

1 AN ACT relating to retiree health insurance reimbursements for school district
2 employees.

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

4 ➔Section 1. KRS 61.637 is amended to read as follows:

5 (1) A retired member who is receiving monthly retirement payments under any of the
6 provisions of KRS 61.510 to 61.705 and 78.510 to 78.852 and who is reemployed
7 as an employee by a participating agency prior to August 1, 1998, shall have his or
8 her retirement payments suspended for the duration of reemployment. Monthly
9 payments shall not be suspended for a retired member who is reemployed if he or
10 she anticipates that he or she will receive less than the maximum permissible
11 earnings as provided by the Federal Social Security Act in compensation as a result
12 of reemployment during the calendar year. The payments shall be suspended at the
13 beginning of the month in which the reemployment occurs.

14 (2) Employer and employee contributions shall be made as provided in KRS 61.510 to
15 61.705 and 78.510 to 78.852 on the compensation paid during reemployment,
16 except where monthly payments were not suspended as provided in subsection (1)
17 of this section or would not increase the retired member's last monthly retirement
18 allowance by at least one dollar (\$1), and the member shall be credited with
19 additional service credit.

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

23 (4) (a) Notwithstanding the provisions of this section, the payments suspended in
24 accordance with subsection (1) of this section shall be paid retroactively to the
25 retired member, or his or her estate, if he or she does not receive more than
26 the maximum permissible earnings as provided by the Federal Social Security
27 Act in compensation from participating agencies during any calendar year of

1 reemployment.

2 (b) If the retired member is paid suspended payments retroactively in accordance
3 with this section, employee contributions deducted during his or her period of
4 reemployment, if any, shall be refunded to the retired employee, and no
5 service credit shall be earned for the period of reemployment.

6 (c) If the retired member is not eligible to be paid suspended payments for his or
7 her period of reemployment as an employee, his or her retirement allowance
8 shall be recomputed under the plan under which the member was receiving
9 payments prior to reemployment as follows:

10 1. The retired member's final compensation shall be recomputed using
11 creditable compensation for his or her period of reemployment;
12 however, the final compensation resulting from the recalculation shall
13 not be less than that of the member when his or her retirement allowance
14 was last determined;

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

18 3. If the retired member initially retired prior to his or her normal
19 retirement date, his or her retirement allowance shall be recomputed
20 using the formula in KRS 61.595(2), except that the member's age used
21 in computing benefits shall be his or her age at the time of his or her
22 initial retirement increased by the number of months of service credit
23 earned for service performed during reemployment;

24 4. The retirement allowance payments resulting from the recomputation
25 under this subsection shall be payable in the month following the
26 termination of reemployment in lieu of payments under subparagraph 3.
27 of this paragraph. The member shall not receive less in benefits as a

1 result of the recomputation than he or she was receiving prior to
2 reemployment or would receive as determined under KRS 61.691; and

3 5. Any retired member who was reemployed prior to March 26, 1974, shall
4 begin making contributions to the system in accordance with the
5 provisions of this section on the first day of the month following March
6 26, 1974.

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

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

19 (b) A retired member who has been ordered reinstated by the Personnel Board
20 under authority of KRS 18A.095 or by court order or by order of the Human
21 Rights Commission and accepts employment by an agency participating in the
22 Kentucky Employees Retirement System or County Employees Retirement
23 System shall void his or her retirement by reimbursing the system in the full
24 amount of his or her retirement allowance payments received.

25 (7) (a) Effective August 1, 1998, the provisions of subsections (1) to (4) of this
26 section shall no longer apply to a retired member who is reemployed in a
27 position covered by the same retirement system from which the member

1 retired. Reemployed retired members shall be treated as new members upon
2 reemployment. Any retired member whose reemployment date preceded
3 August 1, 1998, who does not elect, within sixty (60) days of notification by
4 the retirement systems, to remain under the provisions of subsections (1) to
5 (4) of this section shall be deemed to have elected to participate under this
6 subsection.

