GENERAL ASSEMBLY
COMMONWEALTH OF KENTUCKY

2005 REGULAR SESSION

HOUSE BILL NO. 299

AS ENACTED

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TREY GRAYSON
SECRETARY OF STATE
COMMONWEALTH OF KENTUCKY
BY R. Adler

AN ACT relating to retirement.

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

1 Section 1. KRS 61.552 is amended to read as follows:

2 (1) Any employee participating in one (1) of the state-administered retirement systems
3 who has been refunded his accumulated contributions under the provisions of KRS
4 16.645(22), 61.625, or 78.545(15), thereby losing service credit, may regain the
5 credit by paying to the system from which he received the refund or refunds the
6 amount or amounts refunded with interest at a rate determined by the board of the
7 respective retirement system. The payment, including interest as determined by the
8 board, shall be deposited to the member's contribution account and considered as
9 accumulated contributions of the individual member. The payments shall not be
10 picked up, as described in KRS 61.560(4), by the employer.

11 (2) Any employee participating in one (1) of the retirement systems administered by
12 Kentucky Retirement Systems, who has at least forty-eight (48) months of service if
13 age sixty-five (65) or at least sixty (60) months of service if under age sixty-five
14 (65) in the systems administered by the Kentucky Retirement Systems, and who did
15 not elect membership in the County Employees Retirement System, as provided in
16 KRS 78.540(2), may obtain credit in the County Employees Retirement System for
17 prior service and for current service by paying to the County Employees Retirement
18 System a delayed contribution payment for the service he would have received had
19 he elected membership. The delayed contribution payment shall not be picked up, as
20 described in KRS 61.560(4), by the employer. Payment may be by lump sum or the
21 employee may pay by increments.

22 (3) Any employee participating in one (1) of the retirement systems administered by
23 Kentucky Retirement Systems, who has at least forty-eight (48) months of service if
24 age sixty-five (65) or at least sixty (60) months of service if under age sixty-five
25 (65) in the systems administered by the Kentucky Retirement Systems, and who did

1 not elect membership in the Kentucky Employees Retirement System, as provided
2 in KRS 61.525(2), may obtain credit in the Kentucky Employees Retirement System
3 for prior service and for current service by paying to the system a delayed
4 contribution payment for the service he would have received had he elected
5 membership. The delayed contribution payment shall not be picked up, as described
6 in KRS 61.560(4), by the employer. Payment may be by lump sum or the employee
7 may pay by increments.
8 (4) An employee participating in one (1) of the retirement systems administered by
9 Kentucky Retirement Systems, who has at least forty-eight (48) months of service if
10 age sixty-five (65) or at least sixty (60) months of service if under age sixty-five
11 (65) in the systems administered by the Kentucky Retirement Systems, may obtain
12 credit in the Kentucky Employees Retirement System for current service between
13 July 1, 1956, and the effective date of participation of his department by paying to
14 the system a delayed contribution payment for the service he would have received
15 had his department participated on July 1, 1956. The delayed contribution payment
16 shall not be picked up, as described in KRS 61.560(4), by the employer. Payment
17 may be by lump sum or the employee may pay by increments.
18 (5) (a) An employee participating in one (1) of the retirement systems administered
19 by Kentucky Retirement Systems, who has at least forty-eight (48) months of
20 service if age sixty-five (65) or at least sixty (60) months of service if under
21 age sixty-five (65) in the systems administered by the Kentucky Retirement
22 Systems, may obtain credit in the County Employees Retirement System for
23 current service between July 1, 1958, and the effective date of participation of
24 his county by paying to the County Employees Retirement System a delayed
25 contribution payment for the service he would have received had his county
26 participated on July 1, 1958. The delayed contribution payment shall not be
27 picked up, as described in KRS 61.560(4), by the employer.

1 (b) An employee participating in one (1) of the retirement systems administered
2 by Kentucky Retirement Systems, who has at least forty-eight (48) months of
3 service if age sixty-five (65) or at least sixty (60) months of service if under
4 age sixty-five (65) in the systems administered by Kentucky Retirement
5 Systems may obtain credit for the period of his service with an area
6 development district created pursuant to KRS 147A.050 or with a business
7 development corporation created pursuant to KRS 155.001 to 155.230 if that
8 service was not covered by a state-administered retirement system. The
9 member shall pay to the retirement system in which he participates a delayed
10 contribution payment, as determined by the board's actuary. The employee
11 may obtain credit for employment with a business development corporation
12 only if the Kentucky Retirement Systems receives a favorable private letter
13 ruling from the United States Internal Revenue Service or a favorable opinion
14 letter from the United States Department of Labor. Payment may be by lump
15 sum or the employee may pay by increments.
16 (6) After August 1, 2000, service credit obtained under the subsections of this section
17 which do not require the employee to have a minimum number of years of service
18 credit to be eligible to make a purchase shall be disallowed and the recontribution of
19 refund, including interest as determined by the board or other payment, if any, shall
20 be paid to the member if the member does not obtain for service performed six (6)
21 months' additional current service credit in one (1) of the state-administered
22 retirement systems. The service requirement shall be waived if the member dies or
23 becomes disabled as provided for by KRS 16.582 or 61.600.
24 (7) The members shall not receive benefit of service for the same period of time in
25 another public defined benefit retirement fund.
26 (8) Any employee participating in one (1) of the retirement systems administered by
27 Kentucky Retirement Systems who has at least forty-eight (48) months' service if

1 age sixty-five (65) or at least sixty (60) months' service if under age sixty-five (65)
2 in the retirement systems administered by the Kentucky Retirement Systems, who
3 formerly worked for a state university in a position which would have qualified as a
4 regular full-time position had the university been a participating department, and
5 who did not participate in a defined benefit~~[or defined contribution]~~ retirement
6 program at the university may obtain credit in the employee's account in the County
7 Employees Retirement System, the Kentucky Employees Retirement System, or the
8 State Police Retirement System for prior and current service by paying either
9 retirement system a delayed contribution payment for the service he would have
10 received had his period of university employment been covered by the County
11 Employees, Kentucky Employees Retirement System, or State Police Retirement
12 System. The delayed contribution payment shall not be picked up, as described in
13 KRS 61.560(4), by the employer. Payment may be by lump sum, or the employee
14 may pay by increments.
15 (9) (a) Effective August 1, 1980, any county participating in the County Employees
16 Retirement System may purchase current service, between July 1, 1958, and
17 participation date of the county, for present employees of the county who have
18 obtained coverage under KRS 78.540(2);
19 (b) Effective July 1, 1973, any department participating in the Kentucky
20 Employees Retirement System may purchase current service between July 1,
21 1956, and participation date of the department, for present employees of the
22 department who were employees on the participation date of the department
23 and elected coverage under KRS 61.525(2);
24 (c) Cost of the service credit purchased under this subsection shall be determined
25 by computing the discounted value of the additional service credit based on an
26 actuarial formula recommended by the board's consulting actuary and
27 approved by the board. A department shall make payment for the service

1 credit within the same fiscal year in which the option is elected. The county
2 shall establish a payment schedule subject to approval by the board for
3 payment of the service credit. The maximum period allowed in a payment
4 schedule shall be ten (10) years with interest at the rate actuarially assumed by
5 the board; however, a shorter period is desirable and the board may approve
6 any schedule provided it is not longer than a ten (10) year period;
7 (d) If a county or department elects the provisions of this subsection, any present
8 employee who would be eligible to receive service credit under the provisions
9 of this subsection and has purchased service credit under subsection (4) or (5)
10 of this section shall have his payment for the service credit refunded with
11 interest at the rate paid under KRS 61.575 or 78.640;
12 (e) Any payments made by a county or department under this subsection shall be
13 deposited to the retirement allowance account of the proper retirement system
14 and these funds shall not be considered accumulated contributions of the
15 individual members.
16 (10) Interest paid by a member of the Kentucky Employees Retirement System, County
17 Employees Retirement System, or State Police Retirement System under this
18 section or other similar statutes under KRS 16.510 to 16.652, KRS 61.515 to
19 61.705, or KRS 78.520 to 78.852 prior to June 19, 1976, shall be credited to the
20 individual member's contribution account in the appropriate retirement system and
21 considered as accumulated contributions of the member.
22 (11) Employees who served as assistants to officers and employees of the General
23 Assembly who have at least forty-eight (48) months of service if age sixty-five (65)
24 or at least sixty (60) months of service if under age sixty-five (65) in the systems
25 administered by Kentucky Retirement Systems and who were unable to acquire
26 service under KRS 61.510(20) may purchase credit for the service performed after
27 January 1, 1960. Service credit under this section shall be obtained by the payment

1 of a delayed contribution which shall not be picked up by the employer as described
2 in KRS 61.560(4).
3 (12) (a) Effective August 1, 1988, any employee participating in one (1) of the
4 retirement systems administered by Kentucky Retirement Systems who has at
5 least forty-eight (48) months of service if age sixty-five (65) or at least sixty
6 (60) months of service if under age sixty-five (65) in the systems administered
7 by Kentucky Retirement Systems may purchase service credit for interim,
8 seasonal, emergency, or temporary employment or part-time employment
9 averaging one hundred (100) or more hours of work per month on a calendar
10 or fiscal year basis. If the average number of hours of work is less than one
11 hundred (100) per month, the member shall be allowed credit only for those
12 months he receives creditable compensation for one hundred hours of work.
13 The cost will be determined as a delayed contribution payment for the period
14 of time involved, which shall not be picked up by the employer as described in
15 KRS 61.560(4).
16 (b) Any noncertified employee of a school board who has at least forty-eight (48)
17 months of service if age sixty-five (65) or at least sixty (60) months of service
18 if under age sixty-five (65) in the systems administered by Kentucky
19 Retirement Systems may purchase service credit for part-time employment
20 prior to the 1990-91 school year which averaged eighty (80) or more hours of
21 work per month on a calendar or fiscal year basis by paying to the County
22 Employees Retirement System a delayed contribution payment. The delayed
23 contribution payment shall not be picked up, as described in KRS 78.610(4),
24 by the employer. Payment may be by lump sum or the employee may pay by
25 increments. If the average number of hours of work is less than eighty (80) per
26 month, the noncertified employee of a school board shall be allowed credit
27 only for those months he receives creditable compensation for eighty (80)

