

6.521 Increase of retirement benefits.

- (1) As of July 1 of each year, the board of trustees of the Kentucky Judicial Form Retirement System shall recompute the monthly benefits of persons then receiving benefits under the Legislators' Retirement Plan, by using the following formula: three and one-half percent (3.5%) times fifty-five percent (55%) of the final compensation of the office in which the credit was earned for a person retiring as of the recomputation date, times the number of years of service credit (not to exceed twenty-eight (28) years). In making the recomputation, the same reduction factor, in case of an actuarially reduced benefit or a surviving spouse's benefit, shall be used as was used in determining the benefit then being received. If the benefit as recomputed in accordance with this section is higher than the benefit then being received, the recomputed benefit shall thereafter be paid monthly, commencing as of the date specified for the recomputation, subject to future adjustment at ensuing recomputations in accordance with this section.
- (2) Effective August 1, 1998, to July 1, 2008, a recipient of a monthly pension benefit from the Legislators' Retirement Plan shall have his or her benefit increased on July 1 of each year by the percentage increase in the annual average of the consumer price index for all urban consumers for the most recent calendar year as published by the Federal Bureau of Labor Statistics, not to exceed five percent (5%). In determining the state's appropriation to the Legislators' Retirement Fund, only the costs of increases granted as of the most recent valuation date shall be recognized. The benefits of this subsection as provided on August 1, 1998, to July 1, 2008, shall not be considered as benefits protected by the inviolable contract provisions of KRS 6.505. The General Assembly reserves the right to suspend or reduce the benefits conferred in this subsection if in its judgment the welfare of the Commonwealth so demands.
- (3)
 - (a) Effective July 1, 2009, and on July 1 of each year thereafter, a recipient of a monthly pension benefit from the Legislators' Retirement Plan shall have his or her benefit increased by one and one-half percent (1.5%), if:
 1. The funding level of the plan is greater than one hundred percent (100%) and subsequent legislation authorizes the use of any surplus actuarial assets to provide an increase in retirement allowances described by this subsection; or
 2. The General Assembly appropriates sufficient funds to fully prefund the increase described by this subsection in the year the increase is provided.
 - (b) The board of trustees of the Kentucky Judicial Form Retirement System shall, at least thirty (30) days prior to the beginning of regular sessions of the General Assembly held in even-numbered years, advise the General Assembly of the following:
 1. Whether the plan has a funding level greater than one hundred percent (100%) and if the plan can support an increase in recipients' retirement allowances as provided by paragraph (a) of this subsection over the next budget biennium without reducing the funding level of the plan below one hundred percent (100%); and

2. If no surplus actuarial assets are available, the level of funds needed to fully prefund an increase for plan recipients over the next budget biennium if a one and one-half percent (1.5%) increase is provided annually over the biennium.
- (c) For purposes of this subsection, "funding level" means the actuarial value of assets divided by the actuarially accrued liability expressed as a percentage that is determined and reported by the plan's actuary in the plan's actuarial valuation.
 - (d) The full increase described by this subsection shall only be provided if the recipient has been receiving a retirement benefit for at least twelve (12) months prior to the effective date of the increase. If the recipient has been receiving a benefit for less than twelve (12) months prior to the effective date of the increase provided by this subsection, the increase shall be reduced on a pro rata basis for each month the recipient has not been receiving a benefit in the twelve (12) months preceding the effective date of the increase.
 - (e) In determining the state's appropriation to the Legislators' Retirement Fund, only the costs of increases granted as of the most recent valuation date shall be recognized.
 - (f) The benefits of this subsection as provided on July 1, 2009, and thereafter shall not be considered as benefits protected by the inviolable contract provisions of KRS 6.505. The General Assembly reserves the right to suspend or reduce the benefits conferred in this subsection if in its judgment the welfare of the Commonwealth so demands.
- (4) In addition to the increase to a recipient's retirement allowance as provided by subsection (3) of this section, the General Assembly may, by subsequent legislation, provide supplemental increases to a recipient's retirement allowance to help adjust for actual changes in the recipient's cost of living if the General Assembly appropriates sufficient funds to fully prefund the benefit in the year the increase is provided.

Effective: July 1, 2013

History: Amended 2013 Ky. Acts ch. 120, sec. 16, effective July 1, 2013. -- Amended 2008 (1st Extra. Sess.) Ky. Acts ch. 1, sec. 2, effective June 27, 2008. -- Amended 1998 Ky. Acts ch. 360, sec. 2, effective July 15, 1998. -- Created 1982 Ky. Acts ch. 380, sec. 2, effective July 15, 1982.

2014-2016 Budget Reference. See Legislative Branch Budget, 2014 Ky. Acts ch. 123, Pt. I, 1, (4) at 782.

Legislative Research Commission Note (7/1/2013). This statute was amended by Section 16 of 2013 Ky. Acts ch. 120. Section 81 of that Act reads, "Notwithstanding any other provision of this Act to the contrary, the amendments in Sections 16, 25, and 69 of this Act shall in no way nullify the provisions of 2012 Ky. Acts ch. 19, Part I, 1.(4), 2012 Ky. Acts ch. 68, Part I, 2.(2), or 2012 Ky. Acts ch. 144, Part IV, 10., which suspended the cost-of-living adjustment that would have been provided to retirees and beneficiaries of the Legislative Retirement Plan, the Judicial Retirement Plan, the State Police Retirement System, the Kentucky Employees Retirement System, and the County Employees Retirement System on July 1, 2012, and July 1, 2013."