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**SENATE BILL NO. 44**

Offered January 12, 2000

*A BILL to amend and reenact §§ 51.1-142 and 51.1-143 of the Code of Virginia, relating to the Virginia Retirement System; purchase of credit for prior military service.*

Patrons—Chichester and Reynolds; Delegate: Morgan

Referred to Committee on Finance

**Be it enacted by the General Assembly of Virginia:****1. That §§ 51.1-142 and 51.1-143 of the Code of Virginia are amended and reenacted as follows:**

§ 51.1-142. Prior service or membership credit for certain members.

A. Any member in service may purchase credit for service lost as a result of the following:

1. Rejection of membership in the retirement system.

2. Cessation of membership under this chapter because of the withdrawal of his accumulated contributions.

3. Exclusion from membership because of being a member of the General Assembly or other state officer elected by the people.

4. Termination of service as an officer or employee of a political subdivision in a position which subsequently became covered by the retirement system and for which prior service credit was granted.

In order to receive credit for the service, the member must pay an amount equal to the contributions that he would have made during the entire period to be credited, assuming that the member contribution rate specified in this chapter as of the date of payment had been in effect during the entire period and that the higher of the member's creditable compensation or average final compensation as of the date of payment had been received during the entire period.

When a member requests credit for a portion of the period, the most recent portion shall be credited. Payment may be made in a lump sum or by an additional payroll deduction. Only one additional deduction shall be permitted at any time. Should the additional deduction be terminated prior to purchasing the entire period which might otherwise be credited, the member shall be credited with the number of additional months of service for which payments are made. If the additional deduction is continued beyond the point at which the entire period has been purchased, the member shall be credited with no more than the entire period which might otherwise have been credited and the excess amount deducted shall be refunded to the member.

B. Any vested member in service with at least twenty-five years of creditable service in the Retirement System may purchase prior service credit for (i) active duty military service in the armed forces of the United States, provided that the discharge from the armed forces was not dishonorable, (ii) certified creditable service in the retirement system of another state or of a political subdivision or public school system of this or another state, (iii) civilian service of the United States, or (iv) any combination thereof. For purposes of this subsection, "active duty military service" means full-time service of at least 180 consecutive days in the United States Army, Navy, Air Force, Marines, Coast Guard, or reserve components thereof.

Such prior service credit shall be calculated at the ratio of one year of prior service credit to one year of active duty military service or certified creditable service in the retirement system of another state, political subdivision or public school system of this or another state, or civilian service of the United States up to a maximum of four years of prior service credit. The member must pay an amount equal to five percent of his present annual compensation for each year to be credited or five percent of his average annual creditable compensation during his thirty-six highest consecutive months of creditable service, whichever is greater. ~~Such~~ *Except as otherwise required by Chapter 1223 of Title 10 of the United States Code, such* prior service credit shall not be otherwise creditable as prior service in the calculation of any retirement benefit by this or another retirement system, but shall be creditable as prior service under this chapter and, if applicable, shall be considered in determining the actuarial equivalent for early retirement. Prior service credit for more than three years of service may be purchased by the member pursuant to § 51.1-143.

C. Any member granted a leave of absence for any of the following reasons may purchase limited service on the basis set forth in subsection A of this section:

1. Up to four years of service for any leave of absence for educational purposes or for temporary employment with the General Assembly.

2. Up to four years of service subsequent to January 1, 1964, for any leave of absence due to illness or disability or service which was temporarily terminated due to illness or disability.

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3. Up to one year of service for any unpaid leave of absence due to the birth or adoption of a child.

D. Any member in service who was denied membership because of having attained age sixty when first employed or reemployed may purchase all or any portion of service lost as a result of denial upon payment in a lump sum of the amount the member would have contributed had he been allowed to participate in the system.

E. Service may be credited at no cost under the following circumstances:

1. Any member who was a member of the abolished system and who was in service on March 1, 1952, shall receive credit for service rendered as a state employee or teacher prior to July 1, 1942, provided the member has not received a refund of accumulated contributions since becoming a member of the abolished system.

2. Any member in service who is credited with five or more years of membership service who rendered full-time salaried service as a state employee or teacher prior to July 1, 1942, may receive credit for same.

3. Any member who is a teacher may receive credit for service rendered as a nonprofessional employee of a school board provided the school board has extended coverage to its nonprofessional employees and granted credit for service rendered prior to the effective date of coverage.

