GENERAL ASSEMBLY
COMMONWEALTH OF KENTUCKY

2016 REGULAR SESSION

SENATE BILL NO. 206

TUESDAY, MARCH 15, 2016

The following bill was reported to the House from the Senate and ordered to be printed.

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ALISON LUNDERGAN GRIMES
SECRETARY OF STATE
COMMONWEALTH OF KENTUCKY
BY R. 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 95 IS CREATED TO

4 READ AS FOLLOWS:

5 ***(1) As used in this section:***

6 ***(a) "City" means any incorporated city, consolidated local government, unified***

7 ***local government, urban-county government, or charter county***

8 ***government, operating under the law of this Commonwealth, and the***

9 ***offices and agencies thereof; and***

10 ***(b) "Police officer" has the same meaning as "police officer" in KRS 15.420***

11 ***and as "officer" in KRS 16.010.***

12 ***(2) Subject to the limitations of subsection (7) of this section, a city may employ***

13 ***individuals as police officers under this section who have retired from the***

14 ***Kentucky Employees Retirement System, the County Employees Retirement***

15 ***System, or the State Police Retirement System.***

16 ***(3) To be eligible for employment under this section, an individual shall have:***

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

18 ***15.410 to 15.510 or retired as a commissioned officer pursuant to KRS***

19 ***Chapter 16;***

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

21 ***(c) Been separated from service for the period required by Section 2 of this Act***

22 ***so that the member's retirement is not voided;***

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

24 ***(e) Retired with no preexisting agreement between the individual and the city***

25 ***prior to the individual's retirement for the individual to return to work for***

26 ***the city.***

27 ***(4) Individuals employed under this section shall:***

1 *(a) Serve for a term not to exceed one (1) year. The one (1) year employment*
2 *term may be renewed annually at the discretion of the employing city;*
3 *(b) Receive compensation according to the standard procedures applicable to*
4 *the employing city; and*
5 *(c) Be employed based upon need as determined by the employing city.*
6 *(5) Notwithstanding any provisions of KRS 16.505 to 16.652, 18A.225 to 18A.2287,*
7 *61.510 to 61.705, or 78.510 to 78.852 to the contrary:*
8 *(a) Individuals employed under this section shall continue to receive all*
9 *retirement and health insurance benefits to which they were entitled upon*
10 *retiring in the applicable system administered by Kentucky Retirement*
11 *Systems;*
12 *(b) Individuals employed under this section shall not be eligible to receive*
13 *health insurance coverage through the employing city;*
14 *(c) The city shall not pay any employer contributions or retiree health expense*
15 *reimbursements to the Kentucky Retirement Systems required by*
16 *subsection(17), of Section 2 of this Act for individuals employed under this*
17 *section; and*
18 *(d) The city shall not pay any insurance contributions to the state health*
19 *insurance plan, as provided by KRS 18A.225 to 18A.2287, for individuals*
20 *employed under this section.*
21 *(6) Individuals employed under this section shall be subject to any merit system, civil*
22 *service, or other legislative due process provisions applicable to the employing*
23 *city. A decision not to renew a one (1) year appointment term under this section*
24 *shall not be considered a disciplinary action or deprivation subject to due process.*
25 *(7) A city government shall be limited in the number of retired police officers that it*
26 *may hire under this section as follows:*
27 *(a) A city government that employed an average of five (5) or fewer police*

