

1 AN ACT relating to local government pension plans.

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

3 ➔Section 1. KRS 90.400 is amended to read as follows:

- 4 (1) Any city maintaining a pension fund for employees under civil service hired before
5 August 1, 1988, operating pursuant to this section as of January 1, 2015, shall
6 continue to operate the existing pension fund in accordance with this section. The
7 city may assess monthly such amount or percent of the salary of the employees as
8 may be equitably determined on a fair actuarial basis, the assessment to be deducted
9 from the employees' salaries and paid in cash into the pension fund.
- 10 (2) The city may make current contributions to the fund on an actuarially funded basis,
11 toward the annuities and benefits herein provided. These contributions shall be
12 equal to the sum of the following:
- 13 (a) An annual amount resulting from the application of a rate percent of salaries
14 of active members, representing the present value of the actuarial reserve
15 requirements for membership service, for service retirement annuity, disability
16 retirement annuity, and annuities to surviving spouses and children, and the
17 one-year term premium for the city's liability for death benefits, after applying
18 the contribution by the active members. Such rate percent shall be fixed by the
19 city legislative body at least once every three (3) to five (5) years after
20 completion of the actuarial valuation required by KRS 65.156, and shall be in
21 effect until the next actuarial valuation is completed by the fund.
- 22 (b) An amount resulting from the application of a rate percent of the salaries of
23 active members which will provide each year regular interest on the remaining
24 liability for prior service.
- 25 (3) The city may create or continue to operate a board for the pension fund and
26 designate trustees of that board to serve as the governing body of the fund, and may
27 fix the powers of the trustees, determine the eligibility of employees or their

1 dependents to a pension or other benefit, and may provide a monthly allowance for
2 employees eligible for a pension.

3 (4) Temporary employees appointed without examination shall not be compelled to
4 contribute to any pension fund and shall not be eligible to benefits.

5 (5) In no year shall the contribution by the city to the pension fund, in the manner
6 provided in this section, be less than the total amount assessed upon and deducted
7 from the salary of the employees.

8 (6) The trustees of the pension fund shall, at least once every three months, report in
9 writing to the mayor the receipts, expenditures, and financial status of the pension
10 fund, stating the places of deposit of funds, or the character of investments made,
11 and the mayor shall cause copies of the report to be posted in at least three (3)
12 places where city employees frequent and report.

13 (7) When any city maintaining a pension fund for employees under civil service hired
14 before August 1, 1988, operating pursuant to this section as of January 1, 2015,
15 picks up employee contributions pursuant to KRS 65.155, or accepts from its
16 employees a portion of their wages and contributes city funds therefor, an inviolable
17 contract shall be created between the city as employer and its employees, and the
18 city and its employees shall continue to operate under KRS 90.310 to 90.390 and
19 the adopting ordinance, except that employees, pursuant to subsection (8) of this
20 section, may choose to participate in the County Employees Retirement System. A
21 repeal of that ordinance by the city shall in no wise affect such employees unless by
22 the mutual consent of the city and an employee or employees.

23 (8) After August 1, 1988, no new pension fund shall be created pursuant to this section,
24 and cities which were covered by this section on or prior to August 1, 1988, shall
25 participate in the County Employees Retirement System effective August 1, 1988.
26 Any city which provided a pension plan for its employees on or prior to August 1,
27 1988, shall place employees hired after August 1, 1988, in the County Employees

1 Retirement System. The board shall offer employees hired on or prior to August 1,
2 1988, membership in the County Employees Retirement System under the alternate
3 participation plan as described in KRS 78.530(3), but such employees may elect to
4 retain coverage under this section.

5 (9) *If there are fewer than twelve (12) active and retired members or beneficiaries of*
6 *the pension fund, the governing body of the fund may elect to offer to individuals*
7 *entitled to benefits from the fund a one (1) time irrevocable option to convert*
8 *monthly pension benefits from the fund to monthly annuity benefits from an*
9 *insurance company for the same amount. An insurance company accepting a*
10 *benefit transfer shall honor any features and options available under the existing*
11 *plan. If the governing body of the fund elects to offer the option to convert*
12 *monthly pension benefits to monthly annuity benefits, it shall provide to*
13 *individuals entitled to benefits from the fund sufficiently complete and*
14 *appropriate disclosures to assist in making an informed decision.*

15 (10) If all liabilities to all individuals entitled to benefits have been satisfied for a
16 pension fund covered by this section, any ordinances established for creation or
17 maintenance of the fund may be repealed by the majority vote of the duly elected
18 members of the entire legislative body of the city. If repealed, the governing body of
19 the fund shall, within sixty (60) days of repeal, proceed with the liquidation of any
20 residual assets of the fund. All residual assets liquidated pursuant to this subsection
21 shall be distributed by the fund's governing body to the city government's general
22 fund so long as the return of assets complies with federal and state law governing
23 the distribution of assets. Within thirty (30) days following the distribution of
24 residual assets, the governing body of the fund shall as its last act file a complete
25 report with the legislative body of the city of the actions taken to dissolve the fund
26 and liquidate residual assets of the fund for retention by the city clerk the same as
27 for other city records.

1 ➔Section 2. KRS 90.410 is amended to read as follows:

- 2 (1) Any city maintaining a pension fund for employees under civil service hired before
3 August 1, 1988, operating pursuant to this section as of January 1, 2015, shall
4 continue to operate the existing pension fund in accordance with this section. The
5 city may assess monthly such amount or percent of the salary of employees as may
6 be equitably determined on a fair actuarial basis, not to exceed five percent (5%) of
7 the monthly salary of any employee. The city legislative body shall contribute city
8 revenues to the fund which shall be not less than the contributions of the employees.
- 9 (2) The city may create a board for the pension fund and designate trustees of that board
10 to serve as the governing body of the fund, and may fix the powers of trustees,
11 determine the eligibility of employees or their dependents to a pension or other
12 benefit, and may provide a monthly allowance for employees eligible for a pension,
13 not to exceed one-half (1/2) of the monthly salary of any employee at the time of his
14 retirement.
- 15 (3) In order to adjust retirement benefits to the purchasing power of the dollar, the city
16 may annually provide an increase in benefits paid pursuant to this section. The city
17 may provide an increase of any amount up to the increase in the consumer price
18 index calculated pursuant to KRS 64.527, but in no case shall the annual increase
19 exceed five percent (5%).
- 20 (4) When any city maintaining a pension fund for employees under civil service hired
21 before August 1, 1988, operating pursuant to this section as of January 1, 2015,
22 picks up employee contributions pursuant to KRS 65.155, or accepts from its
23 employees a portion of their wages and contributes city funds therefor, an inviolable
24 contract shall be created between the city as employer and its employees, and the
25 city and its employees shall continue to operate under KRS 90.310 to 90.390 and
26 the adopting ordinance, except that employees, pursuant to subsection (5) of this
27 section, may choose to participate in the County Employees Retirement System. A

1 repeal of that ordinance by the city shall in no wise affect such employees unless by
2 the mutual consent of the city and an employee or employees.

3 (5) After August 1, 1988, no new pension fund shall be created pursuant to this section,
4 and cities which were covered by this section on or prior to August 1, 1988, shall
5 participate in the County Employees Retirement System effective August 1, 1988.
6 Any city which provided a pension plan for its employees on or prior to August 1,
7 1988, shall place employees hired after August 1, 1988, in the County Employees
8 Retirement System. The board shall offer employees hired on or prior to August 1,
9 1988, membership in the County Employees Retirement System under the alternate
10 participation plan as described in KRS 78.530(3), but such employees may elect to
11 retain coverage under this section.

