

LD1879144

HOUSE BILL NO. 1077

Offered January 25, 1994

A BILL to amend and reenact §§ 51.1-155, 51.1-157, 51.1-206, 51.1-306 and 51.1-308 of the Code of Virginia and to amend the Code of Virginia by adding sections numbered 51.1-166.1, 51.1-208.1 and 51.1-306.1, relating to service retirement allowances in the Virginia Retirement System.

Patrons—Callahan, Albo, Almand, Christian, Connally, Croshaw, Darner, Dillard, Hull, Miller, Putney, Scott and Stump; Senator: Calhoun

Referred to Committee on Appropriations

Be it enacted by the General Assembly of Virginia:

1. That §§ 51.1-155, 51.1-157, 51.1-206, 51.1-306 and 51.1-308 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding sections numbered 51.1-166.1, 51.1-208.1 and 51.1-306.1 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 ~~4.50 percent of the first \$13,200 of average final compensation plus 1.65~~ 1.75 percent of average final compensation ~~in excess of \$13,200~~, multiplied by the amount of creditable service. ~~If the member is credited with thirty-five or more years of service, he shall receive 1.65 percent of his average final compensation multiplied by the amount of his 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 thirty 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 thirty 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 of this subsection.

3. Early retirement; applicable to employees of certain political subdivisions. 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 thirty or more years but the sum of his age at retirement plus his creditable service at retirement is less than ninety, 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 ninety or more had he remained in service until such date. If the member has less than thirty 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 thirty years of creditable service and his then creditable service plus his then attained age would have been equal to ninety or more.

The provisions of this subdivision shall apply to the employees of any political subdivision that participates in the retirement system. The participating political subdivision may, however, elect to provide its employees with the early retirement allowance set forth in subdivision 2 of this subsection. Any election pursuant to this subdivision shall be set forth in a legally adopted resolution.

4. Additional allowance. In addition to the allowance payable under this subsection, a member shall receive an additional allowance which shall be the actuarial equivalent, for his attained age at the time of retirement, of the excess of his accumulated contributions transferred from the abolished system to the retirement system, including interest credited at the rate of two percent compounded annually since the transfer to the date of retirement, over the annual amounts equal to four percent of his annual creditable compensation at the date of abolishment for a period equal to his period of membership in the abolished system.

B. Beneficiary serving in position covered by this title. If a beneficiary of a service retirement allowance under this chapter, other than a member of the General Assembly, is at any time in service as an employee in a position covered for retirement purposes under the provisions of this or any chapter other than Chapter 7 (§ 51.1-700 *et seq.*) of this title, his retirement allowance shall cease while so

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HB1077

60 employed.

61 § 51.1-157. Disability retirement allowance.

62 A. Allowance payable on retirement. Upon retirement for disability, a member who has five or more
63 years of creditable service shall receive an annual retirement allowance during his lifetime and continued
64 disability equal to ~~1-65~~ 1.75 percent of average final compensation multiplied by the smaller of (i) twice
65 the amount of his creditable service or (ii) the amount of creditable service he would have completed at
66 age sixty if he had remained in service to that age. If a member has already attained age sixty, the
67 amount of creditable service at his date of retirement shall be used.

68 B. Workers' compensation guarantee. If a member retires for disability from a cause which is
69 compensable under the Virginia Workers' Compensation Act (§ 65.2-100 et seq.), the amount of the
70 annual retirement allowance shall equal sixty-six and two-thirds percent of the member's average final
71 compensation if the member does not qualify for disability benefits under the provisions of the Social
72 Security Act in effect on the date of his retirement. If the member qualifies for disability benefits under
73 the provisions of the Social Security Act in effect on the date of his retirement, the allowance payable
74 from the retirement system shall equal fifty percent of his average final compensation. A member shall
75 be entitled to the larger of the retirement allowance as determined under the provisions of subsection A
76 or under the provisions of this subsection.

77 C. Reduction of allowance. Any allowance payable to a member who retires for disability from a
78 cause compensable under the Virginia Workers' Compensation Act shall be reduced by the amount of
79 any payments under the provisions of the Act in effect on the date of retirement of the member and the
80 excess of the allowance shall be paid to the member. When the time for compensation payments under
81 the Act has elapsed, the member shall receive the full amount of the allowance payable during his
82 lifetime and continued disability. If the member's payments under the Virginia Workers' Compensation
83 Act are adjusted or terminated for refusal to work or to comply with the requirements of § 65.2-603, his
84 allowance shall be computed as if he were receiving the compensation to which he would otherwise be
85 entitled.

