

January 19, 2010

Retirement bills being reviewed by Appropriations and Finance

The following bills rest in “money committee coffers” and relate to the benefits of eligible law enforcement personnel and qualified personnel in the Virginia Retirement System (VRS).

[HB 71 \(Carrico\)](#) and [SB 95 \(Quayle and Martin\)](#) Line of Duty Act; the bills provide that a state police officer who incurs a work-related injury in the line of duty shall receive supplemental short-term disability coverage providing income replacement for 100 percent of the officer's creditable compensation for up to one calendar year. At the end of the one-year period, the officer would be eligible for supplemental long-term disability benefits, which provide income replacement at 60 percent of the officer's creditable compensation. Currently, the maximum period that an eligible employee generally may receive short-term disability benefits, before getting long-term disability benefits at the 60 percent rate, is 125 work days.

[HB 91 \(Kilgore\)](#) Retirement System; the bill provides that the creditable compensation of teachers for retirement purposes under the Virginia Retirement System shall include all compensation payable to teachers by their public school boards, including compensation that is not pursuant to a contract for teaching.

[HB 118 \(Purkey\)](#) Retirement System; the bill provides that a local employee shall not be retired due to disability if he refuses his employer's offer of employment in any position whose salary and benefits are at least equal to those of the position from which he is separated.

[HB 273 \(Englin\)](#) Retirement system benefits for deputy sheriffs; the bill permits any locality to provide all other statutory benefits except the statutory annual retirement allowance to all employees eligible for such benefits. The bill has limited application to localities that are exempt from providing all of the statutory special retirement benefits for deputy sheriffs because the locality's annual retirement allowance exceeds the statutory amount.

[HB 289 \(Griffith\)](#) Retirement System; the bill authorizes VRS to manage and invest funds in a trust, or equivalent arrangement, established by a local government or other local entity to fund certain postemployment benefits. The bill provides that the Commonwealth would not be liable for any losses suffered by a local entity, or a trust or equivalent arrangement established by the local entity, on investments of such funds made by the Virginia Retirement System. In addition, no officer, director, or member of the Board of the Virginia Retirement System or of any advisory committee thereof, or any subsidiary corporation of the Virginia Retirement System whose actions are within the standard of care of a prudent person acting in a like capacity, would be liable for any investment losses.

[HB 316 \(McClellan\)](#) VRS; the bill permits a general registrar who (i) is involuntarily separated and (ii) has 20 or more years of creditable service to retire with an unreduced allowance upon

attaining age 50. Similar bills have passed in past General Assembly sessions that include county administrators, city managers and county attorneys.

[HB 324 \(Plum\)](#) Retirement System; the bill increases the average final compensation retirement multiplier from 1.7 percent to 1.8 percent.

[HB 511 \(Brink\)](#) Retirement System; the bill modifies the retirement plans administered by the Virginia Retirement System, including (i) having state employees pay a portion of their retirement contributions; (ii) for new state and local employees, increasing the minimum age for unreduced retirement allowance from 50 to 55, and reducing the maximum annual cost of living adjustments to retirement allowances; and (iii) permitting local employers to pay any portion of employees' share of retirement contributions (under current law local employers must pay all or none of such contributions).

[HB 561 \(Tata\)](#) Retirement System; the bill modifies the optional life insurance plan by (i) deleting the specific maximum amount of coverage, and replacing it with language clarifying that the maximum amount is set by the Board of Trustees of the Virginia Retirement System, and (ii) clarifying the difference in benefits for an employee who has been on leave without pay while serving in the military.

[HB 562 \(Tata\)](#) Retirement System; the bill clarifies (i) that the allowance supplement that is indexed to inflation will not reduce the allowance when there is deflation, and (ii) corrects how COLA adjustments should be calculated following a period of deflation. The bill also makes some technical changes.

[HB 610 \(Purkey\)](#) Retirement System; the bill creates a new defined contribution retirement plan for all employees who begin employment on or after July 1, 2010, in lieu of participating in any other retirement plan administered by the Virginia Retirement System. All other employees may elect to participate in the plan in lieu of participating in any other retirement plan administered by the Virginia Retirement System.

[HB 695 \(Miller, J.H.\)](#) Retirement System; the bill provides that retired persons who are members of the Virginia Retirement System, the State Police Officers' Retirement System, or the Virginia Law Officers' Retirement System may be hired as local school board security personnel without interruption of their retirement benefits under the following conditions: (i) the person has been receiving such retirement allowance for a minimum period of time as jointly determined by the Virginia Retirement System and the Joint Legislative and Audit Review Commission; (ii) the person has not retired pursuant to an early retirement incentive; and (iii) the person did not voluntarily resign or voluntarily retire under the Workforce Transition Act of 1995.

