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HOUSE BILL NO. 2465

Offered January 20, 2011

A BILL to amend and reenact §§ 51.1-138, 51.1-201, 51.1-212, 51.1-301, 51.1-603.1, 51.1-611, 51.1-1100, and 51.1-1400 through 51.1-1403 of the Code of Virginia and to amend the Code of Virginia by adding a section numbered 51.1-126.5:1, relating to the Virginia Retirement System; defined contribution retirement program for state and local employees.

Patrons—Jones, Abbitt, Albo, Athey, Cline, Cole, Comstock, Greason, Howell, W.J., Janis, Knight, Landes, Lingamfelter, Loupassi, Marshall, D.W., Poindexter, Purkey and Sherwood

Referred to Committee on Appropriations

Be it enacted by the General Assembly of Virginia:

1. That §§ 51.1-138, 51.1-201, 51.1-212, 51.1-301, 51.1-603.1, 51.1-611, 51.1-1100, and 51.1-1400 through 51.1-1403 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding a section numbered 51.1-126.5:1 as follows:

§ 51.1-126.5:1. Defined contribution retirement program.

A. For purposes of this section, "defined contribution retirement program" means a retirement program covering any employee in a position covered for retirement purposes under the provisions of Chapter 1 (§ 51.1-124.1 et seq.), 2 (§ 51.1-200 et seq.), 2.1 (§ 51.1-211 et seq.), or 3 (§ 51.1-300 et seq.), for retirement purposes other than the Virginia Retirement System defined benefit retirement plan established under this chapter or an optional retirement plan pursuant to § 51.1-126, 51.1-126.5, or 51.1-126.6. Persons who are participants in, or eligible to be participants in, the optional retirement plans established under §§ 51.1-126.1, 51.1-126.3, 51.1-126.4, and 51.1-126.7 shall not be eligible to participate in the defined contribution retirement program.

The Board shall maintain this defined contribution retirement program, and any employer is authorized to make contributions under such program to the plans for the benefit of its employees participating in such program. Every employee who is (i) a person who becomes a member on or after July 1, 2010, (ii) hired on or after January 1, 2012, and (iii) not already (a) a member covered by the defined benefit plan established under this chapter, (b) a member of the State Police Officers' Retirement System under Chapter 2 (§ 51.1-200 et seq.), (c) a member of the Virginia Law Officers' Retirement System under Chapter 2.1 (§ 51.1-211 et seq.), (d) a member of the Judicial Retirement System under Chapter 3 (§ 51.1-300 et seq.), (e) earning the benefits permitted by § 51.1-138, or (f) a participant in an optional retirement plan pursuant to § 51.1-126, 51.1-126.5, or 51.1-126.6, shall participate in this defined contribution retirement program. Notwithstanding the foregoing, such employee who is (1) hired on or after January 1, 2012, by an institution of higher education that has established and is maintaining its own optional retirement plan pursuant to subsection B of § 51.1-126, and (2) engaged in the performance of teaching, administrative, or research duties shall make an irrevocable election to participate in either: (A) this defined contribution retirement program, or (B) such optional retirement plan of the institution of higher education, provided the institution of higher education administers its optional retirement plan in accordance with the provisions of this section governing the defined contribution retirement program. Such election shall be exercised no later than 60 days from the time of the employee's entry upon the performance of his duties. If an election is not made within such 60 days, such employee shall be deemed to have elected to participate in this defined contribution retirement program.

B. 1. The employer shall make a matching contribution on behalf of an employee participating in the defined contribution retirement program, based on the employee's mandatory contribution to the program under subdivision C 1, in the amount of 50 percent of five percent of creditable compensation. In addition, the employer shall make a matching contribution on behalf of the employee based on the employee's voluntary contributions to the deferred compensation plan established under § 51.1-602, up to a maximum of 2.5 percent of creditable compensation for the payroll period, as follows: 50 percent of up to five percent of creditable compensation contributed by the employee to such plan for the payroll period, over and above the mandatory employee contribution. The matching contributions by the employer shall be made to the cash match plan established under § 51.1-608.

2. The total amount contributed by the employer under subdivision B 1 shall vest to the employee's benefit according to the following schedule:

a. Upon completion of two years of continuous participation in the defined contribution retirement program, 50 percent.

b. Upon completion of three years of continuous participation in the defined contribution retirement

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58 program, 75 percent.

59 c. Upon completion of four years of continuous participation in the defined contribution retirement
60 program, 100 percent.

