

1 AN ACT relating to eliminating retirement benefits for legislators taking office on
2 or after January 1, 2018.

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

4 ➔Section 1. KRS 6.505 is amended to read as follows:

5 (1) (a) Each legislator in office on July 1, 1980, may within thirty (30) days after that
6 date, and any legislator thereafter taking office ***prior to January 1, 2018,*** may
7 within thirty (30) days after the date thereof, elect to make monthly
8 contributions to the Legislators' Retirement Plan, in an amount equal to five
9 percent (5%) of his monthly creditable compensation, as defined in KRS
10 61.510(13). The election shall be effective to establish membership in the plan
11 as of July 1, 1980, or as of the date from which the thirty (30) day period is
12 measured, as the case may be. Provided, however, that any legislator who was
13 in office on July 1, 1980, and who is in office at the time he makes the
14 election may, after the expiration of the thirty (30) day period and until May 1,
15 1982, make the election, in which event he shall pay to the Legislators'
16 Retirement Plan, for the months between July 1, 1980, and the date of his
17 election such sum as, when added to any member's contribution by him that is
18 transferred from another retirement system under KRS 6.535, will equal the
19 member's contribution required by this section. If the member makes his
20 election after February 1, 1981, he shall in addition pay to the plan interest on
21 the foregoing sum, at six percent (6%) per annum, calculated as if the sum
22 consisted of equal monthly payments, one (1) of which was due at the end of
23 each month between July 1, 1980, and the date the election was made. The
24 election shall be addressed to and filed with the secretary of the Finance and
25 Administration Cabinet and shall constitute an authorization to the secretary
26 to thereafter cause to be deducted from the member's monthly creditable
27 compensation an amount equal to five percent (5%) thereof, as a voluntarily

1 elected contribution by the member towards the funding of the Legislators'
2 Retirement Plan.

- 3 (b) 1. For a member who begins participating in the Legislators' Retirement
4 Plan prior to January 1, 2014, the election shall operate to create an
5 inviolable contract between such member and the Commonwealth,
6 guaranteeing to and vesting in the member the rights and benefits
7 provided for under KRS 6.515 to 6.530.
- 8 2. a. For members who begin participating in the Legislators'
9 Retirement Plan on or after January 1, 2014, the General Assembly
10 reserves the right to amend, suspend, or reduce the benefits and
11 rights provided under KRS 6.500 to 6.577 if, in its judgment, the
12 welfare of the Commonwealth so demands, except that the amount
13 of benefits the member has accrued at the time of amendment,
14 suspension, or reduction shall not be affected.
- 15 b. For purposes of this subparagraph, the amount of benefits the
16 member has accrued at the time of amendment, suspension, or
17 reduction shall be limited to the accumulated account balance the
18 member has accrued at the time of amendment, suspension, or
19 reduction.
- 20 c. The provisions of this subsection shall not be construed to limit the
21 General Assembly's authority to change any other benefit or right
22 specified by KRS 6.500 to 6.577, for members who begin
23 participating in the Legislators' Retirement Plan on or after January
24 1, 2014, except the benefits specified by subparagraph 2.b. of this
25 paragraph.
- 26 3. The provisions of this paragraph shall not be construed to limit the
27 General Assembly's authority to amend, reduce, or suspend the benefits

1 and rights of members of the Legislators' Retirement Plan as provided by
2 KRS 6.500 to 6.577 that the General Assembly had the authority to
3 amend, reduce, or suspend, prior to July 1, 2013.

4 (c) An election once made under this section either to participate or not to
5 participate in the Legislators' Retirement Plan, shall be considered to apply to
6 all future service as a legislator, whether in the same or a different office as a
7 legislator, and whether or not it is in successive terms.

8 (d) Notwithstanding the provisions of this subsection:

9 1. A legislator who becomes a member of the Legislators' Retirement Plan
10 on or after September 1, 2008, but prior to January 1, 2014, shall make
11 monthly contributions to the Legislators' Retirement Plan in an amount
12 equal to six percent (6%) of his monthly creditable compensation, as
13 defined in KRS 61.510(13).

