

1 AN ACT relating to retirement plans covering legislators and declaring an  
2 emergency.

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

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

6 *Notwithstanding any other provision of KRS 6.500 to 6.577, 16.505 to 16.652, 21.345 to*  
7 *21.580, 61.510 to 61.705, 78.510 to 78.852, or 161.220 to 161.716 to the contrary:*

8 *(1) The Legislators' Retirement Plan, as provided by KRS 6.500 to 6.577, shall be*  
9 *closed to new members effective July 1, 2020. A legislator who has not*  
10 *contributed to the Legislators' Retirement Plan prior to July 1, 2020, shall not be*  
11 *eligible to participate in the Legislators' Retirement Plan for his or her service as*  
12 *a member of the General Assembly, but shall instead participate as a*  
13 *nonhazardous member of the Kentucky Employees Retirement System as*  
14 *provided by KRS 61.510 to 61.705 for the duration of service as a member of the*  
15 *General Assembly, except that, if upon election to office, the legislator is a*  
16 *contributing member of the Kentucky Teachers' Retirement System, the legislator*  
17 *may elect to retain membership in the Teachers' Retirement System in*  
18 *accordance with subsection (4)(c) of Section 9 of this Act in lieu of participating*  
19 *in the Kentucky Employees Retirement System.*

20 *(2) Effective December 1, 2020, any member who began participating in the*  
21 *Legislators' Retirement Plan on or after January 1, 2014, but prior to July 1,*  
22 *2020, who has an accumulated account balance in the hybrid cash balance plan*  
23 *as provided by KRS 21.402 shall:*

24 *(a) Have his or her accumulated account balance and service credit as of*  
25 *December 1, 2020, transferred to the Kentucky Employees Retirement*  
26 *System's nonhazardous hybrid cash balance plan as provided by KRS*  
27 *61.597. Service previously credited in the Legislators' Retirement Plan shall*

1           be credited in the Kentucky Employees Retirement System nonhazardous  
 2           plan; and

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

6           **(3) For purposes of this section, "nonhazardous" means the level of benefits**  
 7           **applicable to employees of the Kentucky Employees Retirement System who do**  
 8           **not qualify for hazardous duty coverage under KRS 61.592.**

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

10          There hereby is created a retirement plan for the members of the General Assembly  
 11          (hereinafter "legislators") **who took office prior to July 1, 2020**. Each legislator in office  
 12          on July 1, 1980, and each legislator thereafter taking office **prior to July 1, 2020**, may  
 13          acquire membership in the plan in accordance with the provisions of KRS 6.505.

14          ➔Section 3. KRS 6.505 is repealed, reenacted, and amended to read as follows:

15          (1) (a) Each legislator in office on July 1, 1980, may within thirty (30) days after that  
 16          date, and any legislator ~~thereafter~~ taking office **prior to July 1, 2020**, may  
 17          within thirty (30) days after the date thereof, elect to make monthly  
 18          contributions to the Legislators' Retirement Plan, in an amount equal to five  
 19          percent (5%) of his monthly creditable compensation, as defined in KRS  
 20          61.510(13), or the amount specified by paragraph (d) of this subsection. The  
 21          election shall be effective to establish membership in the plan as of July 1,  
 22          1980, or as of the date from which the thirty (30) day period is measured, as  
 23          the case may be. Provided, however, that any legislator who was in office on  
 24          July 1, 1980, and who is in office at the time he makes the election may, after  
 25          the expiration of the thirty (30) day period and until May 1, 1982, make the  
 26          election, in which event he shall pay to the Legislators' Retirement Plan, for  
 27          the months between July 1, 1980, and the date of his election such sum as,

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

14          (b) 1. For a member who begins participating in the Legislators' Retirement  
15          Plan prior to January 1, 2014, the election shall operate to create an  
16          inviolable contract between such member and the Commonwealth,  
17          guaranteeing to and vesting in the member the rights and benefits  
18          provided for under KRS 6.515 to 6.530~~], except that the General~~  
19          ~~Assembly reserves the right to amend, reduce, or suspend any legislative~~  
20          ~~changes to the provisions of KRS 6.500 to 6.577 that become effective~~  
21          ~~on or after July 1, 2018].~~

22          2. a. For members who begin participating in the Legislators'  
23          Retirement Plan on or after January 1, 2014, the General Assembly  
24          reserves the right to amend, suspend, or reduce the benefits and  
25          rights provided under KRS 6.500 to 6.577 if, in its judgment, the  
26          welfare of the Commonwealth so demands, except that the amount  
27          of benefits the member has accrued at the time of amendment,

- 1 suspension, or reduction shall not be affected.
- 2 b. For purposes of this subparagraph, the amount of benefits the  
3 member has accrued at the time of amendment, suspension, or  
4 reduction shall be limited to the accumulated account balance the  
5 member has accrued at the time of amendment, suspension, or  
6 reduction.
- 7 c. The provisions of this subsection shall not be construed to limit the  
8 General Assembly's authority to change any other benefit or right  
9 specified by KRS 6.500 to 6.577, for members who begin  
10 participating in the Legislators' Retirement Plan on or after January  
11 1, 2014, except the benefits specified by subparagraph 2.b. of this  
12 paragraph.
- 13 3. The provisions of this paragraph shall not be construed to limit the  
14 General Assembly's authority to amend, reduce, or suspend the benefits  
15 and rights of members of the Legislators' Retirement Plan as provided by  
16 KRS 6.500 to 6.577 that the General Assembly had the authority to  
17 amend, reduce, or suspend, prior to July 1, 2013.
- 18 (c) An election once made under this section either to participate or not to  
19 participate in the Legislators' Retirement Plan, shall be considered to apply to  
20 all future service as a legislator except as provided by Section 1 of this  
21 Act~~[KRS 21.374 or 21.385(3)]~~, whether in the same or a different office as a  
22 legislator, and whether or not it is in successive terms.
- 23 (d) Notwithstanding the provisions of this subsection:
- 24 1. A legislator who becomes a member of the Legislators' Retirement Plan  
25 on or after September 1, 2008, but prior to January 1, 2014, shall make  
26 monthly contributions to the Legislators' Retirement Plan in an amount  
27 equal to six percent (6%) of his monthly creditable compensation, as

1 defined in KRS 61.510(13);

