

1 AN ACT relating to retirement benefit participation for members of the General  
2 Assembly and declaring an emergency.

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

4 ➔SECTION 1. A NEW SECTION OF KRS 6.145 TO 6.237 IS CREATED TO  
5 READ AS FOLLOWS:

6 *(1) Notwithstanding any other provision of KRS 6.500 to 6.577 and 61.510 to 61.705*  
7 *to the contrary:*

8 *(a) Any person who becomes a member of the General Assembly on or after*  
9 *April 1, 2018, who has not contributed to the Legislators' Retirement Plan*  
10 *or the Kentucky Employees Retirement System as a member of the General*  
11 *Assembly prior to April 1, 2018, may make a one (1) time irrevocable*  
12 *election to not participate in the Kentucky Employees Retirement System or*  
13 *the Legislators' Retirement Plan for the duration of his or her service to the*  
14 *Kentucky General Assembly; and*

15 *(b) Any person who began contributing to the Legislators' Retirement Plan or*  
16 *the Kentucky Employees Retirement System for service to the General*  
17 *Assembly on or after December 31, 2014, but prior to April 1, 2018, may*  
18 *make a one (1) time irrevocable election on or before December 31, 2018, to*  
19 *discontinue participation in the Kentucky Employees Retirement System or*  
20 *the Legislators' Retirement Plan for the duration of his or her service to the*  
21 *Kentucky General Assembly. A person who makes an election to*  
22 *discontinue participation in the Kentucky Employees Retirement System or*  
23 *the Legislators' Retirement Plan as provided by this paragraph shall be*  
24 *provided a refund of his or her accumulated contributions.*

25 *(2) The elections provided by this section shall:*

26 *(a) Be made in writing and on a form prescribed jointly by the board of trustees*  
27 *of the Kentucky Retirement Systems and the Judicial Form Retirement*

1                    System; and  
2                    (b) Apply to all future service as a member of the General Assembly, whether in  
3                    the same or a different office as a member of the General Assembly, and  
4                    whether or not the service is in successive terms.

5                    ➔ Section 2. KRS 6.505 is amended to read as follows:

6                    (1) (a) Except as provided by Section 1 of this Act, each legislator in office on July  
7                    1, 1980, may within thirty (30) days after that date, and any legislator  
8                    thereafter taking office may within thirty (30) days after the date thereof, elect  
9                    to make monthly contributions to the Legislators' Retirement Plan, in an  
10                    amount equal to five percent (5%) of his monthly creditable compensation, as  
11                    defined in KRS 61.510(13). The election shall be effective to establish  
12                    membership in the plan as of July 1, 1980, or as of the date from which the  
13                    thirty (30) day period is measured, as the case may be. Provided, however, that  
14                    any legislator who was in office on July 1, 1980, and who is in office at the  
15                    time he makes the election may, after the expiration of the thirty (30) day  
16                    period and until May 1, 1982, make the election, in which event he shall pay  
17                    to the Legislators' Retirement Plan, for the months between July 1, 1980, and  
18                    the date of his election such sum as, when added to any member's contribution  
19                    by him that is transferred from another retirement system under KRS 6.535,  
20                    will equal the member's contribution required by this section. If the member  
21                    makes his election after February 1, 1981, he shall in addition pay to the plan  
22                    interest on the foregoing sum, at six percent (6%) per annum, calculated as if  
23                    the sum consisted of equal monthly payments, one (1) of which was due at the  
24                    end of each month between July 1, 1980, and the date the election was made.  
25                    The election shall be addressed to and filed with the secretary of the Finance  
26                    and Administration Cabinet and shall constitute an authorization to the  
27                    secretary to thereafter cause to be deducted from the member's monthly

1           creditable compensation an amount equal to five percent (5%) thereof, as a  
2           voluntarily elected contribution by the member towards the funding of the  
3           Legislators' Retirement Plan.

4           (b) 1. For a member who begins participating in the Legislators' Retirement  
5           Plan prior to January 1, 2014, the election shall operate to create an  
6           inviolable contract between such member and the Commonwealth,  
7           guaranteeing to and vesting in the member the rights and benefits  
8           provided for under KRS 6.515 to 6.530.

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

16           b. For purposes of this subparagraph, the amount of benefits the  
17           member has accrued at the time of amendment, suspension, or  
18           reduction shall be limited to the accumulated account balance the  
19           member has accrued at the time of amendment, suspension, or  
20           reduction.

