

1 AN ACT relating to retirement benefit participation for members of the General
2 Assembly and declaring an emergency.

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

4 ➔SECTION 1. A NEW SECTION OF KRS 6.145 TO 6.237 IS CREATED TO
5 READ AS FOLLOWS:

6 *(1) Notwithstanding any other provision of KRS 6.500 to 6.577 and 61.510 to 61.705*
7 *to the contrary:*

8 *(a) Any person who becomes a member of the General Assembly on or after*
9 *April 1, 2018, who has not contributed to the Legislators' Retirement Plan*
10 *or the Kentucky Employees Retirement System as a member of the General*
11 *Assembly prior to April 1, 2018, may make a one (1) time irrevocable*
12 *election to not participate in the Kentucky Employees Retirement System or*
13 *the Legislators' Retirement Plan for the duration of his or her service to the*
14 *Kentucky General Assembly; and*

15 *(b) Any person who began contributing to the Legislators' Retirement Plan or*
16 *the Kentucky Employees Retirement System for service to the General*
17 *Assembly on or after December 31, 2014, but prior to April 1, 2018, may*
18 *make a one (1) time irrevocable election on or before December 31, 2018, to*
19 *discontinue participation in the Kentucky Employees Retirement System or*
20 *the Legislators' Retirement Plan for the duration of his or her service to the*
21 *Kentucky General Assembly. A person who makes an election to*
22 *discontinue participation in the Kentucky Employees Retirement System or*
23 *the Legislators' Retirement Plan as provided by this paragraph shall be*
24 *provided a refund of his or her accumulated contributions.*

25 *(2) The elections provided by this section shall:*

26 *(a) Be made in writing and on a form prescribed jointly by the board of trustees*
27 *of the Kentucky Retirement Systems and the Judicial Form Retirement*

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System; and

(b) Apply to all future service as a member of the General Assembly, whether in the same or a different office as a member of the General Assembly, and whether or not the service is in successive terms.

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

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

1 compensation an amount equal to five percent (5%) thereof, as a voluntarily
2 elected contribution by the member towards the funding of the Legislators'
3 Retirement Plan.

4 (b) 1. For a member who begins participating in the Legislators' Retirement
5 Plan prior to January 1, 2014, the election shall operate to create an
6 inviolable contract between such member and the Commonwealth,
7 guaranteeing to and vesting in the member the rights and benefits
8 provided for under KRS 6.515 to 6.530.

9 2. a. For members who begin participating in the Legislators' Retirement
10 Plan on or after January 1, 2014, the General Assembly reserves
11 the right to amend, suspend, or reduce the benefits and rights
12 provided under KRS 6.500 to 6.577 if, in its judgment, the welfare
13 of the Commonwealth so demands, except that the amount of
14 benefits the member has accrued at the time of amendment,
15 suspension, or reduction shall not be affected.

16 b. For purposes of this subparagraph, the amount of benefits the
17 member has accrued at the time of amendment, suspension, or
18 reduction shall be limited to the accumulated account balance the
19 member has accrued at the time of amendment, suspension, or
20 reduction.

21 c. The provisions of this subsection shall not be construed to limit the
22 General Assembly's authority to change any other benefit or right
23 specified by KRS 6.500 to 6.577, for members who begin
24 participating in the Legislators' Retirement Plan on or after January
25 1, 2014, except the benefits specified by subparagraph 2.b. of this
26 paragraph.

27 3. The provisions of this paragraph shall not be construed to limit the

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

5 (c) An election once made under this section either to participate or not to
6 participate in the Legislators' Retirement Plan, shall be considered to apply to
7 all future service as a legislator, whether in the same or a different office as a
8 legislator, and whether or not it is in successive terms, **except as provided by**
9 **subsection (1)(b) of Section 1 of this Act.**

10 (d) Notwithstanding the provisions of this subsection:

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

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

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

24 b. One percent (1%) of his or her monthly creditable compensation, as
25 defined in KRS 61.510(13), shall be used exclusively to help fund
26 retiree health benefits as provided by KRS 6.577 and shall not be
27 refunded to the member if the member withdraws his or her

1 accumulated account balance as provided by KRS 21.460. The
2 amounts deducted under this subdivision shall be credited to an
3 account established pursuant to 26 U.S.C. sec. 401(h), within the
4 fund established by KRS 6.530.

