

1 AN ACT relating to retirement plans covering legislators.

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

3 ➔SECTION 1. A NEW SECTION OF KRS 6.500 TO 6.577 IS CREATED TO  
4 READ AS FOLLOWS:

5 *Notwithstanding any other provision of KRS 6.500 to 6.577, 16.505 to 16.652, 21.345 to*  
6 *21.580, 61.510 to 61.705, 78.510 to 78.852, or 161.220 to 161.716 to the contrary:*

7 *(1) The Legislators' Retirement Plan, as provided by KRS 6.500 to 6.577, shall be*  
8 *closed to new members effective July 1, 2023. A legislator who has not*  
9 *contributed to the Legislators' Retirement Plan prior to July 1, 2023, shall not be*  
10 *eligible to participate in the Legislators' Retirement Plan for his or her service as*  
11 *a member of the General Assembly, but shall instead participate as a*  
12 *nonhazardous member of the Kentucky Employees Retirement System as*  
13 *provided by KRS 61.510 to 61.705 for the duration of service as a member of the*  
14 *General Assembly, except as provided by KRS 61.637 or 78.5540 and except that,*  
15 *if upon election to office, the legislator is a contributing member of the Teachers'*  
16 *Retirement System, the legislator may elect to retain membership in the Teachers'*  
17 *Retirement System in accordance with subsection (4)(c) of Section 8 of this Act in*  
18 *lieu of participating in the Kentucky Employees Retirement System.*

19 *(2) Effective December 1, 2023, any member who began participating in the*  
20 *Legislators' Retirement Plan on or after January 1, 2014, but prior to July 1,*  
21 *2023, who has an accumulated account balance in the hybrid cash balance plan*  
22 *as provided by Section 6 of this Act shall:*

23 *(a) Have his or her accumulated account balance and service credit as of*  
24 *December 1, 2023, transferred to the Kentucky Employees Retirement*  
25 *System's nonhazardous hybrid cash balance plan as provided by KRS*  
26 *61.597. Service previously credited in the Legislators' Retirement Plan shall*  
27 *be credited in the Kentucky Employees Retirement System nonhazardous*

1           plan; and

2           **(b) Participate as a nonhazardous member of the Kentucky Employees**  
3           **Retirement System as provided by KRS 61.597 for any future service to the**  
4           **General Assembly.**

5           **(3) For purposes of this section, "nonhazardous" means the level of benefits**  
6           **applicable to employees of the Kentucky Employees Retirement System in a**  
7           **nonhazardous position as defined by 61.510.**

8           ➔Section 2. KRS 6.500 is amended to read as follows:

9           There hereby is created a retirement plan for the members of the General Assembly  
10           (hereinafter "legislators") **who take office prior to July 1, 2023**. Each legislator in office  
11           on July 1, 1980, and each legislator ~~[thereafter]~~ taking office **prior to July 1, 2023**, may  
12           acquire membership in the plan in accordance with the provisions of KRS 6.505.

13           ➔Section 3. KRS 6.505 is amended to read as follows:

14           (1) (a) Each legislator in office on July 1, 1980, may within thirty (30) days after that  
15           date, and any legislator ~~[thereafter]~~ taking office **prior to July 1, 2023**, may  
16           within thirty (30) days after the date thereof, elect to make monthly  
17           contributions to the Legislators' Retirement Plan, in an amount equal to five  
18           percent (5%) of his or her monthly creditable compensation, as defined in  
19           KRS 61.510(13). The election shall be effective to establish membership in  
20           the plan as of July 1, 1980, or as of the date from which the thirty (30) day  
21           period is measured, as the case may be. Provided, however, that any legislator  
22           who was in office on July 1, 1980, and who is in office at the time he or she  
23           makes the election may, after the expiration of the thirty (30) day period and  
24           until May 1, 1982, make the election, in which event he or she shall pay to the  
25           Legislators' Retirement Plan, for the months between July 1, 1980, and the  
26           date of his or her election such sum as, when added to any member's  
27           contribution by him or her that is transferred from another retirement system

1 under KRS 6.535, will equal the member's contribution required by this  
2 section. If the member makes his or her election after February 1, 1981, he or  
3 she shall in addition pay to the plan interest on the foregoing sum, at six  
4 percent (6%) per annum, calculated as if the sum consisted of equal monthly  
5 payments, one (1) of which was due at the end of each month between July 1,  
6 1980, and the date the election was made. The election shall be addressed to  
7 and filed with the secretary of the Finance and Administration Cabinet and  
8 shall constitute an authorization to the secretary to thereafter cause to be  
9 deducted from the member's monthly creditable compensation an amount  
10 equal to five percent (5%) thereof, as a voluntarily elected contribution by the  
11 member towards the funding of the Legislators' Retirement Plan.

