

1 AN ACT relating to death-in-line-of-duty benefits and declaring an emergency.

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

3 ➔Section 1. KRS 16.505 is amended to read as follows:

4 As used in KRS 16.505 to 16.652, unless the context otherwise requires:

- 5 (1) "System" means the State Police Retirement System created by KRS 16.505 to  
6 16.652;
- 7 (2) "Board" means the board of trustees of the Kentucky Retirement Systems;
- 8 (3) "Employer" or "State Police" means the Department of Kentucky State Police, or its  
9 successor;
- 10 (4) "Current service" means the number of years and completed months of employment  
11 as an employee subsequent to July 1, 1958, for which creditable compensation was  
12 paid by the employer and employee contributions deducted except as otherwise  
13 provided;
- 14 (5) "Prior service" means the number of years and completed months of employment as  
15 an employee prior to July 1, 1958, for which creditable compensation was paid to  
16 the employee by the Commonwealth. Twelve (12) months of current service in the  
17 system are required to validate prior service;
- 18 (6) "Service" means the total of current service and prior service;
- 19 (7) "Accumulated contributions" at any time means the sum of all amounts deducted  
20 from the compensation of a member and credited to his individual account in the  
21 member's account, including employee contributions picked up after August 1,  
22 1982, pursuant to KRS 16.545(4), together with interest credited on such amounts  
23 as provided in KRS 16.505 to 16.652, and any other amounts the member shall have  
24 contributed, including interest credited. For members who begin participating on or  
25 after September 1, 2008, "accumulated contributions" shall not include employee  
26 contributions that are deposited into accounts established pursuant to 26 U.S.C. sec.  
27 401(h) within the funds established in KRS 16.510, 61.515, and 78.520, as

1 prescribed by KRS 61.702(2)(b);

2 (8) "Creditable compensation":

3 (a) Means all salary and wages, including payments for compensatory time, paid  
4 to the employee as a result of services performed for the employer or for time  
5 during which the member is on paid leave, which are includable on the  
6 member's federal form W-2 wage and tax statement under the heading "wages,  
7 tips, other compensation," including employee contributions picked up after  
8 August 1, 1982, pursuant to KRS 16.545(4);

9 (b) Includes:

10 1. Lump-sum bonuses, severance pay, or employer-provided payments for  
11 purchase of service credit, which shall be averaged over the employee's  
12 total service with the system in which it is recorded if it is equal to or  
13 greater than one thousand dollars (\$1,000);

14 2. Lump-sum payments for creditable compensation paid as a result of an  
15 order of a court of competent jurisdiction, the Personnel Board, or the  
16 Commission on Human Rights, or for any creditable compensation paid  
17 in anticipation of settlement of an action before a court of competent  
18 jurisdiction, the Personnel Board, or the Commission on Human Rights,  
19 including notices of violations of state or federal wage and hour statutes  
20 or violations of state or federal discrimination statutes, which shall be  
21 credited to the fiscal year during which the wages were earned or should  
22 have been paid by the employer. This subparagraph shall also include  
23 lump-sum payments for reinstated wages pursuant to KRS 61.569,  
24 which shall be credited to the period during which the wages were  
25 earned or should have been paid by the employer;

26 3. Amounts which are not includable in the member's gross income by  
27 virtue of the member having taken a voluntary salary reduction provided

- 1 for under applicable provisions of the Internal Revenue Code; and
- 2 4. Elective amounts for qualified transportation fringes paid or made
- 3 available on or after January 1, 2001, for calendar years on or after
- 4 January 1, 2001, that are not includable in the gross income of the
- 5 employee by reason of 26 U.S.C. sec. 132(f)(4); and
- 6 (c) Excludes:
- 7 1. Living allowances, expense reimbursements, lump-sum payments for
- 8 accrued vacation leave, and other items determined by the board; and
- 9 2. For employees who begin participating on or after September 1, 2008,
- 10 lump-sum payments for compensatory time;
- 11 (9) "Final compensation" means:
- 12 (a) For a member who begins participating before September 1, 2008, the
- 13 creditable compensation of a member during the three (3) fiscal years he was
- 14 paid at the highest average monthly rate divided by the number of months of
- 15 service credit during the three (3) year period, multiplied by twelve (12); the
- 16 three (3) years may be fractional and need not be consecutive. If the number of
- 17 months of service credit during the three (3) year period is less than twenty-
- 18 four (24), one (1) or more additional fiscal years shall be used; or
- 19 (b) For a member who begins participating on or after September 1, 2008, but
- 20 prior to January 1, 2014, the creditable compensation of the member during
- 21 the three (3) complete fiscal years he or she was paid at the highest average
- 22 monthly rate divided by three (3). Each fiscal year used to determine final
- 23 compensation must contain twelve (12) months of service credit. If the
- 24 member does not have three (3) complete fiscal years that each contain twelve
- 25 (12) months of service credit, then one (1) or more additional fiscal years,
- 26 which may contain less than twelve (12) months of service credit, shall be
- 27 added until the number of months in the final compensation calculation is at

- 1           least thirty-six (36) months;
- 2 (10) "Final rate of pay" means the actual rate upon which earnings of a member were  
3       calculated during the twelve (12) month period immediately preceding the  
4       member's effective retirement date, including employee contributions picked up  
5       after August 1, 1982, pursuant to KRS 16.545(4). The rate shall be certified to the  
6       system by the employer and the following equivalents shall be used to convert the  
7       rate to an annual rate: two thousand eighty (2,080) hours for eight (8) hour  
8       workdays, one thousand nine hundred fifty (1,950) hours for seven and one-half (7-  
9       1/2) hour workdays, two hundred sixty (260) days, fifty-two (52) weeks, twelve (12)  
10      months, or one (1) year;
- 11 (11) "Retired member" means any former member receiving a retirement allowance or  
12      any former member who has filed the necessary documents for retirement benefits  
13      and is no longer contributing to the retirement system;
- 14 (12) "Retirement allowance" means the retirement payments to which a retired member  
15      is entitled;
- 16 (13) "Actuarial equivalent" means a benefit of equal value when computed upon the  
17      basis of actuarial tables adopted by the board. In cases of disability retirement, the  
18      options authorized by KRS 61.635 shall be computed by adding ten (10) years to  
19      the age of the member, unless the member has chosen the Social Security  
20      adjustment option as provided for in KRS 61.635(8), in which case the member's  
21      actual age shall be used. For members who began participating in the system prior  
22      to January 1, 2014, no disability retirement option shall be less than the same option  
23      computed under early retirement;
- 24 (14) "Authorized leave of absence" means any time during which a person is absent from  
25      employment but retained in the status of an employee in accordance with the  
26      personnel policy of the Department of Kentucky State Police;
- 27 (15) "Normal retirement date" means:

- 1 (a) For a member who begins participating before September 1, 2008, the first  
2 day of the month following a member's fifty-fifth birthday, except that for  
3 members over age fifty-five (55) on July 1, 1958, it shall mean January 1,  
4 1959; or
- 5 (b) For a member who begins participating on or after September 1, 2008, the  
6 first day of the month following a member's sixtieth birthday;
- 7 (16) "Disability retirement date" means the first day of the month following the last day  
8 of paid employment;
- 9 (17) "Dependent child" means a child in the womb and a natural or legally adopted child  
10 of the member who has neither attained age eighteen (18) nor married or who is an  
11 unmarried full-time student who has not attained age twenty-two (22). **Solely in the**  
12 **case of a member who dies as a direct result of an act in line of duty as defined in**  
13 **this section or who dies as a result of a duty-related injury as defined in Section 5**  
14 **of this Act, "dependent child" also means a naturally or legally adopted disabled**  
15 **child of the member if the child has been determined to be eligible for federal**  
16 **Social Security disability benefits or is being claimed as a qualifying child for tax**  
17 **purposes due to the child's total and permanent disability;**
- 18 (18) "Optional allowance" means an actuarially equivalent benefit elected by the member  
19 in lieu of all other benefits provided by KRS 16.505 to 16.652;
- 20 (19) "Act in line of duty" means an act occurring or a thing done, which, as determined  
21 by the board, was required in the performance of the duties specified in KRS  
22 16.060. For employees in hazardous positions under KRS 61.592, an "act in line of  
23 duty" shall mean an act occurring which was required in the performance of the  
24 principal duties of the position as defined by the job description;
- 25 (20) "Early retirement date" means:
- 26 (a) For a member who begins participating before September 1, 2008, the  
27 retirement date declared by a member who is not less than fifty (50) years of

- 1           age and has fifteen (15) years of service; or
- 2           (b) For a member who begins participating on or after September 1, 2008, but
- 3           prior to January 1, 2014, the retirement date declared by a member who is not
- 4           less than fifty (50) years of age and has fifteen (15) years of service credited
- 5           under KRS 16.543(1), 61.543(1), or 78.615(1) or another state-administered
- 6           retirement system;
- 7           (21) "Member" means any officer included in the membership of the system as provided
- 8           under KRS 16.520 whose membership has not been terminated under KRS 61.535;
- 9           (22) "Regular full-time officers" means the occupants of positions as set forth in KRS
- 10          16.010;
- 11          (23) "Hazardous disability" as used in KRS 16.505 to 16.652 means a disability which
- 12          results in an employee's total incapacity to continue as an employee in a hazardous
- 13          position, but the employee is not necessarily deemed to be totally and permanently
- 14          disabled to engage in other occupations for remuneration or profit;
- 15          (24) "Current rate of pay" means the member's actual hourly, daily, weekly, biweekly,
- 16          monthly, or yearly rate of pay converted to an annual rate as defined in final rate of
- 17          pay. The rate shall be certified by the employer;
- 18          (25) "Beneficiary" means the person, persons, estate, trust, or trustee designated by the
- 19          member in accordance with KRS 61.542 or 61.705 to receive any available benefits
- 20          in the event of the member's death. As used in KRS 61.702, "beneficiary" does not
- 21          mean an estate, trust, or trustee;
- 22          (26) "Recipient" means the retired member, the person or persons designated as
- 23          beneficiary by the member and drawing a retirement allowance as a result of the
- 24          member's death, or a dependent child drawing a retirement allowance. An alternate
- 25          payee of a qualified domestic relations order shall not be considered a recipient,
- 26          except for purposes of KRS 61.623;
- 27          (27) "Person" means a natural person;

