

1 AN ACT relating to changing beneficiaries after retirement in state-administered  
2 retirement systems.

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 board a principal  
9 beneficiary and contingent beneficiary for his or her account. The principal  
10 beneficiary or contingent beneficiary designated by the member shall be:

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

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

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

- 1 (c) The principal and contingent beneficiary designation established by the  
2 member pursuant to paragraph (a) of this subsection shall remain in full force  
3 and effect until changed by the member, except:
- 4 1. A final divorce decree terminates an ex-spouse's status as beneficiary,  
5 unless the member has on file in the retirement office a beneficiary  
6 designation that redesignates the ex-spouse as beneficiary subsequent to  
7 the issuance of the divorce decree;
  - 8 2. If a beneficiary or beneficiaries are convicted of any crime which  
9 prohibits that person or persons from receiving the benefits under KRS  
10 381.280, the beneficiary or beneficiaries shall not be eligible for any of  
11 the benefits and the remaining beneficiary or beneficiaries or, if none,  
12 the member's estate, shall become the beneficiary; and
  - 13 3. When a notification of retirement has been filed at the retirement office,  
14 the designation of beneficiary on the notification of retirement, which  
15 shall be one (1) person, his estate, or a trust, shall supersede the  
16 designation of all previous beneficiaries, unless the notification of  
17 retirement is withdrawn, invalid, or voided. If the notification of  
18 retirement is withdrawn, invalid, or voided, the prior beneficiary  
19 designation on file with the system shall remain in full force and effect  
20 until changed by the member; and
- 21 (d) Except as provided by paragraph (c)3. of this subsection, if the member fails  
22 to designate a beneficiary for his or her account or if the beneficiary  
23 designation is determined to be void by the system, the member's estate shall  
24 become the beneficiary.
- 25 (2) If the member dies prior to the first day of the month in which the member would  
26 have received his or her first retirement allowance and prior to filing a notification  
27 of retirement or a request for refund, any retirement benefits shall be payable to the

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

1 *this section* has been filed at the retirement office:

2 (a) The designation of beneficiary on the notification of retirement *or beneficiary*  
3 *change form* shall supersede the designation of all previous beneficiaries;

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

7 (c) If the death of the beneficiary named on the notification of retirement precedes  
8 the first day of the month in which the member receives his or her first  
9 retirement allowance, the member may designate another beneficiary on the  
10 member's notification of retirement.

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

14 (a) *Following a qualifying event, which shall include marriage, remarriage, the*  
15 *birth or adoption of a child, or the death of a designated beneficiary, the*  
16 *member may elect a new beneficiary in accordance with subsection (4) of*  
17 *this section and a new optional payment plan in accordance with KRS*  
18 *61.635 provided the member makes the election within one hundred twenty*  
19 *(120) days of the qualifying event on a form prescribed by the systems;*

20 (b) *If a member does not elect a new beneficiary within one hundred twenty*  
21 *(120) days of the date of a designated beneficiary's death or if the member*  
22 *dies before making an election to change beneficiaries within the one*  
23 *hundred twenty (120) day period following the date of the beneficiary's*  
24 *death,* the estate of the retired member *shall become*~~becomes~~ the  
25 beneficiary~~[ if the date of death of the beneficiary [precedes or ]coincides with~~  
26 ~~the date of death of the retired member]~~; *and*

27 (c)~~(b)~~ *Upon divorce, annulment, or dissolution of marriage between the*

1            *retired member and the beneficiary, regardless of whether the retired*  
 2            *member and beneficiary were married before or after retirement,* the estate  
 3            of the retired member *shall become*~~[becomes]~~ the beneficiary~~[ if the retired~~  
 4            ~~member had designated a person as beneficiary who was the spouse or who~~  
 5            ~~later married the member and they were divorced on the date of the retired~~  
 6            ~~member's death]~~. An ex-spouse who was the named beneficiary on the  
 7            member's notification of retirement shall be reinstated as the member's  
 8            beneficiary for the payment options provided by KRS 61.635(2), (3), (4), and  
 9            (8)(b) if:

10           1. They are remarried to each other as of the date of the retired member's  
 11           death; and

12           2 *The member has not subsequently named another beneficiary in*  
 13           *accordance with paragraph (a) of this subsection.*

14    ~~[(e)]~~The estate of the member shall not receive monthly payments if the member  
 15           selected one (1) of the payment options provided by KRS 61.635(2), (3), (4), and  
 16           (8)(b).

