

18A.250 Deferred compensation system -- Automatic enrollment of employees hired after July 1, 2019 -- Automatic enrollment of justices, judges, and members of the General Assembly elected or appointed after July 1, 2021.

- (1) The authority shall establish and maintain a deferred compensation plan for the employees of the State of Kentucky. Participation in such plan shall be by agreement between such employees and the authority and shall provide for the deferral of such amount of compensation as requested by the employee. Participating employees must authorize that such deductions be made from their wages for the purpose of participation in such program.
- (2) The board is directed to develop and obtain, for the benefit of employees, a qualified employee plan that includes a qualified cash or deferred arrangement as described in Section 401(k) of the Internal Revenue Code. The board is directed to develop a program for participants to borrow from their account or accounts in the plan. The plan shall be in addition to other plans offered by the board, and shall be offered to employees upon receipt of appropriate approval of the Internal Revenue Service or on January 1, 1985, whichever occurs later.
- (3) Notwithstanding the provisions of KRS 337.060, agreements to participate and plan elections made by employees pursuant to subsections (1) and (2) of this section may be made in writing or by electronic record, signature, or contract as determined by the authority and in accordance with the provisions of KRS 369.101 to 369.120. Agreements and elections, including but not limited to hardship withdrawal applications, loan applications, beneficiary designations, and withdrawal requests made by participating employees under the plan, shall not be denied legal effect or enforceability if made electronically to the extent permitted by the authority.
- (4) Notwithstanding KRS 337.060 and subsections (1) to (3) of this section:
 - (a) Each full-time employee of the executive, judicial, and legislative branches of Kentucky state government hired on or after July 1, 2019, shall be automatically enrolled in the 401(k) plan established pursuant to this section, and the employee's compensation shall be reduced by thirty dollars (\$30) per month and contributed as a pre-tax deferral to the 401(k) plan unless and until the employee makes a deferral election under the terms of the 401(k) plan. Full-time status shall be determined by an employee's employer. The authority shall not be responsible or liable for any cost or liabilities resulting from such eligibility determinations made by an employer;
 - (b) Each new member of the General Assembly elected or appointed on or after July 1, 2021, upon taking office, shall be automatically enrolled in the 401(k) plan established pursuant to this section, and the member's compensation shall be reduced by thirty dollars (\$30) per month and contributed as a pre-tax deferral to the 401(k) plan unless and until the member makes a deferral election under the terms of the 401(k) plan;
 - (c) Each new justice of the Supreme Court and each new regular judge of the Court of Appeals, Circuit Court, District Court, and Family Court elected or appointed on or after July 1, 2021, upon taking office, shall be automatically enrolled in the 401(k) plan, and the justice's or judge's compensation, as

applicable, shall be reduced by thirty dollars (\$30) per month and contributed as a pre-tax deferral to the 401(k) plan unless and until the justice or judge, as applicable, makes a deferral election under the terms of the 401(k) plan. This section shall not apply to special judges appointed under KRS 26A.020; and

- (d) The automatic enrollment shall begin as of the employee's first paycheck or as soon as administratively feasible thereafter. The board shall select a default investment fund or funds, pursuant to applicable federal law, for investment of an employee's deferrals into the employee's account until the employee makes an investment election. The board shall amend the 401(k) plan for the implementation and administration of employee automatic enrollment, and the board shall have authority to implement automatic enrollment consistent with applicable requirements of the Internal Revenue Code of 1986, as amended. The board may promulgate administrative regulations for implementation of automatic enrollment.

Effective: June 29, 2021

History: Amended 2021 Ky. Acts ch. 111, sec. 3, effective June 29, 2021. -- Amended 2019 Ky. Acts ch. 48, sec. 1, effective June 27, 2019; and ch. 153, sec. 3, effective June 27, 2019. -- Amended 2010 Ky. Acts ch. 122, sec. 2, effective July 15, 2010. -- Amended 1998 Ky. Acts ch. 154, sec. 51, effective July 15, 1998. -- Amended 1990 Ky. Acts ch. 483, sec. 6, effective July 13, 1990. -- Amended 1988 Ky. Acts ch. 154, sec. 2, effective July 15, 1988. -- Amended 1984 Ky. Acts ch. 234, sec. 1, effective July 13, 1984. -- Repealed, reenacted, and amended as KRS 18A.250, 1982 Ky. Acts ch. 448, sec. 50, effective July 15, 1982. -- Amended 1980 Ky. Acts ch. 352, sec. 1. -
- Created 1974 Ky. Acts ch. 143, sec. 6.

Formerly codified as KRS 18.550.