

1 AN ACT relating to forfeiture of retirement benefits upon conviction of a sexual
2 offense against a minor.

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

4 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 21 IS CREATED TO
5 READ AS FOLLOWS:

6 *(1) A judge or justice or former judge or justice with an account in the Judicial*
7 *Retirement Plan, who is convicted in any state or federal court of competent*
8 *jurisdiction or upon entering into a plea agreement in order to avoid conviction*
9 *of a felony relating to his or her duties as a judge or justice or a felony or*
10 *misdemeanor for engaging in sex with a minor, including but not limited to any*
11 *degree of rape, sodomy, and sexual abuse, and sexual misconduct shall:*

12 *(a) Cease membership in the Judicial Retirement Plan; and*

13 *(b) Forfeit all rights and benefits earned under the Judicial Retirement Plan,*
14 *except for the return of his or her accumulated contributions and interest*
15 *credited on those contributions.*

16 *(2) The payment of retirement benefits ordered forfeited under this section shall be*
17 *stayed pending any appeal of the conviction. If the conviction is reversed on final*
18 *judgment, no retirement benefits shall be forfeited.*

19 ➔Section 2. KRS 6.696 is amended to read as follows:

20 (1) *(a)* A legislator or former legislator convicted of a felony relating to his duties as
21 a legislator, in any state or federal court of competent jurisdiction, shall forfeit
22 rights and benefits earned after September 16, 1993, under the state
23 administered retirement plan to which contributions have been made as a
24 result of his *or her* service in the General Assembly, except for the return of
25 his *or her* accumulated contributions and interest credited on those
26 contributions; *and*

27 *(b) A legislator or former legislator convicted of a felony or misdemeanor in*

1 any state or federal court of competent jurisdiction, or upon entering into a
 2 plea agreement in order to avoid conviction of a felony or misdemeanor, for
 3 engaging in sex with a minor, including but not limited to any degree of
 4 rape, sodomy, and sexual abuse, and sexual misconduct shall forfeit rights
 5 and benefits under the state-administered retirement plan to which
 6 contributions have been made as a result of his or her service in the
 7 General Assembly, except for the return of his or her accumulated
 8 contributions and interest credited on those contributions.

- 9 (2) The payment of retirement benefits ordered forfeited under this section shall be
 10 stayed pending any appeal of the conviction. If the conviction is reversed on final
 11 judgment, no retirement benefits shall be forfeited.

12 ➔Section 3. KRS 6.505 is amended to read as follows:

- 13 (1) (a) Each legislator in office on July 1, 1980, may within thirty (30) days after that
 14 date, and any legislator thereafter taking office may within thirty (30) days
 15 after the date thereof, elect to make monthly contributions to the Legislators'
 16 Retirement Plan, in an amount equal to five percent (5%) of his or her
 17 monthly creditable compensation, as defined in KRS 61.510(13), or the
 18 amount specified by paragraph (d) of this subsection. The election shall be
 19 effective to establish membership in the plan as of July 1, 1980, or as of the
 20 date from which the thirty (30) day period is measured, as the case may be.
 21 Provided, however, that any legislator who was in office on July 1, 1980, and
 22 who is in office at the time he or she makes the election may, after the
 23 expiration of the thirty (30) day period and until May 1, 1982, make the
 24 election, in which event he or she shall pay to the Legislators' Retirement
 25 Plan, for the months between July 1, 1980, and the date of his or her election
 26 such sum as, when added to any member's contribution by him or her that is
 27 transferred from another retirement system under KRS 6.535, will equal the

1 member's contribution required by this section. If the member makes his or
 2 her election after February 1, 1981, he or she shall in addition pay to the plan
 3 interest on the foregoing sum, at six percent (6%) per annum, calculated as if
 4 the sum consisted of equal monthly payments, one (1) of which was due at the
 5 end of each month between July 1, 1980, and the date the election was made.
 6 The election shall be addressed to and filed with the secretary of the Finance
 7 and Administration Cabinet and shall constitute an authorization to the
 8 secretary to thereafter cause to be deducted from the member's monthly
 9 creditable compensation an amount equal to five percent (5%) thereof, as a
 10 voluntarily elected contribution by the member towards the funding of the
 11 Legislators' Retirement Plan.

12 (b) 1. For a member who begins participating in the Legislators' Retirement
 13 Plan prior to January 1, 2014, the election shall operate to create an
 14 inviolable contract between such member and the Commonwealth,
 15 guaranteeing to and vesting in the member the rights and benefits
 16 provided for under KRS 6.515 to 6.530, except as provided by Section 2
 17 of this Act~~except that the General Assembly reserves the right to~~
 18 ~~amend, reduce, or suspend any legislative changes to the provisions of~~
 19 ~~KRS 6.500 to 6.577 that become effective on or after July 1, 2018].~~

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

27 b. For purposes of this subparagraph, the amount of benefits the

1 member has accrued at the time of amendment, suspension, or
2 reduction shall be limited to the accumulated account balance the
3 member has accrued at the time of amendment, suspension, or
4 reduction.