61 If an employee terminates employment with an employer prior to the end of this vesting period,
62 contributions made by an employer on behalf of the employee under subdivision B 1 that are not vested
63 according to the schedule in this subdivision shall be forfeited. The Board may establish a forfeiture
64 account and may specify the uses of the forfeiture account.

65 3. No loans or hardship distributions shall be available from contributions made by an employer
66 under subdivision B 1.

67 C. 1. An employee participating in the defined contribution retirement program shall, pursuant to
68 procedures established by the Board, make mandatory contributions on a salary reduction basis in
69 accordance with § 414(h) of the Internal Revenue Code in the amount of five percent of creditable
70 compensation.

71 2. An employee participating in the defined contribution retirement program may also make
72 voluntary contributions to the program subject to the limit on elective deferrals pursuant to § 457(b) of
73 the Internal Revenue Code. The voluntary contribution by the employee shall be made to the deferred
74 compensation plan established by the employee under § 51.1-602.

75 3. No loans or hardship distributions shall be available from contributions made by an employee
76 under subdivision B 1.

77 D. 1. The Board shall develop policies and procedures for the administration of the defined
78 contribution retirement program, including the establishment of guidelines for employee elections and
79 deferrals under the program.

80 2. No employee who is an active member in the defined contribution retirement program maintained
81 by the Board shall also be (i) an active member of the retirement system or beneficiary other than a
82 contingent annuitant, or (ii) an active member of any other optional retirement plan maintained under
83 the provisions of Chapter 1 (§ 51.1-124.1 et seq.).

84 3. If a member of the defined contribution retirement program maintained under this section is at
85 any time in service as an employee in a position covered for retirement purposes under the provisions of
86 Chapter 1 (§ 51.1-124.1 et seq.), 2 (§ 51.1-200 et seq.), 2.1 (§ 51.1-211 et seq.), or 3 (§ 51.1-300 et
87 seq.), his benefit payments under the defined contribution retirement program maintained under this
88 section shall be suspended while so employed; provided, however, reemployment shall have no effect on
89 the payment under the defined contribution retirement program maintained under this section if the
90 benefits are being paid in an annuity form under an annuity contract purchased with the member's
91 account balance.

92 4. Any administrative fee imposed pursuant to subdivision A 13 of § 51.1-124.22 upon any employer
93 for administering and overseeing the defined contribution retirement program established pursuant to
94 this section shall be charged for each employee participating in such program and shall be for costs
95 incurred by the Retirement System that are directly related to the administration and oversight of such
96 program.

97 5. The creditable compensation for any employee on whose behalf employee or employer
98 contributions are made into the defined contribution retirement program shall not exceed the limit on
99 compensation as adjusted by the Commissioner of the Internal Revenue Service pursuant to the
100 transition provisions applicable to eligible participants under state and local governmental plans under
101 § 401(a)(17) of the Internal Revenue Code as amended in 1993 and as contained in § 13212(d)(3) of the
102 Omnibus Budget Reconciliation Act of 1993 (P. L. 103-66).

103 6. The Board may contract with private corporations or institutions subject to the standards set forth
104 in § 51.1-124.30 to provide investment products as well as any other goods and services related to the
105 administration of the defined contribution retirement program. The Virginia Retirement System is hereby
106 authorized to perform related services including, but not limited to, providing consolidated billing,
107 individual and collective recordkeeping and accountings, and asset purchase, control, and safekeeping.

108 E. A person who participates in the otherwise applicable defined benefit retirement plan established
109 by this title and administered by the Virginia Retirement System, or an optional retirement plan
110 pursuant to § 51.1-126, 51.1-126.5, or 51.1-126.6, may make an irrevocable election to participate in
111 the defined contribution retirement program. Such election shall be exercised no later than March 31,
112 2012. If an election is not made by March 31, 2012, such employee shall be deemed to have elected not
113 to participate in the defined contribution retirement program and shall continue participation in his
114 current retirement plan. The Board is authorized to allow transfers of (i) the amount of the accumulated
115 contributions and interest of each member of the Virginia Retirement System defined benefit retirement
116 plan, or (ii) the balance in an optional retirement plan, as applicable, by a person who makes the
117 election to participate in the defined contribution retirement program.

118 § 51.1-138. Benefits.

119 A. Employees who become members under this article and on whose behalf contributions are paid as

120 provided in this article shall be entitled to benefits under the retirement system.

