

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, 2019, 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, 2019, 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 prior to April 1, 2019, may make a one (1) time irrevocable*
18 *election on or before December 31, 2019, to discontinue participation in the*
19 *Kentucky Employees Retirement System or the Legislators' Retirement Plan*
20 *for the duration of his or her service to the Kentucky General Assembly. A*
21 *person who makes an election to discontinue participation in the Kentucky*
22 *Employees Retirement System or the Legislators' Retirement Plan as*
23 *provided by this paragraph shall be provided a refund of his or her*
24 *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*

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

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

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

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

5 (b) 1. For a member who begins participating in the Legislators' Retirement
6 Plan prior to January 1, 2014, the election shall operate to create an
7 inviolable contract between such member and the Commonwealth,
8 guaranteeing to and vesting in the member the rights and benefits
9 provided for under KRS 6.515 to 6.530, except that the General
10 Assembly reserves the right to amend, reduce, or suspend any legislative
11 changes to the provisions of KRS 6.500 to 6.577 that become effective
12 on or after July 1, 2018.

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

20 b. For purposes of this subparagraph, the amount of benefits the
21 member has accrued at the time of amendment, suspension, or
22 reduction shall be limited to the accumulated account balance the
23 member has accrued at the time of amendment, suspension, or
24 reduction.

25 c. The provisions of this subsection shall not be construed to limit the
26 General Assembly's authority to change any other benefit or right
27 specified by KRS 6.500 to 6.577, for members who begin

1 participating in the Legislators' Retirement Plan on or after January
2 1, 2014, except the benefits specified by subparagraph 2.b. of this
3 paragraph.

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

9 (c) An election once made under this section either to participate or not to
10 participate in the Legislators' Retirement Plan, shall be considered to apply to
11 all future service as a legislator except as provided by KRS 21.374 or
12 21.385(3), whether in the same or a different office as a legislator, and
13 whether or not it is in successive terms, *except as provided in subsection*
14 *(1)(b) of Section 1 of this Act.*

15 (d) Notwithstanding the provisions of this subsection:

16 1. *Except as provided in Section 1 of this Act,* a legislator who becomes a
17 member of the Legislators' Retirement Plan on or after September 1,
18 2008, but prior to January 1, 2014, shall make monthly contributions to
19 the Legislators' Retirement Plan in an amount equal to six percent (6%)
20 of his monthly creditable compensation, as defined in KRS 61.510(13);

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

26 a. Five percent (5%) of his or her monthly creditable compensation,
27 as defined in KRS 61.510(13), shall be used to provide funding for

1 benefits provided under KRS 21.402; and

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

10 (2) A legislator entitled to elect membership in the retirement system who failed to
11 elect membership within thirty (30) days after taking office may elect membership
12 not later than August 31, 2005. An election, upon being made pursuant to this
13 section, shall operate to create an inviolable contract between the member entitled
14 to elect membership under this subsection and the Commonwealth, guaranteeing to
15 and vesting in the member the rights and benefits provided for under the terms and
16 conditions of KRS 6.500 to 6.577, except that the General Assembly reserves the
17 right to amend, reduce, or suspend any legislative changes to the provisions of KRS
18 6.500 to 6.577 that become effective on or after July 1, 2018.

19 (3) When any legislator makes a delayed election of membership in the Legislators'
20 Retirement Plan under subsection (2) of this section, his active membership in the
21 Kentucky Employees Retirement System shall terminate, as of the date his
22 membership in the Legislators' Retirement Plan becomes effective, and any credit in
23 the Kentucky Employees Retirement System, earned for service as a legislator,
24 which he then has or which he subsequently regains while being an active member
25 of the Legislators' Retirement Plan, shall be transferred to and counted as service
26 credit in the Legislators' Retirement Plan, and shall no longer constitute credit in the
27 Kentucky Employees Retirement System, except for the purpose of validating any

1 other credit in that system if the member pays the difference, if any, between the
2 amount transferred from the Kentucky Employees Retirement System and the
3 actuarial value of the transferred service. However, any credit he then has in the
4 Kentucky Employees Retirement System, earned for service in any capacity other
5 than a legislator, shall not be affected. No person may attain credit in more than one
6 (1) of the retirement plans or systems mentioned in this section for the same period
7 of service. When credit is transferred from the Kentucky Employees Retirement
8 System to the Legislators' Retirement Plan, the Kentucky Employees Retirement
9 System shall transfer to the Legislators' Retirement Fund an amount equal to the
10 employee's and employer's contributions attributable to that credit, together with
11 interest on the contributions from the date made to the date of transfer at the
12 actuarially assumed interest rate of the Kentucky Employees Retirement System in
13 effect at the time the contributions were made, compounded annually at that same
14 interest rate.