14 2. A legislator who becomes a member of the Legislators' Retirement Plan
15 on or after January 1, 2014, shall make monthly contributions to the
16 Legislators' Retirement Plan in an amount equal to six percent (6%) of
17 his or her monthly creditable compensation, as defined in KRS
18 61.510(13), of which:

19 a. Five percent (5%) of his or her monthly creditable compensation,
20 as defined in KRS 61.510(13), shall be used to provide funding for
21 benefits provided under KRS 21.402; and

22 b. One percent (1%) of his or her monthly creditable compensation,
23 as defined in KRS 61.510(13), shall be used exclusively to help
24 fund retiree health benefits as provided by KRS 6.577 and shall not
25 be refunded to the member if the member withdraws his or her
26 accumulated account balance as provided by KRS 21.460. The
27 amounts deducted under this subdivision shall be credited to an

1 account established pursuant to 26 U.S.C. sec. 401(h), within the
2 fund established by KRS 6.530.

3 (2) A legislator entitled to elect membership in the retirement system who failed to
4 elect membership within thirty (30) days after taking office may elect membership
5 not later than August 31, 2005. An election, upon being made pursuant to this
6 section, shall operate to create an inviolable contract between the member entitled
7 to elect membership under this subsection and the Commonwealth, guaranteeing to
8 and vesting in the member the rights and benefits provided for under the terms and
9 conditions of KRS 6.500 to 6.577.

10 (3) When any legislator makes a delayed election of membership in the Legislators'
11 Retirement Plan under subsection (2) of this section, his active membership in the
12 Kentucky Employees Retirement System shall terminate, as of the date his
13 membership in the Legislators' Retirement Plan becomes effective, and any credit in
14 the Kentucky Employees Retirement System, earned for service as a legislator,
15 which he then has or which he subsequently regains while being an active member
16 of the Legislators' Retirement Plan, shall be transferred to and counted as service
17 credit in the Legislators' Retirement Plan, and shall no longer constitute credit in the
18 Kentucky Employees Retirement System, except for the purpose of validating any
19 other credit in that system if the member pays the difference, if any, between the
20 amount transferred from the Kentucky Employees Retirement System and the
21 actuarial value of the transferred service. However, any credit he then has in the
22 Kentucky Employees Retirement System, earned for service in any capacity other
23 than a legislator, shall not be affected. No person may attain credit in more than one
24 (1) of the retirement plans or systems mentioned in this section for the same period
25 of service. When credit is transferred from the Kentucky Employees Retirement
26 System to the Legislators' Retirement Plan, the Kentucky Employees Retirement
27 System shall transfer to the Legislators' Retirement Fund an amount equal to the

1 employee's and employer's contributions attributable to that credit, together with
2 interest on the contributions from the date made to the date of transfer at the
3 actuarially assumed interest rate of the Kentucky Employees Retirement System in
4 effect at the time the contributions were made, compounded annually at that same
5 interest rate.

6 (4) The state shall, solely for the purpose of compliance with Section 414(h) of the
7 United States Internal Revenue Code, pick up the employee contributions required
8 by this section for all compensation earned after August 1, 1982, and the
9 contributions so picked up shall be treated as employer contributions in determining
10 tax treatment under the United States Internal Revenue Code and KRS 141.010(10).
11 The picked-up employee contribution shall satisfy all obligations to the retirement
12 system satisfied prior to August 1, 1982, by the employee contribution, and the
13 picked-up employee contribution shall be in lieu of an employee contribution. The
14 state shall pay these picked-up employee contributions from the same source of
15 funds which is used to pay earnings to the employee. The employee shall have no
16 option to receive the contributed amounts directly instead of having them paid by
17 the employer to the system. Employee contributions picked up after August 1, 1982,
18 shall be treated for all purposes of KRS 6.500 to 6.535 in the same manner and to
19 the same extent as employee contributions made prior to August 1, 1982.

