

**161.677 Kentucky Teachers' Retirement System insurance trust fund.**

- (1) (a) The Kentucky Teachers' Retirement System insurance trust fund is hereby created. All assets received in the trust fund shall be deemed trust funds to be held and applied solely as provided in this section. Assets of the trust fund shall not be used for any other purpose and shall not be used to pay the claims of creditors or any individual, person, or employer participating in the Kentucky Teachers' Retirement System.
- (b) The trust fund is intended to be established as a trust exempt from taxation under 26 U.S.C. sec. 115.
- (2) The trust fund is created for the purpose of providing a trust separate from the funds under KRS 161.420. Trust fund assets are dedicated for use for health benefits as provided in KRS 161.675, and as permitted under 26 U.S.C. secs. 105 and 106, for present and future eligible recipients of a retirement allowance from the Kentucky Teachers' Retirement System.
- (3) The trust fund shall be administered by the board of trustees established by KRS 161.250, and the board shall serve as trustees of the fund. The board shall manage the assets of the fund in the same general manner in which it administers the retirement funds, except that the asset allocation may differ and separate accounting and financial reporting shall be maintained for the trust fund.
- (4) In addition to the requirements of subsection (2) of this section, the employers participating in the trust fund are limited to the Commonwealth, political subdivisions of the Commonwealth, and entities whose income is exempt from taxation under 26 U.S.C. sec. 115. No other entity may participate in the trust fund.
- (5) If the trust fund is terminated, the assets in the trust fund may revert, after the payment of all liabilities, to the participating employers as determined by the board of trustees.
- (6) The board of trustees may promulgate administrative regulations and adopt procedures and a trust document to implement this section and take all action necessary and appropriate to provide that the income of the trust fund shall not diminish or expand the rights of any recipients, employees, or dependents to health benefits.
- (7) The establishment of the Kentucky Teachers' Retirement System insurance trust fund shall not diminish or expand the rights of any recipients, employees, or dependents to health benefits.
- (8) The trust fund established under this section, at the direction of the board of trustees, shall consist of amounts, excluding those amounts that have been deposited to an account established pursuant to 26 U.S.C. sec. 401(h), that have been accumulated for the purpose of providing benefits as provided in KRS 161.675, including:
  - (a) Contributions required under KRS 161.550;
  - (b) Contributions required under KRS 161.675(4)(b); and
  - (c) Interest income from the investments of the fund from contributions received by the fund and from income earned on those investments.

**Effective:** July 1, 2010

**History:** Created 2010 Ky. Acts ch. 159, sec. 1, effective July 1, 2010; and ch. 164, sec. 1, effective July 1, 2010.

**Legislative Research Commission Note (7/1/2010).** This section was created by 2010 Ky. Acts chs. 159 and 164, which do not appear to be in conflict and have been codified together.