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SENATE BILL NO. 76

Offered January 12, 2000

A *BILL to amend and reenact §§ 51.1-125, 51.1-126, 51.1-126.3 and 51.1-502.2 of the Code of Virginia, relating to retirement plans.*

Patrons—Holland, Hanger, Newman and Trumbo

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:

1. That §§ 51.1-125, 51.1-126, 51.1-126.3 and 51.1-502.2 of the Code of Virginia are amended and reenacted as follows:

§ 51.1-125. Persons composing membership; persons holding more than one position.

A. All persons who become employees after March 1, 1952, shall be members of the retirement system, except for the following persons:

1. Any person who elects not to participate as provided in this chapter, or who elected not to participate in the abolished system.

2. Any person who becomes an employee and who elects to remain a member of a local pension system where such election is allowed by state law.

3. Any member of a local system who through promotion achieves a position bringing him within the definition of a teacher if he elects within sixty days, with the concurrence of his employer, to remain a member of the local system.

4. *Any person who is covered by an alternative retirement plan authorized by this chapter.*

B. No person shall hold more than one membership in the retirement system at any one time with respect to any of the benefits provided under this title. Any person employed in more than one position resulting in membership shall elect one position on which his membership shall be based by written notification thereof to the Board.

§ 51.1-126. Employees of institutions of higher education.

A. Any institution of higher education which has established, or establishes, a retirement plan covering in whole or in part its employees who are engaged in the performance of teaching, administrative, or research duties is hereby authorized to make contributions for the benefit of its employees who elect to participate in such plan rather than in the retirement system established by this chapter. ~~Any~~ *Except as otherwise provided in this chapter, any* present or future employee of such institution may elect to participate in either the retirement system established by this chapter or the plan provided by the institution employing him, in accordance with guidelines established by the ~~Virginia Retirement System~~ *board of visitors, board of trustees or other governing body of the institution.* The election herein provided shall, as to any future employee, be exercised not later than ninety days from the time of entry upon the performance of his duties. The University of Virginia is authorized on and after July 1, 1996, to transfer any University of Virginia Medical Center employee who is a participant in a retirement plan established pursuant to this section to any retirement plan established pursuant to § 51.1-126.3 as an alternative to the retirement system established by this chapter, provided that the employee has elected to transfer to the plan established pursuant to § 51.1-126.3. All University of Virginia Medical Center employees who are (i) first employed by the Medical Center on or after ~~the~~ *effective date of any retirement plan established pursuant to § 51.1-126.3 July 1, 2000,* and (ii) engaged in the performance of teaching, administrative or research duties, shall be afforded the retirement plan ~~election options coverage~~ provided by § 51.1-126.3 rather than the election options provided by this section.

B. No employee of an institution of higher education who is an active member in a plan established under this section shall also be an active member of the retirement system or beneficiary other than a contingent annuitant.

C. 1. The contribution by the Commonwealth to such employee's retirement plan shall be 10.4 percent of creditable compensation. An institution of higher education may adopt a supplementation program for participants who, before January 1, 1991, exercise or have exercised the election to participate in the plan provided by the institution employing him as referred to in subsection A. Under such supplementation program, the institution may supplement such contribution using funds other than general funds, tuition or fees, up to an additional 2.17 percent of creditable compensation. ~~Any~~ *employee of the University of Virginia Medical Center who participated in a retirement plan established pursuant to this section prior to the effective date of such employee's transfer to a retirement plan established under § 51.1-126.3 shall continue to receive the contribution by the Commonwealth, and any*

60 supplementation thereof by the University, at the contribution and supplementation rates which were in
61 effect on the effective date of such transfer.

62 2. These contribution rates shall be examined by the Secretary of Administration prior to July 1,
63 1996, and at least once every six years thereafter. The Secretary shall consider the salary peer group
64 mean contribution as determined by the State Council of Higher Education and the position of the
65 Virginia Retirement System actuary, and, if necessary, recommend a revision to the rate of contribution
66 by the Commonwealth.

