

1 AN ACT relating to retirement benefits for legislators.

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

3 ➔SECTION 1. A NEW SECTION OF KRS 61.510 TO 61.705 IS CREATED TO
4 READ AS FOLLOWS:

- 5 **(1) Notwithstanding any other provision of KRS 61.510 to 61.705 to the contrary, a**
6 **member of the General Assembly shall not participate in the Kentucky Employees**
7 **Retirement System for his or her service to the General Assembly unless he or she**
8 **contributed to the Legislators' Retirement Plan or the Kentucky Employees**
9 **Retirement System as a member of the General Assembly prior to August 1, 2017.**
- 10 **(2) A member of the General Assembly who began contributing to the Kentucky**
11 **Employees Retirement System prior to August 1, 2017, may elect to make a one**
12 **(1) time irrevocable election to discontinue participation in the Kentucky**
13 **Employees Retirement System for all future service to the Kentucky General**
14 **Assembly. The election shall be made in writing and on a form prescribed by the**
15 **board of trustees of the Kentucky Retirement Systems.**
- 16 **(3) A member who makes an election to discontinue participation in the Kentucky**
17 **Employees Retirement System as provided by subsection (2) of this section shall**
18 **be provided a refund of his or her accumulated contributions attributable to his**
19 **or her service to the General Assembly.**

20 ➔Section 2. KRS 6.505 is amended to read as follows:

- 21 (1) (a) Each legislator in office on July 1, 1980, may within thirty (30) days after that
22 date, and any legislator thereafter taking office may within thirty (30) days
23 after the date thereof, elect to make monthly contributions to the Legislators'
24 Retirement Plan, in an amount equal to five percent (5%) of his **or her**
25 monthly creditable compensation, as defined in KRS 61.510(13). The election
26 shall be effective to establish membership in the plan as of July 1, 1980, or as
27 of the date from which the thirty (30) day period is measured, as the case may

1 be. Provided, however, that any legislator who was in office on July 1, 1980,
2 and who is in office at the time he or she makes the election may, after the
3 expiration of the thirty (30) day period and until May 1, 1982, make the
4 election, in which event he or she shall pay to the Legislators' Retirement
5 Plan, for the months between July 1, 1980, and the date of his or her election
6 such sum as, when added to any member's contribution by him or her that is
7 transferred from another retirement system under KRS 6.535, will equal the
8 member's contribution required by this section. If the member makes his or
9 her election after February 1, 1981, he or she shall in addition pay to the plan
10 interest on the foregoing sum, at six percent (6%) per annum, calculated as if
11 the sum consisted of equal monthly payments, one (1) of which was due at the
12 end of each month between July 1, 1980, and the date the election was made.
13 The election shall be addressed to and filed with the secretary of the Finance
14 and Administration Cabinet and shall constitute an authorization to the
15 secretary to thereafter cause to be deducted from the member's monthly
16 creditable compensation an amount equal to five percent (5%) thereof, as a
17 voluntarily elected contribution by the member towards the funding of the
18 Legislators' Retirement Plan.

- 19 (b) 1. For a member who begins participating in the Legislators' Retirement
20 Plan prior to January 1, 2014, the election shall operate to create an
21 inviolable contract between such member and the Commonwealth,
22 guaranteeing to and vesting in the member the rights and benefits
23 provided for under KRS 6.515 to 6.530.
- 24 2. a. For members who begin participating in the Legislators'
25 Retirement Plan on or after January 1, 2014, the General Assembly
26 reserves the right to amend, suspend, or reduce the benefits and
27 rights provided under KRS 6.500 to 6.577 if, in its judgment, the

1 welfare of the Commonwealth so demands, except that the amount
2 of benefits the member has accrued at the time of amendment,
3 suspension, or reduction shall not be affected.

4 b. For purposes of this subparagraph, the amount of benefits the
5 member has accrued at the time of amendment, suspension, or
6 reduction shall be limited to the accumulated account balance the
7 member has accrued at the time of amendment, suspension, or
8 reduction.

9 c. The provisions of this subsection shall not be construed to limit the
10 General Assembly's authority to change any other benefit or right
11 specified by KRS 6.500 to 6.577, for members who begin
12 participating in the Legislators' Retirement Plan on or after January
13 1, 2014, except the benefits specified by subparagraph 2.b. of this
14 paragraph.

