GENERAL ASSEMBLY
COMMONWEALTH OF KENTUCKY

2014 REGULAR SESSION

HOUSE BILL NO. 364

AS ENACTED

MONDAY, MARCH 31, 2014

RECEIVED AND FILED
DATE April 10, 2014
3:25pm

ALISON LUNDERGAN GRIMES
SECRETARY OF STATE
COMMONWEALTH OF KENTUCKY
BY K. Adler

1 AN ACT relating to reemployment of retired police officers.

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

3 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 70 IS CREATED TO

4 READ AS FOLLOWS:

5 ***As used in Section 1 to 3 of this Act, "police officer" shall have the same meaning as***

6 ***in KRS 15.420.***

7 ➔SECTION 2. A NEW SECTION OF KRS CHAPTER 70 IS CREATED TO

8 READ AS FOLLOWS:

9 ***(1) A county sheriff's office in the Commonwealth of Kentucky may employ police***

10 ***officers who have retired under the Kentucky Employees Retirement System or***

11 ***the County Employees Retirement System as provided by Sections 1 to 3 of this***

12 ***Act.***

13 ***(2) An individual employed under Sections 1 to 3 of this Act shall have:***

14 ***(a) Participated in the Law Enforcement Foundation Program fund under KRS***

15 ***15.410 to 15.515;***

16 ***(b) Retired with at least twenty (20) years of service credit;***

17 ***(c) Been separated from service for the period required by KRS 61.637 so that***

18 ***the member's retirement is not voided;***

19 ***(d) Retired with no administrative charges pending; and***

20 ***(e) Retired with no pre-existing agreement between the individual and the***

21 ***sheriff's office prior to the individual's retirement for the individual to***

22 ***return to work for the sheriff's office.***

23 ➔SECTION 3. A NEW SECTION OF KRS CHAPTER 70 IS CREATED TO

24 READ AS FOLLOWS:

25 ***(1) Individuals employed under Sections 1 to 3 of this Act shall:***

26 ***(a) Serve for a term not to exceed one (1) year. The one (1) year employment***

27 ***term may be renewed annually at the discretion of the employing sheriff's***

1 *office;*
2 *(b) Receive compensation according to the standard procedures applicable to*
3 *the employing sheriff's office; and*
4 *(c) Be employed based upon need as determined by the employing sheriff's*
5 *office.*
6 *(2) Notwithstanding any provisions of KRS 18A.225 to 18A.2287, 61.510 to 61.705,*
7 *or 78.510 to 78.852 to the contrary:*
8 *(a) Individuals employed under Sections 1 to 3 of this Act shall continue to*
9 *receive all retirement and health insurance benefits to which they were*
10 *entitled upon retiring in the applicable system administered by Kentucky*
11 *Retirement Systems;*
12 *(b) Individuals employed under Sections 1 to 3 of this Act shall not be eligible*
13 *to receive health insurance coverage through the sheriff's office or the*
14 *fiscal court of the sheriff's county;*
15 *(c) The sheriff's office or fiscal court of the sheriff's office shall not pay any*
16 *employer contributions or retiree health expense reimbursements to the*
17 *Kentucky Retirement Systems required by subsection (17) of Section 4 of*
18 *this Act for individuals employed under Sections 1 to 3 of this Act; and*
19 *(d) The sheriff's office or fiscal court of the sheriff's office shall not pay any*
20 *insurance contributions to the state health insurance plan, as provided by*
21 *KRS 18A.225 to 18A.2287, for individuals employed under Sections 1 to 3*
22 *of this Act.*
23 *(3) Individuals employed under Sections 1 to 3 of this Act shall be subject to any*
24 *merit system, civil service, or other legislative due process provisions applicable to*
25 *the sheriff's office. A decision not to renew a one (1) year appointment term*
26 *under this section shall not be considered a disciplinary action or deprivation*
27 *subject to due process.*

1 ➔Section 4. KRS 61.637 is amended to read as follows:

2 (1) A retired member who is receiving monthly retirement payments under any of the
3 provisions of KRS 61.510 to 61.705 and 78.510 to 78.852 and who is reemployed
4 as an employee by a participating agency prior to August 1, 1998, shall have his
5 retirement payments suspended for the duration of reemployment. Monthly
6 payments shall not be suspended for a retired member who is reemployed if he
7 anticipates that he will receive less than the maximum permissible earnings as
8 provided by the Federal Social Security Act in compensation as a result of
9 reemployment during the calendar year. The payments shall be suspended at the
10 beginning of the month in which the reemployment occurs.

11 (2) Employer and employee contributions shall be made as provided in KRS 61.510 to
12 61.705 and 78.510 to 78.852 on the compensation paid during reemployment,
13 except where monthly payments were not suspended as provided in subsection (1)
14 of this section or would not increase the retired member's last monthly retirement
15 allowance by at least one dollar ($1), and the member shall be credited with
16 additional service credit.

17 (3) In the month following the termination of reemployment, retirement allowance
18 payments shall be reinstated under the plan under which the member was receiving
19 payments prior to reemployment.

20 (4) (a) Notwithstanding the provisions of this section, the payments suspended in
21 accordance with subsection (1) of this section shall be paid retroactively to the
22 retired member, or his estate, if he does not receive more than the maximum
23 permissible earnings as provided by the Federal Social Security Act in
24 compensation from participating agencies during any calendar year of
25 reemployment.

26 (b) If the retired member is paid suspended payments retroactively in accordance
27 with this section, employee contributions deducted during his period of

1 reemployment, if any, shall be refunded to the retired employee, and no
2 service credit shall be earned for the period of reemployment.
3 (c) If the retired member is not eligible to be paid suspended payments for his
4 period of reemployment as an employee, his retirement allowance shall be
5 recomputed under the plan under which the member was receiving payments
6 prior to reemployment as follows:
7 1. The retired member's final compensation shall be recomputed using
8 creditable compensation for his period of reemployment; however, the
9 final compensation resulting from the recalculation shall not be less than
10 that of the member when his retirement allowance was last determined;
11 2. If the retired member initially retired on or subsequent to his normal
12 retirement date, his retirement allowance shall be recomputed by using
13 the formula in KRS 61.595(1);
14 3. If the retired member initially retired prior to his normal retirement date,
15 his retirement allowance shall be recomputed using the formula in KRS
16 61.595(2), except that the member's age used in computing benefits shall
17 be his age at the time of his initial retirement increased by the number of
18 months of service credit earned for service performed during
19 reemployment;
20 4. The retirement allowance payments resulting from the recomputation
21 under this subsection shall be payable in the month following the
22 termination of reemployment in lieu of payments under subparagraph 3.
23 The member shall not receive less in benefits as a result of the
24 recomputation than he was receiving prior to reemployment or would
25 receive as determined under KRS 61.691; and
26 5. Any retired member who was reemployed prior to March 26, 1974, shall
27 begin making contributions to the system in accordance with the

1 provisions of this section on the first day of the month following March
2 26, 1974.
3 (5) A retired member, or his estate, shall pay to the retirement fund the total amount of
4 payments which are not suspended in accordance with subsection (1) of this section
5 if the member received more than the maximum permissible earnings as provided
6 by the Federal Social Security Act in compensation from participating agencies
7 during any calendar year of reemployment, except the retired member or his estate
8 may repay the lesser of the total amount of payments which were not suspended or
9 fifty cents ($0.50) of each dollar earned over the maximum permissible earnings
10 during reemployment if under age sixty-five (65), or one dollar ($1) for every three
11 dollars ($3) earned if over age sixty-five (65).
12 (6) (a) "Reemployment" or "reinstatement" as used in this section shall not include a
13 retired member who has been ordered reinstated by the Personnel Board under
14 authority of KRS 18A.095.
15 (b) A retired member who has been ordered reinstated by the Personnel Board
16 under authority of KRS 18A.095 or by court order or by order of the Human
17 Rights Commission and accepts employment by an agency participating in the
18 Kentucky Employees Retirement System or County Employees Retirement
19 System shall void his retirement by reimbursing the system in the full amount
20 of his retirement allowance payments received.
21 (7) (a) Effective August 1, 1998, the provisions of subsections (1) to (4) of this
22 section shall no longer apply to a retired member who is reemployed in a
23 position covered by the same retirement system from which the member
24 retired. Reemployed retired members shall be treated as new members upon
25 reemployment. Any retired member whose reemployment date preceded
26 August 1, 1998, who does not elect, within sixty (60) days of notification by
27 the retirement systems, to remain under the provisions of subsections (1) to