20 (5) When any legislator elects membership in the Legislators' Retirement Plan in
21 accordance with this section, his active membership in the Kentucky Employees
22 Retirement System, State Police Retirement System, County Employees Retirement
23 System, or Teachers' Retirement System shall terminate, as of the date his
24 membership in the Legislators' Retirement Plan becomes effective, and any credit in
25 such other system or systems, earned for service as a legislator, which he then has or
26 which he subsequently regains while being an active member of the Legislators'
27 Retirement Plan, shall be transferred to and counted as service credit in the

1 Legislators' Retirement Plan, and shall no longer constitute credit in such other
2 retirement system except for the purpose of validating any other credit in that
3 system. However, any credit he then has in such other retirement system, earned for
4 service in any capacity other than a legislator, shall not be affected. No person may
5 attain credit in more than one (1) of the retirement plans or systems mentioned in
6 this section, for the same period of service.

7 (6) A member of the Legislators' Retirement Plan who would be entitled, under KRS
8 61.552, to repurchase credit in the Kentucky Employees Retirement System, for
9 previous service as a legislator, which credit had been lost by refund of
10 contributions, may pay the amount required by KRS 61.552 directly to the
11 Legislators' Retirement Plan and thereby obtain credit in that plan for such service,
12 rather than making payment to the Kentucky Employees Retirement System for
13 credit which would be transferred to the Legislators' Retirement Plan. In such event,
14 the Kentucky Employees Retirement System shall transfer to the Legislators'
15 Retirement Plan an amount equal to the employer's contributions that originally
16 were made to the Kentucky Employees Retirement System for the regained service
17 credit, with interest as provided in KRS 6.535. Six (6) months' current service shall
18 be required in the Legislators' Retirement Plan in order for the repurchased credit to
19 remain in force, the same as provided in KRS 61.552. Service purchased under this
20 subsection on or after January 1, 2014, shall not be used to determine the member's
21 participation date in the Legislators' Retirement Plan.

22 **(7) Notwithstanding any other provision of KRS 6.500 to 6.577, 21.345 to 21.580, or**
23 **61.510 to 61.705 to the contrary, the Legislators' Retirement Plan, as provided by**
24 **KRS 6.500 to 6.577, shall be closed to new members effective January 1, 2018. A**
25 **legislator who has not contributed to the Legislators' Retirement Plan prior to**
26 **January 1, 2018, shall not be eligible to participate in or receive benefits from the**
27 **Legislators' Retirement Plan for his or her service as a member of the General**

1 Assembly.

2 ➔Section 2. KRS 61.510 is amended to read as follows:

3 As used in KRS 61.510 to 61.705, unless the context otherwise requires:

- 4 (1) "System" means the Kentucky Employees Retirement System created by KRS
5 61.510 to 61.705;
- 6 (2) "Board" means the board of trustees of the system as provided in KRS 61.645;
- 7 (3) "Department" means any state department or board or agency participating in the
8 system in accordance with appropriate executive order, as provided in KRS 61.520.
9 For purposes of KRS 61.510 to 61.705, the members, officers, and employees of the
10 General Assembly and any other body, entity, or instrumentality designated by
11 executive order by the Governor, shall be deemed to be a department,
12 notwithstanding whether said body, entity, or instrumentality is an integral part of
13 state government;
- 14 (4) "Examiner" means the medical examiners as provided in KRS 61.665;
- 15 (5) "Employee" means the members of the General Assembly whose term of office
16 begins prior to January 1, 2018, the officers~~[,]~~ and employees of the General
17 Assembly, and every regular full-time, appointed or elective officer or employee of
18 a participating department, including the Department of Military Affairs. The term
19 "employee" does not include:
- 20 (a) Members of the General Assembly who, in accordance with Section 4 of this
21 Act, are ineligible to participate in the system; or
- 22 (b) Persons engaged as independent contractors, or seasonal, emergency,
23 temporary, interim, or~~and~~ part-time workers.
- 24 In case of any doubt, the board shall determine if a person is an employee within the
25 meaning of KRS 61.510 to 61.705;
- 26 (6) "Employer" means a department or any authority of a department having the power
27 to appoint or select an employee in the department, including the Senate and the

