

2020 Miscellaneous Retirement Bill

Overview

Over the past few years, the Retirement Office and the governing Trustee Boards have undertaken a system by system review of the statutes governing the three defined benefit plans. The intent is to review the statute and verify that it conforms with current administrative practice and to remove language that is no longer relevant. In 2017, the Retirement Office concluded its review of the VSTRS Statute, Title 16, Chapter 55, and proposed technical changes that subsequently passed as Act 165 of the 2018 Legislative Session.

During the summer and fall of 2019, the Retirement Office reviewed the VSERS statute and is proposing the following changes for legislative action in 2020.

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- Authorize investment of OPEB funds with VPIC
 - Expands scope of permissible investment of State OPEB fund from the Trust Investment Account (under current law) to allow for VPIC to invest monies in the Benefits Trust Fund.
 - Adds both authorized investments to the Teachers OPEB fund.
 - Clarifies Retiree Health Insurance eligibility
 - Group F* are eligible for health insurance even if they terminate before retirement so long as they separate prior to being eligible for retirement benefits, had 20 years of service, and were a health care participant at the time of separation. Proposed language removes the requirement that they “separate prior to being eligible for retirement benefits” so that members who separate after reaching early retirement are eligible.
 - Staff believes this change conforms to the original intent of the agreement.
 - Clarify and Streamline Group D Provisions:
 - Probate judges are separated from other judges in the statute but are treated the same as all Group D members. Proposal is to strike the probate judges section and include probate judges with all Group D members.
 - Clarification to better explain how normal retirement allowance is calculated for Group D members. First 12 years are calculated as a Group F member (1.67% per year), after 12 years on the bench, additional benefit is calculated at 3.33% per year.

- Remove inconsistencies on Restorations/Reinstatements:
 - Updates reinstatement language to clarify that it only applies to beneficiaries on disability retirement and removes language on how a reinstated disability beneficiary's future benefit is calculated because it does not conform with administrative practice.
 - Updates restoration language to make clear that it applies to non-disability beneficiaries
 - Clarifies that prior service credit refers to time worked and withdrawn.

- Removes language allowing for optional contributions by members inconsistent with prior service purchases:
 - Certain language allowing members to purchase amount needed to receive maximum benefit at retirement (not based on prior service credit) is removed as obsolete. This change is in conformance with change to VSTRS.

- Technical edits throughout
 - Distinguishing between the "Retirement Fund" versus "Benefits Fund"
 - Removing references to repealed sections of language, and removing archaic language no longer needed for the administration of the plan.
 - Including in the definition of 'creditable service' all sections of statute that could be creditable service, i.e. prior service, military service, etc.
 - Making conforming changes to account for prior changes in statutes that have brought certain sections into conflict, e.g., maximum benefit levels. Once such change is set forth in Group Health Insurance chapter, and it removes references to parts of sections 464 and 465 that do not exist.

- VSTRS Leave of Absence Change
 - Sets a time frame of five years for a VSTRS member to receive credit for a leave of absence by contributing to the system.