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

19 (8) If a retired member accepts employment or begins serving as a volunteer with an
20 employer participating in the systems administered by Kentucky Retirement
21 Systems or County Employees Retirement System within twelve (12) months of his
22 or her retirement date, the retired member shall notify the Authority and the
23 participating employer shall submit the information required or requested by the
24 Authority to confirm the individual's employment or volunteer status. The retired
25 member shall not be required to notify the Authority regarding any employment or
26 volunteer service with a participating agency that is accepted after twelve (12)
27 months following his or her retirement date.

- 1 (9) If the retired member is under a contract to provide services as an independent
2 contractor or leased employee to an employer participating in the systems
3 administered by Kentucky Retirement Systems or County Employees Retirement
4 System within twelve (12) months of his or her retirement date, the member shall
5 submit a copy of that contract to the Authority, and the Authority shall determine if
6 the member is an independent contractor or leased employee for purposes of
7 retirement benefits. The retired member and the participating employer shall submit
8 the information required or requested by the Authority to confirm the individual's
9 status as an independent contractor or leased employee. The retired member shall
10 not be required to notify the Authority regarding any services entered into as an
11 independent contractor or leased employee with a participating agency that the
12 employee enters into after twelve (12) months following his or her retirement date.
- 13 (10) If a member is receiving a retirement allowance, or has filed the forms required for
14 a retirement allowance, and is employed within one (1) month of the member's
15 initial retirement date in a position that is required to participate in the same
16 retirement system from which the member retired, the member's retirement shall be
17 voided and the member shall repay to the retirement system all benefits received.
18 The member shall contribute to the member account established for him or her prior
19 to his or her voided retirement. The retirement allowance for which the member
20 shall be eligible upon retirement shall be determined by total service and creditable
21 compensation.
- 22 (11) (a) If a member of the Kentucky Employees Retirement System retires from a
23 department which participates in more than one (1) retirement system and is
24 reemployed within one (1) month of his or her initial retirement date by the
25 same department in a position participating in another retirement system, the
26 retired member's retirement allowance shall be suspended for the first month
27 of his or her retirement, and the member shall repay to the retirement system

1 all benefits received for the month.

2 (b) A retired member of the County Employees Retirement System who after
3 initial retirement is hired by the county from which the member retired shall
4 be considered to have been hired by the same employer.

5 (12) (a) If a hazardous member who retired prior to age fifty-five (55), or a
6 nonhazardous member who retired prior to age sixty-five (65), is reemployed
7 within six (6) months of the member's termination by the same employer, the
8 member shall obtain from his or her previous and current employers a copy of
9 the job description established by the employers for the position and a
10 statement of the duties performed by the member for the position from which
11 he or she retired and for the position in which he or she has been reemployed.

12 (b) The job descriptions and statements of duties shall be filed with the retirement
13 office.

14 (13) If the retirement system determines that the retired member has been employed in a
15 position with the same principal duties as the position from which the member
16 retired:

17 (a) The member's retirement allowance shall be suspended during the period that
18 begins on the month in which the member is reemployed and ends six (6)
19 months after the member's termination;

20 (b) The retired member shall repay to the retirement system all benefits paid from
21 systems administered by Kentucky Retirement Systems or County Employees
22 Retirement System under reciprocity, including medical insurance benefits,
23 that the member received after reemployment began;

24 (c) Upon termination, or subsequent to expiration of the six (6) month period
25 from the date of termination, the retired member's retirement allowance based
26 on his or her initial retirement account shall no longer be suspended, and the
27 member shall receive the amount to which he or she is entitled, including an

- 1 increase as provided by KRS 61.691;
- 2 (d) Except as provided in subsection (7) of this section, if the position in which a
3 retired member is employed after initial retirement is a regular full-time
4 position, the retired member shall contribute to a second member account
5 established for him or her in the retirement system. Service credit gained after
6 the member's date of reemployment shall be credited to the second member
7 account; and
- 8 (e) Upon termination, the retired member shall be entitled to benefits payable
9 from his or her second retirement account.
- 10 (14) (a) If the retirement system determines that the retired member has not been
11 reemployed in a position with the same principal duties as the position from
12 which he or she retired, the retired member shall continue to receive his or her
13 retirement allowance.
- 14 (b) If the position is a regular full-time position, the member shall contribute to a
15 second member account in the retirement system.
- 16 (15) (a) If a retired member is reemployed at least one (1) month after initial
17 retirement in a different position, or at least six (6) months after initial
18 retirement in the same position, and prior to normal retirement age, the retired
19 member shall contribute to a second member account in the retirement system
20 and continue to receive a retirement allowance from the first member account.
- 21 (b) Service credit gained after reemployment shall be credited to the second
22 member account. Upon termination, the retired member shall be entitled to
23 benefits payable from the second member account.
- 24 (16) A retired member who is reemployed and contributing to a second member account
25 shall not be eligible to purchase service credit under any of the provisions of KRS
26 16.505 to 16.652, 61.510 to 61.705, or 78.510 to 78.852 which he or she was
27 eligible to purchase prior to his or her initial retirement.