12 (b) 1. For a member who begins participating in the Legislators' Retirement  
13 Plan prior to January 1, 2014, the election shall operate to create an  
14 inviolable contract between such member and the Commonwealth,  
15 guaranteeing to and vesting in the member the rights and benefits  
16 provided for under KRS 6.515 to 6.530, except that the General  
17 Assembly reserves the right to amend, reduce, or suspend any  
18 legislative changes to the provisions of KRS 6.500 to 6.577 that  
19 become effective on or after July 1, 2023.

20 2. a. For members who begin participating in the Legislators'  
21 Retirement Plan on or after January 1, 2014, the General Assembly  
22 reserves the right to amend, suspend, or reduce the benefits and  
23 rights provided under KRS 6.500 to 6.577 if, in its judgment, the  
24 welfare of the Commonwealth so demands, except that the amount  
25 of benefits the member has accrued at the time of amendment,  
26 suspension, or reduction shall not be affected.

27 b. For purposes of this subparagraph, the amount of benefits the

1 member has accrued at the time of amendment, suspension, or  
2 reduction shall be limited to the accumulated account balance the  
3 member has accrued at the time of amendment, suspension, or  
4 reduction.

5 c. The provisions of this subsection shall not be construed to limit the  
6 General Assembly's authority to change any other benefit or right  
7 specified by KRS 6.500 to 6.577, for members who begin  
8 participating in the Legislators' Retirement Plan on or after  
9 January 1, 2014, except the benefits specified by subparagraph 2.b.  
10 of this paragraph.

11 3. The provisions of this paragraph shall not be construed to limit the  
12 General Assembly's authority to amend, reduce, or suspend the benefits  
13 and rights of members of the Legislators' Retirement Plan as provided  
14 by KRS 6.500 to 6.577 that the General Assembly had the authority to  
15 amend, reduce, or suspend, prior to July 1, 2013.

16 (c) An election once made under this section either to participate or not to  
17 participate in the Legislators' Retirement Plan, except as provided in Section  
18 1 of this Act, shall be considered to apply to all future service as a legislator,  
19 whether in the same or a different office as a legislator, and whether or not it  
20 is in successive terms.

21 (d) Notwithstanding the provisions of this subsection:

22 1. A legislator who becomes a member of the Legislators' Retirement Plan  
23 on or after September 1, 2008, but prior to January 1, 2014, shall make  
24 monthly contributions to the Legislators' Retirement Plan in an amount  
25 equal to six percent (6%) of his or her monthly creditable compensation,  
26 as defined in KRS 61.510(13);

27 2. A legislator who becomes a member of the Legislators' Retirement Plan

1 on or after January 1, 2014, shall make monthly contributions to the  
2 Legislators' Retirement Plan in an amount equal to six percent (6%) of  
3 his or her monthly creditable compensation, as defined in KRS  
4 61.510(13), of which:

- 5 a. Five percent (5%) of his or her monthly creditable compensation,  
6 as defined in KRS 61.510(13), shall be used to provide funding for  
7 benefits provided under KRS 21.402; and
- 8 b. One percent (1%) of his or her monthly creditable compensation,  
9 as defined in KRS 61.510(13), shall be used exclusively to help  
10 fund retiree health benefits as provided by KRS 6.577 and shall  
11 not be refunded to the member if the member withdraws his or her  
12 accumulated account balance as provided by KRS 21.460. The  
13 amounts deducted under this subdivision shall be credited to an  
14 account established pursuant to 26 U.S.C. sec. 401(h), within the  
15 fund established by KRS 6.530.

16 (2) A legislator entitled to elect membership in the retirement system who failed to  
17 elect membership within thirty (30) days after taking office may elect membership  
18 not later than August 31, 2005. An election, upon being made pursuant to this  
19 section, shall operate to create an inviolable contract between the member entitled  
20 to elect membership under this subsection and the Commonwealth, guaranteeing to  
21 and vesting in the member the rights and benefits provided for under the terms and  
22 conditions of KRS 6.500 to 6.577, *except that the General Assembly reserves the*  
23 *right to amend, reduce, or suspend any legislative changes to the provisions of*  
24 *KRS 6.500 to 6.577 that become effective on or after July 1, 2023.*

25 (3) When any legislator makes a delayed election of membership in the Legislators'  
26 Retirement Plan under subsection (2) of this section, his or her active membership  
27 in the Kentucky Employees Retirement System shall terminate, as of the date his or