1 hours of work. The cost will be determined as a delayed contribution payment,
2 which shall not be picked up by the employer as described in KRS 78.610(4).
3 (13) A retired member, who is contributing to one (1) of the state-administered
4 retirement programs under the provisions of KRS 61.637(1) to (4) and purchases
5 service credit under this section in the system or systems from which he is retired,
6 shall have his retirement allowance recomputed:
7 (a) Upon termination from employment, if the member is contributing to the same
8 system or systems from which he was retired; or
9 (b) Upon completion of six (6) months' service credit as required under
10 subsection (6) of this section, if the member is contributing to a system other
11 than the system or systems from which he is retired.
12 (14) Any employee participating in one (1) of the systems administered by Kentucky
13 Retirement Systems who has at least forty-eight (48) months of service if age sixty-
14 five (65) or at least sixty (60) months of service if under age sixty-five (65) in the
15 systems administered by Kentucky Retirement Systems may obtain credit for prior
16 or current service for any period of approved educational leave, or for agency-
17 approved leave to work for a work-related labor organization if the agency
18 subsequently participated in the County Employees Retirement System, by paying
19 to the respective retirement system a delayed contribution payment. The employee
20 may also obtain credit for agency-approved leave to work for a work-related labor
21 organization if the agency subsequently participated in the County Employees
22 Retirement System, but only if the Kentucky Retirement Systems receives a
23 favorable private letter ruling from the United States Internal Revenue Service or a
24 favorable opinion letter from the United States Department of Labor. The delayed
25 contribution payment shall not be picked up, as described in KRS 61.560(4), by the
26 employer, and shall be deposited to the individual member's account.
27 (15) Any employee participating in one (1) of the retirement systems administered by

1 Kentucky Retirement Systems who has at least forty-eight (48) months of service if
2 age sixty-five (65) or at least sixty (60) months of service if under age sixty-five
3 (65) in the systems administered by Kentucky Retirement Systems may obtain
4 credit for prior or current service for any period of authorized maternity leave,
5 unpaid leave authorized under the Federal Family and Medical Leave Act, or for
6 any period of authorized sick leave without pay, by paying to the respective
7 retirement system a delayed contribution payment. The delayed contribution
8 payment shall not be picked up, as described in KRS 61.560(4), by the employer,
9 and shall be deposited to the individual member's account.
10 (16) Any employee participating in one (1) of the retirement systems administered by
11 Kentucky Retirement Systems may purchase service credit under any of the
12 provisions of KRS 16.510 to 16.652, 61.515 to 61.705, or 78.520 to 78.852 by
13 making installment payments in lieu of a lump-sum payment.
14 (a) The cost of the service shall be computed in the same manner as for a lump-
15 sum payment which shall be the principal; and interest, at the actuarial rate in
16 effect at the time the member elects to make the purchase compounded
17 annually, shall be added for the period that the installments are to be made.
18 Multiple service purchases may be combined under a single installment
19 purchase; however, no employee may make more than one (1) installment
20 purchase at the same time. Once multiple service purchases have been
21 combined in an installment purchase, the employee may not separate the
22 purchases or pay a portion of one (1) of the purchases. The employee may
23 elect to stop the installment payments by notifying the retirement system; may
24 have the installment purchase recalculated to add one (1) or more additional
25 service purchases; or may pay by lump sum the remaining principal.
26 (b) One (1) year of installment payments shall be made for each one thousand
27 dollars ($1,000) or any part thereof of the total cost, except that the total

1 period allowed for installments shall not be less than one (1) year and shall not
2 exceed five (5) years.
3 (c) The employee shall pay the installments by payroll deduction. Upon
4 notification by the retirement system, the employer shall report the installment
5 payments either monthly or semimonthly continuously over each twelve (12)
6 month period at the same time as, but separate from, regular employee
7 contributions on the forms or by the computer format specified by the board.
8 The payments made under this subsection shall be considered accumulated
9 contributions of the member and shall not be picked up by the employer
10 pursuant to KRS 61.560(4) and no employer contributions shall be paid on the
11 installments.
12 (d) The retirement system shall determine how much of the total cost represents
13 payment for one (1) month of the service to be purchased and shall credit one
14 (1) month of service to the member's account each time this amount has been
15 paid. The first service credited shall represent the first calendar month of the
16 service to be purchased and each succeeding month of service credit shall
17 represent the succeeding months of that service.
18 (e) If the employee elects to stop the installment payments, dies, retires, or does
19 not continue employment in a position required to participate in the retirement
20 system, the member, or in the case of death, the beneficiary, shall have sixty
21 (60) days to pay the remaining principal of the purchase by lump sum, except
22 that payment by the member shall be made prior to the effective retirement
23 date. If the member or beneficiary does not pay the remaining cost, the
24 retirement system shall refund to the member or the beneficiary the payment,
25 payments, or portion of a payment that does not represent a full month of
26 service purchased.
27 (f) If the employer does not report installment payments on an employee for sixty

1 (60) days, except in the case of employees on military leave or sick leave
2 without pay, the installment purchase shall cease and the retirement system
3 shall refund to the employee the payment, payments, or portion of a payment
4 that does not represent a full month of service purchased. Installment
5 payments of employees on military leave or sick leave without pay shall be
6 suspended during the period of leave and shall resume without recalculation
7 upon the employee's return from leave.
8 (g) If payments have ceased under paragraph (e) or (f) of this subsection and the
9 member later becomes a participating employee in one (1) of the three (3)
10 systems administered by Kentucky Retirement Systems, the employee may
11 complete the adjusted original installment purchase by lump sum or
12 installment payments. If the employee elects to renew the installment
13 purchase, the cost of the remaining service shall be recalculated in accordance
14 with paragraph (a) of this subsection. If the original installment purchase was
15 for multiple service purchases, the employee may not separate those purchases
16 under a new installment purchase.
17 (17) Any employee participating in one (1) of the retirement systems administered by
18 Kentucky Retirement Systems may purchase service credit under any of the
19 provisions of KRS 16.510 to 16.652, 61.515 to 61.705, or 78.520 to 78.852 by
20 transferring funds through a direct trustee-to-trustee transfer as permitted under the
21 applicable sections of the Internal Revenue Code and any regulations or rulings
22 issued thereunder, or through a direct rollover as contemplated by and permitted
23 under 26 U.S.C. sec. 401(a)(31) and any regulations or rulings issued thereunder.
24 Service credit may also be purchased by a rollover of funds pursuant to and
25 permitted under the rules specified in 26 U.S.C. sec. 402(c) and 26 U.S.C. sec.
26 408(d)(3). The Kentucky Retirement Systems shall accept the transfer or rollover to
27 the extent permitted under the rules specified in the applicable provisions of the

1 Internal Revenue Code and any regulations and rulings issued thereunder. The
2 amount shall be credited to the individual member's contribution account in the
3 appropriate retirement system and shall be considered accumulated contributions of
4 the member.
5 (18) After August 1, 1998, any employee participating in one (1) of the retirement
6 systems administered by Kentucky Retirement Systems who is age sixty-five (65) or
7 older and has forty-eight (48) months of service credit or, if younger, who has sixty
8 (60) months of service credit in systems administered by Kentucky Retirement
9 Systems may purchase credit in the system in which the employee has the service
10 credit for up to ten (10) years service in a regular full-time position that was
11 credited to a state or local government-administered public defined benefit plan in
12 another state other than a defined benefit plan for teachers. The employee shall pay
13 a delayed contribution payment. Payment may be by lump sum, or the employee
14 may pay by increments. The employee may transfer funds directly from the other
15 state's plan if eligible to the extent permitted under subsection (17) of this section
16 and to the extent permitted by the other state's laws and shall provide proof that he
17 is not eligible for a retirement benefit for the period of service from the other state's
18 plan.
19 (19) After August 1, 1998, any employee participating in one (1) of the retirement
20 systems administered by Kentucky Retirement Systems, who has sixty (60) or more
21 months of service in the State Police Retirement System or in a hazardous position
22 in the Kentucky Employees Retirement System or the County Employees
23 Retirement System, may purchase credit in the system in which the employee has
24 the sixty (60) months of service credit for up to ten (10) years of service in a regular
25 full-time position that was credited to a defined benefit retirement plan administered
26 by a state or local government in another state, if the service could be certified as
27 hazardous pursuant to KRS 61.592. The employee shall pay a delayed contribution

1 payment. Payment may be by lump sum or by increments. The employee may
2 transfer funds directly from the other unit of government's plan if eligible to the
3 extent permitted under subsection (17) of this section and to the extent permitted by
4 the other state's laws, and the employee shall provide proof that he is not eligible for
5 a retirement benefit for the period of service from the other unit of government's
6 plan.
7 (20) Any employee participating in one (1) of the retirement systems administered by
8 Kentucky Retirement Systems who has at least forty-eight (48) months of service if
9 age sixty-five (65) or at least sixty (60) months of service if under age sixty-five
10 (65) in the systems administered by Kentucky Retirement Systems and who has
11 completed service as a volunteer in the Kentucky Peace Corps, created by KRS
12 154.01-720, may purchase service credit for the time served in the corps by making
13 delayed contribution payments.
14 (21) An employee participating in any retirement system administered by Kentucky
15 Retirement Systems who has at least forty-eight (48) months of service if age sixty-
16 five (65), or at least sixty (60) months of service if under age sixty-five (65) in the
17 systems administered by Kentucky Retirement Systems, and who was formerly
18 employed in a regional community mental health and mental retardation services
19 program, organized and operated under the provisions of KRS 210.370 to 210.480,
20 which does not participate in a state-administered retirement system may obtain
21 credit for the period of his service in the regional community mental health and
22 mental retardation program, by paying to the state retirement system in which he
23 participates a delayed contribution payment. Payment to one (1) of the retirement
24 systems administered by the Kentucky Retirement Systems may be made by lump
25 sum or in increments.
26 (22) An employee participating in one (1) of the retirement systems administered by
27 Kentucky Retirement Systems who has at least forty-eight (48) months of service if

1 age sixty-five (65) or at least sixty (60) months of service if under age sixty-five
2 (65) in the systems administered by the Kentucky Retirement Systems, who was
3 employed by a vocational technical school in a noncertified part-time position
4 averaging eighty (80) or more hours per month, determined by using the number of
5 months actually worked within a calendar or fiscal year, may purchase service credit
6 in the Kentucky Employees Retirement System. The cost of the service shall be a
7 delayed contribution payment, which shall not be picked up by the employer as
8 described in KRS 61.560(4).
9 (23) (a) Any person who is entitled to service credit for employment which was not
10 reported in accordance with KRS 16.543, 61.543, or KRS 78.615 may obtain
11 credit for the service by paying the employee contributions due within six (6)
12 months of notification by the system. No interest shall be added to the
13 contributions. The service credit shall not be credited to the member's account
14 until the employer contributions are received. If a retired member makes the
15 payment within six (6) months, the retired member's retirement allowance
16 shall be adjusted to reflect the added service after the employer contributions
17 are received by the retirement system.
18 (b) Any employee participating in one (1) of the state-administered retirement
19 systems who is entitled to service credit under paragraph (a) of this subsection
20 and who has not repaid the employee contributions due within six (6) months
21 of notification by the system may regain the credit after the six (6) months by
22 paying to the system the employee contributions plus interest at the actuarially
23 assumed rate from the date of initial notification under paragraph (a) of this
24 subsection. Service credit shall not be credited to the member's account until
25 the employer contributions are received by the retirement system. The
26 payments shall not be picked up, as described in KRS 61.560(4), by the
27 employer.

