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**HOUSE BILL NO. 791**

Offered January 11, 2012

Prefiled January 11, 2012

*A BILL to amend and reenact §§ 51.1-142.2, 51.1-161, 51.1-207, 51.1-218, 51.1-505, and 51.1-512 of the Code of Virginia and to repeal § 51.1-140 of the Code of Virginia, relating to programs and benefits administered by the Virginia Retirement System; technical changes.*

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Referred to Committee on Appropriations

**Be it enacted by the General Assembly of Virginia:**

**1. That §§ 51.1-142.2, 51.1-161, 51.1-207, 51.1-218, 51.1-505, and 51.1-512 of the Code of Virginia are amended and reenacted as follows:**

§ 51.1-142.2. Prior service or membership credit for certain members; service credit for accumulated sick leave.

Certain members may purchase credit for service as provided in this section.

A. Except as provided in subdivisions 1 and 2, in order to receive credit for the service made available in subsection B, a member in service shall be required to make a payment for each year, or portion thereof, to be credited at the time of purchase, equal to five percent of his creditable compensation or five percent of his average final compensation, whichever is greater, unless the member in service is purchasing the service made available in subsection B through a pre-tax or post-tax deduction, in which case the cost to purchase each year, or portion thereof, of such service shall be five percent of his creditable compensation.

1. A person who becomes a member on or after July 1, 2010, shall pay an amount equal to a rate approximating the normal cost for the retirement program under which the member is covered, with such rate for each retirement program to be determined by the Board, and reviewed by the Board no less than every six years. However, if the member does not purchase, or enter into a purchase of service contract for the service made available in subsection B within one year from his first date of hire or within one year of the final day of any leave of absence under subdivision B 2, as applicable, then, for each year or portion thereof to be credited at the time of purchase, the member shall pay an amount equal to the actuarial equivalent cost.

2. If a member other than a member described in subdivision 1 does not purchase, or enter into a purchase of service contract for, the service made available in subsection B within three years from his first date of hire or within three years of the final day of any leave of absence under subdivision B 2, as applicable, then, for each year or portion thereof to be credited at the time of purchase, the member shall pay an amount equal to the actuarial equivalent cost.

3. When a member requests credit for a portion of the period, the most recent portion shall be credited. Payment may be made in a lump sum at the time of purchase or by an additional payroll deduction. Any number of additional deductions may be permitted at any time. Should any additional deduction be terminated prior to purchasing the entire period that might otherwise be credited, the member shall be credited with the number of additional full or partial months of service for which full payment is made. If any additional deduction is continued beyond the point at which the entire period has been purchased, the member shall be credited with no more than the entire period that might otherwise have been credited and the excess amount deducted shall be refunded to the member.

Any employer may elect to pay an equivalent amount in lieu of all member contributions required of its employees for the purpose of service credit pursuant to this section. These contributions shall not be considered wages for purposes of Chapter 7 (§ 51.1-700 et seq.) of this title, nor shall they be considered to be salary for purposes of this chapter.

B. 1. Any member in service may purchase prior service credit for (i) active duty military service in the armed forces of the United States, provided that the discharge from a period of active duty status with the armed forces was not dishonorable; (ii) creditable service of another state or of a political subdivision or public school system of this or another state, as certified by such state, political subdivision, or public school system; (iii) creditable service of a political subdivision of this state not credited to the member under an agreement as provided for in § 51.1-143.1, as certified by such political subdivision; (iv) civilian service of the United States; (v) creditable service at a private institution of higher education if the private institution is merged with a public institution of higher education and graduates of the private institution are then issued new degrees from the public institution; or (vi) any period of time when the member was employed by a participating employer and not otherwise eligible

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59 to participate in the retirement system because the member was not an employee as defined in  
60 § 51.1-124.3.

61 For purposes of this subsection, "active duty military service" means full-time service of at least 180  
62 consecutive days in the United States Army, Navy, Air Force, Marines, Coast Guard, or reserve  
63 components thereof.

64 2. Any member (i) granted a leave of absence for educational purposes may purchase service credit  
65 for such leave of absence; or (ii) granted any unpaid leave of absence due to the birth or adoption of a  
66 child may purchase up to one year of service credit per occurrence of leave.

