

1 AN ACT relating to the Teachers' Retirement System and declaring an emergency.

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

3 ➔Section 1. KRS 161.155 (Effective January 1, 2022) is amended to read as
4 follows:

5 (1) As used in this section:

6 (a) "Teacher" shall mean any person for whom certification is required as a basis
7 of employment in the common schools of the state;

8 (b) "Employee" shall mean any person, other than a teacher, employed in the
9 public schools, whether on a full or part-time basis;

10 (c) "Immediate family" shall mean the teacher's or employee's spouse, children
11 including stepchildren and foster children, grandchildren, daughters-in-law
12 and sons-in law, brothers and sisters, parents and spouse's parents, and
13 grandparents and spouse's grandparents, without reference to the location or
14 residence of said relative, and any other blood relative who resides in the
15 teacher's or employee's home;

16 (d) "Sick leave bank" shall mean an aggregation of sick leave days contributed by
17 teachers or employees for use by teachers or employees who have exhausted
18 all sick leave and other available paid leave days; and

19 (e) "Assault" shall mean an act that intentionally causes injury so significant that
20 the victim is determined to be, by certification of a physician or surgeon duly
21 qualified under KRS Chapter 342, incapable of performing the duties of his or
22 her job.

23 (2) Each district board of education shall allow to each teacher and full-time employee
24 in its common school system not less than ten (10) days of sick leave during each
25 school year, without deduction of salary. Sick leave shall be granted to a teacher or
26 employee if he or she presents a personal affidavit or a certificate of a physician
27 stating that the teacher or employee was ill, that the teacher or employee was absent

1 for the purpose of attending to a member of his or her immediate family who was
2 ill, or for the purpose of mourning a member of his or her immediate family. The
3 ten (10) days of sick leave granted in this subsection may be taken by a teacher or
4 employee on any ten (10) days of the school year and shall be granted in addition to
5 accumulated sick leave days that have been credited to the teacher or employee
6 under the provisions of subsection (4) of this section.

7 (3) A school district shall coordinate among the income and benefits from workers'
8 compensation, temporary disability retirement, and district payroll and benefits so
9 that there is no loss of income or benefits to a teacher or employee for work time
10 lost because of an assault while performing the teacher's or employee's assigned
11 duties for a period of up to one (1) year after the assault. In the event a teacher or
12 employee suffers an assault while performing his or her assigned duties that results
13 in injuries that qualify the teacher or employee for workers' compensation benefits,
14 the district shall provide leave to the teacher or employee for up to one (1) year after
15 the assault with no loss of income or benefits under the following conditions:

16 (a) The district shall pay the salary of the teacher or employee between the time
17 of the assault and the time the teacher's or employee's workers' compensation
18 income benefits take effect, or the time the teacher or employee is certified to
19 return to work by a physician or surgeon duly qualified under KRS Chapter
20 342, whichever is sooner;

21 (b) The district shall pay, for up to one (1) year from the time of the assault, the
22 difference between the salary of the teacher or employee and any workers'
23 compensation income benefits received by the teacher or employee resulting
24 from the assault. Payments by the district shall include payments for
25 intermittent work time missed as a result of the assault during the one (1) year
26 period. If the teacher's or employee's workers' compensation income benefits
27 cease during the one (1) year period after the assault, the district shall also

- 1 cease to make payments under this paragraph;
- 2 (c) The Commonwealth, through the Kentucky Department of Education, shall
- 3 make the employer's health insurance contribution during the period that the
- 4 district makes payments under paragraphs (a) and (b) of this subsection;
- 5 (d) The Commonwealth, through the Kentucky Department of Education, shall
- 6 make the employer's contribution to the retirement system in which the
- 7 teacher or employee is a member during the period that the district makes
- 8 payments under paragraphs (a) and (b) of this subsection; and
- 9 (e) Payments to a teacher or employee under paragraphs (a) and (b) of this
- 10 subsection shall be coordinated with workers' compensation benefits under
- 11 KRS Chapter 342, disability retirement benefits for teachers under KRS
- 12 161.661 to 161.663, and disability retirement benefits for employees under
- 13 KRS 61.600 to 61.621 and 78.5522, 78.5524, 78.5526, 78.5528, and 78.5530
- 14 so that the teacher or employee receives income equivalent to his or her full
- 15 contracted salary, but in no event shall the combined payments exceed one
- 16 hundred percent (100%) of the teacher's or employee's full contracted salary.
- 17 (4) Days of sick leave not taken by an employee or a teacher during any school year
- 18 shall accumulate without limitation and be credited to that employee or teacher.
- 19 Accumulated sick leave may be taken in any school year. Any district board of
- 20 education may, in its discretion, allow employees or teachers in its common school
- 21 system sick leave in excess of the number of days prescribed in this section and may
- 22 allow school district employees and teachers to use up to three (3) days' sick leave
- 23 per school year for emergency leave pursuant to KRS 161.152(3). Any accumulated
- 24 sick leave days credited to an employee or a teacher shall remain so credited in the
- 25 event he or she transfers his or her place of employment from one (1) school district
- 26 to another within the state or to the Kentucky Department of Education or transfers
- 27 from the Department of Education to a school district.

- 1 (5) Accumulated days of sick leave shall be granted to a teacher or employee if, prior to
2 the opening day of the school year, an affidavit or a certificate of a physician is
3 presented to the district board of education, stating that the teacher or employee is
4 unable to commence his or her duties on the opening day of the school year, but will
5 be able to assume his or her duties within a period of time that the board determines
6 to be reasonable.
- 7 (6) Any school teacher or employee may repurchase previously used sick leave days
8 with the concurrence of the local school board by paying to the district an amount
9 equal to the total of all costs associated with the used sick leave.
- 10 (7) A district board of education may adopt a plan for a sick leave bank. The plan may
11 include limitations upon the number of days a teacher or employee may annually
12 contribute to the bank and limitations upon the number of days a teacher or
13 employee may annually draw from the bank. Only those teachers or employees who
14 contribute to the bank may draw upon the bank. Days contributed will be deducted
15 from the days available to the contributing teacher or employee. The sick leave bank
16 shall be administered in accordance with a policy adopted by the board of
17 education.
- 18 (8) (a) A district board of education shall establish a sick leave donation program to
19 permit teachers or employees to voluntarily contribute sick leave to teachers
20 or employees in the same school district who are in need of an extended
21 absence from school. A teacher or employee who has accrued more than
22 fifteen (15) days' sick leave may request the board of education to transfer a
23 designated amount of sick leave to another teacher or employee who is
24 authorized to receive the sick leave donated. A teacher or employee may not
25 request an amount of sick leave be donated that reduces his or her sick leave
26 balance to less than fifteen (15) days.
- 27 (b) A teacher or employee may receive donations of sick leave if:

1 is verified by a physician's statement.

2 (10) (a) After July 1, 1982, a district board of education may compensate, at the time
3 of retirement or upon the death of a member in active contributing status at the
4 time of death who was eligible to retire by reason of service, an employee or a
5 teacher, or the estate of an employee or teacher, for each unused sick leave
6 day. The rate of compensation for each unused sick leave day shall be based
7 on a percentage of the daily salary rate calculated from the employee's or
8 teacher's last annual salary, not to exceed thirty percent (30%).

9 (b) ~~Except as provided in paragraph (c) of this subsection,~~ Payment for unused
10 sick leave days under this subsection shall be incorporated into the annual
11 salary of the final year of service for inclusion in the calculation of the
12 employee's or teacher's retirement allowance only at the time of his or her
13 initial retirement, provided that the member makes the regular retirement
14 contribution for members on the sick leave payment. The accumulation of
15 these days includes unused sick leave days held by the employee or teacher at
16 the time of implementation of the program.

17 (c) ~~For a teacher or employee who becomes a nonuniversity member of the~~
18 ~~Teachers' Retirement System on or after January 1, 2022, as provided by KRS~~
19 ~~161.220, payment for unused sick leave days under this subsection shall not~~
20 ~~be incorporated into the annual compensation used to calculate the teacher's or~~
21 ~~employee's retirement allowance in the foundational benefit component as~~
22 ~~described by KRS 161.633 but may be deposited into the nonuniversity~~
23 ~~member's supplemental benefit component as provided by KRS 161.635.~~

24 (d) For a teacher or employee who begins employment with a local school district
25 on or after July 1, 2008, the maximum amount of unused sick leave days a
26 district board of education may recognize in calculating the payment of
27 compensation to the teacher or employee under this subsection shall not

1 exceed three hundred (300) days.

2 (11) Any statute to the contrary notwithstanding, employees and teachers who
3 transferred from the Department of Education to a school district, from a school
4 district to the Department of Education, or from one (1) school district to another
5 school district after July 15, 1981, shall receive credit for any unused sick leave to
6 which the employee or teacher was entitled on the date of transfer. This credit shall
7 be for the purposes set forth in subsection (10) of this section.

8 (12) The death benefit provided in subsection (10) of this section may be cited as the
9 Baughn Benefit.

10 ➔Section 2. KRS 161.220 (Effective January 1, 2022) is amended to read as
11 follows:

12 As used in KRS 161.220 to 161.716 and 161.990:

13 (1) "Retirement system" means the arrangement provided for in KRS 161.220 to
14 161.716 and 161.990 for payment of allowances to members;

15 (2) "Retirement allowance" means the amount annually payable during the course of his
16 or her natural life to a member who has been retired by reason of service;

17 (3) "Disability allowance" means the amount annually payable to a member retired by
18 reason of disability;

19 (4) "Member" means the commissioner of education, deputy commissioners, associate
20 commissioners, and all division directors in the State Department of Education,
21 employees participating in the system pursuant to KRS 196.167(3)(b)1., and any
22 full-time teacher or professional occupying a position requiring certification or
23 graduation from a four (4) year college or university, as a condition of employment,
24 and who is employed by public boards, institutions, or agencies as follows:

25 (a) Local boards of education;

26 (b) Eastern Kentucky University, Kentucky State University, Morehead State
27 University, Murray State University, Western Kentucky University, and any

- 1 community colleges established under the control of these universities;
- 2 (c) State-operated secondary area vocational education or area technology centers,
3 Kentucky School for the Blind, and Kentucky School for the Deaf;
- 4 (d) Other public education agencies as created by the General Assembly and those
5 members of the administrative staff of the Teachers' Retirement System of the
6 State of Kentucky whom the board of trustees may designate by administrative
7 regulation;
- 8 (e) Regional cooperative organizations formed by local boards of education or
9 other public educational institutions listed in this subsection, for the purpose
10 of providing educational services to the participating organizations;
- 11 (f) All full-time members of the staffs of the Kentucky Association of School
12 Administrators, Kentucky Education Association, Kentucky Vocational
13 Association, Kentucky High School Athletic Association, Kentucky Academic
14 Association, and the Kentucky School Boards Association who were members
15 of the Kentucky Teachers' Retirement System or were qualified for a position
16 covered by the system at the time of employment by the association in the
17 event that the board of directors of the respective association petitions to be
18 included. The board of trustees of the Kentucky Teachers' Retirement System
19 may designate by resolution whether part-time employees of the petitioning
20 association are to be included. The state shall make no contributions on
21 account of these employees, either full-time or part-time. The association shall
22 make the employer's contributions, including any contribution that is specified
23 under KRS 161.550. The provisions of this paragraph shall be applicable to
24 persons in the employ of the associations on or subsequent to July 1, 1972;
- 25 (g) Employees of the Council on Postsecondary Education who were employees
26 of the Department for Adult Education and Literacy and who were members
27 of the Kentucky Teachers' Retirement System at the time the department was

- 1 transferred to the council pursuant to Executive Order 2003-600;
- 2 (h) The Office of Career and Technical Education;
- 3 (i) The Office of Vocational Rehabilitation;
- 4 (j) The Kentucky Educational Collaborative for State Agency Children;
- 5 (k) The Governor's Scholars Program;
- 6 (l) Any person who is retired for service from the retirement system and is
- 7 reemployed by an employer identified in this subsection in a position that the
- 8 board of trustees deems to be a member~~[-except that any person who becomes~~
- 9 ~~a member on or after January 1, 2022, and subsequently draws a monthly~~
- 10 ~~lifetime retirement allowance, shall upon reemployment after retirement not~~
- 11 ~~earn a second retirement account];~~
- 12 (m) Employees of the former Cabinet for Workforce Development who are
- 13 transferred to the Kentucky Community and Technical College System and
- 14 who occupy positions covered by the Kentucky Teachers' Retirement System
- 15 shall remain in the Teachers' Retirement System. New employees occupying
- 16 these positions, as well as newly created positions qualifying for Teachers'
- 17 Retirement System coverage that would have previously been included in the
- 18 former Cabinet for Workforce Development, shall be members of the
- 19 Teachers' Retirement System;
- 20 (n) Effective January 1, 1998, employees of state community colleges who are
- 21 transferred to the Kentucky Community and Technical College System shall
- 22 continue to participate in federal old age, survivors, disability, and hospital
- 23 insurance, and a retirement plan other than the Kentucky Teachers' Retirement
- 24 System offered by Kentucky Community and Technical College System. New
- 25 employees occupying positions in the Kentucky Community and Technical
- 26 College System as referenced in KRS 164.5807(5) that would not have
- 27 previously been included in the former Cabinet for Workforce Development,

1 shall participate in federal old age, survivors, disability, and hospital insurance
2 and have a choice at the time of employment of participating in a retirement
3 plan provided by the Kentucky Community and Technical College System,
4 including participation in the Kentucky Teachers' Retirement System, on the
5 same basis as faculty of the state universities as provided in KRS 161.540 and
6 161.620;

7 (o) Employees of the Office of General Counsel, the Office of Budget and
8 Administrative Services, and the Office of Quality and Human Resources
9 within the Office of the Secretary of the former Cabinet for Workforce
10 Development and the commissioners of the former Department for Adult
11 Education and Literacy and the former Department for Technical Education
12 who were contributing to the Kentucky Teachers' Retirement System as of
13 July 15, 2000;

14 (p) Employees of the Kentucky Department of Education only who are graduates
15 of a four (4) year college or university, notwithstanding a substitution clause
16 within a job classification, and who are serving in a professional job
17 classification as defined by the department;

18 (q) The Governor's School for Entrepreneurs Program;

19 (r) Employees of the Office of Adult Education within the Department of
20 Workforce Investment in the Education and Workforce Development Cabinet
21 who were employees of the Council on Postsecondary Education, Kentucky
22 Adult Education Program and who were members of the Kentucky Teachers'
23 Retirement System at the time the Program was transferred to the cabinet
24 pursuant to Executive Orders 2019-0026 and 2019-0027; and

25 (s) Employees of the Education Professional Standards Board who were members
26 of the Kentucky Teachers' Retirement System at the time the employees were
27 transferred to the Kentucky Department of Education pursuant to Executive

- 1 Order 2020-590;
- 2 (5) "Present teacher" means any teacher who was a teacher on or before July 1, 1940,
3 and became a member of the retirement system created by 1938 (1st Extra. Sess.)
4 Ky. Acts ch. 1, on the date of the inauguration of the system or within one (1) year
5 after that date, and any teacher who was a member of a local teacher retirement
6 system in the public elementary or secondary schools of the state on or before July
7 1, 1940, and continued to be a member of the system until he or she, with the
8 membership of the local retirement system, became a member of the state Teachers'
9 Retirement System or who becomes a member under the provisions of KRS
10 161.470(4);
- 11 (6) "New teacher" means any member not a present teacher;
- 12 (7) "Prior service" means the number of years during which the member was a teacher
13 in Kentucky prior to July 1, 1941, except that not more than thirty (30) years' prior
14 service shall be allowed or credited to any teacher;
- 15 (8) "Subsequent service" means the number of years during which the teacher is a
16 member of the Teachers' Retirement System after July 1, 1941;
- 17 (9) "Final average salary" means the average of the five (5) highest annual salaries
18 which the member has received for service in a covered position and on which the
19 member has made contributions, or on which the public board, institution, or
20 agency has picked-up member contributions pursuant to KRS 161.540(2), or the
21 average of the five (5) years of highest salaries as defined in KRS 61.680(2)(a),
22 which shall include picked-up member contributions. Additionally, the board of
23 trustees may approve a final average salary based upon the average of the three (3)
24 highest salaries for ~~individuals who become~~ members ~~prior to January 1, 2022,~~
25 who are at least fifty-five (55) years of age and have a minimum of twenty-seven
26 (27) years of Kentucky service credit. However, if any of the five (5) or three (3)
27 highest annual salaries used to calculate the final average salary was paid within the

1 three (3) years immediately prior to the date of the member's retirement ~~for~~
2 ~~individuals who become members prior to January 1, 2022, or within the five (5)~~
3 ~~years immediately prior to the date of the member's retirement for individuals who~~
4 ~~become members on or after January 1, 2022],~~ the amount of salary to be included
5 for each of those three (3) years ~~for five (5) years, as applicable,~~ for the purpose of
6 calculating the final average salary shall be limited to the lesser of:

- 7 (a) The member's actual salary; or
- 8 (b) The member's annual salary that was used for retirement purposes during each
9 of the prior three (3) years ~~for five (5) years, as applicable,~~ plus a percentage
10 increase equal to the percentage increase received by all other members
11 employed by the public board, institution, or agency, or for members of school
12 districts, the highest percentage increase received by members on any one (1)
13 rank and step of the salary schedule of the school district. The increase shall
14 be computed on the salary that was used for retirement purposes. The board of
15 trustees may promulgate an administrative regulation in accordance with KRS
16 Chapter 13A to establish a methodology for measuring the limitation so that
17 the combined increases in salary for each of the last three (3) full years of
18 salary prior to retirement shall not exceed the total permissible percentage
19 increase received by other members of the employer for the same three (3)
20 year period.