1 ***officers over the course of calendar year 2015 shall not be limited in the***
2 ***number of officers that they may hire under this section;***
3 ***(b) A city government that employed an average of more than five (5) but fewer***
4 ***than one hundred (100) police officers over the course of calendar year***
5 ***2015 shall not hire more than five (5) police officers or a number equal to***
6 ***twenty-five percent (25%) of the police officers employed by the city in***
7 ***calendar year 2015, whichever is greater; and***
8 ***(c) A city government that employed an average of more than one hundred***
9 ***(100) police officers over the course of calendar year 2015 shall not hire***
10 ***more than twenty-five (25) police officers or a number equal to ten percent***
11 ***(10%) of the police officers employed by the city in calendar year 2015,***
12 ***whichever is greater.***
13 ➔Section 2. KRS 61.637 is amended to read as follows:
14 (1) A retired member who is receiving monthly retirement payments under any of the
15 provisions of KRS 61.510 to 61.705 and 78.510 to 78.852 and who is reemployed
16 as an employee by a participating agency prior to August 1, 1998, shall have his
17 retirement payments suspended for the duration of reemployment. Monthly
18 payments shall not be suspended for a retired member who is reemployed if he
19 anticipates that he will receive less than the maximum permissible earnings as
20 provided by the Federal Social Security Act in compensation as a result of
21 reemployment during the calendar year. The payments shall be suspended at the
22 beginning of the month in which the reemployment occurs.
23 (2) Employer and employee contributions shall be made as provided in KRS 61.510 to
24 61.705 and 78.510 to 78.852 on the compensation paid during reemployment,
25 except where monthly payments were not suspended as provided in subsection (1)
26 of this section or would not increase the retired member's last monthly retirement
27 allowance by at least one dollar ($1), and the member shall be credited with

1 additional service credit.
2 (3) In the month following the termination of reemployment, retirement allowance
3 payments shall be reinstated under the plan under which the member was receiving
4 payments prior to reemployment.
5 (4) (a) Notwithstanding the provisions of this section, the payments suspended in
6 accordance with subsection (1) of this section shall be paid retroactively to the
7 retired member, or his estate, if he does not receive more than the maximum
8 permissible earnings as provided by the Federal Social Security Act in
9 compensation from participating agencies during any calendar year of
10 reemployment.
11 (b) If the retired member is paid suspended payments retroactively in accordance
12 with this section, employee contributions deducted during his period of
13 reemployment, if any, shall be refunded to the retired employee, and no
14 service credit shall be earned for the period of reemployment.
15 (c) If the retired member is not eligible to be paid suspended payments for his
16 period of reemployment as an employee, his retirement allowance shall be
17 recomputed under the plan under which the member was receiving payments
18 prior to reemployment as follows:
19 1. The retired member's final compensation shall be recomputed using
20 creditable compensation for his period of reemployment; however, the
21 final compensation resulting from the recalculation shall not be less than
22 that of the member when his retirement allowance was last determined;
23 2. If the retired member initially retired on or subsequent to his normal
24 retirement date, his retirement allowance shall be recomputed by using
25 the formula in KRS 61.595(1);
26 3. If the retired member initially retired prior to his normal retirement date,
27 his retirement allowance shall be recomputed using the formula in KRS

1 61.595(2), except that the member's age used in computing benefits shall
2 be his age at the time of his initial retirement increased by the number of
3 months of service credit earned for service performed during
4 reemployment;
5 4. The retirement allowance payments resulting from the recomputation
6 under this subsection shall be payable in the month following the
7 termination of reemployment in lieu of payments under subparagraph 3.
8 The member shall not receive less in benefits as a result of the
9 recomputation than he was receiving prior to reemployment or would
10 receive as determined under KRS 61.691; and
11 5. Any retired member who was reemployed prior to March 26, 1974, shall
12 begin making contributions to the system in accordance with the
13 provisions of this section on the first day of the month following March
14 26, 1974.
15 (5) A retired member, or his estate, shall pay to the retirement fund the total amount of
16 payments which are not suspended in accordance with subsection (1) of this section
17 if the member received more than the maximum permissible earnings as provided
18 by the Federal Social Security Act in compensation from participating agencies
19 during any calendar year of reemployment, except the retired member or his estate
20 may repay the lesser of the total amount of payments which were not suspended or
21 fifty cents ($0.50) of each dollar earned over the maximum permissible earnings
22 during reemployment if under age sixty-five (65), or one dollar ($1) for every three
23 dollars ($3) earned if over age sixty-five (65).
24 (6) (a) "Reemployment" or "reinstatement" as used in this section shall not include a
25 retired member who has been ordered reinstated by the Personnel Board under
26 authority of KRS 18A.095.
27 (b) A retired member who has been ordered reinstated by the Personnel Board

