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HOUSE BILL NO. 562

Offered January 13, 2010

Prefiled January 12, 2010

A BILL to amend and reenact § 51.1-166 of the Code of Virginia, relating to the Virginia Retirement System; post-retirement supplements.

Patron—Tata

Referred to Committee on Appropriations

Be it enacted by the General Assembly of Virginia:**1. That § 51.1-166 of the Code of Virginia is amended and reenacted as follows:**

§ 51.1-166. Post-retirement supplements generally.

A. In addition to the allowances payable under this chapter, post-retirement supplements shall be payable to the recipients of such allowances. Supplements shall be subject to the same conditions of payment as are allowances.

B. The amounts of the post-retirement supplements shall be determined as percentages of the allowances supplemented hereby. The percentages shall be determined annually by reference to the increase in the United States Average Consumer Price Index for all items, all urban consumers (CPI-U), as published by the Bureau of Labor Statistics of the United States Department of Labor. The percentages shall be based on monthly averages and shall be the difference between (i) the average for the calendar year in which the allowance initially commenced just ended and (ii) the average for the most recent calendar year immediately prior to the calendar year in which used in the determination of the post-retirement supplement supplements is currently being paid. The annual increase, if any, in the Consumer Price Index CPI-U shall be considered only to the extent of three percent plus one-half of such additional increase up to seven percent. If the difference in the percentages determined above is zero or less, the post-retirement supplements shall either not commence or shall continue unchanged until such time as an annual determination results in a difference in the percentages that are greater than zero.

Beginning July 1, 1997, contribution rates calculated pursuant to § 51.1-145 for all employers shall include an amount not less than twenty percent of the total annual amount necessary to fund all post-retirement supplements. Contribution rates for all employers shall increase thereafter until, beginning July 1, 2002, such rates shall include an amount equal to 100 percent of the total annual amount necessary to fund all post-retirement supplements. All contribution rates shall be computed in accordance with recognized actuarial principles on the basis of methods and assumptions approved by the Board.

Nothing in this section shall prohibit an employer from contributing, prior to July 1, 2002, 100 percent of the total annual amount necessary to fund its post-retirement supplements.

C. There shall be no change in the amount of any post-retirement supplement between determination dates except as necessary to reflect changes in the amount of the allowance being supplemented. The post-retirement supplement shall remain a constant percentage of the respective allowance being supplemented. No new post-retirement supplement shall be commenced except as of a determination date. The post-retirement supplement determined as of any determination dates shall become effective at the beginning of the fiscal year and shall be in lieu of any post-retirement supplements previously payable, which shall thereupon be terminated.

D. Any recipient of an allowance which initially commenced on or prior to January 1, 1990, shall be entitled to post-retirement supplements effective July 1, 1991. Any recipient of an allowance must receive that allowance for one full calendar year before being entitled to post-retirement supplements.

INTRODUCED

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