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

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

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

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

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

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

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

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, seasonal, emergency, temporary,
15 interim, and part-time workers. In case of any doubt, the board shall determine
16 if a person is an employee within the meaning of KRS 61.510 to 61.705; **or**
- 17 **(b) Members of the General Assembly who, under Section 1 of this Act, make**
18 **an irrevocable election to not participate in the system or make an**
19 **irrevocable election to discontinue participation in the system;**
- 20 (6) "Employer" means a department or any authority of a department having the power
21 to appoint or select an employee in the department, including the Senate and the
22 House of Representatives, or any other entity, the employees of which are eligible
23 for membership in the system pursuant to KRS 61.525;
- 24 (7) "State" means the Commonwealth of Kentucky;
- 25 (8) "Member" means any employee who is included in the membership of the system or
26 any former employee whose membership has not been terminated under KRS
27 61.535;

- 1 (9) "Service" means the total of current service and prior service as defined in this
2 section;
- 3 (10) "Current service" means the number of years and months of employment as an
4 employee, on and after July 1, 1956, except that for members, officers, and
5 employees of the General Assembly this date shall be January 1, 1960, for which
6 creditable compensation is paid and employee contributions deducted, except as
7 otherwise provided, and each member, officer, and employee of the General
8 Assembly shall be credited with a month of current service for each month he serves
9 in the position;
- 10 (11) "Prior service" means the number of years and completed months, expressed as a
11 fraction of a year, of employment as an employee, prior to July 1, 1956, for which
12 creditable compensation was paid; except that for members, officers, and employees
13 of the General Assembly, this date shall be January 1, 1960. An employee shall be
14 credited with one (1) month of prior service only in those months he received
15 compensation for at least one hundred (100) hours of work; provided, however, that
16 each member, officer, and employee of the General Assembly shall be credited with a
17 month of prior service for each month he served in the position prior to January 1,
18 1960. Twelve (12) months of current service in the system are required to validate
19 prior service;
- 20 (12) "Accumulated contributions" at any time means the sum of all amounts deducted
21 from the compensation of a member and credited to his individual account in the
22 members' account, including employee contributions picked up after August 1, 1982,
23 pursuant to KRS 61.560(4), together with interest credited on such amounts and any
24 other amounts the member shall have contributed thereto, including interest credited
25 thereon. For members who begin participating on or after September 1, 2008,
26 "accumulated contributions" shall not include employee contributions that are
27 deposited into accounts established pursuant to 26 U.S.C. sec. 401(h) within the

1 funds established in KRS 16.510, 61.515, and 78.520, as prescribed by KRS
2 61.702(2)(b);

3 (13) "Creditable compensation":

4 (a) Means all salary, wages, tips to the extent the tips are reported for income tax
5 purposes, and fees, including payments for compensatory time, paid to the
6 employee as a result of services performed for the employer or for time during
7 which the member is on paid leave, which are includable on the member's
8 federal form W-2 wage and tax statement under the heading "wages, tips,
9 other compensation," including employee contributions picked up after August
10 1, 1982, pursuant to KRS 61.560(4). For members of the General Assembly, it
11 shall mean all amounts which are includable on the member's federal form W-2
12 wage and tax statement under the heading "wages, tips, other compensation,"
13 including employee contributions picked up after August 1, 1982, pursuant to
14 KRS 6.505(4) or 61.560(4);

15 (b) Includes:

- 16 1. Lump-sum bonuses, severance pay, or employer-provided payments for
17 purchase of service credit, which shall be averaged over the employee's
18 total service with the system in which it is recorded if it is equal to or
19 greater than one thousand dollars (\$1,000);
- 20 2. Cases where compensation includes maintenance and other perquisites,
21 but the board shall fix the value of that part of the compensation not paid
22 in money;
- 23 3. Lump-sum payments for creditable compensation paid as a result of an
24 order of a court of competent jurisdiction, the Personnel Board, or the
25 Commission on Human Rights, or for any creditable compensation paid
26 in anticipation of settlement of an action before a court of competent
27 jurisdiction, the Personnel Board, or the Commission on Human Rights,

1 including notices of violations of state or federal wage and hour statutes
2 or violations of state or federal discrimination statutes, which shall be
3 credited to the fiscal year during which the wages were earned or should
4 have been paid by the employer. This subparagraph shall also include
5 lump-sum payments for reinstated wages pursuant to KRS 61.569, which
6 shall be credited to the period during which the wages were earned or
7 should have been paid by the employer;

8 4. Amounts which are not includable in the member's gross income by
9 virtue of the member having taken a voluntary salary reduction provided
10 for under applicable provisions of the Internal Revenue Code; and

11 5. Elective amounts for qualified transportation fringes paid or made
12 available on or after January 1, 2001, for calendar years on or after
13 January 1, 2001, that are not includable in the gross income of the
14 employee by reason of 26 U.S.C. sec. 132(f)(4); and

15 (c) Excludes:

16 1. Living allowances, expense reimbursements, lump-sum payments for
17 accrued vacation leave, and other items determined by the board;

18 2. For employees who begin participating on or after September 1, 2008,
19 lump-sum payments for compensatory time; and

20 3. For employees who begin participating on or after August 1, 2016,
21 nominal fees paid for services as a volunteer;