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

1 the same extent as employee contributions made prior to August 1, 1982.

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

16 (6) A member of the Legislators' Retirement Plan who would be entitled, under KRS
17 61.552, to repurchase credit in the Kentucky Employees Retirement System, for
18 previous service as a legislator, which credit had been lost by refund of
19 contributions, may pay the amount required by KRS 61.552 directly to the
20 Legislators' Retirement Plan and thereby obtain credit in that plan for such service,
21 rather than making payment to the Kentucky Employees Retirement System for
22 credit which would be transferred to the Legislators' Retirement Plan. In such event,
23 the Kentucky Employees Retirement System shall transfer to the Legislators'
24 Retirement Plan an amount equal to the employer's contributions that originally
25 were made to the Kentucky Employees Retirement System for the regained service
26 credit, with interest as provided in KRS 6.535. Six (6) months' current service shall
27 be required in the Legislators' Retirement Plan in order for the repurchased credit to

1 remain in force, the same as provided in KRS 61.552. Service purchased under this
2 subsection on or after January 1, 2014, shall not be used to determine the member's
3 participation date in the Legislators' Retirement Plan.

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

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

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

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

1 from the compensation of a member and credited to his individual account in the
2 members' account, including employee contributions picked up after August 1,
3 1982, pursuant to KRS 61.560(4), together with interest credited, or investment
4 returns earned as provided by KRS 61.5956, on such amounts and any other
5 amounts the member shall have contributed thereto, including interest credited
6 thereon or investment returns earned as provided by KRS 61.5956. "accumulated
7 contributions" shall not include employee contributions that are deposited into
8 accounts established pursuant to 26 U.S.C. sec. 401(h) within the funds established
9 in KRS 16.510, 61.515, and 78.520, as prescribed by KRS 61.702(2)(b);

10 (13) "Creditable compensation":

11 (a) Except as provided by paragraph (b) or (c) of this subsection, Means all
12 salary, wages, tips to the extent the tips are reported for income tax purposes,
13 and fees, including payments for compensatory time, paid to the employee as
14 a result of services performed for the employer or for time during which the
15 member is on paid leave, which are includable on the member's federal form
16 W-2 wage and tax statement under the heading "wages, tips, other
17 compensation," including employee contributions picked up after August 1,
18 1982, pursuant to KRS 61.560(4). For members of the General Assembly, it
19 shall mean all amounts which are includable on the member's federal form W-
20 2 wage and tax statement under the heading "wages, tips, other
21 compensation," including employee contributions picked up after August 1,
22 1982, pursuant to KRS 6.505(4) or 61.560(4);

23 (b) Includes:

- 24 1. Lump-sum bonuses, severance pay, or employer-provided payments for
25 purchase of service credit, which shall be averaged over the employee's
26 total service with the system in which it is recorded if it is equal to or
27 greater than one thousand dollars (\$1,000);

- 1 2. Cases where compensation includes maintenance and other perquisites,
2 but the board shall fix the value of that part of the compensation not paid
3 in money;
- 4 3. Lump-sum payments for creditable compensation paid as a result of an
5 order of a court of competent jurisdiction, the Personnel Board, or the
6 Commission on Human Rights, or for any creditable compensation paid
7 in anticipation of settlement of an action before a court of competent
8 jurisdiction, the Personnel Board, or the Commission on Human Rights,
9 including notices of violations of state or federal wage and hour statutes
10 or violations of state or federal discrimination statutes, which shall be
11 credited to the fiscal year during which the wages were earned or should
12 have been paid by the employer. This subparagraph shall also include
13 lump-sum payments for reinstated wages pursuant to KRS 61.569,
14 which shall be credited to the period during which the wages were
15 earned or should have been paid by the employer;
- 16 4. Amounts which are not includable in the member's gross income by
17 virtue of the member having taken a voluntary salary reduction provided
18 for under applicable provisions of the Internal Revenue Code; and
- 19 5. Elective amounts for qualified transportation fringes paid or made
20 available on or after January 1, 2001, for calendar years on or after
21 January 1, 2001, that are not includable in the gross income of the
22 employee by reason of 26 U.S.C. sec. 132(f)(4); and
- 23 (c) Excludes:
- 24 1. Uniform, equipment, or any other expense allowances paid on or after
25 January 1, 2019, Living allowances, expense reimbursements, lump-sum
26 payments for accrued vacation leave, and other items determined by the
27 board;

- 1 2. For employees who begin participating on or after September 1, 2008,
2 lump-sum payments for compensatory time;
- 3 3. For employees participating in a nonhazardous position who began
4 participating prior to September 1, 2008, and who retire after July 1,
5 2023, lump-sum payments for compensatory time upon termination of
6 employment; and
- 7 4. For employees who begin participating on or after August 1, 2016,
8 nominal fees paid for services as a volunteer;