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

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

16 (c) An election once made under this section either to participate or not to
17 participate in the Legislators' Retirement Plan, shall be considered to apply to
18 all future service as a legislator except as provided by KRS 21.374 or
19 21.385(3), whether in the same or a different office as a legislator, and
20 whether or not it is in successive terms.

21 (d) Notwithstanding the provisions of this subsection:

22 1. A legislator who becomes a member of the Legislators' Retirement Plan
23 on or after September 1, 2008, but prior to January 1, 2014, shall make
24 monthly contributions to the Legislators' Retirement Plan in an amount
25 equal to six percent (6%) of his *or her* monthly creditable compensation,
26 as defined in KRS 61.510(13);

27 2. A legislator who becomes a member of the Legislators' Retirement Plan

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

- 5 a. Five percent (5%) of his or her monthly creditable compensation,
6 as defined in KRS 61.510(13), shall be used to provide funding for
7 benefits provided under KRS 21.402; and
- 8 b. One percent (1%) of his or her monthly creditable compensation,
9 as defined in KRS 61.510(13), shall be used exclusively to help
10 fund retiree health benefits as provided by KRS 6.577 and shall not
11 be refunded to the member if the member withdraws his or her
12 accumulated account balance as provided by KRS 21.460. The
13 amounts deducted under this subdivision shall be credited to an
14 account established pursuant to 26 U.S.C. sec. 401(h), within the
15 fund established by KRS 6.530.

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

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

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

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

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

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

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

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

11 ➔Section 4. KRS 16.652 is amended to read as follows:

12 (1) For members who begin participating in the State Police Retirement System prior to
 13 January 1, 2014, it is hereby declared that in consideration of the contributions by
 14 the member, and in further consideration of benefits received by the state from the
 15 member's employment, KRS 16.510 to 16.645, except as provided in Sections 2
 16 and 8 of this Act, shall constitute an inviolable contract of the Commonwealth, and
 17 the benefits provided therein shall, except as provided in Sections 2 and 8 of this
 18 Act, not be subject to reduction or impairment by alteration, amendment or repeal,
 19 except:

20 (a) ~~As provided in KRS 6.696; and~~

21 (b) ~~The General Assembly reserves the right to amend, reduce, or suspend any~~
 22 ~~legislative changes to the provisions of KRS 16.505 to 16.652 that become~~
 23 ~~effective on or after July 1, 2018].~~

24 (2) (a) For members who begin participating in the State Police Retirement System
 25 on or after January 1, 2014, the General Assembly reserves the right to amend,
 26 suspend, or reduce the benefits and rights provided under KRS 16.505 to
 27 16.652 if, in its judgment, the welfare of the Commonwealth so demands,

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

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

7 (c) The provisions of this subsection shall not be construed to limit the General
8 Assembly's authority to change any other benefit or right specified by KRS
9 16.505 to 16.652, for members who begin participating in the State Police
10 Retirement System on or after January 1, 2014, except the benefits specified
11 by paragraph (b) of this subsection.

12 (3) The provisions of this section shall not be construed to limit the General Assembly's
13 authority to amend, reduce, or suspend the benefits and rights of members of the
14 State Police Retirement System as provided by KRS 16.505 to 16.652 that the
15 General Assembly had the authority to amend, reduce, or suspend, prior to July 1,
16 2013.

17 ➔Section 5. KRS 21.360 is amended to read as follows:

18 (1) (a) Each Judge of the District Court in office on July 1, 1978, may within thirty
19 (30) days after that date, and any judge or justice of any court entitled to be a
20 member thereafter taking office may within thirty (30) days after taking office,
21 elect to make monthly contributions to the retirement system in an amount
22 equal to:

23 1. Five percent (5%) of his or her monthly official salary, if the judge or
24 justice became a member of the Kentucky Judicial Retirement Plan prior
25 to September 1, 2008;

26 2. Six percent (6%) of his or her monthly official salary, if the judge or
27 justice became a member of the Kentucky Judicial Retirement Plan on

- 1 or after September 1, 2008, but prior to January 1, 2014; or
- 2 3. Six percent (6%) of his or her monthly official salary, if the judge or
- 3 justice who becomes a member of the Kentucky Judicial Retirement
- 4 Plan on or after January 1, 2014, which shall be used to fund benefits as
- 5 follows:
- 6 a. Five percent (5%) of the monthly official salary shall be used to
- 7 provide funding for benefits provided under KRS 21.402; and
- 8 b. One percent (1%) of the monthly official salary to be used
- 9 exclusively to help fund retiree health benefits as provided by KRS
- 10 21.427 and which shall not be refunded to the member if the
- 11 member withdraws his or her accumulated account balance as
- 12 provided by KRS 21.460. The deducted amounts under this
- 13 subdivision shall be credited to an account established pursuant to
- 14 26 U.S.C. sec. 401(h), within the fund established by KRS 21.347.
- 15 (b) The election shall be effective to establish membership in the system as of
- 16 July 1, 1978, or as of the date the judge or justice took office, as the case may
- 17 be. The election shall be addressed to and filed with the secretary of the
- 18 Finance and Administration Cabinet, and shall constitute an authorization by
- 19 the member, to the secretary, to thereafter cause to be deducted from the
- 20 member's official salary, each month, the amount required by paragraph (a) of
- 21 this subsection, as a voluntary contribution by the member towards the
- 22 funding of the retirement system. For a member who began contributing to the
- 23 Judicial Retirement Plan prior to January 1, 2014, the contribution shall
- 24 continue until the judge or justice is vested in a service retirement allowance
- 25 equal to one hundred percent (100%) of final compensation. Thereafter
- 26 employee contributions shall be discontinued but continued service and
- 27 retirement benefits shall not be affected thereby.