12 (6) *If there are fewer than twelve (12) active and retired members or beneficiaries of*
13 *the pension fund, the governing body of the fund may elect to offer to individuals*
14 *entitled to benefits from the fund a one (1) time irrevocable option to convert*
15 *monthly pension benefits from the fund to monthly annuity benefits from an*
16 *insurance company for the same amount. An insurance company accepting a*
17 *benefit transfer shall honor any features and options available under the existing*
18 *plan. If the governing body of the fund elects to offer the option to convert*
19 *monthly pension benefits to monthly annuity benefits, it shall provide to*
20 *individuals entitled to benefits from the fund sufficiently complete and*
21 *appropriate disclosures to assist in making an informed decision.*

22 (7) If all liabilities to all individuals entitled to benefits have been satisfied for a
23 pension fund covered by this section, any ordinances established for creation or
24 maintenance of the fund may be repealed by the majority vote of the duly elected
25 members of the entire legislative body of the city. If repealed, the governing body of
26 the fund shall, within sixty (60) days of repeal, proceed with the liquidation of any
27 residual assets of the fund. All residual assets liquidated pursuant to this subsection

1 shall be distributed by the fund's governing body to the city government's general
2 fund so long as the return of assets complies with federal and state law governing
3 the distribution of assets. Within thirty (30) days following the distribution of
4 residual assets, the governing body of the fund shall as its last act file a complete
5 report with the legislative body of the city of the actions taken to dissolve the fund
6 and liquidate residual assets of the fund for retention by the city clerk the same as
7 for other city records.

8 ➔Section 3. KRS 95.290 is amended to read as follows:

9 (1) The city legislative body in cities of the first class may enact ordinances providing
10 for a system of pensions for retired and disabled members of the police and fire
11 divisions of the department of public safety and their dependents, may appropriate
12 funds for the purpose of paying such pensions, may allot and pay to the policemen's
13 pension fund or the firefighters' pension fund or either or both of them, all fines and
14 forfeitures imposed upon members of the respective divisions, and may provide for,
15 assess, and collect contributions from the members for the benefit of the fund.

16 (2) (a) There shall be a governing body of the policemen's pension fund, and a
17 governing body of the firefighters' pension fund. The governing bodies of the
18 respective funds shall hold title to all assets in their respective funds, and shall
19 have exclusive authority relating to investment of the assets of the funds,
20 including contracting with investment advisors or managers to perform
21 investment services as deemed necessary and prudent by the board. A majority
22 of the governing body of each fund shall be composed of persons receiving
23 pension benefits from the respective pension systems, and no more than one
24 (1) member of the city legislative body may be a member of the governing
25 body of either the policemen's or the firefighters' pension fund, except if there
26 are fewer than six (6) active and retired members of the policemen's or the
27 firefighters' pension fund, the governing body of the pension fund shall be

1 composed of the mayor, city treasurer or chief financial officer, and two (2)
2 employees appointed by the mayor from the city's respective police
3 department or fire department. To be effective, an action of the governing
4 body of a fund shall require only a simple majority of the votes cast at a
5 properly convened meeting of the governing body where a quorum is present,
6 with a quorum being a majority of the members of a governing body.

7 (b) *If there are fewer than twelve (12) active and retired members or*
8 *beneficiaries of the policemen's or the firefighters' pension fund, the*
9 *governing body of the fund may elect to offer to individuals entitled to*
10 *benefits from the fund a one (1) time irrevocable option to convert monthly*
11 *pension benefits from the fund to monthly annuity benefits from an*
12 *insurance company for the same amount. An insurance company accepting*
13 *a benefit transfer shall honor any features and options available under the*
14 *existing plan. If the governing body of the fund elects to offer the option to*
15 *convert monthly pension benefits to monthly annuity benefits, it shall*
16 *provide to individuals entitled to benefits from the fund sufficiently*
17 *complete and appropriate disclosures to assist in making an informed*
18 *decision.*

19 (c) If all liabilities to all individuals entitled to benefits from the policemen's
20 pension fund or firefighters' pension fund have been satisfied, the ordinances
21 establishing the fund may be repealed by the majority vote of the duly elected
22 members of the entire legislative body. If repealed, the governing body of the
23 policemen's or firefighters' pension fund shall, within sixty (60) days of repeal,
24 proceed with the liquidation of any residual assets of the fund. All residual
25 assets liquidated pursuant to this paragraph shall be distributed by the
26 governing body to the city's general fund provided the return of assets
27 complies with federal and state law governing the distribution of assets.

1 Within thirty (30) days following the distribution of residual assets, the
 2 governing body of the fund shall as its last act file a complete report with the
 3 legislative body of the city, for retention by the city clerk the same as for other
 4 city records, of the actions taken to dissolve the fund and liquidate residual
 5 assets of the fund.

6 (3) Any policemen's pension fund or any firefighters' pension fund established under
 7 the provisions of this section shall be held or distributed for, and only for, any of the
 8 following purposes of the respective fund as applicable:

- 9 (a) Paying pensions, and any bonus payments under applicable ordinances;
- 10 (b) Making payments to the city for transfer to the County Employees Retirement
 11 System for alternate participation pursuant to KRS 78.530(3)(a) and 78.531(2)
 12 or for the distribution of residual assets in the event the fund is dissolved
 13 pursuant to subsection (2)(c)~~[(b)]~~ of this section;
- 14 (c) **Making payments to the city for transfer to an insurance company for**
 15 **conversion of monthly pension benefits to monthly annuity benefits as**
 16 **provided in subsection (2)(b) of this section;**
- 17 (d) Transferring pension assets through investment contract or other financial
 18 instrument for the purpose of amortizing unfunded service liabilities; and
- 19 ~~(e)~~~~[(d)]~~ Payment from the city to the County Employees Retirement System for
 20 future pension contributions required pursuant to KRS 61.565.

21 Pursuant to the terms of this section, if policemen of the city of the first class elect
 22 entry into the County Employees Retirement System and thereby create excess
 23 funds over those required to provide for the purposes set forth in paragraphs (a), (b),
 24 ~~and~~ (c), **(d), and (e)** of this subsection, these excess funds shall be distributed to
 25 the city for use by the city for any other purpose it may elect, including, but not
 26 limited to, the establishment of a reserve for payment under paragraph ~~(e)~~~~[(d)]~~ of
 27 this subsection. The governing board of the fund may annually expend for the

1 necessary expenses connected with the fund, including but not limited to expenses
2 for medical, actuarial, accounting, and legal services, the amount such governing
3 board deems proper.

4 ~~(f)~~~~(e)~~ Payment from the city to the County Employees Retirement System for
5 future pension contributions required pursuant to KRS 61.565. Pursuant to the
6 terms of this section, if firefighters of the city of the first class elect entry into
7 the County Employees Retirement System and thereby create excess funds
8 over those required to provide for the purposes set forth in paragraphs (a), (b),
9 ~~and~~ ~~(c)~~, (d), and (e) of this subsection, these excess funds shall be
10 distributed according to the terms of an agreement negotiated between the city
11 and the union organization representing the firefighters. The city may use its
12 share of the distributed excess funds for any purpose it may elect, including,
13 but not limited to, the establishment of a reserve for payment under paragraph
14 (e) of this subsection.

15 (4) (a) The governing body of each pension fund shall insure that all of the assets in
16 the fund are distributed for the purposes in subsection (3) of this section, and
17 only for these purposes. If in any calendar year the assets in either fund exceed
18 those needed for the actuarial liability for payment of pension benefits and any
19 anticipated liabilities under subsection (3)(b) and (d) ~~(e)~~ of this section, the
20 legislative body of the city establishing the pension system shall insure by
21 pension bonus ordinance that a portion of these excess funds be distributed in
22 an equitable manner to all eligible pension recipients. Nothing in this
23 subsection shall be construed to require any change to be made to any pension
24 ordinance as it exists on July 15, 1998.

25 (b) The governing board of either fund may annually expend for the necessary
26 expenses connected with the fund, including but not limited to expenses for
27 medical, actuarial, accounting, and legal or other professional services, the

1 amount such governing board deems proper.

