

1 AN ACT relating to the submission of member forms prior to retirement with the  
2 state-administered retirement systems.

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

4 ➔Section 1. KRS 61.526 is amended to read as follows:

- 5 (1) Each employee on becoming a member of the Kentucky Employees Retirement  
6 System may file in the retirement office, in the form as the board may prescribe, a  
7 statement of facts pertaining to the member. The statement shall include a record of  
8 military service, previous employment with the employer, and such other  
9 information as the system may require.
- 10 (2) If the records of the Personnel Cabinet or the department employing the member  
11 during the time the service was rendered do not substantiate the statement of  
12 service, the member shall be notified of any discrepancy. The member shall be  
13 advised that he has the responsibility of supplying verification of any  
14 unsubstantiated service.
- 15 (3) At the request of the member, or the beneficiary if the member is deceased, the  
16 executive director shall arrange a time and place to receive additional information in  
17 regard to the unverified service. After filing the request, the member or the  
18 beneficiary if the member is deceased, shall have a reasonable time but no more  
19 than six (6) months to present the additional information to substantiate the  
20 unverified service.
- 21 (4) The system may at any time conduct an audit of the employing department pursuant  
22 to KRS 61.675.
- 23 (5) The system may allow a member to retire or obtain a refund without the member  
24 submitting a statement of facts pertaining to the member as described by this  
25 section.
- 26 **(6) *Effective July 1, 2022, any forms required to be submitted by an employee upon***  
27 ***becoming a member of the systems under the provisions of KRS 16.505 to 16.652,***

1       61.510 to 61.705, and 78.510 to 78.852, including beneficiary designation forms  
2       as provided by Section 2 of this Act, shall be submitted by electronic form or  
3       forms or via an electronic method established by the authority. The electronic  
4       form or forms or information submitted via electronic method shall be completed  
5       and filed solely online and shall provide the member with verification by mail or  
6       electronic mail that the information has been completed and filed.

7       ➔Section 2. KRS 61.542 is amended to read as follows:

8       (1) Prior to the first day of the month in which the member receives his or her first  
9       retirement allowance and prior to the member filing a notification of retirement or a  
10      request for refund:

11      (a) Each member may designate on the form or via the electronic method  
12      prescribed by the board a principal beneficiary and contingent beneficiary for  
13      his or her account. The principal beneficiary or contingent beneficiary  
14      designated by the member shall be:

- 15          1. One (1) or more persons; or
- 16          2. The member's estate; or
- 17          3. A trust;

18      (b) If multiple persons are designated as provided by paragraph (a)1. of this  
19      subsection, the member shall indicate the percentage of total benefits each  
20      person is to receive.

- 21          1. If percentages are not indicated, payments will be disbursed equally to  
22          the named beneficiaries.
- 23          2. If the percentages indicated do not total one hundred percent (100%),  
24          each beneficiary shall receive an increased or decreased percentage  
25          which is proportional to the percentage allotted him or her by the  
26          member.
- 27          3. If any of the multiple beneficiaries die prior to the member's death, the

1 remaining beneficiaries shall be entitled to the deceased beneficiary's  
2 percentage of the total benefits, and each shall receive a percentage of  
3 the deceased's share which is equal to the percentage allotted them by  
4 the member;

5 (c) The principal and contingent beneficiary designation established by the  
6 member pursuant to paragraph (a) of this subsection shall remain in full force  
7 and effect until changed by the member, except:

8 1. A final divorce decree terminates an ex-spouse's status as beneficiary,  
9 unless the member has on file in the retirement office a beneficiary  
10 designation that redesignates the ex-spouse as beneficiary subsequent to  
11 the issuance of the divorce decree;

12 2. If a beneficiary or beneficiaries are convicted of any crime which  
13 prohibits that person or persons from receiving the benefits under KRS  
14 381.280, the beneficiary or beneficiaries shall not be eligible for any of  
15 the benefits and the remaining beneficiary or beneficiaries or, if none,  
16 the member's estate, shall become the beneficiary; and

