

1 AN ACT relating to reciprocity between the Kentucky Retirement Systems and the
2 Teachers' Retirement System.

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

4 ➔Section 1. KRS 61.680 is amended to read as follows:

5 Except as limited by KRS 6.525, 21.374, 61.5955, or 61.5956:

6 (1) Prior to August 1, 1982, every employee shall be deemed to consent and agree to
7 any deduction from his compensation required by KRS 6.500 to 6.535, 16.505 to
8 16.652, 61.510 to 61.692, 78.510 to 78.852, and to all other provisions thereof.
9 Thereafter, employee contributions shall be picked up by the employer pursuant to
10 KRS 61.560(4).

11 (2) (a) Notwithstanding any other provisions of KRS 6.500 to 6.535, 16.505 to
12 16.652, 61.510 to 61.692, 78.510 to 78.852 and 161.220 to 161.714, **and**
13 **except as otherwise provided by this section:**

14 1. Upon death, disability, or service retirement, a member's accounts under
15 the Legislators' Retirement Plan, State Police Retirement System,
16 Kentucky Employees Retirement System, County Employees Retirement
17 System, and Teachers' Retirement System, except for service prohibited
18 by KRS 161.623(2), shall be consolidated for the purpose of determining
19 eligibility and amount of benefits, including those members who
20 participate in the hybrid cash balance plan or 401(a) money purchase
21 plans within the Kentucky Employees Retirement System, the County
22 Employees Retirement System, the State Police Retirement System, or
23 the Teachers' Retirement System;

24 2. Vested service credit in a retirement system, other than the Teachers'
25 Retirement System, sponsored by a Kentucky institution of higher
26 education and accepted by the Kentucky Employees Retirement System
27 or the County Employees Retirement System, may be used to determine

- 1 eligibility for twenty-seven (27) year retirement for an employee who
2 begins participating before September 1, 2008, but not the amount of
3 benefits;
- 4 3. The computation of benefits shall be based on the applicable formula in
5 each system and service credit in each system, but the final
6 compensation, excluding compensation earned under KRS 161.155(10),
7 shall be determined as if all service were in one (1) system;
- 8 4. If the member has prior service in more than one (1) system
9 administered by Kentucky Retirement Systems, he shall obtain at least
10 twelve (12) months' current service in each system in which he has prior
11 service in order to validate the prior service in each system for purposes
12 of determining consolidated benefits under this subsection; and
- 13 5. Upon the determination of benefits, each system shall pay the applicable
14 amount of benefits due the member.
- 15 (b) The provisions of paragraph (a) of this subsection shall be waived if the
16 member:
- 17 1. Notifies the system of his desire to maintain separate retirement
18 accounts in the State Police Retirement System, Kentucky Employees
19 Retirement System, or County Employees Retirement System; or
- 20 2. Fails to simultaneously retire from all state-administered retirement
21 systems in which the member has an account or fails to retire from any
22 other systems not administered by Kentucky Retirement Systems within
23 one (1) month of the member's effective retirement date in the systems
24 administered by Kentucky Retirement Systems.
- 25 (c) If the member has not contributed at least one (1) year in a system in which he
26 has prior service, his current service in the system shall be valid for purposes
27 of determining eligibility and in computation of benefits on a consolidated

1 basis.

2 (3) (a) A member with service credit in the Kentucky Employees Retirement System,
3 State Police Retirement System, or the County Employees Retirement System
4 who becomes the holder of an office entitling him to membership in the
5 Judicial Retirement Plan or the Legislators' Retirement Plan, but who does not
6 elect within thirty (30) days after taking office in such service to participate in
7 the plan, in accordance with KRS 6.505 or 21.360, shall be deemed to have
8 elected to retain membership in the system in which he is a member, either the
9 Kentucky Employees Retirement System, State Police Retirement System, or
10 the County Employees Retirement System. In that event, the agency
11 employing the member shall withhold employee contributions, or picked-up
12 employee contributions after August 2, 1982, make employer contributions
13 and remit these contributions to the system in which the member retained his
14 membership.

15 (b) Any person entitled to membership in the Judicial Retirement Plan or the
16 Legislators' Retirement Plan, who does not elect within thirty (30) days after
17 taking office to participate in the plan, in accordance with KRS 6.505 or
18 21.360, and who at the time of taking office is not a contributing member of,
19 or does not have service credit in, any of the retirement systems mentioned in
20 this section, or the Teachers' Retirement System, shall participate in the
21 Kentucky Employees Retirement System.

22 (c) A member of one (1) of the state-administered retirement plans who ceases to
23 contribute to the plan as provided in KRS 21.360 and who is employed in a
24 nonelected position by an agency participating in the Kentucky Retirement
25 Systems or Kentucky Teachers' Retirement System shall be deemed to have
26 elected membership in the system in which the employer of the nonelected
27 position participates. A member of one (1) of the state-administered

1 retirement plans who ceases to contribute to the plan as provided in KRS
2 21.360 and who is not employed in a nonelected position by an agency
3 participating in the Kentucky Retirement Systems shall be deemed to have
4 elected membership in the Kentucky Employees Retirement System.