- 1 (28) "Retirement office" means the Kentucky Retirement Systems office building in  
2 Frankfort;
- 3 (29) "Delayed contribution payment" means an amount paid by an employee for  
4 purchase of current service. The amount shall be determined using the same formula  
5 in KRS 61.5525, and the payment shall not be picked up by the employer. A  
6 delayed contribution payment shall be deposited to the member's account and  
7 considered as accumulated contributions of the individual member;
- 8 (30) "Last day of paid employment" means the last date employer and employee  
9 contributions are required to be reported in accordance with KRS 16.543, 61.543, or  
10 78.615 to the retirement office in order for the employee to receive current service  
11 credit for the month. Last day of paid employment does not mean a date the  
12 employee receives payment for accrued leave, whether by lump sum or otherwise, if  
13 that date occurs twenty-four (24) or more months after previous contributions;
- 14 (31) "Objective medical evidence" means reports of examinations or treatments; medical  
15 signs which are anatomical, physiological, or psychological abnormalities that can  
16 be observed; psychiatric signs which are medically demonstrable phenomena  
17 indicating specific abnormalities of behavior, affect, thought, memory, orientation,  
18 or contact with reality; or laboratory findings which are anatomical, physiological,  
19 or psychological phenomena that can be shown by medically acceptable laboratory  
20 diagnostic techniques, including but not limited to chemical tests,  
21 electrocardiograms, electroencephalograms, X-rays, and psychological tests;
- 22 (32) "Fiscal year" of the system means the twelve (12) months from July 1 through the  
23 following June 30, which shall also be the plan year. The "fiscal year" shall be the  
24 limitation year used to determine contribution and benefit limits established by 26  
25 U.S.C. sec. 415;
- 26 (33) "Participating" means an employee is currently earning service credit in the system  
27 as provided in KRS 16.543;

- 1 (34) "Month" means a calendar month;
- 2 (35) "Membership date" means the date upon which the member began participating in  
3 the system as provided by KRS 16.543;
- 4 (36) "Participant" means a member, as defined by subsection (21) of this section, or a  
5 retired member, as defined by subsection (11) of this section;
- 6 (37) "Qualified domestic relations order" means any judgment, decree, or order,  
7 including approval of a property settlement agreement, that:
- 8 (a) Is issued by a court or administrative agency; and
- 9 (b) Relates to the provision of child support, alimony payments, or marital  
10 property rights to an alternate payee;
- 11 (38) "Alternate payee" means a spouse, former spouse, child, or other dependent of a  
12 participant, who is designated to be paid retirement benefits in a qualified domestic  
13 relations order;
- 14 (39) "Accumulated employer credit" means the employer pay credit deposited to the  
15 member's account and interest credited on such amounts as provided by KRS  
16 16.583;~~and~~
- 17 (40) "Accumulated account balance" means:
- 18 (a) For members who began participating in the system prior to January 1, 2014,  
19 the member's accumulated contributions; or
- 20 (b) For members who began participating in the system on or after January 1,  
21 2014, in the hybrid cash balance plan as provided by KRS 16.583, the  
22 combined sum of the member's accumulated contributions and the member's  
23 accumulated employer pay credit; and
- 24 **(41) "Monthly average pay" means the higher of the member's monthly final rate of**  
25 **pay or the average monthly creditable compensation earned by the deceased**  
26 **member during his or her last twelve (12) months of employment.**
- 27 ➔Section 2. KRS 16.601 is amended to read as follows:



(1) If ~~[the death of]~~ a member **dies** ~~[in service occurs on or after August 1, 1992,]~~ as a direct result of an ~~[ ]~~act in line of duty~~[ ]~~ **as defined in Section 1 of this Act and is survived by a spouse:**~~[ and the member has on file in the retirement office at the time of his or her death a written designation of only one (1) beneficiary, who is his or her spouse, the beneficiary ]~~

**(a) The surviving spouse shall be the beneficiary, and this shall supersede the designation of all previous beneficiaries of the deceased member's retirement account except as provided in subsection (2)(e) of Section 4 of this Act;**

**(b) 1. The surviving spouse, provided he or she supersedes all previously designated beneficiaries,** may elect to receive a lump-sum payment of ten thousand dollars (\$10,000) and a monthly payment equal to **seventy-five percent (75%)**~~[twenty five percent (25%)]~~ of the member's monthly **average**~~[final rate of]~~ pay beginning in the month following the member's death and continuing each month until **the surviving spouse remarries or until the** death~~[ ]~~ **of the unmarried surviving spouse;**

**2. Provided the deceased member began participating in the systems prior to July 1, 2018, the monthly payment to the surviving spouse upon remarriage shall be twenty-five percent (25%) of the member's monthly average pay beginning in the month following remarriage and continuing each month until death; and**

**(c) In addition, if the member is also survived by dependent children, monthly payments shall be made for each dependent child equal to ten percent (10%) of the deceased member's monthly average pay, except that the combined maximum payment made to the:**

**1. Surviving spouse and dependent children under this subsection shall not exceed one hundred percent (100%) of the deceased member's**

1 monthly average pay; and

2 2. Dependent children, while the surviving spouse is living or prior to the  
 3 surviving spouse remarrying, shall not exceed twenty-five percent  
 4 (25%) of the deceased member's monthly average pay. Payments made  
 5 to the dependent children under this subsection shall be divided  
 6 equally among all the dependent children.

7 (2) If a member dies as a result of an act in line of duty as defined in Section 1 of this  
 8 Act and is not survived by a spouse but is survived by a dependent child or  
 9 children, the following benefits shall be paid to the dependent child or children:

10 (a) Fifty percent (50%) of the deceased member's monthly average pay, if the  
 11 deceased member has one (1) dependent child;

12 (b) Sixty-five percent (65%) of the deceased member's monthly average pay, if  
 13 the deceased member has two (2) dependent children; or

14 (c) Seventy-five percent (75%) of the deceased member's monthly average pay,  
 15 if the deceased member has three (3) or more dependent children.

16 Payments made to the dependent children under this subsection shall be divided  
 17 equally among all the dependent children.

18 (3) If ~~the death of~~ a member **dies** ~~in service occurs on or after July 1, 1968,~~ as a  
 19 direct result of an ~~act~~ in line of duty ~~as defined in Section 1 of this Act~~ and the  
 20 member has on file in the retirement office at the time of his or her death a written  
 21 designation of only one (1) beneficiary other than his or her spouse **who has not**  
 22 **been superseded by the surviving spouse as provided by subsection (1)(a) of this**  
 23 **section, and** who is a dependent receiving at least one-half (1/2) of his or her  
 24 support from the deceased member, the beneficiary may elect to receive a lump-sum  
 25 payment of ten thousand dollars (\$10,000).

26 ~~(4)~~~~(3)~~ ~~In the period of time following a member's death during which dependent~~  
 27 ~~children survive, monthly payments shall be made for each dependent child who is~~

1        ~~alive, equal to ten percent (10%) of the deceased member's monthly final rate of~~  
 2        ~~pay; however, total maximum dependent children's benefits shall not be greater than~~  
 3        ~~forty percent (40%) of the deceased member's monthly final rate of pay at the time~~  
 4        ~~any particular payment is due. ]~~ The payments **provided by this section** shall  
 5        commence in the month following the date of death of the member and shall be  
 6        payable to the **spouse, dependent children,** beneficiaries, or to a legally appointed  
 7        guardian or as directed by the system. Benefits **to a dependent child under this**  
 8        **section** shall be payable ~~[under this subsection]~~ notwithstanding an election by a  
 9        **surviving spouse or** beneficiary to withdraw the deceased member's accumulated  
 10       account balance as provided in KRS 61.625 or **to elect** benefits under any other  
 11       provisions of KRS 16.510 to 16.652.

12       ~~(5)(4)~~     A **surviving spouse or** beneficiary eligible for benefits under subsection (1) or  
 13       ~~(3)(2)~~ of this section who is also eligible for benefits under any other provisions of  
 14       KRS 16.510 to 16.652 may elect benefits under this section or any other section of  
 15       KRS 16.510 to 16.652 but cannot elect to receive both.

16       ~~(6)(5)~~     (a) A **surviving spouse or** beneficiary applying for benefits under  
 17       subsection (1) or ~~(3)(2)~~ of this section who is also eligible for benefits under  
 18       KRS 16.578 may elect to receive benefits under KRS 16.578(2)(a) or (b)  
 19       while the application for benefits under subsection (1) or ~~(3)(2)~~ of this  
 20       section is pending.

21       (b) If a final determination results in a finding of eligibility for benefits under  
 22       subsection (1) or ~~(3)(2)~~ of this section, the system shall recalculate the  
 23       benefits due the **surviving spouse or** beneficiary in accordance with this  
 24       subsection.

25       (c) If the **surviving spouse or** beneficiary has been paid less than the amount of  
 26       benefits to which the **surviving spouse or** beneficiary was entitled to receive  
 27       under this section, the system shall pay the additional funds due to the

1           surviving spouse or beneficiary.

2           (d) If the surviving spouse or beneficiary has been paid more than the amount of  
3           benefits to which the surviving spouse or beneficiary was entitled to receive  
4           under this section, the system shall deduct the amount overpaid to the  
5           surviving spouse or beneficiary from the ten thousand dollars (\$10,000)  
6           lump-sum payment and from the monthly retirement allowance payments until  
7           the amount owed to the systems has been recovered.

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

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

- 10          (1) "System" means the Kentucky Employees Retirement System created by KRS  
11          61.510 to 61.705;
- 12          (2) "Board" means the board of trustees of the system as provided in KRS 61.645;
- 13          (3) "Department" means any state department or board or agency participating in the  
14          system in accordance with appropriate executive order, as provided in KRS 61.520.  
15          For purposes of KRS 61.510 to 61.705, the members, officers, and employees of the  
16          General Assembly and any other body, entity, or instrumentality designated by  
17          executive order by the Governor, shall be deemed to be a department,  
18          notwithstanding whether said body, entity, or instrumentality is an integral part of  
19          state government;
- 20          (4) "Examiner" means the medical examiners as provided in KRS 61.665;
- 21          (5) "Employee" means the members, officers, and employees of the General Assembly  
22          and every regular full-time, appointed or elective officer or employee of a  
23          participating department, including the Department of Military Affairs. The term  
24          does not include persons engaged as independent contractors, seasonal, emergency,  
25          temporary, interim, and part-time workers. In case of any doubt, the board shall  
26          determine if a person is an employee within the meaning of KRS 61.510 to 61.705;
- 27          (6) "Employer" means a department or any authority of a department having the power

- 1 to appoint or select an employee in the department, including the Senate and the  
2 House of Representatives, or any other entity, the employees of which are eligible  
3 for membership in the system pursuant to KRS 61.525;
- 4 (7) "State" means the Commonwealth of Kentucky;
- 5 (8) "Member" means any employee who is included in the membership of the system or  
6 any former employee whose membership has not been terminated under KRS  
7 61.535;
- 8 (9) "Service" means the total of current service and prior service as defined in this  
9 section;
- 10 (10) "Current service" means the number of years and months of employment as an  
11 employee, on and after July 1, 1956, except that for members, officers, and  
12 employees of the General Assembly this date shall be January 1, 1960, for which  
13 creditable compensation is paid and employee contributions deducted, except as  
14 otherwise provided, and each member, officer, and employee of the General  
15 Assembly shall be credited with a month of current service for each month he  
16 serves in the position;
- 17 (11) "Prior service" means the number of years and completed months, expressed as a  
18 fraction of a year, of employment as an employee, prior to July 1, 1956, for which  
19 creditable compensation was paid; except that for members, officers, and employees  
20 of the General Assembly, this date shall be January 1, 1960. An employee shall be  
21 credited with one (1) month of prior service only in those months he received  
22 compensation for at least one hundred (100) hours of work; provided, however, that  
23 each member, officer, and employee of the General Assembly shall be credited with  
24 a month of prior service for each month he served in the position prior to January 1,  
25 1960. Twelve (12) months of current service in the system are required to validate  
26 prior service;
- 27 (12) "Accumulated contributions" at any time means the sum of all amounts deducted