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

23 (a) For a member who begins participating before September 1, 2008, who is not
24 employed in a hazardous position, as provided in KRS 61.592, the creditable
25 compensation of the member during the five (5) fiscal years he was paid at the
26 highest average monthly rate divided by the number of months of service credit
27 during that five (5) year period multiplied by twelve (12). The five (5) years

1 may be fractional and need not be consecutive. If the number of months of
2 service credit during the five (5) year period is less than forty-eight (48), one
3 (1) or more additional fiscal years shall be used;

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

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

25 (d) For a member who begins participating on or after September 1, 2008, but
26 prior to January 1, 2014, who is not employed in a hazardous position, as
27 provided in KRS 61.592, the creditable compensation of the member during

1 the five (5) complete fiscal years immediately preceding retirement divided by
2 five (5). Each fiscal year used to determine final compensation must contain
3 twelve (12) months of service credit. If the member does not have five (5)
4 complete fiscal years that each contain twelve (12) months of service credit,
5 then one (1) or more additional fiscal years, which may contain less than
6 twelve (12) months of service credit, shall be added until the number of months
7 in the final compensation calculation is at least sixty (60) months; or

8 (e) For a member who begins participating on or after September 1, 2008, but
9 prior to January 1, 2014, who is employed in a hazardous position, as provided
10 in KRS 61.592, the creditable compensation of the member during the three
11 (3) complete fiscal years he was paid at the highest average monthly rate
12 divided by three (3). Each fiscal year used to determine final compensation
13 must contain twelve (12) months of service credit. If the member does not
14 have three (3) complete fiscal years that each contain twelve (12) months of
15 service credit, then one (1) or more additional fiscal years, which may contain
16 less than twelve (12) months of service credit, shall be added until the number
17 of months in the final compensation calculation is at least thirty-six (36)
18 months;

19 (15) "Final rate of pay" means the actual rate upon which earnings of an employee were
20 calculated during the twelve (12) month period immediately preceding the member's
21 effective retirement date, including employee contributions picked up after August 1,
22 1982, pursuant to KRS 61.560(4). The rate shall be certified to the system by the
23 employer and the following equivalents shall be used to convert the rate to an annual
24 rate: two thousand eighty (2,080) hours for eight (8) hour workdays, nineteen
25 hundred fifty (1,950) hours for seven and one-half (7-1/2) hour workdays, two
26 hundred sixty (260) days, fifty-two (52) weeks, twelve (12) months, one (1) year;

27 (16) "Retirement allowance" means the retirement payments to which a member is

1 entitled;

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

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

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

16 (20) "Officers and employees of the General Assembly" means the occupants of those
17 positions enumerated in KRS 6.150. The term shall also apply to assistants who
18 were employed by the General Assembly for at least one (1) regular legislative
19 session prior to July 13, 2004, who elect to participate in the retirement system, and
20 who serve for at least six (6) regular legislative sessions. Assistants hired after July
21 13, 2004, shall be designated as interim employees;

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

26 (a) Seasonal positions, which although temporary in duration, are positions which
27 coincide in duration with a particular season or seasons of the year and which

- 1 may recur regularly from year to year, the period of time shall not exceed nine
2 (9) months;
- 3 (b) Emergency positions which are positions which do not exceed thirty (30)
4 working days and are nonrenewable;
- 5 (c) Temporary positions which are positions of employment with a participating
6 department for a period of time not to exceed nine (9) months and are
7 nonrenewable;
- 8 (d) Part-time positions which are positions which may be permanent in duration,
9 but which require less than a calendar or fiscal year average of one hundred
10 (100) hours of work per month, determined by using the number of months
11 actually worked within a calendar or fiscal year, in the performance of duty;
12 and
- 13 (e) Interim positions which are positions established for a one-time or recurring
14 need not to exceed nine (9) months;
- 15 (22) "Delayed contribution payment" means an amount paid by an employee for purchase
16 of current service. The amount shall be determined using the same formula in KRS
17 61.5525, and the payment shall not be picked up by the employer. A delayed
18 contribution payment shall be deposited to the member's account and considered as
19 accumulated contributions of the individual member. In determining payments under
20 this subsection, the formula found in this subsection shall prevail over the one found
21 in KRS 212.434;
- 22 (23) "Parted employer" means a department, portion of a department, board, or agency,
23 such as Outwood Hospital and School, which previously participated in the system,
24 but due to lease or other contractual arrangement is now operated by a publicly held
25 corporation or other similar organization, and therefore is no longer participating in
26 the system. The term "parted employer" shall not include a department, board, or
27 agency that ceased participation in the system pursuant to KRS 61.522;