21           c. The provisions of this subsection shall not be construed to limit the  
22           General Assembly's authority to change any other benefit or right  
23           specified by KRS 6.500 to 6.577, for members who begin  
24           participating in the Legislators' Retirement Plan on or after January  
25           1, 2014, except the benefits specified by subparagraph 2.b. of this  
26           paragraph.

27           3. The provisions of this paragraph shall not be construed to limit the

1           General Assembly's authority to amend, reduce, or suspend the benefits  
2           and rights of members of the Legislators' Retirement Plan as provided by  
3           KRS 6.500 to 6.577 that the General Assembly had the authority to  
4           amend, reduce, or suspend, prior to July 1, 2013.

5           (c) An election once made under this section either to participate or not to  
6           participate in the Legislators' Retirement Plan, shall be considered to apply to  
7           all future service as a legislator, whether in the same or a different office as a  
8           legislator, and whether or not it is in successive terms, **except as provided by**  
9           **subsection (1)(b) of Section 1 of this Act.**

10          (d) Notwithstanding the provisions of this subsection:

11           1. **Except as provided by Section 1 of this Act,** a legislator who becomes a  
12           member of the Legislators' Retirement Plan on or after September 1,  
13           2008, but prior to January 1, 2014, shall make monthly contributions to  
14           the Legislators' Retirement Plan in an amount equal to six percent (6%)  
15           of his monthly creditable compensation, as defined in KRS 61.510(13).

16           2. **Except as provided by Section 1 of this Act,** a legislator who becomes a  
17           member of the Legislators' Retirement Plan on or after January 1, 2014,  
18           shall make monthly contributions to the Legislators' Retirement Plan in  
19           an amount equal to six percent (6%) of his or her monthly creditable  
20           compensation, as defined in KRS 61.510(13), of which:

21           a. Five percent (5%) of his or her monthly creditable compensation,  
22           as defined in KRS 61.510(13), shall be used to provide funding for  
23           benefits provided under KRS 21.402; and

24           b. One percent (1%) of his or her monthly creditable compensation,  
25           as defined in KRS 61.510(13), shall be used exclusively to help  
26           fund retiree health benefits as provided by KRS 6.577 and shall not  
27           be refunded to the member if the member withdraws his or her

1 accumulated account balance as provided by KRS 21.460. The  
2 amounts deducted under this subdivision shall be credited to an  
3 account established pursuant to 26 U.S.C. sec. 401(h), within the  
4 fund established by KRS 6.530.

5 (2) A legislator entitled to elect membership in the retirement system who failed to  
6 elect membership within thirty (30) days after taking office may elect membership  
7 not later than August 31, 2005. An election, upon being made pursuant to this  
8 section, shall operate to create an inviolable contract between the member entitled  
9 to elect membership under this subsection and the Commonwealth, guaranteeing to  
10 and vesting in the member the rights and benefits provided for under the terms and  
11 conditions of KRS 6.500 to 6.577.

12 (3) When any legislator makes a delayed election of membership in the Legislators'  
13 Retirement Plan under subsection (2) of this section, his active membership in the  
14 Kentucky Employees Retirement System shall terminate, as of the date his  
15 membership in the Legislators' Retirement Plan becomes effective, and any credit in  
16 the Kentucky Employees Retirement System, earned for service as a legislator,  
17 which he then has or which he subsequently regains while being an active member  
18 of the Legislators' Retirement Plan, shall be transferred to and counted as service  
19 credit in the Legislators' Retirement Plan, and shall no longer constitute credit in the  
20 Kentucky Employees Retirement System, except for the purpose of validating any  
21 other credit in that system if the member pays the difference, if any, between the  
22 amount transferred from the Kentucky Employees Retirement System and the  
23 actuarial value of the transferred service. However, any credit he then has in the  
24 Kentucky Employees Retirement System, earned for service in any capacity other  
25 than a legislator, shall not be affected. No person may attain credit in more than one  
26 (1) of the retirement plans or systems mentioned in this section for the same period  
27 of service. When credit is transferred from the Kentucky Employees Retirement

1 System to the Legislators' Retirement Plan, the Kentucky Employees Retirement  
2 System shall transfer to the Legislators' Retirement Fund an amount equal to the  
3 employee's and employer's contributions attributable to that credit, together with  
4 interest on the contributions from the date made to the date of transfer at the  
5 actuarially assumed interest rate of the Kentucky Employees Retirement System in  
6 effect at the time the contributions were made, compounded annually at that same  
7 interest rate.

