

1 AN ACT relating to changing beneficiaries after retirement in state-administered
2 retirement systems.

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

4 ➔Section 1. KRS 61.542 is amended to read as follows:

5 (1) Prior to the first day of the month in which the member receives his or her first
6 retirement allowance and prior to the member filing a notification of retirement or a
7 request for refund:

8 (a) Each member may designate on the form prescribed by the board a principal
9 beneficiary and contingent beneficiary for his or her account. The principal
10 beneficiary or contingent beneficiary designated by the member shall be:

- 11 1. One (1) or more persons; or
- 12 2. The member's estate; or
- 13 3. A trust;

14 (b) If multiple persons are designated as provided by paragraph (a)1. of this
15 subsection, the member shall indicate the percentage of total benefits each
16 person is to receive.

- 17 1. If percentages are not indicated, payments will be disbursed equally to
18 the named beneficiaries.
- 19 2. If the percentages indicated do not total one hundred percent (100%),
20 each beneficiary shall receive an increased or decreased percentage
21 which is proportional to the percentage allotted him or her by the
22 member.
- 23 3. If any of the multiple beneficiaries die prior to the member's death, the
24 remaining beneficiaries shall be entitled to the deceased beneficiary's
25 percentage of the total benefits, and each shall receive a percentage of
26 the deceased's share which is equal to the percentage allotted them by
27 the member;

- 1 (c) The principal and contingent beneficiary designation established by the
2 member pursuant to paragraph (a) of this subsection shall remain in full force
3 and effect until changed by the member, except:
- 4 1. A final divorce decree terminates an ex-spouse's status as beneficiary,
5 unless the member has on file in the retirement office a beneficiary
6 designation that redesignates the ex-spouse as beneficiary subsequent to
7 the issuance of the divorce decree;
 - 8 2. If a beneficiary or beneficiaries are convicted of any crime which
9 prohibits that person or persons from receiving the benefits under KRS
10 381.280, the beneficiary or beneficiaries shall not be eligible for any of
11 the benefits and the remaining beneficiary or beneficiaries or, if none,
12 the member's estate, shall become the beneficiary; and
 - 13 3. When a notification of retirement has been filed at the retirement office,
14 the designation of beneficiary on the notification of retirement, which
15 shall be one (1) person, his estate, or a trust, shall supersede the
16 designation of all previous beneficiaries, unless the notification of
17 retirement is withdrawn, invalid, or voided. If the notification of
18 retirement is withdrawn, invalid, or voided, the prior beneficiary
19 designation on file with the system shall remain in full force and effect
20 until changed by the member; and
- 21 (d) Except as provided by paragraph (c)3. of this subsection, if the member fails
22 to designate a beneficiary for his or her account or if the beneficiary
23 designation is determined to be void by the system, the member's estate shall
24 become the beneficiary.
- 25 (2) If the member dies prior to the first day of the month in which the member would
26 have received his or her first retirement allowance and prior to filing a notification
27 of retirement or a request for refund, any retirement benefits shall be payable to the

- 1 principal beneficiary, except that:
- 2 (a) If the death of the principal beneficiary or beneficiaries precedes the death of
3 the member, or if the principal beneficiary is terminated by a divorce decree,
4 the contingent beneficiary or beneficiaries become the principal beneficiary or
5 beneficiaries;
- 6 (b) If the principal beneficiary is one (1) person and is the member's spouse and
7 they are divorced on the date of the member's death, the contingent beneficiary
8 or beneficiaries become the principal beneficiary or beneficiaries;
- 9 (c) If the member is survived by his principal beneficiary or beneficiaries who
10 subsequently die prior to having on file at the retirement office the necessary
11 forms prescribed under authority of KRS 61.590, the contingent beneficiary
12 shall become the principal beneficiary or beneficiaries;
- 13 (d) If the deaths of all the principal beneficiaries and all of the contingent
14 beneficiaries precede the death of the member, the estate of the member
15 becomes the beneficiary; and
- 16 (e) If the member dies as a direct result of an act in line of duty as defined in KRS
17 16.505 or dies as a result of a duty-related injury as defined in KRS 61.621,
18 the surviving spouse shall supersede all previously designated principal or
19 contingent beneficiaries, unless the deceased member files a valid beneficiary
20 designation form with the retirement office after the date of marriage to the
21 surviving spouse.
- 22 (3) Prior to the first day of the month in which the member would have received his or
23 her first retirement allowance, a monthly benefit payable for life shall not be offered
24 if the beneficiary designated under subsection (1) of this section is more than one
25 (1) person, the member's estate, or a trust.
- 26 (4) When a notification of retirement **as provided by Section 2 of this Act or a form to**
27 **change beneficiaries following a qualifying event as provided by subsection (5) of**