121 B. By resolution legally adopted and approved by the Board, the employer may elect to provide
122 benefits equivalent to those provided under the State Police Officers' Retirement System, as set out in
123 Chapter 2 (§ 51.1-200 et seq.) of this title except for § 51.1-209, and except that the employer may elect
124 to establish the retirement allowance pursuant to the allowance provided in clause (i) or (ii) in
125 subsection A of § 51.1-206, in lieu of the benefits that would otherwise be provided hereunder for any
126 employees who are employed in (i) law-enforcement positions comparably hazardous to that of a state
127 police officer, including any sworn law-enforcement officer who has the duty and obligation to enforce
128 the penal and traffic laws of this Commonwealth as directed by his superior officer, if so certified by his
129 appointing authority, (ii) positions as full-time salaried firefighters, (iii) positions as full-time salaried
130 emergency medical technicians, or (iv) positions as regional jail superintendents and jail officers of
131 regional jail farms, regional jails or jail authorities, as approved by the respective jail board or authority
132 and by the participating political subdivisions of such entities. Sheriffs of political subdivisions and
133 superintendents of regional jails which participate in the retirement system shall receive benefits
134 equivalent to those of state police officers, except for the benefits provided under § 51.1-209, regardless
135 of whether the employer has elected to provide equivalent benefits as set out in this subsection.

136 C. Each employer providing the benefits of subsection B for its employees prior to July 1, 1990,
137 may elect to provide for the early retirement of employees as set forth in this subsection in lieu of the
138 early retirement and death before retirement provisions of the State Police Officers' Retirement System.
139 Such election must be made to the Board in writing prior to July 1, 1990. Any member in service on or
140 after his fifty-fifth birthday with five or more years of creditable service (i) while earning the benefits
141 permitted by this section, (ii) as a member in the retirement system established by Chapter 2 (§ 51.1-200
142 et seq.) of this title, or (iii) as a member in the retirement system established by Chapter 2.1 (§ 51.1-211
143 et seq.) of this title may retire upon written notification to the Board setting forth at what time the
144 retirement is to become effective. The effective date shall be after his last day of service but shall not be
145 more than 90 days prior to the filing of such notice. The member shall receive an allowance that shall
146 be determined in the same manner as for retirement at an employee's normal retirement with creditable
147 service and average final compensation being determined as of the date of his actual retirement. If the
148 member has less than 30 years of service at retirement, the amount of the retirement allowance shall be
149 reduced on an actuarial equivalent basis for the period by which the actual retirement date precedes the
150 earlier of (a) the member's normal retirement date or (b) the first date on or after the member's fifty-fifth
151 birthday on which the member would have completed a total of 30 years of creditable service. Effective
152 December 31, 2003, any employee in service on June 30, 2002, and July 1, 2002, who is credited with
153 five or more years of creditable service rendered under this chapter and earning the benefits permitted
154 by this section, Chapter 2 (§ 51.1-200 et seq.), or Chapter 2.1 (§ 51.1-211 et seq.) of this title shall not
155 be subject to the vesting requirements of this section, and §§ 51.1-205 and 51.1-216.

156 Members retiring under the provisions of this subsection shall be entitled to receive post-retirement
157 supplements as provided in § 51.1-166. In computing the amount of any supplement, any additional
158 allowances being paid under the provisions of subsection B of § 51.1-206 shall be disregarded. In the
159 case of death before retirement, members whose employers elect to provide benefits in accordance with
160 the provisions of this subsection and who have not attained the age of 50 on the date of death shall be
161 assumed to be 50 years of age for the purposes of reducing the benefits on an actuarial equivalent basis.

162 D. Beginning July 1, 2008, each county and city participating in the Virginia Retirement System
163 shall provide the benefit coverage described in subsection B to each deputy sheriff, regardless of
164 whether the deputy sheriff's salary is funded or reimbursed in whole or in part by the Compensation
165 Board.

166 E. Notwithstanding the provisions of subsection C, beginning July 1, 2009, the City of Danville shall
167 provide to each deputy sheriff the benefit coverage described in subsection B.

168 F. Beginning July 1, 2009, each regional jail board and regional jail authority participating in the
169 Virginia Retirement System and each county and city participating in such board or authority shall
170 provide the benefit coverage described in subsection B to each sworn officer of a regional jail,
171 regardless of whether the regional jail officer's salary is funded or reimbursed in whole or in part by the
172 State Compensation Board.

173 G. Beginning July 1, 2010, any county or city that (i) participates in the Virginia Retirement System
174 pursuant to Chapter 1 (§ 51.1-124.1 et seq.), (ii) has in effect a retirement supplement for deputy sheriffs
175 (in addition to the annual retirement allowance provided under the Virginia Retirement System) that
176 exceeds the allowance set forth in subsection B of § 51.1-206 hereof, and (iii) provides the same level
177 of retirement benefits to all of its deputy sheriffs, may, by resolution legally adopted, elect to provide
178 the benefits coverage under subsection B hereof except for the allowance described in subsection B of
179 § 51.1-206. Notwithstanding any other provision of law, the additional costs of such election shall be
180 borne solely by such county or city.

