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HOUSE BILL NO. 1796

Offered January 12, 2011

Prefiled January 11, 2011

A BILL to amend and reenact §§ 51.1-142.2, 51.1-162, 51.1-207, 51.1-218, 51.1-513.2, 51.1-513.3, 51.1-1116, 51.1-1117, 51.1-1128, 51.1-1134, 51.1-1401, and 51.1-1405 of the Code of Virginia, relating to technical changes to plans administered by the Virginia Retirement System.

Patron—Tata

Referred to Committee on Appropriations

Be it enacted by the General Assembly of Virginia:

1. That §§ 51.1-142.2, 51.1-162, 51.1-207, 51.1-218, 51.1-513.2, 51.1-513.3, 51.1-1116, 51.1-1117, 51.1-1128, 51.1-1134, 51.1-1401, and 51.1-1405 of the Code of Virginia are amended and reenacted as follows:

§ 51.1-142.2. Prior service or membership credit for certain members; service credit for accumulated sick leave.

Certain members may purchase credit for service as provided in this section.

A. Except as provided in subdivisions 1 and 2, in order to receive credit for the service made available in subsection B, a member in service shall be required to make a payment for each year, or portion thereof, to be credited at the time of purchase, equal to five percent of his creditable compensation or five percent of his average final compensation, whichever is greater, unless the member in service is purchasing the service made available in subsection B through a pre-tax or post-tax deduction, in which case the cost to purchase each year, or portion thereof, of such service shall be five percent of his creditable compensation.

1. (For applicability date, see Editor's note) A person who becomes a member on or after July 1, 2010, shall pay an amount equal to a rate approximating the normal cost for the retirement program under which the member is covered, with such rate for each retirement program to be determined by the Board, and reviewed by the Board no less than every six years. However, if the member does not purchase, or enter into a purchase of service contract for the service made available in subsection B within one year from his first date of hire or within one year of the final day of any leave of absence under subdivision B 2, as applicable, then, for each year or portion thereof to be credited at the time of purchase, the member shall pay an amount equal to the actuarial equivalent cost.

2. If a member other than a member described in subdivision 1 does not purchase, or enter into a purchase of service contract for, the service made available in subsection B within three years from his first date of hire or within three years of the final day of any leave of absence under subdivision B 2, as applicable, then, for each year or portion thereof to be credited at the time of purchase, the member shall pay an amount equal to the actuarial equivalent cost.

3. 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 at the time of purchase or by an additional payroll deduction. ~~Only one~~ *Any number of additional deductions may be permitted at any time.* Should ~~the~~ *any* additional deduction be terminated prior to purchasing the entire period that might otherwise be credited, the member shall be credited with the number of additional *full or partial* months of service for which full payment is made. If ~~the~~ *any* 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 that might otherwise have been credited and the excess amount deducted shall be refunded to the member.

Any employer may elect to pay an equivalent amount in lieu of all member contributions required of its employees for the purpose of service credit pursuant to this section. These contributions shall not be considered wages for purposes of Chapter 7 (§ 51.1-700 et seq.) of this title, nor shall they be considered to be salary for purposes of this chapter.

B. 1. Any 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 a period of active duty status with the armed forces was not dishonorable, (ii) creditable service of another state or of a political subdivision or public school system of this or another state, as certified by such state, political subdivision or public school system, (iii) creditable service of a political subdivision of this state not credited to the member under an agreement as provided for in § 51.1-143.1, as certified by such political subdivision, (iv) civilian service of the United States, (v) creditable service at a private institution of higher education if the private institution is merged with a public institution of higher education and

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59 graduates of the private institution are then issued new degrees from the public institution, or (vi) any
60 period of time when the member was employed by a participating employer and not otherwise eligible
61 to participate in the retirement system because the member was not an employee as defined in
62 § 51.1-124.3.

63 For purposes of this subsection "active duty military service" means full-time service of at least 180
64 consecutive days in the United States Army, Navy, Air Force, Marines, Coast Guard, or reserve
65 components thereof.

66 2. Any member (i) granted a leave of absence for educational purposes may purchase service credit
67 for such leave of absence; or (ii) granted any unpaid leave of absence due to the birth or adoption of a
68 child may purchase up to one year of service credit per occurrence of leave.