21 For individuals who became members of the retirement system prior to July 1,
22 2021, this limitation shall not apply if the member receives an increase in salary in a
23 percentage exceeding that received by the other members, and this increase was
24 accompanied by a corresponding change in position or in length of employment.
25 The board of trustees may promulgate an administrative regulation in accordance
26 with KRS Chapter 13A to provide definitions for a corresponding change in
27 position or in length of employment. This limitation shall also not apply to the

1 payment to a member for accrued annual leave if the individual becomes a member
2 before July 1, 2008, or accrued sick leave which is authorized by statute and which
3 shall ~~for individuals subject to KRS 161.155(10) who became nonuniversity~~
4 ~~members of the system prior to January 1, 2022,~~ be included as part of a retiring
5 member's annual compensation for the member's last year of active service **as**
6 **provided by Section 1 of this Act;**

7 (10) "Annual compensation" means the total salary received by a member as
8 compensation for all services performed in employment covered by the retirement
9 system during a fiscal year. Annual compensation shall not include payment for any
10 benefit or salary adjustments made by the public board, institution, or agency to the
11 member or on behalf of the member which is not available as a benefit or salary
12 adjustment to other members employed by that public board, institution, or agency.
13 Annual compensation shall not include the salary supplement received by a member
14 under KRS 157.197(2)(c), 158.6455, or 158.782 on or after July 1, 1996. Under no
15 circumstances shall annual compensation include compensation that is earned by a
16 member while on assignment to an organization or agency that is not a public board,
17 institution, or agency listed in subsection (4) of this section. In the event that federal
18 law requires that a member continue membership in the retirement system even
19 though the member is on assignment to an organization or agency that is not a
20 public board, institution, or agency listed in subsection (4) of this section, the
21 member's annual compensation for retirement purposes shall be deemed to be the
22 annual compensation, as limited by subsection (9) of this section, last earned by the
23 member while still employed solely by and providing services directly to a public
24 board, institution, or agency listed in subsection (4) of this section. The board of
25 trustees shall determine if any benefit or salary adjustment qualifies as annual
26 compensation. For an individual who becomes a member on or after July 1, 2008,
27 annual compensation shall not include lump-sum payments upon termination of

1 employment for accumulated annual or compensatory leave;

2 (11) "Age of member" means the age attained on the first day of the month immediately
3 following the birthdate of the member. This definition is limited to retirement
4 eligibility and does not apply to tenure of members;

5 (12) "Employ," and derivatives thereof, means relationships under which an individual
6 provides services to an employer as an employee, as an independent contractor, as
7 an employee of a third party, or under any other arrangement as long as the services
8 provided to the employer are provided in a position that would otherwise be covered
9 by the Kentucky Teachers' Retirement System and as long as the services are being
10 provided to a public board, institution, or agency listed in subsection (4) of this
11 section;

12 (13) "Regular interest" means:

13 (a) For an individual who becomes a member prior to July 1, 2008, interest at
14 three percent (3%) per annum; and[-]

15 (b) For an individual who becomes a member on or after July 1, 2008~~[-, but prior~~
16 ~~to January 1, 2022]~~, interest at two and one-half percent (2.5%) per annum for
17 purposes of crediting interest to the teacher savings account or any other
18 contributions made by the employee that are refundable to the employee upon
19 termination of employment~~[-; and~~

20 ~~(c) For an individual who becomes a member on or after January 1, 2022, the~~
21 ~~rolling five (5) year yield on a thirty (30) year United States Treasury bond as~~
22 ~~of the end of May prior to the most recently completed fiscal year, except that:~~
23 ~~1. Once the member has at least sixty (60) months of service in the system~~
24 ~~it shall mean interest at two and one-half percent (2.5%) per annum for~~
25 ~~purposes of crediting interest to employee contributions in the~~
26 ~~foundational benefit component or any other contributions made by the~~
27 ~~employee to the foundational benefit component that are refundable to~~

1 ~~the employee upon termination of employment; and~~
2 ~~2. The board shall have the authority to adjust the regular interest rate for~~
3 ~~individuals who become members on or after January 1, 2022, in~~
4 ~~accordance with KRS 161.633 and 161.634];~~

- 5 (14) "Accumulated contributions" means the contributions of a member to the teachers'
6 savings fund, including picked-up member contributions as described in KRS
7 161.540(2), plus accrued regular interest;
- 8 (15) "Annuitant" means a person who receives a retirement allowance or a disability
9 allowance;
- 10 (16) "Local retirement system" means any teacher retirement or annuity system created
11 in any public school district in Kentucky in accordance with the laws of Kentucky;
- 12 (17) "Fiscal year" means the twelve (12) month period from July 1 to June 30. The
13 retirement plan year is concurrent with this fiscal year. A contract for a member
14 employed by a local board of education may not exceed two hundred sixty-one
15 (261) days in the fiscal year;
- 16 (18) "Public schools" means the schools and other institutions mentioned in subsection
17 (4) of this section;
- 18 (19) "Dependent" as used in KRS 161.520 and 161.525 means a person who was
19 receiving, at the time of death of the member, at least one-half (1/2) of the support
20 from the member for maintenance, including board, lodging, medical care, and
21 related costs;
- 22 (20) "Active contributing member" means a member currently making contributions to
23 the Teachers' Retirement System, who made contributions in the next preceding
24 fiscal year, for whom picked-up member contributions are currently being made, or
25 for whom these contributions were made in the next preceding fiscal year;
- 26 (21) "Full-time" means employment in a position that requires services on a continuing
27 basis equal to at least seven-tenths (7/10) of normal full-time service on a fiscal year

1 basis;

2 (22) "Full actuarial cost," when used to determine the payment that a member must pay
3 for service credit means the actuarial value of all costs associated with the
4 enhancement of a member's benefits or eligibility for benefit enhancements,
5 including health insurance supplement payments made by the retirement system.
6 The actuary for the retirement system shall determine the full actuarial value costs
7 and actuarial cost factor tables as provided in KRS 161.400;

8 (23) "Last annual compensation" means the annual compensation, as defined by
9 subsection (10) of this section and as limited by subsection (9) of this section,
10 earned by the member during the most recent period of contributing service, either
11 consecutive or nonconsecutive, that is sufficient to provide the member with one (1)
12 full year of service credit in the Kentucky Teachers' Retirement System, and which
13 compensation is used in calculating the member's initial retirement allowance,
14 excluding bonuses, retirement incentives, payments for accumulated sick leave,
15 annual, personal, and compensatory leave, and any other lump-sum payment. For an
16 individual who becomes a member on or after July 1, 2008, payments for annual or
17 compensatory leave shall not be included in determining the member's last annual
18 compensation;

19 (24) "Participant" means a member, as defined by subsection (4) of this section, or an
20 annuitant, as defined by subsection (15) of this section;

21 (25) "Qualified domestic relations order" means any judgment, decree, or order,
22 including approval of a property settlement agreement, that:

23 (a) Is issued by a court or administrative agency; and

24 (b) Relates to the provision of child support, alimony payments, or marital
25 property rights to an alternate payee;

26 (26) "Alternate payee" means a spouse, former spouse, child, or other dependent of a
27 participant, who is designated to be paid retirement benefits in a qualified domestic

1 relations order;

2 (27) "University member" means an individual who becomes a member through
3 employment with an employer specified in subsection (4)(b) and (n) of this section;

4 (28) "Nonuniversity member" means an individual who becomes a member through
5 employment with an employer specified under subsection (4) of this section, except
6 for those members employed by an employer specified in subsection (4)(b) and (n)
7 of this section; and[-]

8 (29) [~~"Accumulated employer contribution" means the employer contribution deposited
9 to a member's account through the supplemental benefit component and regular
10 interest credited on such amounts as provided by KRS 161.635 for nonuniversity
11 members and KRS 161.636 for university members;~~

12 (30) [-] "Accumulated account balance" means[-]

13 (a) [~~For members who began participating in the system prior to January 1, 2022,]~~
14 the member's accumulated contributions[-; or

15 (b) [~~For members who began participating in the system on or after January 1,
16 2022, the combined sum of the member's accumulated contributions and the
17 member's accumulated employer contributions];~~

18 [(31) "Foundational benefit component" means the benefits provided by KRS 161.220 to
19 161.716 to individuals who become members on or after January 1, 2022, except for
20 the supplemental benefit component and retiree health benefits set forth in KRS
21 161.675; and

22 (32) "Supplemental benefit component" means:

23 (a) [~~The benefit established pursuant to KRS 161.635 for individuals who become
24 nonuniversity members on or after January 1, 2022; or~~

25 (b) [~~The benefit established pursuant to KRS 161.636 for individuals who become
26 university members on or after January 1, 2022.];~~

27 ➔Section 3. KRS 161.540 (Effective January 1, 2022) is amended to read as

1 follows:

- 2 (1) (a) Each individual who ~~is~~becomes a contributing nonuniversity member ~~{prior to January 1, 2022, }~~ shall contribute to the retirement system twelve and eight
3 hundred fifty-five thousandths percent (12.855%) of annual compensation, of
4 which:
5
6 1. Nine and one hundred five thousandths percent (9.105%) of annual
7 compensation shall be used to fund pension benefits; and
8 2. Three and three-quarters percent (3.75%) of annual compensation shall
9 be used to fund retiree health benefits.
- 10 (b) Each individual who ~~is~~becomes a contributing university member ~~{prior to~~
11 ~~January 1, 2022, }~~ shall contribute to the retirement system ten and four-tenths
12 percent (10.4%) of annual compensation, of which:
13 1. Seven and six hundred twenty-five thousandths percent (7.625%) of
14 annual compensation shall be used to fund pension benefits; and
15 2. Two and seven hundred seventy-five thousandths percent (2.775%) of
16 annual compensation shall be used to fund retiree health benefits.
- 17 ~~{(c) Each individual who becomes a contributing nonuniversity member on or~~
18 ~~after January 1, 2022, shall contribute to the retirement system fourteen and~~
19 ~~three-quarters percent (14.75%) of annual compensation, of which:~~
20 1. ~~Nine percent (9%) of annual compensation shall be used to fund pension~~
21 ~~benefits in the foundational benefit component as described by KRS~~
22 ~~161.633. The contribution provided by this subparagraph shall not be~~
23 ~~used to fund the supplemental benefit account as provided by KRS~~
24 ~~161.635;~~
25 2. ~~Two percent (2%) of annual compensation shall fund the required~~
26 ~~employee contribution in the supplemental benefit component in KRS~~
27 ~~161.635, except that the board may direct these contributions on a~~

1 ~~prospective basis into the pension and life insurance funds to contain~~
 2 ~~costs of the foundational benefit component within the provisions of~~
 3 ~~KRS 161.633; and~~

4 ~~3.—Three and three quarters percent (3.75%) of annual compensation shall~~
 5 ~~be used to fund retiree health benefits.~~

6 ~~(d)—Each individual who becomes a contributing university member on or after~~
 7 ~~January 1, 2022, shall contribute to the retirement system nine and seven~~
 8 ~~hundred seventy five thousandths percent (9.775%) of annual compensation,~~
 9 ~~of which:~~

10 ~~1.—Five percent (5%) of annual compensation shall be used to fund pension~~
 11 ~~benefits in the foundational benefit component as described by KRS~~
 12 ~~161.634. The contribution provided by this subparagraph shall not be~~
 13 ~~used to fund the supplemental benefit account as provided by KRS~~
 14 ~~161.636;~~

15 ~~2.—Two percent (2%) of annual compensation shall fund the required~~
 16 ~~employee contribution in the supplemental benefit component in KRS~~
 17 ~~161.636, except that the board may direct these contributions on a~~
 18 ~~prospective basis into the pension and life insurance funds to contain~~
 19 ~~costs of the foundational benefit component within the provisions of~~
 20 ~~KRS 161.634; and~~

21 ~~3.—Two and seven hundred and seventy five thousandths percent (2.775%)~~
 22 ~~of annual compensation shall be used to fund retiree health benefits.]~~

23 ~~(c)~~~~(e)]~~ When the medical insurance fund established under KRS 161.420(5)
 24 achieves a sufficient prefunded status as determined by the retirement system's
 25 actuary, the board of trustees shall recommend to the General Assembly that
 26 the contributions required under paragraph (a)2. ~~or~~~~]~~ (b)2. ~~], (c)3., or (d)3.]~~ of
 27 this subsection shall, in an actuarially accountable manner, be either

1 decreased, suspended, or eliminated.

2 ~~(d)(f)~~ Payments authorized by statute that are made to retiring members, who
3 became members of the system before July 1, 2008, for not more than sixty
4 (60) days of unused accrued annual leave shall, subject to KRS 161.220(10),
5 be considered as part of the member's annual compensation, and shall be used
6 only for the member's final year of active service. Notwithstanding the
7 provisions of this subsection or any other statute to the contrary, for retirement
8 calculation purposes, members may only be credited for payment of annual
9 leave under the following conditions:

- 10 1. Payment by an employer for annual leave shall be equally available to all
11 members serving under contracts requiring the same number of worked
12 days and greater; and
- 13 2. At least two (2) members of the employer shall receive payment for
14 annual leave.

15 ~~(e)(g)~~ The contribution of members shall not exceed the applicable percentages
16 on annual compensation as set forth in this section or as where otherwise
17 limited by statute. When a member retires, if it is determined that he or she
18 has made contributions on a salary in excess of the amount to be included for
19 the purpose of calculating his or her final average salary, any excess
20 contribution shall be refunded in a lump sum to the member's employer for
21 distribution to the member.

22 (2) Each public board, institution, or agency listed in KRS 161.220(4) shall, solely for
23 the purpose of compliance with Section 414(h) of the United States Internal
24 Revenue Code, pick up the member contributions required by this section for all
25 compensation earned after August 1, 1982, and the contributions so picked up shall
26 be treated as employer contributions in determining tax treatment under the United
27 States Internal Revenue Code and KRS 141.010. The picked-up member

1 contribution shall satisfy all obligations to the retirement system satisfied prior to
2 August 1, 1982, by the member contribution, and the picked-up member
3 contribution shall be in lieu of a member contribution. Each employer shall pay
4 these picked-up member contributions from the same source of funds which is used
5 to pay earnings to the member. The member shall have no option to receive the
6 contributed amounts directly instead of having them paid by the employer to the
7 system. Member contributions picked-up after August 1, 1982, shall be treated for
8 all purposes of KRS 161.220 to 161.714 in the same manner and to the same extent
9 as member contributions made prior to August 1, 1982.