181 H. The retirement system shall not be liable for the payment of any retirement allowances or other
 182 benefits on behalf of a member or beneficiary of a member for which reserves have not been previously
 183 created from funds contributed by the employer or the members for such benefits.

184 *I. Notwithstanding the foregoing, any person participating in the defined contribution retirement*
 185 *program established pursuant to § 51.1-126.5:1 shall not be entitled to the benefits under this section.*

186 § 51.1-201. Definitions.

187 As used in this chapter, unless the context requires a different meaning:

188 "Employee" means a state police officer.

189 "Member" means any person included in the membership of the retirement system as provided in this
 190 chapter, *except that any person participating in the defined contribution retirement program established*
 191 *pursuant to § 51.1-126.5:1 shall not be considered a member.*

192 "Normal retirement date" means a member's sixtieth birthday.

193 "Retirement system" means the State Police Officers' Retirement System.

194 § 51.1-212. Definitions.

195 As used in this chapter, unless the context requires a different meaning:

196 "Employee" means any (i) member of the Capitol Police Force as described in § 30-34.2:1, (ii)
 197 campus police officer appointed under the provisions of Chapter 17 (§ 23-232 et seq.) of Title 23, (iii)
 198 conservation police officer in the Department of Game and Inland Fisheries appointed under the
 199 provisions of Chapter 2 (§ 29.1-200 et seq.) of Title 29.1, (iv) special agent of the Department of
 200 Alcoholic Beverage Control appointed under the provisions of Chapter 1 (§ 4.1-100 et seq.), (v)
 201 law-enforcement officer employed by the Virginia Marine Resources Commission as described in
 202 § 9.1-101, (vi) correctional officer as the term is defined in § 53.1-1, and including correctional officers
 203 employed at a juvenile correction facility as the term is defined in § 66-25.3, (vii) any parole officer
 204 appointed pursuant to § 53.1-143, and (viii) any commercial vehicle enforcement officer employed by
 205 the Department of State Police.

206 "Member" means any person included in the membership of the Retirement System as provided in
 207 this chapter, *except that any person participating in the defined contribution retirement program*
 208 *established pursuant to § 51.1-126.5:1 shall not be considered a member.*

209 "Normal retirement date" means a member's sixtieth birthday.

210 "Retirement System" means the Virginia Law Officers' Retirement System.

211 § 51.1-301. Definitions.

212 As used in this chapter, unless the context requires a different meaning:

213 "Appointing authority" means the General Assembly or the Governor.

214 "Creditable service" means prior service plus membership service, as further defined in and modified
 215 by § 51.1-303, for which credit is allowable under this chapter.

216 "Judge" means any justice or judge of a court of record of the Commonwealth, any member of the
 217 State Corporation Commission or Virginia Workers' Compensation Commission, any judge of a district
 218 court of the Commonwealth other than a substitute judge of such district court, and any executive
 219 secretary of the Supreme Court assuming such position between December 1, 1975, and January 31,
 220 1976, *except that any person participating in the defined contribution retirement program established*
 221 *pursuant to § 51.1-126.5:1 shall not be considered a judge as provided in this chapter.*

222 "Normal retirement date" means a member's sixty-fifth birthday.

223 "Previous systems" means the systems established under the provisions of Chapters 2 (§ 51-3 et seq.)
 224 and 2.2 (§ 51-29.8 et seq.) of Title 51, and, in the case of judges of regional juvenile and domestic
 225 relations courts, the Virginia Retirement System.

226 "Primary social security benefit" means, with respect to any member, the primary insurance amount
 227 to which the member is entitled, for old age or disability, as the case may be, pursuant to the federal
 228 Social Security Act as in effect at his date of retirement, under the provisions of this chapter except as
 229 otherwise specifically provided.

230 "Retirement system" means the Judicial Retirement System.

231 "Service" means service as a judge.

232 § 51.1-603.1. Participation by employees of political subdivisions in deferred compensation plan of
 233 Virginia Retirement System.