1 her membership in the Legislators' Retirement Plan becomes effective, and any  
2 credit in the Kentucky Employees Retirement System, earned for service as a  
3 legislator, which he or she then has or which he or she subsequently regains while  
4 being an active member of the Legislators' Retirement Plan, shall be transferred to  
5 and counted as service credit in the Legislators' Retirement Plan, and shall no  
6 longer constitute credit in the Kentucky Employees Retirement System, except for  
7 the purpose of validating any other credit in that system if the member pays the  
8 difference, if any, between the amount transferred from the Kentucky Employees  
9 Retirement System and the actuarial value of the transferred service. However, any  
10 credit he or she then has in the Kentucky Employees Retirement System, earned for  
11 service in any capacity other than a legislator, shall not be affected. No person may  
12 attain credit in more than one (1) of the retirement plans or systems mentioned in  
13 this section for the same period of service. When credit is transferred from the  
14 Kentucky Employees Retirement System to the Legislators' Retirement Plan, the  
15 Kentucky Employees Retirement System shall transfer to the Legislators'  
16 Retirement Fund an amount equal to the employee's and employer's contributions  
17 attributable to that credit, together with interest on the contributions from the date  
18 made to the date of transfer at the actuarially assumed interest rate of the Kentucky  
19 Employees Retirement System in effect at the time the contributions were made,  
20 compounded annually at that same interest rate.

21 (4) The state shall, solely for the purpose of compliance with Section 414(h) of the  
22 United States Internal Revenue Code, pick up the employee contributions required  
23 by this section for all compensation earned after August 1, 1982, and the  
24 contributions so picked up shall be treated as employer contributions in determining  
25 tax treatment under the United States Internal Revenue Code and KRS 141.010.  
26 The picked-up employee contribution shall satisfy all obligations to the retirement  
27 system satisfied prior to August 1, 1982, by the employee contribution, and the

1 picked-up employee contribution shall be in lieu of an employee contribution. The  
2 state shall pay these picked-up employee contributions from the same source of  
3 funds which is used to pay earnings to the employee. The employee shall have no  
4 option to receive the contributed amounts directly instead of having them paid by  
5 the employer to the system. Employee contributions picked up after August 1,  
6 1982, shall be treated for all purposes of KRS 6.500 to 6.535 in the same manner  
7 and to the same extent as employee contributions made prior to August 1, 1982.

8 (5) When any legislator elects membership in the Legislators' Retirement Plan in  
9 accordance with this section, his or her active membership in the Kentucky  
10 Employees Retirement System, State Police Retirement System, County Employees  
11 Retirement System, or Teachers' Retirement System shall terminate, as of the date  
12 his or her membership in the Legislators' Retirement Plan becomes effective, and  
13 any credit in such other system or systems, earned for service as a legislator, which  
14 he or she then has or which he or she subsequently regains while being an active  
15 member of the Legislators' Retirement Plan, shall be transferred to and counted as  
16 service credit in the Legislators' Retirement Plan, and shall no longer constitute  
17 credit in such other retirement system except for the purpose of validating any other  
18 credit in that system. However, any credit he or she then has in such other  
19 retirement system, earned for service in any capacity other than a legislator, shall  
20 not be affected. No person may attain credit in more than one (1) of the retirement  
21 plans or systems mentioned in this section, for the same period of service.

22 (6) A member of the Legislators' Retirement Plan who would be entitled, under KRS  
23 61.552, to repurchase credit in the Kentucky Employees Retirement System, for  
24 previous service as a legislator, which credit had been lost by refund of  
25 contributions, may pay the amount required by KRS 61.552 directly to the  
26 Legislators' Retirement Plan and thereby obtain credit in that plan for such service,  
27 rather than making payment to the Kentucky Employees Retirement System for

1 credit which would be transferred to the Legislators' Retirement Plan. In such event,  
2 the Kentucky Employees Retirement System shall transfer to the Legislators'  
3 Retirement Plan an amount equal to the employer's contributions that originally  
4 were made to the Kentucky Employees Retirement System for the regained service  
5 credit, with interest as provided in KRS 6.535. Six (6) months' current service shall  
6 be required in the Legislators' Retirement Plan in order for the repurchased credit to  
7 remain in force, the same as provided in KRS 61.552. Service purchased under this  
8 subsection on or after January 1, 2014, shall not be used to determine the member's  
9 participation date in the Legislators' Retirement Plan.

