

1 AN ACT relating to cost-of-living adjustments for pension plans for former cities of  
2 the third class.

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

4 ➔Section 1. KRS 90.410 is amended to read as follows:

- 5 (1) Any city maintaining a pension fund for employees under civil service hired before  
6 August 1, 1988, operating pursuant to this section as of January 1, 2015, shall  
7 continue to operate the existing pension fund in accordance with this section. The  
8 city may assess monthly such amount or percent of the salary of employees as may  
9 be equitably determined on a fair actuarial basis, not to exceed five percent (5%) of  
10 the monthly salary of any employee. The city legislative body shall contribute city  
11 revenues to the fund which shall be not less than the contributions of the employees.
- 12 (2) The city may create a board for the pension fund and designate trustees of that board  
13 to serve as the governing body of the fund, and may fix the powers of trustees,  
14 determine the eligibility of employees or their dependents to a pension or other  
15 benefit, and may provide a monthly allowance for employees eligible for a pension,  
16 not to exceed one-half (1/2) of the monthly salary of any employee at the time of his  
17 retirement.
- 18 (3) In order to adjust retirement benefits to the purchasing power of the dollar, the city  
19 may annually provide an increase in benefits paid pursuant to this section. The city  
20 may provide an increase of any amount **equal to the increase in the cost-of-living**  
21 **increase for a recipient of Social Security or**~~up to~~ the increase in the consumer  
22 price index calculated pursuant to KRS 64.527, but in no case shall the annual  
23 increase exceed five percent (5%).
- 24 (4) When any city maintaining a pension fund for employees under civil service hired  
25 before August 1, 1988, operating pursuant to this section as of January 1, 2015,  
26 picks up employee contributions pursuant to KRS 65.155, or accepts from its  
27 employees a portion of their wages and contributes city funds therefor, an inviolable

1 contract shall be created between the city as employer and its employees, and the  
2 city and its employees shall continue to operate under KRS 90.310 to 90.390 and  
3 the adopting ordinance, except that employees, pursuant to subsection (5) of this  
4 section, may choose to participate in the County Employees Retirement System. A  
5 repeal of that ordinance by the city shall in no wise affect such employees unless by  
6 the mutual consent of the city and an employee or employees.

7 (5) After August 1, 1988, no new pension fund shall be created pursuant to this section,  
8 and cities which were covered by this section on or prior to August 1, 1988, shall  
9 participate in the County Employees Retirement System effective August 1, 1988.  
10 Any city which provided a pension plan for its employees on or prior to August 1,  
11 1988, shall place employees hired after August 1, 1988, in the County Employees  
12 Retirement System. The board shall offer employees hired on or prior to August 1,  
13 1988, membership in the County Employees Retirement System under the alternate  
14 participation plan as described in KRS 78.530(3), but such employees may elect to  
15 retain coverage under this section.

16 (6) If all liabilities to all individuals entitled to benefits have been satisfied for a  
17 pension fund covered by this section, any ordinances established for creation or  
18 maintenance of the fund may be repealed by the majority vote of the duly elected  
19 members of the entire legislative body of the city. If repealed, the governing body of  
20 the fund shall, within sixty (60) days of repeal, proceed with the liquidation of any  
21 residual assets of the fund. All residual assets liquidated pursuant to this subsection  
22 shall be distributed by the fund's governing body to the city government's general  
23 fund so long as the return of assets complies with federal and state law governing  
24 the distribution of assets. Within thirty (30) days following the distribution of  
25 residual assets, the governing body of the fund shall as its last act file a complete  
26 report with the legislative body of the city of the actions taken to dissolve the fund  
27 and liquidate residual assets of the fund for retention by the city clerk the same as

1 for other city records.

2 ➔Section 2. KRS 95.560 is amended to read as follows:

3 (1) In cities that have a policemen's and firefighters' pension fund established under  
4 KRS 95.520, any member of the police or fire department having served twenty  
5 (20) years or longer in the police or fire department may petition the board of  
6 trustees for retirement; and if his petition is granted, the board may order paid to  
7 him monthly fifty percent (50%) of his monthly salary at the time of retirement.

8 (2) In order to adjust retirement benefits to the purchasing power of the dollar, the  
9 board shall if it is actuarially feasible annually order an increase in benefits paid  
10 pursuant to this section and KRS 95.550. The board shall if it is actuarially feasible  
11 order an increase in benefits by an amount equal to the increase in the cost-of-living  
12 increase for a recipient of Social Security or the increase in the consumer price  
13 index calculated pursuant to KRS 64.527, but the annual increase shall not exceed  
14 five percent (5%).