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

6 (a) If a member is receiving a retirement allowance from one (1) of the systems
7 administered by Kentucky Retirement Systems or County Employees
8 Retirement System, or has filed the forms required to receive a retirement
9 allowance from one (1) of the systems administered by Kentucky Retirement
10 Systems or County Employees Retirement System, and is employed in a
11 regular full-time position required to participate in one (1) of the systems
12 administered by Kentucky Retirement Systems or County Employees
13 Retirement System or is employed in a position that is not considered regular
14 full-time with an agency participating in one (1) of the systems administered
15 by Kentucky Retirement Systems or County Employees Retirement System
16 within one (1) month following the member's initial retirement date, the
17 member's retirement shall be voided, and the member shall repay to the
18 retirement system all benefits received, including any health insurance
19 benefits. If the member is returning to work in a regular full-time position
20 required to participate in one (1) of the systems administered by Kentucky
21 Retirement Systems:

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

27 2. Upon subsequent retirement, the member shall be eligible for a

1 retirement allowance based upon total service and creditable
2 compensation, including any additional service or creditable
3 compensation earned after his or her initial retirement was voided;

4 (b) If a member is receiving a retirement allowance from one (1) of the systems
5 administered by Kentucky Retirement Systems or County Employees
6 Retirement System and is employed in a regular full-time position required to
7 participate in one (1) of the systems administered by Kentucky Retirement
8 Systems or County Employees Retirement System after a one (1) month
9 period following the member's initial retirement date, the member may
10 continue to receive his or her retirement allowance during the period of
11 reemployment subject to the following provisions:

12 1. If a member is reemployed by a participating agency within twelve (12)
13 months of the member's retirement date, the participating agency shall
14 certify in writing on a form prescribed by the Authority that no
15 prearranged agreement existed between the employee and agency prior
16 to the employee's retirement for the employee to return to work with the
17 participating agency. If an elected official is reelected to a new term of
18 office in the same position as the elected official held prior to retirement
19 and takes office within twelve (12) months of his or her retirement date,
20 he or she shall be deemed by the Authority as having a prearranged
21 agreement under the provisions of this subparagraph and shall have his
22 or her retirement voided. If the participating agency fails to complete the
23 certification, the member's retirement shall be voided and the provisions
24 of paragraph (a) of this subsection shall apply to the member and the
25 employer. Employment that is accepted by the retired member after
26 twelve (12) months following the member's retirement date shall not
27 constitute a prearranged agreement under this paragraph;

- 1 2. Notwithstanding any other provision of KRS Chapter 16, 61, or 78 to
2 the contrary, the member shall not contribute to the systems and shall
3 not earn any additional benefits for any work performed during the
4 period of reemployment;
- 5 3. Except as provided by KRS 70.291 to 70.293, 95.022, and 164.952 and
6 except for any retiree employed as a school resource officer as defined
7 by KRS 158.441, the employer shall pay employer contributions as
8 specified by KRS 61.565, 61.702, and 78.635, as applicable, on all
9 creditable compensation earned by the employee during the period of
10 reemployment. The additional contributions paid shall be used to reduce
11 the unfunded actuarial liability of the systems; and
- 12 4. Except as provided by KRS 70.291 to 70.293, 95.022, and 164.952 and
13 except for any retiree employed as a school resource officer as defined
14 by KRS 158.441, the employer shall be required to reimburse the
15 systems for the cost of the health insurance premium paid by the
16 systems to provide coverage for the retiree, not to exceed the cost of the
17 single premium. Effective July 1, 2015, local school boards shall not be
18 required to pay the reimbursement required by this subparagraph for
19 retirees employed by the board for eighty (80) days or less during the
20 fiscal year. *Effective August 1, 2024, the Department of Education*
21 *shall pay for the health reimbursements required by this subparagraph*
22 *for a retiree who participated in a hazardous position prior to July 1,*
23 *2003, in one (1) of the systems administered by the Kentucky*
24 *Retirement Systems or the County Employees Retirement System, and*
25 *who is reemployed by a local school board;*
- 26 (c) Notwithstanding paragraphs (a) and (b) of this subsection, a retired member
27 who qualifies as a volunteer for an employer participating in one (1) of the

