

1 AN ACT relating to duty-related disability benefits.

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

3 ➔Section 1. KRS 16.505 is amended to read as follows:

4 As used in KRS 16.505 to 16.652, unless the context otherwise requires:

- 5 (1) "System" means the State Police Retirement System created by KRS 16.505 to  
6 16.652;
- 7 (2) "Board" means the board of trustees of the Kentucky Retirement Systems;
- 8 (3) "Employer" or "State Police" means the Department of Kentucky State Police, or its  
9 successor;
- 10 (4) "Current service" means the number of years and completed months of employment  
11 as an employee subsequent to July 1, 1958, for which creditable compensation was  
12 paid by the employer and employee contributions deducted except as otherwise  
13 provided;
- 14 (5) "Prior service" means the number of years and completed months of employment as  
15 an employee prior to July 1, 1958, for which creditable compensation was paid to  
16 the employee by the Commonwealth. Twelve (12) months of current service in the  
17 system are required to validate prior service;
- 18 (6) "Service" means the total of current service and prior service;
- 19 (7) "Accumulated contributions" at any time means the sum of all amounts deducted  
20 from the compensation of a member and credited to his individual account in the  
21 member's account, including employee contributions picked up after August 1,  
22 1982, pursuant to KRS 16.545(4), together with interest credited on such amounts  
23 as provided in KRS 16.505 to 16.652, and any other amounts the member shall have  
24 contributed, including interest credited. For members who begin participating on or  
25 after September 1, 2008, "accumulated contributions" shall not include employee  
26 contributions that are deposited into accounts established pursuant to 26 U.S.C. sec.  
27 401(h) within the funds established in KRS 16.510, 61.515, and 78.520, as

1 prescribed by KRS 61.702(2)(b);

2 (8) "Creditable compensation":

3 (a) Except as provided by paragraph (b) or (c) of this subsection, means all salary  
4 and wages, including payments for compensatory time, paid to the employee  
5 as a result of services performed for the employer or for time during which the  
6 member is on paid leave, which are includable on the member's federal form  
7 W-2 wage and tax statement under the heading "wages, tips, other  
8 compensation," including employee contributions picked up after August 1,  
9 1982, pursuant to KRS 16.545(4);

10 (b) Includes:

11 1. Lump-sum bonuses, severance pay, or employer-provided payments for  
12 purchase of service credit, which shall be averaged over the employee's  
13 total service with the system in which it is recorded if it is equal to or  
14 greater than one thousand dollars (\$1,000);

15 2. Lump-sum payments for creditable compensation paid as a result of an  
16 order of a court of competent jurisdiction, the Personnel Board, or the  
17 Commission on Human Rights, or for any creditable compensation paid  
18 in anticipation of settlement of an action before a court of competent  
19 jurisdiction, the Personnel Board, or the Commission on Human Rights,  
20 including notices of violations of state or federal wage and hour statutes  
21 or violations of state or federal discrimination statutes, which shall be  
22 credited to the fiscal year during which the wages were earned or should  
23 have been paid by the employer. This subparagraph shall also include  
24 lump-sum payments for reinstated wages pursuant to KRS 61.569,  
25 which shall be credited to the period during which the wages were  
26 earned or should have been paid by the employer;

27 3. Amounts which are not includable in the member's gross income by

1 virtue of the member having taken a voluntary salary reduction provided  
2 for under applicable provisions of the Internal Revenue Code; and

3 4. Elective amounts for qualified transportation fringes paid or made  
4 available on or after January 1, 2001, for calendar years on or after  
5 January 1, 2001, that are not includable in the gross income of the  
6 employee by reason of 26 U.S.C. sec. 132(f)(4); and

7 (c) Excludes:

8 1. Uniform, equipment, or any other expense allowances paid on or after  
9 January 1, 2019, living allowances, expense reimbursements, lump-sum  
10 payments for accrued vacation leave, and other items determined by the  
11 board;

12 2. For employees who begin participating on or after September 1, 2008,  
13 lump-sum payments for compensatory time; and

14 3. 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 (9) "Final compensation" means:

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

25 (b) For a member who begins participating on or after September 1, 2008, but  
26 prior to January 1, 2014, or for a member who begins participating prior to  
27 September 1, 2008, who retires on or after January 1, 2019, the creditable

1 compensation of the member during the three (3) complete fiscal years he or  
2 she was paid at the highest average monthly rate divided by three (3). Each  
3 fiscal year used to determine final compensation must contain twelve (12)  
4 months of service credit. If the member does not have three (3) complete  
5 fiscal years that each contain twelve (12) months of service credit, then one  
6 (1) or more additional fiscal years, which may contain less than twelve (12)  
7 months of service credit, shall be added until the number of months in the  
8 final compensation calculation is at least thirty-six (36) months;

9 (10) "Final rate of pay" means the actual rate upon which earnings of a member were  
10 calculated during the twelve (12) month period immediately preceding the  
11 member's effective retirement date, including employee contributions picked up  
12 after August 1, 1982, pursuant to KRS 16.545(4). The rate shall be certified to the  
13 system by the employer and the following equivalents shall be used to convert the  
14 rate to an annual rate: two thousand eighty (2,080) hours for eight (8) hour  
15 workdays, one thousand nine hundred fifty (1,950) hours for seven and one-half (7-  
16 1/2) hour workdays, two hundred sixty (260) days, fifty-two (52) weeks, twelve (12)  
17 months, or one (1) year;

18 (11) "Retired member" means any former member receiving a retirement allowance or  
19 any former member who has filed the necessary documents for retirement benefits  
20 and is no longer contributing to the retirement system;

21 (12) "Retirement allowance" means the retirement payments to which a retired member  
22 is entitled;

23 (13) "Actuarial equivalent" means a benefit of equal value when computed upon the  
24 basis of actuarial tables adopted by the board. In cases of disability retirement, the  
25 options authorized by KRS 61.635 shall be computed by adding ten (10) years to  
26 the age of the member, unless the member has chosen the Social Security  
27 adjustment option as provided for in KRS 61.635(8), in which case the member's

- 1 actual age shall be used. For members who began participating in the system prior  
2 to January 1, 2014, no disability retirement option shall be less than the same option  
3 computed under early retirement;
- 4 (14) "Authorized leave of absence" means any time during which a person is absent from  
5 employment but retained in the status of an employee in accordance with the  
6 personnel policy of the Department of Kentucky State Police;
- 7 (15) "Normal retirement date" means:
- 8 (a) For a member who begins participating before September 1, 2008, the first  
9 day of the month following a member's fifty-fifth birthday, except that for  
10 members over age fifty-five (55) on July 1, 1958, it shall mean January 1,  
11 1959; or
- 12 (b) For a member who begins participating on or after September 1, 2008, the  
13 first day of the month following a member's sixtieth birthday;
- 14 (16) "Disability retirement date" means the first day of the month following the last day  
15 of paid employment;
- 16 (17) "Dependent child" means a child in the womb and a natural or legally adopted child  
17 of the member who has neither attained age eighteen (18) nor married or who is an  
18 unmarried full-time student who has not attained age twenty-two (22). Solely in the  
19 **cases where**~~case of~~ a member ~~who~~ dies as a direct result of an act in line of duty  
20 as defined in this section, ~~or who~~ dies as a result of a duty-related injury as defined  
21 in KRS 61.621, **becomes totally and permanently disabled as a direct result of an**  
22 **act in the line of duty as defined in this section, or becomes disabled as a result of**  
23 **a duty-related injury as defined in Section 3 of this Act and is eligible for the**  
24 **benefits provided by subsection (5)(a) of Section 3 of this Act,** "dependent child"  
25 also means a naturally or legally adopted disabled child of the member, regardless  
26 of the child's age, if the child has been determined to be eligible for federal Social  
27 Security disability benefits or is being claimed as a qualifying child for tax purposes

- 1 due to the child's total and permanent disability;
- 2 (18) "Optional allowance" means an actuarially equivalent benefit elected by the member  
3 in lieu of all other benefits provided by KRS 16.505 to 16.652;
- 4 (19) "Act in line of duty" means:
- 5 (a) A ~~single~~ act occurring or a *single* thing done, which, as determined by the  
6 board, was required in the performance of the duties specified in KRS  
7 16.060;~~[-]~~
- 8 (b) For employees in hazardous positions under KRS 61.592, ~~an "act in line of~~  
9 duty" shall mean a *single* act occurring which was required in the  
10 performance of the principal duties of the position as defined by the job  
11 description; or
- 12 (c) *For employees participating in the State Police Retirement System and for*  
13 *employees who are in hazardous positions under KRS 61.592, a single act of*  
14 *violence committed against the employee that is found to be related to his or*  
15 *her job duties, whether or not it occurs at his or her job site;*
- 16 (20) "Early retirement date" means:
- 17 (a) For a member who begins participating before September 1, 2008, the  
18 retirement date declared by a member who is not less than fifty (50) years of  
19 age and has fifteen (15) years of service; or
- 20 (b) For a member who begins participating on or after September 1, 2008, but  
21 prior to January 1, 2014, the retirement date declared by a member who is not  
22 less than fifty (50) years of age and has fifteen (15) years of service credited  
23 under KRS 16.543(1), 61.543(1), or 78.615(1) or another state-administered  
24 retirement system;
- 25 (21) "Member" means any officer included in the membership of the system as provided  
26 under KRS 16.520 whose membership has not been terminated under KRS 61.535;
- 27 (22) "Regular full-time officers" means the occupants of positions as set forth in KRS

- 1           16.010;
- 2       (23) "Hazardous disability" as used in KRS 16.505 to 16.652 means a disability which  
3           results in an employee's total incapacity to continue as an employee in a hazardous  
4           position, but the employee is not necessarily deemed to be totally and permanently  
5           disabled to engage in other occupations for remuneration or profit;
- 6       (24) "Current rate of pay" means the member's actual hourly, daily, weekly, biweekly,  
7           monthly, or yearly rate of pay converted to an annual rate as defined in final rate of  
8           pay. The rate shall be certified by the employer;
- 9       (25) "Beneficiary" means the person, persons, estate, trust, or trustee designated by the  
10           member in accordance with KRS 61.542 or 61.705 to receive any available benefits  
11           in the event of the member's death. As used in KRS 61.702, "beneficiary" does not  
12           mean an estate, trust, or trustee;
- 13       (26) "Recipient" means the retired member, the person or persons designated as  
14           beneficiary by the member and drawing a retirement allowance as a result of the  
15           member's death, or a dependent child drawing a retirement allowance. An alternate  
16           payee of a qualified domestic relations order shall not be considered a recipient,  
17           except for purposes of KRS 61.623;
- 18       (27) "Person" means a natural person;
- 19       (28) "Retirement office" means the Kentucky Retirement Systems office building in  
20           Frankfort;
- 21       (29) "Delayed contribution payment" means an amount paid by an employee for  
22           purchase of current service. The amount shall be determined using the same formula  
23           in KRS 61.5525, and the payment shall not be picked up by the employer. A  
24           delayed contribution payment shall be deposited to the member's account and  
25           considered as accumulated contributions of the individual member;
- 26       (30) "Last day of paid employment" means the last date employer and employee  
27           contributions are required to be reported in accordance with KRS 16.543, 61.543, or

- 1 78.615 to the retirement office in order for the employee to receive current service  
2 credit for the month. Last day of paid employment does not mean a date the  
3 employee receives payment for accrued leave, whether by lump sum or otherwise, if  
4 that date occurs twenty-four (24) or more months after previous contributions;
- 5 (31) "Objective medical evidence" means reports of examinations or treatments; medical  
6 signs which are anatomical, physiological, or psychological abnormalities that can  
7 be observed; psychiatric signs which are medically demonstrable phenomena  
8 indicating specific abnormalities of behavior, affect, thought, memory, orientation,  
9 or contact with reality; or laboratory findings which are anatomical, physiological,  
10 or psychological phenomena that can be shown by medically acceptable laboratory  
11 diagnostic techniques, including but not limited to chemical tests,  
12 electrocardiograms, electroencephalograms, X-rays, and psychological tests;
- 13 (32) "Fiscal year" of the system means the twelve (12) months from July 1 through the  
14 following June 30, which shall also be the plan year. The "fiscal year" shall be the  
15 limitation year used to determine contribution and benefit limits established by 26  
16 U.S.C. sec. 415;
- 17 (33) "Participating" means an employee is currently earning service credit in the system  
18 as provided in KRS 16.543;
- 19 (34) "Month" means a calendar month;
- 20 (35) "Membership date" means the date upon which the member began participating in  
21 the system as provided by KRS 16.543;
- 22 (36) "Participant" means a member, as defined by subsection (21) of this section, or a  
23 retired member, as defined by subsection (11) of this section;
- 24 (37) "Qualified domestic relations order" means any judgment, decree, or order,  
25 including approval of a property settlement agreement, that:
- 26 (a) Is issued by a court or administrative agency; and  
27 (b) Relates to the provision of child support, alimony payments, or marital