10 ➔Section 4. KRS 6.525 is amended to read as follows:

11 The Legislators' Retirement Plan shall be governed by KRS 21.560 and by provisions  
12 identical in terms with those provided in KRS 21.345(1), 21.345(3) to (6), 21.357,  
13 21.360(1), 21.370 to 21.410, 21.374, 21.420, 21.425, 21.450, 21.460, 21.470~~, 21.480~~,  
14 21.525, 21.540, ~~and~~ 61.552, **and 21.480, subject to the limitations of Section 3 of this**  
15 **Act.** for the Judicial Retirement Plan, except that:

16 (1) Five (5) years of service as a legislator will be sufficient for vesting; and

17 (2) (a) A member of the Legislators' Retirement Plan may combine his or her service  
18 credit with his or her service credit in the Teachers' Retirement System,  
19 Kentucky Employees Retirement System, County Employees Retirement  
20 System, and State Police Retirement System at the time of his or her  
21 retirement, according to the procedure of KRS 61.680(2)(a), except that the  
22 salary used to determine final compensation, if applicable, shall be based on  
23 the creditable compensation in KRS 61.510(13) for service while a member of  
24 the General Assembly whether or not a member of the Legislators' Retirement  
25 Plan.

26 (b) For members contributing on or after June 20, 2005, but prior to January 1,  
27 2014: Upon retirement, a member's accounts under the Legislators'



1 Retirement Plan, State Police Retirement System, Kentucky Employees  
2 Retirement System, County Employees Retirement System, and Teachers'  
3 Retirement System shall be consolidated for the purpose of determining  
4 eligibility and amount of benefits as provided in KRS 61.680(2)(a) and in the  
5 same manner as for the other retirement systems using the highest salary  
6 regardless of the system in which it was earned. For purposes of this  
7 paragraph, "retirement" means the month in which the member elects to begin  
8 receiving benefits or benefits become payable due to the member's death.

9 (c) A member who has an account in the Legislators' Retirement Plan and the  
10 Judicial Retirement Plan may combine his or her service in both plans for  
11 purposes of determining:

- 12 1. Eligibility and the amount of benefits; and
- 13 2. Final compensation, provided the member began participating in the  
14 Legislators' Retirement Plan prior to January 1, 2014.

15 (d) A member who began participating in the Legislators' Retirement Plan prior  
16 to January 1, 2014, may retire at the completion of twenty-seven (27) or more  
17 years of combined service credit, so long as at least fifteen (15) years of such  
18 credit were earned after January 1, 1960, and there shall be no reduction in the  
19 retirement allowance because of retirement before the age of sixty-five (65).

20 (e) For the purposes of this section, any reference in the KRS sections listed  
21 above to the Judicial Retirement Plan shall also be read as a reference to the  
22 Legislators' Retirement Plan, and any reference to the Legislators' Retirement  
23 Plan shall also be read as a reference to the Judicial Retirement Plan.

24 (3) Any other statute to the contrary notwithstanding, a member of any state-  
25 administered retirement system who has ceased to qualify for membership but  
26 subsequently returns to a qualified status, shall, for the purposes of determining the  
27 date of entry into the state-administered retirement system for the subsequent period

1 or periods of service, be deemed to have never left the retirement system.

2 ➔Section 5. KRS 21.374 is amended to read as follows:

3 Notwithstanding KRS 6.500 to 6.577 and 21.345 to 21.580:

- 4 (1) Subject to the provisions of this section, any member who began participating in the  
5 Legislators' Retirement Plan or the Judicial Retirement Plan on or after September  
6 1, 2008, but prior to January 1, 2014, may in lieu of the benefits he or she is  
7 currently eligible to receive under the plans, elect to receive the benefits and rights  
8 provided to members who began participating in the Legislators' Retirement Plan or  
9 the Judicial Retirement Plan on or after January 1, 2014, including participating in  
10 the hybrid cash balance plan created pursuant to KRS 21.402;
- 11 (2) The election provided by this section shall be made in writing and on a form  
12 prescribed by the Judicial Form Retirement System board;
- 13 (3) For each member who makes an election provided by this section:
- 14 (a) Any service credit the member has accrued prior to January 1, 2014, shall be  
15 considered as service credit earned on or after January 1, 2014, for purposes  
16 of determining benefits under KRS 6.500 to 6.577 and 21.345 to 21.580;
- 17 (b) On the member's effective election date, the value of the member's  
18 accumulated contributions, less any interest, shall be deposited into the  
19 member's hybrid cash balance account as provided by KRS 21.402 and  
20 considered part of the member's accumulated account balance;
- 21 (c) On the member's effective election date, an employer pay credit as provided  
22 by KRS 21.402 shall be added to the member's accumulated account balance  
23 for each month the member contributed to the Legislators' Retirement Plan or  
24 the Judicial Retirement Plan prior to his or her effective election date; and
- 25 (d) Interest credits as provided by KRS 21.402 shall only be applied for periods  
26 occurring on or after the member's effective election date;
- 27 (4) Before accepting an election provided by this section, the Judicial Form Retirement

1 System board shall provide the member with information detailing the potential  
2 results of the member's election;

3 (5) An election made pursuant to this section shall be irrevocable; and

4 (6) (a) A member of the Legislators' Retirement Plan or the Judicial Retirement Plan  
5 shall not be eligible to make an election prescribed by this section until the  
6 Judicial Form Retirement System receives a favorable private letter ruling  
7 from the Internal Revenue Service regarding this section.

