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**HOUSE BILL NO. 2251**

Offered January 11, 2017

Prefiled January 11, 2017

A BILL to amend and reenact §§ 51.1-124.3, 51.1-135, 51.1-138, 51.1-145, 51.1-201, 51.1-212, as it is currently effective and as it shall become effective, 51.1-301, 51.1-304, 51.1-306.1, 51.1-309, 51.1-611, 51.1-1100, 51.1-1103, 51.1-1116, 51.1-1117, 51.1-1127, 51.1-1128, 51.1-1131.1, 51.1-1150, 51.1-1153, 51.1-1161, 51.1-1169, 51.1-1172, 51.1-1178, 51.1-1183, 51.1-1400, 51.1-1401, 51.1-1402, 51.1-1403, and 51.1-1405 of the Code of Virginia and to amend the Code of Virginia by adding in Article 9 of Chapter 1 of Title 51.1 a section numbered 51.1-170, relating to the Virginia Retirement System; optional defined contribution retirement plan for state and local employees.

Patron—Jones

Referred to Committee on Appropriations

**Be it enacted by the General Assembly of Virginia:**

1. That §§ 51.1-124.3, 51.1-135, 51.1-138, 51.1-145, 51.1-201, 51.1-212, as it is currently effective and as it shall become effective, 51.1-301, 51.1-304, 51.1-306.1, 51.1-309, 51.1-611, 51.1-1100, 51.1-1103, 51.1-1116, 51.1-1117, 51.1-1127, 51.1-1128, 51.1-1131.1, 51.1-1150, 51.1-1153, 51.1-1161, 51.1-1169, 51.1-1172, 51.1-1178, 51.1-1183, 51.1-1400, 51.1-1401, 51.1-1402, 51.1-1403, and 51.1-1405 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding in Article 9 of Chapter 1 of Title 51.1 a section numbered 51.1-170 as follows:

**§ 51.1-124.3. Definitions.**

As used in this chapter, unless the context requires a different meaning:

"Abolished system" means the Virginia Retirement Act, §§ 51-30 through 51-111, repealed by Chapter 1 of the Acts of Assembly of 1952.

"Accumulated contributions" means the sum of all amounts deducted from the compensation of a member and credited to his individual account in the member's contribution account, all amounts the member may contribute to purchase creditable service, all member contributions contributed by the employer on behalf of the employee, on or after July 1, 1980, except those amounts contributed on behalf of members of the General Assembly who are otherwise retired under the provisions of this chapter, and all interest accruing to these funds. If a member is retired for disability from a cause which is compensable under the Virginia Workers' Compensation Act (§ 65.2-100 et seq.), dies in service prior to retirement, or requests a refund of contributions in accordance with § 51.1-161, "accumulated contributions" shall include all member contributions paid by the employer on behalf of the member on and after July 1, 1980, and all interest which would have accrued to these funds.

"Actuarial equivalent" means a benefit of equal value when computed upon the basis of actuarial tables adopted by the Board.

"Average final compensation" means the average annual creditable compensation of a member during his 60 highest consecutive months of creditable service or during the entire period of his creditable service if less than 60 months. However, for any member who (i) is not a person who becomes a member on or after July 1, 2010, and (ii) as of January 1, 2013, has at least 60 months of creditable service, "average final compensation" means the average annual creditable compensation of a member during his 36 highest consecutive months of creditable service. A participant in the hybrid retirement program described in § 51.1-169 shall be considered to be a person who becomes a member on or after July 1, 2010, for the purposes of this definition.

If a member ceased employment prior to July 1, 1974, "average final compensation" means the average annual creditable compensation during the five highest consecutive years of creditable service.

"Beneficiary" means any person entitled to receive benefits under this chapter.

"Board" means the Board of Trustees of the Virginia Retirement System.

"Creditable compensation" means the full compensation payable annually to an employee working full time in his covered position. For any state employee of a public institution of higher education or a teaching hospital affiliated with a public institution of higher education who is (i) compensated on a salaried basis, and (ii) working full time in a covered position pursuant to a contract of employment for a period of at least nine months, creditable compensation means the full compensation payable over the term of any contract entered into between the employee and the employer, without regard to whether or not the term of the contract coincides with the normal scholastic year. However, if the contract is for more than one year, creditable compensation means that compensation paid for the current year of the contract.

59 Remuneration received by members of the General Assembly not otherwise retired under the  
60 provisions of this chapter pursuant to §§ 30-19.11 and 30-19.12 shall be deemed creditable  
61 compensation. In addition, for any member of the General Assembly, creditable compensation shall  
62 include the full amount of salaries payable to such member for working in covered positions, regardless  
63 of whether a contractual salary is reduced and not paid to such member because of service in the  
64 General Assembly.