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

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

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

18 (2) A legislator entitled to elect membership in the retirement system who failed to  
19 elect membership within thirty (30) days after taking office may elect membership  
20 not later than August 31, 2005. An election, upon being made pursuant to this  
21 section, shall operate to create an inviolable contract between the member entitled  
22 to elect membership under this subsection and the Commonwealth, guaranteeing to  
23 and vesting in the member the rights and benefits provided for under the terms and  
24 conditions of KRS 6.500 to 6.577~~], except that the General Assembly reserves the~~  
25 ~~right to amend, reduce, or suspend any legislative changes to the provisions of KRS~~  
26 ~~6.500 to 6.577 that become effective on or after July 1, 2018].~~

27 (3) When any legislator makes a delayed election of membership in the Legislators'

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

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

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

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

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

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

12      ➔Section 4. KRS 6.520 is repealed, reenacted, and amended to read as follows:

13      (1) A member of the Legislators' Retirement Plan who retires on or after his normal  
14      retirement date shall receive a service retirement allowance, payable monthly during  
15      his lifetime, in an amount per month equal to three and fifty one-hundredths percent  
16      (3.50%) of his final compensation multiplied by the number of years of his service,  
17      but in no event to exceed one hundred percent (100%) of final compensation. For  
18      this purpose, "final compensation" means the average monthly creditable  
19      compensation as determined in KRS 61.510(13) of the member for services as a  
20      legislator for the three (3) years during which the member had the highest creditable  
21      legislative compensation.

22      (2) A member shall have rights, with respect to retirement before reaching normal  
23      retirement date in the Legislators' Retirement Plan, identical in terms with those  
24      rights provided in KRS 21.400(2) and (3) in the Judicial Retirement Plan for  
25      members of that plan, except that the reduction in a legislators' service retirement  
26      allowance for early retirement shall be at the rate of five percent (5%) of the  
27      allowance for each year that retirement precedes the normal retirement date.

1 (3) Subsections (1) and (2) of this section to the contrary notwithstanding, each  
 2 legislator in office on July 1, 1982, that is a member of the Legislators' Retirement  
 3 Plan, who retires on or after his normal retirement date, shall receive a service  
 4 retirement allowance, payable monthly, on a formula equal to that of a justice or  
 5 judge of the Court of Justice with an equivalent service entrance date, but in no  
 6 event less than that specified in subsection (1) of this section, of his final  
 7 compensation multiplied by the number of years of his service, but in no event to  
 8 exceed one hundred percent (100%) of his final compensation. For this purpose,  
 9 "final compensation" means the average monthly creditable compensation as  
 10 determined in KRS 61.510(13) of the three (3) years during which the member had  
 11 the highest creditable legislative compensation.

12 (4) Notwithstanding any other provision of KRS 6.500 to 6.577 or 21.345 to 21.580 to  
 13 the contrary, a member of the Legislators' Retirement Plan with a service entrance  
 14 date after July 1, 1982 but prior to January 1, 2014, who retires on or after his  
 15 normal retirement date, shall:

16 (a) Except as provided by paragraph (b) of this subsection, receive a service  
 17 retirement allowance, payable monthly during his lifetime, in an amount per  
 18 month equal to ~~†~~

19 ~~(a)†~~ two and seventy-five one-hundredths percent (2.75%) of his final  
 20 compensation multiplied by the number of years of his service; ~~†~~ ~~accrued prior~~  
 21 ~~to January 1, 2019; and†~~

22 (b) Be eligible prior to July 1, 2020, to make a one (1) time irrevocable election  
 23 to receive a service retirement allowance in lieu of the benefits provided by  
 24 paragraph (a) of this subsection that is payable monthly during his lifetime  
 25 and in an amount per month equal to:

26 1. Two and seventy-five one-hundredths percent (2.75%) of his final  
 27 compensation multiplied by the number of years of his service for

1 service accrued prior to July 1, 2020; and

2 2. One and ninety-seven one-hundredths percent (1.97%) of his or her final  
3 compensation multiplied by the number of years of his or her service  
4 accrued on or after July 1, 2020~~[January 1, 2019]~~.

5 In no event shall the benefit provided by this subsection exceed one hundred percent  
6 (100%) of final compensation. For this purpose, "final compensation" means the  
7 average monthly creditable compensation as determined in KRS 61.510(13) of the  
8 member for services as a legislator for the three (3) years during which the member  
9 had the highest creditable legislative compensation.

10 (5) Subsections (1) to (4) of this section shall not apply to members who begin  
11 participating in the Legislators' Retirement Plan on or after January 1, 2014.

12 ➔Section 5. KRS 6.525 is repealed, reenacted, and amended to read as follows:

13 The Legislators' Retirement Plan shall be governed by KRS 21.560 and by provisions  
14 identical in terms with those provided in KRS 21.345(1), 21.345(3) to (6), 21.357,  
15 21.360(1), 21.370 to 21.410, ~~[21.374, ]~~21.420, 21.425, 21.450, 21.460, 21.470, 21.480,  
16 21.525, 21.540, and 61.552 for the Judicial Retirement Plan, except that:

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

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

26 (b) 1. For members contributing on or after June 20, 2005 but prior to January  
27 1, 2014, subject to the limitations provided by paragraph (f) of this

1            subsection ~~[, who have service credit in the State Police Retirement~~  
 2            ~~System, Kentucky Employees Retirement System, County Employees~~  
 3            ~~Retirement System, or Teachers' Retirement System prior to January 1,~~  
 4            ~~2019]~~: Upon retirement, a member's accounts under the Legislators'  
 5            Retirement Plan, State Police Retirement System, Kentucky Employees  
 6            Retirement System, County Employees Retirement System, and  
 7            Teachers' Retirement System shall be consolidated for the purpose of  
 8            determining eligibility and amount of benefits as provided in KRS  
 9            61.680(2)(a) and in the same manner as for the other retirement systems  
 10            using the highest salary regardless of the system in which it was earned~~],~~  
 11            ~~except that any salary earned in the State Police Retirement System,~~  
 12            ~~Kentucky Employees Retirement System, County Employees Retirement~~  
 13            ~~System, or Kentucky Teachers' Retirement System on or after January 1,~~  
 14            ~~2019, shall not be used to determine benefits in the Legislators'~~  
 15            ~~Retirement Plan].~~

- 16            2. The consolidation of accounts as provided by this paragraph shall not  
 17            apply to accounts in the State Police Retirement System, the Kentucky  
 18            Employees Retirement System, the County Employees Retirement  
 19            System, and the Teachers' Retirement System, from which the member  
 20            is receiving a retirement benefit.
- 21            3. For purposes of this paragraph, "retirement" means the month in which  
 22            the member elects to begin receiving benefits or benefits become  
 23            payable due to the member's death.
- 24            (c) A member who has an account in the Legislators' Retirement Plan and the  
 25            Judicial Retirement Plan may combine his service in both plans for purposes  
 26            of determining:
- 27            1. Eligibility and the amount of benefits; and