1 property rights to an alternate payee;

2 (38) "Alternate payee" means a spouse, former spouse, child, or other dependent of a  
3 participant, who is designated to be paid retirement benefits in a qualified domestic  
4 relations order;

5 (39) "Accumulated employer credit" means the employer pay credit deposited to the  
6 member's account and interest credited on such amounts as provided by KRS  
7 16.583;

8 (40) "Accumulated account balance" means:

9 (a) For members who began participating in the system prior to January 1, 2014,  
10 the member's accumulated contributions; or

11 (b) For members who began participating in the system on or after January 1,  
12 2014, in the hybrid cash balance plan as provided by KRS 16.583, the  
13 combined sum of the member's accumulated contributions and the member's  
14 accumulated employer pay credit; and

15 (41) "Monthly average pay" means:

16 (a) In the case of a member who dies as a direct result of an act in line of duty  
17 as defined in this section or who dies as a result of a duty-related injury as  
18 defined in Section 3 of this Act, the higher of the member's monthly final rate  
19 of pay or the average monthly creditable compensation earned by the deceased  
20 member during his or her last twelve (12) months of employment; or

21 (b) In the case where a member becomes totally and permanently disabled as a  
22 direct result of an act in line of duty as defined in this section or becomes  
23 disabled as a result of a duty-related injury as defined in Section 3 of this  
24 Act and is eligible for the benefits provided by subsection (5)(a) of Section 3  
25 of this Act, the higher of the member's monthly final rate of pay or the  
26 average monthly creditable compensation earned by the disabled member  
27 during his or her last twelve (12) months of employment prior to the date

1                   *the act in line of duty or duty-related injury occurred.*

2           ➔Section 2. KRS 16.582 is amended to read as follows:

- 3   (1) (a) Total and permanent disability means a disability which results in the  
4           member's incapacity to engage in any occupation for remuneration or profit.  
5           Loss by severance of both hands at or above the wrists, or both feet at or  
6           above the ankles, or one (1) hand above the wrist and one (1) foot above the  
7           ankle, or the complete, irrevocable loss of the sight of both eyes shall be  
8           considered as total and permanent.
- 9   (b) Hazardous disability means a disability which results in the member's total  
10          incapacity to continue as a regular full-time officer or as an employee in a  
11          hazardous position, as defined in KRS 61.592, but which does not result in the  
12          member's total and permanent incapacity to engage in other occupations for  
13          remuneration or profit.
- 14   (c) In determining whether the disability meets the requirement of this section,  
15          any reasonable accommodation provided by the employer as provided in 42  
16          U.S.C. sec. 12111(9) and 29 C.F.R. Part 1630 shall be considered.
- 17   (d) If the board determines that the total and permanent disability of a member  
18          receiving a retirement allowance under this section has ceased, then the board  
19          shall determine if the member has a hazardous disability.
- 20   (2) Any person may qualify to retire on disability, subject to the following:
- 21   (a) The person shall have sixty (60) months of service, twelve (12) of which shall  
22          be current service credited under KRS 16.543(1), 61.543(1), or 78.615(1). The  
23          service requirement shall be waived if the disability is a total and permanent  
24          disability or a hazardous disability and is a direct result of an act in line of  
25          duty;
- 26   (b) For a person whose membership date is prior to August 1, 2004, the person  
27          shall not be eligible for an unreduced retirement allowance;

- 1 (c) The person's application shall be on file in the retirement office no later than  
2 twenty-four (24) months after the person's last day of paid employment, as  
3 defined in KRS 16.505, as a regular full-time officer or in a regular full-time  
4 hazardous position under KRS 61.592;
- 5 (d) The person shall receive a satisfactory determination pursuant to KRS 61.665;  
6 and
- 7 (e) A person's disability application based on the same claim of incapacity shall  
8 be accepted and reconsidered for disability if accompanied by new objective  
9 medical evidence. The application shall be on file in the retirement office no  
10 later than twenty-four (24) months after the person's last day of paid  
11 employment as a regular full-time officer or in a regular full-time hazardous  
12 position.
- 13 (3) Upon the examination of the objective medical evidence by licensed physicians  
14 pursuant to KRS 61.665, it shall be determined that:
- 15 (a) The incapacity results from bodily injury, mental illness, or disease. For  
16 purposes of this section, "injury" means any physical harm or damage to the  
17 human organism other than disease or mental illness;
- 18 (b) The incapacity is deemed to be permanent; and
- 19 (c) The incapacity does not result directly or indirectly from:
- 20 1. Injury intentionally self-inflicted while sane or insane; or  
21 2. Bodily injury, mental illness, disease, or condition which pre-existed  
22 membership in the system or reemployment, whichever is most recent,  
23 unless:
- 24 a. The disability results from bodily injury, mental illness, disease, or  
25 a condition which has been substantially aggravated by an injury or  
26 accident arising out of or in the course of employment; or  
27 b. The person has at least sixteen (16) years' current or prior service

1 for employment with employers participating in the retirement  
2 systems administered by the Kentucky Retirement Systems.

3 For purposes of this subparagraph, "reemployment" shall not mean a  
4 change of employment between employers participating in the  
5 retirement systems administered by the Kentucky Retirement Systems  
6 with no loss of service credit.

7 (4) (a) 1. An incapacity shall be deemed to be permanent if it is expected to result  
8 in death or can be expected to last for a continuous period of not less  
9 than twelve (12) months from the person's last day of paid employment  
10 in a position as regular full-time officer or a hazardous position.

11 2. The determination of a permanent incapacity shall be based on the  
12 medical evidence contained in the member's file and the member's  
13 residual functional capacity and physical exertion requirements.

14 (b) The person's residual functional capacity shall be the person's capacity for  
15 work activity on a regular and continuing basis. The person's physical ability  
16 shall be assessed in light of the severity of the person's physical, mental, and  
17 other impairments. The person's ability to walk, stand, carry, push, pull, reach,  
18 handle, and other physical functions shall be considered with regard to  
19 physical impairments. The person's ability to understand, remember, and carry  
20 out instructions and respond appropriately to supervision, coworkers, and  
21 work pressures in a work setting shall be considered with regard to mental  
22 impairments. Other impairments, including skin impairments, epilepsy, visual  
23 sensory impairments, postural and manipulative limitations, and  
24 environmental restrictions, shall be considered in conjunction with the  
25 person's physical and mental impairments to determine residual functional  
26 capacity.

27 (c) The person's physical exertion requirements shall be determined based on the

1 following standards:

- 2 1. Sedentary work shall be work that involves lifting no more than ten (10)  
3 pounds at a time and occasionally lifting or carrying articles such as  
4 large files, ledgers, and small tools. Although a sedentary job primarily  
5 involves sitting, occasional walking and standing may also be required  
6 in the performance of duties.
- 7 2. Light work shall be work that involves lifting no more than twenty (20)  
8 pounds at a time with frequent lifting or carrying of objects weighing up  
9 to ten (10) pounds. A job shall be in this category if lifting is  
10 infrequently required but walking and standing are frequently required,  
11 or if the job primarily requires sitting with pushing and pulling of arm or  
12 leg controls. If the person has the ability to perform substantially all of  
13 these activities, the person shall be deemed capable of light work. A  
14 person deemed capable of light work shall be deemed capable of  
15 sedentary work unless the person has additional limitations such as the  
16 loss of fine dexterity or inability to sit for long periods.
- 17 3. Medium work shall be work that involves lifting no more than fifty (50)  
18 pounds at a time with frequent lifting or carrying of objects weighing up  
19 to twenty-five (25) pounds. If the person is deemed capable of medium  
20 work, the person shall be deemed capable of light and sedentary work.
- 21 4. Heavy work shall be work that involves lifting no more than one  
22 hundred (100) pounds at a time with frequent lifting or carrying of  
23 objects weighing up to fifty (50) pounds. If the person is deemed capable  
24 of heavy work, the person shall also be deemed capable of medium,  
25 light, and sedentary work.
- 26 5. Very heavy work shall be work that involves lifting objects weighing  
27 more than one hundred (100) pounds at a time with frequent lifting or

1 carrying of objects weighing fifty (50) or more pounds. If the person is  
2 deemed capable of very heavy work, the person shall be deemed capable  
3 of heavy, medium, light, and sedentary work.

4 (5) (a) The disability retirement allowance shall be determined as provided in KRS  
5 16.576, except if the member's total service credit on his last day of paid  
6 employment in a regular full-time position is less than twenty (20) years,  
7 service shall be added beginning with his last date of paid employment and  
8 continuing to his fifty-fifth birthday. The maximum service credit added shall  
9 not exceed the total service the member had on his last day of paid  
10 employment, and the maximum service credit for calculating his retirement  
11 allowance, including his total service and service added under this section,  
12 shall not exceed twenty (20) years.

13 (b) For a member whose participation begins on or after August 1, 2004, but prior  
14 to January 1, 2014, the disability retirement allowance shall be the higher of  
15 twenty-five percent (25%) of the member's monthly final rate of pay or the  
16 retirement allowance determined in the same manner as for retirement at his  
17 normal retirement date with years of service and final compensation being  
18 determined as of the date of his disability.

19 (c) For a member who begins participating on or after January 1, 2014, in the  
20 hybrid cash balance plan as provided by KRS 16.583, the disability retirement  
21 allowance shall be the higher of twenty-five percent (25%) of the member's  
22 monthly final rate of pay or the retirement allowance determined in the same  
23 manner as for retirement at his or her normal retirement date under KRS  
24 16.583.

25 (6) If the member receives a satisfactory determination of ~~total and permanent~~  
26 ~~disability or hazardous disability~~ pursuant to KRS 61.665 and the disability is the  
27 direct result of an act in line of duty ***as defined in Section 1 of this Act***, the

1 member's retirement allowance shall be calculated as follows:

- 2 (a) For the disabled member, benefits as provided in subsection (5) of this section  
3 except that the monthly retirement allowance payable shall not be less than  
4 twenty-five percent (25%) of the member's monthly final rate of pay; and
- 5 (b) For each dependent child of the member on his disability retirement date, who  
6 is alive at the time any particular payment is due, a monthly payment equal to  
7 ten percent (10%) of the disabled member's monthly final rate of pay;  
8 however, total maximum dependent children's benefit shall not exceed forty  
9 percent (40%) of the member's monthly final rate of pay. The payments shall  
10 be payable to each dependent child, or to a legally appointed guardian or as  
11 directed by the system.

12 **(7) If the member receives a satisfactory determination of total and permanent**  
13 **disability pursuant to KRS 61.665 and the disability is the direct result of an act**  
14 **in line of duty as defined in Section 1 of this Act, the member's retirement**  
15 **allowance shall be calculated as follows:**

16 **(a) For the disabled member, the benefits as provided in subsection (5) of this**  
17 **section except that the monthly retirement allowance payable shall not be**  
18 **less than seventy-five percent (75%) of the member's monthly average pay;**  
19 **and**

20 **(b) For each dependent child of the member on his or her disability retirement**  
21 **date, who is alive at the time any particular payment is due, a monthly**  
22 **payment equal to ten percent (10%) of the disabled member's monthly**  
23 **average pay, except that:**

24 **1. Member and dependent children payments under this subsection shall**  
25 **not exceed one hundred percent (100%) of the member's monthly**  
26 **average pay; and**

27 **2. Total maximum dependent children's benefits shall not exceed twenty-**

1                   five percent (25%) of the member's monthly average pay while the  
 2                   member is living and forty percent (40%) of the member's monthly  
 3                   average pay after the member's death. The payments shall be payable  
 4                   to each dependent child, or to a legally appointed guardian or as  
 5                   directed by the system, and shall be divided equally among all  
 6                   dependent children.

7     ~~(8)~~~~(7)~~     No benefit provided in this section shall be reduced as a result of any change  
 8                   in the extent of disability of any retired member who is age fifty-five (55) or older.

9     ~~(9)~~~~(8)~~     If a regular full-time officer or hazardous position member has been approved  
 10                   for benefits under a hazardous disability, the board shall, upon request of the  
 11                   member, permit the member to receive the hazardous disability allowance while  
 12                   accruing benefits in a nonhazardous position, subject to proper medical review of  
 13                   the nonhazardous position's job description by the system's medical examiner.

14    ~~(10)~~~~(9)~~    For a member of the State Police Retirement System, in lieu of the allowance  
 15                   provided in subsection (5) to (7)~~for (6)~~ of this section, the member may be retained  
 16                   on the regular payroll and receive the compensation authorized by KRS 16.165, if  
 17                   he is qualified.

