

1 AN ACT relating to retirement costs and declaring an emergency.

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

3 ➔Section 1. KRS 61.565 is repealed, reenacted, and amended to read as follows:

- 4 (1) (a) Each employer participating in the State Police Retirement System as  
5 provided for in KRS 16.505 to 16.652, the County Employees Retirement  
6 System as provided for in KRS 78.510 to 78.852, and the Kentucky  
7 Employees Retirement System as provided for in KRS 61.510 to 61.705 shall  
8 contribute annually to the respective retirement system an amount determined  
9 by the actuarial valuation completed in accordance with KRS 61.670 and as  
10 specified by this section. Employer contributions for each respective  
11 retirement system shall be equal to the sum of the "normal cost contribution"  
12 and the "actuarially accrued liability contribution."
- 13 (b) For purposes of this section, the normal cost contribution shall be computed as  
14 a percentage of pay and shall be an annual amount that is sufficient when  
15 combined with employee contributions to fund benefits earned during the year  
16 in the respective system~~[or plan, including costs for those members who elect~~  
17 ~~to participate in the 401(a) money purchase plan]~~. The amount shall be paid as  
18 a percentage of creditable compensation reported for each employee  
19 participating in the system or plan and accruing benefits.
- 20 (c) For purposes of this section, the actuarially accrued liability contribution shall,  
21 ***beginning with the 2019 actuarial valuation, be computed by amortizing the***  
22 ***total unfunded actuarial accrued liability over a closed period of thirty (30)***  
23 ***years, except that any increase or decrease in the actuarially accrued***  
24 ***liability occurring after the completion of the 2019 actuarial valuation shall***  
25 ***be amortized over a closed period of twenty (20) years beginning with the***  
26 ***actuarial valuation in which the increase or decrease in the actuarially***  
27 ***accrued liability is recognized. An increase or decrease in the actuarially***

1 accrued liability may result from, but not be limited to, legislative changes  
 2 to benefits, changes in actuarial methods or assumptions, or actuarial gains  
 3 or losses[an annual dollar amount that is sufficient to amortize the total  
 4 unfunded actuarially accrued liability of each system over a closed period of  
 5 thirty (30) years using the level dollar amortization method. This method shall  
 6 be used beginning with the 2019 actuarial valuation, and employer costs for  
 7 the actuarially accrued liability contribution shall be prorated to each  
 8 employer as provided by paragraph (f) of this subsection].

9 (d) The employer contributions computed under this section shall be determined  
 10 using:

- 11 1. The entry age normal cost funding method;
- 12 2. An asset smoothing method that smooths investment gains and losses  
 13 over a five (5) year period; and
- 14 3. Other funding methods and assumptions established by the board in  
 15 accordance with KRS 61.670.

16 ~~[(e) Effective with the 2019 actuarial valuation, the amortization period for the~~  
 17 ~~Kentucky Employees Retirement System, the County Employees Retirement~~  
 18 ~~System, and the State Police Retirement System shall be reset to a new thirty~~  
 19 ~~(30) year closed period for purposes of calculating the actuarially accrued~~  
 20 ~~liability contribution prescribed by this subsection.]~~

21 ~~[(f) The dollar value of the actuarially accrued liability contribution specified by~~  
 22 ~~paragraph (c) of this subsection payable by each individual system employer~~  
 23 ~~based upon the 2019 actuarial valuation shall be prorated based upon the~~  
 24 ~~individual employer's average percentage of the total creditable compensation~~  
 25 ~~reported by all employers in the specific system in fiscal years 2014-2015,~~  
 26 ~~2015-2016, and 2016-2017, except that the amount shall:~~