234 The Virginia Retirement System may enter into an agreement with any political subdivision of the
 235 Commonwealth to permit participation by the political subdivision's employees in the deferred
 236 compensation plan established and administered by the Board pursuant to § 51.1-602, *except that*
 237 *political subdivisions of the Commonwealth otherwise participating in the retirement system pursuant to*
 238 *Article 5 (§ 51.1-130 et seq.) of Chapter 1 shall participate in the deferred compensation plan*
 239 *established and administered by the Board pursuant to § 51.1-602 to the extent necessary to provide*
 240 *benefits under the defined contribution retirement program described in § 51.1-126.5:1.*

241 § 51.1-611. Participation by employees of political subdivisions in cash match plan of Virginia
 242 Retirement System.

243 The Virginia Retirement System may enter into an agreement with any political subdivision of the
 244 Commonwealth to permit participation by the political subdivision's employees in the cash match plan
 245 established and administered by the Board pursuant to § 51.1-608, *except that political subdivisions of*
 246 *the Commonwealth otherwise participating in the retirement system pursuant to Article 5 (§ 51.1-130 et*
 247 *seq.) of Chapter 1 shall participate in the deferred compensation plan established and administered by*
 248 *the Board pursuant to § 51.1-608 to the extent necessary to provide benefits under the defined*
 249 *contribution retirement program described in § 51.1-126.5:1.*

250 § 51.1-1100. Definitions.

251 As used in this chapter, unless the context requires a different meaning:

252 "Act" means the Virginia Workers' Compensation Act (§ 65.2-100 et seq.).

253 "Company" means an insurance company issuing a long-term disability insurance policy purchased
 254 by the Board pursuant to this chapter.

255 "Disability" means a partial disability or total disability.

256 "Disability benefit" means income replacement payments payable to a participating employee under a
 257 short-term or long-term disability benefit program pursuant to this chapter. Disability benefits do not
 258 include benefits payable under the Act.

259 "Eligible employee" means (i) a state employee as defined in § 51.1-124.3 who is a member of the
 260 retirement system, (ii) an employee as defined in § 51.1-201, (iii) an employee as defined in § 51.1-212,
 261 or (iv) a qualifying part-time employee. Any person participating in a plan established pursuant to §§
 262 51.1-126, 51.1-126.1, 51.1-126.4, 51.1-126.5, *51.1-126.5:1*, 51.1-502.1, or §-51.1-502.3 shall not be an
 263 eligible employee. Employees of the University of Virginia Medical Center covered under the basic
 264 insurance policies purchased by the Medical Center shall not be considered eligible employees under this
 265 chapter, unless the University of Virginia Board of Visitors, or a duly authorized agent or representative
 266 of the Board of Visitors, purchases such insurance policies from the Virginia Retirement System.

267 "Existing employee" means an employee who elected to participate in the Virginia Sickness and
 268 Disability Program.

269 "Partial disability" exists during the first twenty-four months following the occurrence or
 270 commencement of an illness or injury when an employee is earning less than eighty percent of his
 271 predisability earnings and, as a result of an injury or illness, is (i) able to perform one or more, but not
 272 all, of the essential job functions of his own job on an active employment or a part-time basis or (ii)
 273 able to perform all of the essential job functions of his own job only on a part-time basis.

274 "Participating employee" means any eligible employee required or electing to participate in the
 275 program.

276 "Program" means the program providing sick leave, family and personal leave, short-term disability,
 277 and long-term disability benefits for participating employees established pursuant to this chapter.

278 "Qualifying part-time employee" means any person who would qualify as a state employee as defined
 279 in § 51.1-124.3 but, rather than being regularly employed full time on a salaried basis, is regularly
 280 employed part time for at least twenty hours but less than forty hours per week on a salaried basis.

281 "State service" means the employee's total period of state service as an eligible employee, including
 282 all periods of classified full-time and classified part-time service and periods of leave without pay, but
 283 not including periods during which the employee did not meet the definition of an eligible employee.

284 "Total disability" exists (i) during the first twenty-four months following the occurrence or
 285 commencement of an illness or injury if an employee is unable to perform all of his essential job
 286 functions or (ii) after twenty-four months following the occurrence or commencement of an illness or
 287 injury if an employee is unable to perform any job for which he is reasonably qualified based on his
 288 training or experience and earning less than eighty percent of his predisability earnings.

289 "Work-related injury" means an injury, as such term is defined in § 65.2-101, to a participating
 290 employee for which benefits are payable under the Act and the Commonwealth is the employer for
 291 purposes of the Act.

292 In addition to the definitions listed above, the definitions listed in § 51.1-124.3 shall apply to this
 293 chapter except as otherwise provided.

294 § 51.1-1400. Health insurance credits for retired state employees.