1 (24) Any employee participating in one (1) of the retirement systems administered by
2 Kentucky Retirement Systems who has at least forty-eight (48) months of service if
3 age sixty-five (65) or at least sixty (60) months of service if under age sixty-five
4 (65) in the systems administered by the Kentucky Retirement Systems may
5 purchase service credit for employment with a public agency that would have been
6 eligible to participate under KRS 61.520 but which did not participate in the
7 Kentucky Employees Retirement System or a political subdivision that would have
8 been eligible to participate under KRS 78.530 but which did not participate in the
9 County Employees Retirement System if the former public agency or political
10 subdivision has merged with or been taken over by a participating department or
11 county. The cost of the service shall be determined as a delayed contribution
12 payment for the respective retirement system. Payment may be made by lump sum
13 or in increments. The payment shall not be picked up, as described in KRS
14 61.560(4) or KRS 78.610(4), by the employer.
15 (25) Any employee participating in one (1) of the retirement systems administered by the
16 Kentucky Retirement Systems prior to July 15, 2002, who has accrued at least forty-
17 eight (48) months of service if age sixty-five (65) or at least sixty (60) months of
18 service if under age sixty-five (65) in the systems administered by the Kentucky
19 Retirement Systems and who has total service in all state-administered retirement
20 systems of at least one hundred eighty (180) months of service credit may purchase
21 a combined maximum total of five (5) years of retirement service credit which is
22 not otherwise purchasable under any of the provisions of KRS 16.510 to 16.652,
23 KRS 61.510 to 61.705, and KRS 78.510 to 78.852. The purchase price for the
24 retirement service credit shall be calculated and paid for as a delayed contribution
25 payment. The payment shall not be picked up, as described in KRS 16.545(4), KRS
26 61.560(4), KRS 78.610(4), by the employer, and the employee's payment shall be
27 paid into the individual member's contribution account in the appropriate retirement

1 system and shall be considered accumulated contributions of the member. Payment
2 by the member may be by lump sum or by increments. The service purchased under
3 this subsection shall not be used in determining a retirement allowance until the
4 member has accrued at least two hundred forty (240) months of service, excluding
5 service purchased under this subsection. If the member does not accrue at least two
6 hundred forty (240) months of service, excluding service purchased under this
7 subsection, upon retirement, death, or written request following termination, the
8 payment, plus interest as provided in KRS 61.575, shall be refunded.
9 (26) An employee participating in one (1) of the retirement systems administered by
10 Kentucky Retirement Systems, who has at least forty-eight (48) months of service if
11 age sixty-five (65), or at least sixty (60) months of service if under age sixty-five
12 (65), in the systems administered by Kentucky Retirement Systems, may obtain
13 credit in the County Employees Retirement System for the period of that employee's
14 service with a community action agency created under KRS 273.405 to 273.453 if
15 that service was not covered by a state-administered retirement system. The member
16 shall pay to the retirement system a delayed contribution payment. Payment may be
17 made by lump sum or in increments. The payment shall not be picked up, as
18 described in KRS 61.560(4) or 78.610(4), by the employer.
19 (27) Any employee participating in one (1) of the retirement systems administered by
20 Kentucky Retirement Systems who has at least forty-eight (48) months of service if
21 age sixty-five (65) or at least sixty (60) months of service if under age sixty-five
22 (65) in the retirement systems administered by the Kentucky Retirement Systems
23 may obtain current service credit for up to forty-eight (48) months for his or her
24 period of service as a Domestic Relations Commissioner by paying to the retirement
25 system a delayed contribution payment no later than December 31, 2002. Payment
26 may be made by lump sum or under an installment agreement. The payment shall
27 not be picked up, as described in KRS 61.560(4), by the employer, and shall be

1 deposited to the individual member's account.
2 (28) The board of trustees is authorized to establish a program, subject to a favorable
3 ruling from the Internal Revenue Service, to provide for the purchase of service
4 credit under any of the provisions of KRS 16.510 to 16.552, 61.515 to 61.705, and
5 78.520 to 78.852, pursuant to the employer pick-up provisions in 26 U.S.C. sec.
6 414(h)(2).
7 (29) An employee may obtain credit for regular full-time service with an agency prior to
8 August 1, 1998, for which the employee did not receive credit due to KRS
9 61.637(1), by paying a delayed contribution. The payment shall not be picked up by
10 the employer, except as provided in subsection (28) of this section, and shall be
11 credited to the employee's second retirement account. Service credit obtained under
12 this subsection shall not be used in determining benefits under KRS 61.702. The
13 employee may purchase credit for service prior to August 1, 1998, if:
14 (a) The employee retired from one (1) of the retirement systems administered by
15 the Kentucky Retirement Systems and was reemployed prior to August 1,
16 1998, earning less than the maximum permissible earnings under the Federal
17 Social Security Act;
18 (b) The employee elected to participate in a second retirement account effective
19 August 1, 1998, in accordance with KRS 61.637(7); and
20 (c) The employee has at least forty-eight (48) months of service if age sixty-five
21 (65), or at least sixty (60) months of service if under age sixty-five (65), in a
22 second account in the systems administered by Kentucky Retirement Systems.
23 (30) An employee participating in one (1) of the retirement systems administered by the
24 Kentucky Retirement Systems, who has at least forty-eight (48) months of service if
25 age sixty-five (65) or at least sixty (60) months of service if under age sixty-five
26 (65) in the systems administered by the Kentucky Retirement Systems, may obtain
27 credit for the service in a regular full-time position otherwise creditable under the

1 Kentucky Employees Retirement System, the County Employees Retirement
2 System, or the State Police Retirement System for service in the United States
3 government, other than service in the Armed Forces, for which service is not
4 otherwise given, by paying to the system a delayed contribution payment. Payment
5 may be made by lump sum or in increments. No payment made pursuant to this
6 section shall be picked up by the employer, as described in KRS 61.560(4).
7 ***(31) An employee participating in a hazardous position in one (1) of the retirement***
8 ***systems administered by the Kentucky Retirement Systems, who has at least forty-***
9 ***eight (48) months of service if age sixty-five (65) or at least sixty (60) months of***
10 ***service if under age sixty-five (65) in the systems administered by the Kentucky***
11 ***Retirement Systems, may obtain credit for service in a regular full-time position***
12 ***in an urban-county government that would qualify for hazardous duty coverage***
13 ***under KRS 61.592 by paying to the system a delayed contribution payment.***
14 ***Payment may be made by lump sum or in increments. No payment made***
15 ***pursuant to this section shall be picked up by the employer, as described in KRS***
16 ***61.560(4).***
17 Section 2. KRS 6.505 is amended to read as follows:
18 (1) Each legislator in office on July 1, 1980, may within thirty (30) days after that date,
19 and any legislator thereafter taking office may within thirty (30) days after the date
20 thereof, elect to make monthly contributions to the Legislators' Retirement Plan, in
21 an amount equal to five percent (5%) of his monthly creditable compensation, as
22 defined in KRS 61.510(13). The election shall be effective to establish membership
23 in the plan as of July 1, 1980, or as of the date from which the thirty (30) day period
24 is measured, as the case may be. Provided, however, that any legislator who was in
25 office on July 1, 1980, and who is in office at the time he makes the election may,
26 after the expiration of the thirty (30) day period and until May 1, 1982, make the
27 election, in which event he shall pay to the Legislators' Retirement Plan, for the

1 months between July 1, 1980, and the date of his election such sum as, when added
2 to any member's contribution by him that is transferred from another retirement
3 system under KRS 6.535, will equal the member's contribution required by this
4 section. If the member makes his election after February 1, 1981, he shall in
5 addition pay to the plan interest on the foregoing sum, at six percent (6%) per
6 annum, calculated as if the sum consisted of equal monthly payments, one (1) of
7 which was due at the end of each month between July 1, 1980, and the date the
8 election was made. The election shall be addressed to and filed with the secretary of
9 the Finance and Administration Cabinet and shall constitute an authorization to the
10 secretary to thereafter cause to be deducted from the member's monthly creditable
11 compensation an amount equal to five percent (5%) thereof, as a voluntarily elected
12 contribution by the member towards the funding of the Legislators' Retirement Plan.
13 Such election shall operate to create an inviolable contract between such member
14 and the Commonwealth, guaranteeing to and vesting in the member the rights and
15 benefits provided for under KRS 6.515 to 6.530. An election once made under this
16 section either to participate or not to participate in the Legislators' Retirement Plan,
17 shall be considered to apply to all future service as a legislator, whether in the same
18 or a different office as a legislator, and whether or not it is in successive terms.
19 (2) ***A legislator entitled to elect membership in the retirement system who failed to***
20 ***elect membership within thirty (30) days after taking office may elect membership***
21 ***not later than August 31, 2005. An election, upon being made pursuant to this***
22 ***section, shall operate to create an inviolable contract between the member and***
23 ***the Commonwealth, guaranteeing to and vesting in the member the rights and***
24 ***benefits provided for under the terms and conditions of KRS 6.500 to 6.577.***
25 ***(3) When any legislator makes a delayed election of membership in the Legislators'***
26 ***Retirement Plan under subsection (2) of this section, his active membership in***
27 ***the Kentucky Employees Retirement System shall terminate, as of the date his***

1 ***membership in the Legislators' Retirement Plan becomes effective, and any credit***
2 ***in the Kentucky Employees Retirement System, earned for service as a legislator,***
3 ***which he then has or which he subsequently regains while being an active***
4 ***member of the Legislators' Retirement Plan, shall be transferred to and counted***
5 ***as service credit in the Legislators' Retirement Plan, and shall no longer***
6 ***constitute credit in the Kentucky Employees Retirement System, except for the***
7 ***purpose of validating any other credit in that system if the member pays the***
8 ***difference, if any, between the amount transferred from the Kentucky Employees***
9 ***Retirement System and the actuarial value of the transferred service. However,***
10 ***any credit he then has in the Kentucky Employees Retirement System, earned for***
11 ***service in any capacity other than a legislator, shall not be affected. No person***
12 ***may attain credit in more than one (1) of the retirement plans or systems***
13 ***mentioned in this section for the same period of service. When credit is***
14 ***transferred from the Kentucky Employees Retirement System to the Legislators'***
15 ***Retirement Plan, the Kentucky Employees Retirement System shall transfer to the***
16 ***Legislators' Retirement Fund an amount equal to the employee's and employer's***
17 ***contributions attributable to that credit, together with interest on the***
18 ***contributions from the date made to the date of transfer at the actuarially-***
19 ***assumed interest rate of the Kentucky Employees Retirement System in effect at***
20 ***the time the contributions were made, compounded annually at that same interest***
21 ***rate.***
22 *(4)* The state shall, solely for the purpose of compliance with Section 414(h) of the
23 United States Internal Revenue Code, pick up the employee contributions required
24 by this section for all compensation earned after August 1, 1982, and the
25 contributions so picked up shall be treated as employer contributions in determining
26 tax treatment under the United States Internal Revenue Code and KRS 141.010(10).
27 The picked-up employee contribution shall satisfy all obligations to the retirement