17    (6) Following cessation of membership as provided by KRS 61.535, no beneficiary  
 18           designation in one (1) account shall be effective for any new retirement account  
 19           established pursuant to KRS 61.637 or 61.680. If the member fails to designate a  
 20           beneficiary for his or her new retirement account or if the beneficiary designation is  
 21           determined to be void by the system, the member's estate shall become the  
 22           beneficiary.

23           ➔Section 2. KRS 61.590 is amended to read as follows:

24    (1) (a) A member or beneficiary eligible to receive retirement benefits under any of  
 25           the provisions of KRS 61.510 to 61.705, 78.510 to 78.852, and 16.510 to  
 26           16.652 shall have on file at the retirement office on the form prescribed by the  
 27           board, a correctly completed notification of retirement, giving his or her name,

1 address, Social Security number or Kentucky Retirement Systems member  
2 identification number, last day of employment, and other information the  
3 system may require. The form entitled "Notification of Retirement" shall not  
4 be filed more than six (6) months before the member's effective retirement  
5 date.

6 (b) A member eligible to receive retirement benefits under any of the provisions  
7 of KRS 61.510 to 61.705, 78.510 to 78.852, and 16.510 to 16.652 shall certify  
8 in writing on the "Notification of Retirement" form or another form prescribed  
9 by the board that no prearranged agreement existed prior to the member's  
10 retirement between the member and any participating agency in the systems  
11 administered by the Kentucky Retirement Systems for the member to return to  
12 employment with the participating agency. No retirement benefits shall be  
13 paid to the member until the member completes the certification required by  
14 this paragraph.

15 (2) After receipt of the correctly completed form entitled "Notification of Retirement",  
16 the system shall cause to be prepared an estimate of the amounts the member or  
17 beneficiary may expect to receive under the various plans available to the member  
18 or beneficiary. This information shall be recorded on a form entitled "Estimated  
19 Retirement Allowance" and forwarded to the member or beneficiary.

20 (3) The member or beneficiary shall file at the retirement office the form entitled  
21 "Estimated Retirement Allowance" after he has checked one (1) payment option of  
22 his choice, signed the document, and had his signature witnessed. A member shall  
23 not have the right to select a different payment option on or after the first day of the  
24 month in which the member receives his or her first retirement allowance or after  
25 the effective date of a deferred retirement option as provided by subsection (6) of  
26 this section, *except as provided by subsection (5) of Section 1 of this Act.* A  
27 beneficiary shall not have the right to select a different payment option after the

1 effective date of the beneficiary's retirement allowance as provided in subsection (7)  
2 of this section.

3 (4) A member or beneficiary choosing a monthly payment option shall have on file at  
4 the retirement office his birth certificate or other acceptable evidence of date of  
5 birth. If a survivorship option is chosen, proof of dates of birth of the beneficiary  
6 and member shall be on file at the retirement office.

7 (5) (a) The effective date of normal retirement shall be the first month following the  
8 month in which employment from all employers participating in any of the  
9 systems administered by Kentucky Retirement Systems was terminated.

10 (b) The effective date of disability retirement shall be the first month following  
11 the month in which the member's last day of paid employment in a regular  
12 full-time position occurred, provided the member files the form entitled  
13 "Estimated Retirement Allowance" no later than six (6) months following the  
14 date the notification of approval for disability retirement benefits is mailed. If  
15 the member fails to file the form entitled "Estimated Retirement Allowance"  
16 within six (6) months of the date the notification of approval for disability  
17 retirement benefits is mailed, then the member's form entitled "Notification of  
18 Retirement" shall be void. The member shall be required to submit a new  
19 form entitled "Notification of Retirement" to apply for disability retirement  
20 and reestablish eligibility for disability retirement benefits.

21 (c) The effective date of early retirement shall be the first month following the  
22 month a correctly completed form entitled "Notification of Retirement" is  
23 filed at the retirement office or a future month designated by the member, if  
24 employment from all employers participating in any of the systems  
25 administered by Kentucky Retirement Systems has been terminated and if the  
26 member files the form entitled "Estimated Retirement Allowance" no later  
27 than six (6) months following termination. If the member fails to file the form

1 entitled "Estimated Retirement Allowance" within six (6) months following  
2 the effective retirement date of the member, then the member's form entitled  
3 "Notification of Retirement" shall be void and the member shall be required to  
4 submit a new form entitled "Notification of Retirement" to apply for early  
5 retirement.