1 under authority of KRS 18A.095 or by court order or by order of the Human
2 Rights Commission and accepts employment by an agency participating in the
3 Kentucky Employees Retirement System or County Employees Retirement
4 System shall void his retirement by reimbursing the system in the full amount
5 of his retirement allowance payments received.
6 (7) (a) Effective August 1, 1998, the provisions of subsections (1) to (4) of this
7 section shall no longer apply to a retired member who is reemployed in a
8 position covered by the same retirement system from which the member
9 retired. Reemployed retired members shall be treated as new members upon
10 reemployment. Any retired member whose reemployment date preceded
11 August 1, 1998, who does not elect, within sixty (60) days of notification by
12 the retirement systems, to remain under the provisions of subsections (1) to
13 (4) of this section shall be deemed to have elected to participate under this
14 subsection.
15 (b) A retired member whose disability retirement was discontinued pursuant to
16 KRS 61.615 and who is reemployed in one (1) of the systems administered by
17 the Kentucky Retirement Systems prior to his or her normal retirement date
18 shall have his or her accounts combined upon termination for determining
19 eligibility for benefits. If the member is eligible for retirement, the member's
20 service and creditable compensation earned as a result of his or her
21 reemployment shall be used in the calculation of benefits, except that the
22 member's final compensation shall not be less than the final compensation last
23 used in determining his or her retirement allowance. The member shall not
24 change beneficiary or payment option designations. This provision shall apply
25 to members reemployed on or after August 1, 1998.
26 (8) A retired member or his employer shall notify the retirement system if he has
27 accepted employment with an agency that participates in the retirement system from

1 which the member retired.
2 (9) If the retired member is under a contract, the member shall submit a copy of that
3 contract to the retirement system, and the retirement system shall determine if the
4 member is an independent contractor for purposes of retirement benefits.
5 (10) If a member is receiving a retirement allowance, or has filed the forms required for
6 a retirement allowance, and is employed within one (1) month of the member's
7 initial retirement date in a position that is required to participate in the same
8 retirement system from which the member retired, the member's retirement shall be
9 voided and the member shall repay to the retirement system all benefits received.
10 The member shall contribute to the member account established for him prior to his
11 voided retirement. The retirement allowance for which the member shall be eligible
12 upon retirement shall be determined by total service and creditable compensation.
13 (11) (a) If a member of the Kentucky Employees Retirement System retires from a
14 department which participates in more than one (1) retirement system and is
15 reemployed within one (1) month of his initial retirement date by the same
16 department in a position participating in another retirement system, the retired
17 member's retirement allowance shall be suspended for the first month of his
18 retirement and the member shall repay to the retirement system all benefits
19 received for the month.
20 (b) A retired member of the County Employees Retirement System who after
21 initial retirement is hired by the county from which the member retired shall
22 be considered to have been hired by the same employer.
23 (12) (a) If a hazardous member who retired prior to age fifty-five (55), or a
24 nonhazardous member who retired prior to age sixty-five (65), is reemployed
25 within six (6) months of the member's termination by the same employer, the
26 member shall obtain from his previous and current employers a copy of the
27 job description established by the employers for the position and a statement

1 of the duties performed by the member for the position from which he retired
2 and for the position in which he has been reemployed.
3 (b) The job descriptions and statements of duties shall be filed with the retirement
4 office.
5 (13) If the retirement system determines that the retired member has been employed in a
6 position with the same principal duties as the position from which the member
7 retired:
8 (a) The member's retirement allowance shall be suspended during the period that
9 begins on the month in which the member is reemployed and ends six (6)
10 months after the member's termination;
11 (b) The retired member shall repay to the retirement system all benefits paid from
12 systems administered by Kentucky Retirement Systems under reciprocity,
13 including medical insurance benefits, that the member received after
14 reemployment began;
15 (c) Upon termination, or subsequent to expiration of the six (6) month period
16 from the date of termination, the retired member's retirement allowance based
17 on his initial retirement account shall no longer be suspended and the member
18 shall receive the amount to which he is entitled, including an increase as
19 provided by KRS 61.691;
20 (d) Except as provided in subsection (7) of this section, if the position in which a
21 retired member is employed after initial retirement is a regular full-time
22 position, the retired member shall contribute to a second member account
23 established for him in the retirement system. Service credit gained after the
24 member's date of reemployment shall be credited to the second member
25 account; and
26 (e) Upon termination, the retired member shall be entitled to benefits payable
27 from his second retirement account.