1 system satisfied prior to August 1, 1982, by the employee contribution, and the
2 picked-up employee contribution shall be in lieu of an employee contribution. The
3 state shall pay these picked-up employee contributions from the same source of
4 funds which is used to pay earnings to the employee. The employee shall have no
5 option to receive the contributed amounts directly instead of having them paid by
6 the employer to the system. Employee contributions picked up after August 1, 1982,
7 shall be treated for all purposes of KRS 6.500 to 6.535 in the same manner and to
8 the same extent as employee contributions made prior to August 1, 1982.
9 *(5)*[~~(3)~~] When any legislator elects membership in the Legislators' Retirement Plan in
10 accordance with this section, his active membership in the Kentucky Employees
11 Retirement System, State Police Retirement System, County Employees Retirement
12 System, or Teachers' Retirement System shall terminate, as of the date his
13 membership in the Legislators' Retirement Plan becomes effective, and any credit in
14 such other system or systems, earned for service as a legislator, which he then has or
15 which he subsequently regains while being an active member of the Legislators'
16 Retirement Plan, shall be transferred to and counted as service credit in the
17 Legislators' Retirement Plan, and shall no longer constitute credit in such other
18 retirement system except for the purpose of validating any other credit in that
19 system. However, any credit he then has in such other retirement system, earned for
20 service in any capacity other than a legislator, shall not be affected. No person may
21 attain credit in more than one (1) of the retirement plans or systems mentioned in
22 this section, for the same period of service.
23 *(6)*[~~(4)~~] A member of the Legislators' Retirement Plan who would be entitled, under
24 KRS 61.552, to repurchase credit in the Kentucky Employees Retirement System,
25 for previous service as a legislator, which credit had been lost by refund of
26 contributions, may pay the amount required by KRS 61.552 directly to the
27 Legislators' Retirement Plan and thereby obtain credit in that plan for such service,

1 rather than making payment to the Kentucky Employees Retirement System for
2 credit which would be transferred to the Legislators' Retirement Plan. In such event,
3 the Kentucky Employees Retirement System shall transfer to the Legislators'
4 Retirement Plan an amount equal to the employer's contributions that originally
5 were made to the Kentucky Employees Retirement System for the regained service
6 credit, with interest as provided in KRS 6.535. Six (6) months' current service shall
7 be required in the Legislators' Retirement Plan in order for the repurchased credit to
8 remain in force, the same as provided in KRS 61.552.
9 Section 3. KRS 6.515 is amended to read as follows:
10 (1) Service credit in the Legislators' Retirement Plan shall be acquired only by service
11 as a legislator after July 1, 1980, while a member of the plan, by transfer of credit as
12 provided in KRS 6.505, or by purchase or transfer of credit as provided in this
13 section.
14 (2) (a) 1. Any active member of the Legislators' Retirement Plan who has at least
15 five (5) years of service credit in the Legislators' Retirement Plan, or his
16 beneficiary acting in his place if the member dies prior to retirement,
17 shall receive service credit for a maximum of four (4) years for his
18 period of service in the Armed Forces of the United States, if his
19 discharge therefrom is honorable and he has not been credited with the
20 service by any other retirement system administered by the
21 Commonwealth of Kentucky, by paying the retirement system thirty-five
22 percent (35%) of the actuarial cost of the service as determined by the
23 board of trustees, based on assumptions used in the most recent biennial
24 evaluation. The service credit shall be awarded and the cost shall be
25 determined in conformity with the rate which applies to the legislator in
26 question under KRS 6.520. Service credit awarded under this subsection
27 shall be equivalent, for all purposes of the Legislators' Retirement Plan,

1 to other service credit earned in the plan.

2 2. Any active member of the Legislators' Retirement Plan who has at least
3 five (5) years of service credit in the Legislators' Retirement Plan may
4 purchase and receive service credit for one (1) month of service for each
5 six (6) months of service in the reserves or the National Guard by paying
6 the retirement system one hundred percent (100%) of the actuarial cost
7 of the service as determined by the board of trustees, based on the
8 assumptions used in the most recent biennial evaluation. The service
9 credit shall be awarded and the cost shall be determined in conformity
10 with the rate that applies to the legislator in question under KRS 6.520.
11 Service credit awarded as provided in this subsection shall be
12 equivalent, for all purposes of the Legislators' Retirement Plan, to other
13 service credit earned in the plan. The service in the military reserves or
14 the National Guard shall be treated as service earned prior to
15 participation in the plan. The purchase can be made by the member by
16 transfer, if authorized under subsection (7)(d) of this section, or in a
17 lump-sum payment or by installment payments, as set forth in paragraph
18 (b) of this subsection. The payment shall not be picked up by the
19 employer as provided in KRS 6.505*(4)*[~~(2)~~].

20 (b) The member may purchase all of his military service credit at one (1) time, or
21 in increments of no less than one (1) year, unless there is a fraction remaining
22 after all full years have been paid for. Payment of the total or the increment
23 may be made by lump-sum or by monthly installments through payroll
24 deduction. If the member chooses to pay by installment, the cost of the service
25 credit shall be computed in the same manner as for a lump-sum payment,
26 which shall be the principal. Interest, at the annual actuarial rate in effect at
27 the time each payment is made, shall be added to each monthly payment at the

1 rate of one-twelfth (1/12) of the annual interest rate applied to the declining
2 principal amount. Installment purchases shall be for no less than twelve (12)
3 nor more than sixty (60) months. If the member leaves office before
4 completing his installment payments, he may satisfy his contract by a lump-
5 sum payment of the remaining principal amount, but no further installment
6 payments shall be accepted thereafter. In this case, the member shall be
7 credited with the military service credit for which he has paid, in years or
8 months but no fraction less than a full month, and any payment remaining
9 after credit for full months has been awarded shall be returned to the member.
10 (c) The payments made under this section shall be considered accumulated
11 contributions of the member and shall not be picked up by the employer under
12 KRS 6.505*(4)*[~~(2)~~].
13 (3) In the event of divorce, rights to benefits shall be considered marital property
14 subject to the provisions of KRS 403.190.
15 (4) A member who has qualified for benefits under KRS 6.525(1) may transfer to the
16 Legislators' Retirement Plan up to ten (10) years of service credit which he has
17 earned in a retirement system administered by Kentucky Retirement Systems. If the
18 member elects to transfer his service credit, the system from which the transfer is
19 made shall transfer to the legislators' retirement fund an amount equal to the
20 employee's and employer's contributions attributable to that credit, together with
21 interest on the contributions from the date made to date of transfer at the actuarially
22 assumed interest rate of the system from which the transfer is made in effect at the
23 time the contributions were made, compounded annually at that same interest rate.
24 The member shall be entitled to the transferred service credit, at the rate at which he
25 qualifies under KRS 6.520, when he pays the total difference between the amount of
26 the funds transferred and the cost of the credit to the Legislators' Retirement Plan, as
27 determined by the actuary for the Legislators' Retirement Plan. The member may

1 pay by transfer, if authorized under subsection (7)(d) of this section, by lump sum,
2 or by increments, as provided for in this section. The payments made under this
3 section shall be considered accumulated contributions of the member and shall not
4 be picked up by the employer under KRS 6.505*(4)*[~~(2)~~].
5 (5) (a) Any active member of the Legislators Retirement Plan who is vested in the
6 Legislators Retirement Plan under KRS 6.525 shall receive service credit for a
7 maximum of four (4) years each for his period of service as a Domestic
8 Relations Commissioner, a Master Commissioner, or a District Court Trial
9 Commissioner of the Commonwealth of Kentucky, or a combination thereof,
10 if the service has not been credited to the member's account with any other
11 public defined benefit plan, by paying the retirement system one hundred
12 percent (100%) of the actuarial cost of the service as determined by the board
13 of trustees, based on assumptions used in the most recent biennial evaluation.
14 The period of service to be purchased shall be certified to the board of trustees
15 by the custodian of the records. The service credit shall be awarded and the
16 cost shall be determined in conformity with the rate that applies to the
17 member in question under KRS 6.520. Service credit awarded under this
18 subsection shall be equivalent, for all purposes of the Legislators Retirement
19 Plan, to other service credit earned in the plan. The member may pay by
20 transfer, by lump sum, or by increments as set forth in this section. The
21 payments made under this section shall be considered accumulated
22 contributions of the member and shall not be picked up by the employer under
23 KRS 6.505*(4)*[~~(2)~~].
24 (b) Any active member of the Legislators Retirement Plan who is vested in the
25 Legislators Retirement Plan under KRS 6.525, shall receive service credit for
26 his period of service to the United States Government, other than service in
27 the Armed Forces, if the service has not been credited to the member's account

with any other public defined benefit plan, by paying the retirement system one hundred percent (100%) of the actuarial cost of the service as determined by the board of trustees, based on assumptions used in the most recent biennial evaluation. The period of service to be purchased shall be certified to the board of trustees by the custodian of the records. The service credit shall be awarded and the cost shall be determined in conformity with the rate that applies to the member in question under KRS 6.520. Service credit awarded under this subsection shall be equivalent, for all purposes of the Legislators Retirement Plan, to other service credit earned in the plan. The member may pay by transfer, by lump sum, or by increments as set forth in this section. The payments made under this section shall be considered accumulated contributions of the member and shall not be picked up by the employer under KRS 6.505***(4)***[~~(2)~~].