- 1 House of Representatives, or any other entity, the employees of which are eligible
2 for membership in the system pursuant to KRS 61.525;
- 3 (7) "State" means the Commonwealth of Kentucky;
- 4 (8) "Member" means any employee who is included in the membership of the system or
5 any former employee whose membership has not been terminated under KRS
6 61.535;
- 7 (9) "Service" means the total of current service and prior service as defined in this
8 section;
- 9 (10) "Current service" means the number of years and months of employment as an
10 employee, on and after July 1, 1956, except that for members, officers, and
11 employees of the General Assembly this date shall be January 1, 1960, for which
12 creditable compensation is paid and employee contributions deducted, except as
13 otherwise provided, and each member, officer, and employee of the General
14 Assembly shall be credited with a month of current service for each month he
15 serves in the position;
- 16 (11) "Prior service" means the number of years and completed months, expressed as a
17 fraction of a year, of employment as an employee, prior to July 1, 1956, for which
18 creditable compensation was paid; except that for members, officers, and employees
19 of the General Assembly, this date shall be January 1, 1960. An employee shall be
20 credited with one (1) month of prior service only in those months he received
21 compensation for at least one hundred (100) hours of work; provided, however, that
22 each member, officer, and employee of the General Assembly shall be credited with
23 a month of prior service for each month he served in the position prior to January 1,
24 1960. Twelve (12) months of current service in the system are required to validate
25 prior service;
- 26 (12) "Accumulated contributions" at any time means the sum of all amounts deducted
27 from the compensation of a member and credited to his individual account in the

1 members' account, including employee contributions picked up after August 1,
2 1982, pursuant to KRS 61.560(4), together with interest credited on such amounts
3 and any other amounts the member shall have contributed thereto, including interest
4 credited thereon. For members who begin participating on or after September 1,
5 2008, "accumulated contributions" shall not include employee contributions that are
6 deposited into accounts established pursuant to 26 U.S.C. sec. 401(h) within the
7 funds established in KRS 16.510, 61.515, and 78.520, as prescribed by KRS
8 61.702(2)(b);

9 (13) "Creditable compensation" means all salary, wages, tips to the extent the tips are
10 reported for income tax purposes, and fees, including payments for compensatory
11 time, paid to the employee as a result of services performed for the employer or for
12 time during which the member is on paid leave, which are includable on the
13 member's federal form W-2 wage and tax statement under the heading "wages, tips,
14 other compensation," including employee contributions picked up after August 1,
15 1982, pursuant to KRS 61.560(4). For members of the General Assembly, it shall
16 mean all amounts which are includable on the member's federal form W-2 wage and
17 tax statement under the heading "wages, tips, other compensation," including
18 employee contributions picked up after August 1, 1982, pursuant to KRS 6.505(4)
19 or 61.560(4). A lump-sum bonus, severance pay, or employer-provided payment for
20 purchase of service credit shall be included as creditable compensation but shall be
21 averaged over the employee's total service with the system in which it is recorded if
22 it is equal to or greater than one thousand dollars (\$1,000). In cases where
23 compensation includes maintenance and other perquisites, the board shall fix the
24 value of that part of the compensation not paid in money. Living allowances,
25 expense reimbursements, lump-sum payments for accrued vacation leave, and other
26 items determined by the board shall be excluded. Creditable compensation shall
27 also include amounts which are not includable in the member's gross income by

1 virtue of the member having taken a voluntary salary reduction provided for under
2 applicable provisions of the Internal Revenue Code. Creditable compensation shall
3 also include elective amounts for qualified transportation fringes paid or made
4 available on or after January 1, 2001, for calendar years on or after January 1, 2001,
5 that are not includable in the gross income of the employee by reason of 26 U.S.C.
6 sec. 132(f)(4). For employees who begin participating on or after September 1,
7 2008, creditable compensation shall not include payments for compensatory time.
8 For employees who begin participating on or after August 1, 2016, creditable
9 compensation shall exclude nominal fees paid for services as a volunteer;

10 (14) "Final compensation" of a member means:

11 (a) For a member who begins participating before September 1, 2008, who is not
12 employed in a hazardous position, as provided in KRS 61.592, the creditable
13 compensation of the member during the five (5) fiscal years he was paid at the
14 highest average monthly rate divided by the number of months of service
15 credit during that five (5) year period multiplied by twelve (12). The five (5)
16 years may be fractional and need not be consecutive. If the number of months
17 of service credit during the five (5) year period is less than forty-eight (48),
18 one (1) or more additional fiscal years shall be used;