1 systems administered by Kentucky Retirement Systems or County Employees
2 Retirement System and who is receiving reimbursement of actual expenses, a
3 nominal fee for his or her volunteer services, or both, shall not be considered
4 an employee of the participating employer and shall not be subject to
5 paragraphs (a) and (b) of this subsection if:

- 6 1. Prior to the retired member's most recent retirement date, he or she did
7 not receive creditable compensation from the participating employer in
8 which the retired member is performing volunteer services;
- 9 2. Any reimbursement or nominal fee received prior to the retired
10 member's most recent retirement date has not been credited as creditable
11 compensation to the member's account or utilized in the calculation of
12 the retired member's benefits;
- 13 3. The retired member has not purchased or received service credit under
14 any of the provisions of KRS 61.510 to 61.705 or 78.510 to 78.852 for
15 service with the participating employer for which the retired member is
16 performing volunteer services; and
- 17 4. Other than the status of volunteer, the retired member does not become
18 an employee, leased employee, or independent contractor of the
19 employer for which he or she is performing volunteer services for a
20 period of at least twelve (12) months following the retired member's
21 most recent retirement date.

22 If a retired member, who provided volunteer services with a participating
23 employer under this paragraph violates any provision of this paragraph, then
24 he or she shall be deemed an employee of the participating employer as of the
25 date he or she began providing volunteer services and both the retired member
26 and the participating employer shall be subject to paragraphs (a) and (b) of
27 this subsection for the period of volunteer service;

1 (d) Notwithstanding any provision of this section, any mayor or member of a city
2 legislative body shall not be required to resign from his or her position as
3 mayor or as a member of the city legislative body in order to begin drawing
4 benefits from the systems administered by Kentucky Retirement Systems or
5 subject to any provision of this section as it relates solely to his or her service
6 as a mayor or member of the city legislative body if the mayor or member of a
7 city legislative body:

- 8 1. Has not participated in the County Employees Retirement System prior
9 to retirement, but is otherwise eligible to retire from the Kentucky
10 Employees Retirement System or the State Police Retirement System; or
- 11 2. Has been or is participating in the County Employees Retirement
12 System and is at least sixty-two (62) years of age. If a mayor or member
13 of a city legislative body who is at least sixty-two (62) years of age
14 retires from the systems administered by Kentucky Retirement Systems
15 but remains in office after his or her effective retirement date, the mayor
16 or member of the city legislative body shall not accrue any further
17 service credit or benefits in the systems administered by Kentucky
18 Retirement Systems for any employment occurring on or after the
19 effective retirement date;

20 (e) Notwithstanding any provision of this section, any current or future part-time
21 adjunct instructor for the Kentucky Fire Commission who has not participated
22 in the Kentucky Employees Retirement System prior to retirement, but who is
23 otherwise eligible to retire from the County Employees Retirement System,
24 shall not be:

- 25 1. Required to resign from his or her position as a part-time adjunct
26 instructor for the Kentucky Fire Commission in order to begin drawing
27 benefits from the County Employees Retirement System; or

