2022 Legislative Summary

Virginia Retirement System®

JUNE 2022

IN THIS ISSUE

This summary provides an overview of bills passed during the 2022 regular and special sessions of the General Assembly that affect the Virginia Retirement System (VRS). For full details on each bill, enter the bill number in the search field for the appropriate 2022 session on the Legislative Information System (LIS). On the bill's summary page, select the link to the PDF version.

VRS-RELATED BILLS

House Bill 473
Senate Bill 70

Separate Defined Benefit and Defined Contribution Employer Rates

The employer defined contribution amount for the Hybrid Retirement Plan and the board-certified defined benefit rate for all plans will be separate contribution amounts, effective July 1, 2024.

Currently, the blended monthly employer contribution rate consists of the VRS board-certified defined benefit rate for all plans, employer mandatory defined contributions and an estimate of the employer's defined contribution plan matching contributions, based on employees' voluntary contributions.

Following implementation, the blended defined benefit rate for all plans will be separate from the defined contribution rate, which includes employer mandatory contributions and matching contributions, as required by § 51.1-169.

Unblending the defined contribution rate should reduce payroll reconciliation issues and other administrative burdens on employers.

An effective date of July 1, 2024, coincides with the new biennial contribution rates and allows time for VRS to work with employers to make process changes. Separating the rates may require employers to modify payroll processes and will require changes to VRS processes as well. VRS will begin communicating with employers in the coming months.

Senate Bill 349

Gain/Loss Calculations for Approved Domestic Relations Orders

This legislation requires:

- VRS plan record keepers (currently MissionSquare Retirement and TIAA) to calculate gains and losses in a defined contribution account from the valuation date through the date of distribution of the benefits, if ordered to do so by a court and to the extent that sufficient information exists to perform the calculation.
- When the calculation is required by a court, the record keeper must recalculate the account history manually to the extent possible based on available data, starting with the date in the court order. The recalculation must also account for any fund transfers or dividends paid.
- VRS to conduct a survey and submit a report to the General Assembly by October 1, 2022, regarding gain/loss calculation practices of other governmental retirement plans administered by Virginia public employers.

Senate Bill 468

Line of Duty Act (LODA) Medical Reviews Must Be Conducted by Virginia Practitioners or Those From Neighboring States

Medical reviews of claim files under the Line of Duty Act (LODA) must be performed by a doctor, nurse or psychologist who is licensed in Virginia, the District of Columbia or a state contiguous to Virginia, effective July 1, 2023.

STATE BUDGET

VRS Employer Contribution Rates

Item 483 (H)

The introduced biennium budget (covering fiscal years 2023 and 2024) maintains employer contribution rates for pensions for public school teachers and state employees at their current levels, while also fully funding the VRS board-certified contribution rates for the State Police Officers' Retirement System (SPORS), the Virginia Law Officers' Retirement System (VaLORS) and the Judicial Retirement System (JRS).

The budget also maintains employer rates for the state health insurance credit plan, the VRS Group Life Insurance Program and the Virginia Sickness and Disability Program while also fully funding the board-certified contribution rates for other post-employment benefits (OPEB).

Lump Sum Contributions to VRS

Allocates a total of $1 billion — $750 million by June 30, 2022 (Item 277 #1c), and, contingent on funding, up to $250 million during fiscal year 2023 (Item 485 #7c) — to reduce the unfunded liabilities for VRS-administered retirement plans and other post-employment benefits.