1 from the compensation of a member and credited to his individual account in the  
2 members' account, including employee contributions picked up after August 1,  
3 1982, pursuant to KRS 61.560(4), together with interest credited on such amounts  
4 and any other amounts the member shall have contributed thereto, including interest  
5 credited thereon. For members who begin participating on or after September 1,  
6 2008, "accumulated contributions" shall not include employee contributions that are  
7 deposited into accounts established pursuant to 26 U.S.C. sec. 401(h) within the  
8 funds established in KRS 16.510, 61.515, and 78.520, as prescribed by KRS  
9 61.702(2)(b);

10 (13) "Creditable compensation":

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

22 (b) Includes:

- 23 1. Lump-sum bonuses, severance pay, or employer-provided payments for  
24 purchase of service credit, which shall be averaged over the employee's  
25 total service with the system in which it is recorded if it is equal to or  
26 greater than one thousand dollars (\$1,000);
- 27 2. Cases where compensation includes maintenance and other perquisites,

- 1 but the board shall fix the value of that part of the compensation not paid  
2 in money;
- 3 3. Lump-sum payments for creditable compensation paid as a result of an  
4 order of a court of competent jurisdiction, the Personnel Board, or the  
5 Commission on Human Rights, or for any creditable compensation paid  
6 in anticipation of settlement of an action before a court of competent  
7 jurisdiction, the Personnel Board, or the Commission on Human Rights,  
8 including notices of violations of state or federal wage and hour statutes  
9 or violations of state or federal discrimination statutes, which shall be  
10 credited to the fiscal year during which the wages were earned or should  
11 have been paid by the employer. This subparagraph shall also include  
12 lump-sum payments for reinstated wages pursuant to KRS 61.569,  
13 which shall be credited to the period during which the wages were  
14 earned or should have been paid by the employer;
- 15 4. Amounts which are not includable in the member's gross income by  
16 virtue of the member having taken a voluntary salary reduction provided  
17 for under applicable provisions of the Internal Revenue Code; and
- 18 5. Elective amounts for qualified transportation fringes paid or made  
19 available on or after January 1, 2001, for calendar years on or after  
20 January 1, 2001, that are not includable in the gross income of the  
21 employee by reason of 26 U.S.C. sec. 132(f)(4); and
- 22 (c) Excludes:
- 23 1. Living allowances, expense reimbursements, lump-sum payments for  
24 accrued vacation leave, and other items determined by the board;
- 25 2. For employees who begin participating on or after September 1, 2008,  
26 lump-sum payments for compensatory time; and
- 27 3. For employees who begin participating on or after August 1, 2016,

1                   nominal fees paid for services as a volunteer;

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

3           (a) For a member who begins participating before September 1, 2008, who is not  
4           employed in a hazardous position, as provided in KRS 61.592, the creditable  
5           compensation of the member during the five (5) fiscal years he was paid at the  
6           highest average monthly rate divided by the number of months of service  
7           credit during that five (5) year period multiplied by twelve (12). The five (5)  
8           years may be fractional and need not be consecutive. If the number of months  
9           of service credit during the five (5) year period is less than forty-eight (48),  
10          one (1) or more additional fiscal years shall be used;

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

24          (c) For a member who begins participating before September 1, 2008, who is  
25          employed in a hazardous position, as provided in KRS 61.592, the creditable  
26          compensation of the member during the three (3) fiscal years he was paid at  
27          the highest average monthly rate divided by the number of months of service



1 credit during that three (3) year period multiplied by twelve (12). The three (3)  
2 years may be fractional and need not be consecutive. If the number of months  
3 of service credit during the three (3) year period is less than twenty-four (24),  
4 one (1) or more additional fiscal years shall be used;

5 (d) For a member who begins participating on or after September 1, 2008, but  
6 prior to January 1, 2014, who is not employed in a hazardous position, as  
7 provided in KRS 61.592, the creditable compensation of the member during  
8 the five (5) complete fiscal years immediately preceding retirement divided by  
9 five (5). Each fiscal year used to determine final compensation must contain  
10 twelve (12) months of service credit. If the member does not have five (5)  
11 complete fiscal years that each contain twelve (12) months of service credit,  
12 then one (1) or more additional fiscal years, which may contain less than  
13 twelve (12) months of service credit, shall be added until the number of  
14 months in the final compensation calculation is at least sixty (60) months; or

15 (e) For a member who begins participating on or after September 1, 2008, but  
16 prior to January 1, 2014, who is employed in a hazardous position, as  
17 provided in KRS 61.592, the creditable compensation of the member during  
18 the three (3) complete fiscal years he was paid at the highest average monthly  
19 rate divided by three (3). Each fiscal year used to determine final  
20 compensation must contain twelve (12) months of service credit. If the  
21 member does not have three (3) complete fiscal years that each contain twelve  
22 (12) months of service credit, then one (1) or more additional fiscal years,  
23 which may contain less than twelve (12) months of service credit, shall be  
24 added until the number of months in the final compensation calculation is at  
25 least thirty-six (36) months;

26 (15) "Final rate of pay" means the actual rate upon which earnings of an employee were  
27 calculated during the twelve (12) month period immediately preceding the

1 member's effective retirement date, including employee contributions picked up  
2 after August 1, 1982, pursuant to KRS 61.560(4). The rate shall be certified to the  
3 system by the employer and the following equivalents shall be used to convert the  
4 rate to an annual rate: two thousand eighty (2,080) hours for eight (8) hour  
5 workdays, nineteen hundred fifty (1,950) hours for seven and one-half (7-1/2) hour  
6 workdays, two hundred sixty (260) days, fifty-two (52) weeks, twelve (12) months,  
7 one (1) year;

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

10 (17) "Actuarial equivalent" means a benefit of equal value when computed upon the  
11 basis of the actuarial tables that are adopted by the board. In cases of disability  
12 retirement, the options authorized by KRS 61.635 shall be computed by adding ten  
13 (10) years to the age of the member, unless the member has chosen the Social  
14 Security adjustment option as provided for in KRS 61.635(8), in which case the  
15 member's actual age shall be used. For members who began participating in the  
16 system prior to January 1, 2014, no disability retirement option shall be less than the  
17 same option computed under early retirement;

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

20 (19) "Fiscal year" of the system means the twelve (12) months from July 1 through the  
21 following June 30, which shall also be the plan year. The "fiscal year" shall be the  
22 limitation year used to determine contribution and benefit limits as established by  
23 26 U.S.C. sec. 415;

24 (20) "Officers and employees of the General Assembly" means the occupants of those  
25 positions enumerated in KRS 6.150. The term shall also apply to assistants who  
26 were employed by the General Assembly for at least one (1) regular legislative  
27 session prior to July 13, 2004, who elect to participate in the retirement system, and

1 who serve for at least six (6) regular legislative sessions. Assistants hired after July  
2 13, 2004, shall be designated as interim employees;

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

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

11 (b) Emergency positions which are positions which do not exceed thirty (30)  
12 working days and are nonrenewable;

13 (c) Temporary positions which are positions of employment with a participating  
14 department for a period of time not to exceed nine (9) months and are  
15 nonrenewable;

16 (d) Part-time positions which are positions which may be permanent in duration,  
17 but which require less than a calendar or fiscal year average of one hundred  
18 (100) hours of work per month, determined by using the number of months  
19 actually worked within a calendar or fiscal year, in the performance of duty;  
20 and

21 (e) Interim positions which are positions established for a one-time or recurring  
22 need not to exceed nine (9) months;

23 (22) "Delayed contribution payment" means an amount paid by an employee for  
24 purchase of current service. The amount shall be determined using the same formula  
25 in KRS 61.5525, and the payment shall not be picked up by the employer. A  
26 delayed contribution payment shall be deposited to the member's account and  
27 considered as accumulated contributions of the individual member. In determining

1 payments under this subsection, the formula found in this subsection shall prevail  
2 over the one found in KRS 212.434;

3 (23) "Parted employer" means a department, portion of a department, board, or agency,  
4 such as Outwood Hospital and School, which previously participated in the system,  
5 but due to lease or other contractual arrangement is now operated by a publicly held  
6 corporation or other similar organization, and therefore is no longer participating in  
7 the system. The term "parted employer" shall not include a department, board, or  
8 agency that ceased participation in the system pursuant to KRS 61.522;

9 (24) "Retired member" means any former member receiving a retirement allowance or  
10 any former member who has filed the necessary documents for retirement benefits  
11 and is no longer contributing to the retirement system;

12 (25) "Current rate of pay" means the member's actual hourly, daily, weekly, biweekly,  
13 monthly, or yearly rate of pay converted to an annual rate as defined in final rate of  
14 pay. The rate shall be certified by the employer;

15 (26) "Beneficiary" means the person or persons or estate or trust or trustee designated by  
16 the member in accordance with KRS 61.542 or 61.705 to receive any available  
17 benefits in the event of the member's death. As used in KRS 61.702, "beneficiary"  
18 does not mean an estate, trust, or trustee;

19 (27) "Recipient" means the retired member or the person or persons designated as  
20 beneficiary by the member and drawing a retirement allowance as a result of the  
21 member's death or a dependent child drawing a retirement allowance. An alternate  
22 payee of a qualified domestic relations order shall not be considered a recipient,  
23 except for purposes of KRS 61.623;

24 (28) "Level-percentage-of-payroll amortization method" means a method of determining  
25 the annual amortization payment on the unfunded actuarial accrued liability as  
26 expressed as a percentage of payroll over a set period of years. Under this method,  
27 the percentage of payroll shall be projected to remain constant for all years

- 1 remaining in the set period and the unfunded actuarially accrued liability shall be  
2 projected to be fully amortized at the conclusion of the set period;
- 3 (29) "Increment" means twelve (12) months of service credit which are purchased. The  
4 twelve (12) months need not be consecutive. The final increment may be less than  
5 twelve (12) months;
- 6 (30) "Person" means a natural person;
- 7 (31) "Retirement office" means the Kentucky Retirement Systems office building in  
8 Frankfort;
- 9 (32) "Last day of paid employment" means the last date employer and employee  
10 contributions are required to be reported in accordance with KRS 16.543, 61.543, or  
11 78.615 to the retirement office in order for the employee to receive current service  
12 credit for the month. Last day of paid employment does not mean a date the  
13 employee receives payment for accrued leave, whether by lump sum or otherwise, if  
14 that date occurs twenty-four (24) or more months after previous contributions;
- 15 (33) "Objective medical evidence" means reports of examinations or treatments; medical  
16 signs which are anatomical, physiological, or psychological abnormalities that can  
17 be observed; psychiatric signs which are medically demonstrable phenomena  
18 indicating specific abnormalities of behavior, affect, thought, memory, orientation,  
19 or contact with reality; or laboratory findings which are anatomical, physiological,  
20 or psychological phenomena that can be shown by medically acceptable laboratory  
21 diagnostic techniques, including but not limited to chemical tests,  
22 electrocardiograms, electroencephalograms, X-rays, and psychological tests;
- 23 (34) "Participating" means an employee is currently earning service credit in the system  
24 as provided in KRS 61.543;
- 25 (35) "Month" means a calendar month;
- 26 (36) "Membership date" means:
- 27 (a) The date upon which the member began participating in the system as