295 A. The Commonwealth shall provide a credit toward the cost of health insurance coverage for any
 296 former state employee, as defined in § 2.2-2818, who retired under the Virginia Retirement System,
 297 State Police Officers' Retirement System, Judicial Retirement System, Virginia Law Officers' Retirement
 298 System, or any retirement system authorized pursuant to § 51.1-126, 51.1-126.1, 51.1-126.3, 51.1-126.4,
 299 51.1-126.5, *51.1-126.5:1*, or 51.1-126.7 and who (i) rendered at least 15 years of total creditable service
 300 under the Retirement System or (ii) rendered service as a temporary employee of the General Assembly
 301 in 1972 and became a member of the retirement system from 1972 to 1985 immediately following such
 302 temporary service. The amount of each monthly health insurance credit payable under this section shall
 303 be \$4 per year of creditable service, which amount shall be credited monthly to any retired state

304 employee participating in the state retiree health benefits program pursuant to § 51.1-1405 or an
305 alternative personal health insurance plan as provided herein. However, such credit shall not exceed the
306 health insurance premium for retiree-only coverage as provided under such alternative personal health
307 insurance plan. Any (i) employee participant pursuant to § 51.1-126, 51.1-126.1, 51.1-126.3, 51.1-126.4,
308 51.1-126.5, 51.1-126.5:1, or 51.1-126.7 receiving long-term disability, or (ii) retired state employee
309 retired under the provisions of § 51.1-156 or 51.1-307, or (iii) any participating employee receiving
310 long-term disability pursuant to § 51.1-1112 or 51.1-1123 shall receive a maximum monthly credit
311 which is the greater of (i) \$120, (ii) \$4 per year for each year of creditable service at the time of
312 disability retirement, or (iii) \$4 per year for each year of creditable service at the time of eligibility for
313 long-term disability. Any person included in the membership of a retirement system provided by Chapter
314 1 (§ 51.1-124.1 et seq.), 2 (§ 51.1-200 et seq.), 2.1 (§ 51.1-211 et seq.), or 3 (§ 51.1-300 et seq.) of this
315 title who elects to defer his retirement pursuant to subsection C of § 51.1-153, subsection C of
316 § 51.1-205 or subsection C of § 51.1-305 shall be entitled to receive the allowable credit provided by
317 this section on the effective date of his retirement.

318 B. For those retired state employees:

319 1. Participating in the state retiree health benefits program, such credit shall be applied to the
320 monthly premium deducted from benefits payable to retired state employees in accordance with Chapters
321 1 (§ 51.1-124.1 et seq.), 2 (§ 51.1-200 et seq.), 2.1 (§ 51.1-211 et seq.), and 3 (§ 51.1-300 et seq.) of
322 this title. In the event that either no benefit is payable or the benefit payable is insufficient to deduct the
323 entire health care premium, the payment of the credit shall be determined in the manner prescribed by
324 the Virginia Retirement System. Eligibility for the credit shall be determined in a manner prescribed by
325 the Virginia Retirement System.

326 2. Not electing or eligible to participate in the state retiree health benefits program and who purchase
327 an alternative personal health insurance policy from a carrier or organization of his own choosing, such
328 retirees shall be eligible to receive a credit in the amount specified in subsection A. Eligibility for the
329 credit and payment for the credit shall be determined in a manner prescribed by the Virginia Retirement
330 System.

331 C. Any person included in the membership of a retirement system provided by Chapter 1
332 (§ 51.1-124.1 et seq.), 2 (§ 51.1-200 et seq.), 2.1 (§ 51.1-211 et seq.), or 3 (§ 51.1-300 et seq.) of this
333 title who (i) rendered at least 15 years of total creditable service as a state employee as defined in
334 § 2.2-2818 and (ii) after terminating state service, was employed by a local government that does not
335 elect to provide a health insurance credit under § 51.1-1401 or 51.1-1402, shall be eligible for the credit
336 provided by subsection A, provided that the retired employee is participating in a health insurance plan.
337 The Commonwealth shall be charged with the credit as provided for in subsection D. In such case, the
338 health insurance credit shall be determined based upon the amount of state service or service as a
339 teacher, whichever is greater.

340 D. The Virginia Retirement System shall actuarially determine the amount necessary to fund all
341 credits provided by this section to reflect the cost of such credits in the employer contribution rate
342 pursuant to § 51.1-145, and prescribe such terms and conditions as are necessary to carry out the
343 provisions of this section. The costs associated with the administration of the health insurance credit
344 program provided for in this section shall be recovered from the health insurance credit trust fund.

