61.640 Death before retirement -- Beneficiary's options -- Taxable distributions.

(1) If a member dies prior to the first day of the month in which the member would have received his or her first retirement allowance, the member's beneficiary shall be eligible for the benefits provided by this section if the member had on file a written designation of a beneficiary with the retirement office as provided by KRS 61.542 and the member met the following conditions at the date of his or her death:

(a) The member was eligible to retire under KRS 61.559(2) or (3) or 61.597(6)(a) or (b);

(b) The member was in active employment or on authorized leave of absence with five (5) or more years of service credit and died prior to his or her normal retirement date or was normal retirement age or older and had at least four (4) years of service credit; or

(c) The member was not in active employment or on authorized leave of absence with twelve (12) or more years of service credit and died prior to his or her normal retirement date.

(2) If the beneficiary eligible for benefits as provided in subsection (1) of this section is a single person, then the beneficiary may elect to receive:

(a) A monthly benefit payable for the life of the beneficiary that is equal to the benefit that would have been paid had the member retired immediately prior to his or her date of death and elected to receive benefits payable under the survivorship one hundred percent (100%) option as provided in KRS 61.635(2);

(b) A monthly benefit payable for the life of the beneficiary under the beneficiary Social Security adjustment option as provided in KRS 61.635(9) that is the actuarial equivalent to the amount computed under paragraph (a) of this subsection;

(c) A monthly benefit payable for a period of sixty (60) months that is the actuarial equivalent to the amount computed under paragraph (a) of this subsection;

(d) A monthly benefit payable for a period of one hundred twenty (120) months that is the actuarial equivalent to the amount computed under paragraph (a) of this subsection;

(e) If the member began participating in the system prior to January 1, 2014, a monthly benefit payable for a period of one hundred twenty (120) months that is equivalent to the benefit the member would have been entitled to receive based on his or her years of service and final compensation at the date of his or her death reduced by the survivorship fifty percent (50%) factor as provided for in KRS 61.635(4), then reduced by fifty percent (50%), and that is the actuarial equivalent to the amount computed under paragraph (a) of this subsection; or

(f) The higher of a refund of the member's accumulated account balance as described in KRS 61.625(1) or one (1) time lump-sum payment which shall be the actuarial equivalent of the amount payable under paragraph (a) of this

subsection for a period of sixty (60) months.

(3) If the beneficiary eligible for benefits as provided by subsection (1) of this section are multiple beneficiaries or a trust, then the multiple beneficiaries by consensus or the trustee may elect to receive the actuarial equivalent amounts payable under subsection (2)(c), (d), (e), or (f) of this section using the assumption that the beneficiary's age is the same as the member's age.

(4) If the beneficiary eligible for benefits as provided in subsection (1) of this section is the member's estate, then the beneficiary shall receive the higher of a refund of the member's accumulated account balance as described in KRS 61.625(1) or the one (1) time lump-sum payment payable under subsection (2)(f) of this section, using the assumption that the beneficiary's age is the same as the member's age.

(5) Payments of taxable distributions made pursuant to this section shall be subject to state and federal income tax as appropriate.

Effective: July 1, 2013

History: Amended 2013 Ky. Acts ch. 120, sec. 64, effective July 1, 2013. -- Amended 2010 Ky. Acts ch. 173, sec. 6, effective July 15, 2010. -- Amended 2009 Ky. Acts ch. 77, sec. 18, effective June 25, 2009. -- Amended 2004 Ky. Acts ch. 36, sec. 22, effective July 13, 2004. -- Amended 1998 Ky. Acts ch. 154, sec. 68, effective July 15, 1998. -- Amended 1996 Ky. Acts ch. 167, sec. 16, effective July 15, 1996. -- Amended 1994 Ky. Acts ch. 485, sec. 20, effective July 15, 1994. â€“ Amended 1992 Ky. Acts ch. 240, sec. 39, effective July 14, 1992. -- Amended 1986 Ky. Acts ch. 90, sec. 19, effective July 15, 1986. -- Amended 1982 Ky. Acts ch. 423, sec. 10, effective July 15, 1982. -- Amended 1976 Ky. Acts ch. 321, sec. 28. -- Amended 1974 Ky. Acts ch. 128, sec. 25. -- Amended 1972 Ky. Acts ch. 116, sec. 47. -- Amended 1966 Ky. Acts ch. 35, sec. 12. -- Amended 1964 Ky. Acts ch. 86, sec. 6. -- Amended 1962 Ky. Acts ch. 58, sec. 18. -- Amended 1960 Ky. Acts ch. 165, Part II, sec. 13. -- Created 1956 Ky. Acts ch. 110, sec. 27.