8 (b) If the Internal Revenue Service denies the request for a private letter ruling as  
9 provided by paragraph (a) of this subsection, this section shall be void.

10 (c) The Judicial Form Retirement System may promulgate administrative  
11 regulations under KRS Chapter 13A in order to carry out this section.

12 **(7) Effective December 1, 2023, the provisions of this section shall not apply to**  
13 **members of the Legislators' Retirement Plan.**

14 ➔Section 6. KRS 21.402 is amended to read as follows:

15 (1) A member of the Legislators' Retirement Plan or the Judicial Retirement Plan,  
16 whose participation in the Legislators' Retirement Plan or the Judicial Retirement  
17 Plan begins on or after January 1, 2014, or a member making an election pursuant  
18 to KRS 21.374, shall receive the retirement benefits provided by this section in lieu  
19 of the retirement benefits provided under KRS 6.520 and 21.400. The retirement  
20 benefit provided by this section shall be known as the hybrid cash balance plan and  
21 shall operate as another benefit tier within the Legislators' Retirement Plan and the  
22 Judicial Retirement Plan.

23 (2) The hybrid cash balance plan shall provide a retirement benefit based upon the  
24 member's accumulated account balance, which shall include:

25 (a) Contributions made by the member as provided by KRS 6.500 to 6.577 and  
26 21.345 to 21.580, except for employee contributions prescribed by KRS  
27 6.505(1)(d)2.b. and 21.360(1)(a)3.b.;

- 1 (b) An employer pay credit of four percent (4%) of the creditable compensation  
2 earned by the employee for each month the employee is contributing to the  
3 hybrid cash balance plan provided by this section; and
- 4 (c) Interest credits added annually to the member's accumulated account balance  
5 as provided by this section.
- 6 (3) (a) Member contributions and employer pay credits as provided by subsection  
7 (2)(a) and (b) of this section shall be credited to the member's account  
8 monthly as contributions are reported and posted to the plan.
- 9 (b) Interest credits, as provided by subsection (2)(c) of this section, shall be  
10 credited to the member's account annually on June 30 of each fiscal year, as  
11 determined by subsection (4) of this section.
- 12 (4) (a) On June 30 of each fiscal year, the plan shall determine if the member  
13 contributed to the hybrid cash balance plan during the fiscal year.
- 14 (b) If the member contributed to the hybrid cash balance plan during the fiscal  
15 year, the interest credit added to the member's account for that fiscal year  
16 shall be determined by multiplying the member's accumulated account  
17 balance on June 30 of the preceding fiscal year by a percentage increase equal  
18 to:
- 19 1. Four percent (4%); plus
  - 20 2. Seventy-five percent (75%) of the plan's geometric average net  
21 investment return in excess of a four percent (4%) rate of return.
- 22 (c) If the member did not contribute to the hybrid cash balance plan during the  
23 fiscal year, the interest credit added to the member's account for that fiscal  
24 year shall be determined by multiplying the member's accumulated account  
25 balance on June 30 of the preceding fiscal year by four percent (4%).
- 26 (d) For purposes of this subsection, "plan's geometric average net investment  
27 return":

- 1           1. Means the annual average geometric investment return, net of  
2           administrative and investment fees and expenses, over the last five (5)  
3           fiscal years as of the date the interest is credited to the member's  
4           account; and
- 5           2. Shall be expressed as a percentage and based upon the plan in which the  
6           member has an account.
- 7 (5) (a) Upon termination of employment, a member who has less than five (5) years  
8           of service credited under the Legislators' Retirement Plan or the Judicial  
9           Retirement Plan, who elects to take a refund of his or her accumulated  
10          account balance as provided by KRS 21.460, shall forfeit the accumulated  
11          employer credit, and shall only receive a refund of his or her accumulated  
12          contributions.
- 13          (b) Upon termination of employment, a member who has five (5) or more years  
14          of service credited under the Legislators' Retirement Plan or the Judicial  
15          Retirement Plan, who elects to take a refund of his or her accumulated  
16          account balance as provided by KRS 21.460, shall receive a full refund of his  
17          or her accumulated account balance.
- 18 (6) A member participating in the hybrid cash balance plan provided by this section  
19          may retire:
- 20          (a) Upon reaching normal retirement age, provided he or she has earned five (5)  
21          or more years of service credited under the Legislators' Retirement Plan or the  
22          Judicial Retirement Plan, or another state-administered retirement system; or
- 23          (b) If the member is at least age fifty-seven (57) and has an age and years of  
24          service total of at least eighty-seven (87) years. The years of service used to  
25          determine eligibility for retirement under this paragraph shall only include  
26          years of service credited under the Legislators' Retirement Plan or the Judicial  
27          Retirement Plan, or another state-administered retirement system.