10 ➔Section 4. KRS 161.550 (Effective January 1, 2022) is amended to read as
11 follows:

12 (1) Each employer, except as provided under KRS 161.555, shall contribute annually to
13 the Teachers' Retirement System a permanent employer contribution rate on behalf
14 of each employee it employs equal to:

15 (a) Thirteen and one hundred five thousandths percent (13.105%) of the total
16 annual compensation of nonuniversity members who become members prior
17 to July 1, 2008. Of this permanent employer contribution rate:

18 1. Twelve and three hundred fifty-five thousandths percent (12.355%) of
19 the total annual compensation shall be used to fund pension and life
20 insurance benefits; and

21 2. Three-quarters of a percent (0.75%) of annual compensation shall be
22 used to provide funding to the medical insurance fund as provided under
23 KRS 161.420(5). If the board of trustees establishes a trust fund under
24 26 U.S.C. sec. 115, the board may deposit the employer contribution
25 provided in this subparagraph in that trust fund;

26 (b) Fourteen and one hundred five thousandths percent (14.105%) of the total
27 annual compensation of nonuniversity members who become members on or

1 after July 1, 2008~~[, but prior to January 1, 2022]~~. Of this permanent employer
2 contribution rate:

- 3 1. Thirteen and three hundred fifty-five thousandths percent (13.355%) of
4 the total annual compensation shall be used to fund pension and life
5 insurance benefits; and
- 6 2. Three-quarters of a percent (0.75%) of annual compensation shall be
7 used to provide funding to the medical insurance fund as provided under
8 KRS 161.420(5). If the board of trustees establishes a trust fund under
9 26 U.S.C. sec. 115, the board may deposit the employer contribution
10 provided in this subparagraph in that trust fund;

11 (c) Thirteen and sixty-five hundredths percent (13.65%) of the total annual
12 compensation of university members~~[who become members prior to January~~
13 ~~1, 2022]~~. Of this permanent employer contribution rate:

- 14 1. Ten and eight hundred seventy-five thousandths percent (10.875%) of
15 the total annual compensation shall be used to fund pension and life
16 insurance benefits; and
- 17 2. Two and seven hundred seventy-five thousandths percent (2.775%) of
18 annual compensation shall be used to provide funding to the medical
19 insurance fund as provided under KRS 161.420(5). If the board of
20 trustees establishes a trust fund under 26 U.S.C. sec. 115, the board may
21 deposit the employer contribution provided in this subparagraph in that
22 trust fund~~;~~

23 ~~(d) Ten and three quarters percent (10.75%) of the total annual~~
24 ~~compensation of nonuniversity members who become members on or~~
25 ~~after January 1, 2022. Of this permanent employer contribution rate:~~

- 26 1. ~~Eight percent (8%) of the total annual compensation shall be used to~~
27 ~~fund pension and life insurance benefits. The contribution provided by~~

- 1 ~~this subparagraph shall not be used to fund the supplemental benefit~~
2 ~~account as provided by KRS 161.635;~~
- 3 ~~2. Two percent (2%) of the total annual compensation shall be used to fund~~
4 ~~the mandatory employer contribution of the supplemental benefit~~
5 ~~component, except that the board may direct these contributions on a~~
6 ~~prospective basis into the pension and life insurance funds to contain~~
7 ~~costs within the provisions of KRS 161.633; and~~
- 8 ~~3. Three quarters of one percent (0.75%) of annual compensation shall be~~
9 ~~used to provide funding to the medical insurance fund as provided under~~
10 ~~KRS 161.420(5). If the board of trustees establishes a trust fund under~~
11 ~~26 U.S.C. sec. 115, the board may deposit the employer contribution~~
12 ~~provided in this subdivision in that trust fund; and~~
- 13 ~~(e) Nine and seven hundred seventy five thousandths percent (9.775%) of~~
14 ~~total annual compensation of university members who become members~~
15 ~~on or after January 1, 2022. Of this permanent employer contribution~~
16 ~~rate:~~
- 17 ~~1. Five and seven hundred seventy five thousandths percent (5.775%) of~~
18 ~~the total annual compensation shall be used to fund pension and life~~
19 ~~insurance benefits. The contribution provided by this subparagraph shall~~
20 ~~not be used to fund the supplemental benefit account as provided by~~
21 ~~KRS 161.636;~~
- 22 ~~2. Two percent (2%) of the total annual compensation shall be used to fund~~
23 ~~the mandatory employer contribution of the supplemental benefit~~
24 ~~component, except that the board may direct these contributions on a~~
25 ~~prospective basis into the pension and life insurance funds to contain~~
26 ~~costs within the provisions of KRS 161.634; and~~
- 27 ~~3. Two percent (2%) of annual compensation shall be used to provide~~

1 ~~funding to the medical insurance fund as provided under KRS~~
2 ~~161.420(5). If the board of trustees establishes a trust fund under 26~~
3 ~~U.S.C. sec. 115, the board may deposit the employer contribution~~
4 ~~provided in this subparagraph in that trust fund].~~

5 (2) In addition to the required contributions in subsection (1) of this section, the state
6 shall contribute annually to the Teachers' Retirement System a percentage of the
7 total salaries of the state-funded and federally funded members it employs to pay the
8 cost of health insurance coverage for retirees who are not eligible for Medicare and
9 who retire on or after July 1, 2010, less the amounts that are otherwise required to
10 be paid by the retirees under KRS 161.675. The board shall deposit funds in the
11 medical insurance fund unless the board of trustees has established a trust fund
12 under 26 U.S.C. sec. 115 for this purpose. In this case, the board may deposit the
13 employer contribution in that trust fund. This contribution shall be known as the
14 state medical insurance fund stabilization contribution. The percentage to be
15 contributed by the state under this subsection:

16 (a) Shall be determined by the retirement system's actuary for each biennial
17 budget period;

18 (b) May be suspended or adjusted by the General Assembly if in its judgment the
19 welfare of the Commonwealth so demands; and

20 (c) Shall not exceed the lesser of the actual benefit cost for retirees not eligible for
21 Medicare who retire on or after July 1, 2010, or the amount contributed by
22 employers under subsection (3) of this section.

23 (3) All employers who employ nonuniversity members shall make a contribution for
24 each payroll on behalf of their active employees who participate in the Teachers'
25 Retirement System in an amount equal to three percent (3%) of payroll of those
26 active employees. The contribution specified by this subsection shall be used to
27 fund retiree health benefits.

1 (4) When the medical insurance fund established under KRS 161.420(5) achieves a
 2 sufficient prefunded status as determined by the Teachers' Retirement System's
 3 actuary, the board of trustees shall recommend to the General Assembly that the
 4 contributions required under subsections (1)(c)2. ~~and (e)3.~~ and (3) of this section
 5 shall, in an actuarially accountable manner, be either decreased, suspended, or
 6 eliminated. The decrease, suspension, or elimination in contributions required
 7 under subsection (1)(c)2. of this section shall not exceed two and twenty-five
 8 thousandths percent (2.025%) of annual compensation. ~~The decrease, suspension,~~
 9 ~~or elimination in contributions required under subsection (1)(e)3. of this section~~
 10 ~~shall not exceed one and twenty five hundredths percent (1.25%) of annual~~
 11 ~~compensation.]~~

12 (5) Each employer shall remit the required employer contributions to the retirement
 13 system under the terms and conditions specified for member contributions under
 14 KRS 161.560. The state shall provide annual appropriations based upon estimated
 15 funds needed to meet the requirements of KRS 161.155, 161.168, 161.507(4),
 16 161.515, 161.545, 161.553, 161.605, 161.612, and 161.620(1), (3), (5), (6), and (7).
 17 In the event an annual appropriation is less than the amount of these requirements,
 18 the state shall make up the deficit in the next biennium budget appropriation to the
 19 retirement system. Employer contributions to the retirement system are for the
 20 exclusive purpose of providing benefits to members and annuitants and these
 21 contributions shall be considered deferred compensation to the members. This
 22 subsection shall not apply to costs applicable to individuals who become members
 23 on or after January 1, 2022.

24 ➔Section 5. KRS 161.600 (Effective January 1, 2022) is amended to read as
 25 follows:

26 (1) ~~[An individual who becomes]A member of the retirement system~~~~[prior to January~~
 27 ~~1, 2022,]~~ may qualify for service retirement by meeting one (1) of the following

1 requirements:

2 (a) Attainment of age sixty (60) years and completion of five (5) years of
3 Kentucky service;

4 (b) 1. For an individual who becomes a member before July 1, 2008,
5 attainment of age fifty-five (55) years and completion of a minimum of
6 five (5) years of Kentucky service with an actuarial reduction of the
7 basic allowance of five percent (5%) for each year the member's age is
8 less than sixty (60) years or for each year the member's years of
9 Kentucky service credit is less than twenty-seven (27), whichever is the
10 lesser number; and

11 2. For an individual who becomes a member on or after July 1, 2008,
12 attainment of age fifty-five (55) years and completion of a minimum of
13 ten (10) years of Kentucky service with an actuarial reduction of the
14 basic retirement allowance of six percent (6%) for each year the
15 member's age is less than sixty (60) years or for each year the member's
16 years of Kentucky service credit is less than twenty-seven (27),
17 whichever is the lesser number;

18 (c) Completion of twenty-seven (27) years of Kentucky service. Out-of-state
19 service earned in accordance with the provisions of KRS 161.515(2) may be
20 used to meet this requirement; or

21 (d) Completion of the necessary years of service under provisions of KRS
22 61.559(2)(c) if the member is retiring under the reciprocity provisions of KRS
23 61.680. A member retiring under this paragraph who has not attained age
24 fifty-five (55) shall incur an actuarial reduction of the basic allowance
25 determined by the system's actuary for each year the member's service credit is
26 less than twenty-seven (27).

27 (2) ~~[An individual who becomes a member of the retirement system on or after January~~

1 ~~1, 2022, shall, except as adjusted by the board pursuant to KRS 161.633 or 161.634,~~
2 ~~as applicable, be eligible to retire upon attainment of:~~

3 ~~(a) Age sixty five (65) and completion of a minimum of five (5) years of~~
4 ~~Kentucky service;~~

5 ~~(b) Age sixty (60) and completion of a minimum of ten (10) years of Kentucky~~
6 ~~service;~~

7 ~~(c) Age fifty seven (57) and completion of a minimum of thirty (30) years of~~
8 ~~Kentucky service; or~~

9 ~~(d) Age fifty seven (57) and completion of a minimum of ten (10) years of~~
10 ~~Kentucky service with an actuarial reduction of the basic retirement allowance~~
11 ~~of six percent (6%) for each year the member's age is less than sixty (60) years~~
12 ~~or for each year the member's years of Kentucky service credit is less than~~
13 ~~thirty (30), whichever is the lesser number.~~

14 ~~(3)}~~ Any person who has been a member in Kentucky for twenty-seven (27) years or
15 more and who withdraws from covered employment may continue to pay into the
16 fund each year until the end of the fiscal year in which he or she reaches the age of
17 sixty-five (65) years, the current contribution rate based on the annual compensation
18 received during the member's last full year in covered employment, less any
19 payment received for accrued sick leave or accrued leave from an employer. The
20 member shall be entitled to receive a retirement allowance as provided in KRS
21 161.620 at any time after withdrawing from covered employment and payment of
22 contributions under this subsection. No member shall make contributions as
23 provided for in this subsection if the member is at the same time making
24 contributions to another retirement system in Kentucky supported wholly or in part
25 by public funds.

26 ~~(3)}~~~~(4)}~~ Service credit in the Kentucky Employees Retirement System, the State Police
27 Retirement System, the Legislators' Retirement Plan, the County Employees

1 Retirement System, or the Judicial Retirement System may be used in meeting the
 2 service requirements of subsection~~subsections~~ (1)(a) to (c)~~and (2)~~ of this
 3 section, provided the service is subsequent to July 1, 1956.

4 ~~(4)~~~~(5)~~ Upon death, disability, or service retirement, a member's accounts under all
 5 state supported retirement systems shall be consolidated, as provided by this section
 6 and by KRS 61.680, for the purpose of determining eligibility and amount of
 7 benefits, which shall include medical benefits. Upon determination of benefits, each
 8 system shall pay the applicable percentage of total benefits. The effective date of
 9 retirement under this subsection shall be determined by each retirement system for
 10 the portion of the payments that will be made.

11 ~~(5)~~~~(6)~~ No retirement annuity shall be effective until written application and option
 12 election forms are filed with the retirement office in accordance with administrative
 13 regulations of the board of trustees. A member may withdraw his or her retirement
 14 application, postpone his or her effective retirement date, or change his or her
 15 retirement option if these elections are made no later than the fifteenth day of the
 16 month in which the member has made application for retirement.

17 ~~(6)~~~~(7)~~ The surviving spouse of an active contributing member, if named as
 18 beneficiary of the member's account, may purchase retirement credit that the
 19 member was eligible to purchase prior to the member's death.

20 ➔Section 6. KRS 161.620 (Effective January 1, 2022) is amended to read as
 21 follows:

22 (1) The retirement allowance, in the form of a life annuity with refundable balance, of a
 23 member retiring for service shall be calculated as follows:

24 (a) For retirements effective July 1, 1998, and thereafter, except as otherwise
 25 provided by this section, the annual allowance for each year of service shall be
 26 two percent (2%) of the final average salary for service performed prior to
 27 July 1, 1983, and two and one-half percent (2.5%) of the final average salary

1 for service performed after July 1, 1983, for all nonuniversity members.
2 Except as otherwise provided by this section, the annual retirement allowance
3 for each year of service performed by members of the Teachers' Retirement
4 System who are university members shall be two percent (2%) of the final
5 average salary. Actuarial discounts due to age or service credit at retirement
6 may be applied as provided in this section;

7 (b) For individuals who become nonuniversity members of the Teachers'
8 Retirement System on or after July 1, 2002, and before July 1, 2008, who
9 upon retirement have earned less than ten (10) full years of service credit, the
10 retirement allowance shall be two percent (2%) of the member's final average
11 salary for each year of service. For individuals who become nonuniversity
12 members of the Teachers' Retirement System on or after July 1, 2002, and
13 before July 1, 2008, and who upon retirement have earned at least ten (10) full
14 years of service credit, the annual allowance for each year of service shall be
15 two and one-half percent (2.5%) of the member's final average salary;

16 (c) The board of trustees may approve for members who initially retire on or after
17 July 1, 2004, and who become nonuniversity members before July 1, 2008, a
18 retirement allowance of three percent (3%) of the member's final average
19 salary for each year or partial year of service credit earned in excess of thirty
20 (30) years. This three percent (3%) factor shall be in lieu of the two and one-
21 half percent (2.5%) factor provided for in paragraph (b) of this subsection for
22 every year or fraction of a year of service in excess of thirty (30) years. Upon
23 approval of this three percent (3%) retirement factor, the board of trustees may
24 establish conditions of eligibility regarding the type of service credit that will
25 qualify for meeting the requirements of this subsection. This subsection is
26 optional with the board of trustees and shall not be subject to KRS 161.714;

27 (d) For individuals who become nonuniversity members of the Teachers'

1 Retirement System on or after July 1, 2008~~[, but prior to January 1, 2022]~~, the
2 retirement allowance shall be:

- 3 1. a. One and seven-tenths percent (1.7%) of the member's final average
4 salary for each year of service if the member has earned ten (10) or
5 less years of service at retirement;
- 6 b. Two percent (2%) of the member's final average salary for each
7 year of service if the member has earned greater than ten (10) but
8 no more than twenty (20) years of service at retirement;
- 9 c. Two and three-tenths percent (2.3%) of the member's final average
10 salary for each year of service if the member has earned greater
11 than twenty (20) but no more than twenty-six (26) years of service
12 at retirement; or
- 13 d. Two and one-half percent (2.5%) of the member's final average
14 salary for each year of service if the member has earned greater
15 than twenty-six (26) but no more than thirty (30) years of service at
16 retirement; and
- 17 2. Three percent (3%) of the member's final average salary for each year or
18 partial year of service earned in excess of thirty (30) years of service at
19 retirement subject to the same terms and conditions as set forth in
20 paragraph (c) of this subsection;
- 21 (e) For individuals who become university members of the Teachers' Retirement
22 System on or after July 1, 2008~~[, but prior to January 1, 2022]~~, the retirement
23 allowance shall be:
 - 24 1. One and one-half percent (1.5%) of the member's final average salary for
25 each year of service if the member has earned ten (10) or less years of
26 service at retirement;
 - 27 2. One and seven-tenths percent (1.7%) of the member's final average