- 1 2. Subject to any provision of this section as it relates solely to his or her
2 service as a part-time adjunct instructor for the Kentucky Fire
3 Commission;
- 4 (f) If a member is receiving a retirement allowance from any of the retirement
5 systems administered by the Kentucky Retirement Systems or County
6 Employees Retirement System and enters into a contract or becomes a leased
7 employee of an employer under contract with an employer participating in
8 one (1) of the systems administered by the Kentucky Retirement Systems or
9 County Employees Retirement System:
 - 10 1. At any time following retirement, if the Authority determines the
11 employment arrangement does qualify as an independent contractor or
12 leased employee, the member may continue to receive his or her
13 retirement allowance during the period of the contract;
 - 14 2. Within one (1) month following the member's initial retirement date, if
15 the Authority determines the employment arrangement does not qualify
16 as an independent contractor or leased employee, the member's
17 retirement shall be voided in accordance with paragraph (a) of this
18 subsection;
 - 19 3. After one (1) month but within twelve (12) months following the
20 member's initial retirement, if the Authority determines the employment
21 arrangement does not qualify as an independent contractor or leased
22 employee and that a prearranged agreement existed between the member
23 and the agency for the member to return to work with the agency, the
24 member's retirement shall be voided in accordance with paragraph (a) of
25 this subsection; and
 - 26 4. After a twelve (12) month period following the member's initial
27 retirement, the member may continue to receive his or her retirement

1 allowance during the period of the contract and the member shall not be
2 required to notify the system or submit any documentation for purposes
3 of this section to the system.

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

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

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

18 ➔Section 2. KRS 78.5540 is amended to read as follows:

19 (1) A retired member whose disability retirement was discontinued pursuant to KRS
20 78.5528 and who is reemployed by an employer participating in the system or the
21 Kentucky Retirement Systems prior to his or her normal retirement date shall have
22 his or her accounts combined upon termination for determining eligibility for
23 benefits. If the member is eligible for retirement, the member's service and
24 creditable compensation earned as a result of his or her reemployment shall be used
25 in the calculation of benefits, except that the member's final compensation shall not
26 be less than the final compensation last used in determining his or her retirement
27 allowance. The member shall not change beneficiary or payment option

1 designations.

2 (2) (a) If a retired member accepts employment or begins serving as a volunteer with
3 an employer participating in the systems administered by Kentucky
4 Retirement Systems or the County Employees Retirement System within
5 twelve (12) months of his or her retirement date, the retired member shall
6 notify the Authority and the participating employer shall submit the
7 information required or requested by the Authority to confirm the individual's
8 employment or volunteer status. The retired member shall not be required to
9 notify the Authority regarding any employment or volunteer service with a
10 participating agency that is accepted after twelve (12) months following his or
11 her retirement date.

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

25 (3) Retired members of the County Employees Retirement System who returned to
26 work with an employer that participates in the County Employees Retirement
27 System or Kentucky Retirement Systems prior to September 1, 2008, shall be

1 governed by the provisions of KRS 61.637(1) to (16).

2 (4) The following shall apply to retired members of the County Employees Retirement
3 System who are reemployed on or after September 1, 2008, by an agency
4 participating in the systems administered by the County Employees Retirement
5 System or the Kentucky Retirement Systems:

6 (a) If a retired member is receiving a retirement allowance from the County
7 Employees Retirement System, or has filed the forms required to receive a
8 retirement allowance from the County Employees Retirement System, and is
9 employed in a regular full-time position required to participate in the County
10 Employees Retirement System or one (1) of the systems administered by the
11 Kentucky Retirement Systems or is employed in a position that is not
12 considered regular full-time with an employer participating in the County
13 Employees Retirement System or in one (1) of the systems administered by
14 the Kentucky Retirement Systems within one (1) month following the
15 member's initial retirement date, the member's retirement shall be voided, and
16 the member shall repay to the system all benefits received, including any
17 health insurance benefits. If the retired member is returning to work in a
18 regular full-time position required to participate in the County Employees
19 Retirement System:

20 1. The member shall contribute to a member account established for him or
21 her in the County Employees Retirement System or in one (1) of the
22 systems administered by the Kentucky Retirement Systems, and
23 employer contributions shall be paid on behalf of the member by the
24 participating employer to the system; and

25 2. Upon subsequent retirement, the member shall be eligible for a
26 retirement allowance based upon total service and creditable
27 compensation, including any additional service or creditable

1 compensation earned after his or her initial retirement was voided;

2 (b) If a retired member is receiving a retirement allowance from the County
3 Employees Retirement System and is employed in a regular full-time position
4 required to participate in the County Employees Retirement System or in one
5 (1) of the systems administered by the Kentucky Retirement Systems after a
6 one (1) month period following the member's initial retirement date, the
7 member may continue to receive his or her retirement allowance during the
8 period of reemployment subject to the following provisions:

