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SENATE BILL NO. 1173

Offered January 14, 2015

Prefiled January 13, 2015

A BILL to amend and reenact § 51.1-139 of the Code of Virginia and to amend the Code of Virginia by adding in Article 5 of Chapter 1 of Title 51.1 a section numbered 51.1-139.1, relating to Virginia Retirement System; revocation of participation of political subdivision.

Patron—Carrico (By Request)

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:

1. That § 51.1-139 of the Code of Virginia is amended and reenacted and that the Code of Virginia is amended by adding in Article 5 of Chapter 1 of Title 51.1 a section numbered 51.1-139.1 as follows:

§ 51.1-139. Procedure when employer in default.

~~An employer's agreement to contribute on behalf of its employees who become members shall be irrevocable.~~ If an employer for any reason becomes financially unable to make the contributions payable on behalf of the members, the employer shall be deemed to be in default and the employees' membership in the Retirement System shall be terminated. As of the date of the default, (i) each member or beneficiary whose coverage under the Retirement System is affected by such default shall become fully vested, (ii) the actuary of the Retirement System shall determine by actuarial valuation the amount of the reserves held on behalf of each then member and each then beneficiary, and (iii) the Retirement System shall credit to each member and each beneficiary the amount of reserve so held. The reserve so credited together with the amount of the accumulated contributions of each member, shall be disbursed in a manner prescribed by the Board consistent with the applicable tax qualification rules of the Internal Revenue Code, whereupon the rights and privileges of the members and beneficiaries shall terminate.

§ 51.1-139.1. Participation irrevocable; exception.

A. Except as provided in subsection B, an employer's agreement to contribute on behalf of its employees who become members shall be irrevocable.

B. Notwithstanding the provisions of subsection A, an employer that has agreed to make retirement contributions on behalf of its employees but has not made any contributions for 25 or more consecutive years may revoke, in writing, its agreement to contribute on behalf of its employees. Upon such notice of revocation, the employer shall have no further obligations to the Retirement System, and the provisions of § 51.1-139 shall apply.

INTRODUCED

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