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SENATE BILL NO. 131

Offered January 12, 2000

A BILL to amend and reenact § 51.1-155 of the Code of Virginia, relating to Virginia Retirement System service retirement allowances.

Patron—Colgan

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:**1. That § 51.1-155 of the Code of Virginia is amended and reenacted as follows:**

§ 51.1-155. Service retirement allowance.

A. Retirement allowance. - A member shall receive an annual retirement allowance, payable for life, as follows:

1. Normal retirement. - The allowance shall equal 1.70 percent of his average final compensation multiplied by the amount of his creditable service.

Notwithstanding anything to the contrary contained in this subsection, the monthly retirement allowance payable to any teacher who has (i) at least twenty-five years of creditable service as a teacher and is at least sixty-five years old; or (ii) at least thirty years of creditable service as a teacher, shall not be less than \$800.

2. Early retirement; applicable to teachers, state employees, and certain others. - The allowance shall be determined in the same manner as for normal retirement with creditable service and average final compensation being determined as of the date of actual retirement. If the member has less than thirty years of service at retirement, the amount of the retirement allowance shall be reduced on an actuarial equivalent basis for the period by which the actual retirement date precedes the earlier of (i) his normal retirement date or (ii) the first date on which he would have completed a total of thirty years of creditable service. The provisions of this subdivision shall apply to teachers and state employees. These provisions shall also apply to employees of any political subdivision that participates in the retirement system if the political subdivision makes the election provided in subdivision 3 of this subsection.

3. Early retirement; applicable to employees of certain political subdivisions. - The allowance shall be determined in the same manner as for normal retirement with creditable service and average final compensation being determined as of the date of actual retirement. If the creditable service of the member equals thirty or more years but the sum of his age at retirement plus his creditable service at retirement is less than ninety, the amount of the retirement allowance shall be reduced on an actuarial equivalent basis for the period by which the actual retirement date precedes the earlier of (i) his normal retirement date or (ii) the first date on which the sum of his then attained age plus his then creditable service would have been equal to ninety or more had he remained in service until such date. If the member has less than thirty years of creditable service, the retirement allowance shall be reduced for the period by which the actual retirement date precedes the earlier of (i) his normal retirement date or (ii) the first date on which he would have completed a total of at least thirty years of creditable service and his then creditable service plus his then attained age would have been equal to ninety or more.

The provisions of this subdivision shall apply to the employees of any political subdivision that participates in the retirement system. The participating political subdivision may, however, elect to provide its employees with the early retirement allowance set forth in subdivision 2 of this subsection. Any election pursuant to this subdivision shall be set forth in a legally adopted resolution.

4. Additional allowance. - In addition to the allowance payable under subdivisions 1, 2, and 3 of this subsection, a member shall receive an additional allowance which shall be the actuarial equivalent, for his attained age at the time of retirement, of the excess of his accumulated contributions transferred from the abolished system to the retirement system, including interest credited at the rate of two percent compounded annually since the transfer to the date of retirement, over the annual amounts equal to four percent of his annual creditable compensation at the date of abolishment for a period equal to his period of membership in the abolished system.

5. 50/10 retirement. - The allowance shall be payable in a monthly stream of payments equal to the greater of (i) the actuarial equivalent of the benefit the member would have received had he terminated service and deferred retirement to age fifty-five or (ii) the actuarially calculated present value of the member's accumulated contributions, including accrued interest.

B. Beneficiary serving in position covered by this title.

1. Except as provided in subdivision 2, if a beneficiary of a service retirement allowance under this chapter is at any time in service as an employee in a position covered for retirement purposes under the

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60 provisions of this or any chapter other than Chapter 7 (§ 51.1-700 et seq.) of this title, his retirement
61 allowance shall cease while so employed. Any member who retires and later returns to covered
62 employment shall not be entitled to select a different retirement option for a subsequent retirement.

63 2. Active members of the General Assembly who are eligible to receive a retirement allowance under
64 this title, excluding their service as a member of the General Assembly, shall be eligible to receive a
65 retirement allowance based on their creditable service and average final compensation for service other
66 than as a member of the General Assembly. Such members of the General Assembly shall continue to
67 be reported as any other members of the retirement system. Upon ceasing to serve in the General
68 Assembly, members of the General Assembly receiving a retirement allowance based on their creditable
69 service and average final compensation for service other than as a member of the General Assembly
70 shall have their retirement allowance recomputed prospectively to include their service as a member of
71 the General Assembly. Active members of the General Assembly shall be prohibited from receiving a
72 service retirement allowance under this title based solely on their service as a member of the General
73 Assembly.