1 (2) A judge or justice entitled to elect membership in the retirement system who failed
2 to elect membership within thirty (30) days after taking office in 1980 or who
3 elected membership in the Kentucky Employees Retirement System may elect
4 membership not later than August 31, 2005. An election, upon being made pursuant
5 to this section, shall operate to create an inviolable contract between the member
6 entitled to elect membership under this subsection and the Commonwealth,
7 guaranteeing to and vesting in the member the rights and benefits provided for
8 under the terms and conditions of KRS 21.350 to 21.510, except **as provided by**
9 **Section 1 of this Act**~~[that the General Assembly reserves the right to amend, reduce,~~
10 ~~or suspend any legislative changes to the provisions of KRS 21.345 to 21.580 that~~
11 ~~become effective on or after July 1, 2018].~~

12 (3) (a) When any judge makes a delayed election of membership in the Judicial
13 Retirement Plan under subsection (2) of this section, his active membership in
14 the Kentucky Employees Retirement System shall terminate, as of the date his
15 membership in the Judicial Retirement Plan becomes effective, and any credit
16 in the Kentucky Employees Retirement System, earned for service as a judge,
17 which he then has or which he subsequently regains while being an active
18 member of the Judicial Retirement Plan, shall be transferred to and counted as
19 service credit in the Judicial Retirement Plan, and shall no longer constitute
20 credit in the Kentucky Employees Retirement System, except for the purpose
21 of validating any other credit in that system, if the member pays the
22 difference, if any, between the amount transferred from the Kentucky
23 Employees Retirement System and the actuarial value of the transferred
24 service.

25 (b) Any credit he then has in the Kentucky Employees Retirement System, earned
26 for service in any capacity other than a judge, shall not be affected.
27 Notwithstanding any provisions of KRS 61.680 to the contrary, final

1 compensation used to determine benefits for any service credit remaining in
2 the Kentucky Employees Retirement System shall be based on the highest
3 years of compensation as a judge whether the years occur before or after the
4 judge elects membership in the Judicial Retirement Plan.

5 (c) No person may attain credit in more than one (1) of the retirement plans or
6 systems mentioned in this section for the same period of service. When credit
7 is transferred from the Kentucky Employees Retirement System to the Judicial
8 Retirement Plan, the Kentucky Employees Retirement System shall transfer to
9 the Judicial Retirement Fund an amount equal to the employee's and
10 employer's contributions attributable to that credit, together with interest on
11 the contributions from the date made to the date of transfer at the actuarially-
12 assumed interest rate of the Kentucky Employees Retirement System in effect
13 at the time the contributions were made, compounded annually at that same
14 interest rate.

15 (4) Membership and benefit rights for judges and justices (other than Judges of the
16 District Court), and for the commissioners and administrative director, who took
17 office prior to July 1, 1978, shall be dependent upon valid elections having been
18 made under this section (and KRS 21.355 and 21.365) prior to the 1978 amendment
19 to this section. The terms of such elections, including the contribution rate, shall
20 continue to govern for the duration of the member's service.

21 (5) When any Judge of the District Court in office on July 1, 1978, elects membership
22 in the Judicial Retirement Plan in accordance with this section, his membership in
23 the Kentucky Employees Retirement System shall terminate as of July 1, 1978, and
24 any credit in that system he earned for service as a Judge of the District Court shall
25 be nullified; provided that the effect of such service to validate any other service
26 credit in that system shall not be nullified.

27 (6) The state shall, solely for the purpose of compliance with Section 414(h) of the

1 United States Internal Revenue Code, pick up the employee contributions required
2 by this section for all compensation earned after August 1, 1982, and the
3 contributions so picked up shall be treated as employer contributions in determining
4 tax treatment under the United States Internal Revenue Code and KRS 141.010. The
5 picked-up employee contribution shall satisfy all obligations to the retirement
6 system satisfied prior to August 1, 1982, by the employee contribution, and the
7 picked-up employee contribution shall be in lieu of an employee contribution. The
8 state shall pay these picked-up employee contributions from the same source of
9 funds which is used to pay earnings to the employee. The employee shall have no
10 option to receive the contributed amounts directly instead of having them paid by
11 the employer to the system. Employee contributions picked up after August 1, 1982,
12 shall be treated for all purposes of KRS 21.345 to 21.570 in the same manner and to
13 the same extent as employee contributions made prior to August 1, 1982.

