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HOUSE BILL NO. 1904

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the House Committee on Appropriations
on February 2, 1995)

(Patron Prior to Substitute—Delegate Diamonstein)

*A BILL to amend and reenact § 51.1-142 of the Code of Virginia, relating to prior service credit in the Virginia Retirement System.***Be it enacted by the General Assembly of Virginia:****1. That § 51.1-142 of the Code of Virginia is amended and reenacted as follows:**

§ 51.1-142. Prior service or membership credit for certain members.

A. Any member in service may purchase credit for service lost as a result of the following:

1. Rejection of membership in the retirement system.

2. Cessation of membership under this chapter because of the withdrawal of his accumulated contributions.

3. Exclusion from membership because of being a member of the General Assembly or other state officer elected by the people.

4. Termination of service as an officer or employee of a political subdivision in a position which subsequently became covered by the retirement system and for which prior service credit was granted.

In order to receive credit for the service, the member must pay an amount equal to the contributions that he would have made during the entire period to be credited, assuming that the member contribution rate specified in this chapter as of the date of payment had been in effect during the entire period and that the higher of the member's creditable compensation or average final compensation as of the date of payment had been received during the entire period.

When a member requests credit for a portion of the period, the most recent portion shall be credited. Payment may be made in a lump sum or by an additional payroll deduction. Only one additional deduction shall be permitted at any time. Should the additional deduction be terminated prior to purchasing the entire period which might otherwise be credited, the member shall be credited with the number of additional months of service for which payments are made. If the additional deduction is continued beyond the point at which the entire period has been purchased, the member shall be credited with no more than the entire period which might otherwise have been credited and the excess amount deducted shall be refunded to the member.

*B. Any vested member in service may purchase prior service credit for (i) active duty military service in the armed forces of the United States, provided that the discharge from the armed forces was not dishonorable and the member has not withdrawn his accumulated contributions or (ii) certified creditable service in the retirement system of another state or (iii) both. For purposes of this subsection, "active duty military service" means full-time service of at least 180 consecutive days in the United States Army, Navy, Air Force, Marines, Coast Guard, or reserve components thereof.**Such prior service credit shall be calculated at the ratio of one year of prior service credit to one year of active duty military service or certified creditable service in the retirement system of another state, up to a maximum of five years of prior service credit. The member must pay an amount equal to ten percent of his present annual compensation for each year to be credited or ten percent of his average annual creditable compensation during his thirty-six highest consecutive months of creditable service, whichever is greater. Such prior service credit shall not be otherwise creditable as prior service under this chapter nor considered in the calculation of any retirement benefit by another retirement system.*~~B.~~ C. Any member granted a leave of absence for any of the following reasons may purchase limited service on the basis set forth in subsection A of this section:

1. Up to four years of service for any leave of absence for educational purposes or for temporary employment with the General Assembly.

2. Up to four years of service subsequent to January 1, 1964, for any leave of absence due to illness or disability or service which was temporarily terminated due to illness or disability.

~~C.~~ D. Any member in service who was denied membership because of having attained age sixty when first employed or reemployed may purchase all or any portion of service lost as a result of denial upon payment in a lump sum of the amount the member would have contributed had he been allowed to participate in the system. In order for the additional service to be considered in the computation of any retirement allowance payable in the event of retirement for disability, the member shall submit a medical report satisfactory to the Medical Board at the time payment is made showing that the member is of sound mind and body.~~D.~~ E. Service may be credited at no cost under the following circumstances:

- 60 1. Any member who was a member of the abolished system and who was in service on March 1,
61 1952, shall receive credit for service rendered as a state employee or teacher prior to July 1, 1942,
62 provided the member has not received a refund of accumulated contributions since becoming a member
63 of the abolished system.
- 64 2. Any member in service who is credited with five or more years of membership service who
65 rendered full-time salaried service as a state employee or teacher prior to July 1, 1942, may receive
66 credit for same.
- 67 3. Any member who is a teacher may receive credit for service rendered as a nonprofessional
68 employee of a school board provided the school board has extended coverage to its nonprofessional
69 employees and granted credit for service rendered prior to the effective date of coverage.
- 70 4. Any vested member who is a teacher shall receive up to two years of service credit for any
71 involuntary leave of absence, without pay, required by local school division policies related to pregnancy
72 or childbirth provided (i) the member was on such leave from a covered position prior to July 1, 1974,
73 (ii) the member has not withdrawn all accumulated contributions, and (iii) the member reenters service
74 in a covered position within one year after the last date of such leave. In such instances, the employer,
75 or its successors, which had such policies in place and applied same to the teacher seeking additional
76 service credit shall be liable for the cost of providing such service credit.
- 77 5. Any member may receive credit for service rendered in the armed forces of the United States
78 provided (i) the member was on leave of absence from a covered position, (ii) the discharge from the
79 armed forces was not dishonorable, (iii) the member has not withdrawn his accumulated contributions,
80 and (iv) the member reenters service in a covered position within one year after discharge from the
81 armed forces. No period of service rendered, through reenlistment, beyond the cessation of hostilities
82 shall be creditable service.
- 83 *EF.* Any member of the abolished system may transfer accumulated contributions in that system to
84 the retirement system within one year after becoming a member of the retirement system.