

2016 Legislation

APRIL 2016

Summary of VRS Bills



This summary provides an overview of bills passed during the 2016 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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2016 Bills

House Bill 665 Retirement Study Commission.

Creates the Commission on Employee Retirement Security and Pension Reform.

The commission will study and make recommendations on:

- Financial soundness, suitability and benefits of retirement plans covering state and local government employees, and strategies for reducing unfunded liabilities.
- Attributes of retirement plans suitable for future employees.
- Impact on state and local governments of the anticipated retirement of experienced employees between 2016 and 2026.
- Strategies for replacing these employees.
- Compensation and benefits packages essential to attracting and retaining a highly productive state and local government workforce.

House Bill 1343 Virginia Research Investment Committee.

Establishes the Virginia Research Investment Committee to administer grants and loans from the Virginia Research Investment Fund and directs that a portion of the moneys, as allocated by the General Assembly, be invested by VRS.

House Bill 409 VRS Technical Corrections.

and
Senate Bill 51

Makes technical corrections to the programs administered by VRS. Parts of the bill become effective January 1, 2017.

Other Bills

House Bill 1245 Judicial Retirement System.

Establishes age 73 as the mandatory retirement age for all judges regardless of when elected by the General Assembly. The bill has a delayed effective date of June 1, 2017.

House Bill 1345 Line of Duty Act.

Revises the Line of Duty Act by transferring overall administration of eligibility determinations to VRS and administration of health insurance benefits to the Department of Human Resource Management (DHRM). Creates separate health benefits plans for all beneficiaries. Legislation becomes effective July 1, 2017. Further information will be forthcoming for LODA beneficiaries.

2016 State Budget

- State Plans**
- Funds 100 percent of the VRS board-certified retirement contribution rates in fiscal years 2017 and 2018 for the state employee plan, State Police Officers' Retirement System (SPORS), Virginia Law Officers' Retirement System (VaLORS) and the Judicial Retirement System (JRS).
 - Funds 100 percent of the VRS board-certified other post-employment benefits (OPEB) contribution rates in fiscal years 2017 and 2018 for the health insurance credit for state employees, group life insurance for state employees, and the Virginia Sickness and Disability Program (VSDP).

- Teachers Plan**
- Funds 89.84 percent of the board-certified retirement contribution rates for the teacher plan in fiscal year 2017 and 100 percent funding of the rates in fiscal year 2018.
 - Funds 100 percent of the VRS board-certified contribution rates in fiscal years 2017 and 2018 for the employer share of group life insurance for teachers.
 - Funds 90 percent of the VRS board-certified contribution rates in fiscal year 2017 and 100 percent funding in fiscal year 2018 for the health insurance credit for teachers.

(continued)

2016 State Budget (continued)

Deferred contribution repayment of \$189,482,547 (Item 475 and § 3-1.101 of House Bill 29)

In the 2010-2012 budget, payment of contribution rates to the VRS Trust Fund for the teacher plan, state employees, SPORS, VaLORS and JRS was deferred. Amendments were made to the 2016-2017 budget to repay 2010-2012 biennium deferred contributions to the state plans. This accelerated payback of deferred contributions reduces the retirement contribution rates for state employees, SPORS, VaLORS and JRS in fiscal years 2017-18. Approximately \$193 million was made last year to the teacher plan toward the 10-year payback of the 2010-2012 deferred contributions.

Projected State Employer Contribution Rates				
	FY 2015	FY 2016	FY 2017	FY 2018
Employer Rates Based on Enrolled Budget & Deferred Contribution Repayment	12.33%	14.22%	13.49%*	13.49%*

* Rates include 100% funding of board-certified rates in FY 2017-18 as well as reduction due to full repayment of 10-year deferred contributions from FY 2010-2012.

Projected Teacher Employer Contribution Rates				
	FY 2015	FY 2016	FY 2017	FY 2018
Employer Rates Based on Enrolled Budget	14.50%	14.06%	14.66%	16.32%*

* Teacher contribution rate is increased to 100% of board-certified rate in second year of biennium.

Notification of Late Employer Contributions (Item 489)

Requires VRS to notify the chairmen of the House Appropriations and Senate Finance committees within 15 days if an employer becomes 60 days late in making a contribution payment to VRS.

Default Employer Contribution Rates (Item 475)

Relieves many VRS-participating political subdivisions from having to pass a resolution to pay the VRS board-certified employer contribution rate. Makes the VRS board-certified rate the default rate political subdivisions pay, unless the political subdivision elects the alternate rate by passing a resolution. In years past, a political subdivision had to pass a resolution regardless of the rate chosen.