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**HOUSE BILL NO. 1331**

Offered January 9, 2013

Prefiled November 12, 2012

*A BILL to amend and reenact §§ 51.1-800, 51.1-801, and 51.1-1003 of the Code of Virginia, relating to retirement benefits for local employees.*

\_\_\_\_\_  
Patrons—Farrell and Cole

\_\_\_\_\_  
Referred to Committee on Appropriations

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

**1. That §§ 51.1-800, 51.1-801, and 51.1-1003 of the Code of Virginia are amended and reenacted as follows:**

**§ 51.1-800. Counties, cities, and certain towns to establish local systems or participate in Virginia Retirement System.**

A. 1. Every county and city, and every town having a population of 5,000 or more, shall provide a retirement system for those officers and employees listed in subsection B either (i) by establishing and maintaining a local retirement system ~~which that~~ provides a service retirement allowance to each employee who retires at age ~~sixty-five~~ 65 or older ~~which that~~ equals or exceeds two-thirds of the service retirement allowance to which the employee would have been entitled had the allowance been computed under the provisions of the *defined benefit plan of the Virginia Retirement System* or (ii) by participating directly in the Virginia Retirement System *in retirement plans authorized pursuant to Chapter 1 (§ 51.1-124.1 et seq.) of Title 51.1.*

2. *In addition, notwithstanding the provisions of § 51.1-613, in lieu of the retirement programs described in subdivision 1, every county and city, and every town having a population of 5,000 or more, is authorized to establish and maintain the type of local cash match plan described in § 51.1-610, except that the employer contribution must exceed the maximum amount set forth in subsection B of § 51.1-609. Such cash match plan shall not affect the eligibility of constitutional officers and their employees to participate in any other retirement plan.*

B. The following persons shall be covered by a retirement system as provided in subsection A:

1. Officers and employees who are regularly employed full time on a salaried basis, whose tenure is not restricted to temporary or provisional employment.

2. Officers and employees who are regularly employed full time on a salaried basis, whose tenure is not restricted to temporary or provisional employment by an organization other than a public school board that functions solely within the boundaries of a county, city, or town, unless the cost of the organization's operation is borne by (i) users of services; (ii) more than one county, city, or town; or (iii) an entity other than a county, city, or town.

3. Clerks of the circuit court and deputies or employees of such officers.

C. Nothing in this chapter shall be construed to prohibit a county, city, or town from participating in the Virginia Retirement System and establishing a local retirement system. If a locality participates in the Virginia Retirement System and establishes a local retirement system, pursuant to § 51.1-801, providing supplemental benefits to the state system, the local system shall not be required to satisfy the criterion established in clause A (i) ~~of this section of subdivision A 1.~~

D. A county, city, or town shall not be required to provide retirement benefits to an employee who enters into an agreement with the local government for inclusion in a deferred compensation plan when the agreement specifically prohibits inclusion in any other retirement system established by the county, city, or town.

**§ 51.1-801. Counties, cities, and towns generally.**

The governing body of any county, city, or town may, by ordinance adopted by a recorded vote of a majority of the members elected, establish a retirement system. The retirement system may cover injured or retired officers and employees of the county, city, or town. Benefits may be payable to the officers and employees or their dependents, estates, or designated beneficiaries. The retirement system may provide for accrued vested or contractual rights thereunder. The local governing body may, through self-funding or the purchase of insurance and annuities, or a combination thereof, provide retirement allowances, death benefits, and group life insurance coverage for officers and employees of the county, city, or town and group accident and sickness insurance coverage for officers and employees of the county, city, or town and their dependents. The governing body may by ordinance establish a fund for the payment of retirement allowances, death benefits, and insurance and annuity premiums by appropriating funds from the treasury of the county, city, or town or by requiring employee

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59 contributions through payroll deductions, or both, or by any other mode not prohibited by law.

60 For the purposes of this section, the term "employees" may include teachers or other employees of  
61 county, city, and town school boards.

62 If any county, city, or town participates in the Virginia Retirement System and also establishes a  
63 local retirement system providing supplemental benefits to the employees covered under the Virginia  
64 Retirement System, the local system shall not be required to satisfy the retirement age and service  
65 criterion established in clause A (i) of *subdivision A 1* of § 51.1-800.

66 **§ 51.1-1003. Financial reports by retirement systems; auditor to promulgate standards.**

67 A. Every retirement system shall publish an annual report, which shall contain statements prepared in  
68 conformance with the standards for public employee retirement systems issued by the Governmental  
69 Accounting Standards Board. Such annual report need not contain the disclosure document reporting soft  
70 dollar transactions as provided in subdivision 3 of § 51.1-1000, which may be provided as a separate  
71 annual supplemental document, but the annual report shall include a certification that such system is in  
72 compliance with ~~criteria~~ *clause (i) of subsection subdivision A 1* of § 51.1-800, *or subsection B of*  
73 *§ 51.1-800*. Every retirement system shall transmit its annual report to the Virginia Retirement System at  
74 the same time such report is made available to members and beneficiaries.

75 B. The Auditor of Public Accounts shall incorporate GASB standards for financial reporting by  
76 public employee retirement systems into the Uniform Financial Reporting Manual and such incorporation  
77 of standards shall be implemented on or before July 1, 1991. All retirement systems' annual reports for  
78 retirement system plan years beginning on and after January 1, 1992, shall comply with the Auditor's  
79 Uniform Financial Reporting Manual. As GASB standards are modified or changed, the Auditor and the  
80 retirement systems shall update their standards and reports as may be necessary to ensure accurate and  
81 complete disclosure to members and beneficiaries.

82 **2. That the provisions of this act shall apply only to an employee hired on or after July 1, 2013,**  
83 **(i) who is not a member of the Virginia Retirement System at the time he is hired in a locality**  
84 **that provides the retirement benefits as provided in clause (ii) of subdivision A 1 of § 51.1-800 of**  
85 **the Code of Virginia to any of its employees, (ii) who is not a member of a locality's retirement**  
86 **plan pursuant to clause (i) of subdivision A 1 of § 51.1-800 at the time he is hired in a locality that**  
87 **provides the retirement benefits as provided in such clause to any of its employees, and (iii) who is**  
88 **hired on or after the date that the hiring locality has established the plan provided in subdivision**  
89 **A 2 of § 51.1-800 in lieu of the retirement benefits pursuant to clause (i) or (ii) of subdivision A 1**  
90 **of § 51.1-800.**

91 **3. That the provisions of this act apply to all localities, whether or not the locality participates in**  
92 **the Virginia Retirement System.**