86 D. Special retirement allowance guarantee. Any member retired from a cause which is not
87 compensable under the Virginia Workers' Compensation Act shall be guaranteed an annual retirement
88 allowance during his lifetime and continued disability which equals fifty percent of the member's
89 average final compensation if the member does not qualify for disability benefits under the provisions of
90 the Social Security Act in effect on the date of his retirement. If the member qualifies for disability
91 benefits under the provisions of the Social Security Act in effect on the date of retirement, the
92 allowance payable from the retirement system shall equal thirty-three and one-third percent of his
93 average final compensation.

94 E. Determination of retirement allowance. For the purposes of this section, the retirement allowance
95 shall be determined on the assumption that the retirement allowance is payable to the member alone and
96 that no optional retirement allowance is elected.

97 § 51.1-166.1. Increase in retirement allowances.

98 *Effective July 1, 1994, each retirement allowance that commenced prior to July 1, 1994, to any*
99 *beneficiary under any provision of this chapter shall be increased to the extent necessary so that the*
100 *amount of each allowance payment on any date then or thereafter shall be equal to the amount that*
101 *would have been payable on such date had the allowance been computed in accordance with the*
102 *applicable provisions of this title as in effect on July 1, 1994, based on the creditable service and*
103 *average final compensation of the member with respect to whom the allowance originally commenced.*

104 § 51.1-206. Service retirement allowance.

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

106 1. Normal retirement. The allowance shall equal ~~1-50 percent of the first \$13,200 of average final~~
107 ~~compensation plus 1-65~~ 1.75 percent of average final compensation ~~in excess of \$13,200~~ multiplied by
108 the amount of creditable service. ~~If the member is credited with thirty-five or more years of service, he~~
109 ~~shall receive 1-65 percent of his average final compensation multiplied by the amount of creditable~~
110 ~~service.~~

111 2. Early retirement. The allowance shall be determined in the same manner as for normal retirement
112 with creditable service and average final compensation being determined as of the date of actual
113 retirement. If the member has less than twenty-five years of service at retirement, the amount of the
114 retirement allowance shall be reduced on an actuarial equivalent basis for the period by which the actual
115 retirement date precedes the earlier of (i) his normal retirement date or (ii) the first date on or after his
116 fiftieth birthday on which he would have completed a total of twenty-five years of creditable service.

117 B. In addition to the allowance payable under subsection A of this section, a member shall receive
118 an additional allowance equal to \$7,080 annually from date of retirement until his sixty-fifth birthday.

119 Such allowance shall be reviewed and adjusted by the Board biennially to an amount recommended
120 by the actuary of the Virginia Retirement System based upon increases in social security benefits in the
121 interim. This subsection shall not apply to the following: (i) any member who qualifies for retirement

under subsection C of § 51.1-205 and is credited with less than twenty years' service rendered in a hazardous position or (ii) any member employed initially on or after July 1, 1974, who is credited with less than twenty years' service rendered in a hazardous position.

C. If a beneficiary of a service retirement allowance under this chapter is at any time in service as an employee in a position covered for retirement purposes under the provisions of this or any chapter other than Chapter 7 (§ 51.1-700 et seq.) of this title, his retirement allowance shall cease while so employed.

§ 51.1-208.1. Increase in retirement allowances.

Effective July 1, 1994, each retirement allowance that commenced prior to July 1, 1994, to any beneficiary under any provision of this chapter shall be increased to the extent necessary so that the amount of each allowance payment on any date then or thereafter shall be equal to the amount that would have been payable on such date had the allowance been computed in accordance with the applicable provisions of this title as in effect on July 1, 1994, based on the creditable service and average final compensation of the member with respect to whom the allowance originally commenced.

§ 51.1-306. 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 ~~1.65~~ 1.75 percent of average final compensation multiplied by the amount of creditable service. The allowance shall not exceed seventy-five percent of the average final compensation of the member.