1 *this section* has been filed at the retirement office:

2 (a) The designation of beneficiary on the notification of retirement *or beneficiary*
3 *change form* shall supersede the designation of all previous beneficiaries;

4 (b) The beneficiary designated by the member on the member's notification of
5 retirement *or beneficiary change form* shall be one (1) person, the member's
6 estate, or a trust; and

7 (c) If the death of the beneficiary named on the notification of retirement precedes
8 the first day of the month in which the member receives his or her first
9 retirement allowance, the member may designate another beneficiary on the
10 member's notification of retirement.

11 (5) On or after the first day of the month in which the member receives his or her first
12 retirement allowance, the member shall not have the right to change his beneficiary,
13 except that:

14 (a) *Following a qualifying event, which shall include marriage, remarriage, the*
15 *birth or adoption of a child, or the death of a designated beneficiary, the*
16 *member may elect a new beneficiary in accordance with subsection (4) of*
17 *this section and a new optional payment plan in accordance with KRS*
18 *61.635 provided the member makes the election within one hundred twenty*
19 *(120) days of the qualifying event on a form prescribed by the systems. The*
20 *retirement allowance resulting from the change in beneficiary and payment*
21 *plan, as applicable, and recalculated pursuant to this paragraph shall be*
22 *actuarially equivalent to the present value of the amount of the retirement*
23 *allowance payable to the retired member prior to the change in beneficiary*
24 *and payment plan;*

25 (b) *If a member does not elect a new beneficiary within one hundred twenty*
26 *(120) days of the date of a designated beneficiary's death or if the member*
27 *dies before making an election to change beneficiaries within the one*

1 hundred twenty (120) day period following the date of the beneficiary's
 2 death, the estate of the retired member shall become~~[becomes]~~ the
 3 beneficiary~~[if the date of death of the beneficiary [precedes or]coincides with~~
 4 ~~the date of death of the retired member]~~;

5 ~~(c)~~~~(b)~~ Upon divorce, annulment, or dissolution of marriage between the
 6 retired member and the beneficiary, regardless of whether the retired
 7 member and beneficiary were married before or after retirement, the estate
 8 of the retired member shall become~~[becomes]~~ the beneficiary~~[if the retired~~
 9 ~~member had designated a person as beneficiary who was the spouse or who~~
 10 ~~later married the member and they were divorced on the date of the retired~~
 11 ~~member's death]~~. An ex-spouse who was the named beneficiary on the
 12 member's notification of retirement shall be reinstated as the member's
 13 beneficiary for the payment options provided by KRS 61.635(2), (3), (4), and
 14 (8)(b) if:

15 1. They are remarried to each other as of the date of the retired member's
 16 death; and

17 2 The member has not subsequently named another beneficiary in
 18 accordance with paragraph (a) of this subsection; and

19 ~~(d)~~~~(e)~~ The estate of the member shall not receive monthly payments under
 20 paragraphs (b) and (c) of this subsection if the member selected one (1) of
 21 the payment options provided by KRS 61.635(2), (3), (4), and (8)(b).

22 (6) Following cessation of membership as provided by KRS 61.535, no beneficiary
 23 designation in one (1) account shall be effective for any new retirement account
 24 established pursuant to KRS 61.637 or 61.680. If the member fails to designate a
 25 beneficiary for his or her new retirement account or if the beneficiary designation is
 26 determined to be void by the system, the member's estate shall become the
 27 beneficiary.