67 C. Any member in service may purchase service credit for creditable service lost from ceasing to be  
68 a member under this chapter, as provided in § 51.1-128, because of the withdrawal of his accumulated  
69 contributions. Notwithstanding any other provision in this section, the cost to purchase such service shall  
70 be five percent of his creditable compensation or five percent of his average final compensation,  
71 whichever is greater, unless the member in service is purchasing such service through a pre-tax or  
72 post-tax deduction, in which case the cost to purchase each year, or portion thereof, of such service shall  
73 be five percent of his creditable compensation. If the member purchases or enters into a contract to  
74 purchase such service within three years of the date he became eligible to purchase the service, then the  
75 service may be purchased in a lump sum at the time of purchase or through an additional payroll  
76 deduction. Any purchase of such service made at a time later than such period shall be made in a lump  
77 sum at the time of purchase.

78 D. Any member in service may purchase service credit for accumulated sick leave on his effective  
79 date of retirement based upon such sums as the employer may provide as payment for any unused sick  
80 leave balances. The cost of service credit purchased under this subsection shall be the actuarial  
81 equivalent cost of such service.

82 E. ~~Any member receiving work-related disability benefits under Article 4 (§ 51.1-1119 et seq.) of~~  
83 ~~Chapter 11 may, in a manner prescribed by the Board, purchase service credit for service that is not~~  
84 ~~reported to the retirement system by the member's employer while the member is receiving short-term~~  
85 ~~disability benefits. Notwithstanding any other provision in this section, the cost to purchase such service~~  
86 ~~shall be five percent of the member's creditable compensation. Any member receiving benefits under the~~  
87 ~~Virginia Workers' Compensation Act (§ 65.2-100 et seq.) may, in a manner prescribed by the Board and~~  
88 ~~prior to the effective date of retirement, purchase service credit for service that is not reported to the~~  
89 ~~retirement system by the member's employer while the member is receiving such benefits.~~  
90 ~~Notwithstanding any other provision in this section, the cost to purchase such service shall be five~~  
91 ~~percent of the member's creditable compensation.~~

92 F. In any case where member and employer contributions, as required under this chapter, were not  
93 made because of an error in the payroll, personnel, or other classification system of an employer  
94 participating in the retirement system, service that has not been credited because of such error may be  
95 purchased on the following basis:

96 1. The most recent three years of service shall be purchased, using applicable member and employer  
97 contribution rates and creditable compensation in effect for such period, in a manner and cost prescribed  
98 by the Board; and

99 2. All other years of service the employer shall purchase at an actuarial equivalent cost.

100 G. The service credit to be credited to a member under this section shall be calculated at the ratio of  
101 one year, or portion thereof, of service credit to one year, or portion thereof, of service purchased,  
102 except for part-time service purchased under clause (vi) of subdivision B 1 which shall be calculated at  
103 the ratio of one month of service credit for each 173 hours of service as certified by the employer and  
104 as purchased by the member. Up to a maximum of four years of service credit may be purchased for  
105 each of clauses (i) through (vi) of subdivision B 1 and clauses (i) and (ii) of subdivision B 2. In  
106 addition, a member in service may purchase service credit for every year or portion thereof for service  
107 lost from cessation of membership as described in subsection C.

108 Except as otherwise required by Chapter 1223 of Title 10 of the United States Code, the service  
109 credit made available under this section may not be purchased if, before being purchased or at the time  
110 of such purchase pursuant to this section, the service to be purchased is service that is included in the  
111 calculation of any retirement allowance received or to be received by the member from this or another  
112 retirement system.

113 H. Any member may receive credit at no cost for service rendered in the armed forces of the United  
114 States provided (i) the member was on leave of absence from a covered position, (ii) the discharge from  
115 a period of active duty with the armed forces was not dishonorable, (iii) the member has not withdrawn  
116 his accumulated contributions, (iv) the member is not disabled or killed while on leave without pay  
117 while performing active duty military service in the armed forces of the United States, and (v) the  
118 member reenters service in a covered position within one year after discharge from the armed forces. In  
119 order to receive such service, the member must complete such forms and other requirements as are  
120 required by the Board and the retirement system.