15 3. The provisions of this paragraph shall not be construed to limit the
16 General Assembly's authority to amend, reduce, or suspend the benefits
17 and rights of members of the Legislators' Retirement Plan as provided by
18 KRS 6.500 to 6.577 that the General Assembly had the authority to
19 amend, reduce, or suspend, prior to July 1, 2013.

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

24 (d) Notwithstanding the provisions of this subsection:

25 1. A legislator who becomes a member of the Legislators' Retirement Plan
26 on or after September 1, 2008, but prior to January 1, 2014, shall make
27 monthly contributions to the Legislators' Retirement Plan in an amount

1 equal to six percent (6%) of his or her monthly creditable compensation,
2 as defined in KRS 61.510(13).

3 2. A legislator who becomes a member of the Legislators' Retirement Plan
4 on or after January 1, 2014, shall make monthly contributions to the
5 Legislators' Retirement Plan in an amount equal to six percent (6%) of
6 his or her monthly creditable compensation, as defined in KRS
7 61.510(13), of which:

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

11 b. One percent (1%) of his or her monthly creditable compensation,
12 as defined in KRS 61.510(13), shall be used exclusively to help
13 fund retiree health benefits as provided by KRS 6.577 and shall not
14 be refunded to the member if the member withdraws his or her
15 accumulated account balance as provided by KRS 21.460. The
16 amounts deducted under this subdivision shall be credited to an
17 account established pursuant to 26 U.S.C. sec. 401(h), within the
18 fund established by KRS 6.530.

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

26 (3) When any legislator makes a delayed election of membership in the Legislators'
27 Retirement Plan under subsection (2) of this section, his or her active membership

1 in the Kentucky Employees Retirement System shall terminate, as of the date his or
2 her membership in the Legislators' Retirement Plan becomes effective, and any
3 credit in the Kentucky Employees Retirement System, earned for service as a
4 legislator, which he or she then has or which he or she subsequently regains while
5 being an active member of the Legislators' Retirement Plan, shall be transferred to
6 and counted as service credit in the Legislators' Retirement Plan, and shall no longer
7 constitute credit in the Kentucky Employees Retirement System, except for the
8 purpose of validating any other credit in that system if the member pays the
9 difference, if any, between the amount transferred from the Kentucky Employees
10 Retirement System and the actuarial value of the transferred service. However, any
11 credit he or she then has in the Kentucky Employees Retirement System, earned for
12 service in any capacity other than a legislator, shall not be affected. No person may
13 attain credit in more than one (1) of the retirement plans or systems mentioned in
14 this section for the same period of service. When credit is transferred from the
15 Kentucky Employees Retirement System to the Legislators' Retirement Plan, the
16 Kentucky Employees Retirement System shall transfer to the Legislators'
17 Retirement Fund an amount equal to the employee's and employer's contributions
18 attributable to that credit, together with interest on the contributions from the date
19 made to the date of transfer at the actuarially assumed interest rate of the Kentucky
20 Employees Retirement System in effect at the time the contributions were made,
21 compounded annually at that same interest rate.

22 (4) The state shall, solely for the purpose of compliance with Section 414(h) of the
23 United States Internal Revenue Code, pick up the employee contributions required
24 by this section for all compensation earned after August 1, 1982, and the
25 contributions so picked up shall be treated as employer contributions in determining
26 tax treatment under the United States Internal Revenue Code and KRS 141.010(10).
27 The picked-up employee contribution shall satisfy all obligations to the retirement

1 system satisfied prior to August 1, 1982, by the employee contribution, and the
2 picked-up employee contribution shall be in lieu of an employee contribution. The
3 state shall pay these picked-up employee contributions from the same source of
4 funds which is used to pay earnings to the employee. The employee shall have no
5 option to receive the contributed amounts directly instead of having them paid by
6 the employer to the system. Employee contributions picked up after August 1, 1982,
7 shall be treated for all purposes of KRS 6.500 to 6.535 in the same manner and to
8 the same extent as employee contributions made prior to August 1, 1982.

