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SENATE BILL NO. 440

Offered January 22, 1996

A BILL to amend and reenact § 51.1-143 of the Code of Virginia and to amend the Code of Virginia by adding in Article 6 of Chapter 1 of Title 51.1 a section numbered 51.1-143.1 and by adding a section numbered 51.1-801.1, relating to the portability of service credit between certain political subdivisions of the Commonwealth and the Virginia Retirement System or certain other political subdivisions of the Commonwealth.

Patrons—Lambert, Benedetti, Couric, Gartlan, Hawkins, Maxwell, Miller, Y.B., Norment, Saslaw, Ticer, Waddell, Walker and Whipple; Delegates: Albo, Almand, Barlow, Callahan, Cantor, Clement, Connally, Crittenden, Cunningham, Darner, Dillard, Drake, Fisher, Hall, Hamilton, Harris, Hull, Jones, D.C., Jones, J.C., Keating, May, McClure, McEachin, Mims, O'Brien, Plum, Puller, Reid, Rhodes, Robinson, Scott, Spruill, Thomas, Van Yahres, Watts and Woodrum

Referred to the Committee on Finance

Be it enacted by the General Assembly of Virginia:

1. That § 51.1-143 of the Code of Virginia is amended and reenacted and that the Code of Virginia is amended by adding in Article 6 of Chapter 1 of Title 51.1 a section numbered 51.1-143.1 and by adding a section numbered 51.1-801.1 as follows:

§ 51.1-143. Prior service credit for certain military service or under system of another state, political subdivision, or public school system.

A. Any member in service who has been credited with five or more years of membership service may purchase all or part of the following:

1. Active duty service in the armed forces of the United States not otherwise creditable as prior service under this chapter.

2. Certified creditable service in the retirement system of another state or of a political subdivision or public school system of this or another state.

3. Civilian service of the United States.

~~The service credit may not be considered in the calculation of any retirement benefit by another retirement system.~~ The member must pay an amount equal to fifteen percent of his present annual compensation for each year to be credited or fifteen percent of his average annual creditable compensation during his thirty-six highest consecutive months of creditable service, whichever is greater.

B. Service purchased under this section shall not be considered (i) in the calculation of any retirement benefit by another retirement system or (ii) in determining the actuarial equivalent for early retirement.

§ 51.1-143.1. Portability of service credit between the Virginia Retirement System and certain political subdivisions of the Commonwealth.

The Virginia Retirement System may enter into an agreement with any political subdivision of the Commonwealth which has a defined benefit plan that is not supplemental to the Retirement System to permit any vested member of the political subdivision's plan, upon entering service in a covered position and filing a written application with the Retirement System, to purchase service credit, of an amount to be determined by the Board of Trustees, in the Retirement System. The purchase shall be accomplished by and upon the transfer of assets to the Retirement System from the political subdivision's plan as provided in the agreement.

§ 51.1-801.1. Portability of service credit between certain political subdivisions of the Commonwealth and the Virginia Retirement System or certain other political subdivisions of the Commonwealth.

A. Any political subdivision of the Commonwealth which has a defined benefit plan that is not supplemental to the Virginia Retirement System may enter into an agreement with the Virginia Retirement System to permit any vested member of the Virginia Retirement System, upon entering service in a covered position and filing a written application with the political subdivision's plan, to purchase service credit, of an amount to be determined by the governing authority of the political subdivision's plan, in the political subdivision's plan. The purchase shall be accomplished by and upon the transfer of assets to the political subdivision's plan from the Virginia Retirement System as provided in the agreement.

B. Any political subdivision of the Commonwealth which has a defined benefit plan that is not supplemental to the Virginia Retirement System (the "transferor's plan") may enter into an agreement with any other political subdivision of the Commonwealth which has a defined benefit plan that is not supplemental to the Virginia Retirement System (the "transferee's plan") to permit any vested member of

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60 *the transferor's plan, upon entering service in a covered position and filing a written application with*
61 *the transferee's plan, to purchase service credit, of an amount to be determined by the governing*
62 *authority of the transferee's plan, in the transferee's plan. The purchase shall be accomplished by and*
63 *upon the transfer of assets to the transferee's plan from the transferor's plan as provided in the*
64 *agreement.*