§ 51.1-161. Withdrawal of contributions before retirement.

A. 1. Any member who has five or more years of creditable service, who ceases to be an employee, other than by death or retirement, may receive a refund of his accumulated contributions reduced by the amount of any retirement allowance previously received by him under any of the provisions of this chapter 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.) or the abolished system.

2. Any member who has less than five years of creditable service, who ceases to be an employee other than by death or involuntary separation due to causes other than job performance or misconduct, as determined by the employer in its sole discretion, shall have such refund reduced by that portion of his accumulated contributions that were paid by his employer on his behalf on or after July 1, 2010. Such reduction shall be transferred to the retirement allowance account of each employer who paid such contributions on a pro rata basis.

B. Accumulated contributions shall be refunded to a member upon retirement for disability only from a cause that is compensable under the Virginia Workers' Compensation Act (§ 65.2-100 et seq.) or to his designated beneficiary upon the death of the member from a cause that is compensable under the Virginia Workers' Compensation Act.

C. If a member becomes covered by an optional retirement plan established under §§ 51.1-126, 51.1-126.3, 51.1-126.5, or 51.1-126.6, the member may elect to have the balance of his accumulated contributions, as determined under subsection A reduced by the amount of any retirement allowance previously received by him under any of the provisions of Chapters 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 title or the abolished system, transferred directly to such optional retirement plan as a credit to his account in such plan. No portion of the transferred amount shall be available to the member until benefits under the optional retirement plan are otherwise available for distribution. An election to transfer the accumulated contributions to an optional retirement plan shall be treated as a withdrawal of the member's accumulated contributions for purposes of § 51.1-128, except that the member's creditable service shall be taken into account for purposes of Chapter 14 (§ 51.1-1400 et seq.).

§ 51.1-207. Death before retirement.

A. If a member dies before retirement, and if no benefits are payable under subsection B, the amount of his accumulated contributions shall be paid to the designated beneficiary or to a surviving relative according to the same order of precedence as set forth in subsection A of § 51.1-162. This amount shall be reduced by the amount of any retirement allowance previously received by the member under this chapter or the abolished system. Each member shall designate who is to receive a refund of accumulated contributions credited to his account in the event of the death of the member prior to retirement. The designation must be made on a form prepared by the Board, signed and filed in a manner prescribed by the Board. The designation may be changed by the member by the written designation of some other person, signed and filed in a manner prescribed by the Board.

If no designation has been made, or the death of the designated person occurs prior to the death of the member and another designation has not been made, the proceeds shall be paid to the persons surviving at the death of the member in the same order of precedence as set forth in subsection A of § 51.1-162.

B. If a member dies in service, including a member who is on leave without pay while performing active duty military service in the armed forces of the United States, and if no benefits are payable under subsection C, a retirement allowance shall be paid to the person designated as provided in subsection A of this section if the person is the member's (i) surviving spouse, (ii) minor child, or (iii) parent(s). If no designation has been made, or if the death of the designated person occurs prior to the death of the member and another designation has not been made, a retirement allowance shall be paid in the same order of precedence as set forth in subsection B of § 51.1-162. The retirement allowance shall be continued during the lifetime of the person or in the case of a minor child until the child dies or attains the age of majority, whichever occurs first. The retirement allowance shall equal the decreased retirement allowance that would have been payable under the joint and survivor option so that the same amount would be continued to such person after the member's death. If the member dies prior to his fiftieth birthday, then, for purposes of this subsection, the member shall be presumed to be age fifty 50 on his date of death. When determining the allowance that would have been payable to the member had the member retired on the date of his death, the provisions of subsection B of § 51.1-206 shall not apply. If the person elects in writing, the amount of the member's accumulated contributions shall be paid to the person exclusively, in lieu of any other benefits under this section. This amount shall be reduced by the amount of any retirement allowance previously received by the member.