1 (4) of this section shall be deemed to have elected to participate under this
2 subsection.
3 (b) A retired member whose disability retirement was discontinued pursuant to
4 KRS 61.615 and who is reemployed in one (1) of the systems administered by
5 the Kentucky Retirement Systems prior to his or her normal retirement date
6 shall have his or her accounts combined upon termination for determining
7 eligibility for benefits. If the member is eligible for retirement, the member's
8 service and creditable compensation earned as a result of his or her
9 reemployment shall be used in the calculation of benefits, except that the
10 member's final compensation shall not be less than the final compensation last
11 used in determining his or her retirement allowance. The member shall not
12 change beneficiary or payment option designations. This provision shall apply
13 to members reemployed on or after August 1, 1998.
14 (8) A retired member or his employer shall notify the retirement system if he has
15 accepted employment with an agency that participates in the retirement system from
16 which the member retired.
17 (9) If the retired member is under a contract, the member shall submit a copy of that
18 contract to the retirement system, and the retirement system shall determine if the
19 member is an independent contractor for purposes of retirement benefits.
20 (10) If a member is receiving a retirement allowance, or has filed the forms required for
21 a retirement allowance, and is employed within one (1) month of the member's
22 initial retirement date in a position that is required to participate in the same
23 retirement system from which the member retired, the member's retirement shall be
24 voided and the member shall repay to the retirement system all benefits received.
25 The member shall contribute to the member account established for him prior to his
26 voided retirement. The retirement allowance for which the member shall be eligible
27 upon retirement shall be determined by total service and creditable compensation.

1 (11) (a) If a member of the Kentucky Employees Retirement System retires from a
2 department which participates in more than one (1) retirement system and is
3 reemployed within one (1) month of his initial retirement date by the same
4 department in a position participating in another retirement system, the retired
5 member's retirement allowance shall be suspended for the first month of his
6 retirement and the member shall repay to the retirement system all benefits
7 received for the month.
8 (b) A retired member of the County Employees Retirement System who after
9 initial retirement is hired by the county from which the member retired shall
10 be considered to have been hired by the same employer.
11 (12) (a) If a hazardous member who retired prior to age fifty-five (55), or a
12 nonhazardous member who retired prior to age sixty-five (65), is reemployed
13 within six (6) months of the member's termination by the same employer, the
14 member shall obtain from his previous and current employers a copy of the
15 job description established by the employers for the position and a statement
16 of the duties performed by the member for the position from which he retired
17 and for the position in which he has been reemployed.
18 (b) The job descriptions and statements of duties shall be filed with the retirement
19 office.
20 (13) If the retirement system determines that the retired member has been employed in a
21 position with the same principal duties as the position from which the member
22 retired:
23 (a) The member's retirement allowance shall be suspended during the period that
24 begins on the month in which the member is reemployed and ends six (6)
25 months after the member's termination;
26 (b) The retired member shall repay to the retirement system all benefits paid from
27 systems administered by Kentucky Retirement Systems under reciprocity,