9 (5) When any legislator elects membership in the Legislators' Retirement Plan in
10 accordance with this section, his or her active membership in the Kentucky
11 Employees Retirement System, State Police Retirement System, County Employees
12 Retirement System, or Teachers' Retirement System shall terminate, as of the date
13 his or her membership in the Legislators' Retirement Plan becomes effective, and
14 any credit in such other system or systems, earned for service as a legislator, which
15 he or she then has or which he or she subsequently regains while being an active
16 member of the Legislators' Retirement Plan, shall be transferred to and counted as
17 service credit in the Legislators' Retirement Plan, and shall no longer constitute
18 credit in such other retirement system except for the purpose of validating any other
19 credit in that system. However, any credit he or she then has in such other
20 retirement system, earned for service in any capacity other than a legislator, shall
21 not be affected. No person may attain credit in more than one (1) of the retirement
22 plans or systems mentioned in this section, for the same period of service.

23 (6) A member of the Legislators' Retirement Plan who would be entitled, under KRS
24 61.552, to repurchase credit in the Kentucky Employees Retirement System, for
25 previous service as a legislator, which credit had been lost by refund of
26 contributions, may pay the amount required by KRS 61.552 directly to the
27 Legislators' Retirement Plan and thereby obtain credit in that plan for such service,

1 rather than making payment to the Kentucky Employees Retirement System for
2 credit which would be transferred to the Legislators' Retirement Plan. In such event,
3 the Kentucky Employees Retirement System shall transfer to the Legislators'
4 Retirement Plan an amount equal to the employer's contributions that originally
5 were made to the Kentucky Employees Retirement System for the regained service
6 credit, with interest as provided in KRS 6.535. Six (6) months' current service shall
7 be required in the Legislators' Retirement Plan in order for the repurchased credit to
8 remain in force, the same as provided in KRS 61.552. Service purchased under this
9 subsection on or after January 1, 2014, shall not be used to determine the member's
10 participation date in the Legislators' Retirement Plan.

11 **(7) Effective August 1, 2017, the Legislators' Retirement Plan, as provided by KRS**
12 **6.500 to 6.577, shall be closed to new members. A legislator who has not**
13 **contributed to the Legislators' Retirement Plan prior to August 1, 2017, shall not**
14 **be eligible to participate in the Legislators' Retirement Plan for his or her service**
15 **as a member of the General Assembly.**

16 **(8) A member who began contributing to the Legislators' Retirement Plan prior to**
17 **August 1, 2017, may elect to make a one (1) time irrevocable election to**
18 **discontinue participation in the Legislators' Retirement Plan for all future service**
19 **to the Kentucky General Assembly. The election shall be made in writing and on**
20 **a form prescribed by the Judicial Form Retirement System. A member who**
21 **makes an election to discontinue participation in the Legislators' Retirement**
22 **Plan as provided by this subsection shall take a refund of his or her accumulated**
23 **contributions.**

24 ➔Section 3. KRS 61.510 is amended to read as follows:

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

26 (1) "System" means the Kentucky Employees Retirement System created by KRS
27 61.510 to 61.705;

- 1 (2) "Board" means the board of trustees of the system as provided in KRS 61.645;
- 2 (3) "Department" means any state department or board or agency participating in the
 3 system in accordance with appropriate executive order, as provided in KRS 61.520.
 4 For purposes of KRS 61.510 to 61.705, the members, officers, and employees of the
 5 General Assembly and any other body, entity, or instrumentality designated by
 6 executive order by the Governor, shall be deemed to be a department,
 7 notwithstanding whether said body, entity, or instrumentality is an integral part of
 8 state government;
- 9 (4) "Examiner" means the medical examiners as provided in KRS 61.665;
- 10 (5) "Employee" means the members, officers, and employees of the General Assembly
 11 and every regular full-time, appointed or elective officer or employee of a
 12 participating department, including the Department of Military Affairs. The term
 13 **"employee"** does not include:
- 14 **(a)** Persons engaged as independent contractors, **or** seasonal, emergency,
 15 temporary, interim, **or** ~~and~~ part-time workers; **or**
- 16 **(b) Members of the General Assembly who, in accordance with Section 1 of this**
 17 **Act, are ineligible to participate in the system or who make an election to**
 18 **discontinue participation in the system.**
- 19 In case of any doubt, the board shall determine if a person is an employee within the
 20 meaning of KRS 61.510 to 61.705;
- 21 (6) "Employer" means a department or any authority of a department having the power
 22 to appoint or select an employee in the department, including the Senate and the
 23 House of Representatives, or any other entity, the employees of which are eligible
 24 for membership in the system pursuant to KRS 61.525;
- 25 (7) "State" means the Commonwealth of Kentucky;
- 26 (8) "Member" means any employee who is included in the membership of the system or
 27 any former employee whose membership has not been terminated under KRS