1 provided in KRS 61.543; or

2 (b) For a member electing to participate in the system pursuant to KRS  
3 196.167(4) who has not previously participated in the system or the Kentucky  
4 Teachers' Retirement System, the date the member began participating in a  
5 defined contribution plan that meets the requirements of 26 U.S.C. sec.  
6 403(b);

7 (37) "Participant" means a member, as defined by subsection (8) of this section, or a  
8 retired member, as defined by subsection (24) of this section;

9 (38) "Qualified domestic relations order" means any judgment, decree, or order,  
10 including approval of a property settlement agreement, that:

11 (a) Is issued by a court or administrative agency; and

12 (b) Relates to the provision of child support, alimony payments, or marital  
13 property rights to an alternate payee;

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

17 (40) "Accumulated employer credit" mean the employer pay credit deposited to the  
18 member's account and interest credited on such amounts as provided by KRS  
19 16.583 and 61.597;

20 (41) "Accumulated account balance" means:

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

23 (b) For members who began participating in the system on or after January 1,  
24 2014, in the hybrid cash balance plan as provided by KRS 16.583 and 61.597,  
25 the combined sum of the member's accumulated contributions and the  
26 member's accumulated employer credit;

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

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

6 (b) If a retired member, does not become an employee, leased employee, or  
 7 independent contractor of the employer for which he or she is performing  
 8 volunteer services for a period of at least twenty-four (24) months following  
 9 the retired member's most recent retirement date;~~and~~

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

15 ***(44) "Monthly average pay" means the higher of the member's monthly final rate of***  
 16 ***pay or the average monthly creditable compensation earned by the deceased***  
 17 ***member during his or her last twelve (12) months of employment.***

18 ➔Section 4. KRS 61.542 is amended to read as follows:

19 (1) Prior to the first day of the month in which the member receives his or her first  
 20 retirement allowance and prior to the member filing a notification of retirement or a  
 21 request for refund:

22 (a) Each member may designate on the form prescribed by the board a principal  
 23 beneficiary and contingent beneficiary for his or her account. The principal  
 24 beneficiary or contingent beneficiary designated by the member shall be:

- 25 1. One (1) or more persons; or
- 26 2. The member's estate; or
- 27 3. A trust;

- 1 (b) If multiple persons are designated as provided by paragraph (a)1. of this  
2 subsection, the member shall indicate the percentage of total benefits each  
3 person is to receive.
- 4 1. If percentages are not indicated, payments will be disbursed equally to  
5 the named beneficiaries.
  - 6 2. If the percentages indicated do not total one hundred percent (100%),  
7 each beneficiary shall receive an increased or decreased percentage  
8 which is proportional to the percentage allotted him or her by the  
9 member.
  - 10 3. If any of the multiple beneficiaries die prior to the member's death, the  
11 remaining beneficiaries shall be entitled to the deceased beneficiary's  
12 percentage of the total benefits, and each shall receive a percentage of  
13 the deceased's share which is equal to the percentage allotted them by  
14 the member;
- 15 (c) The principal and contingent beneficiary designation established by the  
16 member pursuant to paragraph (a) of this subsection shall remain in full force  
17 and effect until changed by the member, except:
- 18 1. A final divorce decree terminates an ex-spouse's status as beneficiary,  
19 unless the member has on file in the retirement office a beneficiary  
20 designation that redesignates the ex-spouse as beneficiary subsequent to  
21 the issuance of the divorce decree;
  - 22 2. If a beneficiary or beneficiaries are convicted of any crime which  
23 prohibits that person or persons from receiving the benefits under KRS  
24 381.280, the beneficiary or beneficiaries shall not be eligible for any of  
25 the benefits and the remaining beneficiary or beneficiaries or, if none,  
26 the member's estate, shall become the beneficiary; and
  - 27 3. When a notification of retirement has been filed at the retirement office,



1 the designation of beneficiary on the notification of retirement, which  
2 shall be one (1) person, his estate, or a trust, shall supersede the  
3 designation of all previous beneficiaries, unless the notification of  
4 retirement is withdrawn, invalid, or voided. If the notification of  
5 retirement is withdrawn, invalid, or voided, the prior beneficiary  
6 designation on file with the system shall remain in full force and effect  
7 until changed by the member; and

8 (d) Except as provided by paragraph (c)3. of this subsection, if the member fails  
9 to designate a beneficiary for his or her account or if the beneficiary  
10 designation is determined to be void by the system, the member's estate shall  
11 become the beneficiary.

12 (2) If the member dies prior to the first day of the month in which the member would  
13 have received his or her first retirement allowance and prior to filing a notification  
14 of retirement or a request for refund, any retirement benefits shall be payable to the  
15 principal beneficiary, except that:

16 (a) If the death of the principal beneficiary or beneficiaries precedes the death of  
17 the member, or if the principal beneficiary is terminated by a divorce decree,  
18 the contingent beneficiary or beneficiaries become the principal beneficiary or  
19 beneficiaries;

20 (b) If the principal beneficiary is one (1) person and is the member's spouse and  
21 they are divorced on the date of the member's death, the contingent beneficiary  
22 or beneficiaries become the principal beneficiary or beneficiaries;

23 (c) If the member is survived by his principal beneficiary or beneficiaries who  
24 subsequently die prior to having on file at the retirement office the necessary  
25 forms prescribed under authority of KRS 61.590, the contingent beneficiary  
26 shall become the principal beneficiary or beneficiaries; ~~and~~

27 (d) If the deaths of all the principal beneficiaries and all of the contingent

1 beneficiaries precede the death of the member, the estate of the member  
2 becomes the beneficiary; and

3 (e) If the member dies as a direct result of an act in line of duty as defined in  
4 Section 1 of this Act or dies as a result of a duty-related injury as defined in  
5 Section 5 of this Act, the surviving spouse shall supersede all previously  
6 designated principal or contingent beneficiaries, unless the deceased  
7 member files a valid beneficiary designation form with the retirement office  
8 after the date of marriage to the surviving spouse.

9 (3) Prior to the first day of the month in which the member would have received his or  
10 her first retirement allowance, a monthly benefit payable for life shall not be offered  
11 if the beneficiary designated under subsection (1) of this section is more than one  
12 (1) person, the member's estate, or a trust.

13 (4) When a notification of retirement has been filed at the retirement office:

14 (a) The designation of beneficiary on the notification of retirement shall  
15 supersede the designation of all previous beneficiaries;

16 (b) The beneficiary designated by the member on the member's notification of  
17 retirement shall be one (1) person, the member's estate, or a trust; and

18 (c) If the death of the beneficiary named on the notification of retirement precedes  
19 the first day of the month in which the member receives his or her first  
20 retirement allowance, the member may designate another beneficiary on the  
21 member's notification of retirement.

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

25 (a) The estate of the retired member becomes the beneficiary if the date of death  
26 of the beneficiary precedes or coincides with the date of death of the retired  
27 member;

- 1 (b) The estate of the retired member becomes the beneficiary if the retired  
2 member had designated a person as beneficiary who was the spouse or who  
3 later married the member and they were divorced on the date of the retired  
4 member's death. An ex-spouse who was the named beneficiary on the  
5 member's notification of retirement shall be reinstated as the member's  
6 beneficiary for the payment options provided by KRS 61.635(2), (3), (4), and  
7 (8)(b) if they are remarried to each other as of the date of the retired member's  
8 death; and
- 9 (c) The estate of the member shall not receive monthly payments if the member  
10 selected one (1) of the payment options provided by KRS 61.635(2), (3), (4),  
11 and (8)(b).
- 12 (6) Following cessation of membership as provided by KRS 61.535, no beneficiary  
13 designation in one (1) account shall be effective for any new retirement account  
14 established pursuant to KRS 61.637 or 61.680. If the member fails to designate a  
15 beneficiary for his or her new retirement account or if the beneficiary designation is  
16 determined to be void by the system, the member's estate shall become the  
17 beneficiary.
- 18 ➔Section 5. KRS 61.621 is amended to read as follows:
- 19 (1) Notwithstanding any provision of any statutes to the contrary, effective June 1,  
20 2000, any employee participating in one (1) of the state-administered retirement  
21 systems who is not in a hazardous duty position, as defined in KRS 61.592, shall be  
22 eligible for minimum benefits equal to the benefits payable under this section or  
23 KRS 61.702 if the employee dies or becomes totally and permanently disabled to  
24 engage in any occupation for remuneration or profit as a result of a duty-related  
25 injury.
- 26 (2) (a) For purposes of this section, "duty-related injury" means:
- 27 1. a. A single traumatic event that occurs while the employee is

1 performing the duties of his position; or

2 b. A single act of violence committed against the employee that is  
3 found to be related to his job duties, whether or not it occurs at his  
4 job site; and

5 2. The event or act of violence produces a harmful change in the human  
6 organism evidenced by objective medical findings.

7 (b) "Duty-related injury" does not include the effects of the natural aging process,  
8 a communicable disease unless the risk of contracting the disease is increased  
9 by nature of the employment, or a psychological, psychiatric, or stress-related  
10 change in the human organism unless it is the direct result of a physical injury.

11 (3) (a) If the employee dies as a result of a duty-related injury and is survived by a  
12 spouse, the surviving spouse shall be the beneficiary, and this shall supersede  
13 the designation of all previous beneficiaries of the deceased employee's  
14 retirement account, except as provided in subsection (2)(e) of Section 4 of  
15 this Act.

16 (b) The surviving spouse, provided he or she supersedes all previously  
17 designated beneficiaries, may elect to receive the benefits payable under KRS  
18 61.640 or other applicable death benefit statutes, or may elect to receive a  
19 lump-sum payment of ten thousand dollars (\$10,000) and a monthly payment  
20 equal to seventy-five percent (75%)~~twenty-five percent (25%)~~ of the  
21 member's monthly average~~final rate of~~ pay beginning in the month  
22 following the member's death and continuing each month until the surviving  
23 spouse remarries or until the death~~[-]~~ of the unmarried surviving spouse.

24 (c) Provided the deceased member began participating in the systems prior to  
25 July 1, 2018, the monthly payment to the surviving spouse upon remarriage  
26 shall be twenty-five percent (25%) of the member's monthly average pay  
27 beginning in the month following remarriage and continuing each month

1 until death.

2 (d) In addition, if the member is also survived by dependent children, monthly  
3 payments shall be made for each dependent child equal to ten percent (10%)  
4 of the deceased member's monthly average pay, except that the combined  
5 maximum payment made to the:

6 1. Surviving spouse and dependent children under this subsection shall  
7 not exceed one hundred percent (100%) of the deceased member's  
8 monthly average pay; and

9 2. Dependent children, while the surviving spouse is living or prior to the  
10 surviving spouse remarrying, shall not exceed twenty-five percent  
11 (25%) of the deceased member's monthly average pay. Payments made  
12 to the dependent children under this subsection shall be divided  
13 equally among all the dependent children.