9 1. If a member is reemployed by a participating employer within twelve
10 (12) months of the member's retirement date, the participating employer
11 shall certify in writing on a form prescribed by the Authority that no
12 prearranged agreement existed between the employee and employer
13 prior to the employee's retirement for the employee to return to work
14 with the participating employer. If the participating employer fails to
15 complete the certification or the Authority determines a prearranged
16 agreement exists, the member's retirement shall be voided and the
17 provisions of paragraph (a) of this subsection shall apply to the member
18 and the employer. For purposes of this paragraph:

19 a. If an elected official is reelected to a new term of office in the
20 same position as the elected official held prior to retirement and
21 takes office within twelve (12) months of his or her retirement
22 date, he or she shall be deemed by the Authority as having a
23 prearranged agreement; and

24 b. Employment that is accepted by the retired member after twelve
25 (12) months following the member's retirement date shall not
26 constitute a prearranged agreement under this paragraph;

27 2. Notwithstanding any other provision of KRS Chapter 78 to the contrary,

1 the member shall not contribute to the system and shall not earn any
2 additional benefits for any work performed during the period of
3 reemployment;

4 3. Except as provided by KRS 70.291 to 70.293, 95.022, and 164.952 and
5 except for any retiree employed as a school resource officer as defined
6 by KRS 158.441, the employer shall pay employer contributions as
7 specified by KRS 78.5536 and 78.635 on all creditable compensation
8 earned by the employee during the period of reemployment. The
9 additional contributions paid shall be used to reduce the unfunded
10 actuarial liability of the system; and

11 4. Except as provided by KRS 70.291 to 70.293, 95.022, and 164.952 and
12 except for any retiree employed as a school resource officer as defined
13 by KRS 158.441, the employer shall be required to reimburse the system
14 for the cost of the health insurance premium paid by the system to
15 provide coverage for the retiree, not to exceed the cost of the single
16 premium. Effective July 1, 2015, local school boards shall not be
17 required to pay the reimbursement required by this subparagraph for
18 retirees employed by the board for eighty (80) days or less during the
19 fiscal year. *Effective August 1, 2024, the Department of Education*
20 *shall pay for the health reimbursements required by this subparagraph*
21 *for a retiree who participated in a hazardous position prior to July 1,*
22 *2003, in the County Employees Retirement System or in one (1) of the*
23 *systems administered by the Kentucky Retirement Systems, and who is*
24 *reemployed by a local school board;*

25 (c) Notwithstanding paragraphs (a) and (b) of this subsection, a retired member
26 who qualifies as a volunteer for an employer participating in the County
27 Employees Retirement System or the Kentucky Retirement Systems and who

1 is receiving reimbursement of actual expenses, a nominal fee for his or her
2 volunteer services, or both, shall not be considered an employee of the
3 participating employer and shall not be subject to paragraphs (a) and (b) of
4 this subsection if:

- 5 1. Prior to the retired member's most recent retirement date, he or she did
6 not receive creditable compensation from the participating employer in
7 which the retired member is performing volunteer services;
- 8 2. Any reimbursement or nominal fee received prior to the retired
9 member's most recent retirement date has not been credited as creditable
10 compensation to the member's account or utilized in the calculation of
11 the retired member's benefits;
- 12 3. The retired member has not purchased or received service credit under
13 any of the provisions of KRS 78.510 to 78.852 for service with the
14 participating employer for which the retired member is performing
15 volunteer services; and
- 16 4. Other than the status of volunteer, the retired member does not become
17 an employee, leased employee, or independent contractor of the
18 employer for which he or she is performing volunteer services for a
19 period of at least twelve (12) months following the retired member's
20 most recent retirement date.