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

- 1 (32) "Last day of paid employment" means the last date employer and employee
2 contributions are required to be reported in accordance with KRS 16.543, 61.543,
3 or 78.615 to the retirement office in order for the employee to receive current
4 service credit for the month. Last day of paid employment does not mean a date the
5 employee receives payment for accrued leave, whether by lump sum or otherwise, if
6 that date occurs twenty-four (24) or more months after previous contributions;
- 7 (33) "Objective medical evidence" means reports of examinations or treatments; medical
8 signs which are anatomical, physiological, or psychological abnormalities that can be
9 observed; psychiatric signs which are medically demonstrable phenomena indicating
10 specific abnormalities of behavior, affect, thought, memory, orientation, or contact
11 with reality; or laboratory findings which are anatomical, physiological, or
12 psychological phenomena that can be shown by medically acceptable laboratory
13 diagnostic techniques, including but not limited to chemical tests,
14 electrocardiograms, electroencephalograms, X-rays, and psychological tests;
- 15 (34) "Participating" means an employee is currently earning service credit in the system as
16 provided in KRS 61.543;
- 17 (35) "Month" means a calendar month;
- 18 (36) "Membership date" means:
- 19 (a) The date upon which the member began participating in the system as provided
20 in KRS 61.543; or
- 21 (b) For a member electing to participate in the system pursuant to KRS
22 196.167(4) who has not previously participated in the system or the Kentucky
23 Teachers' Retirement System, the date the member began participating in a
24 defined contribution plan that meets the requirements of 26 U.S.C. sec. 403(b);
- 25 (37) "Participant" means a member, as defined by subsection (8) of this section, or a
26 retired member, as defined by subsection (24) of this section;
- 27 (38) "Qualified domestic relations order" means any judgment, decree, or order, including

1 approval of a property settlement agreement, that:

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

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

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

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

11 (41) "Accumulated account balance" means:

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

14 (b) For members who began participating in the system on or after January 1,
15 2014, in the hybrid cash balance plan as provided by KRS 16.583 and 61.597,
16 the combined sum of the member's accumulated contributions and the
17 member's accumulated employer credit;

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

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

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

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

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

7 Membership in the system shall consist of the following:

8 (1) All persons who become employees of a participating department after the date such
9 department first participates in the system, except a person who made an
10 irrevocable election to not participate or discontinue participation in the system
11 under Section 1 of this Act;

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

18 (b) All persons who are employees of a department who did not elect to
19 participate within thirty (30) days of the date the department first participated
20 in the system or within thirty (30) days of their return to active service and
21 who subsequently elect to participate the first day of a month after the
22 department's date of participation;

23 (3) All persons who are employees of any credit union whose membership was initially
24 limited to employees of state government and their families and which subsequently
25 may have been extended to local government employees and their families;

26 (4) All persons who were professional staff employees of the Council on Postsecondary
27 Education or the Higher Education Assistance Authority and were contributing to

- 1 the system on the effective date of Executive Order 74-762 or 75-964, respectively,
2 and file a written election of their desire to continue in the system and all
3 administrative and professional staff employees of the Higher Education Assistance
4 Authority who, on or after January 1, 1993, are not participating in another
5 retirement plan sponsored by the Higher Education Assistance Authority;
- 6 (5) All persons who were professional staff employees of the Kentucky Authority for
7 Educational Television on and after July 1, 1974;
- 8 (6) All persons who are employees of the Teachers' Retirement System except
9 employees who are required to participate under the Teachers' Retirement System
10 under KRS 161.220(4)(d);
- 11 (7) Membership in the system shall not include persons who are not eligible to
12 participate in the system as provided by KRS 61.522 or those employees who are
13 simultaneously participating in another state-administered defined benefit plan within
14 Kentucky other than those administered by the Kentucky Retirement Systems,
15 except for employees who have ceased to contribute to one (1) of the state-
16 administered retirement plans as provided in KRS 21.360; and
- 17 (8) Effective January 1, 1998, employees of the Kentucky Community and Technical
18 College System who were previously contributing members and are not required to
19 participate in the Teachers' Retirement System as a member; employees who were
20 previously contributing members transferred from the former Cabinet for Workforce
21 Development as provided in KRS 164.5805(1)(a) and who have not exercised the
22 option to participate in the new Kentucky Community and Technical College
23 personnel system as provided in KRS 164.5805(1)(e); and new employees as of July
24 1, 1997, who are not eligible under the Teachers' Retirement System or who are not
25 contributing to an optional retirement plan established by the board of regents for
26 the Kentucky Community and Technical College System.
- 27 ➔Section 5. Whereas it is imperative that the Kentucky Retirement Systems and

1 the Judicial Form Retirement System establish procedures and forms for current and future
2 members of the General Assembly to make elections to not participate or to discontinue
3 participation in retirement coverage, an emergency is declared to exist, and this Act takes
4 effect upon its passage and approval by the Governor or upon its otherwise becoming a
5 law.