1 including medical insurance benefits, that the member received after
2 reemployment began;
3 (c) Upon termination, or subsequent to expiration of the six (6) month period
4 from the date of termination, the retired member's retirement allowance based
5 on his initial retirement account shall no longer be suspended and the member
6 shall receive the amount to which he is entitled, including an increase as
7 provided by KRS 61.691;
8 (d) Except as provided in subsection (7) of this section, if the position in which a
9 retired member is employed after initial retirement is a regular full-time
10 position, the retired member shall contribute to a second member account
11 established for him in the retirement system. Service credit gained after the
12 member's date of reemployment shall be credited to the second member
13 account; and
14 (e) Upon termination, the retired member shall be entitled to benefits payable
15 from his second retirement account.
16 (14) (a) If the retirement system determines that the retired member has not been
17 reemployed in a position with the same principal duties as the position from
18 which he retired, the retired member shall continue to receive his retirement
19 allowance.
20 (b) If the position is a regular full-time position, the member shall contribute to a
21 second member account in the retirement system.
22 (15) (a) If a retired member is reemployed at least one (1) month after initial
23 retirement in a different position, or at least six (6) months after initial
24 retirement in the same position, and prior to normal retirement age, the retired
25 member shall contribute to a second member account in the retirement system
26 and continue to receive a retirement allowance from the first member account.
27 (b) Service credit gained after reemployment shall be credited to the second

1 member account. Upon termination, the retired member shall be entitled to
2 benefits payable from the second member account.
3 (16) A retired member who is reemployed and contributing to a second member account
4 shall not be eligible to purchase service credit under any of the provisions of KRS
5 16.505 to 16.652, 61.510 to 61.705, or 78.510 to 78.852 which he was eligible to
6 purchase prior to his initial retirement.
7 (17) Notwithstanding any provision of subsections (1) to (7)(a) and (10) to (15) of this
8 section, the following shall apply to retired members who are reemployed by an
9 agency participating in one (1) of the systems administered by Kentucky Retirement
10 Systems on or after September 1, 2008:
11 (a) Except as provided by paragraphs (c) and (d) of this subsection, if a member is
12 receiving a retirement allowance from one (1) of the systems administered by
13 Kentucky Retirement Systems, or has filed the forms required to receive a
14 retirement allowance from one (1) of the systems administered by Kentucky
15 Retirement Systems, and is employed in a regular full-time position required
16 to participate in one (1) of the systems administered by Kentucky Retirement
17 Systems or is employed in a position that is not considered regular full-time
18 with an agency participating in one (1) of the systems administered by
19 Kentucky Retirement Systems within three (3) months following the member's
20 initial retirement date, the member's retirement shall be voided, and the
21 member shall repay to the retirement system all benefits received, including
22 any health insurance benefits. If the member is returning to work in a regular
23 full-time position required to participate in one (1) of the systems
24 administered by Kentucky Retirement Systems:
25 1. The member shall contribute to a member account established for him or
26 her in one (1) of the systems administered by Kentucky Retirement
27 Systems, and employer contributions shall be paid on behalf of the

1 member by the participating employer; and
2 2. Upon subsequent retirement, the member shall be eligible for a
3 retirement allowance based upon total service and creditable
4 compensation, including any additional service or creditable
5 compensation earned after his or her initial retirement was voided;
6 (b) Except as provided by paragraphs (c) and (d) of this subsection, if a member is
7 receiving a retirement allowance from one (1) of the systems administered by
8 Kentucky Retirement Systems and is employed in a regular full-time position
9 required to participate in one (1) of the systems administered by Kentucky
10 Retirement Systems after a three (3) month period following the member's
11 initial retirement date, the member may continue to receive his or her
12 retirement allowance during the period of reemployment subject to the
13 following provisions:
14 1. Both the employee and participating agency shall certify in writing on a
15 form prescribed by the board that no prearranged agreement existed
16 between the employee and agency prior to the employee's retirement for
17 the employee to return to work with the participating agency. If the
18 participating agency or employer fail to complete the certification, the
19 member's retirement shall be voided and the provisions of paragraph (a)
20 of this subsection shall apply to the member and the employer;
21 2. Notwithstanding any other provision of KRS Chapter 16, 61, or 78 to
22 the contrary, the member shall not contribute to the systems and shall
23 not earn any additional benefits for any work performed during the
24 period of reemployment;
25 3. ***Except as provided by Sections 1 to 3 of this Act,*** the employer shall
26 pay employer contributions as specified by KRS 61.565 and 61.702 on
27 all creditable compensation earned by the employee during the period of

