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HOUSE BILL NO. 792

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the Senate Committee on Finance
on February 21, 2012)

(Patron Prior to Substitute—Delegate Tata)

A *BILL to amend and reenact §§ 51.1-603 and 51.1-603.1 of the Code of Virginia, relating to the Virginia Retirement System; deferred compensation for local employees.*

Be it enacted by the General Assembly of Virginia:

1. That §§ 51.1-603 and 51.1-603.1 of the Code of Virginia are amended and reenacted as follows:

§ 51.1-603. Local deferred compensation plans.

A. Any county, municipality, authority, or other political subdivision of the Commonwealth may by ordinance or resolution adopt and establish for itself and its employees a deferred compensation plan. Any such deferred compensation plan may include constitutional officers and their employees. The ordinance or resolution adopting or establishing such plan shall create or designate an appropriate board or officer to administer the plan, and shall confer upon such board or officer the authority to do all things by way of supervision, administration, and implementation of the plan, including the power to contract with private corporations or institutions for services in connection therewith. The deferral of compensation may be accomplished by payroll deductions by the appropriate officer of the county, municipality, authority, or other political subdivision.

B. If it deems it advisable, any county, municipality, authority, or other political subdivision of the Commonwealth, which by ordinance or resolution adopts and establishes for itself and its employees a deferred compensation plan, may (i) create a trust or other special fund for the segregation of the funds or assets resulting from compensation deferred at the request of its employees for the implementation of such plan or (ii) *provide that its employees who commence employment or reemployment on or after a specified date, and who have not affirmatively elected to participate in such deferred compensation plan or in a plan established by such political subdivision pursuant to § 403(b) of the Internal Revenue Code of 1986, as amended, shall participate in either such deferred compensation plan or 403(b) plan, as determined by the political subdivision, at such initial default amount or rate of deferral as it may determine, unless such employee elects, in a manner prescribed by the plan administrator, not to participate in the plan.*

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

A. The Virginia Retirement System may enter into an agreement with any political subdivision of the Commonwealth to permit participation by the political subdivision's employees in the deferred compensation plan established and administered by the Board pursuant to § 51.1-602.

B. *The political subdivision may provide in the agreement that its employees who commence employment or reemployment on or after a specified date occurring on or after the effective date of this provision in the agreement, and who have not affirmatively elected to participate in the plan described in § 51.1-602 or a plan established by such political subdivision pursuant to § 403(b) of the Internal Revenue Code of 1986, as amended, shall participate in either such plan described in § 51.1-602 or a 403(b) plan, as determined by the political subdivision, unless such employee elects, in a manner prescribed by the Board, not to participate in such plan. The amount of the deferral for any such employee participating in the plan shall equal, on a semimonthly basis, \$20 of otherwise payable compensation, unless the employee elects to defer a greater amount.*