1 ➔Section 2. KRS 61.590 is amended to read as follows:

- 2 (1) (a) A member or beneficiary eligible to receive retirement benefits under any of
3 the provisions of KRS 61.510 to 61.705, 78.510 to 78.852, and 16.510 to
4 16.652 shall have on file at the retirement office on the form prescribed by the
5 board, a correctly completed notification of retirement, giving his or her name,
6 address, Social Security number or Kentucky Retirement Systems member
7 identification number, last day of employment, and other information the
8 system may require. The form entitled "Notification of Retirement" shall not
9 be filed more than six (6) months before the member's effective retirement
10 date.
- 11 (b) A member eligible to receive retirement benefits under any of the provisions
12 of KRS 61.510 to 61.705, 78.510 to 78.852, and 16.510 to 16.652 shall certify
13 in writing on the "Notification of Retirement" form or another form prescribed
14 by the board that no prearranged agreement existed prior to the member's
15 retirement between the member and any participating agency in the systems
16 administered by the Kentucky Retirement Systems for the member to return to
17 employment with the participating agency. No retirement benefits shall be
18 paid to the member until the member completes the certification required by
19 this paragraph.
- 20 (2) After receipt of the correctly completed form entitled "Notification of Retirement",
21 the system shall cause to be prepared an estimate of the amounts the member or
22 beneficiary may expect to receive under the various plans available to the member
23 or beneficiary. This information shall be recorded on a form entitled "Estimated
24 Retirement Allowance" and forwarded to the member or beneficiary.
- 25 (3) The member or beneficiary shall file at the retirement office the form entitled
26 "Estimated Retirement Allowance" after he has checked one (1) payment option of
27 his choice, signed the document, and had his signature witnessed. A member shall

1 not have the right to select a different payment option on or after the first day of the
2 month in which the member receives his or her first retirement allowance or after
3 the effective date of a deferred retirement option as provided by subsection (6) of
4 this section, except as provided by subsection (5) of Section 1 of this Act. A
5 beneficiary shall not have the right to select a different payment option after the
6 effective date of the beneficiary's retirement allowance as provided in subsection (7)
7 of this section.

8 (4) A member or beneficiary choosing a monthly payment option shall have on file at
9 the retirement office his birth certificate or other acceptable evidence of date of
10 birth. If a survivorship option is chosen, proof of dates of birth of the beneficiary
11 and member shall be on file at the retirement office.

12 (5) (a) The effective date of normal retirement shall be the first month following the
13 month in which employment from all employers participating in any of the
14 systems administered by Kentucky Retirement Systems was terminated.

15 (b) The effective date of disability retirement shall be the first month following
16 the month in which the member's last day of paid employment in a regular
17 full-time position occurred, provided the member files the form entitled
18 "Estimated Retirement Allowance" no later than six (6) months following the
19 date the notification of approval for disability retirement benefits is mailed. If
20 the member fails to file the form entitled "Estimated Retirement Allowance"
21 within six (6) months of the date the notification of approval for disability
22 retirement benefits is mailed, then the member's form entitled "Notification of
23 Retirement" shall be void. The member shall be required to submit a new
24 form entitled "Notification of Retirement" to apply for disability retirement
25 and reestablish eligibility for disability retirement benefits.

26 (c) The effective date of early retirement shall be the first month following the
27 month a correctly completed form entitled "Notification of Retirement" is

1 filed at the retirement office or a future month designated by the member, if
2 employment from all employers participating in any of the systems
3 administered by Kentucky Retirement Systems has been terminated and if the
4 member files the form entitled "Estimated Retirement Allowance" no later
5 than six (6) months following termination. If the member fails to file the form
6 entitled "Estimated Retirement Allowance" within six (6) months following
7 the effective retirement date of the member, then the member's form entitled
8 "Notification of Retirement" shall be void and the member shall be required to
9 submit a new form entitled "Notification of Retirement" to apply for early
10 retirement.

11 (6) The effective date of a deferred retirement option as provided under KRS 16.576(5)
12 shall be the month following age sixty-five (65), or the month following written
13 notification from the member that he wishes to begin receiving retirement
14 payments. In the event of the death of a member who has deferred his retirement
15 allowance, the effective date of retirement shall be the month following the
16 member's death.