6 (6) The effective date of a deferred retirement option as provided under KRS 16.576(5)  
7 shall be the month following age sixty-five (65), or the month following written  
8 notification from the member that he wishes to begin receiving retirement  
9 payments. In the event of the death of a member who has deferred his retirement  
10 allowance, the effective date of retirement shall be the month following the  
11 member's death.

12 (7) Notwithstanding the provisions of KRS 16.578 or 61.640, the effective date of a  
13 beneficiary's retirement allowance under normal, early, or disability retirement shall  
14 be as prescribed in subsection (5) or (6) of this section if the member dies before the  
15 first day of the month in which the member would have received his or her first  
16 retirement allowance and his beneficiary becomes eligible for payments under KRS  
17 16.578 or 61.640.

18 ➔Section 3. KRS 61.615 is amended to read as follows:

19 (1) If the board's medical examiner determines that a recipient of a disability retirement  
20 allowance is, prior to his normal retirement date, employed in a position with the  
21 same or similar duties, or in a position with duties requiring greater residual  
22 functional capacity and physical exertion, as the position from which he was  
23 disabled, except where the recipient has returned to work on a trial basis not to  
24 exceed nine (9) months, the system may reduce or discontinue the retirement  
25 allowance. Each recipient of a disability retirement allowance who is engaged in  
26 gainful employment shall notify the system of any employment; otherwise, the  
27 system shall have the right to recover payments of a disability retirement allowance



1 made during the employment.

2 (2) If the board's medical examiner determines that a recipient of a disability retirement  
3 allowance is, prior to his normal retirement date, no longer incapacitated by the  
4 bodily injury, mental illness, or disease for which he receives a disability retirement  
5 allowance, the board may reduce or discontinue the retirement allowance.

6 (3) The system shall have full power and exclusive authority to reduce or discontinue a  
7 disability retirement allowance and the system shall utilize the services of a medical  
8 examiner as provided in KRS 61.665, in determining whether to continue, reduce,  
9 or discontinue a disability retirement allowance under this section.

10 (a) The system shall select a medical examiner to evaluate the forms and medical  
11 information submitted by the person. If there is objective medical evidence of  
12 a mental impairment, the medical examiner may request the board's licensed  
13 mental health professional to assist in determining the level of the mental  
14 impairment.

15 (b) The medical examiners shall be paid a reasonable amount by the retirement  
16 system for each case evaluated.

17 (c) The medical examiner shall recommend that disability retirement allowance  
18 be continued, reduced, or discontinued.

19 1. If the medical examiner recommends that the disability retirement  
20 allowance be continued, the system shall make retirement payments in  
21 accordance with the retirement plan selected by the person.

22 2. If the medical examiner recommends that the disability retirement  
23 allowance be reduced or discontinued, the system shall send notice of  
24 the recommendation by United States first-class mail to the person's last  
25 address on file in the retirement office.

26 a. The person shall have sixty (60) days from the day that the system  
27 mailed the notice to file at the retirement office additional

1 supporting employment or medical information and certify to the  
2 retirement office that the forms and additional supporting  
3 employment information or medical information are ready to be  
4 evaluated by the medical examiner or to appeal the  
5 recommendation of the medical examiner to reduce or discontinue  
6 the disability retirement allowance by filing at the retirement office  
7 a request for a formal hearing.

8 b. If the person fails or refuses to file at the retirement office the  
9 forms, the additional supporting employment information, and  
10 current medical information or to appeal the recommendation of  
11 the medical examiners to reduce or discontinue the disability  
12 retirement allowance, his retirement allowance shall be  
13 discontinued on the first day of the month following the expiration  
14 of the period of the sixty (60) days from the day the system mailed  
15 the notice of the recommendation to the person's last address on  
16 file in the retirement office.

17 (d) The medical examiner shall make a recommendation based upon the  
18 evaluation of additional supporting medical information submitted in  
19 accordance with paragraph (c)2.a. of this subsection.

20 1. If the medical examiner recommends that the disability retirement  
21 allowance be continued, the system shall make disability retirement  
22 payments in accordance with the retirement plan selected by the person.

23 2. If the medical examiner recommends that the disability retirement  
24 allowance be reduced or discontinued based upon the evaluation of  
25 additional supporting medical information, the system shall send notice  
26 of this recommendation by United States first-class mail to the person's  
27 last address on file in the retirement office.