- 1 61.535;
- 2 (9) "Service" means the total of current service and prior service as defined in this
3 section;
- 4 (10) "Current service" means the number of years and months of employment as an
5 employee, on and after July 1, 1956, except that for members, officers, and
6 employees of the General Assembly this date shall be January 1, 1960, for which
7 creditable compensation is paid and employee contributions deducted, except as
8 otherwise provided, and each member, officer, and employee of the General
9 Assembly shall be credited with a month of current service for each month he or
10 she serves in the position;
- 11 (11) "Prior service" means the number of years and completed months, expressed as a
12 fraction of a year, of employment as an employee, prior to July 1, 1956, for which
13 creditable compensation was paid; except that for members, officers, and employees
14 of the General Assembly, this date shall be January 1, 1960. An employee shall be
15 credited with one (1) month of prior service only in those months he or she received
16 compensation for at least one hundred (100) hours of work; provided, however, that
17 each member, officer, and employee of the General Assembly shall be credited with
18 a month of prior service for each month he or she served in the position prior to
19 January 1, 1960. Twelve (12) months of current service in the system are required to
20 validate prior service;
- 21 (12) "Accumulated contributions" at any time means the sum of all amounts deducted
22 from the compensation of a member and credited to his or her individual account in
23 the members' account, including employee contributions picked up after August 1,
24 1982, pursuant to KRS 61.560(4), together with interest credited on such amounts
25 and any other amounts the member shall have contributed thereto, including interest
26 credited thereon. For members who begin participating on or after September 1,
27 2008, "accumulated contributions" shall not include employee contributions that are

1 deposited into accounts established pursuant to 26 U.S.C. sec. 401(h) within the
2 funds established in KRS 16.510, 61.515, and 78.520, as prescribed by KRS
3 61.702(2)(b);

4 (13) "Creditable compensation" means all salary, wages, tips to the extent the tips are
5 reported for income tax purposes, and fees, including payments for compensatory
6 time, paid to the employee as a result of services performed for the employer or for
7 time during which the member is on paid leave, which are includable on the
8 member's federal form W-2 wage and tax statement under the heading "wages, tips,
9 other compensation," including employee contributions picked up after August 1,
10 1982, pursuant to KRS 61.560(4). For members of the General Assembly, it shall
11 mean all amounts which are includable on the member's federal form W-2 wage and
12 tax statement under the heading "wages, tips, other compensation," including
13 employee contributions picked up after August 1, 1982, pursuant to KRS 6.505(4)
14 or 61.560(4). A lump-sum bonus, severance pay, or employer-provided payment for
15 purchase of service credit shall be included as creditable compensation but shall be
16 averaged over the employee's total service with the system in which it is recorded if
17 it is equal to or greater than one thousand dollars (\$1,000). In cases where
18 compensation includes maintenance and other perquisites, the board shall fix the
19 value of that part of the compensation not paid in money. Living allowances,
20 expense reimbursements, lump-sum payments for accrued vacation leave, and other
21 items determined by the board shall be excluded. Creditable compensation shall
22 also include amounts which are not includable in the member's gross income by
23 virtue of the member having taken a voluntary salary reduction provided for under
24 applicable provisions of the Internal Revenue Code. Creditable compensation shall
25 also include elective amounts for qualified transportation fringes paid or made
26 available on or after January 1, 2001, for calendar years on or after January 1, 2001,
27 that are not includable in the gross income of the employee by reason of 26 U.S.C.