18                   ➔Section 3. KRS 61.621 is amended to read as follows:

19    (1) Notwithstanding any provision of any statutes to the contrary, effective June 1,  
 20                   2000, any employee participating in one (1) of the state-administered retirement  
 21                   systems who is not in a hazardous duty position, as defined in KRS 61.592, shall be  
 22                   eligible for minimum benefits equal to the benefits payable under this section or  
 23                   KRS 61.702 if the employee dies or becomes totally and permanently disabled to  
 24                   engage in any occupation for remuneration or profit as a result of a duty-related  
 25                   injury.

26    (2) (a) For purposes of this section, "duty-related injury" means:

27                   1. a. A single traumatic event that occurs while the employee is



- 1 performing the duties of his position; or
- 2 b. A single act of violence committed against the employee that is
- 3 found to be related to his job duties, whether or not it occurs at his
- 4 job site; and
- 5 2. The event or act of violence produces a harmful change in the human
- 6 organism evidenced by objective medical findings.
- 7 (b) "Duty-related injury" does not include the effects of the natural aging process,
- 8 a communicable disease unless the risk of contracting the disease is increased
- 9 by nature of the employment, or a psychological, psychiatric, or stress-related
- 10 change in the human organism unless it is the direct result of a physical injury.
- 11 (3) (a) If the employee dies as a result of a duty-related injury and is survived by a
- 12 spouse, the surviving spouse shall be the beneficiary, and this shall supersede
- 13 the designation of all previous beneficiaries of the deceased employee's
- 14 retirement account, except as provided in KRS 61.542(2)(e).
- 15 (b) The surviving spouse, provided he or she supersedes all previously designated
- 16 beneficiaries, may elect to receive the benefits payable under KRS 61.640 or
- 17 other applicable death benefit statutes, or may elect to receive a lump-sum
- 18 payment of ten thousand dollars (\$10,000) and a monthly payment equal to
- 19 seventy-five percent (75%) of the member's monthly average pay beginning in
- 20 the month following the member's death and continuing each month until the
- 21 death of the surviving spouse.
- 22 (c) In addition, if the member is also survived by dependent children, monthly
- 23 payments shall be made for each dependent child equal to ten percent (10%)
- 24 of the deceased member's monthly average pay, except that the combined
- 25 maximum payment made to the:
- 26 1. Surviving spouse and dependent children under this subsection shall not
- 27 exceed one hundred percent (100%) of the deceased member's monthly

1 average pay; and

2 2. Dependent children, while the surviving spouse is living, shall not  
3 exceed twenty-five percent (25%) of the deceased member's monthly  
4 average pay. Payments made to the dependent children under this  
5 subsection shall be divided equally among all the dependent children.

6 (4) If the employee dies as a result of a duty-related injury and is not survived by a  
7 spouse but is survived by a dependent child or children, the following benefits shall  
8 be paid to the dependent child or children:

9 (a) Fifty percent (50%) of the deceased member's monthly average pay, if the  
10 deceased member has one (1) dependent child;

11 (b) Sixty-five percent (65%) of the deceased member's monthly average pay, if  
12 the deceased member has two (2) dependent children; or

13 (c) Seventy-five percent (75%) of the deceased member's monthly average pay, if  
14 the deceased member has three (3) or more dependent children.

15 Payments made to the dependent children under this subsection shall be divided  
16 equally among all the dependent children.

17 (5) If the employee is determined to be disabled as provided in KRS 61.600, or other  
18 applicable disability statutes in any other state-administered retirement system, as  
19 the result of a duty-related injury, the employee may elect to receive benefits  
20 determined under the provisions of KRS 61.605, or other applicable disability  
21 statutes in any other state-administered retirement system, except that:

22 **(a) If an employee is working in a nonhazardous position that could be certified**  
23 **as a hazardous position based upon KRS 61.592, the monthly retirement**  
24 **allowance shall not be less than seventy-five percent (75%) of the**  
25 **employee's monthly average pay; or**

26 **(b) If an employee is working in a nonhazardous position that could not be**  
27 **certified as a hazardous position based upon KRS 61.592,** the monthly

1 retirement allowance shall not be less than twenty-five percent (25%) of the  
2 employee's monthly final rate of pay.

3 For purposes of determining a disability ***that is the result of a duty related injury***,  
4 the service requirement in KRS 61.600(1)(a), or other applicable statutes in any  
5 other state-administered retirement system, shall be waived.

6 (6) ***(a) In the period of time following the disability of a member covered by***  
7 ***paragraph (5)(a) of this subsection during which dependent children***  
8 ***survive, a monthly payment shall be made for each dependent child who is***  
9 ***alive which shall be equal to ten percent (10%) of the disabled member's***  
10 ***monthly average pay, except that:***

11 ***1. Member and dependent children payments under this section shall not***  
12 ***exceed one hundred percent (100%) of the member's monthly average***  
13 ***pay; and***

14 ***2. Total maximum dependent children's benefits shall not exceed twenty-***  
15 ***five percent (25%) of the member's monthly average pay while the***  
16 ***member is living and forty percent (40%) of the disabled member's***  
17 ***monthly average pay after the member's death. The payment shall***  
18 ***commence in the month following the date of disability of the member***  
19 ***and shall be payable to the dependent children, or to a legally***  
20 ***appointed guardian, or as directed by the system and shall be divided***  
21 ***equally among all dependent children.***

22 ***(b) In the period of time following ~~the~~<sup>[a member's]</sup> disability of a member***  
23 ***covered by paragraph (5)(b) of this subsection*** during which dependent  
24 children survive, a monthly payment shall be made for each dependent child  
25 who is alive which shall be equal to ten percent (10%) of the disabled  
26 member's monthly final rate of pay; ***except that***~~however,~~  
27 dependent children's benefits shall not exceed forty percent (40%) of the

1 disabled member's monthly final rate of pay at the time any particular payment  
2 is due. The payment shall commence in the month following the date of  
3 disability of the member and shall be payable to the dependent  
4 children~~[beneficiaries]~~, or to a legally appointed guardian, or as directed by  
5 the system.

6 (7) Benefits for death as a result of a duty-related injury to a dependent child shall be  
7 payable under this section notwithstanding an election by a surviving spouse or  
8 beneficiary to withdraw the deceased member's accumulated account balance as  
9 provided in KRS 61.625 or benefits under any other provisions of KRS 61.515 to  
10 61.705 or other applicable death benefit statutes in any other state-administered  
11 retirement system.

12 (8) (a) A spouse applying for benefits under this section who is also eligible for  
13 benefits under KRS 61.640 may elect to receive benefits under KRS  
14 61.640(2)(a) or (b) while the application for benefits under this section is  
15 pending.

16 (b) If a final determination results in a finding of eligibility for benefits under this  
17 section, the system shall recalculate the benefits due the spouse in accordance  
18 with this subsection.

19 (c) If the spouse has been paid less than the amount of benefits to which the  
20 spouse was entitled to receive under this section, the system shall pay the  
21 additional funds due to the spouse.

22 (d) If the spouse has been paid more than the benefit the spouse was eligible to  
23 receive under this section, then the system shall deduct the amount owed by  
24 the spouse from the ten thousand dollars (\$10,000) lump-sum payment and  
25 from the monthly retirement allowance payments until the amount owed to the  
26 systems has been recovered.

27 (9) For purposes of this section, "dependent child" has the same meaning as in KRS

1           16.505.

2       (10) This section shall be known as "The Fred Capps Memorial Act."

3           ➔Section 4. KRS 61.702 (Effective April 1, 2021) is amended to read as follows:

- 4       (1) (a) 1. The board of trustees of Kentucky Retirement Systems and the County  
5                   Employees Retirement System shall arrange by appropriate contract or  
6                   on a self-insured basis to provide a group hospital and medical insurance  
7                   plan for present and future recipients of a retirement allowance from the  
8                   systems the respective boards administer, except as provided in  
9                   subsection (8) of this section. Each respective board shall also arrange to  
10                  provide health care coverage through an insurer licensed pursuant to  
11                  Subtitle 38 of KRS Chapter 304 and offering a managed care plan as  
12                  defined in KRS 304.17A-500, as an alternative to group hospital and  
13                  medical insurance for any person eligible for hospital and medical  
14                  benefits under this section.
- 15           2. Any person who chooses coverage under a hospital and medical  
16                  insurance plan shall pay, by payroll deduction from the retirement  
17                  allowance or by another method, the difference in premium between the  
18                  cost of the hospital and medical insurance plan coverage and the benefits  
19                  to which he or she would be entitled under this section.
- 20           3. For purposes of this section, "hospital and medical insurance plan" may  
21                  include, at each respective board's discretion, any one (1) or more of the  
22                  following:
- 23                  a. Any hospital and medical expense policy or certificate, provider-  
24                          sponsored integrated health delivery network, self-insured medical  
25                          plan, health maintenance organization contract, or other health  
26                          benefit plan;
- 27                  b. Any health savings account as permitted by 26 U.S.C. sec. 223 or

1 health reimbursement arrangement or a similar account as may be  
2 permitted by 26 U.S.C. sec. 105 or 106. Such arrangement or  
3 account, in the board's discretion, may reimburse any medical  
4 expense permissible under 26 U.S.C. sec. 213; or

5 c. A medical insurance reimbursement program established by the  
6 board through the promulgation of administrative regulation under  
7 which members purchase individual health insurance coverage  
8 through a health insurance exchange established under 42 U.S.C.  
9 sec. 18031 or 18041.

10 (b) Each respective board may authorize present and future recipients of a  
11 retirement allowance from any of the retirement systems the board administers  
12 to be included in the state employees' group for hospital and medical  
13 insurance and shall provide benefits for recipients equal to those provided to  
14 state employees having the same Medicare hospital and medical insurance  
15 eligibility status, except as provided in subsection (8) of this section.  
16 Notwithstanding the provisions of any other statute, recipients shall be  
17 included in the same class as current state employees in determining medical  
18 insurance policies and premiums.

19 (c) For recipients of a retirement allowance who are not eligible for the same  
20 level of hospital and medical benefits as recipients living in Kentucky having  
21 the same Medicare hospital and medical insurance eligibility status, each  
22 respective board shall provide a medical insurance reimbursement plan as  
23 described in subsection (7) of this section.

24 (d) Notwithstanding anything in KRS Chapter 61 to the contrary, each respective  
25 board of trustees, in its discretion, may take necessary steps to ensure  
26 compliance with 42 U.S.C. secs. 300bb-1 et seq., including but not limited to  
27 receiving contributions and premiums from, and providing benefits pursuant

1 to this section to, persons entitled to continuation coverage under 42 U.S.C.  
2 secs. 300bb-1 et seq., regardless of whether such persons are recipients of a  
3 retirement allowance.

4 (2) (a) Each employer participating in the State Police Retirement System as  
5 provided for in KRS 16.505 to 16.652, each employer participating in the  
6 County Employees Retirement System as provided in KRS 78.510 to 78.852,  
7 and each employer participating in the Kentucky Employees Retirement  
8 System as provided for in KRS 61.510 to 61.705 shall contribute to the  
9 insurance trust funds established by KRS 61.701 the amount necessary to  
10 provide hospital and medical insurance as provided for under this section.  
11 Such employer contribution rate shall be developed by appropriate actuarial  
12 method as a part of the determination of each respective employer  
13 contribution rate to each respective retirement system determined under KRS  
14 61.565 or 78.635, as applicable.

15 (b) 1. Each employer described in paragraph (a) of this subsection shall deduct  
16 from the creditable compensation of each member having a membership  
17 date on or after September 1, 2008, an amount equal to one percent (1%)  
18 of the member's creditable compensation. The deducted amounts shall,  
19 at the discretion of the board, be credited to accounts established  
20 pursuant to 26 U.S.C. sec. 401(h), within the funds established in KRS  
21 16.510, 61.515, and 78.520, or the insurance trust funds established  
22 under KRS 61.701, or partially to one (1) fund with the remainder  
23 deposited to the other fund. Notwithstanding the provisions of this  
24 paragraph, a transfer of assets between the accounts established pursuant  
25 to 26 U.S.C. sec. 401(h), within the funds established in KRS 16.510,  
26 61.515, and 78.520, and the insurance trust funds established under KRS  
27 61.701 shall not be allowed.