69 C. Any member in service may purchase service credit for creditable service lost from ceasing to be
70 a member under this chapter, as provided in § 51.1-128, because of the withdrawal of his accumulated
71 contributions. Notwithstanding any other provision in this section, the cost to purchase such service shall
72 be five percent of his creditable compensation or five percent of his average final compensation,
73 whichever is greater, unless the member in service is purchasing such service through a pre-tax or
74 post-tax deduction, in which case the cost to purchase each year, or portion thereof, of such service shall
75 be five percent of his creditable compensation. If the member purchases or enters into a contract to
76 purchase such service within three years of the date he became eligible to purchase the service, then the
77 service may be purchased in a lump sum at the time of purchase or through an additional payroll
78 deduction. Any purchase of such service made at a time later than such period shall be made in a lump
79 sum at the time of purchase.

80 D. Any member in service may purchase service credit for accumulated sick leave on his effective
81 date of retirement based upon such sums as the employer may provide as payment for any unused sick
82 leave balances. The cost of service credit purchased under this subsection shall be the actuarial
83 equivalent cost of such service.

84 E. In any case where member and employer contributions, as required under this chapter, were not
85 made because of an error in the payroll, personnel, or other classification system of an employer
86 participating in the retirement system, service that has not been credited because of such error may be
87 purchased on the following basis:

88 1. The most recent three years of service shall be purchased, using applicable member and employer
89 contribution rates and creditable compensation in effect for such period, in a manner and cost prescribed
90 by the Board; and

91 2. All other years of service the employer shall purchase at an actuarial equivalent cost.

92 F. The service credit to be credited to a member under this section shall be calculated at the ratio of
93 one year, or portion thereof, of service credit to one year, or portion thereof, of service purchased,
94 except for part-time service purchased under clause (vi) of subdivision B 1 which shall be calculated at
95 the ratio of one month of service credit for each 173 hours of service as certified by the employer and
96 as purchased by the member. Up to a maximum of four years of service credit may be purchased for
97 each of clauses (i) through (vi) of subdivision B 1 and clause (i) and (ii) of subdivision B 2. In addition,
98 a member in service may purchase service credit for every year or portion thereof for service lost from
99 cessation of membership as described in subsection C.

100 Except as otherwise required by Chapter 1223 of Title 10 of the United States Code, the service
101 credit made available under this section may not be purchased if, before being purchased or at the time
102 of such purchase pursuant to this section, the service to be purchased is service that is included in the
103 calculation of any retirement allowance received or to be received by the member from this or another
104 retirement system.

105 G. Any member may receive credit at no cost for service rendered in the armed forces of the United
106 States provided (i) the member was on leave of absence from a covered position, (ii) the discharge from
107 a period of active duty with the armed forces was not dishonorable, (iii) the member has not withdrawn
108 his accumulated contributions, (iv) the member is not disabled or killed while on leave without pay
109 while performing active duty military service in the armed forces of the United States, and (v) the
110 member reenters service in a covered position within one year after discharge from the armed forces. In
111 order to receive such service, the member must complete such forms and other requirements as are
112 required by the Board and the retirement system.

113 § 51.1-162. Death before retirement.

114 A. If a member dies before retirement, and if no benefits are payable under subsection B, the amount
115 of his accumulated contributions shall be paid to the designated beneficiary or to a surviving relative
116 according to the order of precedence set forth in this section. This amount shall be reduced by the
117 amount of any retirement allowance previously received by the member under this chapter or the
118 abolished system. Each member shall designate who is to receive a refund of accumulated contributions
119 credited to his account in the event of the death of the member prior to retirement. The designation
120 must be made in a manner prescribed by the Board.

If no designation has been made, or the death of the designated person occurs prior to the death of the member and another designation has not been made, the proceeds shall be paid to the persons surviving at the death of the member in the following order of precedence:

First, to the spouse of the member;

Second, if no surviving spouse, to the children of the member and descendants of deceased children, per stirpes;

Third, if none of the above, to the parents of the member;

Fourth, if none of the above, to the duly appointed executor or administrator of the estate of the member;

Fifth, if none of the above, to other next of kin of the member entitled under the laws of the domicile of the member at the time of his death.