1 salary for each year of service if the member has earned greater than ten
2 (10) but no more than twenty (20) years of service at retirement;

3 3. One and eighty-five hundredths percent (1.85%) of the member's final
4 average salary for each year of service if the member has earned greater
5 than twenty (20) but less than twenty-seven (27) years of service at
6 retirement; or

7 4. Two percent (2%) of the member's final average salary for each year of
8 service if the member has earned twenty-seven (27) or more years of
9 service at retirement;

10 (f) ~~For individuals who become nonuniversity members of the Teachers'~~
11 ~~Retirement System on or after January 1, 2022, the retirement allowance shall,~~
12 ~~except as adjusted by the board pursuant to KRS 161.633, be the following~~
13 ~~percentage of the member's final average salary for each year of service:~~

14 1. ~~One and seven tenths percent (1.7%), which shall be increased~~
15 ~~incrementally each month the member's age at retirement is greater than~~
16 ~~sixty (60) so that the incremental increase is four one hundredths of one~~
17 ~~percent (0.04%) for each complete additional year of age at retirement in~~
18 ~~excess of sixty (60), not to exceed a value of one and nine tenths percent~~
19 ~~(1.9%) at age sixty five (65) or greater; plus~~

20 2. a. ~~One quarter of one percent (0.25%), if the member has earned at~~
21 ~~least twenty (20) but less than thirty (30) years of service at~~
22 ~~retirement; or~~

23 b. ~~One half of one percent (0.50%), if the member has earned thirty~~
24 ~~(30) or more years of service at retirement;~~

25 (g) ~~For individuals who become university members of the Teachers' Retirement~~
26 ~~System on or after January 1, 2022, the retirement allowance shall, except as~~
27 ~~adjusted by the board pursuant to KRS 161.634, be the following percentage~~

1 of the member's final average salary for each year of service:

2 1. ~~Seven tenths of one percent (0.7%), which shall be increased~~
 3 ~~incrementally each month the member's age at retirement is greater than~~
 4 ~~sixty (60) so that the incremental increase is four one hundredths of one~~
 5 ~~percent (0.04%) for each complete additional year of age in excess of~~
 6 ~~sixty (60), not to exceed a value of nine tenths of one percent (0.9%) at~~
 7 ~~age sixty five (65) or greater; plus~~

8 2. a. ~~One quarter of one percent (0.25%), if the member has earned at~~
 9 ~~least twenty (20) but less than thirty (30) years of service at~~
 10 ~~retirement; or~~

11 b. ~~One half of one percent (0.50%), if the member has earned thirty~~
 12 ~~(30) or more years of service at retirement; and~~

13 ~~(h)}~~ The retirement allowance of a member at retirement, as measured on a life
 14 annuity, shall not exceed the member's last yearly salary or the member's final
 15 average salary, whichever is the greater amount. For purposes of this section,
 16 "yearly salary" means the compensation earned by a member during the most
 17 recent period of contributing service, either consecutive or nonconsecutive,
 18 preceding the member's effective retirement date and shall be subject to the
 19 provisions of KRS 161.220(9) and (10)~~. This paragraph shall not apply to the~~
 20 ~~supplemental benefit component].~~

21 (2) Effective July 1, 2002, and annually on July 1 thereafter, the retirement allowance
 22 of each retired member and of each beneficiary of a retirement option shall be
 23 increased in the amount of one and one-half percent (1.5%), provided the retired
 24 member had been retired for at least the full twelve (12) months immediately
 25 preceding the date that the increase is effective. In the event that the retired member
 26 had been retired for less than the full twelve (12) months immediately preceding the
 27 date that the increase is effective, then the increase shall be reduced on a pro rata

1 basis by each month that the retired member had not been retired for the full twelve
2 (12) months immediately preceding the effective date of the increase~~[- This~~
3 ~~subsection shall not apply to benefits from the supplemental benefit component, and~~
4 ~~the board may adjust this value for individuals who become members on or after~~
5 ~~January 1, 2022, as provided by KRS 161.633 or 161.634, as applicable].~~

6 (3) Any member qualifying for retirement under a life annuity with refundable balance
7 shall be entitled to receive an annual allowance amounting to not less than four
8 hundred dollars (\$400) effective July 1, 2002, and not less than four hundred forty
9 dollars (\$440) effective July 1, 2003, multiplied by the service credit years of the
10 member. These minimums shall apply to the retired members receiving annuity
11 payments and to those members retiring on or subsequent to the effective dates
12 listed in this subsection, except the following:

13 (a) Individuals who become members of the Teachers' Retirement System on or
14 after July 1, 2008; or

15 (b) Members whose retirement allowance payment is reduced below the
16 minimum allowance as a result of its division in a qualified domestic relations
17 order or any other provision permitted under KRS 161.700.

18 (4) The minimum retirement allowance provided in this section shall apply in the case
19 of members retired or retiring under an option other than a life annuity with
20 refundable balance in the same proportion to the benefits of the member and his or
21 her beneficiary or beneficiaries as provided in the duly-adopted option tables at the
22 time of the member's retirement.

23 (5) Effective July 1, 2008, the monthly allowance of each retired member and each
24 recipient of a retirement option of the retired member may be increased in an
25 amount not to exceed three and one-half percent (3.5%) of the monthly allowance in
26 effect the previous month, provided the retired member had been retired for at least
27 the full twelve (12) months immediately preceding the date that the increase is

1 effective. In the event that the retired member had been retired for less than the full
2 twelve (12) months immediately preceding the date that the increase is effective,
3 then the increase shall be reduced on a pro rata basis by each month that the retired
4 member had not been retired for the full twelve (12) months immediately preceding
5 the effective date of the increase. The level of increase provided for in this
6 subsection shall be determined by the funding provided in the 2008-2010 biennium
7 budget appropriation.

8 (6) Effective July 1, 2009, the monthly allowance of each retired member and each
9 recipient of a retirement option of the retired member may be increased in an
10 amount not to exceed seven-tenths of one percent (0.7%) of the monthly allowance
11 in effect the previous month, provided the retired member had been retired for at
12 least the full twelve (12) months immediately preceding the date that the increase is
13 effective. In the event that the retired member had been retired for less than the full
14 twelve (12) months immediately preceding the date that the increase is effective,
15 then the increase shall be reduced on a pro rata basis by each month that the retired
16 member had not been retired for the full twelve (12) months immediately preceding
17 the effective date of the increase. The level of increase provided for in this
18 subsection shall be determined by the funding provided in the 2008-2010 biennium
19 budget appropriation.

20 (7) Effective July 1, 1990, monthly payments of two hundred dollars (\$200) shall be
21 payable for the benefit of an adult child of a member retired for service when the
22 child's mental or physical condition is sufficient to cause dependency on the
23 member at the time of retirement. Eligibility for this payment shall continue for the
24 life of the child or until the time the mental or physical condition creating the
25 dependency no longer exists or the child marries. Benefits under this subsection
26 shall apply to legally adopted survivors provided the proceedings for the adoption
27 were initiated at least one (1) year prior to the death of the member. The board of

1 trustees shall be the sole judge of eligibility or dependency and may require formal
2 application or information relating thereto.

3 (8) Members of the Teachers' Retirement System shall be subject to the annuity income
4 limitations imposed by Section 415 of the Internal Revenue Service Code.

5 (9) Compensation in excess of the limitations imposed by Section 401(a)(17) of the
6 Internal Revenue Code shall not be used in determining a member's retirement
7 annuity. The limitation on compensation for eligible members shall not be less than
8 the amount which was allowed to be taken into account by the retirement system in
9 effect on July 1, 1993. For this purpose, an eligible member is an individual who
10 was a member of the retirement system before the first plan year beginning after
11 December 31, 1995.

12 ➔Section 7. KRS 161.655 (Effective January 1, 2022) is amended to read as
13 follows:

14 (1) Effective July 1, 2000, the Teachers' Retirement System shall:

15 (a) Provide a life insurance benefit in a minimum amount of five thousand dollars
16 (\$5,000) for its members who are retired for service or disability~~[-except that~~
17 ~~the minimum amount for an individual who becomes a member on or after~~
18 ~~January 1, 2022, and retires for service or disability shall be ten thousand~~
19 ~~dollars (\$10,000)].~~ This life insurance benefit shall be payable upon the death
20 of a member retired for service or disability to the member's estate or to a
21 party designated by the member on a form prescribed by the retirement
22 system; and

23 (b) Provide a life insurance benefit in a minimum amount of two thousand dollars
24 (\$2,000) for its active contributing members~~[-except that the minimum~~
25 ~~amount for an individual who becomes a member on or after January 1, 2022,~~
26 ~~and is an active contributing member shall be five thousand dollars (\$5,000)].~~
27 This life insurance benefit shall be payable upon the death of an active

1 contributing member to the member's estate or to a party designated by the
2 member on a form prescribed by the retirement system.

3 (2) (a) The member may name one (1) primary and one (1) contingent beneficiary for
4 receipt of the life insurance benefit. To the extent permitted by the Internal
5 Revenue Code, a trust may be designated as beneficiary for receipt of the life
6 insurance benefit.

7 (b) Members may designate as beneficiaries only presently identifiable and
8 existing individuals, or trusts where otherwise permitted, without contingency
9 instructions, on forms prescribed by the retirement system.

10 (c) In the event that a member fails to designate a beneficiary, or all designated
11 beneficiaries predecease the member, the member's estate shall be deemed to
12 be the beneficiary, unless the member is married at the time of his or her
13 death, in which case the spouse shall be deemed the beneficiary.

14 (d) 1. Any beneficiary designation made by the member, including the estate
15 should the estate become the beneficiary by default, shall remain in
16 effect until changed by the member on forms prescribed by the
17 retirement system, except in the event of subsequent marriage or
18 divorce.

19 2. A valid marriage license shall terminate any previously designated
20 beneficiary, even that of a trust, and establish the spouse as beneficiary
21 unless, subsequent proof of the marriage, the member or retired member
22 redesignates someone other than the new spouse as the beneficiary.

23 3. An individual who is married prior to becoming an active member or a
24 retired member of the retirement system and remains married at the time
25 of becoming an active or retired member of the retirement system shall
26 have his or her spouse considered the primary beneficiary, unless the
27 member designates another beneficiary.

1 4. A final divorce decree shall terminate the beneficiary status of an ex-
2 spouse unless, subsequent to divorce, the member redesignates the
3 former spouse as a beneficiary. A final divorce decree shall not
4 terminate the designation of a trust as beneficiary regardless of who is
5 designated as beneficiary of the trust.

6 (e) The Teachers' Retirement System shall not acknowledge a beneficiary
7 designation unless the life insurance beneficiary form is received by the
8 Teachers' Retirement System prior to the member's death, or the life insurance
9 beneficiary form has been deposited in the mail with a postmark date no later
10 than the date of the member's death.

11 (3) Application for payment of life insurance proceeds shall be made to the Teachers'
12 Retirement System together with acceptable evidence of death and eligibility. The
13 reciprocal provisions of KRS 61.680(2)(a) shall not apply to the coverage and
14 payment of proceeds by the life insurance benefit under this section.

15 (4) Suit or civil action shall not be required for the collection of the proceeds of the life
16 insurance benefit provided for by this section, but nothing in this section shall
17 prevent the maintenance of suit or civil action against the beneficiary or legal
18 representative receiving the proceeds of the life insurance benefit.

19 (5) Upon the death of a member of the Teachers' Retirement System, the life insurance
20 provided pursuant to subsection (1) of this section may be assigned by the
21 designated beneficiary to a bank or licensed funeral home.

22 ➔Section 8. KRS 161.400 (Effective January 1, 2022) is amended to read as
23 follows:

24 (1) (a) The board of trustees shall designate as actuary a competent person who shall
25 be a fellow of the Conference of Consulting Actuaries or a member of the
26 American Academy of Actuaries. He or she shall be the technical adviser of
27 the board on matters regarding the operation of the funds of the system and

1 shall perform such other duties as are required in connection therewith.

2 (b) At least once in each five (5) year period, the actuary shall make an actuarial
3 investigation into the actuarial assumptions and funding methods used,
4 including but not limited to mortality, investment rate of return, and service
5 and compensation of the members and beneficiaries of the retirement system,
6 relative to the actuarial assumptions and funding methods previously adopted
7 by the board. The actuarial investigation shall include at a minimum a
8 summary of the changes in actuarial assumptions and funding methods
9 recommended in the investigation and the projected impact of the
10 recommended changes on funding levels, unfunded liabilities, and actuarially
11 recommended contribution rates for employers over a thirty (30) year period.

12 (c) At least annually the actuary shall make an actuarial valuation of the
13 retirement system. The valuation shall include:

- 14 1. A description of the actuarial assumptions used, and the assumptions
15 shall be reasonably related to the experience of the system and represent
16 the actuary's best estimate of anticipated experience;
- 17 2. A description of any funding methods utilized or required by state law in
18 the development of the actuarial valuation results;
- 19 3. A description of any changes in actuarial assumptions and methods from
20 the previous year's actuarial valuation;
- 21 4. The actuarially recommended contribution rate for employers for the
22 upcoming budget periods;
- 23 5. A thirty (30) year projection of the funding levels, unfunded liabilities,
24 and actuarially recommended contribution rates for employers based
25 upon the actuarial assumptions, funding methods, and experience of the
26 system as of the valuation date; and
- 27 6. A sensitivity analysis that evaluates the impact of changes in system

1 assumptions, including but not limited to the investment return
2 assumption, payroll growth assumption, and medical inflation rates, on
3 employer contribution rates, funding levels, and unfunded liabilities.

4 (d) On the basis of the results of the valuations, the board of trustees shall make
5 necessary changes in the retirement system within the provisions of law and
6 shall establish the contributions payable by employers and the state specified
7 in KRS 161.550~~, including changes prescribed by KRS 161.633, 161.634,~~
8 ~~161.635, and 161.636, as applicable.~~

9 (e) For any change in actuarial assumptions, funding methods, retiree health
10 insurance premiums and subsidies, or any other decisions made by the board
11 that impact system liabilities and actuarially recommended contribution rates
12 for employers and that are not made in conjunction with the actuarial
13 investigation required by paragraph (b) of this subsection, an actuarial analysis
14 shall be completed showing the projected impact of the changes on funding
15 levels, unfunded liabilities, and actuarially recommended contribution rates
16 for employers over a thirty (30) year period.

17 (2) Actuarial factors and actuarial cost factor tables in use by the retirement system for
18 all purposes shall be determined by the actuary of the retirement system and
19 approved by the board of trustees by resolution and implemented without the
20 necessity of an administrative regulation.

21 (3) A copy of each five (5) year actuarial investigation, actuarial analysis, and valuation
22 required by subsection (1) of this section shall be forwarded electronically to the
23 Legislative Research Commission no later than ten (10) days after receipt by the
24 board, and the Legislative Research Commission shall distribute the information
25 received to the committee staff and co-chairs of any committee that has jurisdiction
26 over the Teachers' Retirement System. The actuarial valuation required by
27 subsection (1)(c) of this section shall be submitted no later than November 15

1 following the close of the fiscal year.

2 ➔Section 9. KRS 161.420 (Effective January 1, 2022) is amended to read as
3 follows:

4 All of the assets of the retirement system are for the exclusive purpose of providing
5 benefits to members and annuitants and defraying reasonable expenses of administering
6 the system. The board of trustees shall be the trustee of all funds of the system and shall
7 have full power and responsibility for administering the funds. All the assets of the
8 retirement system shall be credited according to the purpose for which they are held to
9 one (1) of the following funds:

10 (1) The expense fund shall consist of the funds set aside from year to year by the board
11 of trustees to defray the expenses of the administration of the retirement system.
12 Each fiscal year an amount not greater than four percent (4%) of the dividends and
13 interest income earned from investments during the immediate past fiscal year shall
14 be set aside into the expense fund or expended for the administration of the
15 retirement system;

16 (2) (a) The teachers' savings fund shall consist of ~~the~~

17 ~~1. the~~ contributions paid by members of the retirement system into this
18 fund and regular interest assigned by the board of trustees from the
19 guarantee fund~~; and~~

20 ~~2. For individuals who become members of the Teachers' Retirement~~
21 ~~System on or after January 1, 2022, who are participating in the~~
22 ~~supplemental benefit component, the employer contributions paid into~~
23 ~~the supplemental benefit component and regular interest on those~~
24 ~~contributions as provided by KRS 161.635 and 161.636 that is assigned~~
25 ~~by the board of trustees from the guarantee fund.~~

26 ~~For individuals who become members on or after January 1, 2022, the system~~
27 ~~shall account for funds in the teachers' savings fund attributable to the~~

1 ~~nonuniversity members foundational benefit component, nonuniversity~~
2 ~~members supplemental benefit component, university members foundational~~
3 ~~benefit component, and university members supplemental benefit component].~~

4 (b) A member may not borrow any amount of his or her accumulated account
5 balance in the teachers' savings fund, or any regular interest earned thereon.