8 (4) The state shall, solely for the purpose of compliance with Section 414(h) of the  
9 United States Internal Revenue Code, pick up the employee contributions required  
10 by this section for all compensation earned after August 1, 1982, and the  
11 contributions so picked up shall be treated as employer contributions in determining  
12 tax treatment under the United States Internal Revenue Code and KRS 141.010(10).  
13 The picked-up employee contribution shall satisfy all obligations to the retirement  
14 system satisfied prior to August 1, 1982, by the employee contribution, and the  
15 picked-up employee contribution shall be in lieu of an employee contribution. The  
16 state shall pay these picked-up employee contributions from the same source of  
17 funds which is used to pay earnings to the employee. The employee shall have no  
18 option to receive the contributed amounts directly instead of having them paid by  
19 the employer to the system. Employee contributions picked up after August 1, 1982,  
20 shall be treated for all purposes of KRS 6.500 to 6.535 in the same manner and to  
21 the same extent as employee contributions made prior to August 1, 1982.

22 (5) When any legislator elects membership in the Legislators' Retirement Plan in  
23 accordance with this section, his active membership in the Kentucky Employees  
24 Retirement System, State Police Retirement System, County Employees Retirement  
25 System, or Teachers' Retirement System shall terminate, as of the date his  
26 membership in the Legislators' Retirement Plan becomes effective, and any credit in  
27 such other system or systems, earned for service as a legislator, which he then has or

1       which he subsequently regains while being an active member of the Legislators'  
2       Retirement Plan, shall be transferred to and counted as service credit in the  
3       Legislators' Retirement Plan, and shall no longer constitute credit in such other  
4       retirement system except for the purpose of validating any other credit in that  
5       system. However, any credit he then has in such other retirement system, earned for  
6       service in any capacity other than a legislator, shall not be affected. No person may  
7       attain credit in more than one (1) of the retirement plans or systems mentioned in  
8       this section, for the same period of service.

9       (6) A member of the Legislators' Retirement Plan who would be entitled, under KRS  
10       61.552, to repurchase credit in the Kentucky Employees Retirement System, for  
11       previous service as a legislator, which credit had been lost by refund of  
12       contributions, may pay the amount required by KRS 61.552 directly to the  
13       Legislators' Retirement Plan and thereby obtain credit in that plan for such service,  
14       rather than making payment to the Kentucky Employees Retirement System for  
15       credit which would be transferred to the Legislators' Retirement Plan. In such event,  
16       the Kentucky Employees Retirement System shall transfer to the Legislators'  
17       Retirement Plan an amount equal to the employer's contributions that originally  
18       were made to the Kentucky Employees Retirement System for the regained service  
19       credit, with interest as provided in KRS 6.535. Six (6) months' current service shall  
20       be required in the Legislators' Retirement Plan in order for the repurchased credit to  
21       remain in force, the same as provided in KRS 61.552. Service purchased under this  
22       subsection on or after January 1, 2014, shall not be used to determine the member's  
23       participation date in the Legislators' Retirement Plan.

24       ➔Section 3. KRS 61.510 is amended to read as follows:

25       As used in KRS 61.510 to 61.705, unless the context otherwise requires:

26       (1) "System" means the Kentucky Employees Retirement System created by KRS  
27       61.510 to 61.705;