C. If a member dies in service from a cause compensable under the Virginia Workers' Compensation Act (§ 65.2-100 et seq.), a retirement allowance shall be paid to the member's surviving spouse. If no compensation is finally awarded under the Virginia Workers' Compensation Act due to legal proceedings

182 or otherwise resulting in settlement from the persons causing such death, the Virginia Workers'  
183 Compensation Commission shall determine whether the member's death was from a cause compensable  
184 under the Virginia Workers' Compensation Act. If the member leaves no surviving spouse or the  
185 surviving spouse dies, any minor children of the deceased member shall be paid an allowance until the  
186 children die or attain the age of majority, whichever occurs first. If more than one minor child survives  
187 the deceased member, the allowance shall be divided in a manner determined by the Board. If the  
188 deceased member leaves neither surviving spouse nor minor child, the allowance, divided in a manner  
189 determined by the Board, shall be paid to the member's parents during their lives.

190 The retirement allowance, payable hereunder to a qualifying survivor, shall be the annual amount  
191 which when added to the compensation payable under the Virginia Workers' Compensation Act for the  
192 death of the member, shall equal ~~forty~~ 50 percent of the member's average final compensation if the  
193 survivor does not qualify for death benefits under the provisions of the Social Security Act in effect on  
194 the date of the death of the member. If the survivor qualifies for death benefits under the provisions of  
195 the Social Security Act in effect on the date of the death of the member, the allowance payable from the  
196 retirement system when added to the compensation payable under the Virginia Workers' Compensation  
197 Act shall equal thirty-three and one-third percent of the member's average final compensation.

198 Any beneficiary entitled to the entire amount of a retirement allowance under the provisions of this  
199 subsection as a result of the death of a member shall be entitled to waive his rights to the allowance by  
200 written notification to the Board within ~~ninety~~ 90 days after the death of the member in order to make  
201 available a retirement allowance under the provisions of subsection B of this section.

202 § 51.1-218. Death before retirement.

203 A. If a member dies before retirement, and if no benefits are payable under subsection B, the amount  
204 of his accumulated contributions shall be paid to the designated beneficiary or to a surviving relative  
205 according to the same order of precedence as set forth in subsection A of § 51.1-162. This amount shall  
206 be reduced by the amount of any retirement allowance previously received by the member under this  
207 chapter or the abolished system. Each member shall designate who is to receive a refund of accumulated  
208 contributions credited to his account in the event of the death of the member prior to retirement. The  
209 designation must be made on a form prepared by the Board, signed by the member, and filed with the  
210 Board. The designation may be changed by the member by the written designation of some other  
211 person, signed and filed with the Board.

212 If no designation has been made, or the death of the designated person occurs prior to the death of  
213 the member and another designation has not been made, the proceeds shall be paid to the persons  
214 surviving at the death of the member in the same order of precedence as set forth in subsection A of  
215 § 51.1-162.

216 B. If a member dies in service, *including a member who is on leave without pay while performing*  
217 *active duty military service in the armed forces of the United States*, and if no benefits are payable  
218 under subsection C, a retirement allowance shall be paid to the person designated as provided in  
219 subsection A of this section if the person is the member's (i) surviving spouse, (ii) minor child, or (iii)  
220 parent(s). If no designation has been made, or if the death of the designated person occurs prior to the  
221 death of the member and another designation has not been made, a retirement allowance shall be paid in  
222 the same order of precedence as set forth in subsection B of § 51.1-162. The retirement allowance shall  
223 be continued during the lifetime of the person or in the case of a minor child until the child dies or  
224 attains the age of majority, whichever occurs first. The retirement allowance shall equal the decreased  
225 retirement allowance that would have been payable under the joint and survivor option so that the same  
226 amount would be continued to such person after the member's death. If the member dies prior to his  
227 fiftieth birthday, then, for purposes of this subsection, the member shall be presumed to be age ~~forty~~ 50  
228 on his date of death. When determining the allowance that would have been payable to the member had  
229 the member retired on the date of his death, the provisions of subsection B of § 51.1-217 shall not  
230 apply. If the person elects in writing, the amount of the member's accumulated contributions shall be  
231 paid to the person exclusively, in lieu of any other benefits under this section. This amount shall be  
232 reduced by the amount of any retirement allowance previously received by the member.