B. If a member dies in service, including a member who is on leave without pay while performing active duty military service in the armed forces of the United States, and if no benefits are payable under subsection C of this section, a retirement allowance shall be paid to the person or persons designated as provided in subsection A of this section if the person is the member's (i) surviving spouse, (ii) minor child, or (iii) parent(s). If no designation has been made, or if the death of the designated person occurs prior to the death of the member and another designation has not been made, a retirement allowance shall be paid in the following order of precedence to the member's (a) surviving spouse, (b) minor children, or (c) parent(s). The retirement allowance shall be paid to the first person qualifying in the orders of precedence set out in this subsection. If more than one minor child survives the deceased member, the allowance shall be divided among them in a manner determined by the Board. If more than one parent survives the deceased member, the allowance shall be divided among them in a manner determined by the Board. The retirement allowance shall be continued during the lifetime of the person or in the case of a minor child until the child dies or attains the age of majority, whichever occurs first. The retirement allowance shall equal the deceased retirement allowance that would have been payable under the joint and survivor option so that the same amount would be continued to such person after the member's death. If the member dies prior to his fifty-fifth birthday, then, for purposes of this subsection, the member shall be presumed to be age fifty-five on his date of death. When determining the allowance that would have been payable to the member had the member retired on the date of his death, the provisions of subdivision A 4 of § 51.1-155 shall not apply. If the person elects in writing, the amount of the member's accumulated contributions or lump sum payment shall be paid to him exclusively, in lieu of any other benefits under this section. This amount shall be reduced by the amount of any retirement allowance previously received by the member under this chapter.

The provisions of this subsection shall not apply to any member who, at the time of his death, has less than five years of creditable service.

C. If a member dies in service from a cause compensable under the Virginia Workers' Compensation Act (§ 65.2-100 et seq.), a retirement allowance shall be paid to the member's surviving spouse. If no compensation is finally awarded under the Virginia Workers' Compensation Act due to legal proceedings or otherwise resulting in settlement from the persons causing such death, the Virginia Workers' Compensation Commission shall determine whether the member's death was from a cause compensable under the Virginia Workers' Compensation Act. If the member leaves no surviving spouse or the surviving spouse dies, any minor children of the deceased member shall be paid an allowance until the children die or attain the age of majority, whichever occurs first. If more than one minor child survives the deceased member, the allowance shall be divided in a manner determined by the Board. If the deceased member leaves neither surviving spouse nor minor child, the allowance, divided in a manner determined by the Board, shall be paid to the member's parents during their lives.

The retirement allowance payable hereunder to a qualifying survivor shall be the annual amount which when added to the compensation payable under the Virginia Workers' Compensation Act for the death of the member equals fifty percent of the member's average final compensation if the survivor does not qualify for death benefits under the provisions of the Social Security Act in effect on the date of the death of the member. If the survivor qualifies for death benefits under the provisions of the Social Security Act in effect on the date of the death of the member, the allowance payable from the retirement system when added to the compensation payable under the Virginia Workers' Compensation Act shall equal thirty-three and one-third percent of the member's average final compensation.

Any beneficiary entitled to the entire amount of a retirement allowance under the provisions of this subsection as a result of the death of a member shall be entitled to waive his rights to the allowance by written notification to the Board within ninety days after the death of the member in order to make available a retirement allowance under the provisions of subsection B of this section.

§ 51.1-207. Death before retirement.

A. If a member dies before retirement, and if no benefits are payable under subsection B, the amount of his accumulated contributions shall be paid to the designated beneficiary or to a surviving relative

182 according to the same order of precedence as set forth in subsection A of § 51.1-162. This amount shall
183 be reduced by the amount of any retirement allowance previously received by the member under this
184 chapter or the abolished system. Each member shall designate who is to receive a refund of accumulated
185 contributions credited to his account in the event of the death of the member prior to retirement. The
186 designation must be made on a form prepared by the Board, signed and filed in a manner prescribed by
187 the Board. The designation may be changed by the member by the written designation of some other
188 person, signed and filed in a manner prescribed by the Board.

189 If no designation has been made, or the death of the designated person occurs prior to the death of
190 the member and another designation has not been made, the proceeds shall be paid to the persons
191 surviving at the death of the member in the same order of precedence as set forth in subsection A of
192 § 51.1-162.