- 1 (2) "Board" means the board of trustees of the system as provided in KRS 61.645;
- 2 (3) "Department" means any state department or board or agency participating in the  
3 system in accordance with appropriate executive order, as provided in KRS 61.520.  
4 For purposes of KRS 61.510 to 61.705, the members, officers, and employees of the  
5 General Assembly and any other body, entity, or instrumentality designated by  
6 executive order by the Governor, shall be deemed to be a department,  
7 notwithstanding whether said body, entity, or instrumentality is an integral part of  
8 state government;
- 9 (4) "Examiner" means the medical examiners as provided in KRS 61.665;
- 10 (5) "Employee" means the members, officers, and employees of the General Assembly  
11 and every regular full-time, appointed or elective officer or employee of a  
12 participating department, including the Department of Military Affairs. The term  
13 **employee** does not include:
- 14 (a) Persons engaged as independent contractors, seasonal, emergency, temporary,  
15 interim, and part-time workers. In case of any doubt, the board shall determine  
16 if a person is an employee within the meaning of KRS 61.510 to 61.705; **or**
- 17 (b) **Members of the General Assembly who, under Section 1 of this Act, make**  
18 **an irrevocable election to not participate in the system or make an**  
19 **irrevocable election to discontinue participation in the system;**
- 20 (6) "Employer" means a department or any authority of a department having the power  
21 to appoint or select an employee in the department, including the Senate and the  
22 House of Representatives, or any other entity, the employees of which are eligible  
23 for membership in the system pursuant to KRS 61.525;
- 24 (7) "State" means the Commonwealth of Kentucky;
- 25 (8) "Member" means any employee who is included in the membership of the system or  
26 any former employee whose membership has not been terminated under KRS  
27 61.535;



- 1 (9) "Service" means the total of current service and prior service as defined in this  
2 section;
- 3 (10) "Current service" means the number of years and months of employment as an  
4 employee, on and after July 1, 1956, except that for members, officers, and  
5 employees of the General Assembly this date shall be January 1, 1960, for which  
6 creditable compensation is paid and employee contributions deducted, except as  
7 otherwise provided, and each member, officer, and employee of the General  
8 Assembly shall be credited with a month of current service for each month he  
9 serves in the position;
- 10 (11) "Prior service" means the number of years and completed months, expressed as a  
11 fraction of a year, of employment as an employee, prior to July 1, 1956, for which  
12 creditable compensation was paid; except that for members, officers, and employees  
13 of the General Assembly, this date shall be January 1, 1960. An employee shall be  
14 credited with one (1) month of prior service only in those months he received  
15 compensation for at least one hundred (100) hours of work; provided, however, that  
16 each member, officer, and employee of the General Assembly shall be credited with  
17 a month of prior service for each month he served in the position prior to January 1,  
18 1960. Twelve (12) months of current service in the system are required to validate  
19 prior service;
- 20 (12) "Accumulated contributions" at any time means the sum of all amounts deducted  
21 from the compensation of a member and credited to his individual account in the  
22 members' account, including employee contributions picked up after August 1,  
23 1982, pursuant to KRS 61.560(4), together with interest credited on such amounts  
24 and any other amounts the member shall have contributed thereto, including interest  
25 credited thereon. For members who begin participating on or after September 1,  
26 2008, "accumulated contributions" shall not include employee contributions that are  
27 deposited into accounts established pursuant to 26 U.S.C. sec. 401(h) within the

1 funds established in KRS 16.510, 61.515, and 78.520, as prescribed by KRS  
2 61.702(2)(b);

3 (13) "Creditable compensation":

4 (a) Means all salary, wages, tips to the extent the tips are reported for income tax  
5 purposes, and fees, including payments for compensatory time, paid to the  
6 employee as a result of services performed for the employer or for time during  
7 which the member is on paid leave, which are includable on the member's  
8 federal form W-2 wage and tax statement under the heading "wages, tips,  
9 other compensation," including employee contributions picked up after  
10 August 1, 1982, pursuant to KRS 61.560(4). For members of the General  
11 Assembly, it shall mean all amounts which are includable on the member's  
12 federal form W-2 wage and tax statement under the heading "wages, tips,  
13 other compensation," including employee contributions picked up after  
14 August 1, 1982, pursuant to KRS 6.505(4) or 61.560(4);

15 (b) Includes:

- 16 1. Lump-sum bonuses, severance pay, or employer-provided payments for  
17 purchase of service credit, which shall be averaged over the employee's  
18 total service with the system in which it is recorded if it is equal to or  
19 greater than one thousand dollars (\$1,000);
- 20 2. Cases where compensation includes maintenance and other perquisites,  
21 but the board shall fix the value of that part of the compensation not paid  
22 in money;
- 23 3. Lump-sum payments for creditable compensation paid as a result of an  
24 order of a court of competent jurisdiction, the Personnel Board, or the  
25 Commission on Human Rights, or for any creditable compensation paid  
26 in anticipation of settlement of an action before a court of competent  
27 jurisdiction, the Personnel Board, or the Commission on Human Rights,