14 (4) If the employee dies as a result of a duty-related injury and is not survived by a  
15 spouse but is survived by a dependent child or children, the following benefits  
16 shall be paid to the dependent child or children:

17 (a) Fifty percent (50%) of the deceased member's monthly average pay, if the  
18 deceased member has one (1) dependent child;

19 (b) Sixty-five percent (65%) of the deceased member's monthly average pay, if  
20 the deceased member has two (2) dependent children; or

21 (c) Seventy-five percent (75%) of the deceased member's monthly average pay,  
22 if the deceased member has three (3) or more dependent children.

23 Payments made to the dependent children under this subsection shall be divided  
24 equally among all the dependent children.

25 (5) If the employee is determined to be disabled as provided in KRS 61.600, or other  
26 applicable disability statutes in any other state-administered retirement system, as  
27 the result of a duty-related injury, the employee may elect to receive benefits

1 determined under the provisions of KRS 61.605, or other applicable disability  
2 statutes in any other state-administered retirement system, except that the monthly  
3 retirement allowance shall not be less than twenty-five percent (25%) of the  
4 employee's monthly final rate of pay. For purposes of determining disability, the  
5 service requirement in KRS 61.600(1)(a), or other applicable statutes in any other  
6 state-administered retirement system, shall be waived.

7 ~~(6)~~<sup>(5)</sup> In the period of time following a member's ~~death or~~ disability during which  
8 dependent children survive, a monthly payment shall be made for each dependent  
9 child who is alive which shall be equal to ten percent (10%) of the ~~deceased or~~  
10 ~~disabled~~ member's monthly final rate of pay; however, total maximum dependent  
11 children's benefits shall not exceed forty percent (40%) of the ~~deceased or~~  
12 ~~disabled~~ member's monthly final rate of pay at the time any particular payment is  
13 due. The payment shall commence in the month following the date of ~~death or~~  
14 ~~disability~~ of the member and shall be payable to the beneficiaries, or to a legally  
15 appointed guardian, or as directed by the system.

16 (7) Benefits for death as a result of a duty-related injury *to a dependent child* shall be  
17 payable under this section~~subsection~~ notwithstanding an election by a surviving  
18 spouse or beneficiary to withdraw the deceased member's accumulated account  
19 balance as provided in KRS 61.625 or benefits under any other provisions of KRS  
20 61.515 to 61.705 or other applicable death benefit statutes in any other state-  
21 administered retirement system.

22 ~~(8)~~<sup>(6)</sup> (a) A spouse applying for benefits under this section who is also eligible for  
23 benefits under KRS 61.640 may elect to receive benefits under KRS  
24 61.640(2)(a) or (b) while the application for benefits under this section is  
25 pending.

26 (b) If a final determination results in a finding of eligibility for benefits under this  
27 section, the system shall recalculate the benefits due the spouse in accordance

1 with this subsection.

2 (c) If the spouse has been paid less than the amount of benefits to which the  
3 spouse was entitled to receive under this section, the system shall pay the  
4 additional funds due to the spouse.

5 (d) If the spouse has been paid more than the benefit the spouse was eligible to  
6 receive under this section, then the system shall deduct the amount owed by  
7 the spouse from the ten thousand dollars (\$10,000) lump-sum payment and  
8 from the monthly retirement allowance payments until the amount owed to the  
9 systems has been recovered.

10 **(9) For purposes of this section, "dependent child" has the same meaning as in**  
11 **Section 1 of this Act.**

12 **(10)**~~(7)~~ This section shall be known as "The Fred Capps Memorial Act."

13 ➔Section 6. KRS 61.702 is amended to read as follows:

14 (1) (a) 1. The board of trustees of Kentucky Retirement Systems shall arrange by  
15 appropriate contract or on a self-insured basis to provide a group  
16 hospital and medical insurance plan for present and future recipients of a  
17 retirement allowance from the Kentucky Employees Retirement System,  
18 County Employees Retirement System, and State Police Retirement  
19 System, except as provided in subsection (8) of this section. The board  
20 shall also arrange to provide health care coverage through an insurer  
21 licensed pursuant to Subtitle 38 of KRS Chapter 304 and offering a  
22 managed care plan as defined in KRS 304.17A-500, as an alternative to  
23 group hospital and medical insurance for any person eligible for hospital  
24 and medical benefits under this section.

25 2. Any person who chooses coverage under a hospital and medical  
26 insurance plan shall pay, by payroll deduction from the retirement  
27 allowance or by another method, the difference in premium between the

1 cost of the hospital and medical insurance plan coverage and the benefits  
2 to which he would be entitled under this section.

3 3. For purposes of this section, "hospital and medical insurance plan" may  
4 include, at the board's discretion, any one (1) or more of the following:

5 a. Any hospital and medical expense policy or certificate, provider-  
6 sponsored integrated health delivery network, self-insured medical  
7 plan, health maintenance organization contract, or other health  
8 benefit plan;

9 b. Any health savings account as permitted by 26 U.S.C. sec. 223 or  
10 health reimbursement arrangement or a similar account as may be  
11 permitted by 26 U.S.C. sec. 105 or 106. Such arrangement or  
12 account, in the board's discretion, may reimburse any medical  
13 expense permissible under 26 U.S.C. sec. 213; or

14 c. A medical insurance reimbursement program established by the  
15 board through the promulgation of administrative regulation under  
16 which members purchase individual health insurance coverage  
17 through a health insurance exchange established under 42 U.S.C.  
18 sec. 18031 or 18041.

19 (b) The board may authorize present and future recipients of a retirement  
20 allowance from any of the three (3) retirement systems to be included in the  
21 state employees' group for hospital and medical insurance and shall provide  
22 benefits for recipients equal to those provided to state employees having the  
23 same Medicare hospital and medical insurance eligibility status, except as  
24 provided in subsection (8) of this section. Notwithstanding the provisions of  
25 any other statute, recipients shall be included in the same class as current state  
26 employees in determining medical insurance policies and premiums.

27 (c) For recipients of a retirement allowance who are not eligible for the same



1 level of hospital and medical benefits as recipients living in Kentucky having  
2 the same Medicare hospital and medical insurance eligibility status, the board  
3 shall provide a medical insurance reimbursement plan as described in  
4 subsection (7) of this section.

5 (d) Notwithstanding anything in KRS Chapter 61 to the contrary, the board of  
6 trustees, in its discretion, may take necessary steps to ensure compliance with  
7 42 U.S.C. secs. 300bb-1 et seq., including but not limited to receiving  
8 contributions and premiums from, and providing benefits pursuant to this  
9 section to, persons entitled to continuation coverage under 42 U.S.C. secs.  
10 300bb-1 et seq., regardless of whether such persons are recipients of a  
11 retirement allowance.

12 (2) (a) Each employer participating in the State Police Retirement System as  
13 provided for in KRS 16.505 to 16.652, each employer participating in the  
14 County Employees Retirement System as provided in KRS 78.510 to 78.852,  
15 and each employer participating in the Kentucky Employees Retirement  
16 System as provided for in KRS 61.510 to 61.705 shall contribute to the  
17 Kentucky Retirement Systems insurance trust fund the amount necessary to  
18 provide hospital and medical insurance as provided for under this section.  
19 Such employer contribution rate shall be developed by appropriate actuarial  
20 method as a part of the determination of each respective employer  
21 contribution rate to each respective retirement system determined under KRS  
22 61.565.

23 (b) 1. Each employer described in paragraph (a) of this subsection shall deduct  
24 from the creditable compensation of each member having a membership  
25 date on or after September 1, 2008, an amount equal to one percent (1%)  
26 of the member's creditable compensation. The deducted amounts shall  
27 be credited to accounts established pursuant to 26 U.S.C. sec. 401(h),

- 1                   within the funds established in KRS 16.510, 61.515, and 78.520.
- 2                   2.    The employer shall file the contributions as provided by subparagraph 1.
- 3                   of this paragraph at the retirement office in accordance with KRS 61.675
- 4                   and 78.625. Any interest or penalties paid on any delinquent
- 5                   contributions shall be credited to accounts established pursuant to 26
- 6                   U.S.C. sec. 401(h), within the funds established in KRS 16.510, 61.515,
- 7                   and 78.520. Notwithstanding any minimum compensation requirements
- 8                   provided by law, the deductions provided by this paragraph shall be
- 9                   made, and the compensation of the member shall be reduced
- 10                  accordingly.
- 11                 3.    Each employer shall submit payroll reports, contributions lists, and other
- 12                  data as may be required by administrative regulation promulgated by the
- 13                  board of trustees pursuant to KRS Chapter 13A.
- 14                 4.    Every member shall be deemed to consent and agree to the deductions
- 15                  made pursuant to this paragraph, and the payment of salary or
- 16                  compensation less the deductions shall be a full and complete discharge
- 17                  of all claims for services rendered by the person during the period
- 18                  covered by the payment, except as to any benefits provided by KRS
- 19                  16.505 to 16.652, 61.510 to 61.705, and 78.510 to 78.852. No member
- 20                  may elect whether to participate in, or choose the contribution amount to
- 21                  accounts established pursuant to 26 U.S.C. sec. 401(h) within the funds
- 22                  established in KRS 16.510, 61.515, and 78.520. The member shall have
- 23                  no option to receive the contribution required by this paragraph directly
- 24                  instead of having the contribution paid to accounts established pursuant
- 25                  to 26 U.S.C. sec. 401(h) within the funds established in KRS 16.510,
- 26                  61.515, and 78.520. No member may receive a rebate or refund of
- 27                  contributions. If a member establishes a membership date prior to

1           September 1, 2008, pursuant to KRS 61.552(1) or 61.552(20), then this  
2           paragraph shall not apply to the member and all contributions previously  
3           deducted in accordance with this paragraph shall be refunded to the  
4           member without interest. The contribution made pursuant to this  
5           paragraph shall not act as a reduction or offset to any other contribution  
6           required of a member or recipient under KRS 16.505 to 16.652, 61.510  
7           to 61.705, and 78.510 to 78.852.

8           5.    The board of trustees, at its discretion, may direct that the contributions  
9           required by this paragraph be accounted for within accounts established  
10          pursuant to 26 U.S.C. sec. 401(h) within the funds established in KRS  
11          16.510, 61.515, and 78.520 through the use of separate accounts.