- 1           2. Final compensation, provided the member began participating in the  
2           Legislators' Retirement Plan prior to January 1, 2014, **and subject to the**  
3           **limitations provided by paragraph (f) of this subsection**~~[and except that~~  
4           ~~any salary earned in the Judicial Retirement Plan on or after January 1,~~  
5           ~~2019, shall not be used to determine final compensation in the~~  
6           ~~Legislators' Retirement Plan].~~
- 7           (d) A member who began participating in the Legislators' Retirement Plan prior to  
8           January 1, 2014, may retire at the completion of twenty-seven (27) or more  
9           years of combined service credit, so long as at least fifteen (15) years of such  
10          credit were earned after January 1, 1960, and there shall be no reduction in the  
11          retirement allowance because of retirement before the age of sixty-five (65).
- 12          (e) For the purposes of this section, any reference in the KRS sections listed  
13          above to the Judicial Retirement Plan shall also be read as a reference to the  
14          Legislators' Retirement Plan, and any reference to the Legislators' Retirement  
15          Plan shall also be read as a reference to the Judicial Retirement Plan.
- 16          **(f) A member who began contributing to the Legislators' Retirement Plan prior**  
17          **to January 1, 2014, who is eligible to have his or her benefits in the**  
18          **Legislators' Retirement Plan calculated using creditable compensation**  
19          **earned in another state-administered retirement system as provided by**  
20          **paragraph (b) and (c)2. of this subsection, may make a one (1) time**  
21          **irrevocable election prior to July 1, 2020, to have his or her benefits from**  
22          **the Legislators' Retirement Plan determined solely on the creditable**  
23          **compensation earned while serving as a member of the General Assembly**  
24          **and any salary earned in another state-administered retirement system prior**  
25          **to July 1, 2020. A member making an election under this paragraph shall**  
26          **not be eligible to use salary earned on or after July 1, 2020, in another**  
27          **state-administered retirement system or the Judicial Retirement Plan to**

1                   *determine benefits in the Legislators' Retirement Plan; and*

2       (3) Any other statute to the contrary notwithstanding, a member of any state-  
3       administered retirement system who has ceased to qualify for membership but  
4       subsequently returns to a qualified status, shall, for the purposes of determining the  
5       date of entry into the state-administered retirement system for the subsequent period  
6       or periods of service, be deemed to have never left the retirement system.

7       ➔Section 6. KRS 21.402 is repealed, reenacted, and amended to read as follows:

8       (1) A member of the Legislators' Retirement Plan or the Judicial Retirement Plan,  
9       whose participation in the Legislators' Retirement Plan or the Judicial Retirement  
10      Plan begins on or after January 1, 2014, shall receive the retirement benefits  
11      provided by this section in lieu of the retirement benefits provided under KRS 6.520  
12      and 21.400. The retirement benefit provided by this section shall be known as the  
13      hybrid cash balance plan and shall operate as another benefit tier within the  
14      Legislators' Retirement Plan and the Judicial Retirement Plan.

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

17     (a) Contributions made by the member as provided by KRS 6.500 to 6.577 and  
18         21.345 to 21.580, except for employee contributions prescribed by KRS  
19         6.505(1)(d)2.b. and 21.360(1)(a)3.b.;

20     (b) An employer pay credit of four percent (4%) of the creditable compensation  
21         earned by the employee for each month the employee is contributing to the  
22         hybrid cash balance plan provided by this section; and

23     (c) Interest credits added annually to the member's accumulated account balance  
24         as provided by this section.

25     (3) (a) Member contributions and employer pay credits as provided by subsection  
26         (2)(a) and (b) of this section shall be credited to the member's account  
27         monthly as contributions are reported and posted to the plan.

1 (b) Interest credits, as provided by subsection (2)(c) of this section, shall be  
 2 credited to the member's account annually on June 30 of each fiscal year, as  
 3 determined by subsection (4) of this section.

4 (4) (a) On June 30 of each fiscal year, the plan shall determine if the member  
 5 contributed to the hybrid cash balance plan~~[or another state administered~~  
 6 ~~retirement system]~~ during the fiscal year.

7 (b) If the member contributed to the hybrid cash balance plan~~[or another state-~~  
 8 ~~administered retirement system]~~ during the fiscal year, the interest credit  
 9 added to the member's account for that fiscal year shall be determined by  
 10 multiplying the member's accumulated account balance on June 30 of the  
 11 preceding fiscal year by a percentage increase equal to:

12 **1. Four percent (4%); plus**

13 **2. Seventy-five percent (75%)**~~[ eighty five percent (85%) ]~~ of the plan's  
 14 geometric average net investment return **in excess of a four percent**  
 15 **(4%) rate of return**~~[, but in no case shall be less than zero percent~~  
 16 ~~(0%) ]~~.

17 (c) If the member did not contribute to the hybrid cash balance plan~~[or another~~  
 18 ~~state administered retirement system]~~ during the fiscal year, **the**~~[then no]~~  
 19 interest credit ~~[shall be]~~ added to the member's account for that fiscal year  
 20 **shall be determined by multiplying the member's accumulated account**  
 21 **balance on June 30 of the preceding fiscal year by four percent (4%).**

22 (d) For purposes of this subsection, "plan's geometric average net investment  
 23 return":

24 1. Means the annual average geometric investment return, net of  
 25 administrative and investment fees and expenses, over the last five (5)  
 26 fiscal years as of the date the interest is credited to the member's  
 27 account; and

