

161.550 Contribution to system by employers and state -- Contributions to pension, medical insurance, and life insurance funds.

- (1) Each employer, except as provided under KRS 161.555, shall contribute annually to the Teachers' Retirement System a permanent employer contribution rate on behalf of each employee it employs equal to:
 - (a) Thirteen and one hundred five thousandths percent (13.105%) of the total annual compensation of nonuniversity members who become members prior to July 1, 2008. Of this permanent employer contribution rate:
 1. Twelve and three hundred fifty-five thousandths percent (12.355%) of the total annual compensation shall be used to fund pension and life insurance benefits; and
 2. Three-quarters of a percent (0.75%) of annual compensation shall be used to provide funding to the medical insurance fund as provided under KRS 161.420(5). If the board of trustees establishes a trust fund under 26 U.S.C. sec. 115, the board may deposit the employer contribution provided in this subparagraph in that trust fund;
 - (b) Fourteen and one hundred five thousandths percent (14.105%) of the total annual compensation of nonuniversity members who become members on or after July 1, 2008, but prior to January 1, 2022. Of this permanent employer contribution rate:
 1. Thirteen and three hundred fifty-five thousandths percent (13.355%) of the total annual compensation shall be used to fund pension and life insurance benefits; and
 2. Three-quarters of a percent (0.75%) of annual compensation shall be used to provide funding to the medical insurance fund as provided under KRS 161.420(5). If the board of trustees establishes a trust fund under 26 U.S.C. sec. 115, the board may deposit the employer contribution provided in this subparagraph in that trust fund;
 - (c) Thirteen and sixty-five hundredths percent (13.65%) of the total annual compensation of university members who become members prior to January 1, 2022. Of this permanent employer contribution rate:
 1. Ten and eight hundred seventy-five thousandths percent (10.875%) of the total annual compensation shall be used to fund pension and life insurance benefits; and
 2. Two and seven hundred seventy-five thousandths percent (2.775%) of annual compensation shall be used to provide funding to the medical insurance fund as provided under KRS 161.420(5). If the board of trustees establishes a trust fund under 26 U.S.C. sec. 115, the board may deposit the employer contribution provided in this subparagraph in that trust fund;
 - (d) Ten and three-quarters percent (10.75%) of the total annual compensation of nonuniversity members who become members on or after January 1, 2022. Of this permanent employer contribution rate:

1. Eight percent (8%) of the total annual compensation shall be used to fund pension and life insurance benefits. The contribution provided by this subparagraph shall not be used to fund the supplemental benefit account as provided by KRS 161.635;
 2. Two percent (2%) of the total annual compensation shall be used to fund the mandatory employer contribution of the supplemental benefit component, except that the board may direct these contributions on a prospective basis into the pension and life insurance funds to contain costs within the provisions of KRS 161.633; and
 3. Three-quarters of one percent (0.75%) of annual compensation shall be used to provide funding to the medical insurance fund as provided under KRS 161.420(5). If the board of trustees establishes a trust fund under 26 U.S.C. sec. 115, the board may deposit the employer contribution provided in this subdivision in that trust fund; and
- (e) Nine and seven hundred seventy-five thousandths percent (9.775%) of total annual compensation of university members who become members on or after January 1, 2022. Of this permanent employer contribution rate:
1. Five and seven hundred seventy-five thousandths percent (5.775%) of the total annual compensation shall be used to fund pension and life insurance benefits. The contribution provided by this subparagraph shall not be used to fund the supplemental benefit account as provided by KRS 161.636;
 2. Two percent (2%) of the total annual compensation shall be used to fund the mandatory employer contribution of the supplemental benefit component, except that the board may direct these contributions on a prospective basis into the pension and life insurance funds to contain costs within the provisions of KRS 161.634; and
 3. Two percent (2%) of annual compensation shall be used to provide funding to the medical insurance fund as provided under KRS 161.420(5). If the board of trustees establishes a trust fund under 26 U.S.C. sec. 115, the board may deposit the employer contribution provided in this subparagraph in that trust fund.
- (2) In addition to the required contributions in subsection (1) of this section, the state shall contribute annually to the Teachers' Retirement System a percentage of the total salaries of the state-funded and federally funded members it employs to pay the cost of health insurance coverage for retirees who are not eligible for Medicare and who retire on or after July 1, 2010, less the amounts that are otherwise required to be paid by the retirees under KRS 161.675. The board shall deposit funds in the medical insurance fund unless the board of trustees has established a trust fund under 26 U.S.C. sec. 115 for this purpose. In this case, the board may deposit the employer contribution in that trust fund. This contribution shall be known as the state medical insurance fund stabilization contribution. The percentage to be contributed by the state under this subsection:
- (a) Shall be determined by the retirement system's actuary for each biennial