- 27 1. ~~Not apply to any employer who ceases participation and pays the full~~

- 1                   actuarial cost of ceasing participation as provided by KRS 61.522;
- 2                   ~~2. Be adjusted for each remaining employer of a system to reflect any~~
- 3                   ~~employer who ceases participation and who pays the full actuarial cost~~
- 4                   ~~of ceasing participation as provided by KRS 61.522; and~~
- 5                   ~~3. Be a single amount for all executive branch departments, program~~
- 6                   ~~cabinets and their respective departments and administrative bodies~~
- 7                   ~~enumerated in KRS 12.020, and any other executive branch agencies~~
- 8                   ~~administratively attached to a department, program cabinet, or~~
- 9                   ~~administrative body enumerated in KRS 12.020.]~~
- 10       (2)   (a)   Normal cost contribution rates and the actuarially accrued liability
- 11                   contribution shall be determined by the board on the basis of the annual
- 12                   actuarial valuation last preceding the July 1 of a new biennium.
- 13                   (b)   The board may amend contribution rates as of July 1 of the second year of a
- 14                   biennium for the County Employees Retirement System, if it is determined
- 15                   on the basis of a subsequent actuarial valuation that amended contribution
- 16                   rates are necessary to satisfy the requirements of this section.
- 17                   (c)   ~~[Effective for employer contribution rates payable on or after July 1, 2014,~~
- 18                   ~~through June 30, 2020, the]~~The board shall not have the authority to amend
- 19                   contribution rates as of July 1 of the second year of the biennium for the
- 20                   Kentucky Employees Retirement System and the State Police Retirement
- 21                   System.
- 22       (3)   The system shall advise each employer prior to the beginning of each biennium, or
- 23                   prior to July 1 of the second year of a biennium for employers participating in the
- 24                   County Employees Retirement System, of any change in the employer contribution
- 25                   rate. Based on the employer contribution rate, each employer shall include in the
- 26                   budget sufficient funds to pay the employer contributions as determined by the
- 27                   board under this section.

1 (4) All employers, including the General Assembly, shall pay the full actuarially  
2 required contribution rate, as prescribed by this section, to the Kentucky Employees  
3 Retirement System and the State Police Retirement System in fiscal years occurring  
4 on or after July 1, 2020~~July 1, 2014~~.

5 (5) Notwithstanding any other provision of KRS Chapter 61 or 78 to the contrary, the  
6 employer contribution established by the board for the County Employees  
7 Retirement System that are payable on or after July 1, 2018, and until June 30,  
8 2028, for the pension and health insurance funds, including the normal cost  
9 contribution and the actuarially accrued liability contribution for each fund, shall  
10 not increase by more than twelve percent (12%) in terms of projected dollars paid  
11 by participating employers over the prior fiscal year as determined by the system's  
12 consulting actuary.

13 ➔Section 2. KRS 61.510 is amended to read as follows:

14 As used in KRS 61.510 to 61.705, unless the context otherwise requires:

15 (1) "System" means the Kentucky Employees Retirement System created by KRS  
16 61.510 to 61.705;

17 (2) "Board" means the board of trustees of the system as provided in KRS 61.645;

18 (3) "Department" means any state department or board or agency participating in the  
19 system in accordance with appropriate executive order, as provided in KRS 61.520.  
20 For purposes of KRS 61.510 to 61.705, the members, officers, and employees of the  
21 General Assembly and any other body, entity, or instrumentality designated by  
22 executive order by the Governor, shall be deemed to be a department,  
23 notwithstanding whether said body, entity, or instrumentality is an integral part of  
24 state government;

25 (4) "Examiner" means the medical examiners as provided in KRS 61.665;

26 (5) "Employee" means the members, officers, and employees of the General Assembly  
27 and every regular full-time, appointed or elective officer or employee of a

- 1 participating department, including the Department of Military Affairs. The term  
2 does not include persons engaged as independent contractors, seasonal, emergency,  
3 temporary, interim, and part-time workers. In case of any doubt, the board shall  
4 determine if a person is an employee within the meaning of KRS 61.510 to 61.705;
- 5 (6) "Employer" means a department or any authority of a department having the power  
6 to appoint or select an employee in the department, including the Senate and the  
7 House of Representatives, or any other entity, the employees of which are eligible  
8 for membership in the system pursuant to KRS 61.525;
- 9 (7) "State" means the Commonwealth of Kentucky;
- 10 (8) "Member" means any employee who is included in the membership of the system or  
11 any former employee whose membership has not been terminated under KRS  
12 61.535;
- 13 (9) "Service" means the total of current service and prior service as defined in this  
14 section;
- 15 (10) "Current service" means the number of years and months of employment as an  
16 employee, on and after July 1, 1956, except that for members, officers, and  
17 employees of the General Assembly this date shall be January 1, 1960, for which  
18 creditable compensation is paid and employee contributions deducted, except as  
19 otherwise provided, and each member, officer, and employee of the General  
20 Assembly shall be credited with a month of current service for each month he  
21 serves in the position;
- 22 (11) "Prior service" means the number of years and completed months, expressed as a  
23 fraction of a year, of employment as an employee, prior to July 1, 1956, for which  
24 creditable compensation was paid; except that for members, officers, and employees  
25 of the General Assembly, this date shall be January 1, 1960. An employee shall be  
26 credited with one (1) month of prior service only in those months he received  
27 compensation for at least one hundred (100) hours of work; provided, however, that

