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SENATE BILL NO. 875

Offered January 10, 2007

Prefiled January 8, 2007

A BILL to amend and reenact §§ 51.1-206 and 51.1-217 of the Code of Virginia, relating to the retirement allowance for public safety officers.

Patron—McDougle

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 any member retiring on or after July 1, 2007, the retirement multiplier shall equal 1.70% plus:

a. an additional .025% for each full year over age 50 at the time of the member's retirement, and

b. an additional .025% for each full year of creditable service in excess of 25 years at the time of the member's retirement.

Example: For a member retiring on July 1, 2009, at age 51 and 10 months, with 28 years and one month of creditable service, the retirement multiplier would equal:

$.017 + (1 \times .00025) + (3 \times .00025) = .018.$

In no case, however, shall a member's retirement multiplier hereunder exceed a combined total of 2.2%.

The retirement multiplier shall then be multiplied by the member's average final compensation, with the resulting product then multiplied by his amount of creditable service to obtain the annual retirement allowance.

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 25 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 25 years of creditable service.

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. 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 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 20 years' service rendered in a hazardous position. However, any service rendered as an employee, as such term is defined in § 51.1-212, shall be deemed as service in a hazardous position for purposes of the additional retirement allowance herein.

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

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59 commencing employment or reemployment on or after July 1, 2001, and for any employee who makes
60 the election provided in § 51.1-221, the allowance shall equal (i) *a base percentage of two percent of*
61 *plus any additional increases to the base percentage from applying the provisions of subdivisions 1 b*
62 *(1) and 1 b (2) of this subsection, with the adjusted percentage then multiplied by his average final*
63 *compensation, with the resulting product then multiplied by the amount of creditable service earned (a)*
64 *as a member in the retirement system established by this chapter, (b) as a member in the retirement*
65 *system established by Chapter 2 (§ 51.1-200 et seq.) of Title 51.1, or (c) while earning the benefits*
66 *permitted by § 51.1-138; and (ii) 1.70 percent of his average final compensation multiplied by all other*
67 *creditable service, if any; and. In no case, however, shall an employee's multiplier of average final*
68 *compensation under clause (i) exceed a combined total of 2.2%.*

69 b. For any other employee, ~~the allowance shall equal 1.70 percent of his average final compensation~~
70 ~~multiplied by the amount of creditable service retiring on or after July 1, 2007, the retirement multiplier~~
71 ~~shall equal 1.70% plus:~~

72 (1) *an additional .025% for each full year over age 50 at the time of the employee's retirement, and*

73 (2) *an additional .025% for each full year of creditable service in excess of 25 years at the time of*
74 *the employee's retirement.*

75 *Example: For an employee retiring on July 1, 2009, at age 51 and 10 months, with 28 years and*
76 *one month of creditable service, the retirement multiplier would equal:*

77 *.017 + (1 x .00025) + (3 x .00025) = .018.*

78 *In no case, however, shall an employee's retirement multiplier hereunder exceed a combined total of*
79 *2.2%.*

80 *The retirement multiplier shall then be multiplied by the employee's average final compensation, with*
81 *the resulting product then multiplied by his amount of creditable service to obtain the annual retirement*
82 *allowance.*

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

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

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

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

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

108 D. No person shall be eligible to receive any of the allowances provided in this section if he receives
109 retirement benefits under Chapter 2 (§ 51.1-200 et seq.) of Title 51.1 or under § 51.1-138. No person
110 shall receive any allowance pursuant to subdivision A 1 (i) if he has received an allowance pursuant to
111 subsection B of § 51.1-206 or subsection B of § 51.1-217, unless, after receiving the allowance pursuant
112 to subsection B of § 51.1-206 or subsection B of § 51.1-217, he becomes employed or reemployed as an
113 employee defined in § 51.1-212, and thereafter earns five or more years of creditable service (a) as a
114 member in the retirement system established by this chapter, (b) as a member in the retirement system
115 established by Chapter 2 (§ 51.1-200 et seq.) of Title 51.1, or (c) while earning the benefits permitted by
116 § 51.1-138.

117 2. That the provisions of this act shall not be applicable to any person who retired prior to July 1,
118 2007, pursuant to Title 51.1, unless such person performs at least three years of creditable service
119 subsequent to such date (i) as a member in the State Police Officers' Retirement System
120 (§ 51.1-200 et seq. of the Code of Virginia), (ii) as a member in the Virginia Law Officers'

121 Retirement System (§ 51.1-211 et seq. of the Code of Virginia), or (iii) while earning the benefits
122 permitted by § 51.1-138 of the Code of Virginia and meets all other conditions for retirement
123 under the applicable retirement system.

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