5 (4) (a) Prior to July 1, 1976, a person entering the service of an employer
6 participating in the Kentucky Employees Retirement System or the County
7 Employees Retirement System with service credit in the Teachers' Retirement
8 System and who desires to retain membership in the Teachers' Retirement
9 System, and who is permitted by that system to continue, shall be exempt
10 from participating in the Kentucky Employees Retirement System or the
11 County Employees Retirement System.

12 (b) Any person who has elected to retain membership in the Teachers' Retirement
13 System as provided in paragraph (a) of this subsection may cancel his election
14 and participate in the system under which his position would normally
15 participate, if he elects to cancel his option prior to January 1, 1977.

16 (c) Any member of the General Assembly who upon election is a contributing
17 member of the Teachers' Retirement System and who does not elect within
18 thirty (30) days after taking office to participate in the Legislators' Retirement
19 Plan, in accordance with KRS 6.505, shall during his term of office participate
20 in the Kentucky Employees Retirement System unless an election to retain
21 membership in the Teachers' Retirement System is filed in writing within
22 ninety (90) days after his term of office begins. No contributions may be made
23 to the Teachers' Retirement System for the same period of service under the
24 Legislators' Retirement Plan or the Kentucky Employees Retirement System
25 as a member of the General Assembly, but contributions made to the Teachers'
26 Retirement System while a member of the General Assembly shall be
27 transferred to the Legislators' Retirement Plan, as provided for in KRS 6.535,

1 when the member elects to join the Legislators' Retirement Plan, and service
2 credit in the Legislators' Retirement Plan shall be granted as provided for in
3 KRS 6.505(5).

4 (5) Any member of the Kentucky Employees Retirement System or County Employees
5 Retirement System who is working in a position covered by one (1) of these
6 retirement systems and his employee contributions, service credit and employer
7 contributions made on his behalf are being transferred to the other retirement
8 system shall contribute to the system in which his employer participates, or after
9 August 1, 1982, the employer shall pick up the employee contributions, and no
10 further contributions or service credit shall be transferred to the system in which he
11 elected to retain membership, as subsection (2) of this section eliminates the
12 necessity of the transfers.

13 (6) Any member of the Kentucky Employees Retirement System or County Employees
14 Retirement System who is working in more than one (1) position covered by the
15 same retirement system, shall have his wages and contributions consolidated and his
16 retirement account administered as a single account. If part-time positions are
17 involved, an accumulation of all hours worked within the same retirement system
18 shall be used to determine eligibility under KRS 61.510(21).

19 (7) (a) Notwithstanding the provisions of subsection (2) of this section, a person who
20 does not have the amount of service required for service retirement in the
21 State Police Retirement System, Kentucky Employees Retirement System,
22 County Employees Retirement System, Legislators' Retirement Plan, or
23 Teachers' Retirement System, but who is a member of one (1) of the systems
24 or is a former member of one (1) or more of the systems with valid service
25 credit therein, shall become eligible for service retirement benefits attributable
26 to the amount of his actual service credit in each system in which he has
27 service credit when his combined service credit in all the systems, plus any

1 service credit he has in the Judicial Retirement Plan, is equal to that required
2 for service retirement in each respective system. The computation of benefits
3 shall be based on the applicable formula in each system and service credit in
4 each system, except that total service in all systems, unless prohibited by KRS
5 161.623(2), shall be used to determine the reduction for early retirement, if
6 any. Except as provided in KRS 21.360, the final compensation shall be
7 determined by using the creditable compensation reported to the State Police
8 Retirement System, Kentucky Employees Retirement System, County
9 Employees Retirement System, Legislators' Retirement Plan, or Teachers'
10 Retirement System and only as much of the compensation earned in the
11 Judicial Retirement Plan as is needed to satisfy the final compensation
12 requirement applicable in the respective retirement systems.

13 (b) Paragraph (a) of this subsection shall be waived if the member fails to
14 simultaneously retire from all state-administered retirement systems in which
15 the member has an account or fails to retire from any other systems not
16 administered by Kentucky Retirement Systems within one (1) month of the
17 member's effective retirement date in the systems administered by the
18 Kentucky Retirement Systems.

19 (8) Each retirement system from which the member retires shall pay a retirement
20 allowance upon receipt of required forms and documents, except that no retirement
21 system shall pay a retirement allowance or annuity until all forms and documents
22 are filed at all retirement systems in compliance with each system's requirements.

23 **(9) Notwithstanding subsection (2) of this section, if a person retires from the**
24 **Teachers' Retirement System then waives his or her annuity and returns to full-**
25 **time employment in a position covered by the Teachers' Retirement System as**
26 **provided by KRS 161.605(11), he or she may use service credit for unreported**
27 **time in a system administered by the Kentucky Retirement Systems obtained**

1 during the period of reemployment under KRS 61.552(20) for the purpose of
2 determining eligibility and the amount of benefits upon subsequent retirement
3 from the Teachers' Retirement System. This subsection shall be retroactive to
4 retirements occurring on or after December 31, 2009, and the Kentucky
5 Retirement Systems and the Teachers' Retirement System shall recalculate the
6 person's benefits as if the service obtained under KRS 61.552(20) had been
7 purchased prior to retirement.