- 1           2.    Shall be expressed as a percentage and based upon the plan in which the  
2                    member has an account.
- 3   (5)   (a)   Upon termination of employment, a member who has less than five (5) years  
4                    of service credited under the Legislators' Retirement Plan or the Judicial  
5                    Retirement Plan, who elects to take a refund of his or her accumulated account  
6                    balance as provided by KRS 21.460, shall forfeit the accumulated employer  
7                    credit, and shall only receive a refund of his or her accumulated contributions.
- 8           (b)   Upon termination of employment, a member who has five (5) or more years of  
9                    service credited under the Legislators' Retirement Plan or the Judicial  
10                   Retirement Plan, who elects to take a refund of his or her accumulated account  
11                   balance as provided by KRS 21.460, shall receive a full refund of his or her  
12                   accumulated account balance.
- 13   (6)   A member participating in the hybrid cash balance plan provided by this section  
14                   may retire:
- 15           (a)   Upon reaching normal retirement age, provided he or she has earned five (5)  
16                   or more years of service credited under the Legislators' Retirement Plan or the  
17                   Judicial Retirement Plan, or another state-administered retirement system; or
- 18           (b)   If the member is at least age fifty-seven (57) and has an age and years of  
19                   service total of at least eighty-seven (87) years. The years of service used to  
20                   determine eligibility for retirement under this paragraph shall only include  
21                   years of service credited under the Legislators' Retirement Plan or the Judicial  
22                   Retirement Plan, or another state-administered retirement system.
- 23   (7)   A member eligible to retire under subsection (6) of this section may elect to:
- 24           (a)   Receive a monthly retirement allowance payable for life by having his or her  
25                   accumulated account balance annuitized by the retirement plan in accordance  
26                   with the actuarial assumptions and actuarial methods adopted by the board  
27                   and in effect on the member's retirement date;

1 (b) Receive the actuarial equivalent of his or her retirement allowance calculated  
2 under paragraph (a) of this subsection payable under one (1) of the options set  
3 forth in KRS 21.420(8)(b); or

4 (c) Take a refund of his or her accumulated account balance as provided by KRS  
5 21.460.

6 (8) The board of the Judicial Form Retirement System shall establish individual  
7 members' accounts for each member participating in the hybrid cash balance plan as  
8 provided by this section. The Judicial Form Retirement System may promulgate  
9 administrative regulations in accordance with KRS Chapter 13A to administer the  
10 provisions of this section.

11 (9) The provisions of this section shall not apply to members who began participating  
12 in the Legislators' Retirement Plan or the Judicial Retirement Plan prior to January  
13 1, 2014, and shall effective December 1, 2020, not apply to those members of the  
14 Legislators' Retirement Plan who are transferred to the Kentucky Employees  
15 Retirement System as provided by subsection (2) of Section 1 of this Act.

16 ➔Section 7. KRS 21.525 is amended to read as follows:

17 (1) The state, by appropriation to the Judicial Retirement Board, shall contribute  
18 annually to the Judicial Retirement System an amount equal to the percent as  
19 computed under subsection (2) of this section of the creditable compensation of  
20 active members of the Judicial Retirement System, to be known as the "normal  
21 contributions," and an additional amount equal to one percent (1%) of the unfunded  
22 past service liabilities, plus annual interest accruing thereon at the actuarially  
23 assumed rate of interest adopted by the board to be known as the "past service  
24 contribution."

25 (2) The normal contribution rate shall be determined either by the entry age normal cost  
26 funding method or the unit credit actuarial method, as selected by the board. The  
27 past service liability shall be determined by actuarial methods consistent with the

1 methods prescribed for determining the normal contribution rate. The board shall  
2 adopt the actuarial assumptions that are to be used in making the determinations.

3 (3) Normal contributions and the past service liability contribution for each fiscal  
4 biennium shall be determined on the basis of the actuarial valuation last preceding  
5 the commencement of the biennium.

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

9 **(5) Notwithstanding the provisions of this section, the Judicial Form Retirement**  
10 **System shall not request any funding, except for administrative expenses, for the**  
11 **Legislators' Retirement Plan until the Legislators' Retirement Plan has a funding**  
12 **level, as determined by the most recent actuarial valuation, equivalent to or less**  
13 **than the Kentucky Employees Retirement System pension fund that covers**  
14 **nonhazardous employees. It is the intent of the General Assembly to not**  
15 **appropriate any funding, except for administrative expenses, to the Legislators'**  
16 **Retirement Plan in future biennial legislative branch budgets until the**  
17 **Legislators' Retirement Plan has a funding level, as of the most recent actuarial**  
18 **valuation, equivalent to or less than the Kentucky Employees Retirement System**  
19 **pension fund that covers nonhazardous employees. For purposes of this**  
20 **subsection, "funding level" means the actuarial value of assets divided by the**  
21 **actuarially accrued liability expressed as a percentage that is determined and**  
22 **reported by the system's actuary in the system's actuarial valuation and based**  
23 **upon values that are used for purposes of funding.**

24 ➔Section 8. 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 does not include persons engaged as independent contractors, seasonal, emergency,  
14 temporary, interim, and part-time workers. In case of any doubt, the board shall  
15 determine if a person is an employee within the meaning of KRS 61.510 to 61.705;
- 16 (6) "Employer" means a department or any authority of a department having the power  
17 to appoint or select an employee in the department, including the Senate and the  
18 House of Representatives, or any other entity, the employees of which are eligible  
19 for membership in the system pursuant to KRS 61.525;
- 20 (7) "State" means the Commonwealth of Kentucky;
- 21 (8) "Member" means any employee who is included in the membership of the system or  
22 any former employee whose membership has not been terminated under KRS  
23 61.535;
- 24 (9) "Service" means the total of current service and prior service as defined in this  
25 section;
- 26 (10) "Current service" means the number of years and months of employment as an  
27 employee, on and after July 1, 1956, except that for members, officers, and

1 employees of the General Assembly this date shall be January 1, 1960, for which  
2 creditable compensation is paid and employee contributions deducted, except as  
3 otherwise provided, and each member, officer, and employee of the General  
4 Assembly shall be credited with a month of current service for each month he  
5 serves in the position;

6 (11) "Prior service" means the number of years and completed months, expressed as a  
7 fraction of a year, of employment as an employee, prior to July 1, 1956, for which  
8 creditable compensation was paid; except that for members, officers, and employees  
9 of the General Assembly, this date shall be January 1, 1960. An employee shall be  
10 credited with one (1) month of prior service only in those months he received  
11 compensation for at least one hundred (100) hours of work; provided, however, that  
12 each member, officer, and employee of the General Assembly shall be credited with  
13 a month of prior service for each month he served in the position prior to January 1,  
14 1960. Twelve (12) months of current service in the system are required to validate  
15 prior service;

