

1 AN ACT relating to the retirement systems covered under the Kentucky Public
2 Pensions Authority.

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

4 ➔Section 1. KRS 61.542 is amended to read as follows:

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

8 (a) Each member may designate on the form prescribed by the Authority a
9 principal beneficiary and contingent beneficiary for his or her account or
10 accounts. The principal beneficiary or contingent beneficiary designated by
11 the member shall be:

- 12 1. One (1) or more persons; or
- 13 2. The member's estate; or
- 14 3. A trust;

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

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

1 the member;

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

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

9 2. If a beneficiary or beneficiaries are convicted of any crime which
10 prohibits that person or persons from receiving the benefits under KRS
11 381.280, the beneficiary or beneficiaries shall not be eligible for any of
12 the benefits and the remaining beneficiary or beneficiaries or, if none,
13 the member's estate, shall become the beneficiary; and

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

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

26 (e) If the member has more than one (1) account in the Kentucky Employees
27 Retirement System, County Employees Retirement System, or State Police

1 Retirement System, the member shall not be eligible to name differing
2 beneficiaries for each system but shall instead complete one (1) beneficiary
3 designation form which shall be applicable to all systems in which the
4 member has an account.

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

9 (a) If the death of the principal beneficiary or beneficiaries precedes the death of
10 the member, or if the principal beneficiary is terminated by a divorce decree,
11 the contingent beneficiary or beneficiaries become the principal beneficiary or
12 beneficiaries;

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

16 (c) If the member is survived by his or her principal beneficiary or beneficiaries
17 who subsequently die prior to having on file at the retirement office the
18 necessary forms prescribed under authority of KRS 61.590, the contingent
19 beneficiary shall become the principal beneficiary or beneficiaries;

20 (d) If the deaths of all the principal beneficiaries and all of the contingent
21 beneficiaries precede the death of the member, the estate of the member
22 becomes the beneficiary; and

23 (e) If the member dies as a direct result of an act in line of duty as defined in KRS
24 16.505 or 78.510, or dies as a result of a duty-related injury as defined in KRS
25 61.621, the surviving spouse shall supersede all previously designated
26 principal or contingent beneficiaries, unless the deceased member files a valid
27 beneficiary designation form with the retirement office after the date of

1 marriage to the surviving spouse.

2 (3) Prior to the first day of the month in which the member would have received his or
3 her first retirement allowance, a monthly benefit payable for life shall not be offered
4 if the beneficiary designated under subsection (1) of this section is more than one
5 (1) person, the member's estate, or a trust.

6 (4) When a notification of retirement as provided by KRS 61.590 or a form to change
7 beneficiaries as provided by subsection (5)(a) and (b) of this section has been filed
8 at the retirement office:

9 (a) The designation of beneficiary on the notification of retirement or beneficiary
10 change form shall supersede~~[the designation of]~~ all previously~~[previous]~~
11 designated beneficiaries;

12 (b) The beneficiary designated by the member on the member's notification of
13 retirement or beneficiary change form shall be one (1) person, the member's
14 estate, or a trust; and

15 (c) If the death of the beneficiary named on the notification of retirement
16 precedes the first day of the month in which the member receives his or her
17 first retirement allowance, the member may designate another beneficiary on
18 the member's notification of retirement.

19 (5) On or after the first day of the month in which the member receives his or her first
20 retirement allowance, the member shall not have the right to change his or her
21 beneficiary, except that:

22 (a) A retired member receiving the monthly retirement allowance under the basic
23 payment option, a period certain option as provided by KRS 61.635(5) to (7),
24 or the Social Security adjustment option without survivor rights as provided
25 by KRS 61.635(8)(a) may elect to change his or her beneficiary at any time by
26 filing a beneficiary change form as prescribed by the board with the
27 retirement office. This paragraph shall not authorize a retired member to

- 1 change the payment option he or she selected upon retirement;
- 2 (b) A retired member receiving a monthly retirement allowance who marries or
3 remarries following retirement may make a one (1) time election within one
4 hundred twenty (120) days of marriage or remarriage to provide monthly
5 survivorship benefits to his or her new spouse by:
- 6 1. Designating his or her new spouse as beneficiary by filing a beneficiary
7 change form as prescribed by the board with the retirement office; and
 - 8 2. Selecting a new monthly retirement allowance option under one (1) of
9 the survivorship options provided by KRS 61.635(2), (3), (4), and
10 (8)(b). Any new survivorship payment option shall be actuarially
11 equivalent to the monthly retirement allowance the retired member was
12 receiving prior to the change and shall not impact any other benefits
13 otherwise payable to an alternate payee under KRS 61.690;
- 14 (c) The estate of the retired member becomes the beneficiary if the date of death
15 of the beneficiary precedes or coincides with the date of death of the retired
16 member, and the retired member had not elected a new beneficiary under this
17 subsection;
- 18 (d) The estate of the retired member becomes the beneficiary if the retired
19 member had designated a person as beneficiary who was the spouse or who
20 later married the member and they were divorced on the date of the retired
21 member's death, and the retired member had not elected a new beneficiary
22 under this subsection. An ex-spouse who was the named beneficiary on the
23 member's notification of retirement shall be reinstated as the member's
24 beneficiary for the payment options provided by KRS 61.635(2), (3), (4), and
25 (8)(b) if they are remarried to each other as of the date of the retired member's
26 death, and the retired member had not elected a new beneficiary under this
27 subsection;

- 1 (e) The estate of the member shall not receive monthly payments if the member
2 selected one (1) of the payment options provided by KRS 61.635(2), (3), (4),
3 and (8)(b); and
- 4 (f) For purposes of this subsection, "basic payment option" means the lifetime
5 monthly retirement allowance otherwise provided to the retired member under
6 KRS 16.505 to 16.652, 61.510 to 61.705, or 78.510 to 78.852 that is not one
7 (1) of the optional retirement plans provided under KRS 61.635.
- 8 (6) Following cessation of membership as provided by KRS 61.535 or 78.540, no
9 beneficiary designation in one (1) account shall be effective for any new retirement
10 account established. If the member fails to designate a beneficiary for his or her
11 new retirement account or if the beneficiary designation is determined to be void by
12 the system, the member's estate shall become the beneficiary.