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SENATE BILL NO. 781

Offered January 8, 1997

A BILL to amend and reenact § 51.1-124.3 of the Code of Virginia, relating to the Virginia Retirement System; definition of "average final compensation."

Patrons—Miller, K.G.; Delegates: Hall and Putney

Referred to the Committee on Finance

Be it enacted by the General Assembly of Virginia:

1. That § 51.1-124.3 of the Code of Virginia is amended and reenacted as follows:

§ 51.1-124.3. Definitions.

As used in this chapter, unless the context requires a different meaning:

"Abolished system" means the Virginia Retirement Act, §§ 51-30 through 51-111, repealed by Chapter 1 of the Acts of Assembly of 1952.

"Accumulated contributions" means the sum of all amounts deducted from the compensation of a member and credited to his individual account in the member's contribution account, all amounts the member may contribute to purchase creditable service, all member contributions contributed by the employer on behalf of the employee, on or after July 1, 1990, except those amounts contributed on behalf of members of the General Assembly who are otherwise retired under the provisions of this chapter, and all interest accruing to these funds. If a member is retired for disability from a cause which is compensable under the Virginia Workers' Compensation Act (§ 65.2-100 et seq.), dies in service prior to retirement, or requests a refund of contributions in accordance with § 51.1-161, "accumulated contributions" shall include all member contributions paid by the employer on behalf of the member on and after July 1, 1980, and all interest which would have accrued to these funds.

"Actuarial equivalent" means a benefit of equal value when computed upon the basis of actuarial tables adopted by the Board.

"Average final compensation" means the average annual creditable compensation of a member during his thirty-six highest consecutive months of creditable service or during the entire period of his creditable service if less than thirty-six months. If a member ceased employment prior to July 1, 1974, "average final compensation" means the average annual creditable compensation during the five highest consecutive years of creditable service.

For members retiring after June 30, 1997, average final compensation shall be adjusted for inflation by an amount calculated pursuant to the formula provided in subsection B of § 51.1-166, for each calendar year ending between the end of the highest thirty-six consecutive months and the earlier of the date of retirement or normal retirement date. No such adjustment shall be made if the period is less than one full calendar year.

"Beneficiary" means any person entitled to receive benefits under this chapter.

"Board" means the Board of Trustees of the Virginia Retirement System.

"Creditable compensation" means the full compensation payable annually to an employee working full time full-time in his covered position. In cases where compensation includes maintenance or other perquisites, the Board shall fix the value of that part of the compensation not paid in money. Remuneration received by members of the General Assembly not otherwise retired under the provisions of this chapter pursuant to §§ 14.1-17.1, 14.1-18 and 14.1-18.2 shall be deemed creditable compensation. In addition, for any member of the General Assembly, creditable compensation shall include the full amount of salaries payable to such member for working in covered positions, regardless of whether a contractual salary is reduced and not paid to such member because of service in the General Assembly.

"Creditable service" means prior service plus membership service for which credit is allowable.

"Employee" means any teacher, state employee, officer, or employee of a locality participating in the Retirement System.

"Employer" means the Commonwealth in the case of a state employee, the local public school board in the case of a teacher, or the political subdivision participating in the Retirement System.

"Joint Rules Committee" means those members of the House of Delegates and the Senate designated by the Speaker of the House and the Chairman of the Senate Committee on Rules, respectively, to meet with each other and to act jointly on behalf of the Committee on Rules for each house.

"Local officer" means the treasurer, commissioner of the revenue, attorney for the Commonwealth, clerk of a circuit court, or sheriff of any county or city, or deputy or employee of any such officer.

"Medical Board" means the board of physicians as provided by this chapter.

"Member" means any person included in the membership of the Retirement System.

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60 "Membership service" means service as an employee rendered while a contributing member of the
61 Retirement System except as provided in this chapter.

62 "Normal retirement date" means a member's sixty-fifth birthday.

63 "Political subdivision" means any county, city, or town, any political entity, subdivision, branch, or
64 unit of the Commonwealth, or any commission, public authority, or body corporate created by or under
65 an act of the General Assembly specifying the powers, privileges, or authority capable of exercise by the
66 commission, public authority, or body corporate.

67 "Primary social security benefit" means, with respect to any member, the primary insurance amount
68 to which the member is entitled, for old age or disability, as the case may be, pursuant to the provisions
69 of the federal Social Security Act as in effect at his date of retirement, under the provisions of this
70 chapter except as otherwise specifically provided.

71 "Prior service" means service rendered prior to becoming a member of the Retirement System.

72 "Retirement allowance" means the retirement payments to which a member is entitled.

73 "Retirement System" means the Virginia Retirement System.

74 "Service" means service as an employee.

75 "State employee" means any person who is regularly employed ~~full time~~ *full-time* on a salaried basis,
76 whose tenure is not restricted as to temporary or provisional appointment, in the service of, and whose
77 compensation is payable, no more often than biweekly, in whole or in part, by the Commonwealth or
78 any department, institution, or agency thereof. "State employee" shall include the Governor, Lieutenant
79 Governor, Attorney General, and members of the General Assembly but shall not include (i) any local
80 officer, (ii) any employee of a political subdivision of the Commonwealth, (iii) individuals employed by
81 the Department for the Visually Handicapped pursuant to § 63.1-73; (iv) any member of the State Police
82 Officers' Retirement System, or (v) any member of the Judicial Retirement System.

83 "Teacher" means any person who is regularly employed ~~full time~~ *full-time* on a salaried basis as a
84 professional or clerical employee of a county, city, or other local public school board.