17 (7) Notwithstanding the provisions of KRS 16.578 or 61.640, the effective date of a
18 beneficiary's retirement allowance under normal, early, or disability retirement shall
19 be as prescribed in subsection (5) or (6) of this section if the member dies before the
20 first day of the month in which the member would have received his or her first
21 retirement allowance and his beneficiary becomes eligible for payments under KRS
22 16.578 or 61.640.

23 ➔Section 3. KRS 61.615 is amended to read as follows:

24 (1) If the board's medical examiner determines that a recipient of a disability retirement
25 allowance is, prior to his normal retirement date, employed in a position with the
26 same or similar duties, or in a position with duties requiring greater residual
27 functional capacity and physical exertion, as the position from which he was

1 disabled, except where the recipient has returned to work on a trial basis not to
2 exceed nine (9) months, the system may reduce or discontinue the retirement
3 allowance. Each recipient of a disability retirement allowance who is engaged in
4 gainful employment shall notify the system of any employment; otherwise, the
5 system shall have the right to recover payments of a disability retirement allowance
6 made during the employment.

7 (2) If the board's medical examiner determines that a recipient of a disability retirement
8 allowance is, prior to his normal retirement date, no longer incapacitated by the
9 bodily injury, mental illness, or disease for which he receives a disability retirement
10 allowance, the board may reduce or discontinue the retirement allowance.

11 (3) The system shall have full power and exclusive authority to reduce or discontinue a
12 disability retirement allowance and the system shall utilize the services of a medical
13 examiner as provided in KRS 61.665, in determining whether to continue, reduce,
14 or discontinue a disability retirement allowance under this section.

15 (a) The system shall select a medical examiner to evaluate the forms and medical
16 information submitted by the person. If there is objective medical evidence of
17 a mental impairment, the medical examiner may request the board's licensed
18 mental health professional to assist in determining the level of the mental
19 impairment.

20 (b) The medical examiners shall be paid a reasonable amount by the retirement
21 system for each case evaluated.

22 (c) The medical examiner shall recommend that disability retirement allowance
23 be continued, reduced, or discontinued.

24 1. If the medical examiner recommends that the disability retirement
25 allowance be continued, the system shall make retirement payments in
26 accordance with the retirement plan selected by the person.

27 2. If the medical examiner recommends that the disability retirement

1 allowance be reduced or discontinued, the system shall send notice of
2 the recommendation by United States first-class mail to the person's last
3 address on file in the retirement office.

4 a. The person shall have sixty (60) days from the day that the system
5 mailed the notice to file at the retirement office additional
6 supporting employment or medical information and certify to the
7 retirement office that the forms and additional supporting
8 employment information or medical information are ready to be
9 evaluated by the medical examiner or to appeal the
10 recommendation of the medical examiner to reduce or discontinue
11 the disability retirement allowance by filing at the retirement office
12 a request for a formal hearing.

13 b. If the person fails or refuses to file at the retirement office the
14 forms, the additional supporting employment information, and
15 current medical information or to appeal the recommendation of
16 the medical examiners to reduce or discontinue the disability
17 retirement allowance, his retirement allowance shall be
18 discontinued on the first day of the month following the expiration
19 of the period of the sixty (60) days from the day the system mailed
20 the notice of the recommendation to the person's last address on
21 file in the retirement office.

22 (d) The medical examiner shall make a recommendation based upon the
23 evaluation of additional supporting medical information submitted in
24 accordance with paragraph (c)2.a. of this subsection.

25 1. If the medical examiner recommends that the disability retirement
26 allowance be continued, the system shall make disability retirement
27 payments in accordance with the retirement plan selected by the person.

