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HOUSE BILL NO. 1996

Offered January 12, 2005

Prefiled January 10, 2005

A BILL to amend and reenact §§ 51.1-155 and 51.1-206, as they are currently effective and as they shall become effective, and § 51.1-217 of the Code of Virginia, relating to Virginia Retirement System; benefits.

Patrons—Griffith, Kilgore and Ware, O.

Referred to Committee on Appropriations

Be it enacted by the General Assembly of Virginia:

1. That §§ 51.1-155 and 51.1-206, as they are currently effective and as they shall become effective, and § 51.1-217 of the Code of Virginia are amended and reenacted as follows:

§ 51.1-155. Service retirement allowance.

A. Retirement allowance. - 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 his creditable service ~~multiplied by a percentage of his average final compensation as set forth in the following chart.~~

<i>Years of Creditable Service</i>	<i>Percentage of Average Final Compensation</i>
<i>Less than 25</i>	<i>1.70 percent</i>
<i>25 or more but less than 30</i>	<i>1.80 percent</i>
<i>30 or more but less than 35</i>	<i>1.90 percent</i>
<i>35 or more but less than 40</i>	<i>2.0 percent</i>
<i>40 or more</i>	<i>3.0 percent</i>

2. Early retirement; applicable to teachers, state employees, and certain others. - 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 30 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 which he would have completed a total of 30 years of creditable service. The provisions of this subdivision shall apply to teachers and state employees. These provisions shall also apply to employees of any political subdivision that participates in the retirement system if the political subdivision makes the election provided in subdivision 3 of this subsection.

3. Early retirement; applicable to employees of certain political subdivisions. - 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 creditable service of the member equals 30 or more years but the sum of his age at retirement plus his creditable service at retirement is less than 90, 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 which the sum of his then attained age plus his then creditable service would have been equal to 90 or more had he remained in service until such date. If the member has less than 30 years of creditable service, the retirement allowance shall be reduced for the period by which the actual retirement date precedes the earlier of (i) his normal retirement date or (ii) the first date on which he would have completed a total of at least 30 years of creditable service and his then creditable service plus his then attained age would have been equal to 90 or more.

The provisions of this subdivision shall apply to the employees of any political subdivision that participates in the retirement system. The participating political subdivision may, however, elect to provide its employees with the early retirement allowance set forth in subdivision 2 of this subsection. Any election pursuant to this subdivision shall be set forth in a legally adopted resolution.

4. Additional allowance. - In addition to the allowance payable under subdivisions 1, 2, and 3 of this subsection, a member shall receive an additional allowance which shall be the actuarial equivalent, for his attained age at the time of retirement, of the excess of his accumulated contributions transferred from the abolished system to the retirement system, including interest credited at the rate of two percent compounded annually since the transfer to the date of retirement, over the annual amounts equal to four percent of his annual creditable compensation at the date of abolishment for a period equal to his period of membership in the abolished system.

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58 5. 50/10 retirement. - The allowance shall be payable in a monthly stream of payments equal to the
59 greater of (i) the actuarial equivalent of the benefit the member would have received had he terminated
60 service and deferred retirement to age 55 or (ii) the actuarially calculated present value of the member's
61 accumulated contributions, including accrued interest.

62 B. Beneficiary serving in position covered by this title.

63 1. Except as provided in subdivisions 2 and 3, if a beneficiary of a service retirement allowance
64 under this chapter is at any time in service as an employee in a position covered for retirement purposes
65 under the provisions of this or any chapter other than Chapter 7 (§ 51.1-700 et seq.) of this title, his
66 retirement allowance shall cease while so employed. Any member who retires and later returns to
67 covered employment shall not be entitled to select a different retirement option for a subsequent
68 retirement.

69 2. Active members of the General Assembly who are eligible to receive a retirement allowance under
70 this title, excluding their service as a member of the General Assembly, shall be eligible to receive a
71 retirement allowance based on their creditable service and average final compensation for service other
72 than as a member of the General Assembly. Such members of the General Assembly shall continue to
73 be reported as any other members of the retirement system. Upon ceasing to serve in the General
74 Assembly, members of the General Assembly receiving a retirement allowance based on their creditable
75 service and average final compensation for service other than as a member of the General Assembly
76 shall have their retirement allowance recomputed prospectively to include their service as a member of
77 the General Assembly. Active members of the General Assembly shall be prohibited from receiving a
78 service retirement allowance under this title based solely on their service as a member of the General
79 Assembly.