2 (5) Any ordinance establishing a pension fund under this section shall make equitable
3 provision for the rights of persons having an interest in assets transferred to the fund
4 from any fund heretofore established by statute.

5 (6) To assure equal protection for the beneficiaries of either fund, any action taken by
6 the city executive or legislative body in cities of the first class that affects a
7 policemen's pension fund or a firefighters' pension fund established under this
8 section shall, to the maximum extent permitted by law, treat each fund in a uniform
9 manner and shall not cause any change to be made to the structure or operation of
10 either fund, whether through legislation, litigation, compromise, settlement, or
11 otherwise, unless any proposed change is offered to the other fund before it takes
12 effect. Nothing in this subsection shall be construed to require any change to be
13 made to any pension ordinance as it exists on July 15, 1998.

14 (7) The legislative body in a city of the first class shall issue the appropriate order,
15 pursuant to KRS 78.530(1), directing participation for policemen in the County
16 Employees Retirement System. All new employees who would have been granted
17 membership in the local policemen's pension system shall be members of the
18 County Employees Retirement System. All active members of the local policemen's
19 pension system at the time of transition to the County Employees Retirement
20 System may choose membership in the County Employees Retirement System or
21 may retain membership in the local system. The city shall elect the alternate
22 participation plan, pursuant to KRS 78.530(3), for policemen who transfer to the
23 County Employees Retirement System. Notwithstanding the provisions of KRS
24 78.530(3)(b), the city may, at its option, extend the payment period for the cost of
25 alternate participation to a maximum of twenty (20) years with the interest at the
26 rate actuarially assumed by the board. The city shall have the right to use assets in
27 the local pension fund, other than assets necessary to pay benefits to the remaining

1 active members of the local policemen's pension system and to retirees and their
2 survivors as determined by actuarial valuation, to assist in the payment of the
3 annual installment cost of alternate participation. All policemen who become
4 members of the County Employees Retirement System pursuant to this section shall
5 be granted hazardous duty coverage, and the city may, at its option, purchase
6 accumulated sick leave for each policeman upon retirement pursuant to KRS
7 78.616.

8 (8) The legislative body in a city of the first class may issue the appropriate order,
9 pursuant to KRS 78.530(1), directing participation for firefighters in the County
10 Employees Retirement System. In the event that the legislative body in a city of the
11 first class issues such an order, then all new employees who would have been
12 granted membership in the local firefighters' pension system shall be members of
13 the County Employees Retirement System. All active members of the local
14 firefighters' pension system at the time of transition to the County Employees
15 Retirement System may choose membership in the County Employees Retirement
16 System or may retain membership in the local system. The city shall elect the
17 alternate participation plan, pursuant to KRS 78.530(3), for firefighters who transfer
18 to the County Employees Retirement System. Notwithstanding the provisions of
19 KRS 78.530(3)(b), the city may, at its option, extend the payment period for the cost
20 of alternate participation to a maximum of twenty (20) years with the interest at the
21 rate actuarially assumed by the board. The city shall have the right to use assets in
22 the local firefighters' pension fund, other than assets necessary to pay benefits to the
23 remaining active members of the local firefighters' pension system and to retirees
24 and their survivors as determined by actuarial valuation, to assist in the payment of
25 the annual installment cost of alternate participation. After certification by the
26 County Employees Retirement System of eligibility for hazardous duty coverage,
27 each firefighter who becomes a member of the County Employees Retirement

1 System pursuant to this section shall be granted hazardous duty coverage.

2 (9) Notwithstanding the provisions of KRS 61.565, which relate to the contributions
3 required of participating employers, any city of the first class participating in the
4 County Employees Retirement System hazardous duty pension plan which has in
5 effect a collective bargaining agreement with a group of employees who participate
6 in said plan, shall have the right to enter into agreement with its employees or with
7 their respective collective bargaining representatives. This agreement may include,
8 but is not limited to, specifications of what portion of the required employer
9 contribution shall be borne by the participating employer and what portion shall be
10 borne by the participating employee. This provision in no way modifies the
11 employer's obligation to remit the contributions required by the County Employees
12 Retirement System pursuant to KRS 61.565, whether such contributions are borne
13 by the city or by its participating employees.

14 (10) With regard to the employer participation or employer contributions pursuant to
15 KRS 61.565 as it relates to future pension contribution requirements or as it relates
16 to payback period or interest charge for service liability cost under alternate
17 participation, if any statute or any resolution of the appropriate state board of
18 trustees having authority over employer participation or employer contribution
19 grants any terms or conditions to any city of the home rule class, or to any county,
20 or to any urban-county government, which are more favorable in terms of
21 participation than terms or conditions granted to any city of the first class, then said
22 provisions for employer participation or contribution shall be available to the city of
23 the first class, at its option and effective upon adoption by the city of the first class
24 and notification to the County Employees Retirement System.

25 ➔Section 4. KRS 95.530 is amended to read as follows:

26 (1) In cities with a pension fund established under KRS 95.520 where there are fewer
27 than six (6) active members of the pension fund, except as provided by subsection

1 (3) of this section, the board of trustees of the policemen's and firefighter's pension
2 fund is composed of the mayor, city treasurer or chief financial officer, and one (1)
3 retired member each from the police and fire departments. The retired members
4 from the police and fire departments shall be elected by the respective retired
5 members of those departments annually by ballot, one (1) from each department,
6 and shall serve for one (1) year and until their respective successors are elected and
7 qualified. The board shall select from their number a president and a secretary.

8 (2) If there are six (6) or more active members of the fund, there shall be two (2)
9 additional board members added to the members established by subsection (1) of
10 this section who shall be one (1) active member of the fund from each department
11 elected by the active members of the fund from the respective departments and who
12 shall serve for one (1) year and until their respective successors are elected and
13 qualified. If all of the six (6) or more active members or all of the retired members
14 are from one (1) department, then both of the active member board members or
15 both of the retired board members, as the case may be, shall be elected from that
16 department.

17 (3) If there are fewer than six (6) active and retired members of the policemen's and the
18 firefighters' pension fund, the board of trustees shall be composed of the mayor, city
19 treasurer or chief financial officer, and two (2) employees appointed by the mayor,
20 one (1) from the city police department and one (1) from the city fire department,
21 who shall serve for one (1) year and until their respective successors are appointed
22 and qualified. If all of the members of the pension fund are from one (1)
23 department, no appointment shall be made from the other department.

24 (4) The board of trustees' membership shall be restructured according to the provisions
25 of this section at the time of the next scheduled election of board members after
26 July 15, 2016.

27 (5) **If there are fewer than twelve (12) active and retired members or beneficiaries of**

1 the policemen's and the firefighters' pension fund, the governing body of the
 2 fund may elect to offer to individuals entitled to benefits from the fund a one (1)
 3 time irrevocable option to convert monthly pension benefits from the fund to
 4 monthly annuity benefits from an insurance company for the same amount. An
 5 insurance company accepting a benefit transfer shall honor any features and
 6 options available under the existing plan. If the governing body of the fund elects
 7 to offer the option to convert monthly pension benefits to monthly annuity
 8 benefits, it shall provide to individuals entitled to benefits from the fund
 9 sufficiently complete and appropriate disclosures to assist in making an informed
 10 decision.

11 **(6)** If all liabilities to all individuals entitled to benefits from the policemen's and
 12 firefighters' pension fund have been satisfied, the legislative body of the city may by
 13 majority vote of the entire legislative body adopt an ordinance dissolving the fund.
 14 If adopted, the fund's board of trustees shall, within sixty (60) days of adoption,
 15 proceed with the liquidation of any residual assets of the fund. All residual assets
 16 liquidated pursuant to this subsection shall be distributed by the board of trustees to
 17 the city's general fund so long as the return of assets complies with federal and state
 18 law governing the distribution of assets. Within thirty (30) days following the
 19 distribution of residual assets, the board of trustees of the fund shall as its last act
 20 file a complete report with the legislative body of the city of the actions taken to
 21 dissolve the fund and liquidate residual assets of the fund for retention by the city
 22 clerk the same as for other city records.