345 E. Notwithstanding anything contained in this section to the contrary, the Virginia Commonwealth
346 University Health System Authority shall pay the cost of coverage for employees of such Authority who
347 (i) retired under the Virginia Retirement System or any retirement system authorized pursuant to
348 § 23-50.16:24.1, 51.1-126, 51.1-126.1, or former § 51.1-126.2; (ii) were employed by such Authority
349 prior to July 1, 1998, and were not subsequently rehired by such Authority on or after July 1, 1998; and
350 (iii) served no less than 15 years of creditable service as regularly employed full-time employees of such
351 Authority or the Commonwealth.

352 § 51.1-1401. Health insurance credits for retired teachers.

353 A. A teacher, as defined in § 51.1-124.3, retired under the Virginia Retirement System, and any
354 employee retired under a defined contribution plan pursuant to § 51.1-126.5:1 or § 51.1-126.6, who
355 rendered at least 15 years of total creditable service under the System or plan shall receive a health
356 insurance credit to his monthly retirement allowance, which shall be applied to reduce the retired
357 member's health insurance premium cost. The amount of each monthly health insurance credit payable
358 under this section shall be \$4 for each full year of the retired member's creditable service; however,
359 each former member whose retirement was for disability, or a participant pursuant to § 51.1-126.5:1 or
360 51.1-126.6, shall receive a monthly health insurance credit of \$4 multiplied by the smaller of (i) twice
361 the amount of his creditable service or (ii) the amount of creditable service he would have completed at
362 age 60 if he had remained in service to that age. Eligibility for the credit shall be determined in a
363 manner prescribed by the Virginia Retirement System. Any member who elects to defer his retirement
364 pursuant to subsection C of § 51.1-153 shall be entitled to receive the allowable credit provided by this
365 section on the effective date of his retirement.

366 B. Those retired employees who purchase an alternative personal health insurance policy from a
367 carrier or organization of their own choosing shall be eligible to receive a credit in the amount specified
368 in subsection D. Eligibility for the credit and payment of the credit shall be determined in a manner
369 prescribed by the Virginia Retirement System.

370 C. The credit shall be in (i) the amount provided in subsection A or (ii) the amount of premium paid
371 for the personal health insurance policy, whichever is less.

372 D. Any person included in the membership of a retirement system provided by Chapter 1
373 (§ 51.1-124.1 et seq.), 2 (§ 51.1-200 et seq.), 2.1 (§ 51.1-211 et seq.), or 3 (§ 51.1-300 et seq.) of this
374 title who (i) rendered at least 15 years of total creditable service as a teacher as defined in § 51.1-124.3
375 and (ii) after terminating service as a teacher, was employed by a local government that does not elect
376 to provide a health insurance credit under § 51.1-1402, shall be eligible for the credit provided by
377 subsection A and subsection B if provided by the school division from which the service described in
378 clause (i) was rendered, provided that the retired employee is participating in a health insurance plan.
379 The Commonwealth and local school division, if appropriate, shall be charged with the credit as
380 provided for in subsection E. In such case, the health insurance credit shall be determined based upon
381 the amount of state service or service as a teacher, whichever is greater.

382 E. The Virginia Retirement System shall (i) actuarially determine the amount necessary to fund all
383 credits provided under this section, (ii) reflect the cost of such credits in the applicable employer
384 contribution rate pursuant to §§ 51.1-145, 51.1-204, and 51.1-304, and (iii) prescribe such terms and
385 conditions as are necessary to carry out the provisions of this section. The costs associated with the
386 administration of the health insurance program provided for in this section shall be recovered from the
387 health insurance credit trust fund.

388 § 51.1-1402. Health insurance credits for retired local government employees.

389 A. Retired local government employees, whose localities have elected to participate in the Virginia
390 Retirement System, *including the defined contribution retirement program established pursuant to*
391 *§ 51.1-126.5:1*, who have rendered at least 15 years of total creditable service under the System shall
392 receive a health insurance credit to his monthly retirement allowance, which shall be applied to reduce
393 the retired member's health insurance premium cost, provided the retiree's employer elects to participate
394 in the credit program. The amount of each monthly health insurance credit payable under this section
395 shall be \$1.50 for each full year of the retired member's creditable service, not to exceed a maximum
396 monthly credit of \$45; however, each former member whose retirement was for disability, *or a*
397 *participant pursuant to § 51.1-126.5:1 receiving long-term disability*, shall receive a monthly health
398 insurance credit of \$45. Eligibility for the credit shall be determined in a manner prescribed by the
399 Virginia Retirement System. Any member who elects to defer his retirement pursuant to subsection C of
400 § 51.1-153 shall be entitled to receive the allowable credit provided by this section on the effective date
401 of his retirement.