1 each member, officer, and employee of the General Assembly shall be credited with  
2 a month of prior service for each month he served in the position prior to January 1,  
3 1960. Twelve (12) months of current service in the system are required to validate  
4 prior service;

5 (12) "Accumulated contributions" at any time means the sum of all amounts deducted  
6 from the compensation of a member and credited to his individual account in the  
7 members' account, including employee contributions picked up after August 1,  
8 1982, pursuant to KRS 61.560(4), together with interest credited, or investment  
9 returns earned as provided by KRS 61.5956, on such amounts and any other  
10 amounts the member shall have contributed thereto, including interest credited  
11 thereon or investment returns earned as provided by KRS 61.5956. "Accumulated  
12 contributions" shall not include employee contributions that are deposited into  
13 accounts established pursuant to 26 U.S.C. sec. 401(h) within the funds established  
14 in KRS 16.510, 61.515, and 78.520, as prescribed by KRS 61.702(2)(b);

15 (13) "Creditable compensation":

16 (a) Except as provided by paragraph (b) or (c) of this subsection, means all salary,  
17 wages, tips to the extent the tips are reported for income tax purposes, and  
18 fees, including payments for compensatory time, paid to the employee as a  
19 result of services performed for the employer or for time during which the  
20 member is on paid leave, which are includable on the member's federal form  
21 W-2 wage and tax statement under the heading "wages, tips, other  
22 compensation," including employee contributions picked up after August 1,  
23 1982, pursuant to KRS 61.560(4). For members of the General Assembly, it  
24 shall mean all amounts which are includable on the member's federal form W-  
25 2 wage and tax statement under the heading "wages, tips, other  
26 compensation," including employee contributions picked up after August 1,  
27 1982, pursuant to KRS 6.505(4) or 61.560(4);

1 (b) Includes:

- 2 1. Lump-sum bonuses, severance pay, or employer-provided payments for  
3 purchase of service credit, which shall be averaged over the employee's  
4 total service with the system in which it is recorded if it is equal to or  
5 greater than one thousand dollars (\$1,000);
- 6 2. Cases where compensation includes maintenance and other perquisites,  
7 but the board shall fix the value of that part of the compensation not paid  
8 in money;
- 9 3. Lump-sum payments for creditable compensation paid as a result of an  
10 order of a court of competent jurisdiction, the Personnel Board, or the  
11 Commission on Human Rights, or for any creditable compensation paid  
12 in anticipation of settlement of an action before a court of competent  
13 jurisdiction, the Personnel Board, or the Commission on Human Rights,  
14 including notices of violations of state or federal wage and hour statutes  
15 or violations of state or federal discrimination statutes, which shall be  
16 credited to the fiscal year during which the wages were earned or should  
17 have been paid by the employer. This subparagraph shall also include  
18 lump-sum payments for reinstated wages pursuant to KRS 61.569,  
19 which shall be credited to the period during which the wages were  
20 earned or should have been paid by the employer;
- 21 4. Amounts which are not includable in the member's gross income by  
22 virtue of the member having taken a voluntary salary reduction provided  
23 for under applicable provisions of the Internal Revenue Code; and
- 24 5. Elective amounts for qualified transportation fringes paid or made  
25 available on or after January 1, 2001, for calendar years on or after  
26 January 1, 2001, that are not includable in the gross income of the  
27 employee by reason of 26 U.S.C. sec. 132(f)(4); and