4. Any vested member who is a teacher shall receive up to two years of service credit for any involuntary leave of absence, without pay, required by local school division policies related to pregnancy or childbirth provided (i) the member was either on such leave from a covered position or submitted a letter of resignation required by the employer prior to July 1, 1974, (ii) the member has not withdrawn all accumulated contributions, and (iii) the member reenters service in a covered position. In such instances, the employer, or its successors, which had such policies in place and applied same to the teacher seeking additional service credit shall be liable for the cost of providing such service credit.

5. Any vested member who is a state employee, upon providing evidence from his employer satisfactory to the retirement system, shall receive up to two years of service credit for any involuntary leave of absence, without pay, required by policies related to pregnancy or childbirth provided that (i) the member was on leave from a covered position between January 1, 1964, and January 1, 1973, (ii) the member has not withdrawn all accumulated contributions, and (iii) the member reentered service in a covered position.

6. Any member may receive credit for service rendered in the armed forces of the United States provided (i) the member was on leave of absence from a covered position, (ii) the discharge from the armed forces was not dishonorable, (iii) the member has not withdrawn his accumulated contributions, and (iv) the member reenters service in a covered position within one year after discharge from the armed forces. No period of service rendered, through reenlistment, beyond the cessation of hostilities shall be creditable service.

F. Any member of the abolished system may transfer accumulated contributions in that system to the Retirement System within one year after becoming a member of the Retirement System.

G. Any vested member in service who (i) by virtue of an order of a court of this Commonwealth granting special police powers, enforced the laws of the Commonwealth at any time between 1964 and 1985 as a uniformed law-enforcement officer in any incorporated or unincorporated town in any county with a population between 55,000 and 60,000, as reported in the 1990 census of the population of the United States, and at the time of such member's law-enforcement service, such county participated in the Virginia Retirement System; (ii) reentered service in a covered position; and (iii) has not withdrawn his accumulated contributions, may purchase prior service credit pursuant to § 51.1-144.

H. Any vested member in service who (i) prior to January 1, 1982, was employed by the Commissioner of Revenue in any city of this Commonwealth with a population greater than 200,000, as reported in the 1990 census of the population of the United States, and (ii) on January 1, 1982, became an employee of the Director of Finance in any city of this Commonwealth with a population greater than 200,000, as reported in the 1990 census of the population of the United States, which participated in the Virginia Retirement System, and (iii) has not withdrawn his accumulated contributions, may transfer his years of creditable service from the city's retirement plan to the Virginia Retirement System. The Virginia Retirement System shall compute the present value of the retirement benefit of service so transferred and the city's retirement plan shall pay in a manner prescribed by the Retirement System.

I. (Contingent effective date). - Any employer may elect to pay an equivalent amount in lieu of all member contributions required of its employees for the purpose of service credit pursuant to this section. These contributions shall not be considered wages for purposes of Chapter 7 (§ 51.1-700 et seq.) of this title, nor shall they be considered to be salary for purposes of this chapter.

§ 51.1-143. Prior service credit for certain military service or under system of another state, political subdivision, or public school system.

A. Any member in service who has been credited with five or more years of membership service may purchase all or part of the following:

1. Active duty service in the armed forces of the United States not otherwise creditable as prior

122 service under this chapter.

123 2. Certified creditable service in the retirement system of another state or of a political subdivision or  
124 public school system of this or another state.

125 3. Civilian service of the United States.

126 The member must pay an amount equal to fifteen percent of his present annual compensation for  
127 each year to be credited or fifteen percent of his average annual creditable compensation during his  
128 thirty-six highest consecutive months of creditable service, whichever is greater.

129 B. Service purchased under this section shall not be considered (i) in the calculation of any  
130 retirement benefit by another retirement system *unless required by Chapter 1223 of Title 10 of the*  
131 *United States Code* or (ii) in determining the actuarial equivalent for early retirement.

132 C. (For effective date - See notes) Any employer may elect to pay an equivalent amount in lieu of  
133 all member contributions required of its employees for the purpose of service credit pursuant to this  
134 section. These contributions shall not be considered wages for purposes of Chapter 7 (§ 51.1-700 et seq.)  
135 of this title, nor shall they be considered to be salary for purposes of this chapter.