

2015 Legislation

May 2015

Summary of VRS Bills



This summary provides an overview of bills passed during the 2015 session of the General Assembly that affect the Virginia Retirement System (VRS). Select the bill number to link to the bill on the Legislative Information System (LIS).

From each bill's summary page, select the link to the PDF version beside "Governor: Acts of Assembly Chapter text."

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Bills Effective July 1, 2015

[Senate Bill 813](#) **VRS Technical Corrections**

Makes several technical corrections as a result of implementing the Hybrid Retirement Plan and incorporates language required by the Internal Revenue Service.

[Senate Bill 942](#) **Purchase of Prior Service**

Allows members on leave for the death of a child to purchase up to one year of service credit upon their return to employment.

[Senate Bill 1360](#) **Commonwealth's Attorneys Training Fund**

and
[House Bill 2222](#) Establishes the Commonwealth's Attorneys Training Fund to support prosecutor training and law-enforcement training. VRS will manage the fund, which consists of proceeds provided from a court case settlement.

[Senate Bill 1196](#) **Mandatory Judicial Retirement**

and
[House Bill 1984](#) Increases the mandatory retirement age from 70 to 73 for Judicial Retirement System members as follows:

- Current Supreme Court, Court of Appeals, Workers' Compensation Commission and State Corporation Commission judges as of July 1, 2015
- Circuit, general district and juvenile and domestic relations district judges elected or appointed to an original or subsequent term on or after July 1, 2015

Current judges in these categories who are not reappointed on or after July 1, 2015, will not be eligible for the later retirement.

Bills Effective July 1, 2015

[House Bill 2020](#) **Critical Shortage**

Extends the sunset date to July 1, 2020, on provisions permitting retired teachers and administrative employees to elect to continue to receive a retirement benefit while filling an eligible critical shortage teacher position as defined by the Department of Education.

[House Bill 2277](#) **Life Insurance for Retired Employees**

Life insurance for retirees with 30 years of creditable service cannot be reduced to less than \$8,000, and will be increased annually using the cost-of-living adjustment calculation for Plan 2 employees.

Other Bills

[Senate Bill 1162](#) **Hybrid Retirement Plan; School Division Deferred Compensation and Cash Match Plans** and

[House Bill 2178](#)

School divisions have the option to elect annually to offer an employer-sponsored hybrid 403(b) plan for Hybrid Retirement Plan voluntary contributions. The first employer election must be made by October 30, 2015.

By November 30, hybrid plan employees at participating school division employers must elect to continue making voluntary contributions to the Commonwealth of Virginia Hybrid 457 Deferred Compensation plan, or switch to the employer-sponsored hybrid 403(b) plan. Employers will also contribute their corresponding employer match to the employer-sponsored plan, either in a 403(b) plan or in a 401(a), whichever they choose.

Plan participation will begin January 1, 2016, for employees who chose the employer-sponsored hybrid 403(b) plan. This is an annual election for employees.

[House Bill 1890](#) **Purchase of Prior Service**

Makes several changes to the purchase of prior service program to simplify it and make it more cost neutral. Examples of some changes include:

- The purchase rate for most types of service will be based on approximate normal cost for VRS members in all plans for two years after their membership date.
- After the two-year window, the purchase cost for all VRS plans will be based on an actuarial rate.
- The cost for refunded service will be the amount refunded plus 7 percent interest, which is the projected rate of return on the fund's investments, compounded from the date of the refund to the date of purchase.
- Members can purchase periods of service in any order; they will no longer have to purchase the most recent service first.

Changes are effective January 1, 2017. Stay tuned to VRS for additional resources on purchasing prior service. See the [Preview of Changes to Come](#).

State Budget

[House Bill 1400](#) **Item 136**

The state will appropriate a one-time payment of \$192,884,000 to the Teachers' Retirement Fund. The contribution rate for this plan will be reduced to 14.06 percent in the second year of the biennium.

Item 467

Increases the state contribution rate to VRS to 90 percent of the recommended rates a year earlier than scheduled, contingent on positive revenue forecasts.

Studies

[House Bill 1969](#) **Cash Balance Study**

Directs VRS to study a cash balance retirement plan and provide the findings to the General Assembly no later than November 1, 2015.

[House Bill 1998](#) **Creates Saving for Retirement Work Group**

Directs VRS to develop a work group to examine programs that encourage Virginia citizens to participate in retirement savings plans.

[House Bill 2204](#) **Transferring Line of Duty Act to VRS**

Directs VRS and the Department of Human Resource Management (DHRM) to examine the recommendations in the [Joint Audit and Legislative Review Commission report regarding the Line of Duty Act \(LODA\)](#) and propose ways to simplify and clarify the program and ensure its long-term fiscal viability. Moves LODA administration to VRS and health benefit administration to DHRM if the bill is reenacted by the 2016 General Assembly.