1 (c) Excludes:

- 2 1. Uniform, equipment, or any other expense allowances paid on or after  
3 January 1, 2019, living allowances, expense reimbursements, lump-sum  
4 payments for accrued vacation leave, and other items determined by the  
5 board;
- 6 2. For employees who begin participating on or after September 1, 2008,  
7 lump-sum payments for compensatory time;
- 8 3. For employees participating in a nonhazardous position who began  
9 participating prior to September 1, 2008, and who retire after July 1,  
10 2023, lump-sum payments for compensatory time upon termination of  
11 employment;
- 12 4. For employees who begin participating on or after August 1, 2016,  
13 nominal fees paid for services as a volunteer; and
- 14 5. Any salary or wages paid to an employee for services as a Kentucky  
15 State Police school resource officer as defined by KRS 158.441;

16 (14) "Final compensation" of a member means:

- 17 (a) For a member who begins participating before September 1, 2008, who is  
18 employed in a nonhazardous position, the creditable compensation of the  
19 member during the five (5) fiscal years he was paid at the highest average  
20 monthly rate divided by the number of months of service credit during that  
21 five (5) year period multiplied by twelve (12). The five (5) years may be  
22 fractional and need not be consecutive, except that for members retiring on or  
23 after January 1, 2019, the five (5) fiscal years shall be complete fiscal years. If  
24 the number of months of service credit during the five (5) year period is less  
25 than forty-eight (48) for members retiring prior to January 1, 2019, one (1) or  
26 more additional fiscal years shall be used. If a member retiring on or after  
27 January 1, 2019, does not have five (5) complete fiscal years that each contain



1 twelve (12) months of service credit, then one (1) or more additional fiscal  
2 years, which may contain less than twelve (12) months of service credit, shall  
3 be added until the number of months in the final compensation calculation is  
4 at least sixty (60) months;

5 (b) For a member who is employed in a nonhazardous position, whose effective  
6 retirement date is between August 1, 2001, and January 1, 2009, and whose  
7 total service credit is at least twenty-seven (27) years and whose age and years  
8 of service total at least seventy-five (75), final compensation means the  
9 creditable compensation of the member during the three (3) fiscal years the  
10 member was paid at the highest average monthly rate divided by the number  
11 of months of service credit during that three (3) years period multiplied by  
12 twelve (12). The three (3) years may be fractional and need not be  
13 consecutive. If the number of months of service credit during the three (3)  
14 year period is less than twenty-four (24), one (1) or more additional fiscal  
15 years shall be used. Notwithstanding the provision of KRS 61.565, the  
16 funding for this paragraph shall be provided from existing funds of the  
17 retirement allowance;

18 (c) For a member who begins participating before September 1, 2008, who is  
19 employed in a hazardous position, as provided in KRS 61.592, and who  
20 retired prior to January 1, 2019, the creditable compensation of the member  
21 during the three (3) fiscal years he was paid at the highest average monthly  
22 rate divided by the number of months of service credit during that three (3)  
23 year period multiplied by twelve (12). The three (3) years may be fractional  
24 and need not be consecutive. If the number of months of service credit during  
25 the three (3) year period is less than twenty-four (24), one (1) or more  
26 additional fiscal years shall be used;

27 (d) For a member who begins participating on or after September 1, 2008, but

1 prior to January 1, 2014, who is employed in a nonhazardous position, the  
2 creditable compensation of the member during the five (5) complete fiscal  
3 years immediately preceding retirement divided by five (5). Each fiscal year  
4 used to determine final compensation must contain twelve (12) months of  
5 service credit. If the member does not have five (5) complete fiscal years that  
6 each contain twelve (12) months of service credit, then one (1) or more  
7 additional fiscal years, which may contain less than twelve (12) months of  
8 service credit, shall be added until the number of months in the final  
9 compensation calculation is at least sixty (60) months; or