23 ➔Section 5. KRS 95.620 is amended to read as follows:

24 (1) Except for court or administratively ordered current child support, or owed child
 25 support, or to-be-owed child support, and except as provided in KRS 65.156,
 26 subsection (6) of Section 4 of this Act~~[KRS 95.530(5)]~~, and subsections (2), (3),
 27 and (4) of this section, the policemen's and firefighters' pension fund established

1 under KRS 95.520 shall be held and distributed for the purpose of paying pensions
2 and benefits, and for no other purpose.

3 (2) From July 15, 1982, and thereafter, the board of trustees of the pension fund shall,
4 upon the request of a member, refund a member's contributions, including
5 contributions picked up by the employer pursuant to KRS 65.155, upon that
6 member's withdrawal from service prior to qualifying for pension. The member
7 shall be entitled to receive a refund of the amount of contributions made by the
8 member, including contributions picked up by the employer pursuant to KRS
9 65.155, after the date of establishment, without interest.

10 (3) Any member receiving a refund of contributions shall thereby ipso facto forfeit,
11 waive, and relinquish all accrued rights and benefits in the system, including all
12 credited and creditable service. The board may, in its discretion, regardless of cause,
13 withhold payment of a refund for a period not to exceed six (6) months after receipt
14 of an application from a member.

15 (4) Any member who has received a refund shall be considered a new member upon
16 subsequent reemployment if such person qualifies for membership under the
17 provisions hereof. After the completion of at least five (5) years of continuous
18 membership service following his latest reemployment, such member shall have the
19 right to make a repayment to the system of the amount or amounts previously
20 received as refund, including six percent (6%) interest from the dates of refund to
21 the date of repayment. Such repayments shall not be picked up by the employer
22 pursuant to KRS 65.155. Upon the restoration of such refunds, as herein provided,
23 such member shall have reinstated to his account all credited service represented by
24 the refunds of which repayment has been made. Repayment of refunds by any
25 member shall include all refunds received by a member prior to the date of his last
26 withdrawal from service and shall be made in a single sum.

27 ➔Section 6. KRS 95.622 is amended to read as follows:

- 1 (1) There shall be created in cities that elected to adopt the provisions of KRS 95.621 to
2 95.629 a policemen's and firefighter's pension fund, and a board of trustees for that
3 fund.
- 4 (2) (a) Except as provided by paragraph (c) of this subsection, in cities where there
5 are fewer than six (6) active members of the pension fund, the board of
6 trustees of the policemen's and firefighter's pension fund shall be composed of
7 the mayor, city treasurer or chief financial officer, and one (1) retired member
8 each from the police and fire departments shall be elected by the respective
9 retired members of those departments annually by ballot, one (1) from each
10 department, and shall serve for one (1) year and until their successors are
11 elected and qualified.
- 12 (b) If there are six (6) or more active members of the fund, there shall be two (2)
13 additional board members who shall be one (1) active member of the fund
14 from each department elected by the active members of the fund from the
15 respective departments and who shall serve for one (1) year and until their
16 successors are elected and qualified. If all of the six (6) or more active
17 members or all of the retired members are from one (1) department, then both
18 of the active member board members or both of the retired board members, as
19 the case may be, shall be elected from that department.
- 20 (c) If there are fewer than six (6) active and retired members of the fund, the
21 board of trustees shall be composed of the mayor, city treasurer or chief
22 financial officer, and two (2) employees appointed by the mayor, one (1) from
23 the city police department and one (1) from the city fire department, who shall
24 serve for one (1) year and until their respective successors are appointed and
25 qualified. If all of the members of the pension fund are from one (1)
26 department, no appointment shall be made from the other department.
- 27 (d) The board shall select from their number a president and a secretary. The

1 board of trustees shall be the trustees of the pension fund and of all moneys
2 donated or paid for the relief or pensioning of members of the police and fire
3 departments. It may do all things necessary to protect the fund.

4 (3) The board of trustees may draw the pension fund from the treasury and invest it, in
5 whole or in part, in the name of the board or nominee name as provided by KRS
6 286.3-225, as the board deems most advantageous for the objects of the fund, in a
7 local government pension investment fund created pursuant to KRS 95.895 or in
8 any other securities in which trustees are permitted to invest trust funds under the
9 laws of this state. The securities shall be subject to the order of the board.

10 (4) The board of trustees' membership shall be restructured according to the provisions
11 of this section at the time of the next scheduled election of board members after
12 July 15, 2016.

13 (5) *If there are fewer than twelve (12) active and retired members or beneficiaries of*
14 *the policemen's and firefighters' pension fund, the governing body of the fund*
15 *may elect to offer to individuals entitled to benefits from the fund a one (1) time*
16 *irrevocable option to convert monthly pension benefits from the fund to monthly*
17 *annuity benefits from an insurance company for the same amount. An insurance*
18 *company accepting a benefit transfer shall honor any features and options*
19 *available under the existing plan. If the governing body of the fund elects to offer*
20 *the option to convert monthly pension benefits to monthly annuity benefits, it*
21 *shall provide to individuals entitled to benefits from the fund sufficiently*
22 *complete and appropriate disclosures to assist in making an informed decision.*

23 (6) If all liabilities to all individuals entitled to benefits from the policemen's and
24 firefighters' pension fund have been satisfied, the ordinances establishing the fund
25 may be repealed by the majority vote of the duly elected members of the entire
26 legislative body in accordance with the provisions established by subsection (6) of
27 Section 4 of this Act[KRS 95.530(5)].

1 ➔Section 7. KRS 95.767 is amended to read as follows:

- 2 (1) (a) There shall be organized in connection with the police and fire departments a
3 board to be known as the board of trustees of the policemen's and firefighter's
4 pension fund.
- 5 (b) If there are six (6) or more active members of the fund, the board shall be
6 composed of the mayor of the city, city treasurer or chief financial officer, one
7 (1) member of the city legislative body appointed by the mayor, one (1) retired
8 member each from the police and fire departments elected by the respective
9 retired members of those departments annually by ballot, and one (1) active
10 member of the fund from each department elected by the active members of
11 the fund from the respective departments annually. If all of the six (6) or more
12 active members or all of the retired members are from one (1) department,
13 then both of the active member board members or both of the retired board
14 members, as the case may be, shall be elected from that department.
- 15 (c) If there are fewer than six (6) active members of the fund, no active members
16 of the departments shall be elected to the board. The trustees shall select from
17 their number a president and secretary. The city treasurer or chief financial
18 officer shall be ex officio treasurer of the board and custodian of its funds.
- 19 (d) If there are fewer than six (6) active and retired members of the policemen's
20 and firefighters' pension fund, the board of trustees shall be composed of the
21 mayor, city treasurer or chief financial officer, one (1) member of the city
22 legislative body appointed by the mayor, and two (2) employees appointed by
23 the mayor, one (1) from the city police department and one (1) from the city
24 fire department, who shall serve for one (1) year and until their respective
25 successors are appointed and qualified. If all of the members of the pension
26 fund are from one (1) department, no appointment shall be made from the
27 other department.

1 (2) The board of trustees membership shall be restructured according to the provisions
 2 of this section at the time of the next scheduled election of board members after
 3 July 15, 2016.