19 (b) For a member who is not employed in a hazardous position, as provided in
20 KRS 61.592, whose effective retirement date is between August 1, 2001, and
21 January 1, 2009, and whose total service credit is at least twenty-seven (27)
22 years and whose age and years of service total at least seventy-five (75), final
23 compensation means the creditable compensation of the member during the
24 three (3) fiscal years the member was paid at the highest average monthly rate
25 divided by the number of months of service credit during that three (3) years
26 period multiplied by twelve (12). The three (3) years may be fractional and
27 need not be consecutive. If the number of months of service credit during the

1 three (3) year period is less than twenty-four (24), one (1) or more additional
2 fiscal years shall be used. Notwithstanding the provision of KRS 61.565, the
3 funding for this paragraph shall be provided from existing funds of the
4 retirement allowance;

5 (c) For a member who begins participating before September 1, 2008, who is
6 employed in a hazardous position, as provided in KRS 61.592, the creditable
7 compensation of the member during the three (3) fiscal years he was paid at
8 the highest average monthly rate divided by the number of months of service
9 credit during that three (3) year period multiplied by twelve (12). The three (3)
10 years may be fractional and need not be consecutive. If the number of months
11 of service credit during the three (3) year period is less than twenty-four (24),
12 one (1) or more additional fiscal years shall be used;

13 (d) For a member who begins participating on or after September 1, 2008, but
14 prior to January 1, 2014, who is not employed in a hazardous position, as
15 provided in KRS 61.592, the creditable compensation of the member during
16 the five (5) complete fiscal years immediately preceding retirement divided by
17 five (5). Each fiscal year used to determine final compensation must contain
18 twelve (12) months of service credit. If the member does not have five (5)
19 complete fiscal years that each contain twelve (12) months of service credit,
20 then one (1) or more additional fiscal years shall be used; or

21 (e) For a member who begins participating on or after September 1, 2008, but
22 prior to January 1, 2014, who is employed in a hazardous position, as
23 provided in KRS 61.592, the creditable compensation of the member during
24 the three (3) complete fiscal years he was paid at the highest average monthly
25 rate divided by three (3). Each fiscal year used to determine final
26 compensation must contain twelve (12) months of service credit;

27 (15) "Final rate of pay" means the actual rate upon which earnings of an employee were

1 calculated during the twelve (12) month period immediately preceding the
2 member's effective retirement date, including employee contributions picked up
3 after August 1, 1982, pursuant to KRS 61.560(4). The rate shall be certified to the
4 system by the employer and the following equivalents shall be used to convert the
5 rate to an annual rate: two thousand eighty (2,080) hours for eight (8) hour
6 workdays, nineteen hundred fifty (1,950) hours for seven and one-half (7-1/2) hour
7 workdays, two hundred sixty (260) days, fifty-two (52) weeks, twelve (12) months,
8 one (1) year;

9 (16) "Retirement allowance" means the retirement payments to which a member is
10 entitled;

11 (17) "Actuarial equivalent" means a benefit of equal value when computed upon the
12 basis of the actuarial tables that are adopted by the board. In cases of disability
13 retirement, the options authorized by KRS 61.635 shall be computed by adding ten
14 (10) years to the age of the member, unless the member has chosen the Social
15 Security adjustment option as provided for in KRS 61.635(8), in which case the
16 member's actual age shall be used. For members who began participating in the
17 system prior to January 1, 2014, no disability retirement option shall be less than the
18 same option computed under early retirement;

19 (18) "Normal retirement date" means the sixty-fifth birthday of a member, unless
20 otherwise provided in KRS 61.510 to 61.705;

21 (19) "Fiscal year" of the system means the twelve (12) months from July 1 through the
22 following June 30, which shall also be the plan year. The "fiscal year" shall be the
23 limitation year used to determine contribution and benefit limits as established by
24 26 U.S.C. sec. 415;