2. Early retirement. 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 not attained his sixtieth birthday or has less than thirty years of service, 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 or after his sixtieth birthday on which he would have completed a total of thirty years of creditable service.

B. Normal and early retirement guarantees. Any member who was a member of one of the previous systems immediately prior to July 1, 1970, and who would have been eligible for retirement benefits thereunder shall be guaranteed a minimum retirement allowance no less than that for which he would have qualified had he continued to participate therein.

C. Determination of retirement allowance. For the purposes of subsection B of this section, the retirement allowance shall be determined on the assumption that the retirement allowance is payable to the member alone and that no optional retirement allowance is elected.

D. Beneficiary serving in position covered by this title. If a beneficiary of a service retirement allowance under this chapter or under any of the previous systems is at any time in service as an employee in a position covered for retirement purposes under the provisions of this or any chapter other than Chapter 7 of this title, his retirement allowance shall cease while so employed.

§ 51.1-306.1. Increase in retirement allowances.

Effective July 1, 1994, each retirement allowance that commenced prior to July 1, 1994, to any beneficiary under any provision of this chapter shall be increased to the extent necessary so that the amount of each allowance payment on any date then or thereafter shall be equal to the amount that would have been payable on such date had the allowance been computed in accordance with the applicable provisions of this title as in effect on July 1, 1994, based on the creditable service and average final compensation of the member with respect to whom the allowance originally commenced.

§ 51.1-308. Disability retirement allowance.

A. Allowance payable on retirement. Upon retirement for disability, a member who has five or more years of creditable service shall receive an annual retirement allowance, not to exceed seventy-five percent of his average final compensation, payable during his lifetime and continued disability equal to ~~1.65~~ 1.75 percent of average final compensation ~~when~~ multiplied by the smaller of (i) twice the amount of creditable service or (ii) the amount of creditable service he would have completed at age sixty if he had remained in service to that age. If a member has already attained age sixty, the amount of creditable service at his date of retirement shall be used.

B. Workers' compensation guarantee. If a member retires for disability from a cause which is compensable under the Virginia Workers' Compensation Act (§ 65.2-100 et seq.), the amount of the annual retirement allowance shall, subject to the provisions of subsection D, equal sixty-six and two-thirds percent of the member's average final compensation if the member does not qualify for disability benefits under the provisions of the Social Security Act in effect on the date of his retirement. If the member qualifies for disability benefits under the provisions of the Social Security Act in effect on the date of his retirement, the allowance payable from the retirement system shall equal fifty percent of his average final compensation. A member shall be entitled to the larger of the retirement allowance as determined under the provisions of subsection A of this section or under the provisions of this

183 subsection.

184 C. General disability retirement guarantee. The disability retirement allowance payable to a member
185 who immediately prior to July 1, 1970, was a member of one of the previous systems shall be at least
186 an amount equal to the disability retirement allowance to which he would have been entitled under the
187 provisions of the previous system.

188 D. Determination of retirement allowance. For the purposes of this section, the retirement allowance
189 shall be determined on the assumption that the retirement allowance is payable to the member alone and
190 that no optional retirement allowance is elected.

191 E. Reduction of allowance. Any allowance payable to a member who retires for disability from a
192 cause compensable under the Virginia Workers' Compensation Act shall be reduced by the amount of
193 any payments under the provisions of the Act in effect on the date of retirement of the member and the
194 excess of the allowance shall be paid to such member. When the time for compensation payments under
195 the Act has elapsed, the member shall receive the full amount of the allowance payable during his
196 lifetime and continued disability. If the member's payments under the Virginia Workers' Compensation
197 Act are adjusted or terminated for refusal to work or to comply with the requirements of § 65.2-603, his
198 allowance shall be computed as if he were receiving the compensation to which he would otherwise be
199 entitled.

200 F. Special retirement allowance guarantee. Any member retired from a cause which is not
201 compensable under the Virginia Workers' Compensation Act shall be guaranteed an annual retirement
202 allowance during his lifetime and continued disability which equals fifty percent of the member's
203 average final compensation if the member does not qualify for disability benefits under the provisions of
204 the Social Security Act in effect on the date of his retirement. If the member qualifies for disability
205 benefits under the provisions of the Social Security Act in effect on the date of retirement, the
206 allowance payable from the retirement system shall equal thirty-three and one-third percent of his
207 average final compensation.