16 (12) "Accumulated contributions" at any time means the sum of all amounts deducted  
17 from the compensation of a member and credited to his individual account in the  
18 members' account, including employee contributions picked up after August 1,  
19 1982, pursuant to KRS 61.560(4), together with interest credited, or investment  
20 returns earned as provided by KRS 61.5956, on such amounts and any other  
21 amounts the member shall have contributed thereto, including interest credited  
22 thereon or investment returns earned as provided by KRS 61.5956. "Accumulated  
23 contributions" shall not include employee contributions that are deposited into  
24 accounts established pursuant to 26 U.S.C. sec. 401(h) within the funds established  
25 in KRS 16.510, 61.515, and 78.520, as prescribed by KRS 61.702(2)(b);

26 (13) "Creditable compensation":

27 (a) Except as provided by paragraph (b) or (c) of this subsection, means all salary,

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

12 (b) Includes:

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

1           have been paid by the employer. This subparagraph shall also include  
2           lump-sum payments for reinstated wages pursuant to KRS 61.569,  
3           which shall be credited to the period during which the wages were  
4           earned or should have been paid by the employer;

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

12          (c) Excludes:

- 13          1. Uniform, equipment, or any other expense allowances paid on or after  
14          January 1, 2019, living allowances, expense reimbursements, lump-sum  
15          payments for accrued vacation leave, and other items determined by the  
16          board;
- 17          2. For employees who begin participating on or after September 1, 2008,  
18          lump-sum payments for compensatory time;
- 19          3. For employees participating in a nonhazardous position who began  
20          participating prior to September 1, 2008, and who retire after July 1,  
21          2023, lump-sum payments for compensatory time upon termination of  
22          employment;
- 23          4. For employees who begin participating on or after August 1, 2016,  
24          nominal fees paid for services as a volunteer; and
- 25          5. Any salary or wages paid to an employee for services as a Kentucky  
26          State Police school resource officer as defined by KRS 158.441;

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

- 1 (a) For a member who begins participating before September 1, 2008, who is  
2 employed in a nonhazardous position, the creditable compensation of the  
3 member during the five (5) fiscal years he was paid at the highest average  
4 monthly rate divided by the number of months of service credit during that  
5 five (5) year period multiplied by twelve (12). The five (5) years may be  
6 fractional and need not be consecutive, except that for members retiring on or  
7 after January 1, 2019, the five (5) fiscal years shall be complete fiscal years. If  
8 the number of months of service credit during the five (5) year period is less  
9 than forty-eight (48) for members retiring prior to January 1, 2019, one (1) or  
10 more additional fiscal years shall be used. If a member retiring on or after  
11 January 1, 2019, does not have five (5) complete fiscal years that each contain  
12 twelve (12) months of service credit, then one (1) or more additional fiscal  
13 years, which may contain less than twelve (12) months of service credit, shall  
14 be added until the number of months in the final compensation calculation is  
15 at least sixty (60) months;
- 16 (b) For a member who is employed in a nonhazardous position, whose effective  
17 retirement date is between August 1, 2001, and January 1, 2009, and whose  
18 total service credit is at least twenty-seven (27) years and whose age and years  
19 of service total at least seventy-five (75), final compensation means the  
20 creditable compensation of the member during the three (3) fiscal years the  
21 member was paid at the highest average monthly rate divided by the number  
22 of months of service credit during that three (3) years period multiplied by  
23 twelve (12). The three (3) years may be fractional and need not be  
24 consecutive. If the number of months of service credit during the three (3)  
25 year period is less than twenty-four (24), one (1) or more additional fiscal  
26 years shall be used. Notwithstanding the provision of KRS 61.565, the  
27 funding for this paragraph shall be provided from existing funds of the

1 retirement allowance;

2 (c) For a member who begins participating before September 1, 2008, who is  
3 employed in a hazardous position, as provided in KRS 61.592, and who  
4 retired prior to January 1, 2019, the creditable compensation of the member  
5 during the three (3) fiscal years he was paid at the highest average monthly  
6 rate divided by the number of months of service credit during that three (3)  
7 year period multiplied by twelve (12). The three (3) years may be fractional  
8 and need not be consecutive. If the number of months of service credit during  
9 the three (3) year period is less than twenty-four (24), one (1) or more  
10 additional fiscal years shall be used;

11 (d) For a member who begins participating on or after September 1, 2008, but  
12 prior to January 1, 2014, who is employed in a nonhazardous position, the  
13 creditable compensation of the member during the five (5) complete fiscal  
14 years immediately preceding retirement divided by five (5). Each fiscal year  
15 used to determine final compensation must contain twelve (12) months of  
16 service credit. If the member does not have five (5) complete fiscal years that  
17 each contain twelve (12) months of service credit, then one (1) or more  
18 additional fiscal years, which may contain less than twelve (12) months of  
19 service credit, shall be added until the number of months in the final  
20 compensation calculation is at least sixty (60) months; or

21 (e) For a member who begins participating on or after September 1, 2008, but  
22 prior to January 1, 2014, who is employed in a hazardous position as provided  
23 in KRS 61.592, or for a member who begins participating prior to September  
24 1, 2008, who is employed in a hazardous position as provided in KRS 61.592,  
25 who retires on or after January 1, 2019, the creditable compensation of the  
26 member during the three (3) complete fiscal years he was paid at the highest  
27 average monthly rate divided by three (3). Each fiscal year used to determine

1 final compensation must contain twelve (12) months of service credit. If the  
2 member does not have three (3) complete fiscal years that each contain twelve  
3 (12) months of service credit, then one (1) or more additional fiscal years,  
4 which may contain less than twelve (12) months of service credit, shall be  
5 added until the number of months in the final compensation calculation is at  
6 least thirty-six (36) months.

7 **For any member who has service in the system that was earned while serving as a**  
8 **member of the General Assembly, the member may make a one (1) time**  
9 **irrevocable election so that the final compensation used to calculate the benefits**  
10 **for any service credit earned as a member of the General Assembly shall not**  
11 **include creditable compensation earned in the State Police Retirement System,**  
12 **Judicial Retirement Plan, Kentucky Employees Retirement System, County**  
13 **Employees Retirement System, or Kentucky Teachers' Retirement System on or**  
14 **after July 1, 2020;**

15 (15) "Final rate of pay" means the actual rate upon which earnings of an employee were  
16 calculated during the twelve (12) month period immediately preceding the  
17 member's effective retirement date, including employee contributions picked up  
18 after August 1, 1982, pursuant to KRS 61.560(4). The rate shall be certified to the  
19 system by the employer and the following equivalents shall be used to convert the  
20 rate to an annual rate: two thousand eighty (2,080) hours for eight (8) hour  
21 workdays, nineteen hundred fifty (1,950) hours for seven and one-half (7-1/2) hour  
22 workdays, two hundred sixty (260) days, fifty-two (52) weeks, twelve (12) months,  
23 one (1) year;

