

1 AN ACT relating to employees of agencies who cease participation in the Kentucky
2 Retirement Systems.

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

4 ➔Section 1. KRS 61.595 is amended to read as follows:

5 Except as limited by KRS 61.5955 or 61.5956:

6 (1) Effective July 1, 1990, upon retirement at normal retirement date or subsequent
7 thereto, a member may receive an annual retirement allowance, payable monthly
8 during his lifetime, which shall consist of an amount equal to two and two-tenths
9 percent (2.2%) for the County Employees Retirement System and one and ninety-
10 seven hundredths percent (1.97%) for the Kentucky Employees Retirement System
11 of final compensation multiplied by the number of years of service credit, except
12 that:

13 (a) Effective February 1, 1999, a member of the Kentucky Employees Retirement
14 System who was participating in one (1) of the state-administered retirement
15 systems as of January 1, 1998, and continues to participate through January 1,
16 1999, shall receive an annual retirement allowance, payable monthly during
17 his lifetime, which shall consist of an amount equal to two percent (2%) of
18 final compensation multiplied by the number of years of service credit. Any
19 Kentucky Employees Retirement System member whose effective date of
20 retirement is between February 1, 1999, and January 31, 2009, and who has at
21 least twenty (20) years of service credit in one (1) of the state-administered
22 retirement systems and who was participating in one (1) of the state-
23 administered retirement systems as of January 1, 1998, and continues to
24 participate through January 1, 1999, shall receive an annual retirement
25 allowance, payable monthly during his lifetime, which shall consist of an
26 amount equal to two and two-tenths percent (2.2%) of final compensation
27 multiplied by the number of years of service credit. Notwithstanding the

1 provisions of KRS 61.565, the funding for this paragraph shall be provided
2 from existing funds of the retirement allowance account;

3 (b) For a member of the County Employees Retirement System whose
4 participation begins on or after August 1, 2004, the annual retirement
5 allowance upon retirement at normal retirement date or later shall be equal to
6 two percent (2%) of final compensation multiplied by the number of years of
7 service credit and shall be payable monthly during his lifetime;

8 (c) The annual normal retirement allowance for members of the General
9 Assembly, who serve during the 1974 or 1976 General Assembly, and will
10 have eight (8) years or more of total legislative service as of January 6, 1978,
11 shall not be less than two hundred forty dollars (\$240) multiplied by the
12 number of years of service as a member of the General Assembly;

13 (d) For a member of the Kentucky Employees Retirement System or the County
14 Employees Retirement System who begins participating on or after September
15 1, 2008, the annual retirement allowance upon retirement shall be equal to:

16 1. a. One and one-tenth percent (1.1%) of final compensation for each
17 year of service if the member has earned ten (10) or less years of
18 service at retirement;

19 b. One and three-tenths percent (1.3%) of final compensation for
20 each year of service if the member has earned greater than ten (10)
21 but no more than twenty (20) years of service at retirement;

22 c. One and one-half percent (1.5%) of final compensation for each
23 year of service if the member has earned greater than twenty (20)
24 but no more than twenty-six (26) years of service at retirement; or

25 d. One and three-quarters percent (1.75%) of final compensation for
26 each year of service if the member has earned greater than twenty-
27 six (26) but no more than thirty (30) years of service at retirement;

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and

2. Two percent (2.0%) of final compensation for each year of service earned in excess of thirty (30) years of service at retirement;

(e) The annual normal retirement allowance for members of the General Assembly who will have fewer than eight (8) years of service as of December 31, 1975, shall be as prescribed in Chapter 116, section 36(1), Acts of the 1972 General Assembly for legislative service prior to January 1, 1974;

