her retirement allowance increased on July 1 of each year by the percentage increase in the annual average of the consumer price index for all urban consumers for the most recent calendar year as published by the federal Bureau of Labor Statistics, not to exceed five percent (5%). In determining the annual employer contribution rate, only the cost of increases granted as of the most recent valuation date shall be recognized. The benefits of this subsection as provided on August 1, 1996, to July 1, 2008, shall not be considered as benefits protected by the inviolable contract provisions of KRS 16.652 and 61.692. The General Assembly reserves the right to suspend or reduce the benefits conferred in this subsection if in their judgment the welfare of the Commonwealth so demands.
- (2) (a) Effective July 1, 2009, and on July 1 of each year thereafter, a recipient of a retirement allowance under KRS 16.505 to 16.652 and 61.510 to 61.705 shall have his or her retirement allowance increased by one and one-half percent (1.5%), if:
 1. The funding level of the system is greater than one hundred percent (100%) and subsequent legislation authorizes the use of any surplus actuarial assets to provide an increase in retirement allowances described by this subsection for the system which has the surplus actuarial assets; or
 2. The General Assembly appropriates sufficient funds or directs payment of funds to fully prefund the increase described by this subsection in the year the increase is provided.
- (b) The board of trustees of the Kentucky Retirement Systems shall, at least thirty (30) days prior to the beginning of regular sessions of the General Assembly held in even-numbered years, advise the General Assembly of the following:
 1. Which systems have a funding level greater than one hundred percent (100%) and can support an increase in recipients' retirement allowances as provided by paragraph (a) of this subsection over the next budget biennium without reducing the funding level of the system below one hundred percent (100%); and
 2. If no surplus actuarial assets are available, the level of funds needed to fully prefund an increase for system recipients over the next budget biennium if a one and one-half percent (1.5%) increase is provided annually over the biennium.
- (c) For purposes of this subsection, "funding level" means the actuarial value of assets divided by the actuarially accrued liability expressed as a percentage that is determined and reported by the system's actuary in the system's actuarial valuation.
- (d) The full increase described by this subsection shall only be provided if the recipient has been receiving a benefit for at least twelve (12) months prior to the effective date of the increase. If the recipient has been receiving a

benefit for less than twelve (12) months prior to the effective date of the increase provided by this subsection, the increase shall be reduced on a pro rata basis for each month the recipient has not been receiving benefits in the twelve (12) months preceding the effective date of the increase.

- (e) In determining the annual employer contribution rate, only the cost of increases granted as of the most recent valuation date shall be recognized.
 - (f) The benefits of this subsection as provided on July 1, 2009, and thereafter shall not be considered as benefits protected by the inviolable contract provisions of KRS 16.652 and 61.692. The General Assembly reserves the right to suspend or reduce the benefits conferred in this subsection if, in its judgment, the welfare of the Commonwealth so demands.
- (3) A reemployed retired member whose payments are suspended as provided under KRS 61.637 shall be eligible for an increase in his or her suspended retirement allowance as provided under this section, computed as if he or she were receiving the retirement allowance at the time the increase under this section is effective.
- (4) In addition to the increase to a recipient's retirement allowance as provided by subsection (2) of this section, the General Assembly may, by subsequent legislation, provide supplemental increases to a recipient's retirement allowance to help adjust for actual changes in the recipient's cost of living if the General Assembly appropriates sufficient funds to fully prefund the benefit in the year the increase is provided.

Effective: April 1, 2021

History: Amended 2021 Ky. Acts ch. 102, sec. 72, effective April 1, 2021. -- Amended 2013 Ky. Acts ch. 120, sec. 69, effective July 1, 2013. -- Amended 2008 (1st Extra. Sess.) Ky. Acts ch. 1, sec. 23, effective June 27, 2008. -- Amended 1996 Ky. Acts ch. 320, sec. 1, effective July 15, 1996. -- Amended 1994 Ky. Acts ch. 105, sec. 1, effective July 1, 1994; ch. 406, sec. 6, effective June 30, 1996; and ch. 502, sec. 1, effective April 13, 1994. -- Amended 1992 Ky. Acts ch. 240, sec. 49, effective July 14, 1992. -- Amended 1990 Ky. Acts ch. 489, sec. 3, effective July 13, 1990; and ch. 517, sec. 2, effective July 1, 1990. -- Amended 1988 Ky. Acts ch. 349, sec. 28, effective July 15, 1988. -- Amended 1986 Ky. Acts ch. 293, sec. 2, effective July 15, 1986. -- Amended 1984 Ky. Acts ch. 232, sec. 9, effective July 13, 1984. -- Amended 1982 Ky. Acts ch. 423, sec. 12, effective July 15, 1982. -- Amended 1980 Ky. Acts ch. 186, sec. 16, effective July 15, 1980. -- Amended 1978 Ky. Acts ch. 311, sec. 19, effective June 17, 1978; and ch. 384, sec. 554, effective June 17, 1978. -- Amended 1976 Ky. Acts ch. 321, sec. 31. -- Created 1972 Ky. Acts ch. 116, sec. 59.

Legislative Research Commission Note (7/1/2013). This statute was amended by Section 69 of 2013 Ky. Acts ch. 120. Section 81 of that Act reads, "Notwithstanding any other provision of this Act to the contrary, the amendments in Sections 16, 25, and 69 of this Act shall in no way nullify the provisions of 2012 Ky. Acts ch. 19, Part I, 1.(4), 2012 Ky. Acts ch. 68, Part I, 2.(2), or 2012 Ky. Acts ch. 144, Part IV, 10., which suspended the cost-of-living adjustment that would have been provided to retirees and beneficiaries of the Legislative Retirement Plan, the Judicial Retirement Plan, the State Police Retirement System, the Kentucky Employees Retirement System, and the County Employees Retirement System on July 1, 2012, and July 1, 2013."

Legislative Research Commission Note (7/15/94). This section was amended by 1994 Ky. Acts chs. 105, 406, and 502. The amendments of this section by 1994 Ky. Acts chs. 105 and 502 are in conflict. Under KRS 446.250, Acts ch. 502 as the last enactment prevails.