

161.636 Supplemental component for persons who became university members on or after January 1, 2022 -- Benefit -- Contributions -- Election upon termination of employment and upon retirement -- Plans authorized under Internal Revenue Code.

- (1) An individual who becomes a university member of the Teachers' Retirement System on or after January 1, 2022, shall receive the retirement benefits provided by this section in addition to the retirement benefits provided under KRS 161.620. The retirement benefits provided by this section shall be known as the supplemental benefit component.
- (2) The supplemental benefit component shall provide a benefit based upon a member's accumulated account balance which shall include:
 - (a) Mandatory contributions made by the member as provided by KRS 161.540(1)(d)2.;
 - (b) Voluntary contributions made by the member, which may include lump-sum payments;
 - (c) Mandatory contributions made by the employer as provided by KRS 161.550(1)(e)2.;
 - (d) Voluntary employer contributions; and
 - (e) Regular interest, which shall be credited to the member's account annually on June 30 of each fiscal year, by multiplying the member's accumulated account balance in the supplemental benefit component on June 30 of the preceding fiscal year by the regular interest rate.
- (3)
 - (a) Member contributions and employer contributions as provided by subsection (2)(a) to (d) of this section shall be credited to the member's account at least monthly as contributions are reported and posted to the system in accordance with KRS 161.560.
 - (b) No employer contributions or interest shall be provided to a member who has taken a refund of his or her accumulated account balance as provided by KRS 161.470 or who has retired and annuitized his or her accumulated account balance as authorized by this section.
- (4)
 - (a) Upon termination of employment, a member who has less than five (5) years of service credited under KRS 161.500, who elects to take a refund of his or her accumulated account balance as provided by KRS 161.470, shall forfeit the accumulated employer contribution, and shall only receive a refund of his or her accumulated contributions.
 - (b) Upon termination of employment, a member who has five (5) or more years of service credited under KRS 161.500, who elects to take a refund of his or her accumulated account balance as provided by KRS 161.470, shall receive a full refund of his or her accumulated account balance.
- (5) A university member eligible to retire under KRS 161.600(2) may upon retirement, in addition to the other benefits provided by KRS 161.620, elect to:
 - (a) Have all or a portion of his or her accumulated account balance in the supplemental benefit component annuitized into a lifetime monthly retirement

allowance by the system in accordance with the actuarial assumptions and actuarial methods adopted by the board for the supplemental benefit component and in effect on the member's retirement date;

- (b) Receive the actuarial equivalent of his or her retirement allowance calculated under paragraph (a) of this subsection payable under one (1) of the options established by the board pursuant to KRS 161.630;
- (c) Take a distribution of the accumulated account balance in the supplemental benefit component over a period certain as authorized by the board; or
- (d) Take a full or partial refund of his or her accumulated account balance as provided by KRS 161.470.

A member participating in the supplemental benefit component shall not be required to take a distribution or annuitize his or her accumulated account balance in the supplemental benefit component when he or she begins drawing a retirement allowance from the foundational benefit component and may instead choose to begin drawing a distribution or annuitize his or her accumulated account balance in the supplemental benefit component at any date following his or her retirement date from the foundational benefit component.

- (6) This section only applies to individuals who become university members of the Teachers' Retirement System on or after January 1, 2022.
- (7) The board of trustees shall have the authority to utilize or establish any plan or plans authorized under the Internal Revenue Code to provide the benefits set forth in this section.

Effective: March 31, 2025

History: Amended 2025 Ky. Acts ch. 138, sec. 13, effective March 31, 2025. --
Created 2021 Ky. Acts ch. 157, sec. 4, effective January 1, 2022.