- 1           a.    The person shall have sixty (60) days from the day that the system  
2                   mailed the notice of the recommendation to appeal the  
3                   recommendation to reduce or discontinue the disability retirement  
4                   allowance by filing at the retirement office a request for formal  
5                   hearing.
- 6           b.    If the person fails or refuses to appeal the recommendation of the  
7                   medical examiners to reduce or discontinue the disability  
8                   retirement allowance, his retirement allowance shall be  
9                   discontinued on the first day of the month following the expiration  
10                  of the period of the sixty (60) days from the day the system mailed  
11                  the notice of the recommendation to the person's last address on  
12                  file in the retirement office.
- 13       (e)   Any person whose disability benefits have been reduced or discontinued,  
14                  pursuant to paragraph (c)2. or (d)2. of this subsection, may file at the  
15                  retirement office a request for formal hearing to be conducted in accordance  
16                  with KRS Chapter 13B. The right to demand a formal hearing shall be limited  
17                  to a period of sixty (60) days after the person had notice, as described in  
18                  paragraph (c) or (d) of this subsection. The request for formal hearing shall be  
19                  filed with the system, at the retirement office in Frankfort. The request for  
20                  formal hearing shall include a short and plain statement of the reasons the  
21                  reduction, discontinuance, or denial of disability retirement is being contested.
- 22       (f)   Failure of the person to request a formal hearing within the period of time  
23                  specified shall preclude the person from proceeding any further with  
24                  contesting the reduction or discontinuation of disability retirement allowance,  
25                  except as provided in subsection (6)(d) of this section. This paragraph shall  
26                  not limit the person's right to appeal to a court.
- 27       (g)   A final order of the board shall be based on substantial evidence appearing in

1 the record as a whole and shall set forth the decision of the board and the facts  
2 and law upon which the decision is based. If the board orders that the person's  
3 disability retirement allowance be discontinued or reduced, the order shall  
4 take effect on the first day of the month following the day the system mailed  
5 the order to the person's last address on file in the retirement office. Judicial  
6 review of the final board order shall not operate as a stay and the system shall  
7 discontinue or reduce the person's disability retirement allowance as provided  
8 in this section.

9 (h) Notwithstanding any other provisions of this section, the system may require  
10 the person to submit to one (1) or more medical or psychological  
11 examinations at any time. The system shall be responsible for any costs  
12 associated with any examinations of the person requested by the medical  
13 examiner or the system for the purpose of providing medical information  
14 deemed necessary by the medical examiner or the system. Notice of the time  
15 and place of the examination shall be mailed to the person or his legal  
16 representative. If the person fails or refuses to submit to one (1) or more  
17 medical examinations, his rights to further disability retirement allowance  
18 shall cease.

19 (i) All requests for a hearing pursuant to this section shall be made in writing.

20 (4) The board may establish an appeals committee whose members shall be appointed  
21 by the chair and who shall have the authority to act upon the recommendations and  
22 reports of the hearing officer pursuant to this section on behalf of the board.

23 (5) Any person aggrieved by a final order of the board may seek judicial review after all  
24 administrative appeals have been exhausted by filing a petition for judicial review  
25 in the Franklin Circuit Court in accordance with KRS Chapter 13B.

26 (6) If a disability retirement allowance is reduced or discontinued for a person who  
27 began participating in the system prior to January 1, 2014, the person may apply for

1 early retirement benefits as provided under KRS 61.559, subject to the following  
2 provisions:

- 3 (a) The person may not change his beneficiary or payment option, except as  
4 provided by subsection (5) of Section 1 of this Act;
- 5 (b) If the person has returned to employment with an employer participating in  
6 one (1) of the systems administered by Kentucky Retirement Systems, the  
7 service and creditable compensation shall be used in recomputing his benefit,  
8 except that the person's final compensation shall not be less than the final  
9 compensation last used in determining his retirement allowance;
- 10 (c) The benefit shall be reduced as provided by KRS 61.595(2);
- 11 (d) The person shall remain eligible for reinstatement of his disability allowance  
12 upon reevaluation by the medical review board until his normal retirement  
13 age. The person shall apply for reinstatement of disability benefits in  
14 accordance with the provisions of this section. An application for  
15 reinstatement of disability benefits shall be administered as an application  
16 under KRS 61.600, and only the bodily injuries, mental illnesses, diseases, or  
17 conditions for which the person was originally approved for disability benefits  
18 shall be considered. Bodily injuries, mental illnesses, diseases, or conditions  
19 that came into existence after the person's last day of paid employment shall  
20 not be considered as a basis for reinstatement of disability benefits. Bodily  
21 injuries, mental illnesses, diseases, or conditions alleged by the person as  
22 being incapacitating, but which were not the basis for the award of disability  
23 retirement benefits, shall not be considered. If the person establishes that the  
24 disability benefits should be reinstated, the retirement system shall pay  
25 disability benefits effective from the first day of the month following the  
26 month in which the person applied for reinstatement of the disability benefits;  
27 and

1 (e) Upon attaining normal retirement age, the person shall receive the higher of  
2 either his disability retirement allowance or his early retirement allowance.