14 (7) An election once made under this section, either to participate or not to participate
15 in the Judicial Retirement Plan, shall be considered to apply, to all future service in
16 any office covered by the plan, except as provided by KRS 21.374 and 21.385(3),
17 whether such service is in the same or a different office, and whether or not it is
18 continuous.

19 ➔Section 6. KRS 21.470 is amended to read as follows:

20 All retirement allowances and other benefits accrued or accruing to any person under the
21 provisions of KRS 21.350 to 21.510 are hereby exempted from any state, county or
22 municipal tax, and shall not be subject to execution, attachment, garnishment or any other
23 process whatsoever, nor shall any assignment thereof be enforceable in any court,~~[-]~~
24 except:

25 (1) Retirement benefits accrued or accruing to any person under the provisions of KRS
26 21.350 to 21.510 on or after January 1, 1998, shall be subject to the tax imposed by
27 KRS 141.020, to the extent provided in KRS 141.010 and 141.0215; and

1 **(2) As provided in Sections 1 and 2 of this Act.**

2 ➔Section 7. KRS 21.480 is amended to read as follows:

3 (1) For members who begin participating in the Judicial Retirement Plan prior to
 4 January 1, 2014, it is hereby declared that in consideration of the contributions by
 5 the members, and in further consideration of benefits received by the state through
 6 the inducement of qualified and experienced judges and commissioners to continue
 7 in service, KRS 21.350 to 21.510, except as provided in **Sections 1 and 2 of this**
 8 **Act**~~[KRS 6.696]~~, shall constitute an inviolable contract of the Commonwealth, and
 9 the rights and benefits provided therein shall, **except as provided in Sections 1 and**
 10 **2 of this Act**, not be subject to reduction or impairment by alteration, amendment or
 11 repeal~~, except:~~

12 ~~(a) As provided in KRS 6.696; and~~

13 ~~(b) The General Assembly reserves the right to amend, reduce, or suspend any~~
 14 ~~legislative changes to the provisions of KRS 21.345 to 21.580 that become~~
 15 ~~effective on or after July 1, 2018].~~

16 (2) (a) For members who begin participating in the Judicial Retirement Plan on or
 17 after January 1, 2014, the General Assembly reserves the right to amend,
 18 suspend, or reduce the benefits and rights provided under KRS 21.345 to
 19 21.580 if, in its judgment, the welfare of the Commonwealth so demands,
 20 except that the amount of benefits the member has accrued at the time of
 21 amendment, suspension, or reduction shall not be affected.

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

26 (c) The provisions of this subsection shall not be construed to limit the General
 27 Assembly's authority to change any other benefit or right specified by KRS

1 21.345 to 21.580, for members who begin participating in the Judicial
2 Retirement Plan on or after January 1, 2014, except the benefits specified by
3 paragraph (b) of this subsection.

4 (3) The provisions of this section shall not be construed to limit the General Assembly's
5 authority to amend, reduce, or suspend the benefits and rights of members of the
6 Judicial Retirement Plan as provided by KRS 21.345 to 21.580 that the General
7 Assembly had the authority to amend, reduce, or suspend, prior to July 1, 2013.

8 ➔Section 8. KRS 61.535 is amended to read as follows:

9 (1) The membership of any person in the system shall cease:

10 (a) Upon withdrawal of his or her accumulated account balance at or any time
11 after termination of employment, regardless of length of service;

12 (b) Upon disability retirement;

13 (c) Upon service retirement;

14 (d) Upon death;

15 (e) For persons hired prior to August 1, 2000, upon termination of employment
16 with prejudice;~~or~~

17 (f) For persons hired on or after August 1, 2000, upon conviction of a felony
18 relating to the person's employment as provided in subsection (3) of this
19 section; or

20 (g) Upon conviction of a felony or misdemeanor in any state or federal court of
21 competent jurisdiction, or upon entering into a plea agreement in order to
22 avoid conviction of a felony or misdemeanor, for engaging in sex with a
23 minor, including but not limited to any degree of rape, sodomy, and sexual
24 abuse, and sexual misconduct as provided in subsection (3) of this section.

25 (2) For purposes of KRS 61.510 to 61.705, 16.505 to 16.652, and 78.510 to 78.852,
26 termination of employment with prejudice shall mean termination as the result of
27 conviction of the member in a court of competent jurisdiction of embezzlement or

1 larceny of public funds or property or malfeasance in office, or the forcing of a
 2 member to make restitution for any funds or property criminally taken by said
 3 member at the time of termination of employment.