24 (16) "Retirement allowance" means the retirement payments to which a member is  
25 entitled;

26 (17) "Actuarial equivalent" means a benefit of equal value when computed upon the  
27 basis of the actuarial tables that are adopted by the board. In cases of disability

1 retirement, the options authorized by KRS 61.635 shall be computed by adding ten  
2 (10) years to the age of the member, unless the member has chosen the Social  
3 Security adjustment option as provided for in KRS 61.635(8), in which case the  
4 member's actual age shall be used. For members who began participating in the  
5 system prior to January 1, 2014, no disability retirement option shall be less than the  
6 same option computed under early retirement;

7 (18) "Normal retirement date" means the sixty-fifth birthday of a member, unless  
8 otherwise provided in KRS 61.510 to 61.705;

9 (19) "Fiscal year" of the system means the twelve (12) months from July 1 through the  
10 following June 30, which shall also be the plan year. The "fiscal year" shall be the  
11 limitation year used to determine contribution and benefit limits as established by  
12 26 U.S.C. sec. 415;

13 (20) "Officers and employees of the General Assembly" means the occupants of those  
14 positions enumerated in KRS 6.150. The term shall also apply to assistants who  
15 were employed by the General Assembly for at least one (1) regular legislative  
16 session prior to July 13, 2004, who elect to participate in the retirement system, and  
17 who serve for at least six (6) regular legislative sessions. Assistants hired after July  
18 13, 2004, shall be designated as interim employees;

19 (21) "Regular full-time positions," as used in subsection (5) of this section, shall mean  
20 all positions that average one hundred (100) or more hours per month determined by  
21 using the number of months actually worked within a calendar or fiscal year,  
22 including all positions except:

23 (a) Seasonal positions, which although temporary in duration, are positions which  
24 coincide in duration with a particular season or seasons of the year and which  
25 may recur regularly from year to year, the period of time shall not exceed nine  
26 (9) months;

27 (b) Emergency positions which are positions which do not exceed thirty (30)

- 1 working days and are nonrenewable;
- 2 (c) Temporary positions which are positions of employment with a participating  
3 department for a period of time not to exceed nine (9) months and are  
4 nonrenewable;
- 5 (d) Part-time positions which are positions which may be permanent in duration,  
6 but which require less than a calendar or fiscal year average of one hundred  
7 (100) hours of work per month, determined by using the number of months  
8 actually worked within a calendar or fiscal year, in the performance of duty;  
9 and
- 10 (e) Interim positions which are positions established for a one-time or recurring  
11 need not to exceed nine (9) months;
- 12 (22) "Delayed contribution payment" means an amount paid by an employee for  
13 purchase of current service. The amount shall be determined using the same formula  
14 in KRS 61.5525, and the payment shall not be picked up by the employer. A  
15 delayed contribution payment shall be deposited to the member's account and  
16 considered as accumulated contributions of the individual member. In determining  
17 payments under this subsection, the formula found in this subsection shall prevail  
18 over the one found in KRS 212.434;
- 19 (23) "Parted employer" means a department, portion of a department, board, or agency,  
20 such as Outwood Hospital and School, which previously participated in the system,  
21 but due to lease or other contractual arrangement is now operated by a publicly held  
22 corporation or other similar organization, and therefore is no longer participating in  
23 the system. The term "parted employer" shall not include a department, board, or  
24 agency that ceased participation in the system pursuant to KRS 61.522;
- 25 (24) "Retired member" means any former member receiving a retirement allowance or  
26 any former member who has filed the necessary documents for retirement benefits  
27 and is no longer contributing to the retirement system;

- 1 (25) "Current rate of pay" means the member's actual hourly, daily, weekly, biweekly,  
2 monthly, or yearly rate of pay converted to an annual rate as defined in final rate of  
3 pay. The rate shall be certified by the employer;
- 4 (26) "Beneficiary" means the person or persons or estate or trust or trustee designated by  
5 the member in accordance with KRS 61.542 or 61.705 to receive any available  
6 benefits in the event of the member's death. As used in KRS 61.702, "beneficiary"  
7 does not mean an estate, trust, or trustee;
- 8 (27) "Recipient" means the retired member or the person or persons designated as  
9 beneficiary by the member and drawing a retirement allowance as a result of the  
10 member's death or a dependent child drawing a retirement allowance. An alternate  
11 payee of a qualified domestic relations order shall not be considered a recipient,  
12 except for purposes of KRS 61.623;
- 13 (28) "Level dollar amortization method" means a method of determining the annual  
14 amortization payment on the unfunded actuarial accrued liability that is set as an  
15 equal dollar amount over the remaining amortization period as of the actuarial  
16 valuation date. Under this method, the unfunded actuarially accrued liability shall  
17 be projected to be fully amortized at the conclusion of the amortization period;
- 18 (29) "Increment" means twelve (12) months of service credit which are purchased. The  
19 twelve (12) months need not be consecutive. The final increment may be less than  
20 twelve (12) months;
- 21 (30) "Person" means a natural person;
- 22 (31) "Retirement office" means the Kentucky Retirement Systems office building in  
23 Frankfort;
- 24 (32) "Last day of paid employment" means the last date employer and employee  
25 contributions are required to be reported in accordance with KRS 16.543, 61.543, or  
26 78.615 to the retirement office in order for the employee to receive current service  
27 credit for the month. Last day of paid employment does not mean a date the

- 1 employee receives payment for accrued leave, whether by lump sum or otherwise, if  
2 that date occurs twenty-four (24) or more months after previous contributions;
- 3 (33) "Objective medical evidence" means reports of examinations or treatments; medical  
4 signs which are anatomical, physiological, or psychological abnormalities that can  
5 be observed; psychiatric signs which are medically demonstrable phenomena  
6 indicating specific abnormalities of behavior, affect, thought, memory, orientation,  
7 or contact with reality; or laboratory findings which are anatomical, physiological,  
8 or psychological phenomena that can be shown by medically acceptable laboratory  
9 diagnostic techniques, including but not limited to chemical tests,  
10 electrocardiograms, electroencephalograms, X-rays, and psychological tests;
- 11 (34) "Participating" means an employee is currently earning service credit in the system  
12 as provided in KRS 61.543;
- 13 (35) "Month" means a calendar month;
- 14 (36) "Membership date" means:
- 15 (a) The date upon which the member began participating in the system as  
16 provided in KRS 61.543; or
- 17 (b) For a member electing to participate in the system pursuant to KRS  
18 196.167(4) who has not previously participated in the system or the Kentucky  
19 Teachers' Retirement System, the date the member began participating in a  
20 defined contribution plan that meets the requirements of 26 U.S.C. sec.  
21 403(b);
- 22 (37) "Participant" means a member, as defined by subsection (8) of this section, or a  
23 retired member, as defined by subsection (24) of this section;
- 24 (38) "Qualified domestic relations order" means any judgment, decree, or order,  
25 including approval of a property settlement agreement, that:
- 26 (a) Is issued by a court or administrative agency; and
- 27 (b) Relates to the provision of child support, alimony payments, or marital

