

008853784

HOUSE BILL NO. 947

Offered January 24, 2000

A BILL to amend the Code of Virginia by adding in Chapter 1 of Title 51.1 an article numbered 10, consisting of sections numbered 51.1-170 through 51.1-176, relating to a deferred retirement option program.

Patrons—Keister, Shuler, Almand, Amundson, Darner, Deeds, Diamonstein, Grayson, Jackson, Johnson, Jones, J.C., Melvin, Moss, Scott, Van Landingham, Watts and Williams

Consent to introduce

Referred to Committee on Appropriations

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding in Chapter 1 of Title 51.1 an article numbered 10, consisting of sections numbered 51.1-170 through 51.1-176, as follows:

*Article 10.**Deferred Retirement Option Program.**§ 51.1-170. Definitions.*

As used in this article, unless the context requires a different meaning:

"Eligible member" means a member who satisfies the requirements of § 51.1-171 and is a (i) qualified state employee, (ii) state police officer, (iii) teacher, iv) qualified local employee, or (v) judge.

"Member" means a member of the Virginia Retirement System, the State Police Officers' Retirement System, the Virginia Law Officers' Retirement System, or the Judicial Retirement System.

"Participant" means an eligible member participating in the program.

"Program" means the deferred retirement option program established pursuant to this article.

"Qualified local employee" means an employee of a political subdivision who is regularly employed full time on a salaried basis and whose tenure is not restricted by his having a temporary or provisional appointment.

"Qualified state employee" means an employee as defined in § 51.1-201 or in § 51.1-212, a member of the Judicial Retirement System pursuant to § 51.1-302, or a state employee as defined in § 51.1-124.3, but not the Governor, Lieutenant Governor, Attorney General, members of the General Assembly, or any person described in subdivision 3, 4, or 21 of § 2.1-116.

§ 51.1-171. Participation in program.

A. A member who is eligible to retire and receive an unreduced service annuity may, if he remains an employee, elect to participate in the program.

B. An election to participate in the program shall be on a form prescribed by and filed with the retirement system. An election shall not be made more than once and shall state the period that the eligible member wishes to participate in the program. The period shall be a minimum of twelve months and be in twelve-month increments. The maximum period that an eligible member may participate in the program is sixty consecutive months. An election under this section is irrevocable after filing. The filing of an election under this section shall not be considered for any purpose an application for retirement, and a participant shall not be considered a retiree for any purpose because of filing an election to participate.

C. The effective date of a participant's participation in the program shall be the first day of the month following the month in which his election is received and approved by the retirement system. The retirement system shall approve the election filed by any eligible member.

§ 51.1-172. Computation of participant's service and annuity.

A. A participant shall remain a member of the retirement system during the period of his participation, unless he terminates his membership under § 51.1-128. A participant shall not, during his period of participation, accrue additional service credit. A participant shall not make employee contributions to the retirement system, but the Commonwealth and the member's employer, if applicable, shall make contributions for the participant's service performed during the period of his participation in the program. The participant and his employer shall retain any obligation to pay group life insurance premiums and contributions to the health insurance credit program during his participation in the program.

B. For purposes of the program, the computation of the service retirement annuity of a participant shall be determined as of the effective date of his participation. A participant shall not be eligible to receive a post-retirement increase, including post-retirement supplements provided for under § 51.1-166,

INTRODUCED

HB947

60 made applicable to annuitants during the period of his participation in the program.

61 C. A member shall not be eligible to purchase special service credit after the date of the filing of his
62 election to participate in the program.

63 § 51.1-173. Benefits under the program.

64 A. The retirement system shall credit monthly, during the period of the participant's participation in
65 the program, to a deferred retirement option account for the participant an amount equal to a
66 percentage of the amount the participant would have received that month under a standard service
67 retirement annuity if he had retired on the effective date of his participation in the program. The
68 percentage shall be determined as of July 1, 2001, by the retirement system's actuary and approved by
69 the Board. The Board shall approve the greatest percentage that does not cause the program to
70 materially affect employer contribution rates. In no event shall the percentage exceed 100 percent. If the
71 percentage is not initially set at 100 percent, it shall be reviewed periodically and increased, if
72 appropriate, until it is 100 percent. In no event shall a periodic review of the percentage result in a
73 reduction in the percentage.

74 B. When a participant retires under the retirement system, he shall be entitled to the accumulated
75 amount in his deferred retirement option account, including creditable interest. The accumulated amount
76 shall be payable in a lump sum, in periodic installments, as an additional actuarially equivalent monthly
77 income, or as a direct rollover as provided under regulations promulgated under the Internal Revenue
78 Code, at the option of the participant. The Board shall determine the number and frequency of
79 installment payments.

80 C. If a participant dies during his participation in the program or after his participation but before
81 his retirement, the decedent's designated beneficiary shall be entitled to the accumulated amount in the
82 decedent's deferred retirement option account, including creditable interest. The designated beneficiary
83 shall also be entitled to a death benefit based on the decedent's compensation and years of service on
84 the effective date of his participation in the program and on his age at the date of his death.

85 D. Payment of the benefits provided under the program shall be in addition to any annuity otherwise
86 payable under this title.

87 § 51.1-174. Termination of participation in program.

88 Participation in the program terminates upon the first to occur of (i) a participant's retirement, (ii)
89 his death, or (iii) the expiration of the period for which his participation in the program was approved.

90 § 51.1-175. Benefits for service after program participation.

91 A. Any eligible service credit accrued after termination of a participant's participation in the
92 program and before his retirement shall be credited in the retirement system as provided in this section.

93 B. At the time a former participant retires, or dies if prior to retirement, the retirement system shall
94 compute the value of the additional service credit accrued after termination of his participation in the
95 program at the rate provided under § 51.1-155, based on the lesser of (i) the three years of service after
96 the former participant's termination of program participation or (ii) the former participant's actual years
97 of service after the termination, in which the member received the highest annual compensation. The
98 retirement system shall add the amount computed under this subsection to the amount determined on the
99 effective date of his program participation, and the sum shall be payable, subject to actuarial reduction
100 if applicable, as the monthly annuity payment.

101 § 51.1-176. Interest.

102 Interest shall be credited to a participant's deferred retirement option account during the period of
103 his participation in the program and until all benefits are distributed or until the account's annuitization
104 into a monthly retirement income pursuant to subsection B of § 51.1-173. Interest shall be based upon
105 an annual, prorated rate equal to the actuarial earnings assumption.

106 2. That the provisions of this act shall become effective on July 1, 2001.