- 4 (3) Notwithstanding any provision of law to the contrary, an employee~~[hired on or~~
 5 ~~after August 1, 2000,]~~ who participates in one (1) of the retirement systems
 6 administered by the Kentucky Retirement Systems~~[and who is convicted, in any~~
 7 ~~state or federal court of competent jurisdiction, of a felony related to his~~
 8 ~~employment]~~ shall forfeit rights and benefits earned under the retirement system,
 9 except for the return of his or her accumulated contributions and interest credited
 10 on those contributions;

11 (a) For persons hired on or after August 1, 2000, upon conviction in any state
 12 or federal court of competent jurisdiction of a felony relating to the person's
 13 employment; or

14 (b) Upon conviction of a felony or misdemeanor in any state or federal court of
 15 competent jurisdiction, or upon entering into a plea agreement in order to
 16 avoid conviction of a felony or misdemeanor, for engaging in sex with a
 17 minor, including but not limited to any degree of rape, sodomy, and sexual
 18 abuse, and sexual misconduct.

19 The payment of retirement benefits ordered forfeited shall be stayed pending any
 20 appeal of the conviction. If the conviction is reversed on final judgment, no
 21 retirement benefit shall be forfeited. The employer shall notify the retirement
 22 system when an employee is convicted under the provisions of this subsection.

23 ➔Section 9. KRS 61.692 is amended to read as follows:

- 24 (1) For members who begin participating in the Kentucky Employees Retirement
 25 System prior to January 1, 2014, it is hereby declared that in consideration of
 26 the contributions by the members and in further consideration of benefits
 27 received by the state from the member's employment, KRS 61.510 to 61.705

1 shall, except as provided in Sections 2 and 8 of this Act, constitute an
2 inviolable contract of the Commonwealth, and the benefits provided therein
3 shall, except as provided in Sections 2 and 8 of this Act, not be subject to
4 reduction or impairment by alteration, amendment, or repeal, ~~except:~~

5 ~~(a) As provided in KRS 6.696; and~~

6 ~~(b) The General Assembly reserves the right to amend, reduce, or suspend any~~
7 ~~legislative changes to the provisions of KRS 61.510 to 61.705 that become~~
8 ~~effective on or after July 1, 2018].~~

9 (2) (a) For members who begin participating in the Kentucky Employees Retirement
10 System on or after January 1, 2014, the General Assembly reserves the right to
11 amend, suspend, or reduce the benefits and rights provided under KRS 61.510
12 to 61.705 if, in its judgment, the welfare of the Commonwealth so demands,
13 except that the amount of benefits the member has accrued at the time of
14 amendment, suspension, or reduction shall not be affected.

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

19 (c) The provisions of this subsection shall not be construed to limit the General
20 Assembly's authority to change any other benefit or right specified by KRS
21 61.510 to 61.705, except the benefits specified by paragraph (b) of this
22 subsection, for members who begin participating in the Kentucky Employees
23 Retirement System on or after January 1, 2014.

24 (3) The provisions of this section shall not be construed to limit the General Assembly's
25 authority to amend, reduce, or suspend the benefits and rights of members of the
26 Kentucky Employees Retirement System as provided by KRS 61.510 to 61.705 that
27 the General Assembly had the authority to amend, reduce, or suspend, prior to July

1 1, 2013.

2 ➔Section 10. KRS 78.852 is amended to read as follows:

3 (1) For members who begin participating in the County Employees Retirement System
4 prior to January 1, 2014, it is hereby declared that in consideration of the
5 contributions by the members and in further consideration of benefits received by
6 the county from the member's employment, KRS 78.510 to 78.852 shall, **except as**
7 **provided in Sections 2 and 8 of this Act,** constitute an inviolable contract of the
8 Commonwealth, and the benefits provided therein shall, **except as provided in**
9 **Sections 2 and 8 of this Act,** not be subject to reduction or impairment by
10 alteration, amendment, or repeal, ~~except:~~

11 ~~(a) As provided in KRS 6.696; and~~

12 ~~(b) The General Assembly reserves the right to amend, reduce, or suspend any~~
13 ~~legislative changes to the provisions of KRS 78.510 to 78.852 that become effective~~
14 ~~on or after July 1, 2018].~~

15 (2) (a) For members who begin participating in the County Employees Retirement
16 System on or after January 1, 2014, the General Assembly reserves the right to
17 amend, suspend, or reduce the benefits and rights provided under KRS 78.510
18 to 78.852 if, in its judgment, the welfare of the Commonwealth so demands,
19 except that the amount of benefits the member has accrued at the time of
20 amendment, suspension, or reduction shall not be affected.

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

25 (c) The provisions of this subsection shall not be construed to limit the General
26 Assembly's authority to change any other benefit or right specified by KRS
27 78.510 to 78.852, except the benefits specified by paragraph (b) of this

1 subsection, for members who begin participating in the County Employees
2 Retirement System on or after January 1, 2014.

3 (3) The provisions of this section shall not be construed to limit the General Assembly's
4 authority to amend, reduce, or suspend the benefits and rights of members of the
5 County Employees Retirement System as provided by KRS 78.510 to 78.852 that
6 the General Assembly had the authority to amend, reduce, or suspend, prior to July
7 1, 2013.

8 ➔Section 11. KRS 161.470 is amended to read as follows:

9 (1) The membership of the retirement system shall consist of all new members, all
10 present teachers, and all persons participating under the retirement system as of
11 June 30, 1986, except as provided in Acts 1938 (1st Ex. Sess.), Ch. 1, paragraph 29.