1 property rights to an alternate payee;

2 (39) "Alternate payee" means a spouse, former spouse, child, or other dependent of a  
3 participant, who is designated to be paid retirement benefits in a qualified domestic  
4 relations order;

5 (40) "Accumulated employer credit" mean the employer pay credit deposited to the  
6 member's account and interest credited on such amounts as provided by KRS  
7 16.583 and 61.597;

8 (41) "Accumulated account balance" means:

9 (a) For members who began participating in the system prior to January 1, 2014,  
10 the member's accumulated contributions;

11 (b) For members who began participating in the system on or after January 1,  
12 2014, in the hybrid cash balance plan as provided by KRS 16.583 and 61.597,  
13 the combined sum of the member's accumulated contributions and the  
14 member's accumulated employer credit; or

15 (c) For nonhazardous members who are participating in the 401(a) money  
16 purchase plan as provided by KRS 61.5956, the combined sum of the  
17 member's accumulated contribution and the member's accumulated employer  
18 contribution in the 401(a) money purchase plan;

19 (42) "Volunteer" means an individual who:

20 (a) Freely and without pressure or coercion performs hours of service for an  
21 employer participating in one (1) of the systems administered by Kentucky  
22 Retirement Systems without receipt of compensation for services rendered,  
23 except for reimbursement of actual expenses, payment of a nominal fee to  
24 offset the costs of performing the voluntary services, or both; and

25 (b) If a retired member, does not become an employee, leased employee, or  
26 independent contractor of the employer for which he or she is performing  
27 volunteer services for a period of at least twenty-four (24) months following

1 the retired member's most recent retirement date;

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

7 (44) "Nonhazardous position" means a position that does not meet the requirements of  
 8 KRS 61.592 or has not been approved by the board as a hazardous position;

9 (45) "Accumulated employer contribution" means the employer contribution deposited  
 10 to the member's account and any investment returns on such amounts as provided  
 11 by KRS 61.5956; and

12 (46) "Monthly average pay" means the higher of the member's monthly final rate of pay  
 13 or the average monthly creditable compensation earned by the deceased member  
 14 during his or her last twelve (12) months of employment.

15 ➔Section 9. KRS 61.680 is repealed, reenacted, and amended to read as follows:

16 Except as limited by KRS 6.525, 21.374, or Section 1 of this Act~~[61.5955, or 61.5956]:~~

17 (1) Prior to August 1, 1982, every employee shall be deemed to consent and agree to  
 18 any deduction from his compensation required by KRS 6.500 to 6.535, 16.505 to  
 19 16.652, 61.510 to 61.692, 78.510 to 78.852, and to all other provisions thereof.  
 20 Thereafter, employee contributions shall be picked up by the employer pursuant to  
 21 KRS 61.560(4).

22 (2) (a) Notwithstanding any other provisions of KRS 6.500 to 6.535, 16.505 to  
 23 16.652, 61.510 to 61.692, 78.510 to 78.852 and 161.220 to 161.714:

24 1. Upon death, disability, or service retirement, a member's accounts under  
 25 the Legislators' Retirement Plan, State Police Retirement System,  
 26 Kentucky Employees Retirement System, County Employees Retirement  
 27 System, and Teachers' Retirement System, except for service prohibited

- 1 by KRS 161.623(2), shall be consolidated for the purpose of determining  
2 eligibility and amount of benefits, including those members who  
3 participate in the hybrid cash balance plan~~[or 401(a) money purchase~~  
4 ~~plans]~~ within the Kentucky Employees Retirement System, the County  
5 Employees Retirement System, the State Police Retirement System, or  
6 the Teachers' Retirement System;
- 7 2. Vested service credit in a retirement system, other than the Teachers'  
8 Retirement System, sponsored by a Kentucky institution of higher  
9 education and accepted by the Kentucky Employees Retirement System  
10 or the County Employees Retirement System, may be used to determine  
11 eligibility for twenty-seven (27) year retirement for an employee who  
12 begins participating before September 1, 2008, but not the amount of  
13 benefits;
- 14 3. The computation of benefits shall be based on the applicable formula in  
15 each system and service credit in each system, but the final  
16 compensation, excluding compensation earned under KRS 161.155(10),  
17 shall be determined as if all service were in one (1) system;
- 18 4. If the member has prior service in more than one (1) system  
19 administered by Kentucky Retirement Systems, he shall obtain at least  
20 twelve (12) months' current service in each system in which he has prior  
21 service in order to validate the prior service in each system for purposes  
22 of determining consolidated benefits under this subsection; and
- 23 5. Upon the determination of benefits, each system shall pay the applicable  
24 amount of benefits due the member.
- 25 (b) The provisions of paragraph (a) of this subsection shall be waived if the  
26 member:
- 27 1. Notifies the system of his desire to maintain separate retirement

- 1 accounts in the State Police Retirement System, Kentucky Employees  
2 Retirement System, or County Employees Retirement System; or
- 3 2. Fails to simultaneously retire from all state-administered retirement  
4 systems in which the member has an account or fails to retire from any  
5 other systems not administered by Kentucky Retirement Systems within  
6 one (1) month of the member's effective retirement date in the systems  
7 administered by Kentucky Retirement Systems.
- 8 (c) If the member has not contributed at least one (1) year in a system in which he  
9 has prior service, his current service in the system shall be valid for purposes  
10 of determining eligibility and in computation of benefits on a consolidated  
11 basis.
- 12 (3) (a) A member with service credit in the Kentucky Employees Retirement System,  
13 State Police Retirement System, or the County Employees Retirement System  
14 who becomes the holder of an office entitling him to membership in the  
15 Judicial Retirement Plan or the Legislators' Retirement Plan, but who does not  
16 elect within thirty (30) days after taking office in such service to participate in  
17 the plan, in accordance with KRS 6.505 or 21.360, shall be deemed to have  
18 elected to retain membership in the system in which he is a member, either the  
19 Kentucky Employees Retirement System, State Police Retirement System, or  
20 the County Employees Retirement System. In that event, the agency  
21 employing the member shall withhold employee contributions, or picked-up  
22 employee contributions after August 2, 1982, make employer contributions  
23 and remit these contributions to the system in which the member retained his  
24 membership.
- 25 (b) Any person entitled to membership in the Judicial Retirement Plan or the  
26 Legislators' Retirement Plan, who does not elect within thirty (30) days after  
27 taking office to participate in the plan, in accordance with KRS 6.505 or

1           21.360, and who at the time of taking office is not a contributing member of,  
2           or does not have service credit in, any of the retirement systems mentioned in  
3           this section, or the Teachers' Retirement System, shall participate in the  
4           Kentucky Employees Retirement System.