1 sec. 132(f)(4). For employees who begin participating on or after September 1,
2 2008, creditable compensation shall not include payments for compensatory time.
3 For employees who begin participating on or after August 1, 2016, creditable
4 compensation shall exclude nominal fees paid for services as a volunteer;

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

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

14 (b) For a member who is not employed in a hazardous position, as provided in
15 KRS 61.592, whose effective retirement date is between August 1, 2001, and
16 January 1, 2009, and whose total service credit is at least twenty-seven (27)
17 years and whose age and years of service total at least seventy-five (75), final
18 compensation means the creditable compensation of the member during the
19 three (3) fiscal years the member was paid at the highest average monthly rate
20 divided by the number of months of service credit during that three (3) years
21 period multiplied by twelve (12). The three (3) years may be fractional and
22 need not be consecutive. If the number of months of service credit during the
23 three (3) year period is less than twenty-four (24), one (1) or more additional
24 fiscal years shall be used. Notwithstanding the provision of KRS 61.565, the
25 funding for this paragraph shall be provided from existing funds of the
26 retirement allowance;

27 (c) For a member who begins participating before September 1, 2008, who is

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

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

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

22 (15) "Final rate of pay" means the actual rate upon which earnings of an employee were
23 calculated during the twelve (12) month period immediately preceding the
24 member's effective retirement date, including employee contributions picked up
25 after August 1, 1982, pursuant to KRS 61.560(4). The rate shall be certified to the
26 system by the employer and the following equivalents shall be used to convert the
27 rate to an annual rate: two thousand eighty (2,080) hours for eight (8) hour

- 1 workdays, nineteen hundred fifty (1,950) hours for seven and one-half (7-1/2) hour
2 workdays, two hundred sixty (260) days, fifty-two (52) weeks, twelve (12) months,
3 one (1) year;
- 4 (16) "Retirement allowance" means the retirement payments to which a member is
5 entitled;
- 6 (17) "Actuarial equivalent" means a benefit of equal value when computed upon the
7 basis of the actuarial tables that are adopted by the board. In cases of disability
8 retirement, the options authorized by KRS 61.635 shall be computed by adding ten
9 (10) years to the age of the member, unless the member has chosen the Social
10 Security adjustment option as provided for in KRS 61.635(8), in which case the
11 member's actual age shall be used. For members who began participating in the
12 system prior to January 1, 2014, no disability retirement option shall be less than the
13 same option computed under early retirement;
- 14 (18) "Normal retirement date" means the sixty-fifth birthday of a member, unless
15 otherwise provided in KRS 61.510 to 61.705;
- 16 (19) "Fiscal year" of the system means the twelve (12) months from July 1 through the
17 following June 30, which shall also be the plan year. The "fiscal year" shall be the
18 limitation year used to determine contribution and benefit limits as established by
19 26 U.S.C. sec. 415;
- 20 (20) "Officers and employees of the General Assembly" means the occupants of those
21 positions enumerated in KRS 6.150. The term shall also apply to assistants who
22 were employed by the General Assembly for at least one (1) regular legislative
23 session prior to July 13, 2004, who elect to participate in the retirement system, and
24 who serve for at least six (6) regular legislative sessions. Assistants hired after July
25 13, 2004, shall be designated as interim employees;
- 26 (21) "Regular full-time positions," as used in subsection (5) of this section, shall mean
27 all positions that average one hundred (100) or more hours per month determined by

1 using the number of months actually worked within a calendar or fiscal year,
2 including all positions except:

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

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

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

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

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

18 (22) "Delayed contribution payment" means an amount paid by an employee for
19 purchase of current service. The amount shall be determined using the same formula
20 in KRS 61.5525, and the payment shall not be picked up by the employer. A
21 delayed contribution payment shall be deposited to the member's account and
22 considered as accumulated contributions of the individual member. In determining
23 payments under this subsection, the formula found in this subsection shall prevail
24 over the one found in KRS 212.434;

25 (23) "Parted employer" means a department, portion of a department, board, or agency,
26 such as Outwood Hospital and School, which previously participated in the system,
27 but due to lease or other contractual arrangement is now operated by a publicly held