- 1 (7) A member eligible to retire under subsection (6) of this section may elect to:
- 2 (a) Receive a monthly retirement allowance payable for life by having his or her
- 3 accumulated account balance annuitized by the retirement plan in accordance
- 4 with the actuarial assumptions and actuarial methods adopted by the board
- 5 and in effect on the member's retirement date;
- 6 (b) Receive the actuarial equivalent of his or her retirement allowance calculated
- 7 under paragraph (a) of this subsection payable under one (1) of the options set
- 8 forth in KRS 21.420(8)(b); or
- 9 (c) Take a refund of his or her accumulated account balance as provided by KRS
- 10 21.460.
- 11 (8) The board of the Judicial Form Retirement System shall establish individual
- 12 members' accounts for each member participating in the hybrid cash balance plan as
- 13 provided by this section. The Judicial Form Retirement System may promulgate
- 14 administrative regulations in accordance with KRS Chapter 13A to administer the
- 15 provisions of this section.
- 16 (9) The provisions of this section shall not apply to:
- 17 (a) Members who began participating in the Legislators' Retirement Plan or the
- 18 Judicial Retirement Plan prior to January 1, 2014;~~;~~ and
- 19 (b) *Effective December 1, 2023, members of the Legislators' Retirement Plan*
- 20 *who are transferred to the Kentucky Employees Retirement System as*
- 21 *provided by subsection (2) of Section 1 of this Act*~~[except for those members~~
- 22 ~~who make an election pursuant to KRS 21.374].~~
- 23 ➔Section 7. KRS 21.525 is amended to read as follows:
- 24 (1) The state, by appropriation to the Judicial Retirement Board, shall contribute
- 25 annually to the Judicial Retirement System an amount equal to the percent as
- 26 computed under subsection (2)(a) of this section of the creditable compensation of
- 27 active members of the Judicial Retirement System, to be known as the "normal cost

1 contribution," and an additional amount computed under subsection (2)(b) of this  
2 section, to be known as the "actuarially accrued liability contribution."

3 (2) (a) The normal cost contribution shall be determined using:

- 4 1. The entry age normal cost funding method;
- 5 2. An asset smoothing method that smooths investment gains and losses  
6 over a five (5) year period; and
- 7 3. Other funding methods and assumptions established by the board.

8 (b) The actuarially accrued liability contribution shall be computed as follows:

- 9 1. The total unfunded actuarially accrued liability shall be amortized over a  
10 closed period of twenty (20) years beginning with the 2023 actuarial  
11 valuation;
- 12 2. Any increase or decrease in the unfunded actuarially accrued liability  
13 occurring after the completion of the 2023 actuarial valuation shall be  
14 amortized over a closed period of twenty (20) years beginning with the  
15 actuarial valuation in which the increase or decrease in the unfunded  
16 actuarially accrued liability is recognized. An increase or decrease in the  
17 unfunded actuarially accrued liability may result from, but not be  
18 limited to, legislative changes to benefits, changes in actuarial methods  
19 or assumptions, or actuarial gains or losses;
- 20 3. If the annual valuation determines that the plan has surplus actuarial  
21 assets, the prior amortization bases established under subparagraph 2. of  
22 this paragraph shall be eliminated, and one (1) base equal to the amount  
23 of surplus actuarial assets shall be established and amortized over an  
24 open period of twenty (20) years; and
- 25 4. The actuarially accrued liability contribution shall be determined by  
26 actuarial methods consistent with the methods prescribed for  
27 determining the normal cost contribution, except that beginning with the

1                   2023 actuarial valuation the level dollar amortization method shall be  
2                   utilized.

3           (c)   The board shall adopt the actuarial assumptions that are to be used in making  
4           the determinations.

5   (3)   The normal cost contribution and the actuarially accrued liability contribution for  
6       each fiscal biennium shall be determined on the basis of the actuarial valuation last  
7       preceding the commencement of the biennium.