1 including notices of violations of state or federal wage and hour statutes  
2 or violations of state or federal discrimination statutes, which shall be  
3 credited to the fiscal year during which the wages were earned or should  
4 have been paid by the employer. This subparagraph shall also include  
5 lump-sum payments for reinstated wages pursuant to KRS 61.569,  
6 which shall be credited to the period during which the wages were  
7 earned or should have been paid by the employer;

- 8 4. Amounts which are not includable in the member's gross income by  
9 virtue of the member having taken a voluntary salary reduction provided  
10 for under applicable provisions of the Internal Revenue Code; and  
11 5. Elective amounts for qualified transportation fringes paid or made  
12 available on or after January 1, 2001, for calendar years on or after  
13 January 1, 2001, that are not includable in the gross income of the  
14 employee by reason of 26 U.S.C. sec. 132(f)(4); and

15 (c) Excludes:

- 16 1. Living allowances, expense reimbursements, lump-sum payments for  
17 accrued vacation leave, and other items determined by the board;  
18 2. For employees who begin participating on or after September 1, 2008,  
19 lump-sum payments for compensatory time; and  
20 3. For employees who begin participating on or after August 1, 2016,  
21 nominal fees paid for services as a volunteer;

22 (14) "Final compensation" of a member means:

- 23 (a) For a member who begins participating before September 1, 2008, who is not  
24 employed in a hazardous position, as provided in KRS 61.592, the creditable  
25 compensation of the member during the five (5) fiscal years he was paid at the  
26 highest average monthly rate divided by the number of months of service  
27 credit during that five (5) year period multiplied by twelve (12). The five (5)

1           years may be fractional and need not be consecutive. If the number of months  
2           of service credit during the five (5) year period is less than forty-eight (48),  
3           one (1) or more additional fiscal years shall be used;

4           (b) For a member who is not employed in a hazardous position, as provided in  
5           KRS 61.592, whose effective retirement date is between August 1, 2001, and  
6           January 1, 2009, and whose total service credit is at least twenty-seven (27)  
7           years and whose age and years of service total at least seventy-five (75), final  
8           compensation means the creditable compensation of the member during the  
9           three (3) fiscal years the member was paid at the highest average monthly rate  
10          divided by the number of months of service credit during that three (3) years  
11          period multiplied by twelve (12). The three (3) years may be fractional and  
12          need not be consecutive. If the number of months of service credit during the  
13          three (3) year period is less than twenty-four (24), one (1) or more additional  
14          fiscal years shall be used. Notwithstanding the provision of KRS 61.565, the  
15          funding for this paragraph shall be provided from existing funds of the  
16          retirement allowance;

17          (c) For a member who begins participating before September 1, 2008, who is  
18          employed in a hazardous position, as provided in KRS 61.592, the creditable  
19          compensation of the member during the three (3) fiscal years he was paid at  
20          the highest average monthly rate divided by the number of months of service  
21          credit during that three (3) year period multiplied by twelve (12). The three (3)  
22          years may be fractional and need not be consecutive. If the number of months  
23          of service credit during the three (3) year period is less than twenty-four (24),  
24          one (1) or more additional fiscal years shall be used;

25          (d) For a member who begins participating on or after September 1, 2008, but  
26          prior to January 1, 2014, who is not employed in a hazardous position, as  
27          provided in KRS 61.592, the creditable compensation of the member during

- 1 the five (5) complete fiscal years immediately preceding retirement divided by  
2 five (5). Each fiscal year used to determine final compensation must contain  
3 twelve (12) months of service credit. If the member does not have five (5)  
4 complete fiscal years that each contain twelve (12) months of service credit,  
5 then one (1) or more additional fiscal years, which may contain less than  
6 twelve (12) months of service credit, shall be added until the number of  
7 months in the final compensation calculation is at least sixty (60) months; or
- 8 (e) For a member who begins participating on or after September 1, 2008, but  
9 prior to January 1, 2014, who is employed in a hazardous position, as  
10 provided in KRS 61.592, the creditable compensation of the member during  
11 the three (3) complete fiscal years he was paid at the highest average monthly  
12 rate divided by three (3). Each fiscal year used to determine final  
13 compensation must contain twelve (12) months of service credit. If the  
14 member does not have three (3) complete fiscal years that each contain twelve  
15 (12) months of service credit, then one (1) or more additional fiscal years,  
16 which may contain less than twelve (12) months of service credit, shall be  
17 added until the number of months in the final compensation calculation is at  
18 least thirty-six (36) months;
- 19 (15) "Final rate of pay" means the actual rate upon which earnings of an employee were  
20 calculated during the twelve (12) month period immediately preceding the  
21 member's effective retirement date, including employee contributions picked up  
22 after August 1, 1982, pursuant to KRS 61.560(4). The rate shall be certified to the  
23 system by the employer and the following equivalents shall be used to convert the  
24 rate to an annual rate: two thousand eighty (2,080) hours for eight (8) hour  
25 workdays, nineteen hundred fifty (1,950) hours for seven and one-half (7-1/2) hour  
26 workdays, two hundred sixty (260) days, fifty-two (52) weeks, twelve (12) months,  
27 one (1) year;