- budget period;
- (b) May be suspended or adjusted by the General Assembly if in its judgment the welfare of the Commonwealth so demands; and
 - (c) Shall not exceed the lesser of the actual benefit cost for retirees not eligible for Medicare who retire on or after July 1, 2010, or the amount contributed by employers under subsection (3) of this section.
- (3) All employers who employ nonuniversity members shall make a contribution for each payroll on behalf of their active employees who participate in the Teachers' Retirement System in an amount equal to three percent (3%) of payroll of those active employees. The contribution specified by this subsection shall be used to fund retiree health benefits.
- (4) When the medical insurance fund established under KRS 161.420(5) achieves a sufficient prefunded status as determined by the Teachers' Retirement System's actuary, the board of trustees shall recommend to the General Assembly that the contributions required under subsections (1)(c)2. and (e)3. and (3) of this section shall, in an actuarially accountable manner, be either decreased, suspended, or eliminated. The decrease, suspension, or elimination in contributions required under subsection (1)(c)2. of this section shall not exceed two and twenty-five thousandths percent (2.025%) of annual compensation. The decrease, suspension, or elimination in contributions required under subsection (1)(e)3. of this section shall not exceed one and twenty-five hundredths percent (1.25%) of annual compensation.
- (5) Each employer shall remit the required employer contributions to the retirement system under the terms and conditions specified for member contributions under KRS 161.560. The state shall provide annual appropriations based upon estimated funds needed to meet the requirements of KRS 161.155, 161.168, 161.507(4), 161.515, 161.545, 161.553, 161.605, 161.612, and 161.620(1), (3), (5), (6), and (7). In the event an annual appropriation is less than the amount of these requirements, the state shall make up the deficit in the next biennium budget appropriation to the retirement system. Employer contributions to the retirement system are for the exclusive purpose of providing benefits to members and annuitants and these contributions shall be considered deferred compensation to the members. This subsection shall not apply to costs applicable to individuals who become members on or after January 1, 2022.

Effective: January 1, 2022

History: Repealed, reenacted, and amended 2021 Ky. Acts ch. 157, sec. 8, effective January 1, 2022. -- Amended 2018 Ky. Acts ch. 107, sec. 63, effective July 14, 2018. -- Amended 2010 Ky. Acts ch. 159, sec. 4, effective July 1, 2010. -- Amended 2006 Ky. Acts ch. 85, sec. 2, effective July 12, 2006. -- Amended 2004 Ky. Acts ch. 121, sec. 12, effective July 1, 2004. -- Amended 2002 Ky. Acts ch. 275, sec. 20, effective July 1, 2002. -- Amended 1998 Ky. Acts ch. 515, sec. 8, effective July 1, 1998. -- Amended 1996 Ky. Acts ch. 359, sec. 19, effective July 1, 1996. -- Amended 1992 Ky. Acts ch. 192, sec. 9, effective July 1, 1992. -- Amended 1990 Ky. Acts ch. 442, sec. 11, effective July 1, 1990; and ch. 476, Pt. V, sec. 516, effective July 13, 1990. - - Amended 1988 Ky. Acts ch. 363, sec. 12, effective July 1, 1988. -- Amended 1986 Ky. Acts ch. 440, sec. 10, effective July 1, 1986. -- Amended 1984 Ky. Acts ch. 253,

sec. 17, effective July 1, 1984. -- Amended 1982 Ky. Acts ch. 326, sec. 8, effective July 1, 1982. -- Amended 1978 Ky. Acts ch. 152, sec. 10, effective March 28, 1978. -
- Amended 1976 Ky. Acts ch. 351, sec. 13, effective July 1, 1976. -- Amended 1960 Ky. Acts ch. 44, sec. 11. -- Recodified 1942 Ky. Acts ch. 208, sec. 1, effective October 1, 1942, from Ky. Stat. sec. 4506b-37.

Legislative Research Commission Note (12/13/2018). On December 13, 2018, the Kentucky Supreme Court ruled that the passage of 2018 SB 151 (2018 Ky. Acts ch. 107), did not comply with the three-readings rule of Kentucky Constitution Section 46 and that the legislation is, therefore, constitutionally invalid and declared void. That ruling applies to changes made to this statute in that Act.

Legislative Research Commission Note (7/13/90). In amending this section, 1990 House Bill 653, Acts ch. 442, sec. 11, did not underline the year "1990" which was intended to be added after "July 1," at the beginning of the section. As directed by KRS 446.270, the Reviser of Statutes has deleted this material from the text of this statute. Section 20 of Acts ch. 442 provides, however, that "the provisions of this Act shall become effective July 1, 1990."

Legislative Research Commission Note (7/13/90). The Act amending this section prevails over the repeal and reenactment in House Bill 940, Acts ch. 476, pursuant to sec. 653(1) of Acts ch. 476.