6 (c) The accumulated contributions or accumulated account balance of a member
7 which are returned to him or her upon his or her withdrawal or paid to his or
8 her estate or designated beneficiary in the event of his or her death shall be
9 paid from the teachers' savings fund.

10 (d) Any accumulated account balance in the teachers' savings fund forfeited by a
11 failure of a teacher or his or her estate to claim these contributions shall be
12 transferred from this fund to the guarantee fund.

13 (e) ~~[Except as provided by paragraph (f) of this subsection,]~~The accumulated
14 account balance of a member in the teachers' savings fund shall be transferred
15 from this fund to the allowance reserve fund in the event of retirement by
16 reason of service or disability~~].~~

17 ~~(f) For an individual who becomes a member of the Teachers' Retirement System~~
18 ~~on or after January 1, 2022, who is participating in the supplemental benefit~~
19 ~~component who elects to annuitize his or her accumulated account balance in~~
20 ~~the supplemental benefit component as prescribed by KRS 161.635(5)(a) or~~
21 ~~(b) or 161.636(5)(a) or (b), the member's accumulated account balance in the~~
22 ~~supplemental benefit component shall be transferred from this fund to the~~
23 ~~allowance reserve fund];~~

24 (3) The state accumulation fund shall consist of funds paid by employers and
25 appropriated by the state for the purpose of providing annuities and survivor
26 benefits, including any sums appropriated for meeting unfunded liabilities, together
27 with regular interest assigned by the board of trustees from the guarantee fund. At

1 the time of retirement or death of a member there shall be transferred from the state
 2 accumulation fund to the allowance reserve fund an amount which together with the
 3 sum transferred from the teachers' savings fund will be sufficient to provide the
 4 member a retirement allowance and provide for benefits under KRS 161.520 and
 5 161.525. ~~There shall also be transferred from the state accumulation fund to the~~
 6 ~~teachers' savings fund, the amount needed to fund the mandatory employer~~
 7 ~~contributions required by KRS 161.635 and 161.636];~~

8 (4) The allowance reserve fund shall be the fund from which shall be paid all retirement
 9 allowances and benefits provided under KRS 161.520 and 161.525. In addition,
 10 whenever a change in the status of a member results in an obligation on this fund,
 11 there shall be transferred to this fund from the teachers' savings fund and the state
 12 accumulation fund, the amounts as may be held in those funds for the account or
 13 benefit of the member;

14 (5) (a) The medical insurance fund, which is an account established according to 26
 15 U.S.C. sec. 401(h), shall consist of amounts accumulated for the purpose of
 16 providing benefits as provided in KRS 161.675, including:

- 17 1. The member contributions required by KRS 161.540(1)(a)2.
 18 and ~~[(b)2., (c)3., and (d)3.];~~
- 19 2. The employer contribution required by KRS 161.550(1)(a)2., (b)2.,
 20 (c)2., ~~[(d)3., and (e)3.]~~ and (3);
- 21 3. State appropriations as set forth in KRS 161.550(2), unless the
 22 contributions are made to a trust fund under 26 U.S.C. sec. 115
 23 established by the board for this purpose; and
- 24 4. Interest income from the investments of the fund from contributions
 25 received by the fund under subparagraphs 1. to 3. of this paragraph, and
 26 from income earned on those investments.

27 (b) All claims for benefits under KRS 161.675 shall be paid from this fund or

1 from any trust fund under 26 U.S.C. sec. 115 as established by the board for
2 this purpose. Any amounts deposited to the fund that are not required to meet
3 current costs shall be maintained as a reserve in the fund for these benefits.
4 The board shall take the necessary and appropriate steps, including
5 promulgating administrative regulations and procedures to maintain the status
6 of the medical insurance fund as an account subject to 26 U.S.C. sec. 401(h);

7 (6) The guarantee fund shall be maintained to facilitate the crediting of uniform interest
8 on the amounts of the other funds, except the expense fund, to finance operating
9 expenses directly related to investment management services, and to provide a
10 contingent fund out of which special requirements of any of the other funds may be
11 covered. All income, interest, and dividends derived from the authorized deposits
12 and investments shall be paid into the guarantee fund. Any funds received from
13 gifts and bequests, which the board is hereby authorized to accept and expend
14 without limitation in a manner either expressed by the donor or deemed to be in the
15 best interest of the membership, shall be credited to the guarantee fund. Any funds
16 transferred from the teachers' savings fund by reason of lack of claimant or because
17 of a surplus in any fund and any other moneys whose disposition is not otherwise
18 provided for, shall also be credited to the guarantee fund. The interest allowed by
19 the board of trustees to each of the other funds shall be paid to these funds from the
20 guarantee fund. Any deficit occurring in any fund that would not be automatically
21 covered shall be met by the payments from the guarantee fund to that fund;

22 (7) The school employee annuity fund shall consist of those funds voluntarily
23 contributed under the provisions of Section 403(b) of the Internal Revenue Code by
24 a member of the Teachers' Retirement System with accounts that existed on or after
25 July 1, 1996. The contributions shall not be picked up as provided in KRS
26 161.540(2). Separate member accounts shall be maintained for each member. The
27 board of trustees may promulgate administrative regulations pursuant to KRS

- 1 Chapter 13A to manage this program;
- 2 (8) The supplemental retirement benefit fund shall consist of those funds contributed by
3 the employer for the purpose of constituting a qualified government excess benefit
4 plan as described in Section 415 of the Internal Revenue Code for accounts that
5 existed on or after July 1, 1996. The board of trustees shall promulgate
6 administrative regulations pursuant to KRS Chapter 13A to administer this
7 program; *and*
- 8 (9) The life insurance benefit fund shall consist of amounts accumulated for the
9 purpose of providing benefits provided under KRS 161.655. The board of trustees
10 may allocate to this fund a percentage of the employer and state contributions as
11 provided under KRS 161.550. The allocation to this fund will be in an amount that
12 the actuary determines necessary to fund the obligation of providing the benefits
13 provided under KRS 161.655[; and
- 14 ~~(10) The stabilization reserve account shall consist of amounts in two (2) separate~~
15 ~~accounts:~~
- 16 ~~(a) One (1) that includes employer contributions as provided by KRS 161.550(1)(d)1.~~
17 ~~and 2. that exceeds the combined actuarially required employer contribution for the~~
18 ~~foundational benefit component and the mandatory employer contribution to the~~
19 ~~supplemental benefit component as provided by KRS 161.633 and 161.635 for~~
20 ~~those individuals who become nonuniversity members on or after January 1, 2022;~~
21 ~~and~~
- 22 ~~(b) One (1) that includes employer contributions as provided by KRS 161.550(1)(e)1.~~
23 ~~and 2. that exceeds the combined actuarially required employer contribution for the~~
24 ~~foundational benefit component and the mandatory employer contribution to the~~
25 ~~supplemental benefit component as provided by KRS 161.634 and 161.636 for~~
26 ~~those individuals who become university members on or after January 1, 2022.~~
- 27 ~~— Notwithstanding any other statute to the contrary, funds in these accounts shall only~~

1 ~~be used to pay off the unfunded liability of the pension and life insurance funds].~~

2 ➔Section 10. KRS 161.470 (Effective January 1, 2022) is amended to read as
3 follows:

- 4 (1) The membership of the retirement system shall consist of all new members, all
5 present teachers, and all persons participating under the retirement system as of
6 June 30, 1986, except as provided in Acts 1938 (1st Ex. Sess.), Ch. 1, paragraph 29.
7 The board of trustees of the Teachers' Retirement System shall be responsible for
8 final determination of membership eligibility and may direct employers to take
9 whatever action that may be necessary to correct any error relating to membership.
- 10 (2) Service credit shall be forfeited upon withdrawal. If a member again enters service
11 it shall be as a new member, except that any teacher who withdraws by claiming his
12 or her deposits may repay the system the amount withdrawn plus interest and
13 reestablish his or her service credit as provided in subsection (3) of this section.
- 14 (3) Effective July 1, 1988, and thereafter, an active contributing member of the
15 retirement system with contributing service equal to one (1) year may regain service
16 credit by depositing in the teachers' savings fund the amount withdrawn with
17 interest at the rate to be set by the board of trustees, and computed from the first of
18 the month of withdrawal and including the month of redeposit.
- 19 (4) Effective July 1, 1974, any active contributing member with at least two (2) years of
20 contributing service credit who declined membership as provided in Acts 1938 (1st
21 Ex. Sess.), Ch. 1, paragraph 29, may secure service credit for prior service, and for
22 any subsequent service prior to date of membership, by depositing in the teachers'
23 savings fund contributions for each year of subsequent service prior to date of
24 membership, with interest at the rate of eight percent (8%) compounded annually to
25 the date of deposit.
- 26 (5) Membership in the retirement system shall be terminated:
27 (a) By retirement for service;

- 1 (b) By death;
- 2 (c) By withdrawal of the member's accumulated account balance;
- 3 (d) When a member, having less than five (5) years of Kentucky service is absent
4 from service for more than three (3) consecutive years; or
- 5 (e) For persons whose membership begins on or after August 1, 2000, when a
6 member is convicted, in any state or federal court of competent jurisdiction, of
7 a felony related to his or her employment as provided in subparagraphs 1. and
8 2. of this paragraph.

9 1. Notwithstanding any provision of law to the contrary, a person whose
10 membership begins on or after August 1, 2000, who is convicted, in any
11 state or federal court of competent jurisdiction, of a felony related to his
12 or her employment shall forfeit rights and benefits earned under the
13 retirement system, except for the return of his or her accumulated
14 contributions and interest credited on those contributions.

15 2. The payment of retirement benefits ordered forfeited shall be stayed
16 pending any appeal of the conviction. If the conviction is reversed on
17 final judgment, no retirement benefits shall be forfeited.

18 Except for paragraph (e) of this subsection, upon termination of member accounts
19 under this subsection, funds in the account shall be transferred to the guarantee
20 fund. Inactive members may apply for refunds of these funds at any time. The
21 terminated service shall be reinstated, if not withdrawn by the member, in the event
22 that the member returns to active contributing service.

23 (6) In case of withdrawal from service prior to eligibility for retirement, the board of
24 trustees shall on request of the member return all of his or her accumulated account
25 balance, including any payments made by the member to the state accumulation
26 fund, but the member shall have no claim on any contributions made by the state or
27 employer with a view to his or her retirement~~], except as provided by KRS 161.635~~

1 ~~and 161.636,]~~ or to contributions made to the medical insurance fund. A member
2 who is withdrawing from service prior to retirement eligibility shall be entitled to a
3 refund following sixty (60) days after his or her last day of employment. If the
4 member is eligible for an immediate service retirement allowance as provided in
5 KRS 161.600, no withdrawal and refund shall be permitted, unless the allowance
6 would prohibit the member from qualifying for Social Security benefits or the
7 member elects to withdraw part or all of his or her service for the purpose of
8 obtaining service credit in another retirement plan. Requests for refund of
9 contributions by the member must be filed on forms prescribed by the Teachers'
10 Retirement System and the employer shall be financially responsible for all
11 information that is certified on the prescribed form. A member may not withdraw
12 any part of his or her accumulated account balance in the retirement system except
13 as provided by this subsection.

14 (7) Except as provided in KRS 161.520 and 161.525, in case of death prior to
15 retirement, the board of trustees shall pay to the estate of the deceased member,
16 unless a beneficiary was otherwise applicably designated by the deceased member,
17 then to the beneficiary, all of his or her accumulated account balance, including any
18 payments made by the member to the state accumulation fund, but the estate or
19 beneficiary shall have no claim on any contributions made by the state or employer
20 with a view to the retirement of the member~~[, except as provided by KRS 161.635~~
21 ~~and 161.636,]~~ or to contributions made to the medical insurance fund.

22 (8) Any active contributing member of the Kentucky Employees Retirement System,
23 the County Employees Retirement System, the State Police Retirement System, or
24 the Judicial Retirement System may use service, under that retirement system for
25 the purpose of meeting the service requirement of subsections (3) and (4) of this
26 section.

27 ➔Section 11. KRS 161.507 (Effective January 1, 2022) is amended to read as

1 follows:

- 2 (1) An active contributing member of the Teachers' Retirement System may receive
3 service credit for active service rendered in the uniformed services of the Armed
4 Forces of the United States, including the commissioned corps of the Public Health
5 Service, subject to the provisions of the Uniformed Services Employment and
6 Reemployment Rights Act of 1994 and the administrative regulations promulgated
7 by the board of trustees. Military service includes service in the uniformed services
8 that occurs before the employment of a member in a position covered by the
9 retirement system or where a member leaves covered employment without giving
10 advance written or verbal notice of performing duty in the uniformed services.
11 Service in the uniformed services also includes uniformed service that occurs after
12 employment in a position covered by the retirement system where the member has
13 given advance written or verbal notice of performing duty in the uniformed services
14 and the member returns directly from uniformed services to covered employment.
15 Military service may be credited only if discharge was honorable or was not
16 terminated upon the occurrence of any of the events listed in 38 U.S.C. sec. 4304.
17 Service shall be considered as Kentucky teaching service, except that service may
18 not be used for meeting the service requirements set forth in KRS 161.600(1)(a)~~]-or~~
19 ~~(2)]~~ or 161.661(1) unless the service occurred after the member gave written or
20 verbal notice of performing duty in the uniformed services and the member returned
21 directly from uniformed services to covered employment. A maximum of six (6)
22 years of military service may be credited, but in no case a greater number of years
23 than the actual years of contributing service in Kentucky.
- 24 (2) No credit shall be granted for military service which has been or will be used in
25 qualifying for annuity benefit payments from another retirement system financed
26 wholly or in part by public funds.
- 27 (3) A member having twenty (20) years or more of active duty in the military service,

1 and who is qualified for regular federal retirement benefits based on this military
2 service, may not receive credit for any military service in the Teachers' Retirement
3 System. This subsection shall apply to service presented for credit on July 1, 1975,
4 and after this date.

5 (4) (a) A member receiving retirement credit for active duty in the armed services of
6 the United States prior to employment in a position covered by the retirement
7 system or where the member leaves covered employment without giving
8 advance written or verbal notice of performing duty in the uniformed services
9 shall pay to the retirement system the full actuarial cost of the service credit
10 purchased as provided under KRS 161.220(22). These contributions shall not
11 be picked up, as described in KRS 161.540(2). In purchasing retirement credit
12 for active duty in the armed services, the latest years of service shall be
13 considered first in allowing credit toward retirement. The board of trustees
14 shall adopt a table of actuarial factors to be used in calculating the amount of
15 contribution required for crediting this service.