- 1 (16) "Retirement allowance" means the retirement payments to which a member is  
2 entitled;
- 3 (17) "Actuarial equivalent" means a benefit of equal value when computed upon the  
4 basis of the actuarial tables that are adopted by the board. In cases of disability  
5 retirement, the options authorized by KRS 61.635 shall be computed by adding ten  
6 (10) years to the age of the member, unless the member has chosen the Social  
7 Security adjustment option as provided for in KRS 61.635(8), in which case the  
8 member's actual age shall be used. For members who began participating in the  
9 system prior to January 1, 2014, no disability retirement option shall be less than the  
10 same option computed under early retirement;
- 11 (18) "Normal retirement date" means the sixty-fifth birthday of a member, unless  
12 otherwise provided in KRS 61.510 to 61.705;
- 13 (19) "Fiscal year" of the system means the twelve (12) months from July 1 through the  
14 following June 30, which shall also be the plan year. The "fiscal year" shall be the  
15 limitation year used to determine contribution and benefit limits as established by  
16 26 U.S.C. sec. 415;
- 17 (20) "Officers and employees of the General Assembly" means the occupants of those  
18 positions enumerated in KRS 6.150. The term shall also apply to assistants who  
19 were employed by the General Assembly for at least one (1) regular legislative  
20 session prior to July 13, 2004, who elect to participate in the retirement system, and  
21 who serve for at least six (6) regular legislative sessions. Assistants hired after July  
22 13, 2004, shall be designated as interim employees;
- 23 (21) "Regular full-time positions," as used in subsection (5) of this section, shall mean  
24 all positions that average one hundred (100) or more hours per month determined by  
25 using the number of months actually worked within a calendar or fiscal year,  
26 including all positions except:
- 27 (a) Seasonal positions, which although temporary in duration, are positions which

- 1 coincide in duration with a particular season or seasons of the year and which  
2 may recur regularly from year to year, the period of time shall not exceed nine  
3 (9) months;
- 4 (b) Emergency positions which are positions which do not exceed thirty (30)  
5 working days and are nonrenewable;
- 6 (c) Temporary positions which are positions of employment with a participating  
7 department for a period of time not to exceed nine (9) months and are  
8 nonrenewable;
- 9 (d) Part-time positions which are positions which may be permanent in duration,  
10 but which require less than a calendar or fiscal year average of one hundred  
11 (100) hours of work per month, determined by using the number of months  
12 actually worked within a calendar or fiscal year, in the performance of duty;  
13 and
- 14 (e) Interim positions which are positions established for a one-time or recurring  
15 need not to exceed nine (9) months;
- 16 (22) "Delayed contribution payment" means an amount paid by an employee for  
17 purchase of current service. The amount shall be determined using the same formula  
18 in KRS 61.5525, and the payment shall not be picked up by the employer. A  
19 delayed contribution payment shall be deposited to the member's account and  
20 considered as accumulated contributions of the individual member. In determining  
21 payments under this subsection, the formula found in this subsection shall prevail  
22 over the one found in KRS 212.434;
- 23 (23) "Parted employer" means a department, portion of a department, board, or agency,  
24 such as Outwood Hospital and School, which previously participated in the system,  
25 but due to lease or other contractual arrangement is now operated by a publicly held  
26 corporation or other similar organization, and therefore is no longer participating in  
27 the system. The term "parted employer" shall not include a department, board, or