5           (c) A member of one (1) of the state-administered retirement plans who ceases to  
6           contribute to the plan as provided in KRS 21.360 and who is employed in a  
7           nonelected position by an agency participating in the Kentucky Retirement  
8           Systems or Kentucky Teachers' Retirement System shall be deemed to have  
9           elected membership in the system in which the employer of the nonelected  
10          position participates. A member of one (1) of the state-administered  
11          retirement plans who ceases to contribute to the plan as provided in KRS  
12          21.360 and who is not employed in a nonelected position by an agency  
13          participating in the Kentucky Retirement Systems shall be deemed to have  
14          elected membership in the Kentucky Employees Retirement System.

15       (4) (a) Prior to July 1, 1976, a person entering the service of an employer  
16          participating in the Kentucky Employees Retirement System or the County  
17          Employees Retirement System with service credit in the Teachers' Retirement  
18          System and who desires to retain membership in the Teachers' Retirement  
19          System, and who is permitted by that system to continue, shall be exempt  
20          from participating in the Kentucky Employees Retirement System or the  
21          County Employees Retirement System.

22          (b) Any person who has elected to retain membership in the Teachers' Retirement  
23          System as provided in paragraph (a) of this subsection may cancel his election  
24          and participate in the system under which his position would normally  
25          participate, if he elects to cancel his option prior to January 1, 1977.

26          (c) Any member of the General Assembly who upon election is a contributing  
27          member of the Teachers' Retirement System and who does not elect within

1 thirty (30) days after taking office to participate in the Legislators' Retirement  
2 Plan, in accordance with KRS 6.505, or is not eligible to participate in the  
3 Legislators' Retirement Plan in accordance with Section 1 of this Act, shall  
4 during his term of office participate in the Kentucky Employees Retirement  
5 System unless an election to retain membership in the Teachers' Retirement  
6 System is filed in writing within ninety (90) days after his term of office  
7 begins. No contributions may be made to the Teachers' Retirement System for  
8 the same period of service under the Legislators' Retirement Plan or the  
9 Kentucky Employees Retirement System as a member of the General  
10 Assembly, but contributions made to the Teachers' Retirement System while a  
11 member of the General Assembly shall be transferred to the Legislators'  
12 Retirement Plan, as provided for in KRS 6.535, when the member elects to  
13 join the Legislators' Retirement Plan, and service credit in the Legislators'  
14 Retirement Plan shall be granted as provided for in KRS 6.505(5).

15 (5) Any member of the Kentucky Employees Retirement System or County Employees  
16 Retirement System who is working in a position covered by one (1) of these  
17 retirement systems and his employee contributions, service credit and employer  
18 contributions made on his behalf are being transferred to the other retirement  
19 system shall contribute to the system in which his employer participates, or after  
20 August 1, 1982, the employer shall pick up the employee contributions, and no  
21 further contributions or service credit shall be transferred to the system in which he  
22 elected to retain membership, as subsection (2) of this section eliminates the  
23 necessity of the transfers.

24 (6) Any member of the Kentucky Employees Retirement System or County Employees  
25 Retirement System who is working in more than one (1) position covered by the  
26 same retirement system, shall have his wages and contributions consolidated and his  
27 retirement account administered as a single account. If part-time positions are

1 involved, an accumulation of all hours worked within the same retirement system  
2 shall be used to determine eligibility under KRS 61.510(21).

- 3 (7) (a) Notwithstanding the provisions of subsection (2) of this section, a person who  
4 does not have the amount of service required for service retirement in the  
5 State Police Retirement System, Kentucky Employees Retirement System,  
6 County Employees Retirement System, Legislators' Retirement Plan, or  
7 Teachers' Retirement System, but who is a member of one (1) of the systems  
8 or is a former member of one (1) or more of the systems with valid service  
9 credit therein, shall become eligible for service retirement benefits attributable  
10 to the amount of his actual service credit in each system in which he has  
11 service credit when his combined service credit in all the systems, plus any  
12 service credit he has in the Judicial Retirement Plan, is equal to that required  
13 for service retirement in each respective system. The computation of benefits  
14 shall be based on the applicable formula in each system and service credit in  
15 each system, except that total service in all systems, unless prohibited by KRS  
16 161.623(2), shall be used to determine the reduction for early retirement, if  
17 any. Except as provided in KRS 21.360, the final compensation shall be  
18 determined by using the creditable compensation reported to the State Police  
19 Retirement System, Kentucky Employees Retirement System, County  
20 Employees Retirement System, Legislators' Retirement Plan, or Teachers'  
21 Retirement System and only as much of the compensation earned in the  
22 Judicial Retirement Plan as is needed to satisfy the final compensation  
23 requirement applicable in the respective retirement systems.
- 24 (b) Paragraph (a) of this subsection shall be waived if the member fails to  
25 simultaneously retire from all state-administered retirement systems in which  
26 the member has an account or fails to retire from any other systems not  
27 administered by Kentucky Retirement Systems within one (1) month of the

1            member's effective retirement date in the systems administered by the  
2            Kentucky Retirement Systems.

3 (8) Each retirement system from which the member retires shall pay a retirement  
4 allowance upon receipt of required forms and documents, except that no retirement  
5 system shall pay a retirement allowance or annuity until all forms and documents  
6 are filed at all retirement systems in compliance with each system's requirements.

7        ➔Section 10. Whereas ensuring the integrity, fairness, and financial health of all  
8 retirement plans is vital to the future of Kentucky, an emergency is declared to exist, and  
9 this Act takes effect upon its passage and approval by the Governor or upon its otherwise  
10 becoming a law.