3 (7) No disability retirement allowance shall be reduced or discontinued by the system  
4 after the person's normal retirement date except in case of reemployment as  
5 provided for by KRS 61.637. If a disability retirement allowance has been reduced  
6 or discontinued, except if the person is reemployed as provided for by KRS 61.637,  
7 the retirement allowance shall be reinstated upon attainment of the person's normal  
8 retirement date to the retirement allowance prior to adjustment. No reinstated  
9 payment shall be less than the person is receiving upon attainment of the person's  
10 normal retirement date.

11 ➔Section 4. KRS 61.630 is amended to read as follows:

12 (1) If a retired member who did not elect an optional retirement plan dies at any time on  
13 or after the first day of the month in which the member received or would have  
14 received his or her first retirement allowance but before receiving total retirement  
15 allowances provided in KRS 16.510 to 16.652, KRS 61.515 to 61.705, and KRS  
16 78.520 to 78.852 at least equal to his accumulated contributions as of the date of his  
17 retirement, the difference between the accumulated contributions and the total  
18 allowances shall be payable in a lump sum to the properly designated beneficiary.

19 *Except as otherwise provided by subsection (5) of Section 1 of this Act,* if a living  
20 person designated as the beneficiary predeceases the retired member, the estate shall  
21 become the beneficiary. *Except as otherwise provided by subsection (5) of Section*  
22 *1 of this Act,* if a spouse designated as the beneficiary is divorced from the retired  
23 member as of the member's death, the estate shall become the beneficiary.

24 (2) If a retired member who elected an optional retirement plan and his beneficiary both  
25 die at any time on or after the first day of the month in which the member received  
26 or would have received his or her first retirement allowance but before receiving  
27 total retirement allowances provided in KRS 16.510 to 16.652, KRS 61.515 to

1       61.705, and KRS 78.520 to 78.852 at least equal to the retired member's  
2       accumulated contributions as of the date of his retirement, the difference between  
3       the accumulated contributions and the total allowances shall be payable in a lump  
4       sum to the estate of the last deceased, except that the retired member's estate shall  
5       receive the payment if the beneficiary was the spouse and they were divorced as of  
6       the date of the member's death. If the retired member and beneficiary die  
7       simultaneously, the estate of the retired member shall become the beneficiary.

8       (3) If a beneficiary receiving a lifetime retirement allowance under KRS 16.578 or  
9       61.640 dies before receiving total retirement allowances provided in KRS 16.510 to  
10      16.652, KRS 61.515 to 61.705, and KRS 78.520 to 78.852 at least equal to the  
11      member's accumulated contributions as of the date of the member's death, the  
12      difference between the accumulated contributions and the total allowances shall be  
13      payable in a lump sum to the estate of the beneficiary.

14      (4) If a beneficiary receiving a retirement allowance for sixty (60) or one hundred  
15      twenty (120) months certain under KRS 16.576, 16.578, or 61.640, or a beneficiary  
16      receiving a retirement allowance under KRS 61.635(5), (6), or (7), dies before  
17      receiving all payments under the plan, the executor or administrator of his estate  
18      shall receive a lump sum payment which shall be the actuarial equivalent to the  
19      remaining payments.

20      (5) If the system is unable to verify a recipient's whereabouts or whether the recipient is  
21      living, the system shall suspend the recipient's retirement allowance. If the recipient  
22      is located, the system shall restore to the recipient all suspended retirement  
23      allowances.

24      ➔Section 5. KRS 161.630 is amended to read as follows:

25      (1) (a) An individual~~[ who became a member prior to January 1, 2019]~~, upon  
26      retirement, shall receive a retirement allowance in the form of a life annuity,  
27      with refundable balance, as provided in KRS 161.620, unless an election is

1 made before the effective date of retirement to receive actuarially equivalent  
2 benefits under options which the board of trustees approves.