67 D. The Virginia Retirement System shall develop policies and procedures, as approved by the
68 Secretaries of Administration and Education, for the administration of all retirement plans established
69 pursuant to this section. Such policies and procedures shall not, under any circumstances, result in the
70 elimination of any benefit program at any institution as such benefit program existed on June 30, 1991.

71 § 51.1-126.3. Employees of the University of Virginia Medical Center.

72 A. The University of Virginia Medical Center, hereafter referred to as the Medical Center, may
73 establish one or more retirement plans covering in whole or in part its employees, including employees
74 who, prior to the effective date of any plan established pursuant to this section, had been participants in
75 any plan established pursuant to § 51.1-126 or § 51.1-126.1. The Medical Center is authorized to make
76 contributions for the benefit of its employees who elect to participate in *are covered by* any plan
77 established pursuant to this section *rather than in any other retirement plan established by this chapter.*
78 Any such alternative retirement plans for Medical Center employees shall not become effective until
79 such time as the Board of Visitors of the University of Virginia may determine. *Any employee of the*
80 *Medical Center may make an irrevocable election to participate in the retirement system established by*
81 *this chapter or any plan provided by the Medical Center in accordance with guidelines established by*
82 *the University of Virginia Board of Visitors. The election herein provided shall, as to any Medical*
83 *Center employee commencing employment following the effective date of any plan established pursuant*
84 *to this section, be exercised not later than ninety days following the date the employee commences*
85 *performing his duties. All employees of the Medical Center who are first employed by the Medical*
86 *Center on or after July 1, 2000, shall be participants in a Medical Center retirement plan established*
87 *pursuant to this section, with a contribution by the Medical Center at a rate to be determined by the*
88 *University of Virginia Board of Visitors. However, (i) new Medical Center employees who are current*
89 *members of the retirement system established by this chapter, including any person covered under a*
90 *retirement plan established pursuant to § 51.1-126, may elect to either: (i) remain in the retirement*
91 *system established by this chapter or the retirement plan established pursuant to § 51.1-126, in*
92 *accordance with prior election, or (ii) choose the plan provided by the Medical Center with a*
93 *contribution by the Medical Center at a rate to be determined by the University of Virginia Board of*
94 *Visitors. Such election shall be exercised not later than one year from the time of the employee's entry*
95 *into the performance of his duties for the Medical Center. Additionally, employees of the Medical Center*
96 *who were employed by the Medical Center prior to July 1, 2000, and who are current members of the*
97 *retirement system established by this chapter, including any person covered under a retirement plan*
98 *established pursuant to § 51.1-126, may elect to either: (i) remain in the retirement system established*
99 *by this chapter or the retirement plan established pursuant to § 51.1-126, in accordance with prior*
100 *election, or (ii) choose the plan established by the Medical Center pursuant to this section to which the*
101 *contribution by the Medical Center shall be eight percent of creditable compensation. Such election*
102 *shall be exercised not later than one year from the time of the establishment of a retirement plan*
103 *authorized by this section. After the one year periods provided in this section have expired without an*
104 *election to be covered by the plan provided by the Medical Center, and during such one year periods up*
105 *until the time of such election, all such employees of the Medical Center who have been provided with*
106 *an election under this section, shall remain, in the retirement system established by this chapter or the*
107 *retirement plan established pursuant to § 51.1-126, in accordance with prior election.*

108 B. No employee of the Medical Center who is an active member of any plan established under this
109 section shall also be an active member of the retirement system established by this chapter or a
110 beneficiary of such other plan other than as a contingent annuitant.

111 C. The contribution by the Medical Center to any retirement plan established on behalf of employees
112 of the Medical Center as provided in subsection A shall be eight percent of creditable compensation.

113 DC. The University of Virginia Board of Visitors shall adopt guidelines for the implementation of the
114 provisions of this section. The guidelines adopted by the Board of Visitors ~~under subsection A~~ shall be
115 filed with the Board of Trustees of the Virginia Retirement System.

116 § 51.1-502.2. Employees of the University of Virginia Medical Center.

