

2004 SESSION

INTRODUCED

042515164

SENATE BILL NO. 541

Offered January 14, 2004

Prefiled January 14, 2004

A BILL to amend and reenact § 51.1-139 of the Code of Virginia, relating to the Virginia Retirement System; employer in default.

Patron—Stosch

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:

1. That § 51.1-139 of the Code of Virginia is amended and reenacted as follows:

§ 51.1-139. Procedure when employer in default.

An employer's agreement to contribute on behalf of its employees who become members shall be irrevocable. If an employer for any reason becomes financially unable to make the contributions payable on behalf of the members, the employer shall be deemed to be in default *and the employees' membership in the Retirement System shall be terminated*. As of the date of the default, (i) *each member or beneficiary whose coverage under the Retirement System is affected by such default shall become fully vested*, (ii) the actuary of the ~~retirement system~~ Retirement System shall determine by actuarial valuation the amount of the reserves held on behalf of each then member and each then beneficiary, and (iii) *the Retirement System shall credit to each member and each beneficiary the amount of reserve so held*. The reserve so credited together with the amount of the accumulated contributions of each member, shall be disbursed in a manner prescribed by the Board *consistent with the applicable tax qualification rules of the Internal Revenue Code*, whereupon the rights and privileges of the members and beneficiaries shall terminate.

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