1 reemployment. The additional contributions paid shall be used to reduce
2 the unfunded actuarial liability of the systems; and
3 4. ***Except as provided by Sections 1 to 3 of this Act,*** the employer shall be
4 required to reimburse the systems for the cost of the health insurance
5 premium paid by the systems to provide coverage for the retiree, not to
6 exceed the cost of the single premium;
7 (c) If a member is receiving a retirement allowance from the State Police
8 Retirement System or from hazardous duty retirement coverage with the
9 Kentucky Employees Retirement System or the County Employees Retirement
10 System, or has filed the forms required to receive a retirement allowance from
11 the State Police Retirement System or from hazardous duty retirement
12 coverage with the Kentucky Employees Retirement System or the County
13 Employees Retirement System, and is employed in a regular full-time position
14 required to participate in the State Police Retirement System or in a hazardous
15 duty position with the Kentucky Employees Retirement System or the County
16 Employees Retirement System within one (1) month following the member's
17 initial retirement date, the member's retirement shall be voided, and the
18 member shall repay to the retirement system all benefits received, including
19 any health insurance benefits. If the member is returning to work in a regular
20 full-time position required to participate in one (1) of the systems
21 administered by Kentucky Retirement Systems:
22 1. The member shall contribute to a member account established for him or
23 her in one (1) of the systems administered by Kentucky Retirement
24 Systems, and employer contributions shall be paid on behalf of the
25 member by the participating employer; and
26 2. Upon subsequent retirement, the member shall be eligible for a
27 retirement allowance based upon total service and creditable

1 compensation, including any additional service or creditable
2 compensation earned after his or her initial retirement was voided; and
3 (d) If a member is receiving a retirement allowance from the State Police
4 Retirement System or from hazardous duty retirement coverage with the
5 Kentucky Employees Retirement System or the County Employees Retirement
6 System and is employed in a regular full-time position required to participate
7 in the State Police Retirement System or in a hazardous duty position with the
8 Kentucky Employees Retirement System or the County Employees Retirement
9 System after a one (1) month period following the member's initial retirement
10 date, the member may continue to receive his or her retirement allowance
11 during the period of reemployment subject to the following provisions:
12 1. Both the employee and participating agency shall certify in writing on a
13 form prescribed by the board that no prearranged agreement existed
14 between the employee and agency prior to the employee's retirement for
15 the employee to return to work with the participating agency. If the
16 participating agency or employer fail to complete the certification, the
17 member's retirement shall be voided and the provisions of paragraph (c)
18 of this subsection shall apply to the member and the employer;
19 2. Notwithstanding any other provision of KRS Chapter 16, 61, or 78 to
20 the contrary, the member shall not contribute to the systems and shall
21 not earn any additional benefits for any work performed during the
22 period of reemployment;
23 3. ***Except as provided by Sections 1 to 3 of this Act,*** the employer shall
24 pay employer contributions as specified by KRS 61.565 and 61.702 on
25 all creditable compensation earned by the employee during the period of
26 reemployment. The additional contributions paid shall be used to reduce
27 the unfunded actuarial liability of the systems; and

1 4. ***Except as provided by Sections 1 to 3 of this Act,*** the employer shall be
2 required to reimburse the systems for the cost of the health insurance
3 premium paid by the systems to provide coverage for the retiree, not to
4 exceed the cost of the single premium.

Speaker-House of Representatives

President of Senate

Attest: _____
Chief Clerk of House of Representatives

Approved _____
Governor

Date 4/10/14