8   (4)   Employer costs for the hybrid cash balance plan as provided by KRS 21.402 shall  
9       be incorporated into the employer contribution rate of the Legislators' Retirement  
10      Plan and the Judicial Retirement Plan as a new benefit tier within the plans.

11   **(5) (a) Notwithstanding the provisions of this section, the Judicial Form**  
12       **Retirement System shall not request any funding, except for administrative**  
13       **expenses, for the Legislators' Retirement Plan until such time the**  
14       **Legislators' Retirement Plan has a funding level, as determined by the most**  
15       **recent actuarial valuation, equivalent to or less than the Kentucky**  
16       **Employees Retirement System pension fund that covers employees in**  
17       **nonhazardous positions. It is the intent of the General Assembly to not**  
18       **appropriate any funding, except for administrative expenses, to the**  
19       **Legislators' Retirement Plan in future biennial legislative branch budgets**  
20       **until such time the Legislators' Retirement Plan has a funding level, as of**  
21       **the most recent actuarial valuation, equivalent to or less than the Kentucky**  
22       **Employees Retirement System pension fund that covers employees in**  
23       **nonhazardous positions.**

24       **(b) For purposes of this subsection, "funding level" means the actuarial value**  
25       **of assets divided by the actuarially accrued liability expressed as a**  
26       **percentage that is determined and reported by the system's actuary in the**  
27       **system's actuarial valuation and based upon values that are used for**



1                   *purposes of funding.*

2                   ➔Section 8. KRS 61.680 is amended to read as follows:

- 3                   (1) Prior to August 1, 1982, every employee shall be deemed to consent and agree to  
4                   any deduction from his or her compensation required by KRS 6.500 to 6.535,  
5                   16.505 to 16.652, 61.510 to 61.692, 78.510 to 78.852, and to all other provisions  
6                   thereof. Thereafter, employee contributions shall be picked up by the employer  
7                   pursuant to KRS 61.560(4).
- 8                   (2) (a) Notwithstanding any other provisions of KRS 6.500 to 6.535, 16.505 to  
9                   16.652, 61.510 to 61.692, 78.510 to 78.852 and 161.220 to 161.714:
- 10                   1. Upon death, disability, or service retirement, a member's accounts under  
11                   the Legislators' Retirement Plan, State Police Retirement System,  
12                   Kentucky Employees Retirement System, County Employees  
13                   Retirement System, and Teachers' Retirement System, except for service  
14                   prohibited by KRS 161.623(2), shall be consolidated for the purpose of  
15                   determining eligibility and amount of benefits, including those members  
16                   who participate in the hybrid cash balance plan within the Kentucky  
17                   Employees Retirement System, the County Employees Retirement  
18                   System, and the State Police Retirement System, on or after January 1,  
19                   2014, and regardless of the transition of administration of the County  
20                   Employees Retirement System to the County Employees Retirement  
21                   System board of trustees;
- 22                   2. Vested service credit in a retirement system, other than the Teachers'  
23                   Retirement System, sponsored by a Kentucky institution of higher  
24                   education and accepted by the Kentucky Employees Retirement System  
25                   or the County Employees Retirement System, may be used to determine  
26                   eligibility for twenty-seven (27) year retirement for an employee who  
27                   begins participating before September 1, 2008, but not the amount of

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

- 1 (3) (a) A member with service credit in the Kentucky Employees Retirement System,  
2 State Police Retirement System, or the County Employees Retirement System  
3 who becomes the holder of an office entitling him or her to membership in the  
4 Judicial Retirement Plan or the Legislators' Retirement Plan, but who does not  
5 elect within thirty (30) days after taking office in such service to participate in  
6 the plan, in accordance with KRS 6.505 or 21.360, shall be deemed to have  
7 elected to retain membership in the system in which he or she is a member,  
8 either the Kentucky Employees Retirement System, State Police Retirement  
9 System, or the County Employees Retirement System. In that event, the  
10 agency employing the member shall withhold employee contributions, or  
11 picked-up employee contributions after August 2, 1982, make employer  
12 contributions and remit these contributions to the system in which the member  
13 retained his or her membership.
- 14 (b) Any person entitled to membership in the Judicial Retirement Plan or the  
15 Legislators' Retirement Plan, who does not elect within thirty (30) days after  
16 taking office to participate in the plan, in accordance with KRS 6.505 or  
17 21.360, and who at the time of taking office is not a contributing member of,  
18 or does not have service credit in, any of the retirement systems mentioned in  
19 this section, or the Teachers' Retirement System, shall participate in the  
20 Kentucky Employees Retirement System.
- 21 (c) A member of one (1) of the state-administered retirement plans who ceases to  
22 contribute to the plan as provided in KRS 21.360 and who is employed in a  
23 nonelected position by an agency participating in the Kentucky Retirement  
24 Systems or Kentucky Teachers' Retirement System shall be deemed to have  
25 elected membership in the system in which the employer of the nonelected  
26 position participates. A member of one (1) of the state-administered  
27 retirement plans who ceases to contribute to the plan as provided in KRS

1           21.360 and who is not employed in a nonelected position by an agency  
2           participating in the Kentucky Retirement Systems shall be deemed to have  
3           elected membership in the Kentucky Employees Retirement System.

