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SENATE BILL NO. 427

Offered January 26, 1998

A BILL to amend and reenact § 51.1-155 of the Code of Virginia, relating to early retirement in the Virginia Retirement System.

Patrons—Miller, Y.B., Edwards, Hanger and Lucas; Delegates: Christian, Darner, Grayson, Hull, Ingram, McEachin, Plum, Ruff and Tate

Consent to introduce

Referred to the 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 1.50 percent of the first \$13,200 of average final compensation plus 1.65 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.

On and after October 1, 1994, any employee or local officer who is a member or beneficiary of a retirement system administered by the Board shall receive an additional retirement allowance equal to three percent of the service retirement allowance payable under this section; provided that, for purposes of this additional retirement allowance, the term employee shall include only those employees of political subdivisions that have adopted a resolution providing for such an allowance under subsection B of § 51.1-130. Average final compensation attributable to service as Governor, Lieutenant Governor, Attorney General, or member of the General Assembly shall not be included in computing this additional retirement allowance.

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. *However, if the member is a "correctional officer" as defined in § 53.1-1, 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 twenty-five 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.

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

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

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