10 (e) For a member who begins participating on or after September 1, 2008, but  
11 prior to January 1, 2014, who is employed in a hazardous position as provided  
12 in KRS 61.592, or for a member who begins participating prior to September  
13 1, 2008, who is employed in a hazardous position as provided in KRS 61.592,  
14 who retires on or after January 1, 2019, the creditable compensation of the  
15 member during the three (3) complete fiscal years he was paid at the highest  
16 average monthly rate divided by three (3). Each fiscal year used to determine  
17 final compensation must contain twelve (12) months of service credit. If the  
18 member does not have three (3) complete fiscal years that each contain twelve  
19 (12) months of service credit, then one (1) or more additional fiscal years,  
20 which may contain less than twelve (12) months of service credit, shall be  
21 added until the number of months in the final compensation calculation is at  
22 least thirty-six (36) months;

23 (15) "Final rate of pay" means the actual rate upon which earnings of an employee were  
24 calculated during the twelve (12) month period immediately preceding the  
25 member's effective retirement date, including employee contributions picked up  
26 after August 1, 1982, pursuant to KRS 61.560(4). The rate shall be certified to the  
27 system by the employer and the following equivalents shall be used to convert the

1 rate to an annual rate: two thousand eighty (2,080) hours for eight (8) hour  
2 workdays, nineteen hundred fifty (1,950) hours for seven and one-half (7-1/2) hour  
3 workdays, two hundred sixty (260) days, fifty-two (52) weeks, twelve (12) months,  
4 one (1) year;

5 (16) "Retirement allowance" means the retirement payments to which a member is  
6 entitled;

7 (17) "Actuarial equivalent" means a benefit of equal value when computed upon the  
8 basis of the actuarial tables that are adopted by the board. In cases of disability  
9 retirement, the options authorized by KRS 61.635 shall be computed by adding ten  
10 (10) years to the age of the member, unless the member has chosen the Social  
11 Security adjustment option as provided for in KRS 61.635(8), in which case the  
12 member's actual age shall be used. For members who began participating in the  
13 system prior to January 1, 2014, no disability retirement option shall be less than the  
14 same option computed under early retirement;

15 (18) "Normal retirement date" means the sixty-fifth birthday of a member, unless  
16 otherwise provided in KRS 61.510 to 61.705;

17 (19) "Fiscal year" of the system means the twelve (12) months from July 1 through the  
18 following June 30, which shall also be the plan year. The "fiscal year" shall be the  
19 limitation year used to determine contribution and benefit limits as established by  
20 26 U.S.C. sec. 415;

21 (20) "Officers and employees of the General Assembly" means the occupants of those  
22 positions enumerated in KRS 6.150. The term shall also apply to assistants who  
23 were employed by the General Assembly for at least one (1) regular legislative  
24 session prior to July 13, 2004, who elect to participate in the retirement system, and  
25 who serve for at least six (6) regular legislative sessions. Assistants hired after July  
26 13, 2004, shall be designated as interim employees;

27 (21) "Regular full-time positions," as used in subsection (5) of this section, shall mean

1 all positions that average one hundred (100) or more hours per month determined by  
2 using the number of months actually worked within a calendar or fiscal year,  
3 including all positions except:

4 (a) Seasonal positions, which although temporary in duration, are positions which  
5 coincide in duration with a particular season or seasons of the year and which  
6 may recur regularly from year to year, the period of time shall not exceed nine  
7 (9) months;

8 (b) Emergency positions which are positions which do not exceed thirty (30)  
9 working days and are nonrenewable;

10 (c) Temporary positions which are positions of employment with a participating  
11 department for a period of time not to exceed nine (9) months and are  
12 nonrenewable;

13 (d) Part-time positions which are positions which may be permanent in duration,  
14 but which require less than a calendar or fiscal year average of one hundred  
15 (100) hours of work per month, determined by using the number of months  
16 actually worked within a calendar or fiscal year, in the performance of duty;  
17 and

18 (e) Interim positions which are positions established for a one-time or recurring  
19 need not to exceed nine (9) months;

20 (22) "Delayed contribution payment" means an amount paid by an employee for  
21 purchase of current service. The amount shall be determined using the same formula  
22 in KRS 61.5525, and the payment shall not be picked up by the employer. A  
23 delayed contribution payment shall be deposited to the member's account and  
24 considered as accumulated contributions of the individual member. In determining  
25 payments under this subsection, the formula found in this subsection shall prevail  
26 over the one found in KRS 212.434;