(c) Any member of the Legislators Retirement Plan, who is in office on June 21, 2001, and who is in active contributing status to the applicable retirement plan on June 21, 2001, and who has at least ***one hundred eighty (180)***[~~two hundred forty (240)~~] months of service credit may purchase a combined maximum total of five (5) years of retirement service credit that is not otherwise purchasable, by paying the retirement system one hundred percent (100%) of the actuarial cost of the service as determined by the board of trustees, based on assumptions used in the most recent biennial evaluation. The member shall be entitled to the service credit at the rate at which he qualifies under KRS 6.520. Service credit awarded under this subsection shall be equivalent, for all purposes of the Legislators Retirement Plan, to other service credit earned in the plan***, except that the service purchased under this subsection shall not be used in determining a retirement allowance until the member has accrued at least two hundred forty (240) months of service, excluding service***

1 ***purchased under this subsection. If the member does not accrue at least two***
2 ***hundred forty (240) months of service, excluding service purchased under***
3 ***this subsection, then upon retirement, death, or written request following***
4 ***termination, the payment shall be refunded***. The member may pay by
5 transfer, by lump sum, or by increments as set forth in this section. The
6 payments made under this section shall be considered accumulated
7 contributions of the member and shall not be picked up by the employer under
8 KRS 6.505***(4)***[~~(2)~~].
9 (d) A member of the Legislators Retirement Plan may purchase service credit
10 under the provisions of this section by transferring funds through a direct
11 trustee-to-trustee transfer as permitted under the applicable sections of the
12 Internal Revenue Code and any regulations or rulings issued thereunder or
13 through a direct rollover as contemplated by and permitted under 26 U.S.C.
14 sec. 401(a)(31) and any regulations or rulings issued thereunder. Service credit
15 may also be purchased by a rollover of funds pursuant to and permitted under
16 the rules specified in 26 U.S.C. sec. 402(c) and 26 U.S.C. sec. 408(d)(3). The
17 Legislators Retirement Fund shall accept the transfer or rollover to the extent
18 permitted under the rules specified in the applicable provisions of the Internal
19 Revenue Code and any regulations and rulings issued thereunder. The amount
20 shall be credited to the individual member's contribution account and shall be
21 considered accumulated contributions of the member and shall not be picked
22 up by the employer under KRS 6.505***(4)***[~~(2)~~].
23 Section 4. KRS 6.520 is amended to read as follows:
24 (1) A member of the Legislators' Retirement Plan who retires on or after his normal
25 retirement date shall receive a service retirement allowance, payable monthly during
26 his lifetime, in an amount per month equal to three and fifty one-hundredths percent
27 (3.50%) of his final compensation multiplied by the number of years of his service,

1 but in no event to exceed one hundred percent (100%) of final compensation. For
2 this purpose, "final compensation" means the average monthly creditable
3 compensation as determined in KRS 61.510(13) of the member for services as a
4 legislator for the ***three (3) years during which the member had the highest***
5 ***creditable legislative compensation***[~~sixty (60) months of service immediately~~
6 ~~preceding retirement, except that in the case of a legislator who retires pursuant to~~
7 ~~KRS 21.410 or who dies in office, "final compensation" shall be the assumed salary~~
8 ~~in KRS 61.510(13)~~].
9 (2) A member shall have rights, with respect to retirement before reaching normal
10 retirement date in the Legislators' Retirement Plan, identical in terms with those
11 rights provided in KRS 21.400(2) and (3) in the Judicial Retirement Plan for
12 members of that plan, except that the reduction in a legislators' service retirement
13 allowance for early retirement shall be at the rate of five percent (5%) of the
14 allowance for each year that retirement precedes the normal retirement date.
15 (3) Subsections (1) and (2) of this section to the contrary notwithstanding, each
16 legislator in office on July 1, 1982, that is a member of the Legislators' Retirement
17 Plan, who retires on or after his normal retirement date, shall receive a service
18 retirement allowance, payable monthly, on a formula equal to that of a justice or
19 judge of the Court of Justice with an equivalent service entrance date, but in no
20 event less than that specified in subsection (1) of this section, of his final
21 compensation multiplied by the number of years of his service, but in no event to
22 exceed one hundred percent (100%) of his final compensation. For this purpose,
23 "final compensation" means the average monthly creditable compensation as
24 determined in KRS 61.510(13) of the ***three (3) years during which the member***
25 ***had the highest creditable legislative compensation***[~~sixty (60) months of service~~
26 ~~immediately preceding retirement as provided in KRS 6.525~~].
27 (4) Subsections (1) and (2) of this section to the contrary notwithstanding, a member of

1 the Legislators' Retirement Plan with a service entrance date after July 1, 1982, who
2 retires on or after his normal retirement date, shall receive a service retirement
3 allowance, payable monthly during his lifetime, in an amount per month equal to
4 two and seventy-five one-hundredths percent (2.75%) of his final compensation
5 multiplied by the number of years of his service, but in no event to exceed one
6 hundred percent (100%) of final compensation. For this purpose, "final
7 compensation" means the average monthly creditable compensation as determined
8 in KRS 61.510(13) of the member for services as a legislator for the ***three (3) years***
9 ***during which the member had the highest creditable legislative***
10 ***compensation***[~~sixty (60) months of service immediately preceding retirement as~~
11 ~~provided in KRS 6.525~~].
12 Section 5. KRS 6.525 is amended to read as follows:
13 The Legislators' Retirement Plan shall be governed by KRS 21.560 and by provisions
14 identical in terms with those provided in KRS 21.345(1) and (3), 21.360(1), 21.370 to
15 21.410, 21.420, 21.425, 21.450, 21.460, 21.470, 21.480, 21.525, and 61.552 for the
16 Judicial Retirement Plan, except that:
17 (1) Five (5) years of service as a legislator will be sufficient for vesting; and
18 (2) ***(a)*** A member of the Legislators' Retirement Plan may combine his service credit
19 with his service credit in the Teachers' Retirement System, Kentucky
20 Employees Retirement System, County Employees Retirement System, and
21 State Police Retirement System at the time of his retirement, according to the
22 procedure of KRS 61.680(2)(a), except that the salary used to determine final
23 compensation shall be based on the ***creditable compensation***[~~assumed salary~~]
24 in KRS 61.510(13) for service while a member of the General Assembly
25 whether or not a member of the Legislators' Retirement Plan.
26 ***(b) For members contributing on or after the effective date of this Act, upon***
27 ***retirement, a member's accounts under the Legislators' Retirement Plan,***

1 ***State Police Retirement System, Kentucky Employees Retirement System,***
2 ***County Employees Retirement System, and Teachers' Retirement System***
3 ***shall be consolidated for the purpose of determining eligibility and amount***
4 ***of benefits as provided in KRS 61.680(2)(a) and in the same manner as for***
5 ***the other retirement systems using the highest salary regardless of the***
6 ***system in which it was earned. For purposes of this paragraph,***
7 ***"retirement" means the month in which the member elects to begin***
8 ***receiving benefits or benefits become payable due to the member's death.***
9 ***(c) A member who has an account in the Legislators' Retirement Plan and the***
10 ***Judicial Retirement Plan may combine his service in both plans for***
11 ***purposes of determining eligibility, the amount of benefits and final***
12 ***compensation.***
13 ***(d)*** A member of the Legislators' Retirement Plan may retire at the completion of
14 ***twenty-seven (27)***[~~thirty (30)~~] or more years of combined service credit, so
15 long as at least fifteen (15) years of such credit were earned after January 1,
16 1960, and there shall be no reduction in the retirement allowance because of
17 retirement before the age of sixty-five (65).
18 ***(e)*** For the purposes of this section, any reference in the KRS sections listed
19 above to the Judicial Retirement Plan shall also be read as a reference to the
20 Legislators' Retirement Plan, and any reference to the Legislators' Retirement
21 Plan shall also be read as a reference to the Judicial Retirement Plan.
22 (3) Any other statute to the contrary notwithstanding, a member of any state-
23 administered retirement system who has ceased to qualify for membership but
24 subsequently returns to a qualified status, shall, for the purposes of determining the
25 date of entry into the state-administered retirement system for the subsequent period
26 or periods of service, be deemed to have never left the retirement system.
27 Section 6. KRS 21.360 is amended to read as follows:

1 (1) Each Judge of the District Court in office on July 1, 1978, may within thirty (30)
2 days after that date, and any judge or justice of any court entitled to be a member
3 thereafter taking office may within thirty (30) days after taking office, elect to make
4 monthly contributions to the retirement system in an amount equal to five percent
5 (5%) of his monthly official salary. The election shall be effective to establish
6 membership in the system as of July 1, 1978, or as of the date the judge or justice
7 took office, as the case may be. The election shall be addressed to and filed with the
8 secretary of the Finance and Administration Cabinet, and shall constitute an
9 authorization by the member, to the secretary, to thereafter cause to be deducted
10 from the member's official salary, each month, an amount equal to five percent (5%)
11 of the monthly salary, as a voluntary contribution by the member towards the
12 funding of the retirement system. The contribution shall continue until the judge or
13 justice is vested in a service retirement allowance equal to one hundred percent
14 (100%) of final compensation. Thereafter employee contributions shall be
15 discontinued but continued service and retirement benefits shall not be affected
16 thereby.
17 (2) A judge or justice entitled to elect membership in the retirement system who failed
18 to elect membership within thirty (30) days after taking office in 1980 ***or who***
19 ***elected membership in the Kentucky Employees Retirement System*** may elect
20 membership not later than August 31, ***2005***[~~1990~~]. An election, upon being made
21 pursuant to this section, shall operate to create an inviolable contract between the
22 member and the Commonwealth, guaranteeing to and vesting in the member the
23 rights and benefits provided for under the terms and conditions of KRS 21.350 to
24 21.510.
25 (3) ***(a)*** When any judge makes a delayed election of membership in the Judicial
26 Retirement Plan under subsection (2) of this section, his active membership in
27 the Kentucky Employees Retirement System shall terminate, as of the date his

membership in the Judicial Retirement Plan becomes effective, and any credit in the Kentucky Employees Retirement System, earned for service as a judge, which he then has or which he subsequently regains while being an active member of the Judicial Retirement Plan, shall be transferred to and counted as service credit in the Judicial Retirement Plan, and shall no longer constitute credit in the Kentucky Employees Retirement System, except for the purpose of validating any other credit in that system***, if the member pays the difference, if any, between the amount transferred from the Kentucky Employees Retirement System and the actuarial value of the transferred service***.

(b) ~~[However,]~~Any credit he then has in the Kentucky Employees Retirement System, earned for service in any capacity other than a judge, shall not be affected. ***Notwithstanding any provisions of KRS 61.680 to the contrary, final compensation used to determine benefits for any service credit remaining in the Kentucky Employees Retirement System shall be based on the highest years of compensation as a judge whether the years occur before or after the judge elects membership in the Judicial Retirement Plan.***

(c) No person may attain credit in more than one (1) of the retirement plans or systems mentioned in this section for the same period of service. When credit is transferred from the Kentucky Employees Retirement System to the Judicial Retirement Plan, the Kentucky Employees Retirement System shall transfer to the Judicial Retirement Fund an amount equal to the employee's and employer's contributions attributable to that credit, together with interest on the contributions from the date made to the date of transfer at the actuarially-assumed interest rate of the Kentucky Employees Retirement System in effect at the time the contributions were made, compounded annually at that same interest rate.