1 (14) (a) If the retirement system determines that the retired member has not been
2 reemployed in a position with the same principal duties as the position from
3 which he retired, the retired member shall continue to receive his retirement
4 allowance.
5 (b) If the position is a regular full-time position, the member shall contribute to a
6 second member account in the retirement system.
7 (15) (a) If a retired member is reemployed at least one (1) month after initial
8 retirement in a different position, or at least six (6) months after initial
9 retirement in the same position, and prior to normal retirement age, the retired
10 member shall contribute to a second member account in the retirement system
11 and continue to receive a retirement allowance from the first member account.
12 (b) Service credit gained after reemployment shall be credited to the second
13 member account. Upon termination, the retired member shall be entitled to
14 benefits payable from the second member account.
15 (16) A retired member who is reemployed and contributing to a second member account
16 shall not be eligible to purchase service credit under any of the provisions of KRS
17 16.505 to 16.652, 61.510 to 61.705, or 78.510 to 78.852 which he was eligible to
18 purchase prior to his initial retirement.
19 (17) Notwithstanding any provision of subsections (1) to (7)(a) and (10) to (15) of this
20 section, the following shall apply to retired members who are reemployed by an
21 agency participating in one (1) of the systems administered by Kentucky Retirement
22 Systems on or after September 1, 2008:
23 (a) Except as provided by paragraphs (c) and (d) of this subsection, if a member is
24 receiving a retirement allowance from one (1) of the systems administered by
25 Kentucky Retirement Systems, or has filed the forms required to receive a
26 retirement allowance from one (1) of the systems administered by Kentucky
27 Retirement Systems, and is employed in a regular full-time position required

1 to participate in one (1) of the systems administered by Kentucky Retirement
2 Systems or is employed in a position that is not considered regular full-time
3 with an agency participating in one (1) of the systems administered by
4 Kentucky Retirement Systems within three (3) months following the member's
5 initial retirement date, the member's retirement shall be voided, and the
6 member shall repay to the retirement system all benefits received, including
7 any health insurance benefits. If the member is returning to work in a regular
8 full-time position required to participate in one (1) of the systems
9 administered by Kentucky Retirement Systems:
10 1. The member shall contribute to a member account established for him or
11 her in one (1) of the systems administered by Kentucky Retirement
12 Systems, and employer contributions shall be paid on behalf of the
13 member by the participating employer; and
14 2. Upon subsequent retirement, the member shall be eligible for a
15 retirement allowance based upon total service and creditable
16 compensation, including any additional service or creditable
17 compensation earned after his or her initial retirement was voided;
18 (b) Except as provided by paragraphs (c) and (d) of this subsection, if a member is
19 receiving a retirement allowance from one (1) of the systems administered by
20 Kentucky Retirement Systems and is employed in a regular full-time position
21 required to participate in one (1) of the systems administered by Kentucky
22 Retirement Systems after a three (3) month period following the member's
23 initial retirement date, the member may continue to receive his or her
24 retirement allowance during the period of reemployment subject to the
25 following provisions:
26 1. Both the employee and participating agency shall certify in writing on a
27 form prescribed by the board that no prearranged agreement existed

1 between the employee and agency prior to the employee's retirement for
2 the employee to return to work with the participating agency. If an
3 elected official is reelected to a new term of office in the same position
4 and retires following the election but prior to taking the new term of
5 office, he or she shall be deemed by the system as having a prearranged
6 agreement under the provisions of this subparagraph and shall have his
7 or her retirement voided. If the participating agency or employer fail to
8 complete the certification, the member's retirement shall be voided and
9 the provisions of paragraph (a) of this subsection shall apply to the
10 member and the employer;
11 2. Notwithstanding any other provision of KRS Chapter 16, 61, or 78 to
12 the contrary, the member shall not contribute to the systems and shall
13 not earn any additional benefits for any work performed during the
14 period of reemployment;
15 3. Except as provided by KRS 70.291 to 70.293 ***and Section 1 of this Act***,
16 the employer shall pay employer contributions as specified by KRS
17 61.565 and 61.702 on all creditable compensation earned by the
18 employee during the period of reemployment. The additional
19 contributions paid shall be used to reduce the unfunded actuarial liability
20 of the systems; and
21 4. Except as provided by KRS 70.291 to 70.293 ***and Section 1 of this Act***,
22 the employer shall be required to reimburse the systems for the cost of
23 the health insurance premium paid by the systems to provide coverage
24 for the retiree, not to exceed the cost of the single premium. Effective
25 July 1, 2015, local school boards shall not be required to pay the
26 reimbursement required by this subparagraph for retirees employed by
27 the board for eighty (80) days or less during the fiscal year;