17 3. When a notification of retirement has been filed at the retirement office,  
18 the designation of beneficiary on the notification of retirement, which  
19 shall be one (1) person, his estate, or a trust, shall supersede the  
20 designation of all previous beneficiaries, unless the notification of  
21 retirement is withdrawn, invalid, or voided. If the notification of  
22 retirement is withdrawn, invalid, or voided, the prior beneficiary  
23 designation on file with the system shall remain in full force and effect  
24 until changed by the member; and

25 (d) Except as provided by paragraph (c)3. of this subsection, if the member fails  
26 to designate a beneficiary for his or her account or if the beneficiary  
27 designation is determined to be void by the system, the member's estate shall

1           become the beneficiary.

2           (e) For purposes of subsection (1) and (2) of this section as it relates to  
3           completing beneficiary designation forms:

4           1. Effective September 1, 2021, any changes to beneficiary designations  
5           after the initial beneficiary designation has been established with the  
6           retirement office shall be modified solely by an electronic form or via  
7           an electronic method established by the authority;

8           2. Effective July 1, 2022, all beneficiary designations shall be established  
9           or modified solely by an electronic form or via an electronic method  
10           established by the authority.

11           3. The electronic form or forms or information submitted via electronic  
12           method shall be completed and filed solely online and shall provide  
13           the member with verification by mail or electronic mail that the  
14           information has been completed and filed.

15       (2) If the member dies prior to the first day of the month in which the member would  
16       have received his or her first retirement allowance and prior to filing a notification  
17       of retirement or a request for refund, any retirement benefits shall be payable to the  
18       principal beneficiary, except that:

19       (a) If the death of the principal beneficiary or beneficiaries precedes the death of  
20       the member, or if the principal beneficiary is terminated by a divorce decree,  
21       the contingent beneficiary or beneficiaries become the principal beneficiary or  
22       beneficiaries;

23       (b) If the principal beneficiary is one (1) person and is the member's spouse and  
24       they are divorced on the date of the member's death, the contingent beneficiary  
25       or beneficiaries become the principal beneficiary or beneficiaries;

26       (c) If the member is survived by his principal beneficiary or beneficiaries who  
27       subsequently die prior to having on file at the retirement office the necessary

- 1 forms prescribed under authority of KRS 61.590, the contingent beneficiary  
2 shall become the principal beneficiary or beneficiaries;
- 3 (d) If the deaths of all the principal beneficiaries and all of the contingent  
4 beneficiaries precede the death of the member, the estate of the member  
5 becomes the beneficiary; and
- 6 (e) If the member dies as a direct result of an act in line of duty as defined in KRS  
7 16.505 or dies as a result of a duty-related injury as defined in KRS 61.621,  
8 the surviving spouse shall supersede all previously designated principal or  
9 contingent beneficiaries, unless the deceased member files a valid beneficiary  
10 designation form with the retirement office after the date of marriage to the  
11 surviving spouse.
- 12 (3) Prior to the first day of the month in which the member would have received his or  
13 her first retirement allowance, a monthly benefit payable for life shall not be offered  
14 if the beneficiary designated under subsection (1) of this section is more than one  
15 (1) person, the member's estate, or a trust.
- 16 (4) When a notification of retirement has been filed at the retirement office:
- 17 (a) The designation of beneficiary on the notification of retirement shall  
18 supersede the designation of all previous beneficiaries;
- 19 (b) The beneficiary designated by the member on the member's notification of  
20 retirement shall be one (1) person, the member's estate, or a trust; and
- 21 (c) If the death of the beneficiary named on the notification of retirement precedes  
22 the first day of the month in which the member receives his or her first  
23 retirement allowance, the member may designate another beneficiary on the  
24 member's notification of retirement.
- 25 (5) On or after the first day of the month in which the member receives his or her first  
26 retirement allowance, the member shall not have the right to change his beneficiary,  
27 except that:

- 1 (a) The estate of the retired member becomes the beneficiary if the date of death  
2 of the beneficiary precedes or coincides with the date of death of the retired  
3 member;
- 4 (b) The estate of the retired member becomes the beneficiary if the retired  
5 member had designated a person as beneficiary who was the spouse or who  
6 later married the member and they were divorced on the date of the retired  
7 member's death. An ex-spouse who was the named beneficiary on the  
8 member's notification of retirement shall be reinstated as the member's  
9 beneficiary for the payment options provided by KRS 61.635(2), (3), (4), and  
10 (8)(b) if they are remarried to each other as of the date of the retired member's  
11 death; and
- 12 (c) The estate of the member shall not receive monthly payments if the member  
13 selected one (1) of the payment options provided by KRS 61.635(2), (3), (4),  
14 and (8)(b).
- 15 (6) Following cessation of membership as provided by KRS 61.535, no beneficiary  
16 designation in one (1) account shall be effective for any new retirement account  
17 established pursuant to KRS 61.637 or 61.680. If the member fails to designate a  
18 beneficiary for his or her new retirement account or if the beneficiary designation is  
19 determined to be void by the system, the member's estate shall become the  
20 beneficiary.
- 21 ➔Section 3. KRS 161.480 is amended to read as follows:
- 22 (1) Each person, upon becoming a member of the retirement system, shall file a  
23 detailed statement as required by the board of trustees and shall designate a primary  
24 beneficiary or two (2) or more cobeneficiaries to receive any benefits accruing from  
25 the death of the member. A contingent beneficiary may be designated in addition to  
26 the primary beneficiary or cobeneficiaries. The member may name more than one  
27 (1) contingent beneficiary. Any beneficiary designation made by the member,

1 including the estate should the estate become the beneficiary by default, shall  
2 remain in effect until changed by the member on forms prescribed by the Kentucky  
3 Teachers' Retirement System, except in the event of subsequent marriage or  
4 divorce. Subsequent marriage by the member shall void the primary beneficiary and  
5 any cobeneficiary designation, even that of a trust, and the spouse of the member at  
6 death shall be considered as the primary beneficiary, unless the member subsequent  
7 to marriage designates another beneficiary. A final divorce decree shall terminate an  
8 ex-spouse's status as either primary beneficiary, cobeneficiary, or contingent  
9 beneficiary, unless subsequent to divorce the member redesignates the former  
10 spouse as primary beneficiary, cobeneficiary, or contingent beneficiary. To the  
11 extent permitted by the Internal Revenue Code, a trust may be designated as  
12 beneficiary for receipt of a member's accumulated account balance in the retirement  
13 system as provided under KRS 161.470(7). A final divorce decree shall not  
14 terminate the designation of a trust as beneficiary regardless of who is designated as  
15 beneficiary of the trust. In the event that a member fails to designate a beneficiary,  
16 or all designated beneficiaries predecease the member, the member's estate shall be  
17 deemed to be the beneficiary. Members may designate as beneficiaries only  
18 presently identifiable and existing individuals, or trusts where otherwise permitted,  
19 without contingency instructions, on forms prescribed by the retirement system. The  
20 provisions of this section shall be retroactive as they relate to election of  
21 beneficiaries by members still in active status on the effective date of this section.  
22 The provisions of this section shall not apply to any account from which a member  
23 is drawing a retirement allowance or to the life insurance benefit available under  
24 KRS 161.655.

25 **(2) (a) Effective September 1, 2021, any changes to beneficiary designations after**  
26 **the initial beneficiary designation has been established with the retirement**  
27 **system shall be modified solely by an electronic form or via an electronic**

1           method established by the board of trustees.  
2           **(b) Effective July 1, 2022, any forms required to be submitted by a person upon**  
3           **becoming a member of the retirement system under the provisions of KRS**  
4           **161.220 to 161.716, including beneficiary designation forms as provided by**  
5           **this section, shall be submitted by electronic form or forms or via an**  
6           **electronic method established by the board of trustees. The electronic form**  
7           **or forms or information submitted via electronic method shall be completed**  
8           **and filed solely online and shall provide the member with verification by**  
9           **mail or electronic mail that the information has been completed and filed.**

10           ➔Section 4. This Act shall be known as "The Kara Beth Adair Wilson Act."