16 (b) If military service occurred after the member gave written or verbal notice of
17 performing duty in the uniformed services and the member returns directly
18 from uniformed services to covered employment, the member shall contribute
19 the regular member contribution required by KRS 161.540. The member may
20 make the payment of delayed contributions in a lump sum payment or in
21 installments not to exceed five (5) years beginning with the member's date of
22 reemployment. Interest at the rate of eight percent (8%) per annum shall be
23 charged for delayed contributions beginning with the member's date of
24 reemployment until paid~~. Members participating in the supplemental benefit~~
25 ~~component who make the regular member contribution required by this~~
26 ~~paragraph, shall also receive the mandatory employer contributions in the~~
27 ~~supplemental benefit component for the period of service purchased].~~

1 (5) An active contributing member of the Teachers' Retirement System may receive
2 service credit for service in the military reserves of the United States or the National
3 Guard. The member may purchase one (1) month of service for each six (6) months
4 of service in the reserves or the National Guard. Notwithstanding any other statute,
5 regulation, or policy to the contrary, the system shall provide a member, upon
6 request, the estimated actuarial cost of the National Guard or military reserves
7 service purchase based upon the information available at the time of the request.
8 The member shall be entitled to enter into a contract with the system at the time of
9 the request to purchase the National Guard or military reserve service by paying to
10 the system the estimated actuarial cost, either by installments or in lump sum. The
11 member shall pay the full actuarial cost of this service in the military reserves or the
12 National Guard as provided in KRS 161.220(22). Service in the military reserves or
13 the National Guard shall be treated as service earned prior to participation in the
14 system and shall not be used for meeting the service requirements set forth in KRS
15 161.600(1)(a) ~~or (2)~~ or 161.661(1). The payment shall not be picked up by the
16 employer, as described in KRS 161.540(2).

17 ➔Section 12. KRS 161.520 (Effective January 1, 2022) is amended to read as
18 follows:

19 Upon the death of an active contributing member or upon the death of a member retired
20 for disability, except as provided in KRS 161.661(6), the survivors of the deceased
21 member in the following named order, may elect to receive a survivor's benefit payable as
22 follows:

23 (1) Where there is a surviving widow or widower who is named as the primary
24 beneficiary of the member's retirement account, the benefit shall be:

25 (a) One hundred eighty dollars (\$180) per month with no restriction on other
26 income;

27 (b) Two hundred forty dollars (\$240) per month when the surviving widow or

1 widower's total income from all sources does not exceed six thousand six
2 hundred dollars (\$6,600) per year or five hundred fifty dollars (\$550) per
3 month; or

4 (c) If the deceased member has a minimum of ten (10) years of service credit with
5 the Teachers' Retirement System, the surviving widow or widower may apply
6 for an annuity actuarially equivalent to the annuity that would have been paid
7 to the deceased member when eligibility conditions were met. Eligibility for
8 payments would begin at the time the age of the deceased member would have
9 met the requirements of KRS 161.600(1) ~~or (2), as applicable~~. In exercising
10 this right, the surviving widow or widower shall be entitled to receive an
11 annuity for life. This subsection applies to surviving spouses of members who
12 die on or after July 1, 1978. A surviving widow or widower of a member who
13 dies after July 1, 1978, shall be eligible for benefit payments provided under
14 paragraphs (a) and (b) of this subsection until they begin receiving payments
15 under this provision;

16 (2) (a) Where there are surviving unmarried children under age eighteen (18) or
17 under age nineteen (19) if a full-time student in high school, the benefit shall
18 be two hundred dollars (\$200) per month in the case of one (1) child, three
19 hundred forty dollars (\$340) per month in the case of two (2) children, four
20 hundred dollars (\$400) per month in the case of three (3) children, and four
21 hundred forty dollars (\$440) per month in the case of four (4) or more
22 children. Benefits under this subsection shall apply in addition to benefits
23 which may be payable under subsections (1) and (3) of this section.

24 (b) Notwithstanding any provision of law to the contrary, the surviving spouse
25 may elect to receive a lump-sum refund of the member's accumulated account
26 balance in lieu of the survivorship benefits payable under this subsection and
27 subsection (1) of this section only if the surviving spouse is designated as the

1 primary beneficiary and:

- 2 1. Is a biological or adoptive parent of all children eligible for a benefit
3 under this subsection and has not had his or her parental rights
4 terminated; or
5 2. Has been appointed as legal guardian of all of the children eligible under
6 paragraph (a) of this subsection.

7 (c) To elect a lump-sum refund of the member's accumulated account balance
8 under paragraph (b) of this subsection, the surviving spouse who is designated
9 as the primary beneficiary must sign a waiver on forms prescribed by the
10 retirement system of his or her rights and the member's children's rights to the
11 survivorship benefits payable under this subsection and subsection (1) of this
12 section. The surviving spouse shall not waive the survivorship benefits
13 available under this subsection or subsections (1) and (6) of this section if any
14 of the member's children have attained age eighteen (18) or older unless all of
15 those children consent in writing on forms prescribed by the retirement system
16 to waive their survivorship benefits available under this subsection;

17 (3) (a) Where the survivor is a child age eighteen (18) or older whose mental or
18 physical condition is sufficient to cause his or her dependency on the deceased
19 member at the time of the member's death, the benefit shall be two hundred
20 dollars (\$200) per month, payable for the life of the child or until the time as
21 the mental or physical condition creating the dependency no longer exists or
22 the child marries. The mental or physical condition of the adult child shall be
23 revealed by a competent examination by a licensed physician and shall be
24 approved by a majority of a medical review committee as defined in KRS
25 161.661(14). Benefits under this subsection shall apply in addition to benefits
26 which may be payable under subsections (1) and (2) of this section.

27 (b) Notwithstanding any provision of law to the contrary, the surviving spouse

1 shall not elect to receive a lump-sum refund of the member's accumulated
2 account balance in lieu of the survivorship benefits payable under this
3 subsection and subsection (1) of this section unless:

- 4 1. The surviving spouse is designated as the primary beneficiary;
- 5 2. The surviving spouse has been appointed by the court as guardian,
6 conservator, or other fiduciary with sufficient general or specific
7 authority to waive the survivorship benefits available under this
8 subsection for any child or children age eighteen (18) or older who have
9 been adjudicated incompetent to make decisions on their own behalf by
10 a court of law; and
- 11 3. Any child or children age eighteen (18) or older who are mentally
12 competent to make decisions on their own behalf consent in writing on
13 forms prescribed by the retirement system to waive their survivorship
14 benefits available under this subsection.

15 (c) If eligible to elect a lump-sum refund of the member's accumulated account
16 balance, the surviving spouse shall sign a waiver on forms prescribed by the
17 retirement system of his or her rights and the member's children's rights to the
18 survivorship benefits payable under this subsection and subsections (1) and
19 (2) of this section;

20 (4) Where the sole eligible survivors are dependent parents aged sixty-five (65) or over,
21 the benefit shall be two hundred dollars (\$200) per month for one (1) parent or two
22 hundred ninety dollars (\$290) per month for two (2) parents. Dependency of a
23 parent shall be established as of the date of the death of the member;

24 (5) Where the sole eligible survivor is a dependent brother or sister, the benefit shall be
25 one hundred sixty five dollars (\$165) per month. In order to qualify, the brother or
26 sister must have been a resident of the deceased member's household for at least one
27 (1) full year prior to the member's death or must have been receiving care in a

- 1 hospital, nursing home, or other institution at the member's expense for same
2 period;
- 3 (6) The benefit to a child as defined in subsection (2) of this section shall terminate
4 upon the attainment of age eighteen (18) or upon reaching age nineteen (19), if a
5 full-time student in high school, or upon marriage, except that benefits shall
6 continue until the attainment of age twenty-three (23) for an unmarried child who is
7 a full-time student in a recognized educational program beyond the high school
8 level. The benefit to a dependent parent or dependent brother or sister or dependent
9 child age eighteen (18) or older shall terminate upon marriage, or upon termination
10 of the condition creating the dependency;
- 11 (7) The board of trustees shall be the sole judge of eligibility or dependency of any
12 beneficiary, and may require formal application or information relating to eligibility
13 or dependency, including proof of annual income satisfactory to the board. The
14 board of trustees may subpoena records and individuals whenever it deems this
15 action necessary;
- 16 (8) No payment of benefits shall be made unless the board of trustees authorizes the
17 payment. The board shall promulgate administrative regulations for the
18 administration of the provisions in this section and in every case the decision of the
19 board of trustees shall be final as to eligibility, dependency, or disability, and the
20 amount of benefits payable;
- 21 (9) In the event that there are no eligible survivors as defined in subsections (1) to (5)
22 of this section, or in the event that the surviving spouse elects not to receive
23 survivorship benefits on his or her own behalf or on behalf of any of the member's
24 children as permitted under subsections (2) and (3) of this section, the board of
25 trustees shall pay to the estate or the designated beneficiaries of the deceased
26 member a refund of his or her accumulated account balance as provided in KRS
27 161.470(7). If the benefits paid or payable under subsections (1) to (5) of this

1 section and KRS 161.661 shall amount to a sum less than the member's
2 accumulated account balance at the time of death, the board of trustees shall pay to
3 the estate or designated beneficiaries of the deceased member the balance of the
4 accumulated account balance;

5 (10) Any person who is receiving benefits and becomes disqualified from receiving
6 those benefits under this section shall immediately notify the Teachers' Retirement
7 System of this disqualification in writing and shall return all benefits paid after the
8 date of disqualification. Failure to comply with these provisions shall create an
9 indebtedness of that person to the Teachers' Retirement System. Interest at the rate
10 of eight percent (8%) per annum shall be charged if the debt is not repaid within
11 sixty (60) days after the date of disqualification. Failure to repay this debt creates a
12 lien in favor of the Teachers' Retirement System upon all property of the person
13 who improperly receives benefits and does not repay those benefits; and

14 (11) Benefits under subsections (2) and (3) of this section shall apply to a child who is a
15 legally adopted survivor at the time of the death of the member. This provision shall
16 be retroactive to include a child who was born after January 1, 1990, and is a legally
17 adopted survivor of a member whose death occurred prior to July 15, 2008.

18 ➔Section 13. KRS 161.548 (Effective January 1, 2022) is amended to read as
19 follows:

20 A member of the Teachers' Retirement System who is in an active contributing status
21 with the system, and who was formerly employed in a regional community service
22 program for mental health and individuals with an intellectual disability, organized and
23 operated under the provisions of KRS 210.370 to 210.480, which does not participate in a
24 state-administered retirement system, may obtain credit for the period of his or her service
25 in the regional community program for mental health and individuals with an intellectual
26 disability by paying to the Teachers' Retirement System the full actuarial cost of the
27 service credit purchased, as provided in KRS 161.220(22). The service credit purchased

1 may not be used for meeting the service requirements set forth in KRS 161.600(1)(a)~~[-or~~
2 ~~(2)]~~ or 161.661(1). The payment shall not be picked up, as described in KRS 161.540(2),
3 and the entire payment shall be placed in the teachers' savings fund.

4 →Section 14. KRS 161.549 (Effective January 1, 2022) is amended to read as
5 follows:

6 A member of the Teachers' Retirement System who is in an active contributing status
7 with the system, and who was formerly employed by a Federal Head Start agency,
8 operated under 42 U.S.C. secs. 9831 et seq., which does not participate in a state-
9 administered retirement system, may obtain credit for the period of the member's service
10 in the Head Start program by purchasing this service credit under the same conditions that
11 out-of-state service credit may be purchased under KRS 161.515. The service credit
12 purchased may not be used for meeting the service requirements set forth in KRS
13 161.600(1)(a)~~[-or (2)]~~ or 161.661(1). Payment for the service credit purchased may be
14 made in installments in lieu of a lump-sum payment. The payment shall not be picked up,
15 as described in KRS 161.540(2), and the entire payment shall be placed in the teachers'
16 savings fund.

17 →Section 15. KRS 161.605 (Effective January 1, 2022) is amended to read as
18 follows:

19 Any member retired by reason of service may return to work in a position covered by the
20 Kentucky Teachers' Retirement System and continue to receive his or her retirement
21 allowance under the following conditions:

22 (1) Any member who is retired with thirty (30) or more years of service may return to
23 work in a full-time or a part-time position, or in a position providing substitute
24 teaching service, covered by the Teachers' Retirement System and earn up to a
25 maximum of seventy-five percent (75%) of the member's last annual compensation
26 measured on a daily rate to be determined by the board of trustees. For purposes of
27 determining whether the salary of a member returning to work is seventy-five

1 percent (75%) or less of the member's last annual compensation, all remuneration
2 paid and benefits provided to the member, on an actual dollar or fair market value
3 basis as determined by the retirement system, excluding employer-provided medical
4 insurance required under subsection (5) of this section, shall be considered.
5 Members who were retired on or before June 30, 2002, shall be entitled to return to
6 work under the provisions of this section as if they had retired with thirty (30) years
7 of service. Nonqualified service credit purchased under the provisions of KRS
8 161.5465 or elsewhere with any state-administered retirement system shall not be
9 used to meet the thirty (30) year requirement set forth in this subsection. Out-of
10 state teaching service provided in public schools for kindergarten through grade
11 twelve (12) may count toward the thirty (30) year requirement set forth in this
12 subsection even if it is not purchased as service credit, if the member obtains from
13 his or her out-of-state employer certification of this service on forms prescribed by
14 the retirement system;

15 (2) Any member who is retired with less than thirty (30) years of service after June 30,
16 2002, may return to work in a full-time or part-time position, or in a position
17 providing substitute teaching service, covered by the Teachers' Retirement System
18 and earn up to a maximum of sixty-five percent (65%) of the member's last annual
19 compensation measured on a daily rate to be determined by the board of trustees.
20 For purposes of determining whether the salary of a member returning to work is
21 sixty-five percent (65%) or less of the member's last annual compensation, all
22 remuneration paid and benefits provided to the member, on an actual dollar or fair
23 market value basis as determined by the retirement system, excluding employer-
24 provided medical insurance required under subsection (5) of this section, shall be
25 considered;

26 (3) Reemployment of a retired member under subsection (1) or (2) of this section in a
27 full-time teaching or nonteaching position in a local school district shall be

1 permitted only if the employer certifies to the Kentucky Teachers' Retirement
2 System that there are no other qualified applicants available to fill the teaching or
3 nonteaching position. The employer may use any source considered reliable,
4 including but not limited to data provided by the Education Professional Standards
5 Board and the Department of Education, to determine whether other qualified
6 applicants are available to fill the teaching or nonteaching position. The Kentucky
7 Board of Education shall promulgate administrative regulations to establish
8 procedures to determine whether other qualified applicants are available to fill a
9 teaching or nonteaching position and, if not, for filling the position with a retired
10 member who will then be permitted to return to work in that position under
11 subsection (1) or (2) of this section. The administrative regulations shall ensure that
12 a retired member shall not be hired in a teaching or nonteaching position by a local
13 school district until the superintendent of the school district assures the Kentucky
14 Teachers' Retirement System that every reasonable effort has been made to recruit
15 other qualified applicants for the position on an annual basis;

16 (4) Under this section, an employer may employ full-time a number of retired members
17 not to exceed three percent (3%) of the membership actively employed full-time by
18 that employer. The board of trustees may reduce this three percent (3%) cap upon
19 recommendation of the retirement system's actuary if a reduction is necessary to
20 maintain the actuarial soundness of the retirement system. The board of trustees
21 may increase the three percent (3%) cap upon a determination that an increase is
22 warranted to help address a shortage in the number of available teachers and upon
23 the determination of the retirement system's actuary that the proposed cap increase
24 allows the actuarial soundness of the retirement system to be maintained. For
25 purposes of this subsection, "full-time" means the same as defined by KRS
26 161.220(21). A local school district may exceed the quota established by this
27 subsection by making an annual written request to the Kentucky Department of

1 Education which the department may approve on a year-by-year basis if the
2 statewide quota has not been met. A district's written request to exceed its quota
3 shall be submitted no sooner than two (2) weeks after the start of the school year;

4 (5) (a) Except as provided by subsection (10) of this section, a member returning to
5 work in a full-time or part-time position, or in a position providing substitute
6 teaching service, under subsection (1) or (2) of this section shall contribute to
7 an account with the retirement system that shall be administered
8 independently from and with no reciprocal impact with the member's original
9 retirement account, or any other account from which the member is eligible to
10 draw a retirement allowance.

11 (b) Except as provided by subsection (10) of this section, a member returning to
12 work under subsection (1) or (2) of this section shall make contributions to the
13 retirement system at the rate provided under KRS 161.540. The new account
14 shall independently meet all vesting requirements as well as all other
15 conditions set forth in KRS 161.600(1)~~[or (2), as applicable,]~~ before any
16 retirement allowance is payable from this account. The retirement allowance
17 accruing under this new account shall be calculated pursuant to KRS 161.620.
18 This new account shall not entitle the member to a duplication of the benefits
19 offered under KRS 161.620(7) or 161.675, nor shall this new account provide
20 the benefits offered by KRS 161.520, 161.525, 161.620(3), 161.655, 161.661,
21 or 161.663.