117 The University of Virginia Medical Center, hereafter referred to as the Medical Center, may purchase
118 basic group life, accidental death and dismemberment, and disability insurance policies covering in
119 whole or in part any of its employees ~~who have elected to participate in any retirement plan established~~
120 ~~pursuant to § 51.1-126.3.~~ In addition, the Medical Center may establish, administer and make available
121 to each active insured employee who has elected to participate in any such retirement plan *employees a*

program of optional insurance, including life, accidental death and dismemberment, and disability insurance. All employees of the Medical Center who have elected to participate in any Medical Center retirement plan established pursuant to § 51.1-126.3 shall be eligible to obtain coverage covered under the aforesaid basic insurance policies purchased by the Medical Center and to obtain coverage under the optional insurance program at the employee's expense as soon as such policies become effective and may not thereafter be covered by the insurance program established pursuant to § 51.1-501 or be considered "eligible employees" under § 51.1-1100. Nor shall they be required to present at their own expense evidence of insurability satisfactory to an insurance company upon changing from one form of coverage to another form of coverage provided pursuant to this section. No other section of this chapter shall apply to any insurance coverage offered by the Medical Center except §§ 51.1-510 and 51.1-511; provided that any administrative or ministerial functions performed by or on behalf of the Board of the Virginia Retirement System under §§ 51.1-510 and 51.1-511 shall be performed by the Medical Center.

Any Medical Center employee who elects to participate in the retirement system established by Chapter 1 (§ 51.1-124.1 et seq.) of Title 51.1 may not be covered by any basic group life, accidental death and dismemberment, and disability insurance policies purchased by the Medical Center pursuant to this section, but shall continue to be eligible to obtain coverage under the insurance program established pursuant to § 51.1-501.

Upon the normal retirement date of a participating employee receiving disability benefits under this section who is a vested member of the retirement system authorized by § 51.1-124.2, the employee shall be eligible for normal retirement under subsection A of § 51.1-153. Such employee shall be authorized to elect any option for the payment of his retirement allowance provided under subsection A of § 51.1-165 for which the employee is otherwise eligible. The retirement allowance for a participating employee taking normal retirement pursuant to this section shall be determined as provided in subdivision A 1 of § 51.1-155, provided that the employee's average final compensation shall be equal to his creditable compensation on the date of the commencement of the disability increased by an amount recommended by an actuary of the Virginia Retirement System, and approved by the Board, from the date of commencement of the disability to the date of retirement. The creditable service of a participating employee taking normal retirement pursuant to this section shall include periods during which the employee received disability benefits.

Notwithstanding the definition of "state employee" contained in § 51.1-124.3, all employees of the Medical Center may be enrolled in a health care plan other than that provided for in § 2.1-20.1 at the election of the Medical Center and subject to the review and approval of the Board of Visitors of the University of Virginia; provided, however, that any Medical Center employee who was first employed by the Medical Center prior to July 1, 1996, and who had not been classified as a health care provider under the provisions of § 51.1-502.1 prior to July 1, 1996, shall be provided the option of enrolling in a health care plan elected by the Medical Center or enrolling in the health care plan established pursuant to § 2.1-20.1 until such time as the University of Virginia Board of Visitors may determine that it is not in the best interest of the University to continue to provide that option to any employees of the Medical Center. If the Board of Visitors determines that such health plan option will not continue to be provided, any Medical Center employees who must re-enroll in a different health plan shall be allowed to do so with a waiver of preexisting medical conditions for the employees and, if applicable, their spouses and dependents.

Subject to such eligibility criteria as it may establish, the Medical Center may make available to any of its employees the insurance programs established pursuant to this section, including health plan coverage, notwithstanding the fact that such employees may not be eligible for participation in any retirement plan established pursuant to § 51.1-126.3 or the retirement system established pursuant to Chapter 1 of Title 51.1 of the Code of Virginia (§ 51.1-124.1 et seq.) of this title.

The eligibility of any employee of the Medical Center for participation in any insurance program established pursuant to this section shall not of itself render such employees eligible for participation in the Virginia Retirement System or any optional retirement program.