1 (c) If a member is receiving a retirement allowance from the State Police
2 Retirement System or from hazardous duty retirement coverage with the
3 Kentucky Employees Retirement System or the County Employees Retirement
4 System, or has filed the forms required to receive a retirement allowance from
5 the State Police Retirement System or from hazardous duty retirement
6 coverage with the Kentucky Employees Retirement System or the County
7 Employees Retirement System, and is employed in a regular full-time position
8 required to participate in the State Police Retirement System or in a hazardous
9 duty position with the Kentucky Employees Retirement System or the County
10 Employees Retirement System within one (1) month following the member's
11 initial retirement date, the member's retirement shall be voided, and the
12 member shall repay to the retirement system all benefits received, including
13 any health insurance benefits. If the member is returning to work in a regular
14 full-time position required to participate in one (1) of the systems
15 administered by Kentucky Retirement Systems:
16 1. The member shall contribute to a member account established for him or
17 her in one (1) of the systems administered by Kentucky Retirement
18 Systems, and employer contributions shall be paid on behalf of the
19 member by the participating employer; and
20 2. Upon subsequent retirement, the member shall be eligible for a
21 retirement allowance based upon total service and creditable
22 compensation, including any additional service or creditable
23 compensation earned after his or her initial retirement was voided; and
24 (d) If a member is receiving a retirement allowance from the State Police
25 Retirement System or from hazardous duty retirement coverage with the
26 Kentucky Employees Retirement System or the County Employees Retirement
27 System and is employed in a regular full-time position required to participate

1 in the State Police Retirement System or in a hazardous duty position with the
2 Kentucky Employees Retirement System or the County Employees Retirement
3 System after a one (1) month period following the member's initial retirement
4 date, the member may continue to receive his or her retirement allowance
5 during the period of reemployment subject to the following provisions:
6 1. Both the employee and participating agency shall certify in writing on a
7 form prescribed by the board that no prearranged agreement existed
8 between the employee and agency prior to the employee's retirement for
9 the employee to return to work with the participating agency. If an
10 elected official is reelected to a new term of office in the same position
11 and retires following the election but prior to taking the new term of
12 office, he or she shall be deemed by the system as having a prearranged
13 agreement under the provisions of this subparagraph and shall have his
14 or her retirement voided. If the participating agency or employer fail to
15 complete the certification, the member's retirement shall be voided and
16 the provisions of paragraph (c) of this subsection shall apply to the
17 member and the employer;
18 2. Notwithstanding any other provision of KRS Chapter 16, 61, or 78 to
19 the contrary, the member shall not contribute to the systems and shall
20 not earn any additional benefits for any work performed during the
21 period of reemployment;
22 3. Except as provided by KRS 70.291 to 70.293 ***and Section 1 of this Act***,
23 the employer shall pay employer contributions as specified by KRS
24 61.565 and 61.702 on all creditable compensation earned by the
25 employee during the period of reemployment. The additional
26 contributions paid shall be used to reduce the unfunded actuarial liability
27 of the systems; and

1 4. Except as provided by KRS 70.291 to 70.293 ***and Section 1 of this Act***,
2 the employer shall be required to reimburse the systems for the cost of
3 the health insurance premium paid by the systems to provide coverage
4 for the retiree, not to exceed the cost of the single premium.

President of Senate

Speaker-House of Representatives

Attest: Chief Clerk of Senate

Approved Governor

Date 9 APRIL 2016