22 (c) A member returning to work under subsection (1) or (2) of this section shall
23 waive his or her medical insurance with the Teachers' Retirement System
24 during the period of reemployment and shall receive the medical insurance
25 coverage that is generally provided by the member's active employer to the
26 other members of the retirement system that the active employer employs. If
27 medical insurance coverage is not available from the employer, the Kentucky

1 Teachers' Retirement System may provide coverage for the member.

2 (d) A member returning to work under subsection (1) or (2) of this section shall
3 not be eligible to purchase service credit for any service provided after the
4 member's effective date of retirement but prior to the date that the member
5 returns to work. A member returning to work under subsection (1) or (2) of
6 this section shall not be eligible to purchase service credit that the member
7 would have otherwise been eligible to purchase prior to the member's initial
8 retirement.

9 (e) A member who returns to work under subsection (1) or (2) of this section, or
10 in the event of the death of the member, the member's estate or applicably
11 designated beneficiary, shall be entitled, within ninety (90) days of the posting
12 of the annual report submitted by the employer, to a refund of contributions as
13 permitted and limited by KRS 161.470;

14 (6) The board of trustees may annually, on July 1, adjust the current daily rate of a
15 member's last annual compensation, for each full twelve (12) month period that has
16 elapsed subsequent to the member earning his or her last annual compensation, by
17 the percentage increase in the annual average of the consumer price index for all
18 urban consumers for the calendar year preceding the adjustment as published by the
19 Federal Bureau of Labor Statistics, not to exceed five percent (5%) annually. Each
20 annual adjustment shall become part of the member's daily rate base. Failure to
21 comply with the salary limitations set forth in subsections (1) and (2) of this section
22 as may be adjusted by this subsection shall result in a reduction of the member's
23 retirement allowance or any other benefit to which the member would otherwise be
24 entitled on a dollar-for-dollar basis for each dollar that the member exceeds these
25 salary limitations, and the member shall be refunded his or her retirement
26 contributions made on the compensation that exceeds these salary limitations.
27 Notwithstanding any other provision of law to the contrary, a member retiring from

1 a local school district who returns to work for a local school district under
2 subsection (1) or (2) of this section shall be entitled, without any reduction to his or
3 her retirement allowance or any other retirement benefit, to earn a minimum amount
4 equal to one hundred seventy dollars (\$170) per day;

5 (7) (a) A retired member returning to work under subsection (1) or (2) of this section
6 shall have separated from service for a period of at least one (1) year if
7 returning to work for the same employer on a full-time basis, and at least three
8 (3) months if returning to work for a different employer on a full-time basis. A
9 retired member returning to work under subsection (1) or (2) of this section on
10 a part-time basis shall have separated from service for a period of at least three
11 (3) months before returning to work for any employer.

12 (b) As an alternative to the separation-from-service requirements in paragraph (a)
13 of this subsection, a retired member who is returning to work for the same
14 employer in a full-time position under subsections (1) and (2) of this section
15 may elect a separation-from-service of not less than two (2) months followed
16 by a forfeiture of the retired member's retirement allowance on a month-to-
17 month basis for each month that the member has separated from service for
18 less than twelve (12) full months. A retired member returning to work for the
19 same employer in a part-time position, or for a different employer in a full-
20 time position, may elect an alternative separation-from-service requirement of
21 at least two (2) months followed by a forfeiture of the member's retirement
22 allowance for one (1) month. During the period that the member forfeits his or
23 her retirement allowance and thereafter, member and employer contributions
24 shall be made to the retirement system as a result of employment in any
25 position subject to membership in the retirement system. The member shall
26 contribute to an account with the retirement system subject to the conditions
27 set forth in subsection (5) of this section.

- 1 (c) A retired member who is returning to work for an employer that has
2 employees who participate in the Teachers' Retirement System shall comply
3 with the separation-from-service requirements in this subsection before
4 performing any service for the employer, regardless of whether the retired
5 member is providing service in a position covered by the Teachers' Retirement
6 System.
- 7 (d) The starting date for any separation from service required under this
8 subsection shall be the effective date of the member's retirement.
- 9 (e) The separation-from-service requirements of this subsection are not met if
10 there is a prearranged agreement between the member and an employer that
11 has employees who participate in the Teachers' Retirement System prior to
12 retirement for the member to work for the employer after retirement.
- 13 (f) The Teachers' Retirement System may require the member and the employer
14 for which the member is returning to work to certify in writing on a form
15 prescribed by the Teachers' Retirement System that no prearranged agreement
16 was or will be entered into between the member and employer prior to
17 retirement for the member to work for the employer after retirement.
- 18 (g) Failure to comply with the separation-from-service requirements in this
19 subsection voids a member's retirement and the member shall be required to
20 return all the retirement benefits he or she received, with interest, for the
21 period of time that the member returned to work without a sufficient
22 separation from service;
- 23 (8) (a) Effective July 1, 2004, local school districts may employ retired members in
24 full-time or part-time teaching or administrative positions without limitation
25 on the compensation of the retired members that is otherwise required by
26 subsections (1) and (2) of this section. Under provisions of this subsection, a
27 local school district may only employ retired members to fill critical shortage

1 positions for which there are no other qualified applicants as determined by
2 the local superintendent. The number of retired members that a local school
3 district may employ under this subsection shall be no more than two (2)
4 members per local school district or one percent (1%) of the total active
5 members employed by the local school district on a full-time basis as defined
6 under KRS 161.220(21), whichever number is greater. Retired members
7 returning to work under this subsection shall be subject to the separation-
8 from-service requirements set forth in subsection (7) of this section. Retired
9 members returning to work under this subsection shall waive their medical
10 insurance coverage with the retirement system during their period of
11 reemployment and receive medical insurance coverage that is offered to other
12 full-time members employed by the local school district. Retired members
13 returning to work under this subsection shall contribute to an account subject
14 to the conditions set forth in subsection (5) of this section. Retired members
15 returning to work under this subsection shall make contributions to the
16 retirement system at the rate provided under KRS 161.540. The employer
17 shall make contributions at the rate provided under KRS 161.550. Local
18 school districts shall make annual payments to the retirement system on the
19 compensation paid to the reemployed retirees at the rates determined by the
20 retirement system's actuary that reflect any accrued liability resulting from the
21 reemployment of these members.

- 22 (b) The Department of Education may employ retired members in full-time or
23 part-time teaching or nonteaching positions without the limitations on
24 compensation otherwise required by subsections (1) and (2) of this section to
25 fill critical shortage areas in the schools it operates, including the Kentucky
26 School for the Blind, the Kentucky School for the Deaf, and the Kentucky
27 Virtual High School, and to serve on audit teams. The department shall be

1 subject to the same requirements as local school districts as provided in
2 paragraph (a) of this subsection, except the Teachers' Retirement System shall
3 determine the maximum number of employees that may be employed under
4 this paragraph;

5 (9) The return-to-work limitations set forth in this section shall apply to retired
6 members who are returning to work in the same position from which they retired, or
7 a position substantially similar to the one from which they retired, or a position
8 described in KRS 161.046 or any position listed in KRS 161.220(4) which requires
9 membership in the retirement system. Positions which generally require certification
10 or graduation from a four (4) year college or university as a condition of
11 employment which are created, or changed to remove the position from coverage
12 under KRS 161.220(4) are also subject to the return to work limitations set forth in
13 this section. The board of trustees shall determine whether employment in a
14 nonteaching position is subject to this subsection;

15 (10) ~~{(a) Notwithstanding the provisions of this section, individuals who become~~
16 ~~members on or after January 1, 2022, who subsequently retire and begin~~
17 ~~drawing a monthly lifetime retirement allowance from the Teachers'~~
18 ~~Retirement System, who following retirement are reemployed with an~~
19 ~~employer participating in the Teachers' Retirement System, shall not be~~
20 ~~eligible to contribute to or earn benefits in a second retirement account in the~~
21 ~~Teachers' Retirement System during the period of reemployment.~~

22 ~~(b) —~~The provisions of subsections (1) to (8) of this section are not subject to KRS
23 161.714;

24 (11) Any member retired by reason of service may waive his or her annuity and return to
25 full-time employment in a position covered by the Teachers' Retirement System
26 under the following conditions:

27 (a) The member shall receive no annuity payments while employed in a covered

1 position, shall waive his or her medical insurance coverage with the Teachers'
2 Retirement System during the period of reemployment, and shall receive the
3 medical insurance coverage that is generally offered by the member's active
4 employer to the other members of the retirement system employed by the
5 active employer. The member's estate or, if there is a beneficiary applicably
6 designated by the member, then the beneficiary, shall continue to be eligible
7 for life insurance benefits as provided in KRS 161.655. Service subsequent to
8 retirement shall not be used to improve an annuity, except as provided in
9 paragraphs (b) and (c) of this subsection;

10 (b) Any member who waives regular annuity benefits and returns to teaching or
11 covered employment shall be entitled to make contributions on the salaries
12 received for this service and have his or her retirement annuity recalculated as
13 provided in the regular retirement formula in KRS 161.620(1), less any
14 applicable actuarial discount applied to the original retirement allowance due
15 to the election of a joint and last survivor option. Retirement option and
16 beneficiary designation on original retirement shall not be altered by
17 postretirement employment, and dependents and spouses of the members shall
18 not become eligible for benefits under KRS 161.520, 161.525, or 161.661
19 because of postretirement employment;

20 (c) When a member returns to full-time teaching or covered employment as
21 provided in subsection (b) of this section, the employer is required to withhold
22 and remit regular retirement contributions. The member must be employed
23 full-time for at least one (1) consecutive contract year to be eligible to
24 improve an annuity. The member shall be returned to the annuity rolls on July
25 1 following completion of the contract year or on the first day of the month
26 following the month of termination of service if full-time employment
27 exceeds one (1) consecutive contract year. A member shall not be returned to

1 the annuity rolls until after he or she has filed a retirement application in
2 compliance with KRS 161.600~~(5)~~~~(6)~~. Any discounts applied at the time of
3 the original retirement due to service or age may be reduced or eliminated due
4 to additional employment if full-time employment is for one (1) consecutive
5 contract year or longer; and

6 (d) A member retired by reason of service who has been employed the equivalent
7 of twenty-five (25) days or more during a school year under KRS 161.605
8 may waive the member's retirement annuity and return to regular employment
9 covered by the Teachers' Retirement System during that school year a
10 maximum of one (1) time during any five (5) year period, beginning with that
11 school year;

12 (12) Retired members may be employed in a part-time teaching capacity by an agency
13 described in KRS 161.220(4)(b) or (n), not to exceed the equivalent of twelve (12)
14 teaching hours in any one (1) fiscal year. Retired members may be employed for a
15 period not to exceed the equivalent of one hundred (100) days in any one (1) fiscal
16 year in a part-time administrative or nonteaching capacity by an agency described in
17 KRS 161.220(4)(b) or (n) in a position that would otherwise be covered by the
18 retirement system. Except as otherwise provided by this subsection, the return to
19 work provisions set forth in subsections (1) to (8) of this section shall not apply to
20 retired members who return to work solely for an agency described in KRS
21 161.220(4)(b) or (n). Calculation of the number of days and teaching hours for part-
22 time teaching, substitute teaching, or part-time employment in a nonteaching
23 capacity under this section shall not exceed the ratio between a school year and the
24 actual months of retirement for the member during that school year. The board of
25 trustees by administrative regulation may establish fractional equivalents of a day of
26 teaching service. Any member who exceeds the twelve (12) hour or one hundred
27 (100) day limitations of this subsection shall be subject to having his or her

1 retirement voided and be required to return all retirement allowances and other
2 benefits paid to the member or on the member's behalf since the effective date of
3 retirement. In lieu of voiding a member's retirement, the system may reduce the
4 member's retirement allowance or any other benefit to which the member would
5 otherwise be entitled on a dollar-for-dollar basis for each dollar of compensation
6 that the member earns in employment exceeding twelve (12) hours, one hundred
7 (100) days, or any apportionment of the two (2) combined. Retired members
8 returning to work for an employer described in KRS 161.220(4)(b) or (n) shall
9 comply with the separation-from-service requirements of subsection (7) of this
10 section;

11 (13) When a retired member returns to employment in a part-time teaching capacity or in
12 a nonteaching capacity as provided in subsection (12) of this section, the employer
13 shall contribute annually to the retirement system on the compensation paid to the
14 retired member at rates determined by the retirement system actuary that reflect
15 accrued liability for retired members who return to work under subsection (12) of
16 this section; and

17 (14) For retired members who return to work during any one (1) fiscal year in both a
18 position described in KRS 161.220(4)(b) or (n) and in a position described under
19 another provision under KRS 161.220(4), and for retired members who return to
20 work in a position described under KRS 161.220(4)(b) or (n) in both a teaching and
21 an administrative or nonteaching capacity, the board of trustees shall adopt a
22 methodology for a pro rata apportionment of days and hours that the retired member
23 may work in each position.

24 ➔Section 16. KRS 161.612 (Effective January 1, 2022) is amended to read as
25 follows:

26 Effective July 1, 2002, any individual occupying a position on a part-time basis that
27 requires certification or graduation from a four (4) year college or university as a

1 condition of employment and any individual providing part-time or substitute teaching
2 services that are the same or similar to those teaching services provided by certified, full-
3 time teachers shall be a member of the Teachers' Retirement System, according to the
4 conditions and only to the extent set forth in this section, if the individual is employed by
5 one (1) of the public boards, institutions, or agencies set forth in KRS 161.220, excluding
6 those public boards, institutions, and agencies described in KRS 161.220(4)(b) and (n).
7 Members providing part-time and substitute services shall participate in the retirement
8 system as follows:

9 (1) Members providing part-time and substitute services shall accrue service credit as
10 provided under KRS 161.500 and be entitled to a retirement allowance upon
11 meeting the service retirement conditions of KRS 161.600. The board of trustees
12 shall adopt a methodology for accrediting service credit to these members on a pro
13 rata basis. The methodology adopted by the board of trustees may be amended as
14 necessary to ensure its actuarial soundness. The retirement allowance for members
15 providing part-time and substitute services shall be calculated pursuant to KRS
16 161.620~~[and 161.635 or 161.636, as applicable]~~, except that the provisions of KRS
17 161.620(3) shall not apply. Members providing part-time and substitute services
18 who meet the service retirement conditions of KRS 161.600 may also be eligible to
19 participate as approved by the board of trustees in the medical insurance program
20 provided by the retirement system under KRS 161.675. Members providing part-
21 time and substitute services shall make contributions to the Teachers' Retirement
22 System at the rate provided under KRS 161.540. A member who provides part-time
23 or substitute services, or in the event of the death of the member, the member's
24 estate or applicably designated beneficiary, will be entitled, within ninety (90) days
25 of the posting of the annual report submitted by the member's employer, to a refund
26 of contributions as permitted and limited by KRS 161.470;

27 (2) (a) 1. The board of trustees shall adopt eligibility conditions under which

- 1 members providing part-time and substitute services may participate in
2 the benefits provided under KRS 161.520, 161.655, 161.661, and
3 161.663.
- 4 2. For all disability retirement applications filed with the Teachers'
5 Retirement System on or after July 1, 2021, disability retirement
6 payments and any other recurring payments payable by any other state-
7 administered retirement system to members providing part-time or
8 substitute services shall be applied to reduce, on a dollar-for-dollar
9 basis, the minimum monthly disability retirement allowance of five
10 hundred dollars (\$500) provided for under KRS 161.661(6).
- 11 3. Effective July 1, 2021, members providing part-time or substitute
12 services shall not be eligible to apply for a disability retirement
13 allowance if they are eligible for a service retirement allowance that is
14 not subject to an actuarial reduction required under KRS 161.600(1)(b)
15 or (d).
- 16 (b) The board of trustees may permit members providing part-time or substitute
17 services to participate in other benefits offered by the retirement system by
18 promulgating administrative regulations that establish eligibility conditions
19 for participation in these benefits. All eligibility conditions adopted by the
20 board of trustees pursuant to this subsection may be amended as necessary to
21 ensure their actuarial soundness;
- 22 (3) In addition to the pro rata methodology adopted by the board of trustees under
23 subsection (1) of this section, members providing part-time and substitute services
24 shall be subject to all limitations and conditions regarding the accrual, retention,
25 accreditation, and use of service credit that apply to members providing full-time
26 services. In addition to the eligibility conditions set forth by the board of trustees
27 under subsection (2) of this section, members providing part-time and substitute

1 services shall be subject to all limitations and conditions regarding both the
2 eligibility to participate and the extent of participation in any benefit offered under
3 KRS 161.220 to 161.716 that apply to members providing full-time services;

4 (4) Notwithstanding any other provisions of this section to the contrary, instructional
5 assistants who provide teaching services in the local school districts on a full-time
6 basis in positions covered by the County Employees Retirement System who are
7 used as substitute teachers on an emergency basis for five (5) days or less during
8 any one (1) fiscal year shall not be considered members of the Teachers' Retirement
9 System during that period in which they are serving as substitute teachers for five
10 (5) days or less;

11 (5) The board of trustees may adopt a pro rata methodology to determine the annual
12 compensation of members providing part-time and substitute services in order to
13 determine benefits provided under KRS 161.661 and 161.663. Members providing
14 part-time and substitute services who had retirement contributions posted to their
15 accounts during the previous fiscal year and who have not had those contributions
16 refunded to them are eligible to vote for the board of trustees;

17 (6) The board of trustees of the Teachers' Retirement System shall be responsible for
18 final determination of membership eligibility and may direct employers to take
19 whatever action that may be necessary to correct any error relating to membership;
20 and

21 (7) The provisions of this section are not subject to KRS 161.714.