25 (20) "Officers and employees of the General Assembly" means the occupants of those
26 positions enumerated in KRS 6.150. The term shall also apply to assistants who
27 were employed by the General Assembly for at least one (1) regular legislative

1 session prior to July 13, 2004, who elect to participate in the retirement system, and
2 who serve for at least six (6) regular legislative sessions. Assistants hired after July
3 13, 2004, shall be designated as interim employees;

4 (21) "Regular full-time positions," as used in subsection (5) of this section, shall mean
5 all positions that average one hundred (100) or more hours per month determined by
6 using the number of months actually worked within a calendar or fiscal year,
7 including all positions except:

8 (a) Seasonal positions, which although temporary in duration, are positions which
9 coincide in duration with a particular season or seasons of the year and which
10 may recur regularly from year to year, the period of time shall not exceed nine
11 (9) months;

12 (b) Emergency positions which are positions which do not exceed thirty (30)
13 working days and are nonrenewable;

14 (c) Temporary positions which are positions of employment with a participating
15 department for a period of time not to exceed nine (9) months;

16 (d) Part-time positions which are positions which may be permanent in duration,
17 but which require less than a calendar or fiscal year average of one hundred
18 (100) hours of work per month, determined by using the number of months
19 actually worked within a calendar or fiscal year, in the performance of duty;
20 and

21 (e) Interim positions which are positions established for a one-time or recurring
22 need not to exceed nine (9) months;

23 (22) "Delayed contribution payment" means an amount paid by an employee for
24 purchase of current service. The amount shall be determined using the same formula
25 in KRS 61.5525, and the payment shall not be picked up by the employer. A
26 delayed contribution payment shall be deposited to the member's account and
27 considered as accumulated contributions of the individual member. In determining

1 payments under this subsection, the formula found in this subsection shall prevail
2 over the one found in KRS 212.434;

3 (23) "Parted employer" means a department, portion of a department, board, or agency,
4 such as Outwood Hospital and School, which previously participated in the system,
5 but due to lease or other contractual arrangement is now operated by a publicly held
6 corporation or other similar organization, and therefore is no longer participating in
7 the system. The term "parted employer" shall not include a department, board, or
8 agency that ceased participation in the system pursuant to KRS 61.522;

9 (24) "Retired member" means any former member receiving a retirement allowance or
10 any former member who has filed the necessary documents for retirement benefits
11 and is no longer contributing to the retirement system;

12 (25) "Current rate of pay" means the member's actual hourly, daily, weekly, biweekly,
13 monthly, or yearly rate of pay converted to an annual rate as defined in final rate of
14 pay. The rate shall be certified by the employer;

15 (26) "Beneficiary" means the person or persons or estate or trust or trustee designated by
16 the member in accordance with KRS 61.542 or 61.705 to receive any available
17 benefits in the event of the member's death. As used in KRS 61.702, "beneficiary"
18 does not mean an estate, trust, or trustee;

19 (27) "Recipient" means the retired member or the person or persons designated as
20 beneficiary by the member and drawing a retirement allowance as a result of the
21 member's death or a dependent child drawing a retirement allowance. An alternate
22 payee of a qualified domestic relations order shall not be considered a recipient,
23 except for purposes of KRS 61.623;

24 (28) "Level-percentage-of-payroll amortization method" means a method of determining
25 the annual amortization payment on the unfunded actuarial accrued liability as
26 expressed as a percentage of payroll over a set period of years. Under this method,
27 the percentage of payroll shall be projected to remain constant for all years

1 remaining in the set period and the unfunded actuarially accrued liability shall be
2 projected to be fully amortized at the conclusion of the set period;

3 (29) "Increment" means twelve (12) months of service credit which are purchased. The
4 twelve (12) months need not be consecutive. The final increment may be less than
5 twelve (12) months;

6 (30) "Person" means a natural person;

7 (31) "Retirement office" means the Kentucky Retirement Systems office building in
8 Frankfort;

9 (32) "Last day of paid employment" means the last date employer and employee
10 contributions are required to be reported in accordance with KRS 16.543, 61.543, or
11 78.615 to the retirement office in order for the employee to receive current service
12 credit for the month. Last day of paid employment does not mean a date the
13 employee receives payment for accrued leave, whether by lump sum or otherwise, if
14 that date occurs twenty-four (24) or more months after previous contributions;