4 **(3) If there are fewer than twelve (12) active and retired members or beneficiaries of**
 5 **the policemen's and firefighters' pension fund, the governing body of the fund**
 6 **may elect to offer to individuals entitled to benefits from the fund a one (1) time**
 7 **irrevocable option to convert monthly pension benefits from the fund to monthly**
 8 **annuity benefits from an insurance company for the same amount. An insurance**
 9 **company accepting a benefit transfer shall honor any features and options**
 10 **available under the existing plan. If the governing body of the fund elects to offer**
 11 **the option to convert monthly pension benefits to monthly annuity benefits, it**
 12 **shall provide to individuals entitled to benefits from the fund sufficiently**
 13 **complete and appropriate disclosures to assist in making an informed decision.**

14 ➔Section 8. KRS 95.869 is amended to read as follows:

15 (1) (a) The responsibility for the proper operation of the fund and the direction of its
 16 policies shall be vested in a board of trustees.
 17 (b) If there are no active members of the fund, the board of trustees shall consist
 18 of four (4) members who shall be: (a) the mayor ex officio; (b) the city
 19 treasurer or chief financial officer ex officio; and (c) one (1) retired member of
 20 each department who shall be elected by ballot by the retired members of the
 21 respective departments. The mayor ex officio and the city treasurer ex officio
 22 shall serve for terms of one (1) year under rules adopted by the board. The two
 23 (2) retired members of the police and fire department shall serve for terms of
 24 at least one (1) year with a maximum of two (2) years under rules adopted by
 25 the board. If there are active members of the fund, there shall be two (2)
 26 additional board members who shall be one (1) active member of the fund
 27 from each department elected by ballot by the active members of the fund

1 from the respective departments and who shall serve for terms of at least one
2 (1) year with a maximum of two (2) years under rules adopted by the board. If
3 all of the active members or all of the retired members are from one (1)
4 department, then both of the active-member board members or both of the
5 retired board members shall be elected from that department.

6 (c) If there are fewer than six (6) active and retired members of the fund, the
7 board of trustees shall be composed of the mayor, city treasurer or chief
8 financial officer, and two (2) employees appointed by the mayor, one (1) from
9 the city police department and one (1) from the city fire department, who shall
10 serve for one (1) year and until their respective successors are appointed and
11 qualified. If all of the members of the pension fund are from one (1)
12 department, no appointment shall be made from the other department.

13 (d) *If there are fewer than six (6) active and retired members of the fund from*
14 *one (1) department, the board of trustees shall be composed of the mayor,*
15 *city treasurer or chief financial officer, one (1) retired member of the*
16 *department with six (6) or more active or retired members of the fund who*
17 *shall be elected by ballot by the retired members of the department, and one*
18 *(1) employee appointed by the mayor from the department with fewer than*
19 *six (6) active and retired members of the fund who shall serve for one (1)*
20 *year and until their respective successors are appointed and qualified.*

21 (e) In the event of a vacancy of an elected member, the pension board may fill the
22 vacancy by appointment until the next regular election.

23 (2) The board of trustees membership shall be restructured according to the provisions
24 of this section at the time of the next scheduled election of board members after
25 July 15, 2020~~[2016]~~.

26 (3) Any member of the board convicted of an offense relating to mismanagement or
27 embezzlement of the fund created pursuant to KRS 95.852 shall be removed from

1 the board and shall be prohibited from serving on the board. If the board member
2 removed is an ex officio member, the city council shall appoint a replacement until
3 another person shall fill the office entitled to a seat on the board. If the board
4 member removed is an active policeman or firefighter, the board shall fill the
5 vacancy by appointment of another active policeman or firefighter until the next
6 regular election.

7 (4) *If there are fewer than twelve (12) active and retired members or beneficiaries of*
8 *the policemen's and firefighters' pension fund, the governing body of the fund*
9 *may elect to offer to individuals entitled to benefits from the fund a one (1) time*
10 *irrevocable option to convert monthly pension benefits from the fund to monthly*
11 *annuity benefits from an insurance company for the same amount. An insurance*
12 *company accepting a benefit transfer shall honor any features and options*
13 *available under the existing plan. If the governing body of the fund elects to offer*
14 *the option to convert monthly pension benefits to monthly annuity benefits, it*
15 *shall provide to individuals entitled to benefits from the fund sufficiently*
16 *complete and appropriate disclosures to assist in making an informed decision.*

17 (5) If all liabilities to all individuals entitled to benefits from the policemen's and
18 firefighters' pension fund have been satisfied, the ordinances establishing the fund
19 may be repealed by the majority vote of the duly elected members of the entire
20 legislative body. If repealed, the fund's board of trustees shall, within sixty (60) days
21 of repeal, proceed with the liquidation of any residual assets of the fund. All
22 residual assets liquidated pursuant to this subsection shall be distributed by the
23 board of trustees to the city's general fund so long as the return of assets complies
24 with federal and state law governing the distribution of assets. Within thirty (30)
25 days following the distribution of residual assets, the board of trustees of the fund
26 shall as its last act file a complete report with the legislative body of the city of the
27 actions taken to terminate the fund and liquidate residual assets of the fund for

1 retention by the city clerk the same as for other city records.

2 ➔Section 9. KRS 95.022 is amended to read as follows:

3 (1) As used in this section:

4 (a) "City" means any incorporated city, consolidated local government, unified
5 local government, urban-county government, or charter county government,
6 operating under the law of this Commonwealth, and the offices and agencies
7 thereof; and

8 (b) "Police officer" has the same meaning as "police officer" in KRS 15.420 and
9 as "officer" in KRS 16.010.

10 (2) Subject to the limitations of subsection (7) of this section, a city may employ
11 individuals as police officers under this section who have retired from the Kentucky
12 Employees Retirement System, the County Employees Retirement System, or the
13 State Police Retirement System.

14 (3) To be eligible for employment under this section, an individual shall have:

15 (a) Participated in the Law Enforcement Foundation Program fund under KRS
16 15.410 to 15.510 or retired as a commissioned officer pursuant to KRS
17 Chapter 16;

18 (b) Retired with at least twenty (20) years of service credit;

19 (c) Been separated from service for the period required by KRS 61.637 so that the
20 member's retirement is not voided;

21 (d) Retired with no administrative charges pending; and

22 (e) Retired with no preexisting agreement between the individual and the city
23 prior to the individual's retirement for the individual to return to work for the
24 city.

25 (4) Individuals employed under this section shall:

26 (a) Serve for a term not to exceed one (1) year. The one (1) year employment term
27 may be renewed annually at the discretion of the employing city;

- 1 (b) Receive compensation according to the standard procedures applicable to the
2 employing city; and
- 3 (c) Be employed based upon need as determined by the employing city.
- 4 (5) Notwithstanding any provisions of KRS 16.505 to 16.652, 18A.225 to 18A.2287,
5 61.510 to 61.705, or 78.510 to 78.852 to the contrary:
- 6 (a) Individuals employed under this section shall continue to receive all
7 retirement and health insurance benefits to which they were entitled upon
8 retiring in the applicable system administered by Kentucky Retirement
9 Systems;
- 10 (b) Individuals employed under this section shall not be eligible to receive health
11 insurance coverage through the employing city;
- 12 (c) The city shall not pay any employer contributions or retiree health expense
13 reimbursements to the Kentucky Retirement Systems required by KRS
14 61.637(17) for individuals employed under this section; and
- 15 (d) The city shall not pay any insurance contributions to the state health insurance
16 plan, as provided by KRS 18A.225 to 18A.2287, for individuals employed
17 under this section.
- 18 (6) Individuals employed under this section shall be subject to any merit system, civil
19 service, or other legislative due process provisions applicable to the employing city.
20 A decision not to renew a one (1) year appointment term under this section shall not
21 be considered a disciplinary action or deprivation subject to due process.
- 22 (7) A city government shall be limited in the number of retired police officers that it
23 may hire under this section as follows:
- 24 (a) A city government that employed an average of five (5) or fewer police
25 officers over the course of calendar year 2015 shall not be limited in the
26 number of officers that they may hire under this section;
- 27 (b) A city government that employed an average of more than five (5) but fewer

1 than one hundred (100) police officers over the course of calendar year 2015
2 shall not hire more than five (5) police officers or a number equal to twenty-
3 five percent (25%) of the police officers employed by the city in calendar year
4 2015, whichever is greater; and

5 (c) A city government that employed an average of ~~more than~~ one hundred
6 (100) ***or more*** police officers over the course of calendar year 2015 shall not
7 hire more than twenty-five (25) police officers or a number equal to ten
8 percent (10%) of the police officers employed by the city in calendar year
9 2015, whichever is greater.