402 B. Those retired employees who purchase an alternative policy from a carrier or organization of their
403 own choosing shall be eligible to receive a credit in the amount specified in subsection C. Eligibility for
404 the credit and payment of the credit shall be determined in a manner prescribed by the Virginia
405 Retirement System.

406 C. The credit shall be in the amount provided in subsection A or the amount of premium paid for
407 the personal health insurance policy, whichever is less.

408 D. The cost of the monthly health insurance credit payable under this section shall be borne by the
409 locality.

410 E. The Virginia Retirement System shall actuarially determine the amount necessary to fund all
411 credits provided under this section, reflect the cost of such credits in the applicable employer
412 contribution rate pursuant to § 51.1-145, and prescribe such terms and conditions as are necessary to
413 carry out the provisions of this section. The costs associated with the administration of the health
414 insurance credit program provided for in this section shall be recovered from the health insurance credit
415 trust fund.

416 § 51.1-1403. Health insurance credits for retired constitutional officers, employees of constitutional
417 officers, general registrars, employees of general registrars, and local social service employees.

418 A. A local officer, as defined in § 51.1-124.3, general registrar, employee of a general registrar, or an
419 employee of a local social services board, retired under the Virginia Retirement System, *including the*
420 *defined contribution retirement program established pursuant to § 51.1-126.5:1*, who rendered at least 15
421 years of total creditable service under the System shall receive a health insurance credit to his monthly
422 retirement allowance, which shall be applied to reduce the retired member's health insurance premium
423 cost. The amount of each monthly health insurance credit payable under this section shall be \$1.50 for
424 each full year of the retired member's creditable service, not to exceed a maximum monthly credit of
425 \$45; however, each former member whose retirement was for disability, *or a participant pursuant to*
426 *§ 51.1-126.5:1 receiving long-term disability*, shall receive a monthly health insurance credit of \$45.

427 Eligibility for the credit shall be determined in a manner prescribed by the Virginia Retirement System.
428 Any member who elects to defer his retirement pursuant to subsection C of § 51.1-153 shall be entitled
429 to receive the allowable credit provided by this section on the effective date of his retirement. The cost
430 of such credit shall be borne by the Commonwealth.

431 B. In addition to the health insurance credit authorized in subsection A, localities which participate in
432 the Virginia Retirement System may elect to provide an additional health insurance credit of \$1 per
433 month for each full year of the retired member's creditable service, not to exceed a maximum monthly
434 credit of \$30. The costs of such additional health insurance credit shall be borne by the locality.

435 C. 1. Those retired employees who purchase an alternative personal health insurance policy from a
436 carrier or organization of their own choosing shall be eligible to receive a credit in the amount specified
437 in subdivision C 2. Eligibility for the credit and payment of the credit shall be determined in a manner
438 prescribed by the Virginia Retirement System.

439 2. The credit shall be in (i) the amount provided in subsection A, or subsection A and subsection B
440 if the additional credit authorized by subsection B is provided or (ii) the amount of premium paid for
441 the personal health insurance policy, whichever is less.

442 D. Any person included in the membership of a retirement system provided by Chapter 1
443 (§ 51.1-124.1 et seq.), 2 (§ 51.1-200 et seq.), 2.1 (§ 51.1-211 et seq.), or 3 (§ 51.1-300 et seq.) who (i)
444 rendered at least 15 years of total creditable service as a local officer as defined in § 51.1-124.3 or as an
445 employee of a local social services board or combined service as a general registrar or an employee of a
446 general registrar and (ii) after terminating service as a local officer or employee of a local social
447 services board or general registrar or as an employee of a general registrar, was employed by a local
448 government that does not elect to provide a health insurance credit under § 51.1-1402, shall be eligible
449 for the credit provided by subsection A, provided that the retired employee is participating in a health
450 insurance plan. The Commonwealth shall be charged with the credit as provided for in subsection A. In
451 such case, the health insurance credit shall be determined based upon the amount of state service or
452 service as a local officer or service as an employee of a local social services board or combined service
453 as a general registrar or an employee of a general registrar, whichever is greater.

454 E. The Virginia Retirement System shall (i) actuarially determine the amount necessary to fund all
455 credits provided under this section, (ii) reflect the cost of such credits in the applicable employer
456 contribution rate pursuant to § 51.1-145, and (iii) prescribe such terms and conditions as are necessary to
457 carry out the provisions of this section. The costs associated with the administration of the health
458 insurance program provided for in this section shall be recovered from the health insurance credit trust
459 fund.