12       (3)   (a)   The premium required to provide hospital and medical benefits under this  
13          section shall be paid:

14          1.    Wholly or partly from funds contributed by the recipient of a retirement  
15          allowance, by payroll deduction, or otherwise;

16          2.    Wholly or partly from funds contributed by the Kentucky Retirement  
17          Systems insurance trust fund;

18          3.    Wholly or partly from funds contributed to accounts established  
19          pursuant to 26 U.S.C. sec. 401(h) within the funds established in KRS  
20          16.510, 61.515, and 78.520;

21          4.    Wholly or partly from funds contributed by another state-administered  
22          retirement system under a reciprocal arrangement, except that any  
23          portion of the premium paid from the Kentucky Retirement Systems  
24          insurance trust fund or accounts established pursuant to 26 U.S.C. sec.  
25          401(h) within the funds established in KRS 16.510, 61.515, and 78.520  
26          under a reciprocal agreement shall not exceed the amount that would be  
27          payable under this section if all the member's service were in one (1) of

- 1 the systems administered by the Kentucky Retirement Systems;
- 2 5. Partly from subparagraphs 1. to 4. of this paragraph, except that any
- 3 premium for hospital and medical insurance over the amount contributed
- 4 by the Kentucky Retirement Systems insurance trust fund; accounts
- 5 established pursuant to 26 U.S.C. sec. 401(h) within the funds
- 6 established in KRS 16.510, 61.515, and 78.520; or another state-
- 7 administered retirement system under a reciprocal agreement shall be
- 8 paid by the recipient by an automatic electronic transfer of funds. If the
- 9 board provides for cross-referencing of insurance premiums, the
- 10 employer's contribution for the working member or spouse shall be
- 11 applied toward the premium, and the Kentucky Retirement Systems
- 12 insurance trust fund or accounts established pursuant to 26 U.S.C. sec.
- 13 401(h) within the funds established in KRS 16.510, 61.515, and 78.520
- 14 shall pay the balance, not to exceed the monthly contribution; or
- 15 6. In full from the Kentucky Retirement Systems insurance trust fund or
- 16 accounts established pursuant to 26 U.S.C. sec. 401(h) within the funds
- 17 established in KRS 16.510, 61.515, and 78.520 for all recipients of a
- 18 retirement allowance from any of the three (3) retirement systems where
- 19 such recipient is a retired former member of one (1) or more of the three
- 20 (3) retirement systems (not a beneficiary or dependent child receiving
- 21 benefits) and had two hundred and forty (240) months or more of service
- 22 upon retirement. Should such recipient have less than two hundred forty
- 23 (240) months of service but have at least one hundred eighty (180)
- 24 months of service, seventy-five percent (75%) of such premium shall be
- 25 paid from the insurance trust fund or accounts established pursuant to 26
- 26 U.S.C. sec. 401(h) within the funds established in KRS 16.510, 61.515,
- 27 and 78.520, provided such recipient agrees to pay the remaining twenty-

1 five percent (25%) by payroll deduction from his retirement allowance  
2 or by another method. Should such recipient have less than one hundred  
3 eighty (180) months of service but have at least one hundred twenty  
4 (120) months of service, fifty percent (50%) of such premium shall be  
5 paid from the insurance trust fund or accounts established pursuant to 26  
6 U.S.C. sec. 401(h) within the funds established in KRS 16.510, 61.515,  
7 and 78.520, provided such recipient agrees to pay the remaining fifty  
8 percent (50%) by payroll deduction from his retirement allowance or by  
9 another method. Should such recipient have less than one hundred  
10 twenty (120) months of service but have at least forty-eight (48) months  
11 of service, twenty-five percent (25%) of such premium shall be paid  
12 from the insurance trust fund or accounts established pursuant to 26  
13 U.S.C. sec. 401(h) within the funds established in KRS 16.510, 61.515,  
14 and 78.520, provided such recipient agrees to pay the remaining seventy-  
15 five percent (75%) by payroll deduction from his retirement allowance  
16 or by another method. Notwithstanding the foregoing provisions of this  
17 subsection, an employee participating in one (1) of the retirement  
18 systems administered by the Kentucky Retirement Systems who  
19 becomes disabled ***as a direct result of an act*** in ~~the~~ line of duty as  
20 defined in ***Section 1 of this Act***~~[KRS 16.505(19)]~~ or ***as a result of a***  
21 ***duty-related injury as defined in Section 5 of this Act***~~[61.621]~~, shall  
22 have his premium paid in full as if he had two hundred forty (240)  
23 months or more of service. Further, an employee participating in one (1)  
24 of the retirement systems administered by the Kentucky Retirement  
25 Systems who is killed ***as a direct result of an act*** in ~~the~~ line of duty as  
26 defined in ***Section 1 of this Act***~~[KRS 16.505(19)]~~ or ***as a result of a***  
27 ***duty-related injury as defined in Section 5 of this Act***~~[61.621]~~, shall

1 have the premium for the beneficiary, if the beneficiary is the member's  
2 spouse, and for each dependent child as defined in Section 1 of this Act,  
3 paid so long as they individually remain eligible for a monthly  
4 retirement benefit. "Months of service" as used in this section shall mean  
5 the total months of combined service used to determine benefits under  
6 any or all of the three (3) retirement systems, except service added to  
7 determine disability benefits shall not be counted as "months of service."  
8 For current and former employees of the Council on Postsecondary  
9 Education who were employed prior to January 1, 1993, and who earn at  
10 least fifteen (15) years of service credit in the Kentucky Employees  
11 Retirement System, "months of service" shall also include vested service  
12 in another retirement system other than the Kentucky Teachers'  
13 Retirement System sponsored by the Council on Postsecondary  
14 Education.

- 15 (b) 1. For a member electing insurance coverage through the Kentucky  
16 Retirement Systems, "months of service" shall include, in addition to  
17 service as described in paragraph (a) of this subsection, service credit in  
18 one (1) of the other state-administered retirement plans.
- 19 2. Effective August 1, 1998, the Kentucky Retirement Systems shall  
20 compute the member's combined service, including service credit in  
21 another state-administered retirement plan, and calculate the portion of  
22 the member's premium to be paid by the insurance trust fund accounts  
23 established pursuant to 26 U.S.C. sec. 401(h) within the funds  
24 established in KRS 16.510, 61.515, and 78.520, according to the criteria  
25 established in paragraph (a) of this subsection. Each state-administered  
26 retirement plan annually shall pay to the insurance trust fund the  
27 percentage of the system's cost of the retiree's monthly contribution for

1 single coverage for hospital and medical insurance which shall be equal  
2 to the percentage of the member's number of months of service in the  
3 other state-administered retirement plan divided by his total combined  
4 service. The amounts paid by the other state-administered retirement  
5 plans and the insurance trust fund or accounts established pursuant to 26  
6 U.S.C. sec. 401(h) within the funds established in KRS 16.510, 61.515,  
7 and 78.520 shall not be more than one hundred percent (100%) of the  
8 monthly contribution adopted by the respective boards of trustees.

9 3. A member may not elect coverage for hospital and medical benefits  
10 under this subsection through more than one (1) of the state-  
11 administered retirement plans.

12 4. A state-administered retirement plan shall not pay any portion of a  
13 member's monthly contribution for medical insurance unless the member  
14 is a recipient or annuitant of the plan.

15 5. The premium paid by the Kentucky Retirement Systems insurance trust  
16 fund or accounts established pursuant to 26 U.S.C. sec. 401(h) within  
17 the funds established in KRS 16.510, 61.515, and 78.520 shall not  
18 exceed one hundred percent (100%) of the monthly contribution rate  
19 toward hospital and medical insurance coverage approved by the board  
20 of trustees of the Kentucky Retirement Systems.

21 (4) (a) Group rates under the hospital and medical insurance plan shall be made  
22 available to the spouse, each dependent child, and each disabled child,  
23 regardless of the disabled child's age, of a recipient who is a former member  
24 or the beneficiary, if the premium for the hospital and medical insurance for  
25 the spouse, each dependent child, and each disabled child, or beneficiary is  
26 paid by payroll deduction from the retirement allowance or by another  
27 method. For purposes of this subsection only, a child shall be considered

1 disabled if he has been determined to be eligible for federal Social Security  
2 disability benefits or meets the dependent disability standard established by  
3 the Department of Employee Insurance in the Personnel Cabinet.

4 (b) The other provisions of this section notwithstanding, the insurance trust fund  
5 or accounts established pursuant to 26 U.S.C. sec. 401(h) within the funds  
6 established in KRS 16.510, 61.515, and 78.520 shall pay a percentage of the  
7 monthly contribution for the spouse and for each dependent child of a  
8 recipient who was a member of the General Assembly and is receiving a  
9 retirement allowance based on General Assembly service, of the Kentucky  
10 Employees Retirement System and determined to be in a hazardous position,  
11 of the County Employees Retirement System, and determined to be in a  
12 hazardous position or of the State Police Retirement System. The percentage  
13 of the monthly contribution paid for the spouse and each dependent child of a  
14 recipient who was in a hazardous position shall be based solely on the  
15 member's service with the State Police Retirement System or service in a  
16 hazardous position using the formula in subsection (3)(a) of this section,  
17 except that for any recipient of a retirement allowance from the County  
18 Employees Retirement System who was contributing to the system on January  
19 1, 1998, for service in a hazardous position, the percentage of the monthly  
20 contribution shall be based on the total of hazardous service and any  
21 nonhazardous service as a police or firefighter with the same agency, if that  
22 agency was participating in the County Employees Retirement System but did  
23 not offer hazardous duty coverage for its police and firefighters at the time of  
24 initial participation.

25 (c) The insurance trust fund or accounts established pursuant to 26 U.S.C. sec.  
26 401(h) within the funds established in KRS 16.510, KRS 61.515, and 78.520  
27 shall continue the same level of coverage for a recipient who was a member of



1 the County Employees Retirement System after the age of sixty-five (65) as  
2 before the age of sixty-five (65), if the recipient is not eligible for Medicare  
3 coverage. If the insurance trust fund or accounts established pursuant to 26  
4 U.S.C. sec. 401(h) within the funds established in KRS 16.510, 61.515, and  
5 78.520 provides coverage for the spouse or each dependent child of a former  
6 member of the County Employees Retirement System, the insurance trust fund  
7 or accounts established pursuant to 26 U.S.C. sec. 401(h) within the funds  
8 established in KRS 16.510, 61.515, and 78.520 shall continue the same level  
9 of coverage for the spouse or each dependent child after the age of sixty-five  
10 (65) as before the age of sixty-five (65), if the spouse or dependent child is not  
11 eligible for Medicare coverage.

12 (5) After July 1, 1998, notwithstanding any other provision to the contrary, a member  
13 who holds a judicial office but did not elect to participate in the Judicial Retirement  
14 Plan and is participating instead in the Kentucky Employees Retirement System, the  
15 County Employees Retirement System, or the State Police Retirement System, as  
16 provided in KRS 61.680, and who has at least twenty (20) years of total service,  
17 one-half (1/2) of which is in a judicial office, shall receive the same hospital and  
18 medical insurance benefits, including paid benefits for spouse and dependents, as  
19 provided to persons retiring under the provisions of KRS 21.427. The  
20 Administrative Office of the Courts shall pay the cost of the medical insurance  
21 benefits provided by this subsection.

22 (6) Premiums paid for hospital and medical insurance coverage procured under  
23 authority of this section shall be exempt from any premium tax which might  
24 otherwise be required under KRS Chapter 136. The payment of premiums by the  
25 insurance trust fund or accounts established pursuant to 26 U.S.C. sec. 401(h)  
26 within the funds established in KRS 16.510, 61.515, and 78.520 shall not constitute  
27 taxable income to an insured recipient. No commission shall be paid for hospital

1 and medical insurance procured under authority of this section.

2 (7) The board shall promulgate an administrative regulation to establish a medical  
3 insurance reimbursement plan to provide reimbursement for hospital and medical  
4 insurance premiums of recipients of a retirement allowance who are not eligible for  
5 the same level of hospital and medical benefits as recipients living in Kentucky and  
6 having the same Medicare hospital and medical insurance eligibility status. An  
7 eligible recipient shall file proof of payment for hospital and medical insurance at  
8 the retirement office. Reimbursement to eligible recipients shall be made on a  
9 quarterly basis. The recipient shall be eligible for reimbursement of substantiated  
10 medical insurance premiums for an amount not to exceed the total monthly  
11 premium determined under subsection (3) of this section. The plan shall not be  
12 made available if all recipients are eligible for the same coverage as recipients  
13 living in Kentucky.

