

**161.550 State's contribution to system.**

- (1) Beginning with July 1, each employer, except as provided under KRS 161.555, shall contribute annually to the Kentucky Teachers' Retirement System a permanent amount equal to that contributed by members of the retirement system it employs less the amount contributed by employees under KRS 161.540(1)(c), plus an additional three and one-fourths percent (3.25%) of the total of salaries of members of the retirement system it employs to discharge the system's unfunded obligations with interest assumed by the state and to provide funding to the medical insurance fund as provided under KRS 161.420(5). If the board of trustees establishes a trust fund under 26 U.S.C. sec. 115, the board may deposit the employer contribution dedicated to retiree health in that trust fund.
- (2) In addition to the required contributions in subsection (1) of this section, the state shall contribute annually to the Kentucky Teachers' Retirement System a percentage of the total salaries of the state-funded and federally funded members it employs to pay the cost of health insurance coverage for retirees who are not eligible for Medicare and who retire on or after July 1, 2010, less the amounts that are otherwise required to be paid by the retirees under KRS 161.675. The Kentucky Teachers' Retirement System may also request an additional amount necessary to ensure payment of medical insurance costs through fiscal year 2015-2016 which shall not be subject to the limitations of paragraph (c) of this subsection. The board shall deposit funds in the medical insurance fund unless the board of trustees has established a trust fund under 26 U.S.C. sec. 115 for this purpose. In this case, the board may deposit the employer contribution in that trust fund. This contribution shall be known as the state medical insurance fund stabilization contribution. The percentage to be contributed by the state under this subsection:
  - (a) Shall be determined by the retirement system's actuary for each biennial budget period;
  - (b) May be suspended or adjusted by the General Assembly if in its judgment the welfare of the Commonwealth so demands; and
  - (c) Shall not exceed the lesser of the actual benefit cost for retirees not eligible for Medicare who retire on or after July 1, 2010, or the amount contributed by employers under subsection (3) of this section.
- (3) Effective July 1, 2010, all local boards of education, agencies, and organizations identified in KRS 161.220(4), with the exception of those institutions identified under paragraphs (b) and (n) of KRS 161.220(4), shall make a contribution for each payroll on behalf of their active employees who participate in the Kentucky Teachers' Retirement System in an amount equal to the percentage of payroll of those active employees, according to the schedule as follows:

July 1, 2010.....	Twenty-five hundredths percent (.25%)
July 1, 2011.....	One-half percent (.50%)
July 1, 2012.....	One percent (1.0%)
July 1, 2013.....	One and one-half percent (1.5%)
July 1, 2014.....	Two and twenty-five hundredths percent (2.25%)

- July 1, 2015, and thereafter.....Three percent (3.0%)
- (4) Institutions identified under KRS 161.220(4)(b) and (n) shall make a contribution for each payroll on behalf of their active employees who participate in the Kentucky Teachers' Retirement System of an amount equal to a percentage of these employees' payroll that is actuarially equivalent to the percentage contributed by local boards of education, agencies, and organizations identified under subsection (3) of this section, not to exceed the percentages established under the schedule set forth in subsection (3) of this section. The actuarial equivalent to be contributed under this subsection shall be determined by the Kentucky Teachers' Retirement System's actuary.
  - (5) When the medical insurance fund established under KRS 161.420(5) achieves a sufficient prefunded status as determined by the Kentucky Teachers' Retirement System's actuary, the board of trustees shall recommend to the General Assembly that the contributions required under subsections (3) and (4) of this section shall, in an actuarially accountable manner, be either decreased, suspended, or eliminated.
  - (6) Each employer shall remit the required employer contributions to the retirement system under the terms and conditions specified for member contributions under KRS 161.560. The state shall provide annual appropriations based upon estimated funds needed to meet the requirements of KRS 161.155; 161.168; 161.507(4); 161.515; 161.545; 161.553; 161.605; 161.612; and 161.620(1), (3), (5), (6), and (7). In the event an annual appropriation is less than the amount of these requirements, the state shall make up the deficit in the next biennium budget appropriation to the retirement system. Employer contributions to the retirement system are for the exclusive purpose of providing benefits to members and annuitants and these contributions shall be considered deferred compensation to the members.

**Effective:** July 1, 2010

**History:** Amended 2010 Ky. Acts ch. 159, sec. 4, effective July 1, 2010. -- Amended 2006 Ky. Acts ch. 85, sec. 2, effective July 12, 2006. -- Amended 2004 Ky. Acts ch. 121, sec. 12, effective July 1, 2004. -- Amended 2002 Ky. Acts ch. 275, sec. 20, effective July 1, 2002. -- Amended 1998 Ky. Acts ch. 515, sec. 8, effective July 1, 1998. -- Amended 1996 Ky. Acts ch. 359, sec. 19, effective July 1, 1996. -- Amended 1992 Ky. Acts ch. 192, sec. 9, effective July 1, 1992. -- Amended 1990 Ky. Acts ch. 442, sec. 11, effective July 1, 1990; and ch. 476, Pt. V, sec. 516, effective July 13, 1990. -- Amended 1988 Ky. Acts ch. 363, sec. 12, effective July 1, 1988. -- Amended 1986 Ky. Acts ch. 440, sec. 10, effective July 1, 1986. -- Amended 1984 Ky. Acts ch. 253, sec. 17, effective July 1, 1984. -- Amended 1982 Ky. Acts ch. 326, sec. 8, effective July 1, 1982. -- Amended 1978 Ky. Acts ch. 152, sec. 10, effective March 28, 1978. -- Amended 1976 Ky. Acts ch. 351, sec. 13, effective July 1, 1976. -- Amended 1960 Ky. Acts ch. 44, sec. 11. -- Recodified 1942 Ky. Acts ch. 208, sec. 1, effective October 1, 1942, from Ky. Stat. sec. 4506b-37.

**2018-2020 Budget Reference.** See State/Executive Branch Budget, 2018 Ky. Acts ch. 169, Pt. I, A, 28, (2) at 1303.

**Legislative Research Commission Note (7/13/90).** In amending this section, 1990 House Bill 653, Acts ch. 442, sec. 11, did not underline the year "1990" which was intended to be added after "July 1," at the beginning of the section. As directed by KRS 446.270, the Reviser of Statutes has deleted this material from the text of this statute. Section 20 of Acts ch. 442 provides, however, that "the provisions of this Act

shall become effective July 1, 1990."

**Legislative Research Commission Note** (7/13/90). The Act amending this section prevails over the repeal and reenactment in House Bill 940, Acts ch. 476, pursuant to sec. 653(1) of Acts ch. 476.