10 ***(8) Retired police officers employed by a city government for purposes of KRS***
11 ***158.4414 shall not apply against the limitations provided by subsection (7) of this***
12 ***section.***

13 ➔Section 10. KRS 61.637 is amended to read as follows:

14 (1) A retired member who is receiving monthly retirement payments under any of the
15 provisions of KRS 61.510 to 61.705 and 78.510 to 78.852 and who is reemployed
16 as an employee by a participating agency prior to August 1, 1998, shall have his
17 retirement payments suspended for the duration of reemployment. Monthly
18 payments shall not be suspended for a retired member who is reemployed if he
19 anticipates that he will receive less than the maximum permissible earnings as
20 provided by the Federal Social Security Act in compensation as a result of
21 reemployment during the calendar year. The payments shall be suspended at the
22 beginning of the month in which the reemployment occurs.

23 (2) Employer and employee contributions shall be made as provided in KRS 61.510 to
24 61.705 and 78.510 to 78.852 on the compensation paid during reemployment,
25 except where monthly payments were not suspended as provided in subsection (1)
26 of this section or would not increase the retired member's last monthly retirement
27 allowance by at least one dollar (\$1), and the member shall be credited with

1 additional service credit.

2 (3) In the month following the termination of reemployment, retirement allowance
3 payments shall be reinstated under the plan under which the member was receiving
4 payments prior to reemployment.

5 (4) (a) Notwithstanding the provisions of this section, the payments suspended in
6 accordance with subsection (1) of this section shall be paid retroactively to the
7 retired member, or his estate, if he does not receive more than the maximum
8 permissible earnings as provided by the Federal Social Security Act in
9 compensation from participating agencies during any calendar year of
10 reemployment.

11 (b) If the retired member is paid suspended payments retroactively in accordance
12 with this section, employee contributions deducted during his period of
13 reemployment, if any, shall be refunded to the retired employee, and no
14 service credit shall be earned for the period of reemployment.

15 (c) If the retired member is not eligible to be paid suspended payments for his
16 period of reemployment as an employee, his retirement allowance shall be
17 recomputed under the plan under which the member was receiving payments
18 prior to reemployment as follows:

19 1. The retired member's final compensation shall be recomputed using
20 creditable compensation for his period of reemployment; however, the
21 final compensation resulting from the recalculation shall not be less than
22 that of the member when his retirement allowance was last determined;

23 2. If the retired member initially retired on or subsequent to his normal
24 retirement date, his retirement allowance shall be recomputed by using
25 the formula in KRS 61.595(1);

26 3. If the retired member initially retired prior to his normal retirement date,
27 his retirement allowance shall be recomputed using the formula in KRS

1 61.595(2), except that the member's age used in computing benefits shall
2 be his age at the time of his initial retirement increased by the number of
3 months of service credit earned for service performed during
4 reemployment;

5 4. The retirement allowance payments resulting from the recomputation
6 under this subsection shall be payable in the month following the
7 termination of reemployment in lieu of payments under subparagraph 3.
8 The member shall not receive less in benefits as a result of the
9 recomputation than he was receiving prior to reemployment or would
10 receive as determined under KRS 61.691; and

11 5. Any retired member who was reemployed prior to March 26, 1974, shall
12 begin making contributions to the system in accordance with the
13 provisions of this section on the first day of the month following March
14 26, 1974.

15 (5) A retired member, or his estate, shall pay to the retirement fund the total amount of
16 payments which are not suspended in accordance with subsection (1) of this section
17 if the member received more than the maximum permissible earnings as provided
18 by the Federal Social Security Act in compensation from participating agencies
19 during any calendar year of reemployment, except the retired member or his estate
20 may repay the lesser of the total amount of payments which were not suspended or
21 fifty cents (\$0.50) of each dollar earned over the maximum permissible earnings
22 during reemployment if under age sixty-five (65), or one dollar (\$1) for every three
23 dollars (\$3) earned if over age sixty-five (65).

24 (6) (a) "Reemployment" or "reinstatement" as used in this section shall not include a
25 retired member who has been ordered reinstated by the Personnel Board under
26 authority of KRS 18A.095.

27 (b) A retired member who has been ordered reinstated by the Personnel Board

1 under authority of KRS 18A.095 or by court order or by order of the Human
2 Rights Commission and accepts employment by an agency participating in the
3 Kentucky Employees Retirement System or County Employees Retirement
4 System shall void his retirement by reimbursing the system in the full amount
5 of his retirement allowance payments received.

6 (7) (a) Effective August 1, 1998, the provisions of subsections (1) to (4) of this
7 section shall no longer apply to a retired member who is reemployed in a
8 position covered by the same retirement system from which the member
9 retired. Reemployed retired members shall be treated as new members upon
10 reemployment. Any retired member whose reemployment date preceded
11 August 1, 1998, who does not elect, within sixty (60) days of notification by
12 the retirement systems, to remain under the provisions of subsections (1) to
13 (4) of this section shall be deemed to have elected to participate under this
14 subsection.

15 (b) A retired member whose disability retirement was discontinued pursuant to
16 KRS 61.615 and who is reemployed in one (1) of the systems administered by
17 the Kentucky Retirement Systems prior to his or her normal retirement date
18 shall have his or her accounts combined upon termination for determining
19 eligibility for benefits. If the member is eligible for retirement, the member's
20 service and creditable compensation earned as a result of his or her
21 reemployment shall be used in the calculation of benefits, except that the
22 member's final compensation shall not be less than the final compensation last
23 used in determining his or her retirement allowance. The member shall not
24 change beneficiary or payment option designations. This provision shall apply
25 to members reemployed on or after August 1, 1998.

26 (8) If a retired member accepts employment or begins serving as a volunteer with an
27 employer participating in the systems administered by Kentucky Retirement

1 Systems within twelve (12) months of his or her retirement date, the retired member
2 shall notify the retirement system and the participating employer shall submit the
3 information required or requested by the systems to confirm the individual's
4 employment or volunteer status. The retired member shall not be required to notify
5 the retirement systems regarding any employment or volunteer service with a
6 participating agency that is accepted after twelve (12) months following his or her
7 retirement date.

8 (9) If the retired member is under a contract to provide services as an independent
9 contractor or leased employee to an employer participating in the systems
10 administered by Kentucky Retirement Systems within twelve (12) months of his or
11 her retirement date, the member shall submit a copy of that contract to the
12 retirement system, and the retirement system shall determine if the member is an
13 independent contractor or leased employee for purposes of retirement benefits. The
14 retired member and the participating employer shall submit the information required
15 or requested by the systems to confirm the individual's status as an independent
16 contractor or leased employee. The retired member shall not be required to notify
17 the retirement systems regarding any services entered into as an independent
18 contractor or leased employee with a participating agency that the employee enters
19 into after twelve (12) months following his or her retirement date.

20 (10) If a member is receiving a retirement allowance, or has filed the forms required for
21 a retirement allowance, and is employed within one (1) month of the member's
22 initial retirement date in a position that is required to participate in the same
23 retirement system from which the member retired, the member's retirement shall be
24 voided and the member shall repay to the retirement system all benefits received.
25 The member shall contribute to the member account established for him prior to his
26 voided retirement. The retirement allowance for which the member shall be eligible
27 upon retirement shall be determined by total service and creditable compensation.