193 B. If a member dies in service and if no benefits are payable under subsection C, a retirement
194 allowance shall be paid to the person designated as provided in subsection A of this section if the
195 person is the member's (i) surviving spouse, (ii) minor child, or (iii) parent(s). If no designation has
196 been made, or if the death of the designated person occurs prior to the death of the member and another
197 designation has not been made, a retirement allowance shall be paid in the same order of precedence as
198 set forth in subsection B of § 51.1-162. The retirement allowance shall be continued during the lifetime
199 of the person or in the case of a minor child until the child dies or attains the age of majority,
200 whichever occurs first. The retirement allowance shall equal the decreased retirement allowance that
201 would have been payable under the joint and survivor option so that the same amount would be
202 continued to such person after the member's death. If the member dies prior to his fiftieth birthday, then,
203 for purposes of this subsection, the member shall be presumed to be age fifty on his date of death.
204 When determining the allowance that would have been payable to the member had the member retired
205 on the date of his death, the provisions of subsection B of § 51.1-206 shall not apply. If the person
206 elects in writing, the amount of the member's accumulated contributions shall be paid to the person
207 exclusively, in lieu of any other benefits under this section. This amount shall be reduced by the amount
208 of any retirement allowance previously received by the member.

209 *The provisions of this subsection shall not apply to any member who, at the time of his death, has*
210 *less than five years of creditable service.*

211 C. If a member dies in service from a cause compensable under the Virginia Workers' Compensation
212 Act (§ 65.2-100 et seq.), a retirement allowance shall be paid to the member's surviving spouse. If no
213 compensation is finally awarded under the Virginia Workers' Compensation Act due to legal proceedings
214 or otherwise resulting in settlement from the persons causing such death, the Virginia Workers'
215 Compensation Commission shall determine whether the member's death was from a cause compensable
216 under the Virginia Workers' Compensation Act. If the member leaves no surviving spouse or the
217 surviving spouse dies, any minor children of the deceased member shall be paid an allowance until the
218 children die or attain the age of majority, whichever occurs first. If more than one minor child survives
219 the deceased member, the allowance shall be divided in a manner determined by the Board. If the
220 deceased member leaves neither surviving spouse nor minor child, the allowance, divided in a manner
221 determined by the Board, shall be paid to the member's parents during their lives.

222 The retirement allowance, payable hereunder to a qualifying survivor, shall be the annual amount
223 which when added to the compensation payable under the Virginia Workers' Compensation Act for the
224 death of the member, shall equal fifty percent of the member's average final compensation if the
225 survivor does not qualify for death benefits under the provisions of the Social Security Act in effect on
226 the date of the death of the member. If the survivor qualifies for death benefits under the provisions of
227 the Social Security Act in effect on the date of the death of the member, the allowance payable from the
228 retirement system when added to the compensation payable under the Virginia Workers' Compensation
229 Act shall equal thirty-three and one-third percent of the member's average final compensation.

230 Any beneficiary entitled to the entire amount of a retirement allowance under the provisions of this
231 subsection as a result of the death of a member shall be entitled to waive his rights to the allowance by
232 written notification to the Board within ninety days after the death of the member in order to make
233 available a retirement allowance under the provisions of subsection B of this section.

234 § 51.1-218. Death before retirement.

235 A. If a member dies before retirement, and if no benefits are payable under subsection B, the amount
236 of his accumulated contributions shall be paid to the designated beneficiary or to a surviving relative
237 according to the same order of precedence as set forth in subsection A of § 51.1-162. This amount shall
238 be reduced by the amount of any retirement allowance previously received by the member under this
239 chapter or the abolished system. Each member shall designate who is to receive a refund of accumulated
240 contributions credited to his account in the event of the death of the member prior to retirement. The
241 designation must be made on a form prepared by the Board, signed by the member, and filed with the
242 Board. The designation may be changed by the member by the written designation of some other
243 person, signed and filed with the Board.

If no designation has been made, or the death of the designated person occurs prior to the death of the member and another designation has not been made, the proceeds shall be paid to the persons surviving at the death of the member in the same order of precedence as set forth in subsection A of § 51.1-162.

