

78.635 Determination of employer normal contribution rate and actuarially accrued liability contribution rate. (Effective April 1, 2021)

- (1) (a) Except as provided by subsection (5) of this section, each employer participating in the County Employees Retirement System as provided for in KRS 78.510 to 78.852 shall contribute annually to the system an amount equal to the percent, as computed under subsection (2) of this section, of the creditable compensation of its employees to be known as the "normal contributions," and an additional amount to be known as the "actuarially accrued liability contribution" which shall be computed by amortizing the total unfunded actuarially accrued liability over a period of thirty (30) years using the level-percentage-of-payroll amortization method. The thirty (30) year amortization period shall begin with the 2013 actuarial valuation.
- (b) Any significant increase in the actuarially accrued liability due to benefit improvements shall be amortized using the level-percentage-of-payroll amortization method over a separate thirty (30) year period commencing in the year of the actuarial valuation in which the benefit improvements are first reflected.
- (2) The normal contribution rate shall be determined by the entry age normal cost funding method. The actuarially accrued liability shall be determined by actuarial method consistent with the methods prescribed for determining the normal contribution rate. Normal contributions and the actuarially accrued liability contribution shall be determined on actuarial assumptions and methods adopted by the board.
- (3) Normal contribution and the actuarially accrued liability contribution rates shall be determined by the board on the basis of the annual actuarial valuation last preceding the July 1 of a new fiscal year.
- (4) Employer contribution rates as provided by this section shall:
 - (a) Be developed separately for employers providing benefits to employees in nonhazardous positions and for employers providing benefits to employees in hazardous positions; and
 - (b) Include an employer contribution rate to fund pension benefits and an employer contribution rate to fund retiree health benefits.
- (5) The employer contribution rate established by the board for the County Employees Retirement System that is payable on or after July 1, 2018, and until June 30, 2028, for the pension and retiree health insurance funds, including the normal cost contribution and the actuarially accrued liability contribution for each fund, shall not increase by more than a factor of one and twelve one hundredths (1.12) over the prior fiscal year's employer contribution rate as determined by the system's consulting actuary.
- (6) The system shall advise each employer prior to the beginning of each fiscal year of any change in the employer contribution rate. Based on the employer contribution rate, each employer shall include in the budget sufficient funds to pay the employer contributions as determined by the board under this section.

Effective: April 1, 2021

History: Created 2020 Ky. Acts ch. 79, sec. 8, effective April 1, 2021.