- 1           2.    The employer shall file the contributions as provided by subparagraph 1.  
2                   of this paragraph at the retirement office in accordance with KRS 61.675  
3                   and 78.625. Any interest or penalties paid on any delinquent  
4                   contributions shall be credited to accounts established pursuant to 26  
5                   U.S.C. sec. 401(h), within the funds established in KRS 16.510, 61.515,  
6                   and 78.520, or the insurance trust funds established under KRS 61.701.  
7                   Notwithstanding any minimum compensation requirements provided by  
8                   law, the deductions provided by this paragraph shall be made, and the  
9                   compensation of the member shall be reduced accordingly.
- 10           3.    Each employer shall submit payroll reports, contributions lists, and other  
11                   data as may be required by administrative regulation promulgated by  
12                   each respective board of trustees pursuant to KRS Chapter 13A.
- 13           4.    Every member shall be deemed to consent and agree to the deductions  
14                   made pursuant to this paragraph, and the payment of salary or  
15                   compensation less the deductions shall be a full and complete discharge  
16                   of all claims for services rendered by the person during the period  
17                   covered by the payment, except as to any benefits provided by KRS  
18                   16.505 to 16.652, 61.510 to 61.705, and 78.510 to 78.852. No member  
19                   may elect whether to participate in, or choose the contribution amount  
20                   payable to accounts established pursuant to 26 U.S.C. sec. 401(h) within  
21                   the funds established in KRS 16.510, 61.515, and 78.520, or the  
22                   insurance trust funds established under KRS 61.701. The member shall  
23                   have no option to receive the contribution required by this paragraph  
24                   directly instead of having the contribution paid to accounts established  
25                   pursuant to 26 U.S.C. sec. 401(h) within the funds established in KRS  
26                   16.510, 61.515, and 78.520, or the insurance trust funds established  
27                   under KRS 61.701. No member may receive a rebate or refund of



1 contributions. If a member establishes a membership date prior to  
2 September 1, 2008, pursuant to KRS 61.552(1) or 61.552(20), then this  
3 paragraph shall not apply to the member and all contributions previously  
4 deducted in accordance with this paragraph shall be refunded to the  
5 member without interest. The contribution made pursuant to this  
6 paragraph shall not act as a reduction or offset to any other contribution  
7 required of a member or recipient under KRS 16.505 to 16.652, 61.510  
8 to 61.705, and 78.510 to 78.852.

9 5. The respective board of trustees, at its discretion, may direct that the  
10 contributions required by this paragraph be accounted for within  
11 accounts established pursuant to 26 U.S.C. sec. 401(h) within the funds  
12 established in KRS 16.510, 61.515, and 78.520, or the insurance trust  
13 funds established under KRS 61.701, through the use of separate  
14 accounts.

15 (3) (a) The premium required to provide hospital and medical benefits under this  
16 section shall be paid:

- 17 1. Wholly or partly from funds contributed by the recipient of a retirement  
18 allowance, by payroll deduction, or otherwise;
- 19 2. Wholly or partly from funds contributed by the insurance trust funds  
20 established under KRS 61.701;
- 21 3. Wholly or partly from funds contributed to accounts established  
22 pursuant to 26 U.S.C. sec. 401(h) within the funds established in KRS  
23 16.510, 61.515, and 78.520;
- 24 4. Wholly or partly from funds contributed by another state-administered  
25 retirement system under a reciprocal arrangement, except that any  
26 portion of the premium paid from the insurance trust funds or accounts  
27 established pursuant to 26 U.S.C. sec. 401(h) within the funds

1 established in KRS 16.510, 61.515, and 78.520 under a reciprocal  
2 agreement shall not exceed the amount that would be payable under this  
3 section if all the member's service were in one (1) of the systems  
4 administered by the Kentucky Retirement Systems or County Employees  
5 Retirement System;

6 5. Partly from subparagraphs 1. to 4. of this paragraph, except that any  
7 premium for hospital and medical insurance over the amount contributed  
8 by the insurance trust funds; accounts established pursuant to 26 U.S.C.  
9 sec. 401(h) within the funds established in KRS 16.510, 61.515, and  
10 78.520; or another state-administered retirement system under a  
11 reciprocal agreement shall be paid by the recipient by an automatic  
12 electronic transfer of funds. If the board provides for cross-referencing  
13 of insurance premiums, the employer's contribution for the working  
14 member or spouse shall be applied toward the premium, and the  
15 insurance trust funds or accounts established pursuant to 26 U.S.C. sec.  
16 401(h) within the funds established in KRS 16.510, 61.515, and 78.520  
17 shall pay the balance, not to exceed the monthly contribution; or

18 6. In full from the insurance trust funds or accounts established pursuant to  
19 26 U.S.C. sec. 401(h) within the funds established in KRS 16.510,  
20 61.515, and 78.520 for all recipients of a retirement allowance from any  
21 of the three (3) retirement systems administered by the Kentucky  
22 retirement systems or the County Employees Retirement System where  
23 such recipient is a retired former member of one (1) or more of the three  
24 (3) retirement systems administered by the Kentucky retirement systems  
25 or the County Employees Retirement System (not a beneficiary or  
26 dependent child receiving benefits) and had two hundred and forty (240)  
27 months or more of service upon retirement. Should such recipient have

1 less than two hundred forty (240) months of service but have at least one  
2 hundred eighty (180) months of service, seventy-five percent (75%) of  
3 such premium shall be paid from the insurance trust fund or accounts  
4 established pursuant to 26 U.S.C. sec. 401(h) within the funds  
5 established in KRS 16.510, 61.515, and 78.520, provided such recipient  
6 agrees to pay the remaining twenty-five percent (25%) by payroll  
7 deduction from his or her retirement allowance or by another method.  
8 Should such recipient have less than one hundred eighty (180) months of  
9 service but have at least one hundred twenty (120) months of service,  
10 fifty percent (50%) of such premium shall be paid from the insurance  
11 trust fund or accounts established pursuant to 26 U.S.C. sec. 401(h)  
12 within the funds established in KRS 16.510, 61.515, and 78.520,  
13 provided such recipient agrees to pay the remaining fifty percent (50%)  
14 by payroll deduction from his or her retirement allowance or by another  
15 method. Should such recipient have less than one hundred twenty (120)  
16 months of service but have at least forty-eight (48) months of service,  
17 twenty-five percent (25%) of such premium shall be paid from the  
18 insurance trust fund or accounts established pursuant to 26 U.S.C. sec.  
19 401(h) within the funds established in KRS 16.510, 61.515, and 78.520,  
20 provided such recipient agrees to pay the remaining seventy-five percent  
21 (75%) by payroll deduction from his or her retirement allowance or by  
22 another method. Notwithstanding the foregoing provisions of this  
23 subsection, an employee participating in one (1) of the retirement  
24 systems administered by the Kentucky Retirement Systems who  
25 becomes disabled as a direct result of an act in line of duty as defined in  
26 KRS 16.505 or as a result of a duty-related injury as defined in KRS  
27 61.621, shall have his or her premium paid in full as if he or she had two

1 hundred forty (240) months or more of service. Further, an employee  
2 participating in one (1) of the retirement systems administered by the  
3 Kentucky Retirement Systems who ~~dies~~<sup>is killed</sup> as a direct result of an  
4 act in line of duty as defined in KRS 16.505, ~~or dies~~<sup>or</sup> as a result of a  
5 duty-related injury as defined in KRS 61.621, **becomes totally and**  
6 **permanently disabled as a direct result of an act in line of duty as**  
7 **defined in Section 1 of this Act, or becomes disabled as a result of a**  
8 **duty-related injury as defined in Section 3 of this Act and is eligible**  
9 **for the benefits provided by subsection (5)(a) of Section 3 of this Act,**  
10 shall have the premium for ~~his or her~~<sup>the</sup> **spouse, if the member is**  
11 **disabled, his or her** beneficiary, if the beneficiary is the member's  
12 spouse **and the member is deceased**, and for each dependent child as  
13 defined in KRS 16.505, paid so long as **the member, beneficiary, or**  
14 **dependent child<sup>they</sup> individually ~~remains~~<sup>remain</sup> eligible for a  
15 monthly retirement benefit. "Months of service" as used in this section  
16 shall mean the total months of combined service used to determine  
17 benefits under any or all of the three (3) retirement systems administered  
18 by the Kentucky retirement systems or the County Employees  
19 Retirement System, except service added to determine disability benefits  
20 shall not be counted as "months of service." For current and former  
21 employees of the Council on Postsecondary Education who were  
22 employed prior to January 1, 1993, and who earn at least fifteen (15)  
23 years of service credit in the Kentucky Employees Retirement System,  
24 "months of service" shall also include vested service in another  
25 retirement system other than the Kentucky Teachers' Retirement System  
26 sponsored by the Council on Postsecondary Education.**

27 (b) 1. For a member electing insurance coverage through the Kentucky

- 1 Retirement Systems or County Employees Retirement System, "months  
2 of service" shall include, in addition to service as described in paragraph  
3 (a) of this subsection, service credit in one (1) of the other state-  
4 administered retirement plans.
- 5 2. Effective August 1, 1998, the Kentucky Retirement Systems or County  
6 Employees Retirement System shall compute the member's combined  
7 service, including service credit in another state-administered retirement  
8 plan, and calculate the portion of the member's premium to be paid by  
9 the insurance trust fund accounts established pursuant to 26 U.S.C. sec.  
10 401(h) within the funds established in KRS 16.510, 61.515, and 78.520,  
11 according to the criteria established in paragraph (a) of this subsection.  
12 Each state-administered retirement plan annually shall pay to the  
13 insurance trust fund the percentage of the system's cost of the retiree's  
14 monthly contribution for single coverage for hospital and medical  
15 insurance which shall be equal to the percentage of the member's  
16 number of months of service in the other state-administered retirement  
17 plan divided by his or her total combined service. The amounts paid by  
18 the other state-administered retirement plans and the insurance trust fund  
19 or accounts established pursuant to 26 U.S.C. sec. 401(h) within the  
20 funds established in KRS 16.510, 61.515, and 78.520 shall not be more  
21 than one hundred percent (100%) of the monthly contribution adopted  
22 by the respective boards of trustees.
- 23 3. A member may not elect coverage for hospital and medical benefits  
24 under this subsection through more than one (1) of the state-  
25 administered retirement plans.
- 26 4. A state-administered retirement plan shall not pay any portion of a  
27 member's monthly contribution for medical insurance unless the member

1 is a recipient or annuitant of the plan.

2 5. The premium paid by the insurance trust funds established by KRS  
3 61.701 or accounts established pursuant to 26 U.S.C. sec. 401(h) within  
4 the funds established in KRS 16.510, 61.515, and 78.520 shall not  
5 exceed one hundred percent (100%) of the monthly contribution rate  
6 toward hospital and medical insurance coverage approved by the board  
7 of trustees of the Kentucky Retirement Systems or the board of trustees  
8 of the County Employees Retirement System.

9 (4) (a) Group rates under the hospital and medical insurance plan shall be made  
10 available to the spouse, each dependent child, and each disabled child,  
11 regardless of the disabled child's age, of a recipient who is a former member  
12 or the beneficiary, if the premium for the hospital and medical insurance for  
13 the spouse, each dependent child, and each disabled child, or beneficiary is  
14 paid by payroll deduction from the retirement allowance or by another  
15 method. For purposes of this subsection only, a child shall be considered  
16 disabled if he or she has been determined to be eligible for federal Social  
17 Security disability benefits or meets the dependent disability standard  
18 established by the Department of Employee Insurance in the Personnel  
19 Cabinet.

20 (b) The other provisions of this section notwithstanding, the insurance trust funds  
21 or accounts established pursuant to 26 U.S.C. sec. 401(h) within the funds  
22 established in KRS 16.510, 61.515, and 78.520 shall pay a percentage of the  
23 monthly contribution for the spouse and for each dependent child of a  
24 recipient who was a member of the General Assembly and is receiving a  
25 retirement allowance based on General Assembly service, of the Kentucky  
26 Employees Retirement System and determined to be in a hazardous position,  
27 of the County Employees Retirement System, and determined to be in a

1 hazardous position or of the State Police Retirement System. The percentage  
2 of the monthly contribution paid for the spouse and each dependent child of a  
3 recipient who was in a hazardous position shall be based solely on the  
4 member's service with the State Police Retirement System or service in a  
5 hazardous position using the formula in subsection (3)(a) of this section,  
6 except that for any recipient of a retirement allowance from the County  
7 Employees Retirement System who was contributing to the system on January  
8 1, 1998, for service in a hazardous position, the percentage of the monthly  
9 contribution shall be based on the total of hazardous service and any  
10 nonhazardous service as a police or firefighter with the same agency, if that  
11 agency was participating in the County Employees Retirement System but did  
12 not offer hazardous duty coverage for its police and firefighters at the time of  
13 initial participation.

- 14 (c) The insurance trust funds or accounts established pursuant to 26 U.S.C. sec.  
15 401(h) within the funds established in KRS 16.510, 61.515, and 78.520 shall  
16 continue the same level of coverage for a recipient who was a member of the  
17 County Employees Retirement System after the age of sixty-five (65) as  
18 before the age of sixty-five (65), if the recipient is not eligible for Medicare  
19 coverage. If the insurance trust funds or accounts established pursuant to 26  
20 U.S.C. sec. 401(h) within the funds established in KRS 16.510, 61.515, and  
21 78.520 provides coverage for the spouse or each dependent child of a former  
22 member of the County Employees Retirement System, the insurance trust fund  
23 or accounts established pursuant to 26 U.S.C. sec. 401(h) within the funds  
24 established in KRS 16.510, 61.515, and 78.520 shall continue the same level  
25 of coverage for the spouse or each dependent child after the age of sixty-five  
26 (65) as before the age of sixty-five (65), if the spouse or dependent child is not  
27 eligible for Medicare coverage.