15 (33) "Objective medical evidence" means reports of examinations or treatments; medical
16 signs which are anatomical, physiological, or psychological abnormalities that can
17 be observed; psychiatric signs which are medically demonstrable phenomena
18 indicating specific abnormalities of behavior, affect, thought, memory, orientation,
19 or contact with reality; or laboratory findings which are anatomical, physiological,
20 or psychological phenomena that can be shown by medically acceptable laboratory
21 diagnostic techniques, including but not limited to chemical tests,
22 electrocardiograms, electroencephalograms, X-rays, and psychological tests;

23 (34) "Participating" means an employee is currently earning service credit in the system
24 as provided in KRS 61.543;

25 (35) "Month" means a calendar month;

26 (36) "Membership date" means:

27 (a) The date upon which the member began participating in the system as

1 provided in KRS 61.543; or

2 (b) For a member electing to participate in the system pursuant to KRS
3 196.167(4) who has not previously participated in the system or the Kentucky
4 Teachers' Retirement System, the date the member began participating in a
5 defined contribution plan that meets the requirements of 26 U.S.C. sec.
6 403(b);

7 (37) "Participant" means a member, as defined by subsection (8) of this section, or a
8 retired member, as defined by subsection (24) of this section;

9 (38) "Qualified domestic relations order" means any judgment, decree, or order,
10 including approval of a property settlement agreement, that:

11 (a) Is issued by a court or administrative agency; and

12 (b) Relates to the provision of child support, alimony payments, or marital
13 property rights to an alternate payee;

14 (39) "Alternate payee" means a spouse, former spouse, child, or other dependent of a
15 participant, who is designated to be paid retirement benefits in a qualified domestic
16 relations order;

17 (40) "Accumulated employer credit" mean the employer pay credit deposited to the
18 member's account and interest credited on such amounts as provided by KRS
19 16.583 and 61.597;

20 (41) "Accumulated account balance" means:

21 (a) For members who began participating in the system prior to January 1, 2014,
22 the member's accumulated contributions; or

23 (b) For members who began participating in the system on or after January 1,
24 2014, in the hybrid cash balance plan as provided by KRS 16.583 and 61.597,
25 the combined sum of the member's accumulated contributions and the
26 member's accumulated employer credit;

27 (42) "Volunteer" means an individual who:

- 1 (a) Freely and without pressure or coercion performs hours of service for an
2 employer participating in one (1) of the systems administered by Kentucky
3 Retirement Systems without receipt of compensation for services rendered,
4 except for reimbursement of actual expenses, payment of a nominal fee to
5 offset the costs of performing the voluntary services, or both; and
- 6 (b) If a retired member, does not become an employee, leased employee, or
7 independent contractor of the employer for which he or she is performing
8 volunteer services for a period of at least twenty-four (24) months following
9 the retired member's most recent retirement date; and

10 (43) "Nominal fee" means compensation earned for services as a volunteer that does not
11 exceed five hundred dollars (\$500) per month. Compensation earned for services as
12 a volunteer from more than one (1) participating employer during a month shall be
13 aggregated to determine whether the compensation exceeds the five hundred dollars
14 (\$500) per month maximum provided by this subsection.

15 ➔Section 3. KRS 61.520 is amended to read as follows:

16 (1) Each department determined by the board to be eligible and qualified for
17 participation shall participate in the system when the Governor by appropriate
18 executive order, the authority to issue such executive order being granted, directs
19 such department to participate in the system. The effective date of such participation
20 shall be determined by the board and fixed by the Governor in his executive order.

21 (2) (a) Notwithstanding the provisions of subsection (1) of this section the Governor
22 is authorized to permit any state college or university, which he directs by
23 appropriate executive order to participate in the system after January 1, 1972,
24 to include its noninstructional employees in the membership of the system
25 while excluding the instructional employees of the state college or university
26 from membership.