B. If a member dies in service and if no benefits are payable under subsection C, a retirement allowance shall be paid to the person designated as provided in subsection A of this section if the person is the member's (i) surviving spouse, (ii) minor child, or (iii) parent(s). If no designation has been made, or if the death of the designated person occurs prior to the death of the member and another designation has not been made, a retirement allowance shall be paid in the same order of precedence as set forth in subsection B of § 51.1-162. The retirement allowance shall be continued during the lifetime of the person or in the case of a minor child until the child dies or attains the age of majority, whichever occurs first. The retirement allowance shall equal the decreased retirement allowance that would have been payable under the joint and survivor option so that the same amount would be continued to such person after the member's death. If the member dies prior to his fiftieth birthday, then, for purposes of this subsection, the member shall be presumed to be age fifty on his date of death. When determining the allowance that would have been payable to the member had the member retired on the date of his death, the provisions of subsection B of § 51.1-217 shall not apply. If the person elects in writing, the amount of the member's accumulated contributions shall be paid to the person exclusively, in lieu of any other benefits under this section. This amount shall be reduced by the amount of any retirement allowance previously received by the member.

The provisions of this subsection shall not apply to any member who, at the time of his death, has less than five years of creditable service.

C. If a member dies in service from a cause compensable under the Virginia Workers' Compensation Act (§ 65.2-100 et seq.), a retirement allowance shall be paid to the member's surviving spouse. If no compensation is finally awarded under the Virginia Workers' Compensation Act due to legal proceedings or otherwise resulting in settlement from the persons causing such death, the Virginia Workers' Compensation Commission shall determine whether the member's death was from a cause compensable under the Virginia Workers' Compensation Act. If the member leaves no surviving spouse or the surviving spouse dies, any minor children of the deceased member shall be paid an allowance until the children die or attain the age of majority, whichever occurs first. If more than one minor child survives the deceased member, the allowance shall be divided in a manner determined by the Board. If the deceased member leaves neither surviving spouse nor minor child, the allowance shall be paid to the member's parents, divided in a manner determined by the Board, during the lives of the parents.

The retirement allowance, payable hereunder to a qualifying survivor, shall be the annual amount which, when added to the compensation payable under the Virginia Workers' Compensation Act for the death of the member, shall equal fifty percent of the member's average final compensation if the survivor does not qualify for death benefits under the provisions of the Social Security Act in effect on the date of the death of the member. If the survivor qualifies for death benefits under the provisions of the Social Security Act in effect on the date of the death of the member, the allowance payable from the Retirement System when added to the compensation payable under the Virginia Workers' Compensation Act shall equal thirty-three and one-third percent of the member's average final compensation.

Any beneficiary entitled to the entire amount of a retirement allowance under the provisions of this subsection as a result of the death of a member shall be entitled to waive his rights to the allowance by written notification to the Board within ninety days after the death of the member in order to make available a retirement allowance under the provisions of subsection B of this section.

§ 51.1-513.2. Long-term care coverage program.

A. The Board shall, ~~with the mutual consent of the Board and the Director of the Department of Human Resource Management, assume responsibility for the maintain and administer a~~ long-term care coverage program, ~~established pursuant to § 2.2-1208, for any state employees employee working an average of at least 20 hours per week, and for any other person who has five or more years of creditable service with any retirement plan administered by the Virginia Retirement System. The long-term care coverage program may also extend coverage to eligible family members of such state employee or other person.~~ The Board is authorized to contract for and purchase insurance coverage or to use other actuarially sound funding necessary to effectuate this provision. *Participation in the long-term care coverage program shall be voluntary, subject to policies and procedures adopted by the Board.*

B. Any person eligible to participate in the long-term care coverage program pursuant to § 51.1-513.3 will not be eligible for this plan.

C. Notwithstanding the provisions of subsection A, the Board may self-insure long-term care benefits provided under § 51.1-513.2 or 51.1-513.3 in accordance with the standards set forth in § 51.1-124.30.

§ 51.1-513.3. Long-term care insurance program for employees of local governments, local officers, and teachers.

305 A. The Board shall, with the mutual consent of the Board and the Director of the Department of
306 Human Resource Management, assume responsibility for the maintain and administer a plan or plans,
307 hereinafter "plan" or "plans," established pursuant to ~~§ 2.2-1207~~, for providing long-term care coverage
308 for employees of local governments, local officers, and teachers. *The plan or plans may also extend*
309 *coverage to eligible family members of such employees of local governments, local officers, or teachers.*
310 The plan or plans may, but need not, be rated separately from any plan developed to provide long-term
311 care coverage for state employees under § 51.1-513.2. Participation in such insurance plan or plans shall
312 be (i) voluntary, (ii) approved by the participant's respective governing body, or by the local school
313 board in the case of teachers, and (iii) subject to policies and procedures adopted by the Board.