- 1 (5) After July 1, 1998, notwithstanding any other provision to the contrary, a member  
2 who holds a judicial office but did not elect to participate in the Judicial Retirement  
3 Plan and is participating instead in the Kentucky Employees Retirement System, the  
4 County Employees Retirement System, or the State Police Retirement System, as  
5 provided in KRS 61.680, and who has at least twenty (20) years of total service,  
6 one-half (1/2) of which is in a judicial office, shall receive the same hospital and  
7 medical insurance benefits, including paid benefits for spouse and dependents, as  
8 provided to persons retiring under the provisions of KRS 21.427. The  
9 Administrative Office of the Courts shall pay the cost of the medical insurance  
10 benefits provided by this subsection.
- 11 (6) Premiums paid for hospital and medical insurance coverage procured under  
12 authority of this section shall be exempt from any premium tax which might  
13 otherwise be required under KRS Chapter 136. The payment of premiums by the  
14 insurance trust funds or accounts established pursuant to 26 U.S.C. sec. 401(h)  
15 within the funds established in KRS 16.510, 61.515, and 78.520 shall not constitute  
16 taxable income to an insured recipient. No commission shall be paid for hospital  
17 and medical insurance procured under authority of this section.
- 18 (7) Each respective board shall promulgate an administrative regulation to establish a  
19 medical insurance reimbursement plan to provide reimbursement for hospital and  
20 medical insurance premiums of recipients of a retirement allowance who are not  
21 eligible for the same level of hospital and medical benefits as recipients living in  
22 Kentucky and having the same Medicare hospital and medical insurance eligibility  
23 status. An eligible recipient shall file proof of payment for hospital and medical  
24 insurance at the retirement office. Reimbursement to eligible recipients shall be  
25 made on a quarterly basis. The recipient shall be eligible for reimbursement of  
26 substantiated medical insurance premiums for an amount not to exceed the total  
27 monthly premium determined under subsection (3) of this section. The plan shall



1 not be made available if all recipients are eligible for the same coverage as  
2 recipients living in Kentucky.

- 3 (8) (a) 1. For employees having a membership date on or after July 1, 2003, and  
4 before September 1, 2008, participation in the insurance benefits  
5 provided under this section shall not be allowed until the employee has  
6 earned at least one hundred twenty (120) months of service in the state-  
7 administered retirement systems.
- 8 2. For an employee having a membership date on or after September 1,  
9 2008, participation in the insurance benefits provided under this section  
10 shall not be allowed until the employee has earned at least one hundred  
11 eighty (180) months of service credited under KRS 16.543(1),  
12 61.543(1), or 78.615(1) or another state-administered retirement system.
- 13 (b) An employee who meets the minimum service requirements as provided by  
14 paragraph (a) of this subsection shall be eligible for benefits as follows:
- 15 1. For employees who are not in a hazardous position, a monthly insurance  
16 contribution of ten dollars (\$10) for each year of service as a  
17 participating employee.
- 18 2. For employees who are in a hazardous position or who participate in the  
19 State Police Retirement System, a monthly insurance contribution of  
20 fifteen dollars (\$15) for each year of service as a participating employee  
21 in a hazardous position or as a participating member of the State Police  
22 Retirement System. Upon the death of the retired member, the  
23 beneficiary, if the beneficiary is the member's spouse, shall be entitled to  
24 a monthly insurance contribution of ten dollars (\$10) for each year of  
25 service the member attained as a participating employee in a hazardous  
26 position or as a participating member of the State Police Retirement  
27 System.

- 1 (c) 1. The minimum service requirement to participate in benefits as provided  
2 by paragraph (a) of this subsection shall be waived for a member who  
3 **receives a satisfactory determination of a hazardous disability that** is  
4 ~~disabled as~~ a direct result of an act in line of duty as defined in KRS  
5 16.505, and the member or his spouse and eligible dependents shall be  
6 entitled to the benefits payable under this subsection as though the  
7 member had twenty (20) years of service in a hazardous position.
- 8 2. The minimum service required to participate in benefits as provided by  
9 paragraph (a) of this subsection shall be waived for a member who is  
10 disabled **as a result of** ~~by~~ a duty-related injury as defined in KRS  
11 61.621 **and is eligible for the benefits provided by subsection (5)(b) of**  
12 **Section 3 of this Act,** and the member shall be entitled to the benefits  
13 payable under this subsection as though the member has twenty (20)  
14 years of service in a nonhazardous position.
- 15 3. Notwithstanding the provisions of this section, the minimum service  
16 required to participate in benefits as provided by paragraph (a) of this  
17 subsection shall be waived for a member who dies as a direct result of an  
18 act in line of duty as defined in KRS 16.505, **who becomes totally and**  
19 **permanently disabled as a direct result of an act in line of duty as**  
20 **defined in Section 1 of this Act,** ~~or~~ who dies as a result of a duty-  
21 related injury as defined in KRS 61.621, **or becomes disabled as a result**  
22 **of a duty-related injury as defined in Section 3 of this Act and is**  
23 **eligible for the benefits provided by subsection (5)(a) of Section 3 of**  
24 **this Act,** and the premium for the **member,** member's spouse, and for  
25 each dependent child as defined in KRS 16.505 shall be paid in full by  
26 the systems so long as they individually remain eligible for a monthly  
27 retirement benefit.

1 (d) Except as provided by paragraph (c)3. of this subsection, the monthly  
2 insurance contribution amount shall be increased July 1 of each year by one  
3 and one-half percent (1.5%). The increase shall be cumulative and shall  
4 continue to accrue after the member's retirement for as long as a monthly  
5 insurance contribution is payable to the retired member or beneficiary.

6 (e) The benefits of this subsection provided to a member whose participation  
7 begins on or after July 1, 2003, shall not be considered as benefits protected  
8 by the inviolable contract provisions of KRS 61.692, 16.652, and 78.852. The  
9 General Assembly reserves the right to suspend or reduce the benefits  
10 conferred in this subsection if in its judgment the welfare of the  
11 Commonwealth so demands.

12 (f) An employee whose membership date is on or after September 1, 2008, who  
13 retires and is reemployed in a regular full-time position required to participate  
14 in one (1) of the systems administered by Kentucky Retirement Systems shall  
15 not be eligible for health insurance coverage or benefits provided by this  
16 section and shall take coverage with his or her employing agency during the  
17 period of reemployment in a regular full-time position.

18 ➔Section 5. KRS 61.510 (Effective April 1, 2021) is amended to read as follows:

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

20 (1) "System" means the Kentucky Employees Retirement System created by KRS  
21 61.510 to 61.705;

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

23 (3) "Department" means any state department or board or agency participating in the  
24 system in accordance with appropriate executive order, as provided in KRS 61.520.

25 For purposes of KRS 61.510 to 61.705, the members, officers, and employees of the  
26 General Assembly and any other body, entity, or instrumentality designated by  
27 executive order by the Governor, shall be deemed to be a department,

1           notwithstanding whether said body, entity, or instrumentality is an integral part of  
2           state government;

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

4       (5) "Employee" means the members, officers, and employees of the General Assembly  
5           and every regular full-time, appointed or elective officer or employee of a  
6           participating department, including the Department of Military Affairs. The term  
7           does not include persons engaged as independent contractors, seasonal, emergency,  
8           temporary, interim, and part-time workers. In case of any doubt, the board shall  
9           determine if a person is an employee within the meaning of KRS 61.510 to 61.705;

10      (6) "Employer" means a department or any authority of a department having the power  
11           to appoint or select an employee in the department, including the Senate and the  
12           House of Representatives, or any other entity, the employees of which are eligible  
13           for membership in the system pursuant to KRS 61.525;

14      (7) "State" means the Commonwealth of Kentucky;

15      (8) "Member" means any employee who is included in the membership of the system or  
16           any former employee whose membership has not been terminated under KRS  
17           61.535;

18      (9) "Service" means the total of current service and prior service as defined in this  
19           section;

20      (10) "Current service" means the number of years and months of employment as an  
21           employee, on and after July 1, 1956, except that for members, officers, and  
22           employees of the General Assembly this date shall be January 1, 1960, for which  
23           creditable compensation is paid and employee contributions deducted, except as  
24           otherwise provided, and each member, officer, and employee of the General  
25           Assembly shall be credited with a month of current service for each month he  
26           serves in the position;

27      (11) "Prior service" means the number of years and completed months, expressed as a

1 fraction of a year, of employment as an employee, prior to July 1, 1956, for which  
2 creditable compensation was paid; except that for members, officers, and employees  
3 of the General Assembly, this date shall be January 1, 1960. An employee shall be  
4 credited with one (1) month of prior service only in those months he received  
5 compensation for at least one hundred (100) hours of work; provided, however, that  
6 each member, officer, and employee of the General Assembly shall be credited with  
7 a month of prior service for each month he served in the position prior to January 1,  
8 1960. Twelve (12) months of current service in the system are required to validate  
9 prior service;

10 (12) "Accumulated contributions" at any time means the sum of all amounts deducted  
11 from the compensation of a member and credited to his individual account in the  
12 members' account, including employee contributions picked up after August 1,  
13 1982, pursuant to KRS 61.560(4), together with interest credited, on such amounts  
14 and any other amounts the member shall have contributed thereto, including interest  
15 credited thereon. For members who begin participating on or after September 1,  
16 2008, "accumulated contributions" shall not include employee contributions that are  
17 deposited into accounts established pursuant to 26 U.S.C. sec. 401(h) within the  
18 funds established in KRS 16.510 and 78.520, as prescribed by KRS 61.702(2)(b);

19 (13) "Creditable compensation":

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

1 federal form W-2 wage and tax statement under the heading "wages, tips,  
2 other compensation," including employee contributions picked up after  
3 August 1, 1982, pursuant to KRS 6.505(4) or 61.560(4);

4 (b) Includes:

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

1 available on or after January 1, 2001, for calendar years on or after  
2 January 1, 2001, that are not includable in the gross income of the  
3 employee by reason of 26 U.S.C. sec. 132(f)(4); and

4 (c) Excludes:

- 5 1. Living allowances, expense reimbursements, lump-sum payments for  
6 accrued vacation leave, and other items determined by the board;
- 7 2. For employees who begin participating on or after September 1, 2008,  
8 lump-sum payments for compensatory time;
- 9 3. For employees who begin participating on or after August 1, 2016,  
10 nominal fees paid for services as a volunteer; and
- 11 4. Any salary or wages paid to an employee for services as a Kentucky  
12 State Police school resource officer as defined by KRS 158.441;

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

14 (a) For a member who begins participating before September 1, 2008, who is  
15 employed in a nonhazardous position, the creditable compensation of the  
16 member during the five (5) fiscal years he or she was paid at the highest  
17 average monthly rate divided by the number of months of service credit during  
18 that five (5) year period multiplied by twelve (12). The five (5) years may be  
19 fractional and need not be consecutive. If the number of months of service  
20 credit during the five (5) year period is less than forty-eight (48), one (1) or  
21 more additional fiscal years shall be used;

22 (b) For a member who is employed in a nonhazardous position, whose effective  
23 retirement date is between August 1, 2001, and January 1, 2009, and whose  
24 total service credit is at least twenty-seven (27) years and whose age and years  
25 of service total at least seventy-five (75), final compensation means the  
26 creditable compensation of the member during the three (3) fiscal years the  
27 member was paid at the highest average monthly rate divided by the number

1 of months of service credit during that three (3) years period multiplied by  
2 twelve (12). The three (3) years may be fractional and need not be  
3 consecutive. If the number of months of service credit during the three (3)  
4 year period is less than twenty-four (24), one (1) or more additional fiscal  
5 years shall be used. Notwithstanding the provision of KRS 61.565, the  
6 funding for this paragraph shall be provided from existing funds of the  
7 retirement allowance;

8 (c) For a member who begins participating before September 1, 2008, who is  
9 employed in a hazardous position, as provided in KRS 61.592, the creditable  
10 compensation of the member during the three (3) fiscal years he or she was  
11 paid at the highest average monthly rate divided by the number of months of  
12 service credit during that three (3) year period multiplied by twelve (12). The  
13 three (3) years may be fractional and need not be consecutive. If the number of  
14 months of service credit during the three (3) year period is less than twenty-  
15 four (24), one (1) or more additional fiscal years shall be used;

16 (d) For a member who begins participating on or after September 1, 2008, but  
17 prior to January 1, 2014, who is employed in a nonhazardous position, the  
18 creditable compensation of the member during the five (5) complete fiscal  
19 years immediately preceding retirement divided by five (5). Each fiscal year  
20 used to determine final compensation must contain twelve (12) months of  
21 service credit. If the member does not have five (5) complete fiscal years that  
22 each contain twelve (12) months of service credit, then one (1) or more  
23 additional fiscal years, which may contain less than twelve (12) months of  
24 service credit, shall be added until the number of months in the final  
25 compensation calculation is at least sixty (60) months; or

