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SENATE BILL NO. 79

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the Senate Committee on Finance
on February 6, 2002)

(Patron Prior to Substitute—Senator Wampler)

A BILL to amend and reenact § 51.1-124.3 of the Code of Virginia, relating to the percentage of average final compensation used for purposes of determining retirement allowances.

Be it enacted by the General Assembly of Virginia:

1. That § 51.1-124.3 of the Code of Virginia is amended and reenacted as follows:

§ 51.1-124.3. Definitions.

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

"Abolished system" means the Virginia Retirement Act, §§ 51-30 through 51-111, repealed by Chapter 1 of the Acts of Assembly of 1952.

"Accumulated contributions" means the sum of all amounts deducted from the compensation of a member and credited to his individual account in the member's contribution account, all amounts the member may contribute to purchase creditable service, all member contributions contributed by the employer on behalf of the employee, on or after July 1, 1990, except those amounts contributed on behalf of members of the General Assembly who are otherwise retired under the provisions of this chapter, and all interest accruing to these funds. If a member is retired for disability from a cause which is compensable under the Virginia Workers' Compensation Act (§ 65.2-100 et seq.), dies in service prior to retirement, or requests a refund of contributions in accordance with § 51.1-161, "accumulated contributions" shall include all member contributions paid by the employer on behalf of the member on and after July 1, 1980, and all interest which would have accrued to these funds.

"Actuarial equivalent" means a benefit of equal value when computed upon the basis of actuarial tables adopted by the Board.

"Average final compensation" means the average annual creditable compensation of a member during his thirty-six highest consecutive months of creditable service or during the entire period of his creditable service if less than thirty-six months. If a member ceased employment prior to July 1, 1974, "average final compensation" means the average annual creditable compensation during the five highest consecutive years of creditable service.

If a member served in a position as a state employee as defined in this section, and also including members of the State Police Officers' Retirement System pursuant to Chapter 2 (§ 51.1-200 et seq.) of this title, the Virginia Law Officers' Retirement System pursuant to Chapter 2.1 (§ 51.1-211 et seq.) of this title and the Judicial Retirement System pursuant to Chapter 3 (§ 51.1-300 et seq.) of this title, between December 1, 2001, and November 30, 2003, inclusive, then his average final compensation shall be adjusted as follows:

1. Any member who retires on an immediate annuity with an effective retirement date between December 1, 2001, and November 30, 2002, inclusive, shall have his average final compensation multiplied by 1.01011 prior to the calculation of the retirement allowance payable under this title. The Retirement System shall recalculate the retirement allowance payable to those members who retired between December 1, 2001, and June 30, 2002, inclusive, and shall apply the increase prospectively.

2. Any member who has been in continuous service since July 1, 2002, and who retires on an immediate annuity with an effective retirement date between December 1, 2002, and November 30, 2003, inclusive, shall have his average final compensation multiplied by 1.0303 prior to the calculation of the retirement allowance payable under this title.

3. Any member who has been in continuous service since July 1, 2002, and who retires on an immediate annuity with an effective retirement date on or after December 1, 2003, shall have his average final compensation multiplied by 1.06121 prior to the calculation of the retirement allowance payable under this title.

"Beneficiary" means any person entitled to receive benefits under this chapter.

"Board" means the Board of Trustees of the Virginia Retirement System.

"Creditable compensation" means the full compensation payable annually to an employee working full time in his covered position. In cases where compensation includes maintenance or other perquisites, the Board shall fix the value of that part of the compensation not paid in money. Remuneration received by members of the General Assembly not otherwise retired under the provisions of this chapter pursuant to §§ 30-19.11 and 30-19.12 shall be deemed creditable compensation. In addition, for any member of the General Assembly, creditable compensation shall include the full amount of salaries payable to such member for working in covered positions, regardless of whether a contractual salary is reduced and not paid to such member because of service in the General Assembly.

60 "Creditable service" means prior service as set forth in § 51.1-142.2 plus membership service for
61 which credit is allowable.

62 "Employee" means any teacher, state employee, officer, or employee of a locality participating in the
63 Retirement System.

64 "Employer" means the Commonwealth in the case of a state employee, the local public school board
65 in the case of a teacher, or the political subdivision participating in the Retirement System.

66 "Joint Rules Committee" means those members of the House of Delegates and the Senate designated
67 by the Speaker of the House and the Chairman of the Senate Committee on Rules, respectively, to meet
68 with each other and to act jointly on behalf of the Committee on Rules for each house.

69 "Local officer" means the treasurer, commissioner of the revenue, attorney for the Commonwealth,
70 clerk of a circuit court, or sheriff of any county or city, or deputy or employee of any such officer.

71 "Medical Board" means the board of physicians as provided by this chapter.

72 "Member" means any person included in the membership of the Retirement System.

73 "Membership service" means service as an employee rendered while a contributing member of the
74 Retirement System except as provided in this chapter.

75 "Normal retirement date" means a member's sixty-fifth birthday.

76 "Political subdivision" means any county, city, or town, any political entity, subdivision, branch, or
77 unit of the Commonwealth, or any commission, public authority, or body corporate created by or under
78 an act of the General Assembly specifying the powers, privileges, or authority capable of exercise by the
79 commission, public authority, or body corporate.

80 "Primary social security benefit" means, with respect to any member, the primary insurance amount
81 to which the member is entitled, for old age or disability, as the case may be, pursuant to the provisions
82 of the federal Social Security Act as in effect at his date of retirement, under the provisions of this
83 chapter except as otherwise specifically provided.

84 "Prior service" means service rendered prior to becoming a member of the Retirement System.

85 "Purchase of service contract" means a contract entered into by the member and the Retirement
86 System for the purchase of service credit by the member as provided in § 51.1-142.2.

87 "Retirement allowance" means the retirement payments to which a member is entitled.

88 "Retirement System" means the Virginia Retirement System.

89 "Service" means service as an employee.

90 "State employee" means any person who is regularly employed full time on a salaried basis, whose
91 tenure is not restricted as to temporary or provisional appointment, in the service of, and whose
92 compensation is payable, no more often than biweekly, in whole or in part, by the Commonwealth or
93 any department, institution, or agency thereof. "State employee" shall include the Governor, Lieutenant
94 Governor, Attorney General, and members of the General Assembly but shall not include (i) any local
95 officer, (ii) any employee of a political subdivision of the Commonwealth, (iii) individuals employed by
96 the Department for the Blind and Vision Impaired pursuant to § 63.1-73, (iv) any member of the State
97 Police Officers' Retirement System, (v) any member of the Judicial Retirement System, or (vi) any
98 member of the Virginia Law Officers' Retirement System.

99 "Teacher" means any person who is regularly employed full time on a salaried basis as a professional
100 or clerical employee of a county, city, or other local public school board.

101 **2. That in the event that a general salary increase is provided for any of the individuals described**
102 **under this act prior to December 1, 2002, or prior to December 1, 2003, the Board of Trustees of**
103 **the Virginia Retirement System, after consultation with the Chairmen of the Senate Finance**
104 **Committee and the House Appropriations Committee, may lower the average final compensation**
105 **adjustment factors set forth in this act for members who retired on or after December 1, 2002.**