- 1 corporation or other similar organization, and therefore is no longer participating in
2 the system. The term "parted employer" shall not include a department, board, or
3 agency that ceased participation in the system pursuant to KRS 61.522;
- 4 (24) "Retired member" means any former member receiving a retirement allowance or
5 any former member who has filed the necessary documents for retirement benefits
6 and is no longer contributing to the retirement system;
- 7 (25) "Current rate of pay" means the member's actual hourly, daily, weekly, biweekly,
8 monthly, or yearly rate of pay converted to an annual rate as defined in final rate of
9 pay. The rate shall be certified by the employer;
- 10 (26) "Beneficiary" means the person or persons or estate or trust or trustee designated by
11 the member in accordance with KRS 61.542 or 61.705 to receive any available
12 benefits in the event of the member's death. As used in KRS 61.702, "beneficiary"
13 does not mean an estate, trust, or trustee;
- 14 (27) "Recipient" means the retired member or the person or persons designated as
15 beneficiary by the member and drawing a retirement allowance as a result of the
16 member's death or a dependent child drawing a retirement allowance. An alternate
17 payee of a qualified domestic relations order shall not be considered a recipient,
18 except for purposes of KRS 61.623;
- 19 (28) "Level-percentage-of-payroll amortization method" means a method of determining
20 the annual amortization payment on the unfunded actuarial accrued liability as
21 expressed as a percentage of payroll over a set period of years. Under this method,
22 the percentage of payroll shall be projected to remain constant for all years
23 remaining in the set period and the unfunded actuarially accrued liability shall be
24 projected to be fully amortized at the conclusion of the set period;
- 25 (29) "Increment" means twelve (12) months of service credit which are purchased. The
26 twelve (12) months need not be consecutive. The final increment may be less than
27 twelve (12) months;

- 1 (30) "Person" means a natural person;
- 2 (31) "Retirement office" means the Kentucky Retirement Systems office building in
3 Frankfort;
- 4 (32) "Last day of paid employment" means the last date employer and employee
5 contributions are required to be reported in accordance with KRS 16.543, 61.543, or
6 78.615 to the retirement office in order for the employee to receive current service
7 credit for the month. Last day of paid employment does not mean a date the
8 employee receives payment for accrued leave, whether by lump sum or otherwise, if
9 that date occurs twenty-four (24) or more months after previous contributions;
- 10 (33) "Objective medical evidence" means reports of examinations or treatments; medical
11 signs which are anatomical, physiological, or psychological abnormalities that can
12 be observed; psychiatric signs which are medically demonstrable phenomena
13 indicating specific abnormalities of behavior, affect, thought, memory, orientation,
14 or contact with reality; or laboratory findings which are anatomical, physiological,
15 or psychological phenomena that can be shown by medically acceptable laboratory
16 diagnostic techniques, including but not limited to chemical tests,
17 electrocardiograms, electroencephalograms, X-rays, and psychological tests;
- 18 (34) "Participating" means an employee is currently earning service credit in the system
19 as provided in KRS 61.543;
- 20 (35) "Month" means a calendar month;
- 21 (36) "Membership date" means:
- 22 (a) The date upon which the member began participating in the system as
23 provided in KRS 61.543; or
- 24 (b) For a member electing to participate in the system pursuant to KRS
25 196.167(4) who has not previously participated in the system or the Kentucky
26 Teachers' Retirement System, the date the member began participating in a
27 defined contribution plan that meets the requirements of 26 U.S.C. sec.

1 403(b);

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

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

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

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

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

12 (40) "Accumulated employer credit" mean the employer pay credit deposited to the
13 member's account and interest credited on such amounts as provided by KRS
14 16.583 and 61.597;

15 (41) "Accumulated account balance" means:

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

18 (b) For members who began participating in the system on or after January 1,
19 2014, in the hybrid cash balance plan as provided by KRS 16.583 and 61.597,
20 the combined sum of the member's accumulated contributions and the
21 member's accumulated employer credit;

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

23 (a) Freely and without pressure or coercion performs hours of service for an
24 employer participating in one (1) of the systems administered by Kentucky
25 Retirement Systems without receipt of compensation for services rendered,
26 except for reimbursement of actual expenses, payment of a nominal fee to
27 offset the costs of performing the voluntary services, or both; and

1 (b) If a retired member, does not become an employee, leased employee, or
2 independent contractor of the employer for which he or she is performing
3 volunteer services for a period of at least twenty-four (24) months following
4 the retired member's most recent retirement date; and

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