233 C. If a member dies in service from a cause compensable under the Virginia Workers' Compensation  
234 Act (§ 65.2-100 et seq.), a retirement allowance shall be paid to the member's surviving spouse. If no  
235 compensation is finally awarded under the Virginia Workers' Compensation Act due to legal proceedings  
236 or otherwise resulting in settlement from the persons causing such death, the Virginia Workers'  
237 Compensation Commission shall determine whether the member's death was from a cause compensable  
238 under the Virginia Workers' Compensation Act. If the member leaves no surviving spouse or the  
239 surviving spouse dies, any minor children of the deceased member shall be paid an allowance until the  
240 children die or attain the age of majority, whichever occurs first. If more than one minor child survives  
241 the deceased member, the allowance shall be divided in a manner determined by the Board. If the  
242 deceased member leaves neither surviving spouse nor minor child, the allowance shall be paid to the  
243 member's parents, divided in a manner determined by the Board, during the lives of the parents.

The retirement allowance, payable hereunder to a qualifying survivor, shall be the annual amount which, when added to the compensation payable under the Virginia Workers' Compensation Act for the death of the member, shall equal ~~forty~~ 50 percent of the member's average final compensation if the survivor does not qualify for death benefits under the provisions of the Social Security Act in effect on the date of the death of the member. If the survivor qualifies for death benefits under the provisions of the Social Security Act in effect on the date of the death of the member, the allowance payable from the Retirement System when added to the compensation payable under the Virginia Workers' Compensation Act shall equal thirty-three and one-third percent of the member's average final compensation.

Any beneficiary entitled to the entire amount of a retirement allowance under the provisions of this subsection as a result of the death of a member shall be entitled to waive his rights to the allowance by written notification to the Board within ~~ninety~~ 90 days after the death of the member in order to make available a retirement allowance under the provisions of subsection B of this section.

§ 51.1-505. Amounts of life and accident insurance for each employee; reduction and termination of insurance.

A. Each employee to whom this chapter applies shall, subject to the terms and conditions thereof, be eligible to be insured for an amount of group life insurance plus an amount of group accidental death and dismemberment insurance, each amount equal to twice the amount of his annual salary. If an employee's annual salary is not an even multiple of \$1,000, his annual salary for purposes of this section shall be considered to be the next higher \$1,000. For purposes of this section, the annual salary of a member of the General Assembly shall be his creditable compensation for his last full calendar year of service or his salary under § 30-19.11, whichever is greater, and shall include the full amount of any salaries payable to such member for working in covered positions, regardless of whether such salaries were paid, reduced, or not paid because of such member's service in the General Assembly. The annual salary for an employee retired for service or disability on an immediate retirement allowance may be adjusted by the Board in accordance with the provisions of Chapter 1 (§ 51.1-124.1 et seq.) of this title.

Subject to the conditions and limitations of the group insurance policy, the accidental death and dismemberment insurance shall provide payments as follows:

Loss	Amount Payable
For loss of life	Full amount determined in accordance with the provisions of this section
Loss of one hand or of one foot or loss of sight of one eye	One-half of the amount determined in accordance with the provisions of this section
Loss of two or more such members	Full amount determined in accordance with the provisions of this section.

For any one accident, the aggregate amount of accidental death and dismemberment insurance that may be paid shall not exceed the maximum amount of accidental death and dismemberment insurance determined in accordance with this section.

Notwithstanding the provisions of § 51.1-124.8, the amount of life insurance for which an employee shall be eligible shall be equal to twice the amount of his annual salary without regard to the date of the employee's qualification for a retirement allowance.

