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SENATE BILL NO. 940

Offered January 8, 2003

Prefiled January 7, 2003

A BILL to amend and reenact §§ 51.1-206 and 51.1-217 of the Code of Virginia, relating to the number of years for payment of the additional allowance for the rendering of 20 or more years of service in a hazardous position under the State Police Officers' Retirement System and the Virginia Law Officers' Retirement System.

Patron—Colgan

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:**1. That §§ 51.1-206 and 51.1-217 of the Code of Virginia are amended and reenacted as follows:**

§ 51.1-206. Service retirement allowance.

A. 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 creditable service.

For retirements between October 1, 1994, and December 31, 1998, any state police officer who is a member or beneficiary of a retirement system administered by the Board shall receive an additional retirement allowance equal to three percent of the service or disability retirement allowance payable under this section. Average final compensation attributable to service as Governor, Lieutenant Governor, Attorney General, or member of the General Assembly shall not be included in computing this additional retirement allowance.

2. Early retirement. - 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 twenty-five 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 or after his fiftieth birthday on which he would have completed a total of twenty-five years of creditable service.

3. 50/10 retirement. - The allowance shall be payable in a monthly stream of payments equal to the greater of (i) the amount the member would receive if he had taken early retirement or (ii) the actuarially calculated present value of the member's accumulated contributions, including accrued interest.

B. In addition to the allowance payable under subsection A, a member shall receive annually from the date of his retirement until his retirement age, as such term is defined under the Social Security Act (42 U.S.C. § 416 et seq., as now or hereafter amended), an allowance equal to \$9,264. *However, a member who (i) retires at age 50 or older and (ii) has not retired prior to July 1, 2003, under any retirement plan administered by the Virginia Retirement System, shall receive annually such allowance from the date of his retirement until his retirement age, as such term is defined under the Social Security Act, or for a period of 15 years, whichever is longer.* Beginning July 1, 2001, and biennially thereafter, such allowance shall be reviewed and adjusted by the Board to an amount recommended by the actuary of the Virginia Retirement System based upon increases in social security benefits in the interim.

This subsection shall not apply to the following: (i) any member who qualifies for retirement under subsection C of § 51.1-205 and is credited with less than ~~twenty~~20 years' service rendered in a hazardous position or (ii) any member employed initially on or after July 1, 1974, who is credited with less than twenty years' service rendered in a hazardous position.

C. 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 provisions of this or any chapter other than Chapter 7 (§ 51.1-700 et seq.) of this title, his retirement allowance shall cease while so employed.

§ 51.1-217. Service retirement allowance.

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

1. Normal retirement

a. Notwithstanding the provisions of §§ 51.1-155, 51.1-155.1 and 51.1-155.2, for any employee commencing employment or reemployment on or after July 1, 2001, and for any employee who makes the election provided in § 51.1-221, the allowance shall equal (i) two percent of his average final compensation multiplied by the amount of creditable service earned (a) as a member in the retirement system established by this chapter, (b) as a member in the retirement system established by Chapter 2

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59 (§ 51.1-200 et seq.) of Title 51.1, or (c) while earning the benefits permitted by § 51.1-138; and (ii) 1.70
60 percent of his average final compensation multiplied by all other creditable service, if any; and

61 b. For any other employee, the allowance shall equal 1.70 percent of his average final compensation
62 multiplied by the amount of creditable service.

63 2. Early retirement. - The allowance shall be determined in the same manner as for normal retirement
64 with creditable service and average final compensation being determined as of the date of actual
65 retirement.

66 a. For an individual retiring pursuant to subdivision B 1 of § 51.1-216, who is not retiring directly
67 from service as an employee as defined in § 51.1-212, and who has less than ~~thirty~~ 30 years of service
68 shall retire under the provisions of the retirement system for which he is a member as of his retirement
69 date; and

70 b. For all other individuals retiring pursuant to subdivision B 1 of § 51.1-216, and for an individual
71 retiring pursuant to subdivision B 2 of § 51.1-216 who has less than ~~twenty-five~~ 25 years of service at
72 retirement, the amount of the retirement allowance shall be reduced on an actuarial equivalent basis for
73 the period by which the actual retirement date precedes the earlier of (i) his normal retirement date or
74 (ii) the first date on or after his fiftieth birthday on which he would have completed a total of
75 ~~twenty-five~~ 25 years of creditable service.

76 B. Any person who is an employee on June 30, 2001, and on July 1, 2001, who does not make the
77 election provided in § 51.1-221, shall receive, in addition to the allowance payable under subsection A,
78 from the date of his retirement until his sixty-fifth birthday, an annual allowance equal to \$9,264.
79 *However, a member who (i) retires at age 50 or older and (ii) has not retired prior to July 1, 2003,*
80 *under any retirement plan administered by the Virginia Retirement System, shall receive annually such*
81 *allowance from the date of his retirement until his sixty-fifth birthday, or for a period of 15 years,*
82 *whichever is longer.* Beginning July 1, 2001, and biennially thereafter, such allowance shall be reviewed
83 and adjusted by the Board to an amount recommended by the actuary of the Virginia Retirement System
84 based upon increases in Social Security benefits in the interim. This subsection shall not apply to the
85 following: (i) any member who qualifies for retirement under subsection C of § 51.1-216 and is credited
86 with less than twenty years' service rendered in a hazardous position or (ii) any member employed
87 initially on or after July 1, 1974, who is credited with less than ~~twenty~~ 20 years' service rendered in a
88 hazardous position.

89 C. If a beneficiary of a service retirement allowance under this chapter is at any time in service as an
90 employee in a position covered for retirement purposes under the provisions of this or any chapter other
91 than Chapter 7 (§ 51.1-700 et seq.) of this title, his retirement allowance shall cease while so employed.

92 D. No person shall be eligible to receive any of the allowances provided in this section if he receives
93 retirement benefits under Chapter 2 (§ 51.1-200 et seq.) of Title 51.1 or under § 51.1-138. No person
94 shall receive any allowance pursuant to subdivision A 1 (i) if he has received an allowance pursuant to
95 subsection B of § 51.1-206 or subsection B of § 51.1-217, unless, after receiving the allowance pursuant
96 to subsection B of § 51.1-206 or subsection B of § 51.1-217, he becomes employed or reemployed as an
97 employee defined in § 51.1-212, and thereafter earns five or more years of creditable service (a) as a
98 member in the retirement system established by this chapter, (b) as a member in the retirement system
99 established by Chapter 2 (§ 51.1-200 et seq.) of Title 51.1, or (c) while earning the benefits permitted by
100 § 51.1-138.