(f) Former members of the General Assembly who have eight (8) or more years of legislative service prior to the 1976 Regular Session are eligible for an increased retirement allowance of two hundred forty dollars (\$240) times the years of legislative service, if the member pays to the Kentucky Employees Retirement System thirty-five percent (35%) of the actuarial cost of the higher benefit, as determined by the system, except that a former member with sixteen (16) or more years of legislative service, or his beneficiary, who is receiving a retirement allowance, also is eligible under this section and may apply for a recomputation of his retirement allowance. The employer's share of sixty-five percent (65%) of the computed actuarial cost shall be paid from the State Treasury to the Kentucky Employees Retirement System upon presentation of a properly documented claim to the Finance and Administration Cabinet. If any member with sixteen (16) or more years of legislative service previously applied for and is receiving a retirement allowance, he may reapply and his retirement allowance shall be recomputed in accordance with this paragraph, and he shall thereafter be paid in accordance with the option selected by him at the time of the reapplication; and

(g) The annual normal retirement allowance for a member with ten (10) or more years of service, in the Kentucky Employees Retirement System, at least one

1 (1) of which is current service, shall not be less than five hundred twelve
2 dollars (\$512).

3 (2) (a) Upon service retirement prior to normal retirement date, a member may
4 receive an annual retirement allowance payable monthly during his lifetime
5 which shall be determined in the same manner as for retirement at his normal
6 retirement date with years of service and final compensation being determined
7 as of the date of his actual retirement, but the amount of the retirement
8 allowance so determined shall be reduced at an amount determined by the
9 board's actuary to reflect the earlier commencement of benefits.

10 (b) A member of the Kentucky Employees Retirement System or the County
11 Employees Retirement System who begins participating before September 1,
12 2008, who has twenty-seven (27) or more years of service credit, at least
13 fifteen (15) of which are current service, may retire with no reduction in the
14 retirement allowance. A member who begins participating before September
15 1, 2008, who has earned vested service credit in a retirement system, other
16 than the Teachers' Retirement System, sponsored by a Kentucky institution of
17 higher education, the Council on Postsecondary Education, or the Higher
18 Education Assistance Authority, may count the vested service toward attaining
19 the necessary years of service credit as provided in KRS 61.559(2)(c) and (d)
20 to qualify for a retirement allowance. The credit from a Kentucky institution
21 of higher education, the Council on Postsecondary Education, or the Higher
22 Education Assistance Authority shall not be used toward the minimum fifteen
23 (15) years of current service required by KRS 61.559(2)(c) and (d) or to
24 calculate his retirement allowance pursuant to this section. The provisions of
25 this paragraph shall not be construed to limit the use of Teachers' Retirement
26 System credit pursuant to KRS 61.680(2)(a).

27 (c) A member of the Kentucky Employees Retirement System or the County

1 Employees Retirement System who begins participating on or after September
2 1, 2008, may retire with no reduction in benefits if the member is fifty-seven
3 (57) years of age or older and has an age and years of service total of at least
4 eighty-seven (87) years. The years of service used to determine eligibility for
5 an unreduced retirement allowance under this paragraph shall only include
6 years of service credited under KRS 16.543(1), 61.543(1), or 78.615(1) or
7 another state-administered retirement system.

8 **(d) A member who began participating in the systems prior to January 1, 2014,**
9 **who has earned vested service credit in a retirement plan established by an**
10 **agency voluntarily ceasing participating in the Kentucky Employees**
11 **Retirement System pursuant to KRS 61.522, may count the vested service**
12 **toward attaining the necessary years of service credit as provided in**
13 **subsections (2)(c), (2)(d), and (3)(b) of Section 2 of this Act to qualify for a**
14 **retirement allowance or to reduce any applicable penalties under paragraph**
15 **(b) or (c) of this subsection. The credit from a plan established by an agency**
16 **ceasing participating in the Kentucky Employees Retirement System**
17 **pursuant to KRS 61.522 shall not be used to calculate his or her retirement**
18 **allowance pursuant to this section. The provisions of this paragraph shall**
19 **not be construed to limit the use of Teachers' Retirement System credit**
20 **pursuant to KRS 61.680(2)(a).**

21 (3) Subsections (1) and (2) of this section shall not apply to members who begin
22 participating in the system on or after January 1, 2014. Members who begin
23 participating in the system on or after January 1, 2014, shall receive the retirement
24 benefits prescribed by KRS 61.5956 or 61.597, as applicable.