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

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

16       (c) Any member of the General Assembly who upon election is a contributing  
17          member of the Teachers' Retirement System and who does not elect within  
18          thirty (30) days after taking office to participate in the Legislators' Retirement  
19          Plan, in accordance with KRS 6.505 or is not eligible to participate in the  
20          Legislators' Retirement Plan in accordance with Section 1 of this Act, shall  
21          during his or her term of office participate in the Kentucky Employees  
22          Retirement System unless an election to retain membership in the Teachers'  
23          Retirement System is filed in writing within ninety (90) days after his or her  
24          term of office begins. No contributions may be made to the Teachers'  
25          Retirement System for the same period of service under the Legislators'  
26          Retirement Plan or the Kentucky Employees Retirement System as a member  
27          of the General Assembly, but contributions made to the Teachers' Retirement

1           System while a member of the General Assembly shall be transferred to the  
2           Legislators' Retirement Plan, as provided for in KRS 6.535, when the member  
3           elects to join the Legislators' Retirement Plan, and service credit in the  
4           Legislators' Retirement Plan shall be granted as provided for in KRS 6.505(5).

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

14 (6) (a) Except as provided by KRS 61.545(3)(b)2., Any member of the Kentucky  
15 Employees Retirement System or County Employees Retirement System who is  
16 working in more than one (1) position covered by the same retirement system, shall  
17 have his or her wages and contributions consolidated and his or her retirement  
18 account administered as a single account. If part-time positions are involved, an  
19 accumulation of all hours worked within the same retirement system shall be used  
20 to determine eligibility under KRS 61.510(21).

21 (b) The provisions of this subsection shall not apply to an individual serving as a  
22 volunteer who is receiving compensation from the employer equal to or less  
23 than a nominal fee as defined by KRS 61.510 and 78.510 if the compensation  
24 paid to the volunteer is excluded from the definition of creditable  
25 compensation as provided by KRS 61.510(13) or 78.510(13).

26 (7) (a) Notwithstanding the provisions of subsection (2) of this section, a person who  
27 does not have the amount of service required for service retirement in the

1 State Police Retirement System, Kentucky Employees Retirement System,  
2 County Employees Retirement System, Legislators' Retirement Plan, or  
3 Teachers' Retirement System, but who is a member of one (1) of the systems  
4 or is a former member of one (1) or more of the systems with valid service  
5 credit therein, shall become eligible for service retirement benefits attributable  
6 to the amount of his or her actual service credit in each system in which he or  
7 she has service credit when his or her combined service credit in all the  
8 systems, plus any service credit he or she has in the Judicial Retirement Plan,  
9 is equal to that required for service retirement in each respective system. The  
10 computation of benefits shall be based on the applicable formula in each  
11 system and service credit in each system, except that total service in all  
12 systems, unless prohibited by KRS 161.623(2), shall be used to determine the  
13 reduction for early retirement, if any. Except as provided in KRS 21.360, the  
14 final compensation shall be determined by using the creditable compensation  
15 reported to the State Police Retirement System, Kentucky Employees  
16 Retirement System, County Employees Retirement System, Legislators'  
17 Retirement Plan, or Teachers' Retirement System and only as much of the  
18 compensation earned in the Judicial Retirement Plan as is needed to satisfy  
19 the final compensation requirement applicable in the respective retirement  
20 systems.

21 (b) Paragraph (a) of this subsection shall be waived if the member fails to  
22 simultaneously retire from all state-administered retirement systems in which  
23 the member has an account or fails to retire from any other systems not  
24 administered by Kentucky Retirement Systems within one (1) month of the  
25 member's effective retirement date in the systems administered by the  
26 Kentucky Retirement Systems.

27 (8) Each retirement system from which the member retires shall pay a retirement

1 allowance upon receipt of required forms and documents, except that no retirement  
2 system shall pay a retirement allowance or annuity until all forms and documents  
3 are filed at all retirement systems in compliance with each system's requirements.