[HB 727 \(Purkey\)](#) Retirement plan; the bill permits any locality or school board to establish a defined contribution retirement plan in lieu of any other retirement plan, for employees hired after such plan is established.

[HB 892 \(Barlow\)](#) Retirement System; the bill requires a member of the Virginia Retirement System to be vested before being eligible to withdraw that portion of his accumulated contributions made by his employer on his behalf when he ceases employment.

[HB 1055 \(Armstrong\)](#) Retirement System; the bill increases the amount of monthly health insurance credits from \$1.50 per year of creditable service to \$4 per year of creditable service for retired Constitutional officers and their employees, general registrars and their employees, and employees of local social services boards. The bill is not in force any time that the entire cost of the health insurance credits is not paid by the Commonwealth.

[HB 1189 \(Putney, Joannou and Jones\)](#) Retirement System; the bill modifies for new employees all the defined benefit retirement plans administered by the Virginia Retirement System ("VRS"), as follows: (i) requires employee to contribute five percent of creditable compensation, (ii) reduces the portion of the increase in the Consumer Price Index used for determining annual retirement allowance supplements ("COLA") from three percent plus one-half percent of the additional increase up to seven percent, to two percent plus one-half percent of the additional increase up to six percent. The bill also decreases the Commonwealth's contribution for employees of certain optional retirement plans by one percent of creditable compensation. In addition to these modifications, for new state and local employees covered under the main defined benefit plan (i.e. excluding the separate plans for state and local law enforcement employees and judges), the bill (i) reduces the average final compensation multiplier from 1.70 percent to 1.65 percent, (ii) increases the number of months used to calculate average final compensation from 36 to 60, and (iii) changes the condition for unreduced early retirement benefits from 50 years of age and 30 years of creditable service, to one whereby the sum of age plus years of service equals 90.

[SB 92 \(Quayle\)](#) Law Officers' Retirement System; the bill provides that the supplemental allowance currently paid to members upon retirement until age 65 would instead be paid until Social Security Retirement Age.

[SB 97 \(Quayle\)](#) Line of Duty Death and Health Benefits Trust Fund; the bill includes local employees disabled on or after January 1, 1966, in the definition of "disabled employee." and provides for funding through a five-cent surcharge for E-911 service.

[SB 213 \(Barker\)](#) Retirement System; the bill provides that a person retired under the Law-Enforcement Officers' Retirement System, the State Police Officers' Retirement System, or the Virginia Law Officers' Retirement System may be hired as a local school board security officer or security person without interruption of his retirement allowance under the following conditions: (i) the person has attained age 50 and has been retired for at least one full calendar year (or such longer period as established by the Board of the Virginia Retirement System) prior to commencing employment; (ii) the person has not retired pursuant to an early retirement incentive; (iii) the person did not voluntarily resign or voluntarily retire under the Workforce Transition Act of 1995; and (iv) the hiring school division pays to the Virginia Retirement

System, during the person's employment as a local school board security officer or security person, the employer share of the retirement funding contribution that would otherwise be due if the person were a covered employee.

[SB 232 \(Watkins\)](#) Retirement System; the bill changes the early and normal retirement ages for a person who first commences employment on or after July 1, 2010, to coincide with the person's early and normal retirement ages as provided under the Social Security Act, 42 U.S.C. § 416 et seq.

[SB 279 \(Quayle\)](#) Line of Duty Death and Health Benefits Fund; the bill establishes the Line of Duty Death and Health Benefits Fund to pay the death and health insurance premium benefits to individuals covered by the Line of Duty Act (§ 9.1-400 et seq.) and the death benefit provided to state and local government employees who have been killed in action after being called to active duty services under Title 10 of the United States Code. The Fund is funded through a \$.18 surcharge for E-911 service.

[SB 335 \(Hanger\)](#) Group life insurance; the bill permits a retiree to make an irrevocable beneficiary designation of a portion of his group life insurance to purchase or secure funeral services, and services related to interment, cremation, or other means of disposition.

[SB 368 \(Puckett\)](#) Retirement System; the bill provides that the creditable compensation of teachers for retirement purposes under the Virginia Retirement System shall include all compensation payable to teachers by their public school boards, including compensation that is not pursuant to a contract for teaching.

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