1 (4) Membership and benefit rights for judges and justices (other than Judges of the
2 District Court), and for the commissioners and administrative director, who took
3 office prior to July 1, 1978, shall be dependent upon valid elections having been
4 made under this section (and KRS 21.355 and 21.365) prior to the 1978 amendment
5 to this section. The terms of such elections, including the contribution rate, shall
6 continue to govern for the duration of the member's service.
7 (5) When any Judge of the District Court in office on July 1, 1978, elects membership
8 in the Judicial Retirement System in accordance with this section, his membership
9 in the Kentucky Employees Retirement System shall terminate as of July 1, 1978,
10 and any credit in that system he earned for service as a Judge of the District Court
11 shall be nullified; provided that the effect of such service to validate any other
12 service credit in that system shall not be nullified.
13 (6) The state shall, solely for the purpose of compliance with Section 414(h) of the
14 United States Internal Revenue Code, pick up the employee contributions required
15 by this section for all compensation earned after August 1, 1982, and the
16 contributions so picked up shall be treated as employer contributions in determining
17 tax treatment under the United States Internal Revenue Code and KRS 141.010(10).
18 The picked-up employee contribution shall satisfy all obligations to the retirement
19 system satisfied prior to August 1, 1982, by the employee contribution, and the
20 picked-up employee contribution shall be in lieu of an employee contribution. The
21 state shall pay these picked-up employee contributions from the same source of
22 funds which is used to pay earnings to the employee. The employee shall have no
23 option to receive the contributed amounts directly instead of having them paid by
24 the employer to the system. Employee contributions picked up after August 1, 1982,
25 shall be treated for all purposes of KRS 21.345 to 21.570 in the same manner and to
26 the same extent as employee contributions made prior to August 1, 1982.
27 (7) An election once made under this section, either to participate or not to participate

1 in the Judicial Retirement Plan, shall be considered to apply, to all future service in
2 any office covered by the plan, whether such service is in the same or a different
3 office, and whether or not it is continuous.
4 Section 7. KRS 21.370 is amended to read as follows:
5 (1) Except as provided in subsection (2) of KRS 21.410 and in subsection (2) of KRS
6 21.420, no benefits shall be payable under KRS 21.350 to 21.480 to any member or
7 to his surviving spouse, unless he has completed at least eight (8) years of service,
8 including service before becoming a member. No surviving spouse of a retired
9 member shall be entitled to any benefits unless the person was the spouse of the
10 member at the time he retired.
11 (2) A member who has qualified for benefits under this section may transfer to the
12 Judicial Retirement Plan up to ten (10) years of service credit which he has earned
13 in a retirement system administered by Kentucky Retirement Systems, and he may
14 transfer to the Judicial Retirement Plan up to ten (10) years of service credit which
15 he has earned in the Kentucky Legislators' Retirement Plan. If the member elects to
16 transfer his service credit, the system or plan from which the transfer is made shall
17 transfer to the judicial retirement fund an amount equal to the employee's and
18 employer's contributions attributable to that credit, together with interest on the
19 contributions from the date made to the date of transfer at the actuarially assumed
20 interest rate of the system or plan from which the transfer is made in effect at the
21 time the contributions were made, compounded annually at that same interest rate.
22 The member shall be entitled to the transferred service credit, at the rate at which he
23 qualifies under KRS 21.400, when he pays the total difference between the amount
24 of the funds transferred and the cost of the credit to the Judicial Retirement Plan, as
25 determined by the actuary for the Judicial Retirement Plan. The member may pay by
26 transfer, if authorized under subsection (5)(d) of this section, or by lump sum or
27 increments as set forth in subsection (4)(b) of this section. The payments made

1 under this section shall be considered accumulated contributions of the member and
2 shall not be picked up by the employer under KRS 21.360(6).
3 (3) Any active member of the Judicial Retirement Plan who is vested in the Judicial
4 Retirement Plan under subsection (1) of this section or KRS 21.375, shall receive
5 service credit for a maximum of four (4) years for his period of service as a city
6 police judge for a city within the Commonwealth of Kentucky, if the service was
7 performed prior to the first Monday in January, 1978, and if the service has not been
8 credited to the member's account with any other public defined benefit plan, by
9 paying the retirement system one hundred percent (100%) of the actuarial cost of
10 the service as determined by the board of trustees, based on assumptions used in the
11 most recent biennial evaluation. The period of service to be purchased shall be
12 certified to the board of trustees by the custodian of the records of the city for which
13 the service was performed. The service credit shall be awarded and the cost shall be
14 determined in conformity with the rate which applies to the member in question
15 under KRS 21.400. Service credit awarded under this subsection shall be
16 equivalent, for all purposes of the Judicial Retirement Plan, to other service credit
17 earned in the plan. The payments made under this section shall be considered
18 accumulated contributions of the member and shall not be picked up by the
19 employer under KRS 21.360(6).
20 (4) (a) 1. Any active member of the Judicial Retirement Plan who is vested in the
21 Judicial Retirement Plan under subsection (1) of this section or KRS
22 21.375, or his beneficiary acting in his place if the member dies prior to
23 retirement, shall receive service credit for a maximum of four (4) years
24 for his period of service in the Armed Forces of the United States, if his
25 discharge therefrom is honorable and he has not been credited with the
26 service by any other retirement system administered by the
27 Commonwealth of Kentucky, by paying the retirement system thirty-five

1 percent (35%) of the actuarial cost of the service as determined by the
2 board of trustees, based on assumptions used in the most recent biennial
3 evaluation. The service credit shall be awarded and the cost shall be
4 determined in conformity with the rate which applies to the member in
5 question under KRS 21.400. Service credit awarded under this
6 subsection shall be equivalent, for all purposes of the Judicial
7 Retirement Plan, to other service credit earned in the plan.
8 2. Any active member of the Judicial Retirement Plan who is vested in the
9 Judicial Retirement Plan may purchase and receive service credit for one
10 (1) month of service for each six (6) months of service in the reserves or
11 the National Guard by paying the retirement system one hundred percent
12 (100%) of the actuarial cost of the service as determined by the board of
13 trustees, based on assumptions used in the most recent biennial
14 evaluation. The service credit shall be awarded and the cost shall be
15 determined in conformity with the rate that applies to the member in
16 question as provided in KRS 21.400. Service credit awarded under this
17 subsection shall be equivalent, for all purposes of the Judicial
18 Retirement Plan, to other service credit earned in the plan. The service in
19 the military reserves or the National Guard shall be treated as service
20 earned prior to participation in the plan. The purchase can be made by
21 the member in a transfer, if authorized under subsection (5)(d) of this
22 section, or by a lump-sum payment or installment payments. The
23 payment shall not be picked up by the employer as provided in KRS
24 21.360(6).
25 (b) The member may purchase all of his military service credit at one (1) time, or
26 in increments of no less than one (1) year, unless there is a fraction remaining
27 after all full years have been paid for. Payment of the total or the increment

1 may be made by lump sum or by monthly installments through payroll
2 deduction. If the member chooses to pay by installment, the cost of the service
3 credit shall be computed in the same manner as for a lump-sum payment,
4 which shall be the principal. Interest, at the annual actuarial rate in effect at
5 the time each payment is made, shall be added to each monthly payment at the
6 rate of one-twelfth (1/12) of the annual interest rate applied to the declining
7 principal amount. Installment purchases shall be for no less than twelve (12)
8 nor more than sixty (60) months. If the member leaves office before
9 completing his installment payments, he may satisfy his contract by a lump-
10 sum payment of the remaining principal amount, but no further installment
11 payments shall be accepted thereafter. In this case, the member shall be
12 credited with the military service credit for which he has paid, in years or
13 months but no fraction less than a full month, and any payment remaining
14 after credit for full months has been awarded shall be returned to the member.
15 (c) The payments made under this section shall be considered accumulated
16 contributions of the member and shall not be picked up by the employer under
17 KRS 21.360(6).
18 (5) (a) Any active member of the Judicial Retirement Plan who is vested in the
19 Judicial Retirement Plan under subsection (1) of this section or KRS 21.375
20 shall receive service credit for a maximum of four (4) years each for his period
21 of service as a Domestic Relations Commissioner, a Master Commissioner, or
22 a District Court Trial Commissioner of the Commonwealth of Kentucky, or a
23 combination thereof, if the service has not been credited to the member's
24 account with any other public defined benefit plan, by paying the retirement
25 system one hundred percent (100%) of the actuarial cost of the service as
26 determined by the board of trustees, based on assumptions used in the most
27 recent biennial evaluation. The period of service to be purchased shall be

1 certified to the board of trustees by the custodian of the records. The service
2 credit shall be awarded and the cost shall be determined in conformity with
3 the rate that applies to the member in question under KRS 21.400. Service
4 credit awarded under this subsection shall be equivalent, for all purposes of
5 the Judicial Retirement Plan, to other service credit earned in the plan. The
6 member may pay by transfer as set forth in paragraph (d) of this subsection, or
7 by lump sum or increments as set forth in subsection (4)(b) of this section.
8 The payments made under this section shall be considered accumulated
9 contributions of the member and shall not be picked up by the employer under
10 KRS 21.360(6).
11 (b) Any active member of the Judicial Retirement Plan who is vested in the
12 Judicial Retirement Plan under subsection (1) of this section or KRS 21.375
13 shall receive service credit for his period of service to the United States
14 Government, other than service in the Armed Forces, if the service has not
15 been credited to the member's account with any other public defined benefit
16 plan, by paying the retirement system one hundred percent (100%) of the
17 actuarial cost of the service as determined by the board of trustees, based on
18 assumptions used in the most recent biennial evaluation. The period of service
19 to be purchased shall be certified to the board of trustees by the custodian of
20 the records. The service credit shall be awarded and the cost shall be
21 determined in conformity with the rate that applies to the member in question
22 under KRS 21.400. Service credit awarded under this subsection shall be
23 equivalent, for all purposes of the Judicial Retirement Plan, to other service
24 credit earned in the plan. The member may pay by transfer as set forth in
25 paragraph (d) of this subsection, or by lump sum or increments as set forth in
26 subsection (4)(b) of this section. The payments made under this section shall
27 be considered accumulated contributions of the member and shall not be

1 picked up by the employer under KRS 21.360(6).

2 (c) Any member of the Judicial Retirement Plan, who is in office on June 21,
3 2001, and who is in active contributing status to the applicable retirement plan
4 on June 21, 2001, and who has at least ***one hundred eighty (180)***[~~two hundred~~
5 ~~forty (240)~~] months of service credit may purchase a combined maximum
6 total of five (5) years retirement service credit that is not otherwise
7 purchasable, by paying the retirement system one hundred percent (100%) of
8 the actuarial cost of the service as determined by the board of trustees, based
9 on assumptions used in the most recent biennial evaluation. The service credit
10 shall be awarded and the cost shall be determined in conformity with the rate
11 that applies to the member in question under KRS 21.400. Service credit
12 awarded under this subsection shall be equivalent, for all purposes of the
13 Judicial Retirement Plan, to other service credit earned in the plan***, except that***
14 ***the service purchased under this subsection shall not be used in***
15 ***determining a retirement allowance until the member has accrued at least***
16 ***two hundred forty (240) months of service, excluding service purchased***
17 ***under this subsection. If the member does not accrue at least two hundred***
18 ***forty (240) months of service, excluding service purchased under this***
19 ***subsection, then upon retirement, death, or written request following***
20 ***termination, the payment shall be refunded***. The member may pay by
21 transfer as set forth in paragraph (d) of this subsection, or by lump sum or
22 increments as set forth in subsection (4)(b) of this section. The payments
23 made under this section shall be considered accumulated contributions of the
24 member and shall not be picked up by the employer under KRS 21.360(6).