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

- 10 (a) For a member who begins participating before September 1, 2008, who is
11 employed in a nonhazardous position, the creditable compensation of the
12 member during the five (5) fiscal years he was paid at the highest average
13 monthly rate divided by the number of months of service credit during that
14 five (5) year period multiplied by twelve (12). The five (5) years may be
15 fractional and need not be consecutive, except that for members retiring on or
16 after January 1, 2019, the five (5) fiscal years shall be complete fiscal years. If
17 the number of months of service credit during the five (5) year period is less
18 than forty-eight (48) for members retiring prior to January 1, 2019, one (1) or
19 more additional fiscal years shall be used. If a member retiring on or after
20 January 1, 2019, does not have five (5) complete fiscal years that each contain
21 twelve (12) months of service credit, then one (1) or more additional fiscal
22 years, which may contain less than twelve (12) months of service credit, shall
23 be added until the number of months in the final compensation calculation is
24 at least sixty (60) months;
- 25 (b) For a member who is employed in a nonhazardous position, whose effective
26 retirement date is between August 1, 2001, and January 1, 2009, and whose
27 total service credit is at least twenty-seven (27) years and whose age and years

1 of service total at least seventy-five (75), final compensation means the
2 creditable compensation of the member during the three (3) fiscal years the
3 member was paid at the highest average monthly rate divided by the number
4 of months of service credit during that three (3) years period multiplied by
5 twelve (12). The three (3) years may be fractional and need not be
6 consecutive. If the number of months of service credit during the three (3)
7 year period is less than twenty-four (24), one (1) or more additional fiscal
8 years shall be used. Notwithstanding the provision of KRS 61.565, the
9 funding for this paragraph shall be provided from existing funds of the
10 retirement allowance;

11 (c) For a member who begins participating before September 1, 2008, who is
12 employed in a hazardous position, as provided in KRS 61.592, and who
13 retired prior to January 1, 2019, the creditable compensation of the member
14 during the three (3) fiscal years he was paid at the highest average monthly
15 rate divided by the number of months of service credit during that three (3)
16 year period multiplied by twelve (12). The three (3) years may be fractional
17 and need not be consecutive. If the number of months of service credit during
18 the three (3) year period is less than twenty-four (24), one (1) or more
19 additional fiscal years shall be used;

20 (d) For a member who begins participating on or after September 1, 2008, but
21 prior to January 1, 2014, who is employed in a nonhazardous position, the
22 creditable compensation of the member during the five (5) complete fiscal
23 years immediately preceding retirement divided by five (5). Each fiscal year
24 used to determine final compensation must contain twelve (12) months of
25 service credit. If the member does not have five (5) complete fiscal years that
26 each contain twelve (12) months of service credit, then one (1) or more
27 additional fiscal years, which may contain less than twelve (12) months of

1 service credit, shall be added until the number of months in the final
2 compensation calculation is at least sixty (60) months; or

3 (e) For a member who begins participating on or after September 1, 2008, but
4 prior to January 1, 2014, who is employed in a hazardous position as provided
5 in KRS 61.592, or for a member who begins participating prior to September
6 1, 2008, who is employed in a hazardous position as provided in KRS 61.592,
7 who retires on or after January 1, 2019, the creditable compensation of the
8 member during the three (3) complete fiscal years he was paid at the highest
9 average monthly rate divided by three (3). Each fiscal year used to determine
10 final compensation must contain twelve (12) months of service credit. If the
11 member does not have three (3) complete fiscal years that each contain twelve
12 (12) months of service credit, then one (1) or more additional fiscal years,
13 which may contain less than twelve (12) months of service credit, shall be
14 added until the number of months in the final compensation calculation is at
15 least thirty-six (36) months;

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

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

27 (17) "Actuarial equivalent" means a benefit of equal value when computed upon the