27 (23) "Parted employer" means a department, portion of a department, board, or agency,

1 such as Outwood Hospital and School, which previously participated in the system,  
2 but due to lease or other contractual arrangement is now operated by a publicly held  
3 corporation or other similar organization, and therefore is no longer participating in  
4 the system. The term "parted employer" shall not include a department, board, or  
5 agency that ceased participation in the system pursuant to KRS 61.522;

6 (24) "Retired member" means any former member receiving a retirement allowance or  
7 any former member who has filed the necessary documents for retirement benefits  
8 and is no longer contributing to the retirement system;

9 (25) "Current rate of pay" means the member's actual hourly, daily, weekly, biweekly,  
10 monthly, or yearly rate of pay converted to an annual rate as defined in final rate of  
11 pay. The rate shall be certified by the employer;

12 (26) "Beneficiary" means the person or persons or estate or trust or trustee designated by  
13 the member in accordance with KRS 61.542 or 61.705 to receive any available  
14 benefits in the event of the member's death. As used in KRS 61.702, "beneficiary"  
15 does not mean an estate, trust, or trustee;

16 (27) "Recipient" means the retired member or the person or persons designated as  
17 beneficiary by the member and drawing a retirement allowance as a result of the  
18 member's death or a dependent child drawing a retirement allowance. An alternate  
19 payee of a qualified domestic relations order shall not be considered a recipient,  
20 except for purposes of KRS 61.623;

21 (28) "Level percentage of payroll~~[dollar]~~ amortization method" means a method of  
22 determining the annual amortization payment on the unfunded actuarial accrued  
23 liability as expressed as a percentage of payroll~~[that is set as an equal dollar~~  
24 ~~amount]~~ over a set period of years~~[the remaining amortization period as of the~~  
25 ~~actuarial valuation date]~~. Under this method, the percentage of payroll shall be  
26 projected to remain constant for all years remaining in the set period and the  
27 unfunded actuarially accrued liability shall be projected to be fully amortized at the

- 1 conclusion of the ~~set~~[amortization] period;
- 2 (29) "Increment" means twelve (12) months of service credit which are purchased. The  
3 twelve (12) months need not be consecutive. The final increment may be less than  
4 twelve (12) months;
- 5 (30) "Person" means a natural person;
- 6 (31) "Retirement office" means the Kentucky Retirement Systems office building in  
7 Frankfort;
- 8 (32) "Last day of paid employment" means the last date employer and employee  
9 contributions are required to be reported in accordance with KRS 16.543, 61.543, or  
10 78.615 to the retirement office in order for the employee to receive current service  
11 credit for the month. Last day of paid employment does not mean a date the  
12 employee receives payment for accrued leave, whether by lump sum or otherwise, if  
13 that date occurs twenty-four (24) or more months after previous contributions;
- 14 (33) "Objective medical evidence" means reports of examinations or treatments; medical  
15 signs which are anatomical, physiological, or psychological abnormalities that can  
16 be observed; psychiatric signs which are medically demonstrable phenomena  
17 indicating specific abnormalities of behavior, affect, thought, memory, orientation,  
18 or contact with reality; or laboratory findings which are anatomical, physiological,  
19 or psychological phenomena that can be shown by medically acceptable laboratory  
20 diagnostic techniques, including but not limited to chemical tests,  
21 electrocardiograms, electroencephalograms, X-rays, and psychological tests;
- 22 (34) "Participating" means an employee is currently earning service credit in the system  
23 as provided in KRS 61.543;
- 24 (35) "Month" means a calendar month;
- 25 (36) "Membership date" means:
- 26 (a) The date upon which the member began participating in the system as  
27 provided in KRS 61.543; or