- 1 2. If the medical examiner recommends that the disability retirement
2 allowance be reduced or discontinued based upon the evaluation of
3 additional supporting medical information, the system shall send notice
4 of this recommendation by United States first-class mail to the person's
5 last address on file in the retirement office.
- 6 a. The person shall have sixty (60) days from the day that the system
7 mailed the notice of the recommendation to appeal the
8 recommendation to reduce or discontinue the disability retirement
9 allowance by filing at the retirement office a request for formal
10 hearing.
- 11 b. If the person fails or refuses to appeal the recommendation of the
12 medical examiners to reduce or discontinue the disability
13 retirement allowance, his retirement allowance shall be
14 discontinued on the first day of the month following the expiration
15 of the period of the sixty (60) days from the day the system mailed
16 the notice of the recommendation to the person's last address on
17 file in the retirement office.
- 18 (e) Any person whose disability benefits have been reduced or discontinued,
19 pursuant to paragraph (c)2. or (d)2. of this subsection, may file at the
20 retirement office a request for formal hearing to be conducted in accordance
21 with KRS Chapter 13B. The right to demand a formal hearing shall be limited
22 to a period of sixty (60) days after the person had notice, as described in
23 paragraph (c) or (d) of this subsection. The request for formal hearing shall be
24 filed with the system, at the retirement office in Frankfort. The request for
25 formal hearing shall include a short and plain statement of the reasons the
26 reduction, discontinuance, or denial of disability retirement is being contested.
- 27 (f) Failure of the person to request a formal hearing within the period of time

1 specified shall preclude the person from proceeding any further with
2 contesting the reduction or discontinuation of disability retirement allowance,
3 except as provided in subsection (6)(d) of this section. This paragraph shall
4 not limit the person's right to appeal to a court.

5 (g) A final order of the board shall be based on substantial evidence appearing in
6 the record as a whole and shall set forth the decision of the board and the facts
7 and law upon which the decision is based. If the board orders that the person's
8 disability retirement allowance be discontinued or reduced, the order shall
9 take effect on the first day of the month following the day the system mailed
10 the order to the person's last address on file in the retirement office. Judicial
11 review of the final board order shall not operate as a stay and the system shall
12 discontinue or reduce the person's disability retirement allowance as provided
13 in this section.

14 (h) Notwithstanding any other provisions of this section, the system may require
15 the person to submit to one (1) or more medical or psychological
16 examinations at any time. The system shall be responsible for any costs
17 associated with any examinations of the person requested by the medical
18 examiner or the system for the purpose of providing medical information
19 deemed necessary by the medical examiner or the system. Notice of the time
20 and place of the examination shall be mailed to the person or his legal
21 representative. If the person fails or refuses to submit to one (1) or more
22 medical examinations, his rights to further disability retirement allowance
23 shall cease.

24 (i) All requests for a hearing pursuant to this section shall be made in writing.

25 (4) The board may establish an appeals committee whose members shall be appointed
26 by the chair and who shall have the authority to act upon the recommendations and
27 reports of the hearing officer pursuant to this section on behalf of the board.

- 1 (5) Any person aggrieved by a final order of the board may seek judicial review after all
2 administrative appeals have been exhausted by filing a petition for judicial review
3 in the Franklin Circuit Court in accordance with KRS Chapter 13B.
- 4 (6) If a disability retirement allowance is reduced or discontinued for a person who
5 began participating in the system prior to January 1, 2014, the person may apply for
6 early retirement benefits as provided under KRS 61.559, subject to the following
7 provisions:
- 8 (a) The person may not change his beneficiary or payment option, except as
9 provided by subsection (5) of Section 1 of this Act;
- 10 (b) If the person has returned to employment with an employer participating in
11 one (1) of the systems administered by Kentucky Retirement Systems, the
12 service and creditable compensation shall be used in recomputing his benefit,
13 except that the person's final compensation shall not be less than the final
14 compensation last used in determining his retirement allowance;
- 15 (c) The benefit shall be reduced as provided by KRS 61.595(2);
- 16 (d) The person shall remain eligible for reinstatement of his disability allowance
17 upon reevaluation by the medical review board until his normal retirement
18 age. The person shall apply for reinstatement of disability benefits in
19 accordance with the provisions of this section. An application for
20 reinstatement of disability benefits shall be administered as an application
21 under KRS 61.600, and only the bodily injuries, mental illnesses, diseases, or
22 conditions for which the person was originally approved for disability benefits
23 shall be considered. Bodily injuries, mental illnesses, diseases, or conditions
24 that came into existence after the person's last day of paid employment shall
25 not be considered as a basis for reinstatement of disability benefits. Bodily
26 injuries, mental illnesses, diseases, or conditions alleged by the person as
27 being incapacitating, but which were not the basis for the award of disability

1 retirement benefits, shall not be considered. If the person establishes that the
2 disability benefits should be reinstated, the retirement system shall pay
3 disability benefits effective from the first day of the month following the
4 month in which the person applied for reinstatement of the disability benefits;
5 and

6 (e) Upon attaining normal retirement age, the person shall receive the higher of
7 either his disability retirement allowance or his early retirement allowance.