- 1 agency that ceased participation in the system pursuant to KRS 61.522;
- 2 (24) "Retired member" means any former member receiving a retirement allowance or  
3 any former member who has filed the necessary documents for retirement benefits  
4 and is no longer contributing to the retirement system;
- 5 (25) "Current rate of pay" means the member's actual hourly, daily, weekly, biweekly,  
6 monthly, or yearly rate of pay converted to an annual rate as defined in final rate of  
7 pay. The rate shall be certified by the employer;
- 8 (26) "Beneficiary" means the person or persons or estate or trust or trustee designated by  
9 the member in accordance with KRS 61.542 or 61.705 to receive any available  
10 benefits in the event of the member's death. As used in KRS 61.702, "beneficiary"  
11 does not mean an estate, trust, or trustee;
- 12 (27) "Recipient" means the retired member or the person or persons designated as  
13 beneficiary by the member and drawing a retirement allowance as a result of the  
14 member's death or a dependent child drawing a retirement allowance. An alternate  
15 payee of a qualified domestic relations order shall not be considered a recipient,  
16 except for purposes of KRS 61.623;
- 17 (28) "Level-percentage-of-payroll amortization method" means a method of determining  
18 the annual amortization payment on the unfunded actuarial accrued liability as  
19 expressed as a percentage of payroll over a set period of years. Under this method,  
20 the percentage of payroll shall be projected to remain constant for all years  
21 remaining in the set period and the unfunded actuarially accrued liability shall be  
22 projected to be fully amortized at the conclusion of the set period;
- 23 (29) "Increment" means twelve (12) months of service credit which are purchased. The  
24 twelve (12) months need not be consecutive. The final increment may be less than  
25 twelve (12) months;
- 26 (30) "Person" means a natural person;
- 27 (31) "Retirement office" means the Kentucky Retirement Systems office building in



1 Frankfort;

2 (32) "Last day of paid employment" means the last date employer and employee  
3 contributions are required to be reported in accordance with KRS 16.543, 61.543, or  
4 78.615 to the retirement office in order for the employee to receive current service  
5 credit for the month. Last day of paid employment does not mean a date the  
6 employee receives payment for accrued leave, whether by lump sum or otherwise, if  
7 that date occurs twenty-four (24) or more months after previous contributions;

8 (33) "Objective medical evidence" means reports of examinations or treatments; medical  
9 signs which are anatomical, physiological, or psychological abnormalities that can  
10 be observed; psychiatric signs which are medically demonstrable phenomena  
11 indicating specific abnormalities of behavior, affect, thought, memory, orientation,  
12 or contact with reality; or laboratory findings which are anatomical, physiological,  
13 or psychological phenomena that can be shown by medically acceptable laboratory  
14 diagnostic techniques, including but not limited to chemical tests,  
15 electrocardiograms, electroencephalograms, X-rays, and psychological tests;

16 (34) "Participating" means an employee is currently earning service credit in the system  
17 as provided in KRS 61.543;

18 (35) "Month" means a calendar month;

19 (36) "Membership date" means:

20 (a) The date upon which the member began participating in the system as  
21 provided in KRS 61.543; or

22 (b) For a member electing to participate in the system pursuant to KRS  
23 196.167(4) who has not previously participated in the system or the Kentucky  
24 Teachers' Retirement System, the date the member began participating in a  
25 defined contribution plan that meets the requirements of 26 U.S.C. sec.  
26 403(b);

27 (37) "Participant" means a member, as defined by subsection (8) of this section, or a

- 1 retired member, as defined by subsection (24) of this section;
- 2 (38) "Qualified domestic relations order" means any judgment, decree, or order,  
3 including approval of a property settlement agreement, that:
- 4 (a) Is issued by a court or administrative agency; and
- 5 (b) Relates to the provision of child support, alimony payments, or marital  
6 property rights to an alternate payee;
- 7 (39) "Alternate payee" means a spouse, former spouse, child, or other dependent of a  
8 participant, who is designated to be paid retirement benefits in a qualified domestic  
9 relations order;
- 10 (40) "Accumulated employer credit" mean the employer pay credit deposited to the  
11 member's account and interest credited on such amounts as provided by KRS  
12 16.583 and 61.597;
- 13 (41) "Accumulated account balance" means:
- 14 (a) For members who began participating in the system prior to January 1, 2014,  
15 the member's accumulated contributions; or
- 16 (b) For members who began participating in the system on or after January 1,  
17 2014, in the hybrid cash balance plan as provided by KRS 16.583 and 61.597,  
18 the combined sum of the member's accumulated contributions and the  
19 member's accumulated employer credit;
- 20 (42) "Volunteer" means an individual who:
- 21 (a) Freely and without pressure or coercion performs hours of service for an  
22 employer participating in one (1) of the systems administered by Kentucky  
23 Retirement Systems without receipt of compensation for services rendered,  
24 except for reimbursement of actual expenses, payment of a nominal fee to  
25 offset the costs of performing the voluntary services, or both; and
- 26 (b) If a retired member, does not become an employee, leased employee, or  
27 independent contractor of the employer for which he or she is performing

