

**161.540 Members' contributions -- Picked-up contributions.**

- (1) (a) Effective July 1, 1988, each individual who first becomes a member before July 1, 2008, shall contribute to the retirement system nine and eight hundred fifty-five thousandths percent (9.855%) of annual compensation, except that university employees who participate in the Kentucky Teachers' Retirement System shall contribute eight and three hundred seventy-five thousandths percent (8.375%) of annual compensation.
- (b) Each individual who first becomes a member on or after July 1, 2008, shall contribute to the retirement system ten and eight hundred fifty-five thousandths percent (10.855%) of annual compensation, except that university employees who participate in the Kentucky Teachers' Retirement System shall contribute nine and three hundred seventy-five thousandths percent (9.375%) of annual compensation.
- (c) 1. Effective July 1, 2010, members shall, in addition to those contributions required under paragraphs (a) and (b) of this subsection, make a contribution to the medical insurance fund established under KRS 161.420(5) according to the following schedule:
  - a. For each individual who first became a member of the retirement system before July 1, 2008, a total amount of annual compensation equal to and effective on:
    - July 1, 2010.....Twenty-five hundredths percent (.25%)
    - July 1, 2011.....One-half percent (0.50%)
    - July 1, 2012.....One percent (1.0%)
    - July 1, 2013.....One and one-half percent (1.5%)
    - July 1, 2014.....Two and twenty-five hundredths percent (2.25%)
    - July 1, 2015,  
and thereafter.....Three percent (3.0%) for a total of three and seventy-five hundredths percent (3.75%)  
when added to the contributions required  
under KRS 161.420(5)(a); or
  - b. For each individual who first becomes a member of the retirement system on or after July 1, 2008, a total amount of annual compensation equal to and effective on:
    - July 1, 2013.....One-half percent (0.50%)
    - July 1, 2014.....One and twenty-five hundredths percent (1.25%)
    - July 1, 2015,  
and thereafter.....Two percent (2.0%) for a total of three and seventy-five hundredths percent (3.75%)  
when added to the contributions required  
under KRS 161.420(5)(a)

2. Notwithstanding subparagraph 1. of this paragraph, members employed by any employer identified in KRS 161.220(4)(b) or (n) shall contribute, as a percentage of their total annual compensation, the actuarial equivalent of the percentage contributed by members under subparagraph 1. of this paragraph, not to exceed the percentages established under the schedules set forth in subparagraph 1. of this paragraph. The actuarial equivalent to be contributed under this subsection shall be determined by the retirement system's actuary. These contributions shall be in lieu of those contributions required under subparagraph 1. of this paragraph.
  3. When the medical insurance fund established under KRS 161.420(5) achieves a sufficient prefunded status as determined by the retirement system's actuary, the board of trustees shall recommend to the General Assembly that the contributions required under subparagraphs 1. and 2. of this paragraph shall, in an actuarially accountable manner, be either decreased, suspended, or eliminated.
- (d) Payments authorized by statute that are made to retiring members, who became members of the system before July 1, 2008, for not more than sixty (60) days of unused accrued annual leave shall be considered as part of the member's annual compensation, and shall be used only for the member's final year of active service. The contribution of members shall not exceed these applicable percentages on annual compensation. When a member retires, if it is determined that he has made contributions on a salary in excess of the amount to be included for the purpose of calculating his final average salary, any excess contribution shall be refunded to him in a lump sum at the time of the payment of his first retirement allowance. In the event a member is awarded a court-ordered back salary payment the employer shall deduct and remit the member contribution on the salary payment, plus interest to be paid by the employer, to the retirement system unless otherwise specified by the court order.
- (2) Each public board, institution, or agency listed in KRS 161.220(4) shall, solely for the purpose of compliance with Section 414(h) of the United States Internal Revenue Code, pick up the member contributions required by this section for all compensation earned after August 1, 1982, and the contributions so picked up shall be treated as employer contributions in determining tax treatment under the United States Internal Revenue Code and KRS 141.010(10). The picked-up member contribution shall satisfy all obligations to the retirement system satisfied prior to August 1, 1982, by the member contribution, and the picked-up member contribution shall be in lieu of a member contribution. Each employer shall pay these picked-up member contributions from the same source of funds which is used to pay earnings to the member. The member shall have no option to receive the contributed amounts directly instead of having them paid by the employer to the system. Member contributions picked-up after August 1, 1982, shall be treated for all purposes of KRS 161.220 to 161.714 in the same manner and to the same extent as member contributions made prior to August 1, 1982.

**Effective:** July 1, 2010

**History:** Amended 2010 Ky. Acts ch. 159, sec. 3, effective July 1, 2010; and ch. 164, sec. 6, effective July 1, 2010. -- Amended 2008 (1st Extra. Sess.) Ky. Acts ch. 1, sec. 34, effective June 27, 2008. -- Amended 2008 Ky. Acts ch. 11, sec. 1, effective April 7, 2008; and ch. 78, sec. 9, effective July 1, 2008. -- Amended 2002 Ky. Acts ch. 275, sec. 16, effective July 1, 2002. -- Amended 1996 Ky. Acts ch. 359, sec. 8, effective July 1, 1996. -- Amended 1994 Ky. Acts ch. 369, sec. 12, effective July 1, 1994; and ch. 469, sec. 35, effective July 15, 1994. -- Amended 1992 Ky. Acts ch. 192, sec. 7, effective July 1, 1992. -- Amended 1990 Ky. Acts ch. 476, Pts. V and VII D, secs. 514, 648, effective April 11, 1990. -- Amended 1988 Ky. Acts ch. 240, sec. 3, effective July 15, 1988; ch. 260, sec. 3, effective July 15, 1988; and ch. 363, sec. 10, effective July 1, 1988. -- Amended 1984 Ky. Acts ch. 253, sec. 15, effective July 1, 1984; and ch. 302, sec. 2, effective July 13, 1984. -- Amended 1982 Ky. Acts ch. 166, sec. 4, effective July 15, 1982; and ch. 326, sec. 7, effective July 1, 1982. -- Amended 1980 Ky. Acts ch. 188, sec. 120, effective July 15, 1980; and ch. 206, sec. 5, effective July 1, 1980. -- Amended 1978 Ky. Acts ch. 152, sec. 8, effective March 28, 1978. -- Amended 1974 Ky. Acts ch. 395, sec. 11, effective July 1, 1974. -- Amended 1970 Ky. Acts ch. 168, sec. 2. -- Amended 1964 Ky. Acts ch. 43, sec. 11. -- Amended 1960 Ky. Acts ch. 44, sec. 10. -- Amended 1954 Ky. Acts ch. 196, sec. 3. -- Amended 1946 Ky. Acts ch. 111, sec. 3. -- Recodified 1942 Ky. Acts ch. 208, sec. 1, effective October 1, 1942, from Ky. Stat. sec. 4506b-36.

**Legislative Research Commission Note (7/1/2010).** This section was amended by 2010 Ky. Acts chs. 159 and 164, which do not appear to be in conflict and have been codified together.