27 (b) All employees of an agency participating under authority of subsection (2)(a)

1 of this section shall be considered noninstructional employees except the
2 members of the instructional staff of the state college or university who are
3 responsible for teaching and the administrative positions which are included
4 in the Teachers' Insurance and Annuity Association (TIAA) or the Kentucky
5 Teachers' Retirement System.

6 (3) All executive orders issued under authority of this section since July 1, 1956, are
7 hereby ratified by the General Assembly and each participating and contributing
8 department, board, agency, corporation, board for mental health or individuals with
9 an intellectual disability, or entity participating since that date under such executive
10 order is hereby declared to be a participating department under the Kentucky
11 Employees Retirement System.

12 (4) Except as provided by KRS 61.522 and Section 4 of this Act:

13 (a) Once a department participates it shall continue to participate as long as it
14 remains qualified; and

15 (b) Any position initially required to participate in the Kentucky Employees
16 Retirement System shall continue to participate as long as the position exists.

17 ➔Section 4. KRS 61.525 is amended to read as follows:

18 Membership in the system shall consist of the following:

19 (1) All persons who become employees of a participating department after the date such
20 department first participates in the system, except a person who did not elect
21 membership pursuant to KRS 61.545(3);

22 (2) (a) All persons who are employees of a department on the date the department
23 first participates in the system, either in service or on authorized leave from
24 service, and who elect within thirty (30) days following the department's
25 participation, or in the case of persons on authorized leave, within thirty (30)
26 days of their return to active service, to become members and thereby agree to
27 make contributions as provided in KRS 61.515 to 61.705;

- 1 (b) All persons who are employees of a department who did not elect to
2 participate within thirty (30) days of the date the department first participated
3 in the system or within thirty (30) days of their return to active service and
4 who subsequently elect to participate the first day of a month after the
5 department's date of participation;
- 6 (3) All persons who are employees of any credit union whose membership was initially
7 limited to employees of state government and their families and which subsequently
8 may have been extended to local government employees and their families;
- 9 (4) All persons who were professional staff employees of the Council on Postsecondary
10 Education or the Higher Education Assistance Authority and were contributing to
11 the system on the effective date of Executive Order 74-762 or 75-964, respectively,
12 and file a written election of their desire to continue in the system and all
13 administrative and professional staff employees of the Higher Education Assistance
14 Authority who, on or after January 1, 1993, are not participating in another
15 retirement plan sponsored by the Higher Education Assistance Authority;
- 16 (5) All persons who were professional staff employees of the Kentucky Authority for
17 Educational Television on and after July 1, 1974;
- 18 (6) All persons who are employees of the Teachers' Retirement System except
19 employees who are required to participate under the Teachers' Retirement System
20 under KRS 161.220(4)(d);
- 21 (7) Membership in the system shall not include persons who are not eligible to
22 participate in the system as provided by KRS 61.522 and subsection (9) of this
23 section or those employees who are simultaneously participating in another state-
24 administered defined benefit plan within Kentucky other than those administered by
25 the Kentucky Retirement Systems, except for employees who have ceased to
26 contribute to one (1) of the state-administered retirement plans as provided in KRS
27 21.360;~~and~~

- 1 (8) Effective January 1, 1998, employees of the Kentucky Community and Technical
2 College System who were previously contributing members and are not required to
3 participate in the Teachers' Retirement System as a member; employees who were
4 previously contributing members transferred from the former Cabinet for
5 Workforce Development as provided in KRS 164.5805(1)(a) and who have not
6 exercised the option to participate in the new Kentucky Community and Technical
7 College personnel system as provided in KRS 164.5805(1)(e); and new employees
8 as of July 1, 1997, who are not eligible under the Teachers' Retirement System or
9 who are not contributing to an optional retirement plan established by the board of
10 regents for the Kentucky Community and Technical College System; and
- 11 (9) Notwithstanding any other provision of KRS 61.510 to 61.705 to the contrary, a
12 member of the General Assembly shall not participate in the Kentucky Employees
13 Retirement System for his or her service to the General Assembly unless he or she
14 contributed to the Legislators' Retirement Plan or the Kentucky Employees
15 Retirement System as a member of the General Assembly prior to January 1,
16 2018.