14 (8) (a) 1. For employees having a membership date on or after July 1, 2003, and  
15 before September 1, 2008, participation in the insurance benefits  
16 provided under this section shall not be allowed until the employee has  
17 earned at least one hundred twenty (120) months of service in the state-  
18 administered retirement systems.

19 2. For an employee having a membership date on or after September 1,  
20 2008, participation in the insurance benefits provided under this section  
21 shall not be allowed until the employee has earned at least one hundred  
22 eighty (180) months of service credited under KRS 16.543(1),  
23 61.543(1), or 78.615(1) or another state-administered retirement system.

24 (b) An employee who meets the minimum service requirements as provided by  
25 paragraph (a) of this subsection shall be eligible for benefits as follows:

26 1. For employees who are not in a hazardous position, a monthly insurance  
27 contribution of ten dollars (\$10) for each year of service as a

- 1 participating employee.
- 2 2. For employees who are in a hazardous position or who participate in the
- 3 State Police Retirement System, a monthly insurance contribution of
- 4 fifteen dollars (\$15) for each year of service as a participating employee
- 5 in a hazardous position or as a participating member of the State Police
- 6 Retirement System. Upon the death of the retired member, the
- 7 beneficiary, if the beneficiary is the member's spouse, shall be entitled to
- 8 a monthly insurance contribution of ten dollars (\$10) for each year of
- 9 service the member attained as a participating employee in a hazardous
- 10 position or as a participating member of the State Police Retirement
- 11 System.
- 12 (c) 1. The minimum service requirement to participate in benefits as provided
- 13 by paragraph (a) of this subsection shall be waived for a member who is
- 14 disabled **as a direct result of an act**~~for killed in the~~ line of duty as
- 15 defined in **Section 1 of this Act**~~[KRS 16.505(19)]~~, and the member or
- 16 his spouse and eligible dependents shall be entitled to the benefits
- 17 payable under this subsection as though the member had twenty (20)
- 18 years of service in a hazardous position.
- 19 2. The minimum service required to participate in benefits as provided by
- 20 paragraph (a) of this subsection shall be waived for a member who is
- 21 disabled **by a duty-related injury**~~in the line of duty~~ as defined in
- 22 **Section 5 of this Act**~~[KRS 61.621]~~, and the member shall be entitled to
- 23 the benefits payable under this subsection as though the member has
- 24 twenty (20) years of service in a nonhazardous position.
- 25 3. **Notwithstanding the provisions of this section,** the minimum service
- 26 required to participate in benefits as provided by paragraph (a) of this
- 27 subsection shall be waived for a member who **dies as a direct result of**

1                    *an act in line of duty as defined in Section 1 of this Act or who dies as*  
 2                    *a result of a* ~~[is killed in the line of]~~ *duty-related injury as defined*  
 3                    ~~[described]~~ *in Section 5 of this Act* ~~[KRS 61.621]~~, and the *premium for*  
 4                    *the* member's spouse and *for each dependent child as defined in*  
 5                    *Section 1 of this Act* ~~[eligible dependents]~~ shall be *paid in full by the*  
 6                    *systems so long as they individually remain eligible for a monthly*  
 7                    *retirement benefit* ~~[entitled to the benefits payable under this subsection~~  
 8                    ~~as though the member has twenty (20) years of service in a hazardous~~  
 9                    ~~position]~~.

10                    (d) *Except as provided by paragraph (c)3. of this subsection,* the monthly  
 11                    insurance contribution amount shall be increased July 1 of each year by  
 12                    one and one-half percent (1.5%). The increase shall be cumulative and  
 13                    shall continue to accrue after the member's retirement for as long as a  
 14                    monthly insurance contribution is payable to the retired member or  
 15                    beneficiary.

16                    (e) The benefits of this subsection provided to a member whose participation  
 17                    begins on or after July 1, 2003, shall not be considered as benefits protected  
 18                    by the inviolable contract provisions of KRS 61.692, 16.652, and 78.852. The  
 19                    General Assembly reserves the right to suspend or reduce the benefits  
 20                    conferred in this subsection if in its judgment the welfare of the  
 21                    Commonwealth so demands.

22                    (f) An employee whose membership date is on or after September 1, 2008, who  
 23                    retires and is reemployed in a regular full-time position required to participate  
 24                    in one (1) of the systems administered by Kentucky Retirement Systems shall  
 25                    not be eligible for health insurance coverage or benefits provided by this  
 26                    section and shall take coverage with his or her employing agency during the  
 27                    period of reemployment in a regular full-time position.

1           ➔Section 7. KRS 78.510 is amended to read as follows:

2       As used in KRS 78.510 to 78.852, unless the context otherwise requires:

- 3       (1) "System" means the County Employees Retirement System;
- 4       (2) "Board" means the board of trustees of the system as provided in KRS 78.780;
- 5       (3) "County" means any county, or nonprofit organization created and governed by a  
6       county, counties, or elected county officers, sheriff and his employees, county clerk  
7       and his employees, circuit clerk and his deputies, former circuit clerks or former  
8       circuit clerk deputies, or political subdivision or instrumentality, including school  
9       boards, charter county government, or urban-county government participating in the  
10      system by order appropriate to its governmental structure, as provided in KRS  
11      78.530, and if the board is willing to accept the agency, organization, or  
12      corporation, the board being hereby granted the authority to determine the eligibility  
13      of the agency to participate;
- 14      (4) "School board" means any board of education participating in the system by order  
15      appropriate to its governmental structure, as provided in KRS 78.530, and if the  
16      board is willing to accept the agency or corporation, the board being hereby granted  
17      the authority to determine the eligibility of the agency to participate;
- 18      (5) "Examiner" means the medical examiners as provided in KRS 61.665;
- 19      (6) "Employee" means every regular full-time appointed or elective officer or employee  
20      of a participating county and the coroner of a participating county, whether or not he  
21      qualifies as a regular full-time officer. The term shall not include persons engaged  
22      as independent contractors, seasonal, emergency, temporary, and part-time workers.  
23      In case of any doubt, the board shall determine if a person is an employee within the  
24      meaning of KRS 78.510 to 78.852;
- 25      (7) "Employer" means a county, as defined in subsection (3) of this section, the elected  
26      officials of a county, or any authority of the county having the power to appoint or  
27      elect an employee to office or employment in the county;

- 1 (8) "Member" means any employee who is included in the membership of the system or  
2 any former employee whose membership has not been terminated under KRS  
3 61.535;
- 4 (9) "Service" means the total of current service and prior service as defined in this  
5 section;
- 6 (10) "Current service" means the number of years and months of employment as an  
7 employee, on and after July 1, 1958, for which creditable compensation is paid and  
8 employee contributions deducted, except as otherwise provided;
- 9 (11) "Prior service" means the number of years and completed months, expressed as a  
10 fraction of a year, of employment as an employee, prior to July 1, 1958, for which  
11 creditable compensation was paid. An employee shall be credited with one (1)  
12 month of prior service only in those months he received compensation for at least  
13 one hundred (100) hours of work. Twelve (12) months of current service in the  
14 system shall be required to validate prior service;
- 15 (12) "Accumulated contributions" means the sum of all amounts deducted from the  
16 compensation of a member and credited to his individual account in the members'  
17 account, including employee contributions picked up after August 1, 1982, pursuant  
18 to KRS 78.610(4), together with interest credited on the amounts, and any other  
19 amounts the member shall have contributed thereto, including interest credited  
20 thereon. For members who begin participating on or after September 1, 2008,  
21 "accumulated contributions" shall not include employee contributions that are  
22 deposited into accounts established pursuant to 26 U.S.C. sec. 401(h) within the  
23 funds established in KRS 16.510, 61.515, and 78.520, as prescribed by KRS  
24 61.702(2)(b);
- 25 (13) "Creditable compensation":
- 26 (a) Means all salary, wages, and fees, including payments for compensatory time,  
27 paid to the employee as a result of services performed for the employer or for

1 time during which the member is on paid leave, which are includable on the  
2 member's federal form W-2 wage and tax statement under the heading "wages,  
3 tips, other compensation", including employee contributions picked up after  
4 August 1, 1982, pursuant to KRS 78.610(4);

5 (b) Includes:

- 6 1. Lump-sum bonuses, severance pay, or employer-provided payments for  
7 purchase of service credit, which shall be averaged over the employee's  
8 service with the system in which it is recorded if it is equal to or greater  
9 than one thousand dollars (\$1,000);
- 10 2. Cases where compensation includes maintenance and other perquisites,  
11 but the board shall fix the value of that part of the compensation not paid  
12 in money;
- 13 3. Lump-sum payments for creditable compensation paid as a result of an  
14 order of a court of competent jurisdiction, the Personnel Board, or the  
15 Commission on Human Rights, or for any creditable compensation paid  
16 in anticipation of settlement of an action before a court of competent  
17 jurisdiction, the Personnel Board, or the Commission on Human Rights,  
18 including notices of violations of state or federal wage and hour statutes  
19 or violations of state or federal discrimination statutes, which shall be  
20 credited to the fiscal year during which the wages were earned or should  
21 have been paid by the employer. This subparagraph shall also include  
22 lump-sum payments for reinstated wages pursuant to KRS 61.569,  
23 which shall be credited to the period during which the wages were  
24 earned or should have been paid by the employer;
- 25 4. Amounts which are not includable in the member's gross income by  
26 virtue of the member having taken a voluntary salary reduction provided  
27 for under applicable provisions of the Internal Revenue Code; and

1           5. Elective amounts for qualified transportation fringes paid or made  
2           available on or after January 1, 2001, for calendar years on or after  
3           January 1, 2001, that are not includable in the gross income of the  
4           employee by reason of 26 U.S.C. sec. 132(f)(4); and

5           (c) Excludes:

- 6           1. Living allowances, expense reimbursements, lump-sum payments for  
7           accrued vacation leave, sick leave except as provided in KRS 78.616(5),  
8           and other items determined by the board;
- 9           2. For employees who begin participating on or after September 1, 2008,  
10          lump-sum payments for compensatory time; and
- 11          3. Training incentive payments for city officers paid as set out in KRS  
12          64.5277 to 64.5279. For employees who begin participating on or after  
13          August 1, 2016, creditable compensation shall exclude nominal fees  
14          paid for services as a volunteer;

15       (14) "Final compensation" means:

- 16          (a) For a member who begins participating before September 1, 2008, who is not  
17          employed in a hazardous position, as provided in KRS 61.592, the creditable  
18          compensation of the member during the five (5) fiscal years he was paid at the  
19          highest average monthly rate divided by the number of months of service  
20          credit during that five (5) year period multiplied by twelve (12). The five (5)  
21          years may be fractional and need not be consecutive. If the number of months  
22          of service credit during the five (5) year period is less than forty-eight (48),  
23          one (1) or more additional fiscal years shall be used;
- 24          (b) For a member who is not employed in a hazardous position, as provided in  
25          KRS 61.592, whose effective retirement date is between August 1, 2001, and  
26          January 1, 2009, and whose total service credit is at least twenty-seven (27)  
27          years and whose age and years of service total at least seventy-five (75), final



