

VIRGINIA ACTS OF ASSEMBLY -- 2002 SESSION

CHAPTER 404

An Act to amend and reenact § 51.1-165.01 of the Code of Virginia, relating to partial lump-sum payment option for certain retirement allowances.

[H 578]

Approved April 2, 2002

Be it enacted by the General Assembly of Virginia:

1. That § 51.1-165.01 of the Code of Virginia is amended and reenacted as follows:

§ 51.1-165.01. Partial lump-sum option for payment of retirement allowance.

A. For purposes of this section:

"Normal retirement" means normal retirement as described in §§ 51.1-153, 51.1-205, 51.1-216 or § 51.1-305, in accordance with the retirement plan covering the member.

B. The following members are eligible to receive a portion of their retirement allowance paid in a lump-sum distribution upon retirement as provided in this section:

1. Any retiring member who (i) has satisfied the requirements for normal retirement after January 1, 2004, or has been credited with at least three years of creditable service for service performed after the date he was first eligible for an unreduced service retirement allowance and (ii) was in service for at least three full years after January 1, 2001, is eligible to elect one of the partial lump-sum options described in either subdivision C 1, C 2, or C 3 ~~of this section~~.

2. Any retiring member who (i) has been credited with at least two years of creditable service for service performed after the date he was first eligible for an unreduced service retirement allowance and (ii) was in service for at least two full years after January 1, 2001, is eligible to elect one of the partial lump-sum options described in either subdivision C 1 or C 2 ~~of this section~~.

3. Any retiring member who (i) has been credited with at least one year of creditable service for service performed after the date he was first eligible for an unreduced service retirement allowance and (ii) was in service for at least one full year after January 1, 2001, is eligible to elect the partial lump-sum option described in subdivision C 1 ~~of this section~~.

For purposes of this subsection, service of an employee of a locality participating in the Retirement System shall mean service for which retirement credit is granted under this chapter.

C. An eligible retiring member may make a one-time election to receive a portion of his retirement allowance paid in a lump-sum distribution upon his retirement. The monthly amount of the service retirement allowance otherwise payable to such member making the election shall be reduced on an actuarially equivalent basis to reflect the payment of such lump-sum distribution. Any optional payment of the retirement allowance, pursuant to § 51.1-165, shall also be based upon such reduced retirement allowance. *The computation and payment of any service retirement allowance that is reduced on an actuarially equivalent basis to reflect the payment of a lump-sum distribution shall also reflect the provisions of subsection B of § 51.1-168 applicable to the total retirement benefit including the lump-sum distribution.* ~~Such~~ An eligible retiring member may elect one of the following partial lump-sum options pursuant to the limitations provided in subsection B:

1. A lump-sum distribution *shall be paid to such member upon his retirement* equal to twelve times the monthly amount of his service retirement allowance as determined in subsection A of § 51.1-155, subsection A of § 51.1-206, subsection A of § 51.1-217, or subsection A of § 51.1-306, in accordance with the retirement plan covering such member; ~~shall be paid to such member upon his retirement but without regard to the limitation set forth in subsection B of § 51.1-168.~~

2. A lump-sum distribution *shall be paid to such member upon his retirement* equal to twenty-four times the monthly amount of his service retirement allowance as determined in subsection A of § 51.1-155, subsection A of § 51.1-206, subsection A of § 51.1-217, or subsection A of § 51.1-306, in accordance with the retirement plan covering such member; ~~shall be paid to such member upon his retirement but without regard to the limitation set forth in subsection B of § 51.1-168.~~

3. A lump-sum distribution *shall be paid to such member upon his retirement* equal to thirty-six times the monthly amount of his service retirement allowance as determined in subsection A of § 51.1-155, subsection A of § 51.1-206, subsection A of § 51.1-217, or subsection A of § 51.1-306, in accordance with the retirement plan covering such member; ~~shall be paid to such member upon his retirement but without regard to the limitation set forth in subsection B of § 51.1-168.~~

D. The lump-sum distribution, if elected by the eligible retiring member, shall be paid at the same time that the first monthly annuity payment is paid to such member.

E. Before an eligible retiring member may make an election to receive a lump-sum distribution, such member shall have been provided from the Retirement System the amount by which his monthly retirement allowance shall be reduced under each of the partial lump-sum options provided in subsection

C, as available to such member. *No eligible retiring member shall be allowed to make an election for a lump-sum distribution pursuant to this section more than once in his lifetime.*

F. The election of any one of the options stated in this section shall be void if the member dies prior to the Board receiving written notification of the member's effective date of retirement. If the death of the member occurs prior to the effective date of retirement but after the Board has received written notification of the member's effective date of retirement, benefits shall be paid in accordance with the provisions of § 51.1-163 and the requirement that the member be in service shall not apply.