12 The board of trustees of the Teachers' Retirement System shall be responsible for
13 final determination of membership eligibility and may direct employers to take
14 whatever action that may be necessary to correct any error relating to membership.

15 (2) Service credit shall be forfeited upon withdrawal. If a member again enters service
16 it shall be as a new member, except that any teacher who withdraws by claiming his
17 or her deposits may repay the system the amount withdrawn plus interest and
18 reestablish his or her service credit as provided in subsection (3) of this section.

19 (3) Effective July 1, 1988, and thereafter, an active contributing member of the
20 retirement system with contributing service equal to one (1) year may regain service
21 credit by depositing in the teachers' savings fund the amount withdrawn with
22 interest at the rate to be set by the board of trustees, and computed from the first of
23 the month of withdrawal and including the month of redeposit. Service credit
24 regained pursuant to this subsection on or after January 1, 2019, shall not be used to
25 determine the date the individual purchasing the service became a member of the
26 Teachers' Retirement System.

27 (4) Effective July 1, 1974, any active contributing member with at least two (2) years of

1 contributing service credit who declined membership as provided in Acts 1938 (1st
 2 Ex. Sess.), Ch. 1, paragraph 29, may secure service credit for prior service, and for
 3 any subsequent service prior to date of membership, by depositing in the teachers'
 4 savings fund contributions for each year of subsequent service prior to date of
 5 membership, with interest at the rate of eight percent (8%) compounded annually to
 6 the date of deposit.

7 (5) Membership in the retirement system shall be terminated:

8 (a) By retirement for service;

9 (b) By death;

10 (c) By withdrawal of the member's accumulated account balance;

11 (d) When a member, having less than five (5) years of Kentucky service is absent
 12 from service for more than three (3) consecutive years;~~or~~

13 (e) For persons hired on or after August 1, 2000, when a member is convicted, in
 14 any state or federal court of competent jurisdiction, of a felony related to his
 15 employment as provided in subsection (6) of this section;~~subparagraphs 1.~~
 16 ~~and 2. of this paragraph]~~

17 (f) Upon conviction of a felony or misdemeanor in any state or federal court of
 18 competent jurisdiction, or upon entering into a plea agreement in order to
 19 avoid conviction of a felony or misdemeanor, for engaging in sex with a
 20 minor, including any degree of rape, sodomy, and sexual abuse, and sexual
 21 misconduct as provided in subsection (6) of this section.

22 (6) (a)~~1.]~~ Notwithstanding any provision of law to the contrary, a member ~~hired~~
 23 ~~on or after August 1, 2000, who is convicted, in any state or federal court of~~
 24 ~~competent jurisdiction, of a felony related to his employment]~~ shall forfeit
 25 rights and benefits earned under the retirement system, except for the return of
 26 his or her accumulated contributions and interest credited on those
 27 contributions;

1 1. For persons hired on or after August 1, 2000, upon conviction in any
 2 state or federal court of competent jurisdiction of a felony relating to
 3 the person's employment; or.

4 2. For an active contributing member who is an employee, upon
 5 conviction of a felony or misdemeanor in any state or federal court of
 6 competent jurisdiction, or upon entering into a plea agreement in
 7 order to avoid conviction of a felony or misdemeanor, for engaging in
 8 sex with a minor, including any degree of rape, sodomy, and sexual
 9 abuse, and sexual misconduct.

10 (b) The payment of retirement benefits ordered forfeited shall be stayed pending
 11 any appeal of the conviction. If the conviction is reversed on final judgment,
 12 no retirement benefits shall be forfeited.

13 (c) Except for subsection (5)(e) and (f) of this section and paragraph
 14 (a)[paragraph (e)] of this subsection, upon termination of member accounts
 15 under this subsection, funds in the account shall be transferred to the
 16 guarantee fund. Inactive members may apply for refunds of these funds at any
 17 time. The terminated service shall be reinstated, if not withdrawn by the
 18 member, in the event that the member returns to active contributing service.

19 (Z)[(6)] In case of withdrawal from service prior to eligibility for retirement, the board
 20 of trustees shall on request of the member return all of his or her accumulated
 21 account balance, including any payments made by the member to the state
 22 accumulation fund, but the member shall have no claim on any contributions made
 23 by the state or employer with a view to his or her retirement, except as provided by
 24 KRS 161.235, or to contributions made to the medical insurance fund. If the
 25 member is eligible for an immediate service retirement allowance as provided in
 26 KRS 161.600, no withdrawal and refund shall be permitted, unless the allowance
 27 would prohibit the member from qualifying for Social Security benefits or the

1 member elects to withdraw part or all of his or her service for the purpose of
2 obtaining credit in another retirement plan. Requests for refund of contributions by
3 the member must be filed on forms prescribed by the Teachers' Retirement System
4 and the employer shall be financially responsible for all information that is certified
5 on the prescribed form. A member may not withdraw any part of his or her
6 accumulated account balance in the retirement system except as provided by this
7 subsection.