25 ➔Section 2. KRS 61.559 is amended to read as follows:

26 (1) In lieu of any other benefits due under KRS 61.510 to 61.705 and 78.510 to 78.852,
27 a member who begins participating before September 1, 2008, who has attained the

1 age of sixty-five (65) and who has obtained at least one (1) month of service credit
2 but no more than forty-seven (47) months of service may elect to receive an annual
3 retirement allowance payable monthly or less frequently, as determined by the
4 board, which shall be determined by multiplying his accumulated contributions by
5 two (2) and converting this amount to an annual retirement allowance based on an
6 annuity rate adopted by the board which would pay the actuarial equivalent of twice
7 his accumulated contributions over the lifetime of the retired member.

8 (2) A member who begins participating before September 1, 2008, who is sixty-five
9 (65) years of age or older is eligible for a retirement allowance determined under
10 KRS 61.595 provided such member has forty-eight (48) months of service, at least
11 twelve (12) of which are current service, or a retirement allowance determined
12 under KRS 61.595 prior to age sixty-five (65) provided:

13 (a) The member has attained age fifty-five (55) and has service of sixty (60)
14 months at least twelve (12) of which are current service; or

15 (b) The member is a retired member of the State Police Retirement System, has
16 attained age fifty-five (55), and has service of forty-eight (48) months at least
17 twelve (12) of which are current service; or

18 (c) The member is less than age fifty-five (55) and has twenty-five (25) or more
19 years of service, at least fifteen (15) of which are current service; or

20 (d) The member has thirty (30) or more years of service at least fifteen (15) of
21 which are current service, or the member of the Kentucky Employees
22 Retirement System or the County Employees Retirement System has twenty-
23 seven (27) or more years of service, at least fifteen (15) of which are current
24 service; or

25 (e) The member of the Kentucky Employees Retirement System has, at least,
26 twenty-six (26) years of service credit, at least sixteen (16) of which are
27 current consecutive years of service as a cabinet secretary or administrative

- 1 head of one (1) of the three (3) branches of government; or
- 2 (f) The member has attained age fifty-five (55) and was an employee of a parted
3 employer at the time his employer became ineligible to continue participation
4 in the system, and his service in the system when added to his service with the
5 parted employer subsequent to his separation from state government equals
6 the early retirement service eligibility requirement of the system on the date
7 his employer became ineligible to continue participation in the system.
- 8 (3) A member who begins participating on or after September 1, 2008, but prior to
9 January 1, 2014, is eligible for a retirement allowance determined under KRS
10 61.595 if:
- 11 (a) The member is sixty-five (65) years of age or older and has at least five (5)
12 years of service credited under KRS 16.543(1), 61.543(1), or 78.615(1) or
13 another state-administered retirement system;
- 14 (b) The member is fifty-seven (57) years of age or older and has an age and years
15 of service total of at least eighty-seven (87) years. The years of service used to
16 determine eligibility for a retirement allowance under this paragraph shall only
17 include years of service credited under KRS 16.543(1), 61.543(1), or
18 78.615(1), ~~for~~ another state-administered retirement system, or a plan
19 established by an agency voluntarily ceasing participation in the Kentucky
20 Employees Retirement System pursuant to KRS 61.522; or
- 21 (c) The member is sixty (60) years of age or older and has at least ten (10) years
22 of service credited under KRS 16.543(1), 61.543(1), or 78.615(1) or another
23 state-administered retirement system.
- 24 (4) Subsections (1) to (3) of this section shall not apply to members who begin
25 participating in the system on or after January 1, 2014. Members who begin
26 participating in the system on or after January 1, 2014, shall receive the retirement
27 benefits prescribed by KRS 61.597 or the 401(a) money purchase plan prescribed by

1 KRS 61.5956, as applicable.