3 (b) An individual who is participating in the hybrid cash balance plan as provided  
4 by KRS 161.235 may, before the effective date of retirement, elect to receive  
5 his or her accumulated account balance annuitized into a monthly payment  
6 under one (1) of the actuarial equivalent payment options approved by the  
7 board of trustees.

8 (c) No option shall provide for a benefit with an actuarial value at the age of  
9 retirement greater than that provided in KRS 161.235(7)(a) or 161.620, as  
10 applicable. This section does not apply to disability allowances as provided in  
11 KRS 161.661(1).

12 (2) The retirement option chosen by a retiree at the time of service retirement shall  
13 remain in force unless **one (1) of the following qualifying events occurs and** the  
14 retiree ~~became a member prior to January 1, 2019, and~~ elects to make a change  
15 under the following conditions:

16 (a) A divorce, annulment, or marriage dissolution following retirement shall, at  
17 the election of the retiree, cancel any optional plan selected at retirement that  
18 provides continuing benefits to a spousal beneficiary and return the retiree to a  
19 single lifetime benefit equivalent as determined by the board; or

20 (b) Following marriage or remarriage, ~~or~~ the death of the designated beneficiary,  
21 **or the birth or adoption of a child,** a retiree may elect **a new beneficiary and**  
22 a new optional plan of payment based on the actuarial equivalent of a single  
23 lifetime benefit at the time of the election, as determined by the board. The  
24 plan shall become effective the first of the month following receipt of an  
25 application on a form **prescribed**~~approved~~ by the board.

26 (3) Except as otherwise provided in this section, a beneficiary designation shall not be  
27 changed after the effective date of retirement except for retirees who elect the life



1 annuity with refundable balance or the predetermined years certain and life  
2 thereafter option. A member may remove a beneficiary at any time, but shall not  
3 designate a substitute beneficiary. If a member elects to remove a beneficiary, the  
4 member's retirement allowance shall not change regardless of the retirement option  
5 selected by the member, even if the removed beneficiary predeceases the member.

6 (4) A member who experiences a qualifying event under subsection (2) of this section  
7 and who elects **a new beneficiary or** a new optional plan of payment shall make  
8 that election within **one hundred and twenty (120)**~~[sixty (60)]~~ days of the  
9 qualifying event.

10 ➔Section 6. KRS 161.480 is amended to read as follows:

11 Each person, upon becoming a member of the retirement system, shall file a detailed  
12 statement as required by the board of trustees and shall designate a primary beneficiary or  
13 two (2) or more cobeneficiaries to receive any benefits accruing from the death of the  
14 member. A contingent beneficiary may be designated in addition to the primary  
15 beneficiary or cobeneficiaries. The member may name more than one (1) contingent  
16 beneficiary. Any beneficiary designation made by the member, including the estate should  
17 the estate become the beneficiary by default, shall remain in effect until changed by the  
18 member on forms prescribed by the Kentucky Teachers' Retirement System, except in the  
19 event of subsequent marriage or divorce **or as otherwise provided by subsection (2) of**  
20 **Section 5 of this Act.** Subsequent marriage by the member shall void the primary  
21 beneficiary and any cobeneficiary designation, even that of a trust, and the spouse of the  
22 member at death shall be considered as the primary beneficiary, unless the member  
23 subsequent to marriage designates another beneficiary **as provided by subsection (2) of**  
24 **Section 5 of this Act.** A final divorce decree shall terminate an ex-spouse's status as either  
25 primary beneficiary, cobeneficiary, or contingent beneficiary, unless subsequent to  
26 divorce the member redesignates the former spouse as primary beneficiary, cobeneficiary,  
27 or contingent beneficiary. To the extent permitted by the Internal Revenue Code, a trust

1 may be designated as beneficiary for receipt of a member's accumulated account balance  
2 in the retirement system as provided under KRS 161.470(7). A final divorce decree shall  
3 not terminate the designation of a trust as beneficiary regardless of who is designated as  
4 beneficiary of the trust. In the event that a member fails to designate a beneficiary, or all  
5 designated beneficiaries predecease the member, the member's estate shall be deemed to  
6 be the beneficiary. Members may designate as beneficiaries only presently identifiable  
7 and existing individuals, or trusts where otherwise permitted, without contingency  
8 instructions, on forms prescribed by the retirement system. The provisions of this section  
9 shall be retroactive as they relate to election of beneficiaries by members still in active  
10 status on the effective date of this section. The provisions of this section shall not apply to  
11 any account from which a member is drawing a retirement allowance or to the life  
12 insurance benefit available under KRS 161.655.