26 (e) For a member who begins participating on or after September 1, 2008, but  
27 prior to January 1, 2014, who is employed in a hazardous position as provided



1 in KRS 61.592, the creditable compensation of the member during the three  
2 (3) complete fiscal years he or she was paid at the highest average monthly  
3 rate divided by three (3). Each fiscal year used to determine final  
4 compensation must contain twelve (12) months of service credit. If the  
5 member does not have three (3) complete fiscal years that each contain twelve  
6 (12) months of service credit, then one (1) or more additional fiscal years,  
7 which may contain less than twelve (12) months of service credit, shall be  
8 added until the number of months in the final compensation calculation is at  
9 least thirty-six (36) months;

10 (15) "Final rate of pay" means the actual rate upon which earnings of an employee were  
11 calculated during the twelve (12) month period immediately preceding the  
12 member's effective retirement date, including employee contributions picked up  
13 after August 1, 1982, pursuant to KRS 61.560(4). The rate shall be certified to the  
14 system by the employer and the following equivalents shall be used to convert the  
15 rate to an annual rate: two thousand eighty (2,080) hours for eight (8) hour  
16 workdays, nineteen hundred fifty (1,950) hours for seven and one-half (7-1/2) hour  
17 workdays, two hundred sixty (260) days, fifty-two (52) weeks, twelve (12) months,  
18 one (1) year;

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

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

1 same option computed under early retirement;

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

4 (19) "Fiscal year" of the system means the twelve (12) months from July 1 through the  
5 following June 30, which shall also be the plan year. The "fiscal year" shall be the  
6 limitation year used to determine contribution and benefit limits as established by  
7 26 U.S.C. sec. 415;

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

14 (21) "Regular full-time positions," as used in subsection (5) of this section, shall mean  
15 all positions that average one hundred (100) or more hours per month determined by  
16 using the number of months actually worked within a calendar or fiscal year,  
17 including all positions except:

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

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

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

27 (d) Part-time positions which are positions which may be permanent in duration,

1 but which require less than a calendar or fiscal year average of one hundred  
2 (100) hours of work per month, determined by using the number of months  
3 actually worked within a calendar or fiscal year, in the performance of duty;  
4 and

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

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

14 (23) "Parted employer" means a department, portion of a department, board, or agency,  
15 such as Outwood Hospital and School, which previously participated in the system,  
16 but due to lease or other contractual arrangement is now operated by a publicly held  
17 corporation or other similar organization, and therefore is no longer participating in  
18 the system. The term "parted employer" shall not include a department, board, or  
19 agency that ceased participation in the system pursuant to KRS 61.522;

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

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

26 (26) "Beneficiary" means the person or persons or estate or trust or trustee designated by  
27 the member in accordance with KRS 61.542 or 61.705 to receive any available

1 benefits in the event of the member's death. As used in KRS 61.702, "beneficiary"  
2 does not mean an estate, trust, or trustee;

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

8 (28) "Level percentage of payroll amortization method" means a method of determining  
9 the annual amortization payment on the unfunded actuarial accrued liability as  
10 expressed as a percentage of payroll over a set period of years. Under this method,  
11 the percentage of payroll shall be projected to remain constant for all years  
12 remaining in the set period of time and the unfunded actuarially accrued liability  
13 shall be projected to be fully amortized at the conclusion of the set period of years;

14 (29) "Increment" means twelve (12) months of service credit which are purchased. The  
15 twelve (12) months need not be consecutive. The final increment may be less than  
16 twelve (12) months;

17 (30) "Person" means a natural person;

18 (31) "Retirement office" means the Kentucky Public Pensions Authority's office building  
19 in Frankfort;

20 (32) "Last day of paid employment" means the last date employer and employee  
21 contributions are required to be reported in accordance with KRS 16.543, 61.543, or  
22 78.615 to the retirement office in order for the employee to receive current service  
23 credit for the month. Last day of paid employment does not mean a date the  
24 employee receives payment for accrued leave, whether by lump sum or otherwise, if  
25 that date occurs twenty-four (24) or more months after previous contributions;

26 (33) "Objective medical evidence" means reports of examinations or treatments; medical  
27 signs which are anatomical, physiological, or psychological abnormalities that can

- 1 be observed; psychiatric signs which are medically demonstrable phenomena  
2 indicating specific abnormalities of behavior, affect, thought, memory, orientation,  
3 or contact with reality; or laboratory findings which are anatomical, physiological,  
4 or psychological phenomena that can be shown by medically acceptable laboratory  
5 diagnostic techniques, including but not limited to chemical tests,  
6 electrocardiograms, electroencephalograms, X-rays, and psychological tests;
- 7 (34) "Participating" means an employee is currently earning service credit in the system  
8 as provided in KRS 61.543;
- 9 (35) "Month" means a calendar month;
- 10 (36) "Membership date" means:
- 11 (a) The date upon which the member began participating in the system as  
12 provided in KRS 61.543; or
- 13 (b) For a member electing to participate in the system pursuant to KRS  
14 196.167(4) who has not previously participated in the system or the Kentucky  
15 Teachers' Retirement System, the date the member began participating in a  
16 defined contribution plan that meets the requirements of 26 U.S.C. sec.  
17 403(b);
- 18 (37) "Participant" means a member, as defined by subsection (8) of this section, or a  
19 retired member, as defined by subsection (24) of this section;
- 20 (38) "Qualified domestic relations order" means any judgment, decree, or order,  
21 including approval of a property settlement agreement, that:
- 22 (a) Is issued by a court or administrative agency; and
- 23 (b) Relates to the provision of child support, alimony payments, or marital  
24 property rights to an alternate payee;
- 25 (39) "Alternate payee" means a spouse, former spouse, child, or other dependent of a  
26 participant, who is designated to be paid retirement benefits in a qualified domestic  
27 relations order;

- 1 (40) "Accumulated employer credit" mean the employer pay credit deposited to the  
2 member's account and interest credited on such amounts as provided by KRS  
3 16.583 and 61.597;
- 4 (41) "Accumulated account balance" means:
- 5 (a) For members who began participating in the system prior to January 1, 2014,  
6 the member's accumulated contributions; or
- 7 (b) For members who began participating in the system on or after January 1,  
8 2014, in the hybrid cash balance plan as provided by KRS 16.583 and 61.597,  
9 the combined sum of the member's accumulated contributions and the  
10 member's accumulated employer credit;
- 11 (42) "Volunteer" means an individual who:
- 12 (a) Freely and without pressure or coercion performs hours of service for an  
13 employer participating in one (1) of the systems administered by Kentucky  
14 Retirement Systems without receipt of compensation for services rendered,  
15 except for reimbursement of actual expenses, payment of a nominal fee to  
16 offset the costs of performing the voluntary services, or both; and
- 17 (b) If a retired member, does not become an employee, leased employee, or  
18 independent contractor of the employer for which he or she is performing  
19 volunteer services for a period of at least twelve (12) months following the  
20 retired member's most recent retirement date;
- 21 (43) "Nominal fee" means compensation earned for services as a volunteer that does not  
22 exceed five hundred dollars (\$500) per month. Compensation earned for services as  
23 a volunteer from more than one (1) participating employer during a month shall be  
24 aggregated to determine whether the compensation exceeds the five hundred dollars  
25 (\$500) per month maximum provided by this subsection;
- 26 (44) "Nonhazardous position" means a position that does not meet the requirements of  
27 KRS 61.592 or has not been approved by the board as a hazardous position;

1 (45) "Monthly average pay" means:

2 (a) In the case of a member who dies as a direct result of an act in line of duty  
 3 as defined in Section 1 of this Act or who dies as a result of a duty-related  
 4 injury as defined in Section 3 of this Act, the higher of the member's monthly  
 5 final rate of pay or the average monthly creditable compensation earned by the  
 6 deceased member during his or her last twelve (12) months of employment; or  
 7 (b) In the case where a member becomes totally and permanently disabled as a  
 8 direct result of an act in line of duty as defined in Section 1 of this Act or  
 9 becomes disabled as a result of a duty-related injury as defined in Section 3  
 10 of this Act and is eligible for the benefits provided by subsection (5)(a) of  
 11 Section 3 of this Act, the higher of the member's monthly final rate of pay  
 12 or the average monthly creditable compensation earned by the disabled  
 13 member during his or her last twelve (12) months of employment prior to  
 14 the date the act in line of duty or duty-related injury occurred;

15 (46) "Authority" means the Kentucky Public Pensions Authority as provided by KRS  
 16 61.505; and

17 (47) "Executive director" means the executive director of the Kentucky Public Pensions  
 18 Authority.

19 ➔Section 6. KRS 78.510 (Effective April 1, 2021) is amended to read as follows:

20 As used in KRS 78.510 to 78.852, unless the context otherwise requires:

- 21 (1) "System" means the County Employees Retirement System;
- 22 (2) "Board" means the board of trustees of the system as provided in KRS 78.782;
- 23 (3) "County" means any county, or nonprofit organization created and governed by a  
 24 county, counties, or elected county officers, sheriff and his or her employees, county  
 25 clerk and his or her employees, circuit clerk and his or her deputies, former circuit  
 26 clerks or former circuit clerk deputies, or political subdivision or instrumentality,  
 27 including school boards, cities, charter county governments, urban-county

1 governments, consolidated local governments, or unified local governments  
2 participating in the system by order appropriate to its governmental structure, as  
3 provided in KRS 78.530, and if the board is willing to accept the agency,  
4 organization, or corporation, the board being hereby granted the authority to  
5 determine the eligibility of the agency to participate;

6 (4) "School board" means any board of education participating in the system by order  
7 appropriate to its governmental structure, as provided in KRS 78.530, and if the  
8 board is willing to accept the agency or corporation, the board being hereby granted  
9 the authority to determine the eligibility of the agency to participate;

10 (5) "Examiner" means the medical examiners as provided in KRS 61.665;

11 (6) "Employee" means every regular full-time appointed or elective officer or employee  
12 of a participating county and the coroner of a participating county, whether or not he  
13 or she qualifies as a regular full-time officer. The term shall not include persons  
14 engaged as independent contractors, seasonal, emergency, temporary, and part-time  
15 workers. In case of any doubt, the board shall determine if a person is an employee  
16 within the meaning of KRS 78.510 to 78.852;

17 (7) "Employer" means a county, as defined in subsection (3) of this section, the elected  
18 officials of a county, or any authority of the county having the power to appoint or  
19 elect an employee to office or employment in the county;

20 (8) "Member" means any employee who is included in the membership of the system or  
21 any former employee whose membership has not ceased under KRS 78.535;

22 (9) "Service" means the total of current service and prior service as defined in this  
23 section;

24 (10) "Current service" means the number of years and months of employment as an  
25 employee, on and after July 1, 1958, for which creditable compensation is paid and  
26 employee contributions deducted, except as otherwise provided;

27 (11) "Prior service" means the number of years and completed months, expressed as a



1 fraction of a year, of employment as an employee, prior to July 1, 1958, for which  
2 creditable compensation was paid. An employee shall be credited with one (1)  
3 month of prior service only in those months he received compensation for at least  
4 one hundred (100) hours of work. Twelve (12) months of current service in the  
5 system shall be required to validate prior service;

6 (12) "Accumulated contributions" means the sum of all amounts deducted from the  
7 compensation of a member and credited to his individual account in the members'  
8 account, including employee contributions picked up after August 1, 1982, pursuant  
9 to KRS 78.610(4), together with interest credited, on the amounts, and any other  
10 amounts the member shall have contributed thereto, including interest credited  
11 thereon. "Accumulated contributions" shall not include employee contributions that  
12 are deposited into accounts established pursuant to 26 U.S.C. sec. 401(h) within the  
13 fund established in KRS 78.520, as prescribed by KRS 61.702(2)(b);

14 (13) "Creditable compensation":

15 (a) Except as limited by paragraph (c) of this subsection, means all salary, wages,  
16 and fees, including payments for compensatory time, paid to the employee as  
17 a result of services performed for the employer or for time during which the  
18 member is on paid leave, which are includable on the member's federal form  
19 W-2 wage and tax statement under the heading "wages, tips, other  
20 compensation", including employee contributions picked up after August 1,  
21 1982, pursuant to KRS 78.610(4). The creditable compensation of fee officers  
22 who receive salary, fees, maintenance, or other perquisites as a result of their  
23 official duties is the gross amount received decreased by the cost of salary  
24 paid deputies and clerks and the cost of office supplies and other official  
25 expenses;

26 (b) Includes:

27 1. Lump-sum bonuses, severance pay, or employer-provided payments for

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

- 1 accrued vacation leave, sick leave except as provided in KRS 78.616(5),  
2 and other items determined by the board;
- 3 2. For employees who begin participating on or after September 1, 2008,  
4 lump-sum payments for compensatory time;
- 5 3. Training incentive payments for city officers paid as set out in KRS  
6 64.5277 to 64.5279;
- 7 4. For employees who begin participating on or after August 1, 2016,  
8 nominal fees paid for services as a volunteer; and
- 9 5. Any salary or wages paid to an employee for services as a Kentucky  
10 State Police school resource officer as defined by KRS 158.441;

11 (14) "Final compensation" means:

12 (a) For a member who begins participating before September 1, 2008, who is  
13 employed in a nonhazardous position, the creditable compensation of the  
14 member during the five (5) fiscal years he or she was paid at the highest  
15 average monthly rate divided by the number of months of service credit during  
16 that five (5) year period multiplied by twelve (12). The five (5) years may be  
17 fractional and need not be consecutive. If the number of months of service  
18 credit during the five (5) year period is less than forty-eight (48), one (1) or  
19 more additional fiscal years shall be used;

20 (b) For a member who is employed in a nonhazardous position, whose effective  
21 retirement date is between August 1, 2001, and January 1, 2009, and whose  
22 total service credit is at least twenty-seven (27) years and whose age and years  
23 of service total at least seventy-five (75), final compensation means the  
24 creditable compensation of the member during the three (3) fiscal years the  
25 member was paid at the highest average monthly rate divided by the number  
26 of months of service credit during that three (3) year period multiplied by  
27 twelve (12). The three (3) years may be fractional and need not be

- 1 consecutive. If the number of months of service credit during the three (3)  
2 year period is less than twenty-four (24), one (1) or more additional fiscal  
3 years shall be used;
- 4 (c) For a member who begins participating before September 1, 2008, who is  
5 employed in a hazardous position, as provided in KRS 61.592, the creditable  
6 compensation of the member during the three (3) fiscal years he or she was  
7 paid at the highest average monthly rate divided by the number of months of  
8 service credit during that three (3) year period multiplied by twelve (12). The  
9 three (3) years may be fractional and need not be consecutive. If the number of  
10 months of service credit during the three (3) year period is less than twenty-  
11 four (24), one (1) or more additional fiscal years, which may contain less than  
12 twelve (12) months of service credit, shall be used;
- 13 (d) For a member who begins participating on or after September 1, 2008, but  
14 prior to January 1, 2014, who is employed in a nonhazardous position, the  
15 creditable compensation of the member during the five (5) complete fiscal  
16 years immediately preceding retirement divided by five (5). Each fiscal year  
17 used to determine final compensation must contain twelve (12) months of  
18 service credit. If the member does not have five (5) complete fiscal years that  
19 each contain twelve (12) months of service credit, then one (1) or more  
20 additional fiscal years, which may contain less than twelve (12) months of  
21 service credit, shall be added until the number of months in the final  
22 compensation calculation is at least sixty (60) months; or
- 23 (e) For a member who begins participating on or after September 1, 2008, but  
24 prior to January 1, 2014, who is employed in a hazardous position as provided  
25 in KRS 61.592, the creditable compensation of the member during the three  
26 (3) complete fiscal years he or she was paid at the highest average monthly  
27 rate divided by three (3). Each fiscal year used to determine final

1 compensation must contain twelve (12) months of service credit. If the  
2 member does not have three (3) complete fiscal years that each contain twelve  
3 (12) months of service credit, then one (1) or more additional fiscal years,  
4 which may contain less than twelve (12) months of service credit, shall be  
5 added until the number of months in the final compensation calculation is at  
6 least thirty-six (36) months;

7 (15) "Final rate of pay" means the actual rate upon which earnings of an employee were  
8 calculated during the twelve (12) month period immediately preceding the  
9 member's effective retirement date, and shall include employee contributions picked  
10 up after August 1, 1982, pursuant to KRS 78.610(4). The rate shall be certified to  
11 the system by the employer and the following equivalents shall be used to convert  
12 the rate to an annual rate: two thousand eighty (2,080) hours for eight (8) hour  
13 workdays, one thousand nine hundred fifty (1,950) hours for seven and one-half  
14 (7.5) hour workdays, two hundred sixty (260) days, fifty-two (52) weeks, twelve  
15 (12) months, one (1) year;

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

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

26 (18) "Normal retirement date" means the sixty-fifth birthday of a member unless  
27 otherwise provided in KRS 78.510 to 78.852;

- 1 (19) "Fiscal year" of the system means the twelve (12) months from July 1 through the  
2 following June 30, which shall also be the plan year. The "fiscal year" shall be the  
3 limitation year used to determine contribution and benefits limits as set out in 26  
4 U.S.C. sec. 415;
- 5 (20) "Agency reporting official" means the person designated by the participating  
6 employer who shall be responsible for forwarding all employer and employee  
7 contributions and a record of the contributions to the system and for performing  
8 other administrative duties pursuant to the provisions of KRS 78.510 to 78.852;
- 9 (21) "Regular full-time positions," as used in subsection (6) of this section, shall mean  
10 all positions that average one hundred (100) or more hours per month, determined  
11 by using the number of hours actually worked in a calendar or fiscal year, or eighty  
12 (80) or more hours per month in the case of noncertified employees of school  
13 boards, determined by using the number of hours actually worked in a calendar or  
14 school year, unless otherwise specified, except:
- 15 (a) Seasonal positions, which although temporary in duration, are positions which  
16 coincide in duration with a particular season or seasons of the year and that  
17 may recur regularly from year to year, in which case the period of time shall  
18 not exceed nine (9) months, except for employees of school boards, in which  
19 case the period of time shall not exceed six (6) months;
- 20 (b) Emergency positions that are positions that do not exceed thirty (30) working  
21 days and are nonrenewable;
- 22 (c) Temporary positions that are positions of employment with a participating  
23 agency for a period of time not to exceed twelve (12) months and not  
24 renewable;
- 25 (d) Probationary positions which are positions of employment with a participating  
26 employer that do not exceed twelve (12) months and that are used uniformly  
27 by the participating agency on new employees who would otherwise be

- 1 eligible for participation in the system. Probationary positions shall not be  
2 renewable by the participating employer for the same employee, unless the  
3 employee has not been employed with the participating employer for a period  
4 of at least twelve (12) months; or
- 5 (e) Part-time positions that are positions that may be permanent in duration, but  
6 that require less than a calendar or fiscal year average of one hundred (100)  
7 hours of work per month, determined by using the number of months actually  
8 worked within a calendar or fiscal year, in the performance of duty, except in  
9 case of noncertified employees of school boards, the school term average shall  
10 be eighty (80) hours of work per month, determined by using the number of  
11 months actually worked in a calendar or school year, in the performance of  
12 duty;
- 13 (22) "Alternate participation plan" means a method of participation in the system as  
14 provided for by KRS 78.530(3);
- 15 (23) "Retired member" means any former member receiving a retirement allowance or  
16 any former member who has on file at the retirement office the necessary  
17 documents for retirement benefits and is no longer contributing to the system;
- 18 (24) "Current rate of pay" means the member's actual hourly, daily, weekly, biweekly,  
19 monthly, or yearly rate of pay converted to an annual rate as defined in final rate of  
20 pay. The rate shall be certified by the employer;
- 21 (25) "Beneficiary" means the person, persons, estate, trust, or trustee designated by the  
22 member in accordance with KRS 61.542 or 61.705 to receive any available benefits  
23 in the event of the member's death. As used in KRS 61.702, beneficiary shall not  
24 mean an estate, trust, or trustee;
- 25 (26) "Recipient" means the retired member, the person or persons designated as  
26 beneficiary by the member and drawing a retirement allowance as a result of the  
27 member's death, or a dependent child drawing a retirement allowance. An alternate

- 1 payee of a qualified domestic relations order shall not be considered a recipient,  
2 except for purposes of KRS 61.623;
- 3 (27) "Person" means a natural person;
- 4 (28) "School term or year" means the twelve (12) months from July 1 through the  
5 following June 30;
- 6 (29) "Retirement office" means the Kentucky Public Pensions Authority office building  
7 in Frankfort;
- 8 (30) "Delayed contribution payment" means an amount paid by an employee for current  
9 service obtained under KRS 61.552. The amount shall be determined using the  
10 same formula in KRS 61.5525, except the determination of the actuarial cost for  
11 classified employees of a school board shall be based on their final compensation,  
12 and the payment shall not be picked up by the employer. A delayed contribution  
13 payment shall be deposited to the member's account and considered as accumulated  
14 contributions of the individual member. In determining payments under this  
15 subsection, the formula found in this subsection shall prevail over the one found in  
16 KRS 212.434;
- 17 (31) "Participating" means an employee is currently earning service credit in the system  
18 as provided in KRS 78.615;
- 19 (32) "Month" means a calendar month;
- 20 (33) "Membership date" means the date upon which the member began participating in  
21 the system as provided in KRS 78.615;
- 22 (34) "Participant" means a member, as defined by subsection (8) of this section, or a  
23 retired member, as defined by subsection (23) of this section;
- 24 (35) "Qualified domestic relations order" means any judgment, decree, or order,  
25 including approval of a property settlement agreement, that:
- 26 (a) Is issued by a court or administrative agency; and  
27 (b) Relates to the provision of child support, alimony payments, or marital



1 property rights to an alternate payee;

2 (36) "Alternate payee" means a spouse, former spouse, child, or other dependent of a  
3 participant, who is designated to be paid retirement benefits in a qualified domestic  
4 relations order;

5 (37) "Accumulated employer credit" means the employer pay credit deposited to the  
6 member's account and interest credited on such amounts as provided by KRS  
7 16.583 and 61.597;

8 (38) "Accumulated account balance" means:

9 (a) For members who began participating in the system prior to January 1, 2014,  
10 the member's accumulated contributions; or

11 (b) For members who began participating in the system on or after January 1,  
12 2014, in the hybrid cash balance plan as provided by KRS 16.583 and 61.597,  
13 the combined sum of the member's accumulated contributions and the  
14 member's accumulated employer credit;

15 (39) "Volunteer" means an individual who:

16 (a) Freely and without pressure or coercion performs hours of service for an  
17 employer participating in one (1) of the systems administered by Kentucky  
18 Retirement Systems or the County Employees Retirement System without  
19 receipt of compensation for services rendered, except for reimbursement of  
20 actual expenses, payment of a nominal fee to offset the costs of performing  
21 the voluntary services, or both; and

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

26 (40) "Nominal fee" means compensation earned for services as a volunteer that does not  
27 exceed five hundred dollars (\$500) per month. Compensation earned for services as

1 a volunteer from more than one (1) participating employer during a month shall be  
2 aggregated to determine whether the compensation exceeds the five hundred dollars  
3 (\$500) per month maximum provided by this subsection;

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

6 (42) "Hazardous position" means a position that meets the requirements of KRS 61.592  
7 and has been approved by the board as hazardous;

8 (43) "Level-percentage-of-payroll amortization method" means a method of determining  
9 the annual amortization payment on the unfunded actuarial accrued liability as  
10 expressed as a percentage of payroll over a set period of years. Under this method,  
11 the percentage of payroll shall be projected to remain constant for all years  
12 remaining in the set period and the unfunded actuarially accrued liability shall be  
13 projected to be fully amortized at the conclusion of the set period;

14 (44) "Increment" means twelve (12) months of service credit which are purchased. The  
15 twelve (12) months need not be consecutive. The final increment may be less than  
16 twelve (12) months;

17 (45) "Monthly average pay" means:

18 **(a) In the case of a member who dies as a direct result of an act in line of duty**  
19 **as defined in Section 1 of this Act or who dies as a result of a duty-related**  
20 **injury as defined in Section 3 of this Act,** the higher of the member's monthly  
21 final rate of pay or the average monthly creditable compensation earned by the  
22 deceased member during his or her last twelve (12) months of employment; **or**

23 **(b) In the case where a member becomes totally and permanently disabled as a**  
24 **direct result of an act in line of duty as defined in Section 1 of this Act or**  
25 **becomes disabled as a result of a duty-related injury as defined in Section 3**  
26 **of this Act and is eligible for the benefits provided by subsection (5)(a) of**  
27 **Section 3 of this Act, the higher of the member's monthly final rate of pay**

1                   or the average monthly creditable compensation earned by the disabled  
2                   member during his or her last twelve (12) months of employment prior to  
3                   the date the act in line of duty or duty-related injury occurred;

4 (46) "Authority" means the Kentucky Public Pensions Authority as provided by KRS  
5 61.505; and

6 (47) "Executive director" means the executive director of the Kentucky Public Pensions  
7 Authority.