1 volunteer services for a period of at least twenty-four (24) months following  
2 the retired member's most recent retirement date; and

3 (43) "Nominal fee" means compensation earned for services as a volunteer that does not  
4 exceed five hundred dollars (\$500) per month. Compensation earned for services as  
5 a volunteer from more than one (1) participating employer during a month shall be  
6 aggregated to determine whether the compensation exceeds the five hundred dollars  
7 (\$500) per month maximum provided by this subsection.

8 ➔Section 4. KRS 61.525 is amended to read as follows:

9 Membership in the system shall consist of the following:

10 (1) All persons who become employees of a participating department after the date such  
11 department first participates in the system, *except a person who made an*  
12 *irrevocable election to not participate or discontinue participation in the system*  
13 *under Section 1 of this Act;*

14 (2) (a) All persons who are employees of a department on the date the department  
15 first participates in the system, either in service or on authorized leave from  
16 service, and who elect within thirty (30) days following the department's  
17 participation, or in the case of persons on authorized leave, within thirty (30)  
18 days of their return to active service, to become members and thereby agree to  
19 make contributions as provided in KRS 61.515 to 61.705;

20 (b) All persons who are employees of a department who did not elect to  
21 participate within thirty (30) days of the date the department first participated  
22 in the system or within thirty (30) days of their return to active service and  
23 who subsequently elect to participate the first day of a month after the  
24 department's date of participation;

25 (3) All persons who are employees of any credit union whose membership was initially  
26 limited to employees of state government and their families and which subsequently  
27 may have been extended to local government employees and their families;

- 1 (4) All persons who were professional staff employees of the Council on Postsecondary  
2 Education or the Higher Education Assistance Authority and were contributing to  
3 the system on the effective date of Executive Order 74-762 or 75-964, respectively,  
4 and file a written election of their desire to continue in the system and all  
5 administrative and professional staff employees of the Higher Education Assistance  
6 Authority who, on or after January 1, 1993, are not participating in another  
7 retirement plan sponsored by the Higher Education Assistance Authority;
- 8 (5) All persons who were professional staff employees of the Kentucky Authority for  
9 Educational Television on and after July 1, 1974;
- 10 (6) All persons who are employees of the Teachers' Retirement System except  
11 employees who are required to participate under the Teachers' Retirement System  
12 under KRS 161.220(4)(d);
- 13 (7) Membership in the system shall not include persons who are not eligible to  
14 participate in the system as provided by KRS 61.522 or those employees who are  
15 simultaneously participating in another state-administered defined benefit plan  
16 within Kentucky other than those administered by the Kentucky Retirement  
17 Systems, except for employees who have ceased to contribute to one (1) of the  
18 state-administered retirement plans as provided in KRS 21.360; and
- 19 (8) Effective January 1, 1998, employees of the Kentucky Community and Technical  
20 College System who were previously contributing members and are not required to  
21 participate in the Teachers' Retirement System as a member; employees who were  
22 previously contributing members transferred from the former Cabinet for  
23 Workforce Development as provided in KRS 164.5805(1)(a) and who have not  
24 exercised the option to participate in the new Kentucky Community and Technical  
25 College personnel system as provided in KRS 164.5805(1)(e); and new employees  
26 as of July 1, 1997, who are not eligible under the Teachers' Retirement System or  
27 who are not contributing to an optional retirement plan established by the board of

1 regents for the Kentucky Community and Technical College System.

2 ➔Section 5. Whereas it is imperative that the Kentucky Retirement Systems and  
3 the Judicial Form Retirement System establish procedures and forms for current and  
4 future members of the General Assembly to make elections to not participate or to  
5 discontinue participation in retirement coverage, an emergency is declared to exist, and  
6 this Act takes effect upon its passage and approval by the Governor or upon its otherwise  
7 becoming a law.