22 ➔Section 17. KRS 161.630 (Effective January 1, 2022) is amended to read as
23 follows:

24 (1) (a) A member, upon retirement, shall receive a retirement allowance in the form
25 of a life annuity, with refundable balance, as provided in KRS 161.620, unless
26 an election is made before the effective date of retirement to receive
27 actuarially equivalent benefits under options which the board of trustees

1 approves.

2 (b) ~~[An individual who is participating in the supplemental benefit component as~~
3 ~~provided by KRS 161.635 or 161.636 may, before the effective date of~~
4 ~~retirement, elect to receive his or her accumulated account balance accrued in~~
5 ~~the supplemental benefit component annuitized into a monthly payment under~~
6 ~~one (1) of the actuarial equivalent payment options approved by the board of~~
7 ~~trustees.~~

8 (c) No option shall provide for a benefit with an actuarial value at the age of
9 retirement greater than that provided in KRS 161.620~~, 161.635(5)(a), or~~
10 ~~161.636(5)(a), as applicable]. This section does not apply to disability~~
11 allowances as provided in KRS 161.661(1).

12 (2) The retirement option chosen by a retiree at the time of service retirement shall
13 remain in force unless the retiree elects to make a change under the following
14 conditions:

15 (a) A divorce, annulment, or marriage dissolution following retirement shall, at
16 the election of the retiree, cancel any optional plan selected at retirement that
17 provides indefinitely continuing benefits to a spousal beneficiary and return
18 the retiree to a single lifetime benefit equivalent as determined by the board;
19 or

20 (b) Following marriage or remarriage, or the death of the designated beneficiary, a
21 retiree may elect a new optional plan of payment based on the actuarial
22 equivalent of a single lifetime benefit at the time of the election, as determined
23 by the board. The plan shall become effective the first of the month following
24 receipt of an application on a form approved by the board.

25 (3) Except as otherwise provided in this section, a beneficiary designation shall not be
26 changed after the effective date of retirement except for retirees who elect the life
27 annuity with refundable balance or the predetermined years certain and life

1 thereafter option. A member may remove a beneficiary at any time, but shall not
2 designate a substitute beneficiary. If a member elects to remove a beneficiary, the
3 member's retirement allowance shall not change regardless of the retirement option
4 selected by the member, even if the removed beneficiary predeceases the member.

5 (4) A member who experiences a qualifying event under subsection (2) of this section
6 and who elects a new optional plan of payment shall make that election within sixty
7 (60) days of the qualifying event.

8 ➔Section 18. KRS 161.661 (Effective January 1, 2022) is amended to read as
9 follows:

10 (1) (a) Any member who is accredited by the Teachers' Retirement System for five
11 (5) or more years of service in Kentucky after July 1, 1941, may retire for
12 disability and be granted a disability allowance if found to be eligible as
13 provided in this section. Application for disability benefits shall be made
14 within one (1) year of the last contributing service in Kentucky, and the
15 disability must have occurred during the most recent period of employment in
16 a position covered by the Teachers' Retirement System and subsequent to the
17 accreditation by the Teachers' Retirement System of five (5) years of
18 retirement system service credit in Kentucky. A disability occurring during the
19 regular vacation immediately following the last period of active service in
20 Kentucky or during an official leave for which the member is entitled to make
21 regular contributions to the retirement system, shall be considered as having
22 occurred during a period of active service.

23 (b) The annual disability allowance shall be equal to sixty percent (60%) of the
24 member's final average salary.

25 (c) The following individuals shall not be eligible for disability benefits under
26 this section:

27 1. Members with twenty-seven (27) or more years of service credit; and

- 1 2. Individuals who become members on or after July 1, 2021, who are
2 eligible for an unreduced benefit under KRS 161.600(1)(b)2. or (d).
- 3 (2) The provisions of KRS 161.520, 161.525, and subsections (3), (4), and (5) of this
4 section shall not apply to disability retirees whose benefits were calculated on the
5 service retirement formula nor to survivors of these members.
- 6 (3) Members shall earn one (1) year of entitlement to disability retirement, at sixty
7 percent (60%) of the member's final average salary, for each four (4) years of
8 service in a covered position, but any member meeting the service requirement for
9 disability retirement shall be credited with no less than five (5) years of eligibility.
- 10 (4) A member retired by reason of disability shall continue to earn service credit at the
11 rate of one (1) year for each year retired for disability. This service shall be credited
12 to the member's account at the expiration of entitlement as defined in subsection (3)
13 of this section, or when the member's eligibility for disability benefits is terminated
14 upon recommendation of a medical review committee, and this service shall be used
15 in calculating benefits as provided in subsection (5) of this section, but under no
16 circumstances shall this service be used to provide the member with more than
17 twenty-seven (27) years of total service credit. The service credit shall be valued at
18 the same level as service earned by active members as provided under KRS 161.600
19 or 161.620.
- 20 (5) Any member retired by reason of disability and remaining disabled at the expiration
21 of the entitlement period shall have his or her disability benefits recalculated using
22 the service retirement formula with service credit earned as set out in subsection (4)
23 of this section. The retirement allowance shall be calculated as set forth in KRS
24 161.620, except that those persons less than sixty (60) years of age shall be
25 considered as sixty (60) years of age. Members having their disability benefits
26 recalculated under this subsection shall not be entitled to a benefit based upon an
27 average of their three (3) highest salaries as set forth in KRS 161.220(9), unless

- 1 approved otherwise by the board of trustees.
- 2 (6) Members who have their disability retirement allowance recalculated at the
3 expiration of the entitlement period shall continue to have coverage under the post-
4 retirement medical insurance program. Restrictions on employment shall remain in
5 effect until the member attains age seventy (70) or until the member's eligibility is
6 discontinued. KRS 161.520 and 161.525 shall not apply to survivors of disability
7 retirees whose retirement allowances have been recalculated at the expiration of the
8 entitlement period. Members who have their disability retirement allowance
9 recalculated at the expiration of their entitlement period shall be entitled to a
10 minimum monthly allowance of five hundred dollars (\$500) as the basic straight life
11 annuity. The minimum allowance shall be effective July 1, 1992, and shall apply to
12 those members who have had their allowance recalculated prior to that date and to
13 disability retirees who will have their benefit allowance recalculated on or after that
14 date. For individuals who become members on or after July 1, 2021, disability
15 retirement payments and any other recurring payments payable by any other state-
16 administered retirement system shall be applied to reduce, on a dollar-for-dollar
17 basis, the minimum monthly disability retirement allowance payable under this
18 subsection.
- 19 (7) Effective July 1, 1992, members retired for disability prior to July 1, 1964, shall be
20 entitled to a minimum monthly allowance of five hundred dollars (\$500) as their
21 basic straight life annuity and their surviving spouse shall be eligible for survivor
22 benefits as provided in KRS 161.520(1)(a) and (b).
- 23 (8) Any member retired by reason of disability may voluntarily waive disability benefits
24 and return to teaching or any member, who is age sixty (60) years or older, may
25 elect to waive disability benefits and retire for service on the basis of service
26 credited to the member on the effective date of the disability retirement.
- 27 (9) In order to qualify for retirement by reason of disability a member must suffer from

1 a physical or mental condition presumed to be permanent in duration and of a nature
2 as to render the member incapable of being gainfully employed in a covered
3 position. The incapability must be revealed by a competent examination by a
4 licensed physician or physicians and must be approved by a majority of a medical
5 review committee.

6 (10) A member retired by reason of disability shall be required to undergo periodic
7 examinations at the discretion of the board of trustees to determine whether the
8 disability allowance shall be continued. When examination and recommendation of
9 a medical review committee indicate the disability no longer exists, the allowance
10 shall be discontinued.

11 (11) Eligibility for payment shall begin on the first day of the month following receipt of
12 the application in the Teachers' Retirement System office, or the first of the month
13 next following the last payment of salary or sick leave benefits by the employer,
14 whichever is the later date.

15 (12) No person who receives a disability allowance may be employed in a position that
16 entails duties or qualification requirements similar to positions subject to
17 participation in the retirement system either within or without the State of
18 Kentucky. So doing shall constitute a misdemeanor and shall result in loss of the
19 allowance from the first date of this service. For purposes of this subsection and
20 subsection (13) of this section, "employment" and "occupation," and derivatives
21 thereof, mean any activity engaged in by the member receiving disability allowance
22 from which income is earned. A member who applies for and is approved for
23 disability retirement on or after July 1, 2002, and whose annual disability benefit is
24 less than forty thousand dollars (\$40,000) may earn income in any occupation other
25 than covered employment only to the extent that the annual income from the other
26 employment when added to the annual disability benefit does not exceed forty
27 thousand dollars (\$40,000). For any member who exceeds this limit as a result of

1 income from other employment, the Kentucky Teachers' Retirement System shall
2 reduce the member's disability benefit on a dollar-for-dollar basis for each dollar
3 that the member's combined annual disability benefit and annual income from other
4 employment exceeds forty thousand dollars (\$40,000). The board of trustees may
5 annually increase the forty thousand dollar (\$40,000) limit by the percentage
6 increase in the annual average of the consumer price index for all urban consumers
7 for the most recent calendar year as published by the Federal Bureau of Labor
8 Statistics, not to exceed five percent (5%). The retirement system may require
9 income verification from the member, including but not limited to copies of tax
10 returns and federal forms W-2 and W-4P.

11 (13) All members who applied for disability retirement before July 1, 2002, and were
12 approved as a result of that application shall be subject to the income limitations as
13 they existed on June 30, 2002, until July 1, 2006. Effective July 1, 2006, the twenty-
14 seven thousand dollar (\$27,000) limitation shall be increased to forty thousand
15 dollars (\$40,000) and may be adjusted by the board of trustees by the consumer
16 price index in the manner described in subsection (12) of this section. The recipient
17 of a disability allowance who engages in any gainful occupation other than covered
18 employment must make a report of the duties involved, compensation received, and
19 any other pertinent information required by the board of trustees. The retirement
20 system may require income verification from the member, including but not limited
21 to copies of tax returns and federal forms W-2 and W-4P.

22 (14) The board of trustees shall designate medical review committees, each consisting of
23 three (3) licensed physicians. A medical review committee shall pass upon all
24 applications for disability retirement and upon all applicant statements, medical
25 certifications, and examinations submitted in connection with disability
26 applications. The disposition of each case shall be recommended by a medical
27 review committee in writing to the retirement system. Members of a medical review

1 committee shall follow administrative regulations regarding procedures as the board
2 of trustees may enact and shall be paid reasonable fees and expenses as authorized
3 by the board of trustees in compliance with the provisions of KRS 161.330 and
4 161.340. The retirement system may secure additional medical examinations and
5 information as it deems necessary. A member may appeal any final agency decision
6 denying his or her disability retirement application pursuant to the provisions of
7 KRS 161.250(2).

8 (15) A disability may be presumed to be permanent if the condition creating the
9 disability may be reasonably expected to continue for one (1) year or more from the
10 date of application for disability benefits.

11 (16) Any member who has voluntarily waived disability benefits or whose disability
12 benefits have been discontinued on recommendation of a medical review
13 committee, may apply for reinstatement of disability benefits. The application for
14 reinstatement must be made to the retirement system within twelve (12) months of
15 the date disability benefits terminated. If the termination of benefits were voluntary,
16 the reinstatement may be made without medical examination if application is made
17 within three (3) months of the termination date. Other applications for reinstatement
18 will be processed in the same manner as new applications for benefits.

19 (17) No person who is receiving disability benefits under this section may be employed
20 in a position which qualifies the person for membership in a retirement system
21 financed wholly or in part with public funds. Employment in a position prohibited
22 by this subsection shall result in disqualification for those disability benefits from
23 the date of employment in the prohibited position.

24 (18) Any person who is receiving benefits and becomes disqualified from receiving
25 those benefits under this section, or becomes disqualified from receiving a portion
26 of those benefits due to income from other than covered employment, shall
27 immediately notify the Teachers' Retirement System of this disqualification in

1 writing and shall return all benefits paid after the date of disqualification. Failure to
2 comply with these provisions shall create an indebtedness of that person to the
3 Teachers' Retirement System. Interest at the rate of eight percent (8%) per annum
4 shall be charged if the debt is not repaid within sixty (60) days after the date of
5 disqualification. Failure to repay this debt creates a lien in favor of the Teachers'
6 Retirement System upon all property of the person who improperly receives benefits
7 and does not repay those benefits. The Teachers' Retirement System may, in order
8 to collect an outstanding debt, reduce or terminate any benefit that a member is
9 otherwise entitled to receive.

10 ~~[(19) Notwithstanding any other provision of this section to the contrary, individuals who
11 become members on or after January 1, 2022, shall be eligible for an actuarially
12 determined disability benefit as prescribed by the board of trustees via
13 administrative regulations promulgated by the board. The board of trustees shall
14 arrange by appropriate contract or on a self-insured basis a disability plan to provide
15 the disability benefits and may adjust the benefits in accordance with KRS
16 161.633(3) or 161.634(3).]~~

17 ➔Section 19. The following KRS sections are repealed:

18 161.633 Foundational component for persons who became nonuniversity members on or
19 after January 1, 2022 -- Valuation assessment -- Adjustments to maintain funding
20 level and contain costs -- Construction. (Effective January 1, 2022)

21 161.634 Foundational component for persons who became university members on or
22 after January 1, 2022 -- Valuation assessment -- Adjustments to maintain funding
23 level and contain costs -- Construction. (Effective January 1, 2022)

24 161.635 Supplemental component for persons who became nonuniversity members on
25 or after January 1, 2022 -- Benefit -- Contributions -- Election upon termination of
26 employment and upon retirement -- Plans authorized under Internal Revenue
27 Code. (Effective January 1, 2022)

1 161.636 Supplemental component for persons who became university members on or
2 after January 1, 2022 -- Benefit -- Contributions -- Election upon termination of
3 employment and upon retirement -- Plans authorized under Internal Revenue
4 Code. (Effective January 1, 2022)

5 ➔Section 20. Individuals who become members of the Teachers' Retirement
6 System on or after January 1, 2022, but prior to the effective date of this Act, who would
7 have otherwise been eligible for the benefits and rights provided by 2021 Ky. Acts ch.
8 157, shall be provided to the benefits and rights that were applicable to individuals who
9 became members of the Teachers' Retirement System immediately prior to January 1,
10 2022.

11 ➔Section 21. Whereas recruiting and retaining the best and brightest teachers to
12 educate and inspire future generations of Kentuckians is crucial to the success, health, and
13 financial well-being of all citizens of the Commonwealth, an emergency is declared to
14 exist, and this Act takes effect upon its passage and approval by the Governor or upon its
15 otherwise becoming a law.