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SENATE BILL NO. 881

Offered January 11, 2017

Prefiled December 20, 2016

A BILL to amend and reenact § 51.1-155 of the Code of Virginia, relating to Virginia Retirement System; receiving retirement benefits while employed in a covered position.

Patrons—Spruill; Delegates: Cole, Filler-Corn, Kory, Massie, Simon and Tyler

Referred to Committee on Finance

Be it enacted by the General Assembly of Virginia:**1. That § 51.1-155 of the Code of Virginia is amended and reenacted as follows:****§ 51.1-155. Service retirement allowance.**

A. Retirement allowance. — A member shall receive an annual retirement allowance, payable for life, as follows:

1. Normal retirement. — The allowance shall equal 1.70 percent of his average final compensation multiplied by the amount of his creditable service. Notwithstanding the foregoing, for a member who (i) is a person who becomes a member on or after July 1, 2010, or (ii) does not have at least 60 months of creditable service as of January 1, 2013, the allowance shall equal the sum of (a) 1.65 percent of his average final compensation multiplied by the amount of his creditable service performed or purchased on or after January 1, 2013, and (b) 1.70 percent of his average final compensation multiplied by the amount of all other creditable service.

2. Early retirement; applicable to teachers, state employees, and certain others. — The allowance shall be determined in the same manner as for normal retirement with creditable service and average final compensation being determined as of the date of actual retirement. If the member has less than 30 years of service at retirement, the amount of the retirement allowance shall be reduced on an actuarial equivalent basis for the period by which the actual retirement date precedes the earlier of (i) his normal retirement date or (ii) the first date on which he would have completed a total of 30 years of creditable service. The provisions of this subdivision shall apply to teachers and state employees. These provisions shall also apply to employees of any political subdivision that participates in the retirement system if the political subdivision makes the election provided in subdivision 3.

3. Early retirement; applicable to employees of certain political subdivisions, any person who becomes a member on or after July 1, 2010, and any member who does not have at least 60 months of creditable service as of January 1, 2013. — The allowance shall be determined in the same manner as for normal retirement with creditable service and average final compensation being determined as of the date of actual retirement. If the creditable service of the member equals 30 or more years but the sum of his age at retirement plus his creditable service at retirement is less than 90, the amount of the retirement allowance shall be reduced on an actuarial equivalent basis for the period by which the actual retirement date precedes the earlier of (i) his normal retirement date or (ii) the first date on which the sum of his then attained age plus his then creditable service would have been equal to 90 or more had he remained in service until such date. If the member has less than 30 years of creditable service, the retirement allowance shall be reduced for the period by which the actual retirement date precedes the earlier of (i) his normal retirement date or (ii) the first date on which he would have completed a total of at least 30 years of creditable service and his then creditable service plus his then attained age would have been equal to 90 or more.

The provisions of this subdivision shall apply to the employees of any political subdivision that participates in the retirement system and any other employees as provided by law. The participating political subdivision may, however, elect to provide its employees with the early retirement allowance set forth in subdivision 2. No such election shall be made for a person who becomes a member on or after July 1, 2010, or a member who does not have at least 60 months of creditable service as of January 1, 2013. Any election pursuant to this subdivision shall be set forth in a legally adopted resolution.

Notwithstanding the foregoing, a political subdivision by legally adopted resolution may declare to the Board that, for purposes of this subdivision, subdivisions B 1 and B 3 and subsection D of § 51.1-153, any person who meets the definition of "emergency medical services personnel" in § 32.1-111.1 or is employed as a firefighter or law-enforcement officer as those terms are defined in § 15.2-1512.2 (i) shall not be considered a person who becomes a member on or after July 1, 2010, and (ii) shall be deemed to have at least 60 months of creditable service as of January 1, 2013. Such resolution shall be irrevocable.

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59 4. Additional allowance. — In addition to the allowance payable under subdivisions 1, 2, and 3, a
60 member shall receive an additional allowance which shall be the actuarial equivalent, for his attained
61 age at the time of retirement, of the excess of his accumulated contributions transferred from the
62 abolished system to the retirement system, including interest credited at the rate of two percent
63 compounded annually since the transfer to the date of retirement, over the annual amounts equal to four
64 percent of his annual creditable compensation at the date of abolishment for a period equal to his period
65 of membership in the abolished system.

66 5. 50/10 retirement. — The allowance shall be payable in a monthly stream of payments equal to the
67 greater of (i) the actuarial equivalent of the benefit the member would have received had he terminated
68 service and deferred retirement to age 55 or (ii) the actuarially calculated present value of the member's
69 accumulated contributions, including accrued interest.

70 B. Beneficiary serving in position covered by this title.

71 1. a. Except as provided in subdivisions b, 2, and 3, if a beneficiary of a service retirement
72 allowance under this chapter or the provisions of Chapters 2 (§ 51.1-200 et seq.), 2.1 (§ 51.1-211 et
73 seq.), or 3 (§ 51.1-300 et seq.) is at any time in service as an employee in a position covered for
74 retirement purposes under the provisions of this or any chapter other than Chapter 6 (§ 51.1-600 et
75 seq.), 6.1 (§ 51.1-607 et seq.), or 7 (§ 51.1-700 et seq.), his retirement allowance shall cease while so
76 employed.

77 b. *The provisions of subdivision a do not apply to a person who is 62 years of age or older. If such*
78 *person elects to receive or continue to receive a retirement allowance specified in subdivision a while in*
79 *a position, or upon returning to a position, covered for retirement purposes under the provisions set*
80 *forth in subdivision a, then his service performed and compensation received while employed in such*
81 *covered position will not increase, decrease, or affect in any way his retirement benefits before, during,*
82 *or after such employment. However, the employer shall include the person's compensation in calculating*
83 *members' compensation in determining employer contributions under § 51.1-145.*

84 c. Any member who retires and later returns to covered employment shall not be entitled to select a
85 different retirement option for a subsequent retirement.

86 2. Active members of the General Assembly who are eligible to receive a retirement allowance under
87 this title, excluding their service as a member of the General Assembly, shall be eligible to receive a
88 retirement allowance based on their creditable service and average final compensation for service other
89 than as a member of the General Assembly. Such members of the General Assembly shall continue to
90 be reported as any other members of the retirement system. Upon ceasing to serve in the General
91 Assembly, members of the General Assembly receiving a retirement allowance based on their creditable
92 service and average final compensation for service other than as a member of the General Assembly
93 shall have their retirement allowance recomputed prospectively to include their service as a member of
94 the General Assembly. Active members of the General Assembly shall be prohibited from receiving a
95 service retirement allowance under this title based solely on their service as a member of the General
96 Assembly.

97 3. (Expires July 1, 2020) Any person receiving a service retirement allowance under this chapter,
98 who is hired as a local school board instructional or administrative employee required to be licensed by
99 the Board of Education, may elect to continue to receive the retirement allowance during such
100 employment, under the following conditions:

101 (a) The person has been receiving such retirement allowance for a certain period of time preceding
102 his employment as provided by law;

103 (b) The person is not receiving a retirement benefit pursuant to an early retirement incentive program
104 from any local school division within the Commonwealth; and

105 (c) At the time the person is employed, the position to which he is assigned is among those
106 identified by the Superintendent of Public Instruction pursuant to subdivision 4 of § 22.1-23, by the
107 relevant division superintendent, pursuant to § 22.1-70.3, or by the relevant local school board, pursuant
108 to subdivision 9 of § 22.1-79.