15 (3) The board may provide a group hospital and medical insurance plan for retirees and  
16 their spouses who have not reached the age to qualify for Federal Medicare, if  
17 providing insurance will not jeopardize the capacity of the board to pay retirement  
18 and survivor benefits. No insurance shall be provided for persons who are entitled  
19 to Medicare benefits or are receiving Medicare benefits.

20 ➔Section 3. KRS 95.624 is amended to read as follows:

21 (1) In cities that have adopted the alternative pension fund provisions authorized by  
22 KRS 95.621, any member of the police or fire department having served twenty  
23 (20) years or longer in the police or fire department may petition the board of  
24 trustees for retirement; and if his petition is granted, the board may order paid to  
25 him monthly fifty percent (50%) of his monthly salary at the time of retirement. If  
26 this petition for retirement is denied, any policeman or firefighter has the right of  
27 appeal in accordance with the Rules of Civil Procedure.

- 1 (2) The pension payable for periods of service between twenty (20) and twenty-five  
2 (25) years shall be fifty percent (50%) of salary plus two percent (2%) of salary for  
3 each year in excess of twenty (20). The pension payable for twenty-five (25) years  
4 of service shall be sixty percent (60%) of salary. The pension payable for periods of  
5 service between twenty-five (25) and thirty (30) years shall be sixty percent (60%)  
6 of salary plus three percent (3%) of salary for each year in excess of twenty-five  
7 (25). The pension payable for thirty (30) years of service shall be seventy-five  
8 percent (75%) of salary.
- 9 (3) The pensions or benefits paid for disability or death from the policemen's and  
10 firefighters' pension fund created under KRS 95.622 shall be as follows:
- 11 (a) If any member of the police and fire department becomes temporarily totally  
12 disabled, physically or mentally, the board of trustees of the pension fund shall  
13 order paid to him monthly, during his disability, until he has recovered and  
14 returned to active duty, a sum of not more than one-half (1/2) his salary per  
15 month, the amount to be determined by the board. This provision shall not  
16 apply if a salary is paid during the same period.
- 17 (b) If any member of the police or fire department becomes permanently disabled,  
18 physically or mentally, so as to render necessary his retirement from service in  
19 the department, the board of trustees shall retire him from service and order  
20 paid to him monthly fifty percent (50%) of his monthly salary at the time of  
21 his retirement.
- 22 (c) If any member of the police or fire department is killed or dies as the result of  
23 an injury received in the performance of duty, or dies of any disease  
24 contracted by reason of his occupation, or dies while in the service from any  
25 cause as a result of his service in the department, or dies in service or while on  
26 the retired list from any cause after one (1) year of service in the department  
27 and leaves a widow or a child under eighteen (18) years of age, the board of

1 trustees shall order a pension paid to the widow, while unmarried, of one-half  
2 (1/2) of salary per month and for each child until it reaches the age of eighteen  
3 (18) years, twenty-four dollars (\$24) per month. The board may provide a  
4 minimum benefit of no more than four hundred dollars (\$400) per month,  
5 initially, to the surviving spouse if the benefit can be supported on an  
6 actuarially-sound basis by the fund. The board may increase the minimum  
7 benefit pursuant to the terms of subsection (4) of this section. If the deceased  
8 member was unmarried and childless, a pension shall be paid to his dependent  
9 father and mother of one-fourth (1/4) of salary per month. If one (1) parent is  
10 dead, the other shall receive the entire one-fourth (1/4) salary.

11 (4) In order to adjust retirement benefits to the purchasing power of the dollar, the  
12 board shall if it is actuarially feasible annually order an increase in benefits paid  
13 pursuant to this section. The board shall if it is actuarially feasible order an increase  
14 in benefits by an amount equal to the increase in the cost-of-living increase for a  
15 recipient of Social Security *or the increase in the consumer price index calculated*  
16 *pursuant to KRS 64.527*, but the annual increase shall not exceed five percent  
17 (5%).

18 (5) The board may provide a group hospital and medical insurance plan for retirees and  
19 their spouses who have not reached the age to qualify for federal Medicare, if  
20 providing insurance will not jeopardize the capacity of the board to pay retirement  
21 and survivor benefits. No insurance shall be provided for persons who are entitled  
22 to Medicare benefits or are receiving Medicare benefits, except that supplemental  
23 health insurance may be provided to those retirees and their spouses who are  
24 entitled to Medicare benefits or are receiving Medicare benefits if providing the  
25 supplemental health insurance will not jeopardize the capacity of the board to pay  
26 other existing retirement and survivor benefits.