25 (d) A member of the Judicial Retirement Plan may purchase service credit under
26 the provisions of this section by transferring funds through a direct trustee-to-
27 trustee transfer permitted under the applicable sections of the Internal

1 Revenue Code and any regulations or rulings issued thereunder, or through a
2 direct rollover as contemplated by and permitted under 26 U.S.C. sec.
3 401(a)(31). Service credit may also be purchased by a rollover of funds
4 pursuant to and permitted under the rules specified in 26 U.S.C. sec. 402(c)
5 and 26 U.S.C. sec. 408(d)(3). The Judicial Retirement Fund shall accept the
6 transfer or rollover to the extent permitted under the rules specified in the
7 applicable provisions of the Internal Revenue Code and any regulations and
8 rulings issued thereunder. The amount shall be credited to the individual
9 member's contribution account and shall be considered accumulated
10 contributions of the member and shall not be picked up by the employer under
11 KRS 21.360(6).
12 Section 8. KRS 61.510 is amended to read as follows:
13 As used in KRS 61.515 to 61.705, unless the context otherwise requires:
14 (1) "System" means the Kentucky Employees Retirement System created by KRS
15 61.515 to 61.705;
16 (2) "Board" means the board of trustees of the system as provided in KRS 61.645;
17 (3) "Department" means any state department or board or agency participating in the
18 system in accordance with appropriate executive order, as provided in KRS 61.520.
19 For purposes of KRS 61.515 to 61.705, the members, officers, and employees of the
20 General Assembly and any other body, entity, or instrumentality designated by
21 executive order by the Governor, shall be deemed to be a department,
22 notwithstanding whether said body, entity, or instrumentality is an integral part of
23 state government;
24 (4) "Examiner" means the medical examiners as provided in KRS 61.665;
25 (5) "Employee" means the members, officers, and employees of the General Assembly
26 and every regular full-time, appointed or elective officer or employee of a
27 participating department, including the Department of Military Affairs. The term

1 does not include persons engaged as independent contractors, seasonal, emergency,
2 temporary, interim, and part-time workers. In case of any doubt, the board shall
3 determine if a person is an employee within the meaning of KRS 61.515 to 61.705;
4 (6) "Employer" means a department or any authority of a department having the power
5 to appoint or select an employee in the department, including the Senate and the
6 House of Representatives, or any other entity, the employees of which are eligible
7 for membership in the system pursuant to KRS 61.525;
8 (7) "State" means the Commonwealth of Kentucky;
9 (8) "Member" means any employee who is included in the membership of the system or
10 any former employee whose membership has not been terminated under KRS
11 61.535;
12 (9) "Service" means the total of current service and prior service as defined in this
13 section;
14 (10) "Current service" means the number of years and months of employment as an
15 employee, on and after July 1, 1956, except that for members, officers, and
16 employees of the General Assembly this date shall be January 1, 1960, for which
17 creditable compensation is paid and employee contributions deducted, except as
18 otherwise provided, and each member, officer, and employee of the General
19 Assembly shall be credited with a month of current service for each month he
20 serves in the position;
21 (11) "Prior service" means the number of years and completed months, expressed as a
22 fraction of a year, of employment as an employee, prior to July 1, 1956, for which
23 creditable compensation was paid; except that for members, officers, and employees
24 of the General Assembly, this date shall be January 1, 1960. An employee shall be
25 credited with one (1) month of prior service only in those months he received
26 compensation for at least one hundred (100) hours of work; provided, however, that
27 each member, officer, and employee of the General Assembly shall be credited with

a month of prior service for each month he served in the position prior to January 1, 1960. Twelve (12) months of current service in the system are required to validate prior service;

(12) "Accumulated contributions" at any time means the sum of all amounts deducted from the compensation of a member and credited to his individual account in the members' contribution account, including employee contributions picked up after August 1, 1982, pursuant to KRS 61.560(4), together with interest credited on such amounts and any other amounts the member shall have contributed thereto, including interest credited thereon;

(13) "Creditable compensation" means all salary, wages, tips to the extent the tips are reported for income tax purposes, and fees, including payments for compensatory time, paid to the employee as a result of services performed for the employer or for time during which the member is on paid leave, which are includable on the member's federal form W-2 wage and tax statement under the heading "wages, tips, other compensation," including employee contributions picked up after August 1, 1982, pursuant to KRS 61.560(4).[~~, except that~~] For members of the General Assembly, it shall mean ***all amounts which are includable on the member's federal form W-2 wage and tax statement under the heading "wages, tips, other compensation," including employee contributions picked up after August 1, 1982, pursuant to KRS 6.505(4) or 61.560(4)***[~~an assumed salary of twenty-seven thousand five hundred dollars ($27,500) per annum which shall include per diem and expense payments authorized by KRS Chapter 6. The creditable compensation of members, officers, and employees of the General Assembly shall be calculated as having been received in equal amounts for each month of the year~~]. A lump-sum bonus, severance pay, or employer-provided payment for purchase of service credit shall be included as creditable compensation but shall be averaged over the employee's total service with the system in which it is recorded if it is equal to or

1 greater than one thousand dollars ($1,000). In cases where compensation includes
2 maintenance and other perquisites, the board shall fix the value of that part of the
3 compensation not paid in money. Living allowances, expense reimbursements,
4 lump-sum payments for accrued vacation leave, and other items determined by the
5 board shall be excluded. Creditable compensation shall also include amounts which
6 are not includable in the member's gross income by virtue of the member having
7 taken a voluntary salary reduction provided for under applicable provisions of the
8 Internal Revenue Code. Creditable compensation shall also include elective
9 amounts for qualified transportation fringes paid or made available on or after
10 January 1, 2001, for calendar years on or after January 1, 2001, that are not
11 includable in the gross income of the employee by reason of 26 U.S.C. sec.
12 132(f)(4);
13 (14) "Final compensation" of a member means:
14 (a) For a member who is not employed in a hazardous position, as provided in
15 KRS 61.592, the creditable compensation of the member during the five (5)
16 fiscal years he was paid at the highest average monthly rate divided by the
17 number of months of service credit during that five (5) year period multiplied
18 by twelve (12)~~[, except that for members of the General Assembly who retire~~
19 ~~pursuant to KRS 61.600, or who die in office, "final compensation" shall be~~
20 ~~twenty-seven thousand five hundred dollars ($27,500)]~~. The five (5) years
21 may be fractional and need not be consecutive. If the number of months of
22 service credit during the five (5) year period is less than forty-eight (48), one
23 (1) or more additional fiscal years shall be used; or
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) years
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; or
10 (c) For a member who is employed in a hazardous position, as provided in KRS
11 61.592, the creditable compensation of the member during the three (3) fiscal
12 years he was paid at the highest average monthly rate divided by the number
13 of months of service credit during that three (3) year period multiplied by
14 twelve (12). The three (3) years may be fractional and need not be
15 consecutive. If the number of months of service credit during the three (3)
16 year period is less than twenty-four (24), one (1) or more additional fiscal
17 years shall be used;
18 (15) "Final rate of pay" means the actual rate upon which earnings of an employee were
19 calculated during the twelve (12) month period immediately preceding the
20 member's effective retirement date, including employee contributions picked up
21 after August 1, 1982, pursuant to KRS 61.560(4).~~[In the case of members of the~~
22 ~~General Assembly, the "final rate of pay" shall be the creditable compensation.]~~ The
23 rate shall be certified to the system by the employer and the following equivalents
24 shall be used to convert the rate to an annual rate: two thousand eighty (2,080)
25 hours for eight (8) hour workdays, nineteen hundred fifty (1,950) hours for seven
26 and one-half (7-1/2) hour workdays, two hundred sixty (260) days, fifty-two (52)
27 weeks, twelve (12) months, one (1) year;

1 (16) "Retirement allowance" means the retirement payments to which a member is
2 entitled;
3 (17) "Actuarial equivalent" means a benefit of equal value when computed upon the
4 basis of the actuarial tables that are from time to time adopted by the board, except
5 in cases of disability retirement, the options authorized by KRS 61.635 shall be
6 computed by adding ten (10) years to the age of the member. No disability
7 retirement option shall be less than the same option computed under early
8 retirement;
9 (18) "Normal retirement date" means the sixty-fifth birthday of a member, unless
10 otherwise provided in KRS 61.515 to 61.705;
11 (19) "Fiscal year" of the system means the twelve (12) months from July 1 through the
12 following June 30, which shall also be the plan year;
13 (20) "Officers and employees of the General Assembly" means the occupants of those
14 positions enumerated in KRS 6.150. The term shall also apply to assistants who
15 were employed by the General Assembly for at least one (1) regular legislative
16 session prior to July 13, 2004, who elect to participate in the retirement system, and
17 who serve for at least six (6) regular legislative sessions. Assistants hired after July
18 13, 2004, shall be designated as interim employees;
19 (21) "Regular full-time positions," as used in subsection (5) of this section, shall mean
20 all positions that average one hundred (100) or more hours per month determined by
21 using the number of months actually worked within a calendar or fiscal year,
22 including all positions except:
23 (a) Seasonal positions, which although temporary in duration, are positions which
24 coincide in duration with a particular season or seasons of the year and which
25 may recur regularly from year to year, the period of time shall not exceed nine
26 (9) months;
27 (b) Emergency positions which are positions which do not exceed thirty (30)

1 working days and are nonrenewable;
2 (c) Temporary positions which are positions of employment with a participating
3 department for a period of time not to exceed nine (9) months;
4 (d) Part-time positions which are positions which may be permanent in duration,
5 but which require less than a calendar or fiscal year average of one hundred
6 (100) hours of work per month, determined by using the number of months
7 actually worked within a calendar or fiscal year, in the performance of duty;
8 and
9 (e) Interim positions which are positions established for a one-time or recurring
10 need not to exceed nine (9) months;
11 (22) "Delayed contribution payment" means an amount paid by an employee for
12 purchase of current service. The amount shall be determined using the same formula
13 in KRS 61.5525, and the payment shall not be picked up by the employer. A
14 delayed contribution payment shall be deposited to the member's contribution
15 account and considered as accumulated contributions of the individual member. In
16 determining payments under this subsection, the formula found in this subsection
17 shall prevail over the one found in KRS 212.434;
18 (23) "Parted employer" means a department, portion of a department, board, or agency,
19 such as Outwood Hospital and School, which previously participated in the system,
20 but due to lease or other contractual arrangement is now operated by a publicly held
21 corporation or other similar organization, and therefore is no longer participating in
22 the system;
23 (24) "Retired member" means any former member receiving a retirement allowance or
24 any former member who has filed the necessary documents for retirement benefits
25 and is no longer contributing to the retirement system;
26 (25) "Current rate of pay" means the member's actual hourly, daily, weekly, biweekly,
27 monthly, or yearly rate of pay converted to an annual rate as defined in final rate of