1 compensation means the creditable compensation of the member during the  
2 three (3) fiscal years the member was paid at the highest average monthly rate  
3 divided by the number of months of service credit during that three (3) year  
4 period multiplied by twelve (12). The three (3) years may be fractional and  
5 need not be consecutive. If the number of months of service credit during the  
6 three (3) year period is less than twenty-four (24), one (1) or more additional  
7 fiscal years shall be used. Notwithstanding the provision of KRS 61.565, the  
8 funding for this paragraph shall be provided from existing funds of the  
9 retirement allowance;

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

19 (d) For a member who begins participating on or after September 1, 2008, but  
20 prior to January 1, 2014, who is not employed in a hazardous position, as  
21 provided in KRS 61.592, the creditable compensation of the member during  
22 the five (5) complete fiscal years immediately preceding retirement divided by  
23 five (5). Each fiscal year used to determine final compensation must contain  
24 twelve (12) months of service credit. If the member does not have five (5)  
25 complete fiscal years that each contain twelve (12) months of service credit,  
26 then one (1) or more additional fiscal years, which may contain less than  
27 twelve (12) months of service credit, shall be added until the number of

- 1 months in the final compensation calculation is at least sixty (60) months; or
- 2 (e) For a member who begins participating on or after September 1, 2008, but  
3 prior to January 1, 2014, who is employed in a hazardous position, as  
4 provided in KRS 61.592, the creditable compensation of the member during  
5 the three (3) complete fiscal years he was paid at the highest average monthly  
6 rate divided by three (3). Each fiscal year used to determine final  
7 compensation must contain twelve (12) months of service credit. If the  
8 member does not have three (3) complete fiscal years that each contain twelve  
9 (12) months of service credit, then one (1) or more additional fiscal years,  
10 which may contain less than twelve (12) months of service credit, shall be  
11 added until the number of months in the final compensation calculation is at  
12 least thirty-six (36) months;
- 13 (15) "Final rate of pay" means the actual rate upon which earnings of an employee were  
14 calculated during the twelve (12) month period immediately preceding the  
15 member's effective retirement date, and shall include employee contributions picked  
16 up after August 1, 1982, pursuant to KRS 78.610(4). The rate shall be certified to  
17 the system by the employer and the following equivalents shall be used to convert  
18 the rate to an annual rate: two thousand eighty (2,080) hours for eight (8) hour  
19 workdays, one thousand nine hundred fifty (1,950) hours for seven and one-half  
20 (7.5) hour workdays, two hundred sixty (260) days, fifty-two (52) weeks, twelve  
21 (12) months, one (1) year;
- 22 (16) "Retirement allowance" means the retirement payments to which a member is  
23 entitled;
- 24 (17) "Actuarial equivalent" means a benefit of equal value when computed upon the  
25 basis of the actuarial tables adopted by the board. In cases of disability retirement,  
26 the options authorized by KRS 61.635 shall be computed by adding ten (10) years  
27 to the age of the member, unless the member has chosen the Social Security

1 adjustment option as provided for in KRS 61.635(8), in which case the member's  
2 actual age shall be used. For members who begin participating in the system prior to  
3 January 1, 2014, no disability retirement option shall be less than the same option  
4 computed under early retirement;

5 (18) "Normal retirement date" means the sixty-fifth birthday of a member unless  
6 otherwise provided in KRS 78.510 to 78.852;

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

11 (20) "Agency reporting official" means the person designated by the participating agency  
12 who shall be responsible for forwarding all employer and employee contributions  
13 and a record of the contributions to the system and for performing other  
14 administrative duties pursuant to the provisions of KRS 78.510 to 78.852;

15 (21) "Regular full-time positions," as used in subsection (6) of this section, shall mean  
16 all positions that average one hundred (100) or more hours per month, determined  
17 by using the number of hours actually worked in a calendar or fiscal year, or eighty  
18 (80) or more hours per month in the case of noncertified employees of school  
19 boards, determined by using the number of hours actually worked in a calendar or  
20 school year, unless otherwise specified, except:

21 (a) Seasonal positions, which although temporary in duration, are positions which  
22 coincide in duration with a particular season or seasons of the year and that  
23 may recur regularly from year to year, in which case the period of time shall  
24 not exceed nine (9) months, except for employees of school boards, in which  
25 case the period of time shall not exceed six (6) months;

26 (b) Emergency positions that are positions that do not exceed thirty (30) working  
27 days and are nonrenewable;

- 1 (c) Temporary positions that are positions of employment with a participating  
2 agency for a period of time not to exceed twelve (12) months and not  
3 renewable;
- 4 (d) Probationary positions which are positions of employment with a participating  
5 employer that do not exceed twelve (12) months and that are used uniformly  
6 by the participating agency on new employees who would otherwise be  
7 eligible for participation in the system. Probationary positions shall not be  
8 renewable by the participating employer for the same employee, unless the  
9 employee has not been employed with the participating employer for a period  
10 of at least twelve (12) months; or
- 11 (e) Part-time positions that are positions that may be permanent in duration, but  
12 that require less than a calendar or fiscal year average of one hundred (100)  
13 hours of work per month, determined by using the number of months actually  
14 worked within a calendar or fiscal year, in the performance of duty, except in  
15 case of noncertified employees of school boards, the school term average shall  
16 be eighty (80) hours of work per month, determined by using the number of  
17 months actually worked in a calendar or school year, in the performance of  
18 duty;
- 19 (22) "Alternate participation plan" means a method of participation in the system as  
20 provided for by KRS 78.530(3);
- 21 (23) "Retired member" means any former member receiving a retirement allowance or  
22 any former member who has on file at the retirement office the necessary  
23 documents for retirement benefits and is no longer contributing to the system;
- 24 (24) "Current rate of pay" means the member's actual hourly, daily, weekly, biweekly,  
25 monthly, or yearly rate of pay converted to an annual rate as defined in final rate of  
26 pay. The rate shall be certified by the employer;
- 27 (25) "Beneficiary" means the person, persons, estate, trust, or trustee designated by the

- 1 member in accordance with KRS 61.542 or 61.705 to receive any available benefits  
2 in the event of the member's death. As used in KRS 61.702, beneficiary shall not  
3 mean an estate, trust, or trustee;
- 4 (26) "Recipient" means the retired member, the person or persons designated as  
5 beneficiary by the member and drawing a retirement allowance as a result of the  
6 member's death, or a dependent child drawing a retirement allowance. An alternate  
7 payee of a qualified domestic relations order shall not be considered a recipient,  
8 except for purposes of KRS 61.623;
- 9 (27) "Person" means a natural person;
- 10 (28) "School term or year" means the twelve (12) months from July 1 through the  
11 following June 30;
- 12 (29) "Retirement office" means the Kentucky Retirement Systems office building in  
13 Frankfort;
- 14 (30) "Delayed contribution payment" means an amount paid by an employee for current  
15 service obtained under KRS 61.552. The amount shall be determined using the  
16 same formula in KRS 61.5525, except the determination of the actuarial cost for  
17 classified employees of a school board shall be based on their final compensation,  
18 and the payment shall not be picked up by the employer. A delayed contribution  
19 payment shall be deposited to the member's account and considered as accumulated  
20 contributions of the individual member. In determining payments under this  
21 subsection, the formula found in this subsection shall prevail over the one found in  
22 KRS 212.434;
- 23 (31) "Participating" means an employee is currently earning service credit in the system  
24 as provided in KRS 78.615;
- 25 (32) "Month" means a calendar month;
- 26 (33) "Membership date" means the date upon which the member began participating in  
27 the system as provided in KRS 78.615;

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

1 independent contractor of the employer for which he or she is performing  
 2 volunteer services for a period of at least twenty-four (24) months following  
 3 the retired member's most recent retirement date;~~and~~

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

9 ***(41) "Monthly average pay" means the higher of the member's monthly final rate of***  
 10 ***pay or the average monthly creditable compensation earned by the deceased***  
 11 ***member during his or her last twelve (12) months of employment.***

12 ➔Section 8. Notwithstanding KRS 16.505 to 16.652, 61.510 to 61.705, 78.510 to  
 13 78.852, 161.220 to 161.716, or any provision of Sections 1 to 7 of this Act to the  
 14 contrary, the Kentucky Retirement Systems shall provide the following benefit  
 15 adjustments to surviving spouses and dependent children of those members who died  
 16 prior to the effective date of this Act and whose death was determined by the systems to  
 17 be a direct result of an act in line of duty as defined in subsection (19) of Section 1 of this  
 18 Act or whose death resulted from a duty-related injury as defined in Section 5 of this Act:

19 (1) In the month following the effective date of this Act, the surviving spouse, if the  
 20 spouse is receiving a monthly benefit due to a member's death, shall have his or her  
 21 monthly benefit increased to the amount specified by Section 2 or 5 of this Act, as  
 22 applicable, except that the amount shall not be increased above a level that exceeds  
 23 100 percent of the member's monthly average pay when combined with any  
 24 dependent child payments from the systems;

25 (2) In the month following the effective date of this Act, any dependent child who is  
 26 receiving a monthly benefit due to a member's death shall have his or her monthly  
 27 benefit increased to the amount specified by Section 2 or 5 of this Act, as

1 applicable, if the member was not married at the time of death;

2 (3) In the month following the effective date of this Act, a surviving spouse who was  
3 married to the deceased member at the time of death but who was ineligible for  
4 monthly benefits payable to the surviving spouse under KRS 16.601 as codified  
5 prior to the effective date of this Act, shall receive the monthly benefit payable to  
6 the surviving spouse in Section 2 of this Act, provided the member's death occurred  
7 on or after January 1, 2017; and

8 (4) In the month following the effective date of this Act, any surviving spouse and any  
9 dependent child of a deceased member who is receiving a monthly benefit shall be  
10 eligible for the health benefits specified by Section 6 of this Act.

11 The provisions of this section shall only be construed to provide benefit adjustments to  
12 surviving spouses and dependent children of those members who died prior to the  
13 effective date of this Act and only in situations where the member's death was determined  
14 by the systems to be the direct result of an act in line of duty as defined in subsection (19)  
15 of Section 1 of this Act or resulted from a duty-related injury as defined in Section 5 of  
16 this Act.

17 ➔Section 9. The provisions of Sections 1 to 8 of this Act shall not reduce any  
18 benefits payable to any surviving spouse or dependent children of a member who died  
19 prior to the effective date of this Act and whose death was determined by the systems to  
20 be the direct result of an act in line of duty as defined in subsection (19) of Section 1 of  
21 this Act or resulted from a duty-related injury as defined in Section 5 of this Act.

22 ➔Section 10. Whereas protecting and honoring the families of public safety  
23 officers and employees who have given their lives in service to the Commonwealth is a  
24 value held by all Kentuckians, an emergency is declared to exist, and this Act takes effect  
25 upon its passage and approval by the Governor or upon its otherwise becoming a law.