- 1 (b) For a member electing to participate in the system pursuant to KRS  
2 196.167(4) who has not previously participated in the system or the Kentucky  
3 Teachers' Retirement System, the date the member began participating in a  
4 defined contribution plan that meets the requirements of 26 U.S.C. sec.  
5 403(b);
- 6 (37) "Participant" means a member, as defined by subsection (8) of this section, or a  
7 retired member, as defined by subsection (24) of this section;
- 8 (38) "Qualified domestic relations order" means any judgment, decree, or order,  
9 including approval of a property settlement agreement, that:
- 10 (a) Is issued by a court or administrative agency; and  
11 (b) Relates to the provision of child support, alimony payments, or marital  
12 property rights to an alternate payee;
- 13 (39) "Alternate payee" means a spouse, former spouse, child, or other dependent of a  
14 participant, who is designated to be paid retirement benefits in a qualified domestic  
15 relations order;
- 16 (40) "Accumulated employer credit" mean the employer pay credit deposited to the  
17 member's account and interest credited on such amounts as provided by KRS  
18 16.583 and 61.597;
- 19 (41) "Accumulated account balance" means:
- 20 (a) For members who began participating in the system prior to January 1, 2014,  
21 the member's accumulated contributions;
- 22 (b) For members who began participating in the system on or after January 1,  
23 2014, in the hybrid cash balance plan as provided by KRS 16.583 and 61.597,  
24 the combined sum of the member's accumulated contributions and the  
25 member's accumulated employer credit; or
- 26 (c) For nonhazardous members who are participating in the 401(a) money  
27 purchase plan as provided by KRS 61.5956, the combined sum of the

1 member's accumulated contribution and the member's accumulated employer  
2 contribution in the 401(a) money purchase plan;

3 (42) "Volunteer" means an individual who:

4 (a) Freely and without pressure or coercion performs hours of service for an  
5 employer participating in one (1) of the systems administered by Kentucky  
6 Retirement Systems without receipt of compensation for services rendered,  
7 except for reimbursement of actual expenses, payment of a nominal fee to  
8 offset the costs of performing the voluntary services, or both; and

9 (b) If a retired member, does not become an employee, leased employee, or  
10 independent contractor of the employer for which he or she is performing  
11 volunteer services for a period of at least twenty-four (24) months following  
12 the retired member's most recent retirement date;

13 (43) "Nominal fee" means compensation earned for services as a volunteer that does not  
14 exceed five hundred dollars (\$500) per month. Compensation earned for services as  
15 a volunteer from more than one (1) participating employer during a month shall be  
16 aggregated to determine whether the compensation exceeds the five hundred dollars  
17 (\$500) per month maximum provided by this subsection;

18 (44) "Nonhazardous position" means a position that does not meet the requirements of  
19 KRS 61.592 or has not been approved by the board as a hazardous position;

20 (45) "Accumulated employer contribution" means the employer contribution deposited  
21 to the member's account and any investment returns on such amounts as provided  
22 by KRS 61.5956; and

23 (46) "Monthly average pay" means the higher of the member's monthly final rate of pay  
24 or the average monthly creditable compensation earned by the deceased member  
25 during his or her last twelve (12) months of employment.

26 ➔Section 3. The Kentucky Retirement Systems board of trustees shall amend the  
27 2019 actuarial valuation for the Kentucky Employees Retirement System, County



1 Employees Retirement System, and State Police Retirement System in accordance with  
2 the provisions of Section 1 of this Act and shall provide the information to the Governor  
3 and General Assembly for purposes of the 2020-2022 biennial budgeting process.

4       ➔Section 4. Notwithstanding Section 1 of this Act, the employer contribution  
5 rates for County Employees Retirement Systems from July 1, 2020, through June 30,  
6 2021, shall remain 24.06 percent, consisting of 19.30 percent for pension and 4.76  
7 percent for health insurance, for nonhazardous duty employees and 39.58 percent,  
8 consisting of 30.06 percent for pension and 9.52 percent for health insurance, for  
9 hazardous duty employees. Any future increases in the County Employees Retirement  
10 System after June 30, 2021, as provided by subsection (5) of Section 1 of this Act, shall  
11 use the employer contribution rate established by this section for County Employees  
12 Retirement System employers as the base rate to calculate future increases in County  
13 Employees Retirement System employer contribution rates.

14       ➔Section 5. Whereas ensuring the financial health of the Kentucky Employees  
15 Retirement System, County Employees Retirement System and State Police Retirement  
16 System is imperative, an emergency is declared to exist, and this Act takes effect upon its  
17 passage and approval by the Governor or upon its otherwise becoming law.