B. The amount of life insurance on an employee who retires for service on an immediate retirement allowance or who elects to postpone the receipt of his retirement allowance to some date other than his last day of service shall be the amount set forth in subsection A, reduced by an amount equal to 25 percent thereof on the January 1 following the first full year from the date the employee is separated from service and each January 1 thereafter. The amount of life insurance on an employee who retires for disability on an immediate retirement allowance shall be the amount set forth in subsection A on the date the employee last rendered service reduced by an amount equal to 25 percent thereof on January 1 following the first full year from the date the employee attains age ~~65~~ *his "normal retirement date" as defined in § 51.1-124.3*, and each January 1 thereafter. If the employee by statute or Board regulation has been construed to be in service to the beginning of the next school year, the reduction shall not apply until the beginning of the next school year. The reduction shall not decrease the amount of life insurance on an employee to less than 25 percent of the amount of life insurance to which the initial reduction is applied. For purposes of this subsection, an employee shall be deemed to have retired only if the employee has five or more years of service as an employee prior to the date of retirement. This requirement shall not be applicable if the employee is retired for disability.

Any employee who was denied membership in the Retirement System because of having attained age 60 at the time of being employed or reemployed and who has five or more years of service immediately prior to separation from service shall retain the life insurance coverage as though he had retired on an immediate retirement allowance.

C. For any employee, who at any time has at least 20 years of creditable service in any retirement

305 plan administered by the Virginia Retirement System or other Virginia public plan participating in the  
306 group life program established by this chapter, the amount of group life insurance shall be an amount  
307 equal to twice the amount of the highest annual salary earned during such employment.

308 The provisions of subsection B providing a reduction in the amount of life insurance shall apply to  
309 the amount of group life insurance as determined under this subsection for such employees with at least  
310 20 years of creditable service.

311 D. The amount of life insurance for an employee who is retired for disability on an immediate  
312 retirement allowance, who also has attained age 55, and who elects to receive a retirement allowance as  
313 set forth in subsection C of § 51.1-160, shall be reduced as set forth in subsection B ~~of this section~~. The  
314 reduction shall begin the January 1 following the first full year from the date the employee elects a  
315 service retirement allowance.

316 E. All accidental death and dismemberment insurance on an employee shall cease upon the earliest of  
317 (i) his separation from service; (ii) his failure to pay, in the manner prescribed by the Board, the  
318 contribution required for the first 24 months of leave without pay; (iii) if the employee has not returned  
319 to pay status, the expiration of 24 months of leave without pay; or (iv) his retirement.

320 F. Except in case of retirement as provided in subsections B, C, and D ~~of this section~~, all life  
321 insurance on an employee shall cease upon the earliest of (i) his separation from service, ~~or~~; (ii) his  
322 failure to pay, in the manner prescribed by the Board, the contribution required for the first 24 months  
323 of leave without pay; or; (iii) if the employee has not returned to pay status, the expiration of 24  
324 months of leave without pay. Except in the case of retirement, life insurance shall be subject to a  
325 temporary extension of 31 days. During this 31-day extension, the employee may convert his life  
326 insurance into an individual policy of life insurance (without disability or other supplementary benefits)  
327 in any one of the forms, except term insurance, then customarily issued by the insuring company. The  
328 amount of life insurance which may be converted shall not exceed the amount of his life insurance  
329 under the group insurance policy at the time coverage is terminated. The insurance shall be converted to  
330 an individual policy (a) without evidence of insurability, (b) at the premium applicable to the class of  
331 risk to which he belongs, and (c) to the form and amount of the individual policy at his then attained  
332 age, provided application for the individual policy and payment of the first premium thereon is made to  
333 the issuing company within the 31 days. The right to convert to an individual policy as provided in  
334 § 38.2-3333 shall not apply upon termination of this group policy or elimination of a class of insured  
335 employees.

336 Except as provided in subsection C, the amount of life insurance on each insured employee who  
337 retires shall be determined under the provisions of this chapter as it exists on the employee's date of  
338 retirement.

339 G. Each employee of a state institution of higher education or of a local school board who remains  
340 in service until the completion of the school year and who makes contributions required to provide  
341 insurance coverage until service normally will be resumed the beginning of the next school year shall be  
342 deemed to be in service as an employee through the period to which the payments apply. If the  
343 employee is retired for service or disability during this period, contributions made by the employee shall  
344 be accepted and retained as proper.