65 "Creditable service" means prior service as set forth in § 51.1-142.2 plus membership service for  
66 which credit is allowable.

67 "Employee" means any teacher, state employee, officer, or employee of a locality participating in the  
68 Retirement System.

69 "Employer" means the Commonwealth in the case of a state employee, the local public school board  
70 in the case of a teacher, or the political subdivision participating in the Retirement System.

71 "*Employment service*" means service in a covered position in one of the following plans administered  
72 by the Virginia Retirement System or under authority granted by the Virginia Retirement System:  
73 §§ 51.1-126, 51.1-126.1, 51.1-126.3, 51.1-126.5, 51.1-126.6, and 51.1-170. *Employment service shall be*  
74 *taken into account for purposes of eligibility for applicable benefits and to calculate length of service in*  
75 *a covered position but shall not be considered creditable service and shall not be available for purchase*  
76 *under 51.1-142.2.*

77 "Joint Rules Committee" means those members of the House of Delegates and the Senate designated  
78 by the Speaker of the House and the Chairman of the Senate Committee on Rules, respectively, to meet  
79 with each other and to act jointly on behalf of the Committee on Rules for each house.

80 "Local officer" means the treasurer, commissioner of the revenue, attorney for the Commonwealth,  
81 clerk of a circuit court, or sheriff of any county or city, or deputy or employee of any such officer.

82 "Medical Board" means the board of physicians as provided by this chapter.

83 "Member" means any person included in the membership of the Retirement System.

84 "Membership service" means service as an employee rendered while a contributing member of the  
85 Retirement System except as provided in this chapter.

86 "Normal retirement date" means a member's sixty-fifth birthday. However, for any (i) person who  
87 becomes a member on or after July 1, 2010, or (ii) member who does not have at least 60 months of  
88 creditable service as of January 1, 2013, under this chapter his normal retirement date shall be the date  
89 that the member attains his "retirement age" as defined under the Social Security Act (42 U.S.C. § 416  
90 et seq., as now or hereafter amended).

91 "Person who becomes a member on or after July 1, 2010," means a person who is not a member of  
92 a retirement plan administered by the Virginia Retirement System the first time he is hired on or after  
93 July 1, 2010, in a covered position. Subsequent separation from such position and subsequent  
94 employment in a covered position shall not alter the status of a person who becomes a member on or  
95 after July 1, 2010. "*Person who becomes a member on or after July 1, 2010,*" *does not include a*  
96 *participant in the optional defined contribution retirement plan described in § 51.1-170.*

97 "Political subdivision" means any county, city, or town, any political entity, subdivision, branch, or  
98 unit of the Commonwealth, or any commission, public authority, or body corporate created by or under  
99 an act of the General Assembly specifying the powers, privileges, or authority capable of exercise by the  
100 commission, public authority, or body corporate.

101 "Primary social security benefit" means, with respect to any member, the primary insurance amount  
102 to which the member is entitled, for old age or disability, as the case may be, pursuant to the provisions  
103 of the federal Social Security Act as in effect at his date of retirement, under the provisions of this  
104 chapter except as otherwise specifically provided.

105 "Prior service" means service rendered prior to becoming a member of the Retirement System.

106 "Purchase of service contract" means a contract entered into by the member and the Retirement  
107 System for the purchase of service credit by the member as provided in § 51.1-142.2.

108 "Retirement allowance" means the retirement payments to which a member is entitled.

109 "Retirement plan administered by the Virginia Retirement System" means a retirement plan  
110 established under this title administered by the Virginia Retirement System, or by an agency that has  
111 been delegated administrative responsibility by the Virginia Retirement System, but such term shall  
112 exclude any plan established under Chapter 6 (§ 51.1-600 et seq.) or Chapter 6.1 (§ 58.1-607 et seq.) of  
113 this title.

114 "Retirement System" means the Virginia Retirement System.

115 "Service" means service as an employee.