21 If a retired member, who provided volunteer services with a participating
22 employer under this paragraph violates any provision of this paragraph, then
23 he or she shall be deemed an employee of the participating employer as of the
24 date he or she began providing volunteer services and both the retired member
25 and the participating employer shall be subject to paragraphs (a) and (b) of
26 this subsection for the period of volunteer service;

- 27 (d) Notwithstanding any provision of this section, any mayor or member of a city

1 legislative body shall not be required to resign from his or her position as
2 mayor or as a member of the city legislative body in order to begin drawing
3 benefits from the systems administered by the Kentucky Retirement Systems
4 or the County Employees Retirement System or subject to any provision of
5 this section as it relates solely to his or her service as a mayor or member of
6 the city legislative body, if the mayor or member of a city legislative body:

- 7 1. Has not participated in the County Employees Retirement System prior
8 to retirement, but is otherwise eligible to retire from the Kentucky
9 Employees Retirement System or the State Police Retirement System; or
- 10 2. Has been or is participating in the County Employees Retirement
11 System and is at least sixty-two (62) years of age. If a mayor or member
12 of a city legislative body who is at least sixty-two (62) years of age
13 retires from the systems administered by Kentucky Retirement Systems
14 or the County Employees Retirement System but remains in office after
15 his or her effective retirement date, the mayor or member of the city
16 legislative body shall not accrue any further service credit or benefits in
17 the systems administered by Kentucky Retirement Systems or the
18 County Employees Retirement System for any employment occurring
19 on or after the effective retirement date;

20 (e) Notwithstanding any provision of this section, any current or future part-time
21 adjunct instructor for the Kentucky Fire Commission who has not participated
22 in the Kentucky Employees Retirement System prior to retirement, but who is
23 otherwise eligible to retire from the County Employees Retirement System,
24 shall not be:

- 25 1. Required to resign from his or her position as a part-time adjunct
26 instructor for the Kentucky Fire Commission in order to begin drawing
27 benefits from the County Employees Retirement System; or

- 1 2. Subject to any provision of this section as it relates solely to his or her
2 service as a part-time adjunct instructor for the Kentucky Fire
3 Commission;
- 4 (f) If a member is receiving a retirement allowance from the County Employees
5 Retirement System and enters into a contract or becomes a leased employee of
6 an employer under contract with an employer participating in the County
7 Employees Retirement System or one (1) of the systems administered by the
8 Kentucky Retirement Systems:
- 9 1. At any time following retirement, if the Authority determines the
10 employment arrangement does qualify as an independent contractor or
11 leased employee, the member may continue to receive his or her
12 retirement allowance during the period of the contract;
- 13 2. Within one (1) month following the member's initial retirement date, if
14 the Authority determines the employment arrangement does not qualify
15 as an independent contractor or leased employee, the member's
16 retirement shall be voided in accordance with paragraph (a) of this
17 subsection;
- 18 3. After one (1) month but within twelve (12) months following the
19 member's initial retirement, if the Authority determines the employment
20 arrangement does not qualify as an independent contractor or leased
21 employee and that a prearranged agreement existed between the member
22 and the agency for the member to return to work with the agency, the
23 member's retirement shall be voided in accordance with paragraph (a) of
24 this subsection; and
- 25 4. After a twelve (12) month period following the member's initial
26 retirement, the member may continue to receive his or her retirement
27 allowance during the period of the contract and the member shall not be

1 required to notify the Authority or submit any documentation for
2 purposes of this section to the Authority. The initiation of a contract or
3 the initial date of the leased employment of a retired member by a
4 participating agency that occurs after twelve (12) months or more
5 following the retired member's retirement date shall not constitute a
6 prearranged agreement under this subsection;

7 (g) The Authority shall issue a final determination regarding a certification of the
8 absence of a prearranged agreement or the retired member's qualification as
9 an independent contractor or leased employee as required under this section
10 no later than thirty (30) days after the retired member and participating
11 employer provide all required forms and additional information required by
12 the Authority; and

13 (h) Retired members of one (1) of the systems administered by Kentucky
14 Retirement Systems who are reemployed by an employer in the County
15 Employees Retirement System on or after September 1, 2008, shall not be
16 eligible to earn a second retirement account in the County Employees
17 Retirement System for his or her service to the employer.

18 (5) The Authority shall promulgate administrative regulations to implement the
19 requirements of this section, including incorporating by reference Authority-
20 prescribed forms that a retired member and participating agency shall provide the
21 systems under subsections (1) and (4) of this section.