8                   ➔Section 7. KRS 61.607 is amended to read as follows:

9 Notwithstanding any other provisions of KRS 16.505 to 16.652, 61.510 to 61.705, or  
10 78.510 to 78.852, a maximum disability benefit is hereby established which shall apply,  
11 upon disability retirement, to any disabled employee's account to which service credit is  
12 added to determine disability benefits or in any case where disability benefits are  
13 determined by computing a percentage of the disabled employee's final monthly rate of  
14 pay or monthly average pay. The maximum disability benefit shall be determined by the  
15 following formula:

16 (1) Add the monthly benefit payable to the disabled employee from the retirement  
17 system, using the monthly disability retirement allowance (not optional plan) but  
18 excluding dependent children's allowances, if any, to his monthly benefit, if any,  
19 from Social Security, even though these payments may not begin for a period of  
20 time as required for qualification under the federal Social Security law, excluding  
21 spouse or dependent benefits, and his monthly benefit, if any, from workers'  
22 compensation, even though these payments may not have begun as of the date the  
23 disabled member applies for disability retirement benefits, excluding spouse or  
24 dependent children's allowances, from workers' compensation, to arrive at a  
25 projected combined monthly benefit.

26 (2) If the projected combined monthly benefit exceeds one hundred percent (100%) of  
27 the disabled employee's final rate of pay or his final compensation, whichever is

1 greater, his disability retirement allowance from the retirement system shall be  
2 reduced to an amount which would cause his projected combined monthly benefit to  
3 equal one hundred percent (100%) of his final rate of pay or his final compensation,  
4 whichever is greater; however, the disability retirement allowance shall not be  
5 reduced below an amount which would result from a computation of his disability  
6 retirement allowance from the retirement system using the disabled employee's  
7 actual total service.

8 (3) The system may pay estimated benefits to a disabled employee, upon qualification  
9 for disability retirement, based on an estimate of his Social Security and workers'  
10 compensation benefits until the amounts are actually determined, at which time a  
11 final calculation of the member's actual benefits shall be determined and his account  
12 corrected retroactive to his effective retirement date.

13 (4) Any increase in Social Security benefits or workers' compensation benefits which  
14 becomes law, regardless of their effective date, subsequent to the disabled  
15 employee's effective retirement date, shall not be considered in determination of the  
16 maximum benefit payable, as the maximum benefit payable is based on the amount  
17 of combined benefits under these programs as of the disabled employee's effective  
18 retirement date.

19 (5) Any disabled recipient whose potential payments from the system were reduced as  
20 provided for in this section shall advise the system if his payments under the  
21 Federal Social Security Act or Workers' Compensation Act cease at any time  
22 subsequent to his effective retirement date. Upon investigation, if the system  
23 determines that the disabled recipient continues to be eligible for disability benefits,  
24 the system may increase his retirement allowance by adding to his payment an  
25 amount equal to the reduction applied upon the effective retirement date in  
26 accordance with subsection (2) of this section.

27 **(6) Subsequent to his or her effective retirement date, each disability recipient who is**

1 still eligible to receive disability payments based upon a total and permanent  
2 disability that occurred as a direct result of an act in line of duty as defined in  
3 Section 1 of this Act or a disablement that occurred as a result of a duty-related  
4 injury as defined in Section 3 of this Act, shall annually file on a form or via an  
5 electronic method established by the Authority, information on whether payments  
6 to the recipient have ceased or began under the Federal Social Security Act or  
7 Workers' Compensation Act and the Authority shall make any necessary  
8 adjustments as provided by this section.

9 ➔Section 8. KRS 61.610 is amended to read as follows:

- 10 (1) Once each year following the retirement of a person on a disability retirement  
11 allowance, except for persons who become totally and permanently disabled as a  
12 direct result of an act in line of duty as defined in Section 1 of this Act or become  
13 disabled as a result of a duty-related injury as defined in Section 3 of this Act in  
14 which case shall be once every three (3) years following retirement, or less  
15 frequently as determined by the board's medical examiner but not less than once  
16 every five (5) years, the system may require the person, prior to his normal  
17 retirement date, to undergo an employment and medical staff review and, if  
18 necessary, be required to file at the retirement office on the review form prescribed  
19 by the board current employment information and current medical information for  
20 the bodily injury, mental illness, or disease for which he receives a disability  
21 retirement allowance. The person shall have one hundred eighty (180) days from the  
22 day the system mailed the review form to the person's last address on file in the  
23 retirement office to file at the retirement office the review form and the current  
24 employment and medical information. The person shall certify to the retirement  
25 office that the review form, including current employment and medical information,  
26 is ready to be evaluated by the medical examiner in accordance with KRS 61.615.
- 27 (2) If, after good faith efforts, the person informs the system that he has been unable to

1 obtain the employment or medical information, the system shall assist the person in  
2 obtaining the records and may use the authority granted pursuant to KRS 61.685(1)  
3 to obtain the records.

4 (3) If the person fails or refuses to file at the retirement office the review form,  
5 including the current employment and medical information, his retirement  
6 allowance shall be discontinued or reduced on the first day of the month following  
7 the expiration of the one hundred eighty (180) days from the day the system mailed  
8 the review form to the person's last address on file in the retirement office. The  
9 system shall send notice of the discontinuance or reduction of the disability  
10 retirement allowance by United States first-class mail to the person's last address on  
11 file in the retirement office. If the person's benefits are discontinued or reduced  
12 under this section, his rights to further disability retirement allowances shall cease,  
13 except as provided by KRS 61.615.

14 **(4) The system shall hire or contract for the services of an investigator to investigate**  
15 **potential fraud involving disability benefits with the system. The investigator shall**  
16 **evaluate potential cases of disability fraud and conduct spot audits for potential**  
17 **fraud as determined by the system in cases involving members who become totally**  
18 **and permanently disabled as a direct result of an act in line of duty as defined in**  
19 **Section 1 of this Act or become disabled as a result of a duty-related injury as**  
20 **defined in Section 3 of this Act.**

21 ➔Section 9. KRS 7A.255 is amended to read as follows:

22 (1) Notwithstanding KRS 21.345 to 21.580, 61.661, 61.870 to 61.884, or 161.585 to  
23 the contrary, on or before November 15 following the close of each fiscal year, the  
24 state-administered retirement systems shall collectively file a report with the Public  
25 Pension Oversight Board that shall include the following information for each  
26 member or recipient of a retirement allowance from any of the state-administered  
27 retirement systems:

- 1 (a) A unique identification number for each member or recipient that is created  
2 solely for purposes of compiling the report provided by this section and which  
3 shall not be the member's Social Security number or personal identification  
4 number issued by the systems. For individual members or recipients with  
5 multiple accounts in the state-administered retirement systems, all of the state-  
6 administered retirement systems shall use the same unique identification  
7 number;
- 8 (b) The system or systems in which the member has an account or from which the  
9 retired member is receiving a monthly retirement allowance;
- 10 (c) The status of the member or recipient, including but not limited to whether he  
11 or she is a contributing member, a member who is not currently contributing  
12 to the systems but has not retired, a retired member, a beneficiary, or a retired  
13 member who has returned to work following retirement with an agency  
14 participating in the systems;
- 15 (d) If the individual is a retired member or beneficiary, the annualized monthly  
16 retirement allowance that he or she was receiving at the end of the most  
17 recently completed fiscal year; and
- 18 (e) If the individual is a member who has not yet retired, the estimated annual  
19 retirement allowance that he or she is eligible to receive at his or her normal  
20 retirement date based upon his or her service credit, final compensation, and  
21 accumulated account balance at the end of the most recently completed fiscal  
22 year.

23 Under no circumstances shall the member's name, address, or Social Security  
24 number be included in the information required to be reported to the board by this  
25 section, nor shall the unique identification number established by subsection (1) of  
26 this section be capable of being linked to a specific member's retirement account  
27 with a state-administered retirement system.

1 (2) On or before November 15 following the close of each fiscal year, the state-  
2 administered retirement systems shall report to the Public Pension Oversight Board  
3 the percentage of system assets and managers for which fees and commissions are  
4 being reported in accordance with KRS 21.540(4)(m), 61.645(19)(i), and  
5 161.250(4)(i). This subsection shall apply on a fiscal year basis beginning on or  
6 after July 1, 2017.

7 (3) On or before November 15, 2017, the state-administered retirement systems shall  
8 tender to the Public Pension Oversight Board a copy of their board-adopted  
9 investment procurement policy along with certification from the secretary of the  
10 Finance and Administration Cabinet that the investment procurement policy meets  
11 or does not meet the best practices for investment management procurement. If the  
12 board amends its investment procurement policy, it shall tender a copy of its  
13 amended investment procurement policy to the Public Pension Oversight Board  
14 within sixty (60) days of adoption along with certification from the secretary of the  
15 Finance and Administration Cabinet that the policy meets or does not meet the best  
16 practices for investment management procurement.

17 **(4) On or before November 15 following the close of each fiscal year, the Kentucky**  
18 **Public Pensions Authority shall report to the Public Pensions Oversight Board**  
19 **the number of individuals and total payments to members who become totally and**  
20 **permanently disabled as a direct result of an act in line of duty as defined in**  
21 **Section 1 of this Act or become disabled as a result of a duty-related injury as**  
22 **defined in Section 3 of this Act. The data shall be broken down by system and for**  
23 **recipients who are drawing a benefit from the disablement of a hazardous**  
24 **member, a nonhazardous member who worked in a nonhazardous position that**  
25 **could be certified as a hazardous position based upon KRS 61.592, and a**  
26 **nonhazardous member who worked in a nonhazardous position that could not be**  
27 **certified as a hazardous position based upon KRS 61.592.**



1           ➔Section 10. Notwithstanding KRS 16.505 to 16.652, 61.510 to 61.705, 78.510  
2 to 78.852, 161.220 to 161.716, or any provision of Sections 1 to 6 of this Act to the  
3 contrary, the Kentucky Retirement Systems shall provide the following benefit  
4 adjustments to members, and beneficiaries and dependent children of those members,  
5 who become disabled prior to the effective date of this Act, subject to adjustment as  
6 provided by Section 7 of this Act, and whose disability was determined by the systems to  
7 be a total and permanent disability that was the direct result of an act in line of duty as  
8 defined in subsection (19) of Section 1 of this Act or whose disability resulted from a  
9 duty-related injury as defined in Section 3 of this Act who worked in a nonhazardous  
10 position that could be certified as a hazardous position based upon KRS 61.592:

11 (1) In the month following the effective date of this Act, the member, or the beneficiary  
12 of the member if the beneficiary is receiving a monthly benefit due to a member's  
13 death and selection of a payment pursuant to KRS 61.635 that provided a monthly  
14 payment to the beneficiary upon their death, and the dependent children of the  
15 member, shall have his or her monthly benefit increased to the amount specified by  
16 Section 2 or 3 of this Act, as applicable, except that the amount payable to the  
17 member or beneficiary of the member shall not be increased above a level that  
18 exceeds 100 percent of the member's monthly average pay when combined with any  
19 dependent child payments from the systems and prior to any adjustment for an  
20 optional payment plan selected by the member upon retirement in accordance with  
21 KRS 61.635. The systems may adjust this amount to reflect any optional payment  
22 plans selected by the member in accordance with KRS 61.635 upon disability  
23 retirement and shall adjust benefits in accordance with Section 7 of this Act;

24 (2) In the month following the effective date of this Act, any member, spouse of a  
25 disabled or deceased member, and any dependent child of a deceased member who  
26 is receiving a monthly benefit shall be eligible for the health benefits specified by  
27 the amendments to Section 4 of this Act; and

1 (3) The provisions of this section shall only be construed to provide benefit adjustments  
2 to members, beneficiaries, and dependent children of those members who were  
3 disabled prior to the effective date of this Act and only in situations where the  
4 member's disability was determined by the systems to be a total and permanent  
5 disability that was the direct result of an act in line of duty as defined in subsection  
6 (19) of Section 1 of this Act or was a disability that resulted from a duty-related  
7 injury as defined in Section 3 of this Act who worked in a nonhazardous position  
8 that could be certified as a hazardous position based upon KRS 61.592.

9 →Section 11. The provisions of Sections 1 to 10 of this Act shall not reduce any  
10 benefits payable to any member, beneficiary, or dependent children of a member who  
11 became disabled prior to the effective date of this Act and whose disability was  
12 determined by the systems to either be a total and permanent disability that was the direct  
13 result of an act in line of duty as defined in subsection (19) of Section 1 of this Act or  
14 was a disability that resulted from a duty-related injury as defined in Section 3 of this Act.

15 →Section 12. The provisions of Sections 1 to 11 of this Act shall, notwithstanding  
16 any other bill enacted by the 2021 General Assembly, apply to the Kentucky Employees  
17 Retirement System, the County Employees Retirement System, and the State Police  
18 Retirement System as provided by Sections 1 to 11 of this Act.

19 →Section 13. The provisions of KRS 6.945 shall not apply to Sections 1 to 11 of  
20 this Act.