116 "State employee" means any person who is regularly employed full time on a salaried basis, whose  
117 tenure is not restricted as to temporary or provisional appointment, in the service of, and whose  
118 compensation is payable, no more often than biweekly, in whole or in part, by the Commonwealth or  
119 any department, institution, or agency thereof. "State employee" shall include any faculty member, but  
120 not including adjunct faculty, of a public institution of higher education (a) who is compensated on a

121 salary basis, (b) whose tenure is not restricted as to temporary or provisional appointment, and (c) who  
 122 regularly works at least 20 hours but less than 40 hours per week (or works the equivalent of one-half  
 123 of a full time equivalent position) engaged in the performance of teaching, administrative, or research  
 124 duties at such institution; such faculty member shall be deemed an eligible employee for purposes of the  
 125 retirement provisions under §§ 51.1-126, 51.1-126.1, and 51.1-126.3. "State employee" shall also include  
 126 the Governor, Lieutenant Governor, Attorney General, and members of the General Assembly but shall  
 127 not include (i) any local officer, (ii) any employee of a political subdivision of the Commonwealth, (iii)  
 128 individuals employed by the Department for the Blind and Vision Impaired pursuant to § 51.5-72, (iv)  
 129 any member of the State Police Officers' Retirement System, (v) any member of the Judicial Retirement  
 130 System, or (vi) any member of the Virginia Law Officers' Retirement System.

131 "Teacher" means any person who is regularly employed full time on a salaried basis as a professional  
 132 or clerical employee of a county, city, or other local public school board.

133 **§ 51.1-135. Compulsory membership.**

134 Membership in the retirement system shall be compulsory for all eligible employees who enter  
 135 service after the effective date of coverage. For purposes of this section, "membership in the retirement  
 136 system" includes an eligible employee's participation in the hybrid retirement program pursuant to  
 137 § 51.1-169 or the optional defined contribution retirement plan described in § 51.1-170.

138 **§ 51.1-138. Benefits.**

139 A. Employees who become members under this article and on whose behalf contributions are paid as  
 140 provided in this article shall be entitled to benefits under the retirement system. *For eligible employees*  
 141 *who elect to participate in the optional defined contribution retirement plan described in § 51.1-170,*  
 142 *however, no enhanced benefits as provided in this section shall apply for any employment service in the*  
 143 *optional defined contribution retirement plan. All applicable provisions of this section shall apply to*  
 144 *creditable service in the retirement plan credited prior to the effective date of such member's*  
 145 *participation in the optional defined contribution retirement plan. Employer contributions for such*  
 146 *employees shall be governed by §§ 51.1-145 and 51.1-170.*

147 B. By resolution legally adopted and approved by the Board, the employer may elect to provide  
 148 benefits equivalent to those provided under the State Police Officers' Retirement System, as set out in  
 149 Chapter 2 (§ 51.1-200 et seq.) ~~of this title~~ except for § 51.1-209, and except that the employer may  
 150 elect to establish the retirement allowance pursuant to the allowance provided in clause (i) or (ii) in  
 151 subsection A of § 51.1-206, in lieu of the benefits that would otherwise be provided hereunder for any  
 152 employees who are employed in (i) law-enforcement positions comparably hazardous to that of a state  
 153 police officer, including any sworn law-enforcement officer who has the duty and obligation to enforce  
 154 the penal and traffic laws of this Commonwealth as directed by his superior officer, if so certified by his  
 155 appointing authority, (ii) positions as full-time salaried fire fighters, (iii) positions as full-time salaried  
 156 emergency medical technicians, or (iv) positions as regional jail superintendents and jail officers of  
 157 regional jail farms, regional jails or jail authorities, as approved by the respective jail board or authority  
 158 and by the participating political subdivisions of such entities. Sheriffs of political subdivisions and  
 159 superintendents of regional jails which participate in the retirement system shall receive benefits  
 160 equivalent to those of state police officers, except for the benefits provided under § 51.1-209, regardless  
 161 of whether the employer has elected to provide equivalent benefits as set out in this subsection.

162 C. Each employer providing the benefits of subsection B for its employees prior to July 1, 1990,  
 163 may elect to provide for the early retirement of employees as set forth in this subsection in lieu of the  
 164 early retirement and death before retirement provisions of the State Police Officers' Retirement System.  
 165 Such election must be made to the Board in writing prior to July 1, 1990. Any member in service on or  
 166 after his fifty-fifth birthday with five or more years of creditable service (i) while earning the benefits  
 167 permitted by this section, (ii) as a member in the retirement system established by Chapter 2 (§ 51.1-200  
 168 et seq.) ~~of this title~~, or (iii) as a member in the retirement system established by Chapter 2.1 (§  
 169 51.1-211 et seq.) ~~of this title~~ may retire upon written notification to the Board setting forth at what time  
 170 the retirement is to become effective. The effective date shall be after his last day of service but shall  
 171 not be more than 90 days prior to the filing of such notice. The member shall receive an allowance that  
 172 shall be determined in the same manner as for retirement at an employee's normal retirement with  
 173 creditable service and average final compensation being determined as of the date of his actual  
 174 retirement. If the member has less than 30 years of service at retirement, the amount of the retirement  
 175 allowance shall be reduced on an actuarial equivalent basis for the period by which the actual retirement  
 176 date precedes the earlier of (a) the member's normal retirement date or (b) the first date on or after the  
 177 member's fifty-fifth birthday on which the member would have completed a total of 30 years of  
 178 creditable service. Effective December 31, 2003, any employee in service on June 30, 2002, and July 1,  
 179 2002, who is credited with five or more years of creditable service rendered under this chapter and  
 180 earning the benefits permitted by this section, Chapter 2 (§ 51.1-200 et seq.), or Chapter 2.1 (§ 51.1-211  
 181 et seq.) ~~of this title~~ shall not be subject to the vesting requirements of this section, and §§ 51.1-205 and