8 (7) Except as provided in KRS 161.520 and 161.525, in case of death prior to
9 retirement, the board of trustees shall pay to the estate of the deceased member,
10 unless a beneficiary was otherwise applicably designated by the deceased member,
11 then to the beneficiary, all of his or her accumulated account balance, including any
12 payments made by the member to the state accumulation fund, but the estate or
13 beneficiary shall have no claim on any contributions made by the state or employer
14 with a view to the retirement of the member, except as provided by KRS 161.235,
15 or to contributions made to the medical insurance fund.

16 (8) Any active contributing member of the Kentucky Employees Retirement System,
17 the County Employees Retirement System, the State Police Retirement System, or
18 the Judicial Retirement System may use service, under that retirement system for
19 the purpose of meeting the service requirement of subsections (3) and (4) of this
20 section.

21 ➔Section 12. KRS 161.700 is amended to read as follows:

22 (1) Except as otherwise provided by this section, subsections (5)(e) and (f) and (6)(a)
23 of Section 11 of this Act, and KRS 161.655(5), the right of a member to a
24 retirement allowance and to the return of contributions, any benefit or right accrued
25 or accruing to any person under KRS 161.220 to 161.716, and the money in the
26 various funds established pursuant to KRS 161.220 to 161.716 are hereby exempt
27 from any state or municipal tax, and shall not be subject to execution, garnishment,

- 1 attachment, or other process, and shall not be assigned.
- 2 (2) Notwithstanding subsection (1) of this section, retirement benefits accrued or
3 accruing to any person under this retirement system on or after January 1, 1998,
4 shall be subject to the tax imposed by KRS 141.020, to the extent provided in KRS
5 141.010 and 141.0215.
- 6 (3) Retirement allowance, disability allowance, accumulated account balance, or any
7 other benefit under the retirement system shall not be classified as marital property
8 pursuant to KRS 403.190(1), except to the extent permitted under KRS 403.190(4).
9 Retirement allowance, disability allowance, accumulated contributions, or any other
10 benefit under the retirement system shall not be considered as an economic
11 circumstance during the division of marital property in an action for dissolution of
12 marriage pursuant to KRS 403.190(1)(d), except to the extent permitted under KRS
13 403.190(4).
- 14 (4) Qualified domestic relations orders issued by a court or administrative agency shall
15 be honored by the retirement system if:
- 16 (a) The benefits payable pursuant to the order meet the requirements of a
17 qualified domestic relations order as provided by 26 U.S.C. sec. 414(p). The
18 retirement system shall follow applicable provisions of 26 U.S.C. sec. 414(p)
19 in administering qualified domestic relations orders;
- 20 (b) The order meets the requirements established by the retirement system and by
21 subsections (4) to (12) of this section. The board of trustees of the retirement
22 system shall establish the requirements, procedures, and forms necessary for
23 the administration of qualified domestic relations order by promulgation of
24 administrative regulations in accordance with KRS Chapter 13A; and
- 25 (c) The order is on the form established by the retirement system pursuant to the
26 retirement system's authority provided under paragraph (b) of this subsection.
- 27 (5) A qualified domestic relations order shall not:

- 1 (a) Require the retirement system to take any action not authorized under state or
2 federal law;
- 3 (b) Require the retirement system to provide any benefit, allowance, or other
4 payment not authorized under state or federal law;
- 5 (c) Grant or be construed to grant the alternate payee any separate right, title, or
6 interest in or to any retirement benefit other than to receive payments from the
7 participant's account in accordance with the administrative regulations
8 promulgated by the system and as provided by subsections (4) to (12) of this
9 section; or
- 10 (d) Grant any separate interest to any person other than the participant.
- 11 (6) Any qualified domestic relations order submitted to the retirement system shall
12 specify the dollar amount or percentage amount of the participant's benefit to be
13 paid to the alternate payee. In calculating the amount to be paid to the alternate
14 payee, the court or administrative agency that is responsible for issuing the order
15 shall follow the requirements set forth in the administrative regulations promulgated
16 by the board of trustees. Notwithstanding any other statute to the contrary, the board
17 shall not be required to honor a qualified domestic relations order that does not
18 follow the requirements set forth in the administrative regulations promulgated by
19 the board of trustees.
- 20 (7) If the qualified domestic relations order meets the requirements established by the
21 system and by subsections (4) to (12) of this section, payments to the alternate
22 payee shall be distributed under the following conditions:
- 23 (a) If the participant is retired and is receiving a monthly retirement allowance,
24 the month following the date the retirement system receives a qualified
25 domestic relations order that complies with the administrative regulations
26 promulgated by the retirement system and subsections (4) to (12) of this
27 section; or