314 B. For the purposes of this section:

315 "Employees of local governments" shall include all officers and employees, *working an average of at*
316 *least 20 hours per week*, of the governing body of any county, city, or town, and the directing or
317 governing body of any political entity, subdivision, branch or unit of the Commonwealth or of any
318 commission or public authority or body corporate created by or under an act of the General Assembly
319 specifying the power or powers, privileges or authority capable of exercise by the commission or public
320 authority or body corporate, as distinguished from § 15.2-1300, 15.2-1303, or similar statutes, provided
321 that the officers and employees of a social services department; welfare board; mental health, mental
322 retardation and substance abuse services board; or library board of a county, city, or town shall be
323 deemed to be employees of local government.

324 "Local officer" means the treasurer, registrar, commissioner of the revenue, attorney for the
325 Commonwealth, clerk of a circuit court, sheriff, or constable of any county or city or deputies or
326 employees, *working an average of at least 20 hours per week*, of any of the preceding local officers.

327 "Teacher" means any employee of a county, city, or other local public school board *working an*
328 *average of at least 20 hours per week.*

329 § 51.1-1116. Cessation of disability benefits.

330 If not sooner terminated due to the end of the period of disability coverage as provided in subsection
331 E of § 51.1-1110 or subsection E F of § 51.1-1112, disability benefits shall cease to be paid to a
332 participating employee upon the first to occur of the following:

333 1. The date of death of the participating employee;

334 2. (i) The participating employee's normal retirement date if the employee is a member of the
335 retirement system or (ii) the date the employee attains age sixty-five if the employee is not a member of
336 the retirement system; or

337 3. The effective date of the participating full-time employee's service retirement under any provision
338 of this title.

339 § 51.1-1117. Service retirement of participating full-time employees receiving disability benefits.

340 A. ~~Upon the normal retirement date of a~~ A participating full-time employee receiving disability
341 benefits who is a vested member of the retirement system, ~~the employee shall be eligible for normal~~
342 ~~service retirement under subsection A of § 51.1-153~~ *any provision of this title for which the employee is*
343 *otherwise eligible*. Such employee shall be authorized to elect any option for the payment of his
344 retirement allowance provided under subsection A of § 51.1-165 for which the employee is otherwise
345 eligible.

346 B. The retirement allowance for a participating full-time employee taking normal retirement pursuant
347 to this section shall be determined as provided in subdivision A 1 of ~~§ 51.1-155~~, provided that the
348 employee's average final compensation of any participating full-time employee taking a service
349 retirement under any provision of this title shall be equal to his creditable compensation on the date of
350 the commencement of the disability increased by an amount recommended by the program actuary and
351 approved by the Board, from the date of the commencement of the disability to the date of retirement.

352 C. The creditable service of a participating full-time employee taking ~~normal service~~ retirement
353 pursuant to this section shall include periods during which the employee received disability benefits.

354 § 51.1-1128. Service retirement of participating full-time employees receiving supplemental disability
355 benefits.

356 A. ~~Upon the last to occur of (i) the normal retirement date of a participating full-time employee~~
357 ~~receiving disability benefits who is a vested member of the retirement system or (ii) the date of~~
358 ~~cessation of benefits payable under the Act, the~~ *a participating full-time employee shall be eligible for*
359 ~~normal may take service retirement under subsection A of § 51.1-153~~ *any provision of this title for*
360 *which the employee is otherwise eligible*. Such employee shall be authorized to elect any option for the
361 payment of his retirement allowance provided under subsection A of § 51.1-165.

362 B. The retirement allowance for a participating full-time employee taking normal retirement pursuant
363 to this section shall be determined as provided in subdivision A 1 of ~~§ 51.1-155~~, provided that the
364 employee's average final compensation shall be equal to his creditable compensation on the date of the
365 commencement of the disability increased by an amount recommended by the actuary of the Virginia
366 Retirement System, and approved by the Board, from the date of the commencement of the disability to

the date of retirement.

C. The creditable service of a participating full-time employee taking ~~normal service~~ retirement pursuant to this section shall include periods during which the employee received supplemental disability benefits.

§ 51.1-1134. Optional insurance during disability absences.

Participating full-time employees may continue coverage under the optional insurance for themselves and their spouses and minor dependents pursuant to §§ 51.1-512 and ~~51.1-513~~ at their own expense during periods of disability.