80 3. (Effective if contingency is met and expires July 1, 2005 - See note) Any person receiving a
81 service retirement allowance under this chapter, who is hired as a local school board instructional or
82 administrative employee required to be licensed by the Board of Education, may elect to continue to
83 receive the retirement allowance during such employment, under the following conditions:

84 a. The person's retirement allowance is based in whole or in part on service as a local school board
85 instructional or administrative employee required to be licensed by the Board of Education; and

86 b. The person has been receiving such retirement allowance for a period of at least 30 days
87 preceding his employment; and

88 c. At the time the person is employed, the position to which he is assigned is among those identified
89 by the Superintendent of Public Instruction pursuant to subdivision 4 of § 22.1-23; and

90 d. The person is hired pursuant to a contract that does not exceed one year in duration.

91 e. [Repealed.]

92 Nothing in this subdivision shall be construed to restrict the total number of years that any one
93 person may participate under the provisions of this subdivision, provided that all applicable conditions
94 are met.

95 If the person elects to continue to receive the retirement allowance during the period of such
96 employment, then his service performed and compensation received during such period of time will not
97 increase, decrease, or affect in any way his retirement benefits before, during, or after such employment.

98 3. (Effective if contingency is not met and expires July 1, 2005 - See note) Any person receiving a
99 service retirement allowance under this chapter, who is hired as a local school board instructional or
100 administrative employee required to be licensed by the Board of Education, may elect to continue to
101 receive the retirement allowance during such employment, under the following conditions:

102 (a) The person's retirement allowance is based in whole or in part on service as a local school board
103 instructional or administrative employee required to be licensed by the Board of Education;

104 (b) The person has been receiving such retirement allowance for a certain period of time preceding
105 his employment as provided by law;

106 (c) The person is not receiving a retirement benefit pursuant to an early retirement incentive program
107 from any local school division within the Commonwealth; and

108 (d) At the time the person is employed, the position to which he is assigned is among those
109 identified by the Superintendent of Public Instruction pursuant to subdivision 4 of § 22.1-23, by the
110 relevant division superintendent, pursuant to § 22.1-70.3, or by the relevant local school board, pursuant
111 to subdivision 9 of § 22.1-79.

112 If the person elects to continue to receive the retirement allowance during the period of such
113 employment, then his service performed and compensation received during such period of time will not
114 increase, decrease, or affect in any way his retirement benefits before, during, or after such employment.

115 § 51.1-206. (Effective July 1, 2005) Service retirement allowance.

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

117 1. Normal retirement. - The allowance shall equal ~~1.70 percent of his average final compensation~~
118 ~~multiplied by~~ the amount of creditable service ~~multiplied by a percentage of his average final~~
119 ~~compensation as set forth in the following chart.~~

180 35 or more but less than 40 2.0 percent
181 40 or more 3.0 percent.

182 The total years of creditable service set forth in the two charts in this subdivision include all years
183 of creditable service regardless of the particular Virginia Retirement System program or plan in which
184 they were earned.

185 b. For any other employee, the allowance shall equal ~~1.70 percent of his average final compensation~~
186 ~~multiplied by the amount of creditable service multiplied by a percentage of his average final~~
187 ~~compensation as set forth in the following chart.~~

188 Years of Creditable Service Percentage of Average Final Compensation

189 Less than 25 1.70 percent

190 25 or more but less than 30 1.80 percent

191 30 or more but less than 35 1.90 percent

192 35 or more but less than 40 2.0 percent

193 40 or more 3.0 percent.

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

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

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

207 B. Any person who is an employee on June 30, 2001, and on July 1, 2001, who does not make the
208 election provided in § 51.1-221, shall receive, in addition to the allowance payable under subsection A,
209 from the date of his retirement until his sixty-fifth birthday, an annual allowance equal to \$9,264.
210 Beginning July 1, 2001, and biennially thereafter, such allowance shall be reviewed and adjusted by the
211 Board to an amount recommended by the actuary of the Virginia Retirement System based upon
212 increases in Social Security benefits in the interim. This subsection shall not apply to the following: (i)
213 any member who qualifies for retirement under subsection C of § 51.1-216 and is credited with less than
214 twenty years' service rendered in a hazardous position or (ii) any member employed initially on or after
215 July 1, 1974, who is credited with less than twenty years' service rendered in a hazardous position.

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

219 D. No person shall be eligible to receive any of the allowances provided in this section if he receives
220 retirement benefits under Chapter 2 (§ 51.1-200 et seq.) of Title 51.1 or under § 51.1-138. No person
221 shall receive any allowance pursuant to subdivision A 1 (i) if he has received an allowance pursuant to
222 subsection B of § 51.1-206 or subsection B of § 51.1-217, unless, after receiving the allowance pursuant
223 to subsection B of § 51.1-206 or subsection B of § 51.1-217, he becomes employed or reemployed as an
224 employee defined in § 51.1-212, and thereafter earns five or more years of creditable service (a) as a
225 member in the retirement system established by this chapter, (b) as a member in the retirement system
226 established by Chapter 2 (§ 51.1-200 et seq.) of Title 51.1, or (c) while earning the benefits permitted by
227 § 51.1-138.