8 (7) No disability retirement allowance shall be reduced or discontinued by the system
9 after the person's normal retirement date except in case of reemployment as
10 provided for by KRS 61.637. If a disability retirement allowance has been reduced
11 or discontinued, except if the person is reemployed as provided for by KRS 61.637,
12 the retirement allowance shall be reinstated upon attainment of the person's normal
13 retirement date to the retirement allowance prior to adjustment. No reinstated
14 payment shall be less than the person is receiving upon attainment of the person's
15 normal retirement date.

16 ➔Section 4. KRS 61.630 is amended to read as follows:

17 (1) If a retired member who did not elect an optional retirement plan dies at any time on
18 or after the first day of the month in which the member received or would have
19 received his or her first retirement allowance but before receiving total retirement
20 allowances provided in KRS 16.510 to 16.652, KRS 61.515 to 61.705, and KRS
21 78.520 to 78.852 at least equal to his accumulated contributions as of the date of his
22 retirement, the difference between the accumulated contributions and the total
23 allowances shall be payable in a lump sum to the properly designated beneficiary.
24 **Except as otherwise provided by subsection (5) of Section 1 of this Act,** if a living
25 person designated as the beneficiary predeceases the retired member, the estate shall
26 become the beneficiary. **Except as otherwise provided by subsection (5) of Section**
27 **1 of this Act,** if a spouse designated as the beneficiary is divorced from the retired

1 member as of the member's death, the estate shall become the beneficiary.

2 (2) If a retired member who elected an optional retirement plan and his beneficiary both
3 die at any time on or after the first day of the month in which the member received
4 or would have received his or her first retirement allowance but before receiving
5 total retirement allowances provided in KRS 16.510 to 16.652, KRS 61.515 to
6 61.705, and KRS 78.520 to 78.852 at least equal to the retired member's
7 accumulated contributions as of the date of his retirement, the difference between
8 the accumulated contributions and the total allowances shall be payable in a lump
9 sum to the estate of the last deceased, except that the retired member's estate shall
10 receive the payment if the beneficiary was the spouse and they were divorced as of
11 the date of the member's death. If the retired member and beneficiary die
12 simultaneously, the estate of the retired member shall become the beneficiary.

13 (3) If a beneficiary receiving a lifetime retirement allowance under KRS 16.578 or
14 61.640 dies before receiving total retirement allowances provided in KRS 16.510 to
15 16.652, KRS 61.515 to 61.705, and KRS 78.520 to 78.852 at least equal to the
16 member's accumulated contributions as of the date of the member's death, the
17 difference between the accumulated contributions and the total allowances shall be
18 payable in a lump sum to the estate of the beneficiary.

19 (4) If a beneficiary receiving a retirement allowance for sixty (60) or one hundred
20 twenty (120) months certain under KRS 16.576, 16.578, or 61.640, or a beneficiary
21 receiving a retirement allowance under KRS 61.635(5), (6), or (7), dies before
22 receiving all payments under the plan, the executor or administrator of his estate
23 shall receive a lump sum payment which shall be the actuarial equivalent to the
24 remaining payments.

25 (5) If the system is unable to verify a recipient's whereabouts or whether the recipient is
26 living, the system shall suspend the recipient's retirement allowance. If the recipient
27 is located, the system shall restore to the recipient all suspended retirement

1 allowances.

2 ➔Section 5. KRS 161.630 is amended to read as follows:

- 3 (1) (a) An individual~~[who became a member prior to January 1, 2019]~~, upon
4 retirement, shall receive a retirement allowance in the form of a life annuity,
5 with refundable balance, as provided in KRS 161.620, unless an election is
6 made before the effective date of retirement to receive actuarially equivalent
7 benefits under options which the board of trustees approves.
- 8 (b) An individual who is participating in the hybrid cash balance plan as provided
9 by KRS 161.235 may, before the effective date of retirement, elect to receive
10 his or her accumulated account balance annuitized into a monthly payment
11 under one (1) of the actuarial equivalent payment options approved by the
12 board of trustees.
- 13 (c) No option shall provide for a benefit with an actuarial value at the age of
14 retirement greater than that provided in KRS 161.235(7)(a) or 161.620, as
15 applicable. This section does not apply to disability allowances as provided in
16 KRS 161.661(1).
- 17 (2) The retirement option chosen by a retiree at the time of service retirement shall
18 remain in force unless **one (1) of the following qualifying events occurs and** the
19 retiree ~~[became a member prior to January 1, 2019, and]~~elects to make a change
20 under the following conditions:
- 21 (a) A divorce, annulment, or marriage dissolution following retirement shall, at
22 the election of the retiree, cancel any optional plan selected at retirement that
23 provides continuing benefits to a spousal beneficiary and return the retiree to a
24 single lifetime benefit equivalent as determined by the board; or
- 25 (b) Following marriage or remarriage, ~~[or]~~the death of the designated beneficiary,
26 **or the birth or adoption of a child,** a retiree may elect **a new beneficiary and**
27 a new optional plan of payment based on the actuarial equivalent of a single

1 lifetime benefit at the time of the election, as determined by the board. The
2 plan shall become effective the first of the month following receipt of an
3 application on a form prescribed~~approved~~ by the board.

4 (3) Except as otherwise provided in this section, a beneficiary designation shall not be
5 changed after the effective date of retirement except for retirees who elect the life
6 annuity with refundable balance or the predetermined years certain and life
7 thereafter option. A member may remove a beneficiary at any time, but shall not
8 designate a substitute beneficiary. If a member elects to remove a beneficiary, the
9 member's retirement allowance shall not change regardless of the retirement option
10 selected by the member, even if the removed beneficiary predeceases the member.

11 (4) A member who experiences a qualifying event under subsection (2) of this section
12 and who elects a new beneficiary or a new optional plan of payment shall make
13 that election within one hundred and twenty (120)~~sixty (60)~~ days of the
14 qualifying event.

15 ➔Section 6. KRS 161.480 is amended to read as follows:

16 Each person, upon becoming a member of the retirement system, shall file a detailed
17 statement as required by the board of trustees and shall designate a primary beneficiary or
18 two (2) or more cobeneficiaries to receive any benefits accruing from the death of the
19 member. A contingent beneficiary may be designated in addition to the primary
20 beneficiary or cobeneficiaries. The member may name more than one (1) contingent
21 beneficiary. Any beneficiary designation made by the member, including the estate should
22 the estate become the beneficiary by default, shall remain in effect until changed by the
23 member on forms prescribed by the Kentucky Teachers' Retirement System, except in the
24 event of subsequent marriage or divorce or as otherwise provided by subsection (2) of
25 Section 5 of this Act. Subsequent marriage by the member shall void the primary
26 beneficiary and any cobeneficiary designation, even that of a trust, and the spouse of the
27 member at death shall be considered as the primary beneficiary, unless the member

1 subsequent to marriage designates another beneficiary as provided by subsection (2) of
2 Section 5 of this Act. A final divorce decree shall terminate an ex-spouse's status as either
3 primary beneficiary, cobeneficiary, or contingent beneficiary, unless subsequent to
4 divorce the member redesignates the former spouse as primary beneficiary, cobeneficiary,
5 or contingent beneficiary. To the extent permitted by the Internal Revenue Code, a trust
6 may be designated as beneficiary for receipt of a member's accumulated account balance
7 in the retirement system as provided under KRS 161.470(7). A final divorce decree shall
8 not terminate the designation of a trust as beneficiary regardless of who is designated as
9 beneficiary of the trust. In the event that a member fails to designate a beneficiary, or all
10 designated beneficiaries predecease the member, the member's estate shall be deemed to
11 be the beneficiary. Members may designate as beneficiaries only presently identifiable
12 and existing individuals, or trusts where otherwise permitted, without contingency
13 instructions, on forms prescribed by the retirement system. The provisions of this section
14 shall be retroactive as they relate to election of beneficiaries by members still in active
15 status on the effective date of this section. The provisions of this section shall not apply to
16 any account from which a member is drawing a retirement allowance or to the life
17 insurance benefit available under KRS 161.655.