§ 51.1-1401. Health insurance credits for retired teachers.

A. A teacher, as defined in § 51.1-124.3, retired under the Virginia Retirement System, and any employee retired under a defined contribution plan pursuant to § 51.1-126.6, who rendered at least 15 years of total creditable service under the System or plan shall receive a health insurance credit to his monthly retirement allowance, which shall be applied to reduce the retired member's health insurance premium cost. The amount of each monthly health insurance credit payable under this section shall be \$4 for each full year of the retired member's creditable service; however, each former member whose retirement was for disability *or any employee participant pursuant to § 51.1-126.6 receiving long-term disability* shall receive a monthly health insurance credit of \$4 multiplied by the smaller of (i) twice the amount of his creditable service or (ii) the amount of creditable service he would have completed at age 60 if he had remained in service to that age. Eligibility for the credit shall be determined in a manner prescribed by the Virginia Retirement System. Any member who elects to defer his retirement pursuant to subsection C of § 51.1-153 shall be entitled to receive the allowable credit provided by this section on the effective date of his retirement.

B. Those retired employees who purchase an alternative personal health insurance policy from a carrier or organization of their own choosing shall be eligible to receive a credit in the amount specified in subsection D. Eligibility for the credit and payment of the credit shall be determined in a manner prescribed by the Virginia Retirement System.

C. The credit shall be in (i) the amount provided in subsection A or (ii) the amount of premium paid for the personal health insurance policy, whichever is less.

D. Any person included in the membership of a retirement system provided by Chapter 1 (§ 51.1-124.1 et seq.), 2 (§ 51.1-200 et seq.), 2.1 (§ 51.1-211 et seq.), or 3 (§ 51.1-300 et seq.) of this title who (i) rendered at least 15 years of total creditable service as a teacher as defined in § 51.1-124.3 and (ii) after terminating service as a teacher, was employed by a local government that does not elect to provide a health insurance credit under § 51.1-1402, shall be eligible for the credit provided by subsection A and subsection B if provided by the school division from which the service described in clause (i) was rendered, provided that the retired employee is participating in a health insurance plan. The Commonwealth and local school division, if appropriate, shall be charged with the credit as provided for in subsection E. In such case, the health insurance credit shall be determined based upon the amount of state service or service as a teacher, whichever is greater.

E. The Virginia Retirement System shall (i) actuarially determine the amount necessary to fund all credits provided under this section, (ii) reflect the cost of such credits in the applicable employer contribution rate pursuant to §§ 51.1-145, 51.1-204, and 51.1-304, and (iii) prescribe such terms and conditions as are necessary to carry out the provisions of this section. The costs associated with the administration of the health insurance program provided for in this section shall be recovered from the health insurance credit trust fund.

§ 51.1-1405. Participation in the state retiree health benefits program.

A. As used in this section, unless the context requires a different meaning:

"Involuntarily separated" means separated from state service as the result of any dismissal, requested resignation, or failure to obtain reappointment, excluding a separation resulting from a conviction for a felony or crime involving moral turpitude or dishonesty or a separation related to the job performance or misconduct of the state employee.

"Retiree health benefits program" or "program" means the plan for providing health insurance coverage for retired state employees provided pursuant to subsection E of § 2.2-2818.

"State employee" means the same as that term is defined in § 2.2-2818.

"State retiree" means a state employee retired under the Virginia Retirement System, State Police Officers' Retirement System, Judicial Retirement System, Virginia Law Officers' Retirement System, or any retirement system authorized pursuant to § 51.1-126 *or 51.1-126.5*, who is eligible to receive a monthly retirement annuity from that retirement system.

B. A state retiree shall be eligible to participate in the retiree health benefits program only if he makes an election to participate in the program within thirty-one days following the date of termination of employment with the Commonwealth. A retired state employee who fails to elect to participate in the state health plan within thirty-one days of the effective date of retirement, or who, once having elected

428 to participate, discontinues participation, is barred from participating in the state health plan thereafter.

429 C. Any state retiree who was involuntarily separated who on July 1, 1999, is participating in the
430 retiree health benefits program and is receiving monthly retirement annuity payments may elect, by
431 notifying the Virginia Retirement System and the Department of Human Resource Management before
432 September 1, 1999, to cease receiving monthly retirement annuity payments until reapplying for such
433 benefits at a later date and to continue participation in the retiree health benefits program.
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