1 pay. The rate shall be certified by the employer;
2 (26) "Beneficiary" means the person or persons or estate or trust or trustee designated by
3 the member in accordance with KRS 61.542 or 61.705 to receive any available
4 benefits in the event of the member's death. As used in KRS 61.702, "beneficiary"
5 does not mean an estate, trust, or trustee;
6 (27) "Recipient" means the retired member or the person or persons designated as
7 beneficiary by the member and drawing a retirement allowance as a result of the
8 member's death or a dependent child drawing a retirement allowance. An alternate
9 payee of a qualified domestic relations order shall be considered a recipient only for
10 purposes of KRS 61.691;
11 (28) "Level-percentage-of-payroll amortization method" means a method of determining
12 the annual amortization payment on the unfunded past service liability as expressed
13 as a percentage of payroll over a set period of years. Under this method, the
14 percentage of payroll shall be projected to remain constant for all years remaining in
15 the set period and the unfunded past service liability shall be projected to be fully
16 amortized at the conclusion of the set period;
17 (29) "Increment" means twelve (12) months of service credit which are purchased. The
18 twelve (12) months need not be consecutive. The final increment may be less than
19 twelve (12) months;
20 (30) "Person" means a natural person;
21 (31) "Retirement office" means the Kentucky Retirement Systems office building in
22 Frankfort;
23 (32) "Last day of paid employment" means the last date employer and employee
24 contributions are required to be reported in accordance with KRS 16.543, 61.543, or
25 78.615 to the retirement office in order for the employee to receive current service
26 credit for the month. Last day of paid employment does not mean a date the
27 employee receives payment for accrued leave, whether by lump sum or otherwise, if

1 that date occurs twenty-four (24) or more months after previous contributions;
2 (33) "Objective medical evidence" means reports of examinations or treatments; medical
3 signs which are anatomical, physiological, or psychological abnormalities that can
4 be observed; psychiatric signs which are medically demonstrable phenomena
5 indicating specific abnormalities of behavior, affect, thought, memory, orientation,
6 or contact with reality; or laboratory findings which are anatomical, physiological,
7 or psychological phenomena that can be shown by medically acceptable laboratory
8 diagnostic techniques, including but not limited to chemical tests,
9 electrocardiograms, electroencephalograms, X-rays, and psychological tests;
10 (34) "Participating" means an employee is currently earning service credit in the system
11 as provided in KRS 61.543; and
12 (35) "Month" means a calendar month.
13 Section 9. KRS 61.680 is amended to read as follows:
14 (1) Prior to August 1, 1982, every employee shall be deemed to consent and agree to
15 any deduction from his compensation required by KRS 6.500 to 6.535, 16.510 to
16 16.652, 61.510 to 61.692, 78.510 to 78.852, and to all other provisions thereof.
17 Thereafter, employee contributions shall be picked up by the employer pursuant to
18 KRS 61.560(4).
19 (2) (a) Notwithstanding any other provisions of KRS 6.500 to 6.535, 16.510 to
20 16.652, 61.510 to 61.692, 78.510 to 78.852 and 161.220 to 161.714, upon
21 death, disability, or service retirement, a member's accounts under the
22 Legislators' Retirement Plan, State Police Retirement System, Kentucky
23 Employees Retirement System, County Employees Retirement System, and
24 Teachers' Retirement System, except for service prohibited by KRS
25 161.623(2), shall be consolidated for the purpose of determining eligibility
26 and amount of benefits. Vested service credit in a retirement system, other
27 than the Teachers' Retirement System, sponsored by a Kentucky institution of

1 higher education and accepted by the Kentucky Employees Retirement System
2 or the County Employees Retirement System, may be used to determine
3 eligibility for twenty-seven (27) year retirement but not the amount of
4 benefits. The computation of benefits shall be based on the applicable formula
5 in each system and service credit in each system, but the final compensation,
6 excluding compensation earned under KRS 161.155(9), shall be determined as
7 if all service were in one (1) system. If the member has prior service in more
8 than one (1) system, he shall obtain at least twelve (12) months' current
9 service in each system in which he has prior service in order to validate the
10 prior service in each system for purposes of determining consolidated benefits
11 under this section. Upon the determination of benefits, each system shall pay
12 the applicable percentage of total benefits.
13 (b) The provisions of paragraph (a) of this subsection shall be waived if the
14 member notifies the system of his desire to maintain separate retirement
15 accounts in the State Police Retirement System, Kentucky Employees
16 Retirement System, or County Employees Retirement System.
17 (c) If the member has not contributed at least one (1) year in a system in which he
18 has prior service, his current service in the system shall be valid for purposes
19 of determining eligibility and in computation of benefits on a consolidated
20 basis.
21 (3) A member with service credit in the Kentucky Employees Retirement System, State
22 Police Retirement System, or the County Employees Retirement System who
23 becomes the holder of an office entitling him to membership in the Judicial
24 Retirement Plan or the Legislators' Retirement Plan, but who does not elect within
25 thirty (30) days after taking office in such service to participate in the plan, in
26 accordance with KRS 6.505 or 21.360, shall be deemed to have elected to retain
27 membership in the system in which he is a member, either the Kentucky Employees

1 Retirement System, State Police Retirement System, or the County Employees
2 Retirement System. In that event, the agency employing the member shall withhold
3 employee contributions, or picked-up employee contributions after August 2, 1982,
4 make employer contributions and remit these contributions to the system in which
5 the member retained his membership. Any person entitled to membership in the
6 Judicial Retirement Plan or the Legislators' Retirement Plan, who does not elect
7 within thirty (30) days after taking office to participate in the plan, in accordance
8 with KRS 6.505 or 21.360, and who at the time of taking office is not a contributing
9 member of, or does not have service credit in, any of the retirement systems
10 mentioned in this section, or the Teachers' Retirement System, shall participate in
11 the Kentucky Employees Retirement System. A member of one (1) of the state-
12 administered retirement plans who ceases to contribute to the plan as provided in
13 KRS 21.360 and who is employed in a nonelected position by an agency
14 participating in the Kentucky Retirement Systems shall be deemed to have elected
15 membership in the system in which the employer of the nonelected position
16 participates. A member of one (1) of the state-administered retirement plans who
17 ceases to contribute to the plan as provided in KRS 21.360 and who is not employed
18 in a nonelected position by an agency participating in the Kentucky Retirement
19 Systems shall be deemed to have elected membership in the Kentucky Employees
20 Retirement System.
21 (4) (a) Prior to July 1, 1976, a person entering the service of an employer
22 participating in the Kentucky Employees Retirement System or the County
23 Employees Retirement System with service credit in the Teachers' Retirement
24 System and who desires to retain membership in the Teachers' Retirement
25 System, and who is permitted by that system to continue, shall be exempt
26 from participating in the Kentucky Employees Retirement System or the
27 County Employees Retirement System.

1 (b) Any person who has elected to retain membership in the Teachers' Retirement
2 System as provided in paragraph (a) of this subsection may cancel his election
3 and participate in the system under which his position would normally
4 participate, if he elects to cancel his option prior to January 1, 1977.
5 (c) Any member of the General Assembly who upon election is a contributing
6 member of the Teachers' Retirement System and who does not elect within
7 thirty (30) days after taking office to participate in the Legislators' Retirement
8 Plan, in accordance with KRS 6.505, shall during his term of office participate
9 in the Kentucky Employees Retirement System unless an election to retain
10 membership in the Teachers' Retirement System is filed in writing within
11 ninety (90) days after his term of office begins. No contributions may be made
12 to the Teachers' Retirement System for the same period of service under the
13 Legislators' Retirement Plan or the Kentucky Employees Retirement System
14 as a member of the General Assembly, but contributions made to the Teachers'
15 Retirement System while a member of the General Assembly shall be
16 transferred to the Legislators' Retirement Plan, as provided for in KRS 6.535,
17 when the member elects to join the Legislators' Retirement Plan, and service
18 credit in the Legislators' Retirement Plan shall be granted as provided for in
19 KRS 6.505*(5)*[~~(3)~~].
20 (5) Effective July 1, 1974, any member of the Kentucky Employees Retirement System
21 or County Employees Retirement System who is working in a position covered by
22 one (1) of these retirement systems and his employee contributions, service credit
23 and employer contributions made on his behalf are being transferred to the other
24 retirement system shall contribute to the system in which his employer participates,
25 or after August 1, 1982, the employer shall pick up the employee contributions, and
26 no further contributions or service credit shall be transferred to the system in which
27 he elected to retain membership, as subsection (2) of this section eliminates the

1 necessity of the transfers.

2 (6) Any member of the Kentucky Employees Retirement System or County Employees
3 Retirement System who is working in more than one (1) position covered by the
4 same retirement system, shall have his wages and contributions consolidated and his
5 retirement account administered as a single account. If part-time positions are
6 involved, an accumulation of all hours worked within the same retirement system
7 shall be used to determine eligibility under KRS 61.510(21).

8 (7) Notwithstanding the provisions of subsection (2) of this section, a person who does
9 not have the amount of service required for service retirement in the State Police
10 Retirement System, Kentucky Employees Retirement System, County Employees
11 Retirement System, Legislators' Retirement Plan, or Teachers' Retirement System,
12 but who is a member of one (1) of the systems or is a former member of one (1) or
13 more of the systems with valid service credit therein, shall become eligible for
14 service retirement benefits attributable to the amount of his actual service credit in
15 each system in which he has service credit when his combined service credit in all
16 the systems, plus any service credit he has in the Judicial Retirement Plan, is equal
17 to that required for service retirement in each respective system. The computation of
18 benefits shall be based on the applicable formula in each system and service credit
19 in each system, except that total service in all systems, unless prohibited by KRS
20 161.623(2), shall be used to determine the reduction for early retirement, if any.
21 ***Except as provided in Section 6 of this Act,*** the final compensation shall be
22 determined by using the creditable compensation reported to the State Police
23 Retirement System, Kentucky Employees Retirement System, County Employees
24 Retirement System, Legislators' Retirement Plan, or Teachers' Retirement System
25 and only as much of the compensation earned in the Judicial Retirement Plan as is
26 needed to satisfy the final compensation requirement applicable in the respective
27 retirement systems.

1 (8) Each retirement system from which the member retires shall pay a retirement
2 allowance upon receipt of required forms and documents, except that no retirement
3 system shall pay a retirement allowance or annuity until all forms and documents
4 are filed at all retirement systems in compliance with each system's requirements.

Jody Richards
Speaker-House of Representatives

President of the Senate

Attest: Lois Quillian
Chief Clerk of House of Representatives

Approved _____
Governor

Date _____