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

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

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

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

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

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

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

- 1 and is no longer contributing to the retirement system;
- 2 (25) "Current rate of pay" means the member's actual hourly, daily, weekly, biweekly,
3 monthly, or yearly rate of pay converted to an annual rate as defined in final rate of
4 pay. The rate shall be certified by the employer;
- 5 (26) "Beneficiary" means the person or persons or estate or trust or trustee designated by
6 the member in accordance with KRS 61.542 or 61.705 to receive any available
7 benefits in the event of the member's death. As used in KRS 61.702, "beneficiary"
8 does not mean an estate, trust, or trustee;
- 9 (27) "Recipient" means the retired member or the person or persons designated as
10 beneficiary by the member and drawing a retirement allowance as a result of the
11 member's death or a dependent child drawing a retirement allowance. An alternate
12 payee of a qualified domestic relations order shall not be considered a recipient,
13 except for purposes of KRS 61.623;
- 14 (28) "Level dollar amortization method" means a method of determining the annual
15 amortization payment on the unfunded actuarial accrued liability that is set as an
16 equal dollar amount over the remaining amortization period as of the actuarial
17 valuation date. Under this method, the unfunded actuarially accrued liability shall
18 be projected to be fully amortized at the conclusion of the amortization period;
- 19 (29) "Increment" means twelve (12) months of service credit which are purchased. The
20 twelve (12) months need not be consecutive. The final increment may be less than
21 twelve (12) months;
- 22 (30) "Person" means a natural person;
- 23 (31) "Retirement office" means the Kentucky Retirement Systems office building in
24 Frankfort;
- 25 (32) "Last day of paid employment" means the last date employer and employee
26 contributions are required to be reported in accordance with KRS 16.543, 61.543, or
27 78.615 to the retirement office in order for the employee to receive current service

1 credit for the month. Last day of paid employment does not mean a date the
2 employee receives payment for accrued leave, whether by lump sum or otherwise, if
3 that date occurs twenty-four (24) or more months after previous contributions;

4 (33) "Objective medical evidence" means reports of examinations or treatments; medical
5 signs which are anatomical, physiological, or psychological abnormalities that can
6 be observed; psychiatric signs which are medically demonstrable phenomena
7 indicating specific abnormalities of behavior, affect, thought, memory, orientation,
8 or contact with reality; or laboratory findings which are anatomical, physiological,
9 or psychological phenomena that can be shown by medically acceptable laboratory
10 diagnostic techniques, including but not limited to chemical tests,
11 electrocardiograms, electroencephalograms, X-rays, and psychological tests;

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

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

15 (36) "Membership date" means:

16 (a) The date upon which the member began participating in the system as
17 provided in KRS 61.543; or

18 (b) For a member electing to participate in the system pursuant to KRS
19 196.167(4) who has not previously participated in the system or the Kentucky
20 Teachers' Retirement System, the date the member began participating in a
21 defined contribution plan that meets the requirements of 26 U.S.C. sec.
22 403(b);

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

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

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

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

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

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

9 (41) "Accumulated account balance" means:

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

12 (b) For members who began participating in the system on or after January 1,
13 2014, in the hybrid cash balance plan as provided by KRS 16.583 and 61.597,
14 the combined sum of the member's accumulated contributions and the
15 member's accumulated employer credit; or

16 (c) For nonhazardous members who are participating in the 401(a) money
17 purchase plan as provided by KRS 61.5956, the combined sum of the
18 member's accumulated contribution and the member's accumulated employer
19 contribution in the 401(a) money purchase plan;

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

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

26 (b) If a retired member, does not become an employee, leased employee, or
27 independent contractor of the employer for which he or she is performing

1 volunteer services for a period of at least twenty-four (24) months following
2 the retired member's most recent retirement date;

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

8 (44) "Nonhazardous position" means a position that does not meet the requirements of
9 KRS 61.592 or has not been approved by the board as a hazardous position;

10 (45) "Accumulated employer contribution" means the employer contribution deposited
11 to the member's account and any investment returns on such amounts as provided
12 by KRS 61.5956; and

13 (46) "Monthly average pay" means the higher of the member's monthly final rate of pay
14 or the average monthly creditable compensation earned by the deceased member
15 during his or her last twelve (12) months of employment.

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

17 Membership in the system shall consist of the following:

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

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 or those employees who are
23 simultaneously participating in another state-administered defined benefit plan
24 within Kentucky other than those administered by the Kentucky Retirement
25 Systems, except for employees who have ceased to contribute to one (1) of the
26 state-administered retirement plans as provided in KRS 21.360; and
- 27 (8) Effective January 1, 1998, employees of the Kentucky Community and Technical

1 College System who were previously contributing members and are not required to
2 participate in the Teachers' Retirement System as a member; employees who were
3 previously contributing members transferred from the former Cabinet for
4 Workforce Development as provided in KRS 164.5805(1)(a) and who have not
5 exercised the option to participate in the new Kentucky Community and Technical
6 College personnel system as provided in KRS 164.5805(1)(e); and new employees
7 as of July 1, 1997, who are not eligible under the Teachers' Retirement System or
8 who are not contributing to an optional retirement plan established by the board of
9 regents for the Kentucky Community and Technical College System.

10 ➔Section 5. Whereas it is imperative that the Kentucky Retirement Systems and
11 the Judicial Form Retirement System establish procedures and forms for current and
12 future members of the General Assembly to make elections to not participate or to
13 discontinue participation in retirement coverage, an emergency is declared to exist, and
14 this Act takes effect upon its passage and approval by the Governor or upon its otherwise
15 becoming a law.