- 1 (b) If the participant is not retired, the month of the participant's effective
2 retirement date in which the first retirement allowance is payable to the
3 participant or the month in which the participant receives a refund of his or
4 her accumulated account balance as provided by KRS 161.470(6).
- 5 (8) An alternate payee's benefits and rights under a qualified domestic relations order
6 shall terminate upon the earlier of:
- 7 (a) The death of the participant;
- 8 (b) The death of the alternate payee; or
- 9 (c) The termination of benefits to the participant under any provision of KRS
10 161.220 to 161.716.
- 11 (9) An alternate payee shall not receive a monthly payment under a qualified domestic
12 relations order if the participant is not receiving a monthly retirement allowance.
- 13 (10) The cost of living adjustment provided to the participant pursuant to KRS 161.620
14 shall be divided between the participant and alternate payee in a qualified domestic
15 relations order as follows:
- 16 (a) If the order specifies the alternate payee is to receive a percentage of the
17 participant's benefit, then the cost of living adjustment shall be divided
18 between the participant and the alternate payee based upon the percentage of
19 the total benefit each is receiving upon the participant's retirement or upon the
20 date the order is approved by the retirement system, whichever is later; or
- 21 (b) If the order specifies that the alternate payee is to receive a set dollar amount
22 of the participant's benefit, then the order shall specify that:
- 23 1. The cost of living adjustment shall be divided between the participant
24 and the alternate payee based upon the percentage of the total benefit
25 each is receiving upon the participant's retirement or upon the date the
26 order is approved by the retirement system, whichever is later; or
- 27 2. The alternate payee shall receive no cost of living adjustment.

1 If the order does not specify the division of the cost of living adjustment as
2 required by this paragraph, then no cost of living adjustment shall be payable
3 to the alternate payee. If no cost of living adjustment is provided to the
4 alternate payee, then the participant shall receive the full cost of living
5 adjustment he or she would have received if the order had not been applied to
6 the participant's account.

7 (11) Except in cases involving child support payments, the retirement system may charge
8 reasonable and necessary fees and expenses to the recipient and the alternate payee
9 of a qualified domestic relations order for the administration of the qualified
10 domestic relations order by retirement system. All fees and expenses shall be
11 established by the administrative regulations promulgated by the board of trustees
12 of the retirement system. The qualified domestic relations order shall specify
13 whether the fees and expenses provided by this subsection shall be paid:

- 14 (a) Solely by the participant;
15 (b) Solely by the alternate payee; or
16 (c) Equally shared by the participant and alternate payee.

17 (12) The retirement system shall honor a qualified domestic relations order issued prior
18 to July 15, 2010, for prospective benefit payments if the order or an amended
19 version of the order meets the requirements established by this section and the
20 administrative regulations promulgated by the retirement system. The order shall
21 not apply to benefit payments issued by the retirement system prior to the date the
22 order was approved by the retirement system.

23 ➔Section 13. KRS 161.714 is amended to read as follows:

24 (1) ~~[For persons who became members in the Teachers' Retirement System prior~~
25 ~~to January 1, 2019,]~~It is hereby declared that in consideration of the
26 contributions by members and in further consideration of benefits received by
27 the state from the member's employment, KRS 161.220 to 161.710 shall

1 constitute, except as provided in Section 2 and subsections (5)(e) and (f) and
2 (6)(a) of Section 11 of this Act, an inviolable contract of the Commonwealth,
3 and the benefits provided herein shall, except as provided in Section 2 and
4 subsections (5)(e) and (f) and (6)(a) of Section 11 of this Act, not be subject
5 to reduction or impairment by alteration, amendment, or repeal, ~~except:~~

6 ~~(a) As provided in KRS 6.696; and~~

7 ~~(b) The General Assembly reserves the right to amend, reduce, or suspend any~~
8 ~~legislative changes to the provisions of KRS 161.220 to 161.716 that become~~
9 ~~effective on or after July 1, 2018.~~

10 ~~(2) (a) For persons who become members in the Teachers' Retirement System~~
11 ~~on or after January 1, 2019, the General Assembly reserves the right to amend,~~
12 ~~suspend, or reduce the benefits and rights provided under KRS 161.220 to~~
13 ~~161.716 if, in its judgment, the welfare of the Commonwealth so demands,~~
14 ~~except that the amount of benefits the member has accrued at the time of~~
15 ~~amendment, suspension, or reduction shall not be affected.~~

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

20 ~~(c) The provisions of this subsection shall not be construed to limit the General~~
21 ~~Assembly's authority to change any other benefit or right specified by KRS~~
22 ~~161.220 to 161.716, except the benefits specified by paragraph (b) of this~~
23 ~~subsection for members who begin participating in the Teachers' Retirement~~
24 ~~System on or after January 1, 2019.~~

25 ~~(3) The provisions of this section shall not be construed to limit the General Assembly's~~
26 ~~authority to amend, reduce, or suspend the benefits and rights of members of the~~
27 ~~Teachers' Retirement System as provided by KRS 161.220 to 161.716 that the~~

1 ~~General Assembly had the authority to amend, reduce, or suspend, prior to July 1,~~
2 ~~2018].~~

3 ➔Section 14. The provisions of this Act shall only apply to felony convictions,
4 misdemeanor convictions, and plea agreements entered into on or after the effective date
5 of this Act.