345 Each state employee of a public institution of higher education or a teaching hospital affiliated with a  
346 public institution of higher education who (i) is employed pursuant to a contract (a) that is for a term of  
347 employment of at least nine months and (b) that does not coincide with the normal scholastic year, (ii)  
348 remains in service until the completion of the contract year, and (iii) makes contributions required to  
349 provide insurance coverage until service normally will be resumed at the beginning of the next contract  
350 year shall be deemed to be in service as an employee through the period to which the payments apply.  
351 If the employee is retired for service or disability during this period, contributions made by the  
352 employee shall be accepted and retained as proper.

353 H. The limit of 24 months of leave without pay, after which accidental death and dismemberment  
354 insurance and life insurance shall cease, referred to in subsections E and F ~~of this section~~ shall not apply  
355 to an employee who is on leave without pay while performing active duty military service in the armed  
356 forces of the United States.

357 I. The provisions of this section shall apply to all members of the Virginia Retirement System who,  
358 on and after July 1, 1995, are covered under the group life insurance program created pursuant to this  
359 section and whose effective date of retirement is (i) before July 1, 1970, or (ii) on and after July 1,  
360 1970.

361 § 51.1-512. Optional life insurance.

362 A. The Board shall, under the terms and conditions specified by the Board, make available to each  
363 active insured employee optional life, accidental death, and dismemberment insurance in incremental  
364 additional amounts not to exceed a maximum amount determined by the Board. Such maximum shall be  
365 reviewed at least once every five calendar years by the actuary of the Virginia Retirement System and  
366 increased by the Board upon the recommendation of the actuary. The amount recommended by the

actuary shall be based upon the annual increases 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.

B. The optional life, accidental death, and dismemberment insurance shall be made available to each active insured employee under conditions prescribed by the Board. The conditions prescribed by the Board shall provide that offering the optional insurance does not materially increase the rates for any group life insurance policy provided pursuant to § 51.1-505.

C. All optional insurance on an employee shall cease upon the earlier of (i) the date the employee's basic coverage ceases or (ii) the date insurance being continued in retirement terminates pursuant to subsections D and E.

D. The optional amount of life insurance in force on an employee who retires for disability on an immediate retirement allowance may be continued, subject to payment of any required premium by the employee, during continuance of such disability but not beyond the end of the month in which the employee attains ~~age 65~~ *his "normal retirement date" as defined in § 51.1-124.3.*

E. The optional amount of life insurance in force on an employee who retires for service on an immediate retirement allowance, or for an employee who retired for disability on an immediate retirement allowance and who attains ~~age 65~~ *his "normal retirement date" as defined in § 51.1-124.3,* may be continued provided the retiree was continuously insured under this section for a period of at least 60 continuous months prior to retirement, or prior to reaching ~~age 65~~ *his "normal retirement date" as defined in § 51.1-124.3* for a disability retirement. This continued insurance shall be in incremental amounts not to exceed a maximum amount determined by the Board and the amounts and corresponding maximum coverage shall reduce beginning at ~~age 65~~ *the employee's "normal retirement date" as defined in § 51.1-124.3,* as determined by the Board. This maximum coverage amount shall be reviewed at least once every five calendar years as provided for under subsection A. The life insurance continued under this subsection shall cease upon the earliest of (i) the date the retiree attains age 80, (ii) lapse for nonpayment of premium, or (iii) return to employment and eligibility for active employee life insurance under Chapter 5 (§ 51.1-500 et seq.) of Title 51.1. All accidental death and dismemberment insurance shall cease at retirement.

F. The cost of the optional insurance shall be determined periodically by the Board on the basis it considers appropriate. The Board may discontinue the optional insurance plan at any time upon determination that employee participation is not sufficient to continue the plan on a sound actuarial basis.

G. The amount of optional life, accidental death, and dismemberment insurance in force on any employee at the date of his death shall be paid as provided in this chapter.

H. The Board shall determine the form and content of the accounting reports to be made by the insurance company with respect to the optional insurance. Any expenses incurred by the Retirement System for operating and administering the optional insurance programs provided in this section may be recovered by the Board from the advance premium deposit reserve required by subsection B of § 51.1-514.

**2. That § 51.1-140 of the Code of Virginia is repealed.**