- 1 (11) (a) If a member of the Kentucky Employees Retirement System retires from a
2 department which participates in more than one (1) retirement system and is
3 reemployed within one (1) month of his initial retirement date by the same
4 department in a position participating in another retirement system, the retired
5 member's retirement allowance shall be suspended for the first month of his
6 retirement and the member shall repay to the retirement system all benefits
7 received for the month.
- 8 (b) A retired member of the County Employees Retirement System who after
9 initial retirement is hired by the county from which the member retired shall
10 be considered to have been hired by the same employer.
- 11 (12) (a) If a hazardous member who retired prior to age fifty-five (55), or a
12 nonhazardous member who retired prior to age sixty-five (65), is reemployed
13 within six (6) months of the member's termination by the same employer, the
14 member shall obtain from his previous and current employers a copy of the
15 job description established by the employers for the position and a statement
16 of the duties performed by the member for the position from which he retired
17 and for the position in which he has been reemployed.
- 18 (b) The job descriptions and statements of duties shall be filed with the retirement
19 office.
- 20 (13) If the retirement system determines that the retired member has been employed in a
21 position with the same principal duties as the position from which the member
22 retired:
- 23 (a) The member's retirement allowance shall be suspended during the period that
24 begins on the month in which the member is reemployed and ends six (6)
25 months after the member's termination;
- 26 (b) The retired member shall repay to the retirement system all benefits paid from
27 systems administered by Kentucky Retirement Systems under reciprocity,

1 including medical insurance benefits, that the member received after
2 reemployment began;

3 (c) Upon termination, or subsequent to expiration of the six (6) month period
4 from the date of termination, the retired member's retirement allowance based
5 on his initial retirement account shall no longer be suspended and the member
6 shall receive the amount to which he is entitled, including an increase as
7 provided by KRS 61.691;

8 (d) Except as provided in subsection (7) of this section, if the position in which a
9 retired member is employed after initial retirement is a regular full-time
10 position, the retired member shall contribute to a second member account
11 established for him in the retirement system. Service credit gained after the
12 member's date of reemployment shall be credited to the second member
13 account; and

14 (e) Upon termination, the retired member shall be entitled to benefits payable
15 from his second retirement account.

16 (14) (a) If the retirement system determines that the retired member has not been
17 reemployed in a position with the same principal duties as the position from
18 which he retired, the retired member shall continue to receive his retirement
19 allowance.

20 (b) If the position is a regular full-time position, the member shall contribute to a
21 second member account in the retirement system.

22 (15) (a) If a retired member is reemployed at least one (1) month after initial
23 retirement in a different position, or at least six (6) months after initial
24 retirement in the same position, and prior to normal retirement age, the retired
25 member shall contribute to a second member account in the retirement system
26 and continue to receive a retirement allowance from the first member account.

27 (b) Service credit gained after reemployment shall be credited to the second

1 member account. Upon termination, the retired member shall be entitled to
2 benefits payable from the second member account.

3 (16) A retired member who is reemployed and contributing to a second member account
4 shall not be eligible to purchase service credit under any of the provisions of KRS
5 16.505 to 16.652, 61.510 to 61.705, or 78.510 to 78.852 which he was eligible to
6 purchase prior to his initial retirement.

7 (17) Notwithstanding any provision of subsections (1) to (7)(a) and (10) to (15) of this
8 section, the following shall apply to retired members who are reemployed by an
9 agency participating in one (1) of the systems administered by Kentucky Retirement
10 Systems on or after September 1, 2008:

11 (a) Except as provided by paragraphs (c) and (d) of this subsection, if a member is
12 receiving a retirement allowance from one (1) of the systems administered by
13 Kentucky Retirement Systems, or has filed the forms required to receive a
14 retirement allowance from one (1) of the systems administered by Kentucky
15 Retirement Systems, and is employed in a regular full-time position required
16 to participate in one (1) of the systems administered by Kentucky Retirement
17 Systems or is employed in a position that is not considered regular full-time
18 with an agency participating in one (1) of the systems administered by
19 Kentucky Retirement Systems within three (3) months following the member's
20 initial retirement date, the member's retirement shall be voided, and the
21 member shall repay to the retirement system all benefits received, including
22 any health insurance benefits. If the member is returning to work in a regular
23 full-time position required to participate in one (1) of the systems
24 administered by Kentucky Retirement Systems:

25 1. The member shall contribute to a member account established for him or
26 her in one (1) of the systems administered by Kentucky Retirement
27 Systems, and employer contributions shall be paid on behalf of the

- 1 member by the participating employer; and
- 2 2. Upon subsequent retirement, the member shall be eligible for a
- 3 retirement allowance based upon total service and creditable
- 4 compensation, including any additional service or creditable
- 5 compensation earned after his or her initial retirement was voided;
- 6 (b) Except as provided by paragraphs (c) and (d) of this subsection, if a member is
- 7 receiving a retirement allowance from one (1) of the systems administered by
- 8 Kentucky Retirement Systems and is employed in a regular full-time position
- 9 required to participate in one (1) of the systems administered by Kentucky
- 10 Retirement Systems after a three (3) month period following the member's
- 11 initial retirement date, the member may continue to receive his or her
- 12 retirement allowance during the period of reemployment subject to the
- 13 following provisions:
- 14 1. If a member is reemployed by a participating agency within twelve (12)
- 15 months of the member's retirement date, the participating agency shall
- 16 certify in writing on a form prescribed by the board that no prearranged
- 17 agreement existed between the employee and agency prior to the
- 18 employee's retirement for the employee to return to work with the
- 19 participating agency. If an elected official is reelected to a new term of
- 20 office in the same position and has retired from the elected office within
- 21 twelve (12) months prior to taking the new term of office, he or she shall
- 22 be deemed by the system as having a prearranged agreement under the
- 23 provisions of this subparagraph and shall have his or her retirement
- 24 voided. If the participating agency fails to complete the certification, the
- 25 member's retirement shall be voided and the provisions of paragraph (a)
- 26 of this subsection shall apply to the member and the employer.
- 27 Employment that is accepted by the retired member after twelve (12)

- 1 months following the member's retirement date shall not constitute a
2 prearranged agreement under this paragraph;
- 3 2. Notwithstanding any other provision of KRS Chapter 16, 61, or 78 to
4 the contrary, the member shall not contribute to the systems and shall
5 not earn any additional benefits for any work performed during the
6 period of reemployment;
- 7 3. Except as provided by KRS 70.291 to 70.293, 95.022, and 164.952 and
8 except for any retiree employed as a school resource officer as defined
9 by KRS 158.441, the employer shall pay employer contributions as
10 specified by KRS 61.565 and 61.702 on all creditable compensation
11 earned by the employee during the period of reemployment. The
12 additional contributions paid shall be used to reduce the unfunded
13 actuarial liability of the systems; and
- 14 4. Except as provided by KRS 70.291 to 70.293, 95.022, and 164.952 and
15 except for any retiree employed as a school resource officer as defined
16 by KRS 158.441, the employer shall be required to reimburse the
17 systems for the cost of the health insurance premium paid by the systems
18 to provide coverage for the retiree, not to exceed the cost of the single
19 premium. Effective July 1, 2015, local school boards shall not be
20 required to pay the reimbursement required by this subparagraph for
21 retirees employed by the board for eighty (80) days or less during the
22 fiscal year;
- 23 (c) If a member is receiving a retirement allowance from the State Police
24 Retirement System or from hazardous duty retirement coverage with the
25 Kentucky Employees Retirement System or the County Employees Retirement
26 System, or has filed the forms required to receive a retirement allowance from
27 the State Police Retirement System or from hazardous duty retirement

1 coverage with the Kentucky Employees Retirement System or the County
2 Employees Retirement System, and is employed in a regular full-time position
3 required to participate in the State Police Retirement System or in a hazardous
4 duty position with the Kentucky Employees Retirement System or the County
5 Employees Retirement System within one (1) month following the member's
6 initial retirement date, the member's retirement shall be voided, and the
7 member shall repay to the retirement system all benefits received, including
8 any health insurance benefits. If the member is returning to work in a regular
9 full-time position required to participate in one (1) of the systems
10 administered by Kentucky Retirement Systems:

- 11 1. The member shall contribute to a member account established for him or
12 her in one (1) of the systems administered by Kentucky Retirement
13 Systems, and employer contributions shall be paid on behalf of the
14 member by the participating employer; and
- 15 2. Upon subsequent retirement, the member shall be eligible for a
16 retirement allowance based upon total service and creditable
17 compensation, including any additional service or creditable
18 compensation earned after his or her initial retirement was voided;

19 (d) If a member is receiving a retirement allowance from the State Police
20 Retirement System or from hazardous duty retirement coverage with the
21 Kentucky Employees Retirement System or the County Employees Retirement
22 System and is employed in a regular full-time position required to participate
23 in the State Police Retirement System or in a hazardous duty position with the
24 Kentucky Employees Retirement System or the County Employees Retirement
25 System after a one (1) month period following the member's initial retirement
26 date, the member may continue to receive his or her retirement allowance
27 during the period of reemployment subject to the following provisions:

- 1 1. If a member is reemployed by a participating agency within twelve (12)
2 months of the member's retirement date, the participating agency shall
3 certify in writing on a form prescribed by the board that no prearranged
4 agreement existed between the employee and agency prior to the
5 employee's retirement for the employee to return to work with the
6 participating agency. If an elected official is reelected to a new term of
7 office in the same position and has retired from the elected office within
8 twelve (12) months prior to taking the new term of office, he or she shall
9 be deemed by the system as having a prearranged agreement under the
10 provisions of this subparagraph and shall have his or her retirement
11 voided. If the participating agency fails to complete the certification, the
12 member's retirement shall be voided and the provisions of paragraph (c)
13 of this subsection shall apply to the member and the employer.
14 Employment that is accepted by the retired member after twelve (12)
15 months following the member's retirement date shall not constitute a
16 prearranged agreement under this paragraph;
- 17 2. Notwithstanding any other provision of KRS Chapter 16, 61, or 78 to
18 the contrary, the member shall not contribute to the systems and shall
19 not earn any additional benefits for any work performed during the
20 period of reemployment;
- 21 3. Except as provided by KRS 70.291 to 70.293, 95.022, and 164.952 and
22 except for any retiree employed as a school resource officer as defined
23 by KRS 158.441, the employer shall pay employer contributions as
24 specified by KRS 61.565 and 61.702 on all creditable compensation
25 earned by the employee during the period of reemployment. The
26 additional contributions paid shall be used to reduce the unfunded
27 actuarial liability of the systems;

- 1 4. Except as provided by KRS 70.291 to 70.293, 95.022, and 164.952 and
2 except for any retiree employed as a school resource officer as defined
3 by KRS 158.441, the employer shall be required to reimburse the
4 systems for the cost of the health insurance premium paid by the systems
5 to provide coverage for the retiree, not to exceed the cost of the single
6 premium;
- 7 (e) Notwithstanding paragraphs (a) to (d) of this subsection, a retired member
8 who qualifies as a volunteer for an employer participating in one (1) of the
9 systems administered by Kentucky Retirement Systems and who is receiving
10 reimbursement of actual expenses, a nominal fee for his or her volunteer
11 services, or both, shall not be considered an employee of the participating
12 employer and shall not be subject to paragraphs (a) to (d) of this subsection if:
- 13 1. Prior to the retired member's most recent retirement date, he or she did
14 not receive creditable compensation from the participating employer in
15 which the retired member is performing volunteer services;
- 16 2. Any reimbursement or nominal fee received prior to the retired
17 member's most recent retirement date has not been credited as creditable
18 compensation to the member's account or utilized in the calculation of
19 the retired member's benefits;
- 20 3. The retired member has not purchased or received service credit under
21 any of the provisions of KRS 61.510 to 61.705 or 78.510 to 78.852 for
22 service with the participating employer for which the retired member is
23 performing volunteer services; and
- 24 4. Other than the status of volunteer, the retired member does not become
25 an employee, leased employee, or independent contractor of the
26 employer for which he or she is performing volunteer services for a
27 period of at least twenty-four (24) months following the retired

1 member's most recent retirement date.

2 If a retired member, who provided volunteer services with a participating
3 employer under this paragraph violates any provision of this paragraph, then
4 he or she shall be deemed an employee of the participating employer as of the
5 date he or she began providing volunteer services and both the retired member
6 and the participating employer shall be subject to paragraphs (a) to (d) of this
7 subsection for the period of volunteer service;

8 (f) Notwithstanding any provision of this section, any mayor or member of a city
9 legislative body~~[who has not participated in the County Employees
10 Retirement System prior to retirement, but who is otherwise eligible to retire
11 from the Kentucky Employees Retirement System or the State Police
12 Retirement System,]~~ shall not be {:

13 ~~1.—~~ }required to resign from his or her position as mayor or as a member of
14 the city legislative body in order to begin drawing benefits from the
15 systems administered by Kentucky Retirement Systems~~[Kentucky
16 Employees Retirement System or the State Police Retirement System;]~~
17 or {

18 ~~2.—~~ }subject to any provision of this section as it relates solely to his or her
19 service as a mayor or member of the city legislative body, if the mayor
20 or member of a city legislative body:

21 1. Has not participated in the County Employees Retirement System
22 prior to retirement, but is otherwise eligible to retire from the
23 Kentucky Employees Retirement System or the State Police Retirement
24 System; or

25 2. Has been or is participating in the County Employees Retirement
26 System and is at least sixty-two (62) years of age. If a mayor or
27 member of a city legislative body who is at least sixty-two (62) years of

1 *age retires from the systems administered by Kentucky Retirement*
2 *Systems but remains in office after his or her effective retirement date,*
3 *the mayor or member of the city legislative body shall not accrue any*
4 *further service credit or benefits in the systems administered by*
5 *Kentucky Retirement Systems for any employment occurring on or*
6 *after the effective retirement date;*

7 (g) If a member is receiving a retirement allowance from any of the retirement
8 systems administered by the Kentucky Retirement Systems and enters into a
9 contract or becomes a leased employee of an employer under contract with an
10 employer participating in one (1) of the systems administered by the Kentucky
11 Retirement Systems:

- 12 1. At any time following retirement, if the system determines the
13 employment arrangement does qualify as an independent contractor or
14 leased employee, the member may continue to receive his or her
15 retirement allowance during the period of the contract;
- 16 2. Within three (3) months following the member's initial retirement date,
17 if the system determines the employment arrangement does not qualify
18 as an independent contractor or leased employee, the member's
19 retirement shall be voided in accordance with paragraph (a) of this
20 subsection;
- 21 3. After three (3) months but within twelve (12) months following the
22 member's initial retirement, if the system determines the employment
23 arrangement does not qualify as an independent contractor or leased
24 employee and that a prearranged agreement existed between the member
25 and the agency for the member to return to work with the agency, the
26 member's retirement shall be voided in accordance with paragraph (a) of
27 this subsection; and

1 4. After a twelve (12) month period following the member's initial
2 retirement, the member may continue to receive his or her retirement
3 allowance during the period of the contract and the member shall not be
4 required to notify the system or submit any documentation for purposes
5 of this section to the system.

6 The initiation of a contract or the initial date of the leased employment of a
7 retired member by a participating agency that occurs after twelve (12) months
8 or more following the retired member's retirement date shall not constitute a
9 prearranged agreement under this subsection; and

10 (h) The Kentucky Retirement Systems shall issue a final determination regarding
11 a certification of the absence of a prearranged agreement or the retired
12 member's qualification as an independent contractor or leased employee as
13 required under this section no later than thirty (30) days after the retired
14 member and participating employer provide all required forms and additional
15 information required by the Kentucky Retirement Systems.

16 (18) The Kentucky Retirement Systems shall promulgate administrative regulations to
17 implement the requirements of this section, including incorporating by reference
18 board-prescribed forms that a retired member and participating agency shall provide
19 the systems under subsections (8), (9), and (17) of this section.