22 (6) "Reemployment" or "reinstatement" as used in this section shall not include a
23 retired member who has been ordered reinstated by the Personnel Board under
24 authority of KRS 18A.095. A retired member who has been ordered reinstated by
25 the Personnel Board under authority of KRS 18A.095 or by court order or by order
26 of the Human Rights Commission and accepts employment by an agency
27 participating in the Kentucky Employees Retirement System or County Employees

1 Retirement System shall void his or her retirement by reimbursing the system in the
2 full amount of his or her retirement allowance payments received.

3 ➔Section 3. KRS 161.158 is amended to read as follows:

- 4 (1) (a) Each district board of education may form its employees into a group or
5 groups or recognize existing groups for the purpose of obtaining the
6 advantages of group life, disability, medical, and dental insurance, or any
7 group insurance plans to aid its employees including the state employee health
8 insurance group as described in KRS 18A.225 to 18A.2287, as long as the
9 employees continue to be employed by the board of education. Medical and
10 dental group insurance plans obtained under authority of this section may
11 include insurance benefits for the families of the insured group or groups of
12 employees. Any district board of education may pay all or part of the
13 premium on the policies, and may deduct from the salaries of the employees
14 that part of the premium which is to be paid by them and may contract with
15 the insurer to provide the above benefits. As permitted in KRS 160.280(4),
16 board members shall be eligible to participate in any group medical or dental
17 insurance provided by the district for employees.
- 18 (b) If a district board of education participates in the state employee health
19 insurance program, as described in KRS 18A.225 to 18A.2287, for its active
20 employees and terminates participation and there is a state appropriation
21 approved by the General Assembly for the employer's contribution for active
22 employees' health insurance coverage, neither the board of education nor the
23 employees shall receive the state-funded contribution after termination from
24 the state employee health insurance program.
- 25 (c) If a district board of education participates in the state employee health
26 insurance program as described in KRS 18A.225 to 18A.2287 for its active
27 employees, all district employees who are required to be offered health

1 insurance coverage for purposes of, and in accordance with, the federal
2 Patient Protection and Affordable Care Act of 2010, Pub. L. No. 111-148,
3 shall be eligible for the state-funded contribution appropriated by the General
4 Assembly for the employer's contribution for active employees' health
5 insurance coverage, including reimbursements for the cost of retiree health
6 insurance as required by subsection (17)(b)4. of Section 1 of this Act and
7 subsection (4)(b)4. of Section 2 of this Act.

- 8 (2) (a) Each district board of education shall adopt policies or regulations which will
9 provide for:
- 10 1. a. Deductions from salaries of its employees or groups of employees
11 whenever a request is presented to the board by said employees or
12 groups thereof.
 - 13 b. The deductions shall be made from salaries earned in at least eight
14 (8) different pay periods.
 - 15 c. The deductions may be made for, but are not limited to,
16 membership dues, tax-sheltered annuities, and group insurance
17 premiums.
 - 18 d. The district board is prohibited from deducting membership dues
19 of an employee organization, membership organization, or labor
20 organization. This provision shall apply to contracts entered into,
21 opted in, extended or renewed on or after January 9, 2017.
 - 22 e. With the exception of membership dues, the board shall not be
23 required to make more than one (1) remittance of amounts
24 deducted during a pay period for a separate type of deduction; and
 - 25 2. Deductions from payments for the per diem and actual expenses
26 provided under KRS 160.280(1) to members of the district board of
27 education whenever a request is presented by a board member to the

1 board. The deductions may be made for but not be limited to
2 membership dues, health insurance purchases, scholarship funds, and
3 contributions to a political action committee.

4 (b) The deductions under paragraph (a)1. and 2. of this subsection shall be
5 remitted to the appropriate organization or association as specified by the
6 employees within thirty (30) days following the deduction, provided the
7 district has received appropriate invoices or necessary documentation.

8 (c) Health insurance, life insurance, and tax-sheltered annuities shall be
9 interpreted as separate types of deductions. When amounts have been
10 correctly deducted and remitted by the board, the board shall bear no further
11 responsibility or liability for subsequent transaction.

12 (3) Payments and deductions made by the board of education under the authority of this
13 section are presumed to be for services rendered and for the benefit of the common
14 schools, and the payments and deductions shall not affect the eligibility of any
15 school system to participate in the public school funding program as established in
16 KRS Chapter 157.