182 51.1-216.

183 Members retiring under the provisions of this subsection shall be entitled to receive post-retirement  
184 supplements as provided in § 51.1-166. In computing the amount of any supplement, any additional  
185 allowances being paid under the provisions of subsection B of § 51.1-206 shall be disregarded. In the  
186 case of death before retirement, members whose employers elect to provide benefits in accordance with  
187 the provisions of this subsection and who have not attained the age of 50 on the date of death shall be  
188 assumed to be 50 years of age for the purposes of reducing the benefits on an actuarial equivalent basis.

189 D. Beginning July 1, 2008, each county and city participating in the Virginia Retirement System  
190 shall provide the benefit coverage described in subsection B to each deputy sheriff, regardless of  
191 whether the deputy sheriff's salary is funded or reimbursed in whole or in part by the Compensation  
192 Board.

193 E. Notwithstanding the provisions of subsection C, beginning July 1, 2009, the City of Danville shall  
194 provide to each deputy sheriff the benefit coverage described in subsection B.

195 F. Beginning July 1, 2009, each regional jail board and regional jail authority participating in the  
196 Virginia Retirement System and each county and city participating in such board or authority shall  
197 provide the benefit coverage described in subsection B to each sworn officer of a regional jail,  
198 regardless of whether the regional jail officer's salary is funded or reimbursed in whole or in part by the  
199 State Compensation Board.

200 G. Beginning July 1, 2010, any county or city that (i) participates in the Virginia Retirement System  
201 pursuant to Chapter 1 (§ 51.1-124.1 et seq.), (ii) has in effect a retirement supplement for deputy  
202 sheriffs (in addition to the annual retirement allowance provided under the Virginia Retirement System)  
203 that exceeds the allowance set forth in subsection B of § 51.1-206 hereof, and (iii) provides the same  
204 level of retirement benefits to all of its deputy sheriffs, may, by resolution legally adopted, elect to  
205 provide the benefits coverage under subsection B hereof except for the allowance described in  
206 subsection B of § 51.1-206. Notwithstanding any other provision of law, the additional costs of such  
207 election shall be borne solely by such county or city.

208 H. If an employee (i) is in a position covered by the additional benefits under this section for at least  
209 five years, (ii) is separated from the position because of a disability that entitles him to the disability  
210 retirement benefits pursuant to § 51.1-156, and (iii) accepts a position with the same employer that is  
211 not covered by the benefits under this section but whose salary and benefits are not less than those of  
212 the position from which he is separated, then, at the sole discretion of the employer, the employee may  
213 continue to be covered under the benefits permitted by this section in his new position.

214 I. The retirement system shall not be liable for the payment of any retirement allowances or other  
215 benefits on behalf of a member or beneficiary of a member for which reserves have not been previously  
216 created from funds contributed by the employer or the members for such benefits.

217 **§ 51.1-145. Employer contributions.**

218 A. The total annual employer contribution for each employer, expressed as a percentage of the  
219 annual membership payroll, shall be determined in a manner so as to remain relatively level from year  
220 to year. Each employer shall contribute an amount equal to the sum of the normal contribution, any  
221 accrued liability contribution, and any supplementary contribution. The contribution rates for each  
222 employer shall be determined after each valuation and shall remain in effect until a new valuation is  
223 made. All contribution rates shall be computed in accordance with recognized actuarial principles on the  
224 basis of methods and assumptions approved by the Board.

225 B. The normal employer contribution for any period shall be determined as a percentage, equal to the  
226 normal contribution rate, of the total covered compensation of the members employed during the period.

227 C. The normal contribution rate for any employer shall be determined as the percentage represented  
228 by the ratio of (i) the annual normal cost to provide the benefits of the retirement system with respect to  
229 members employed by the employer in excess of the members' contributions to (ii) the total annual  
230 compensation of the members.

231 D. The accrued liability contribution for any employer for any period shall be determined as a  
232 percentage, equal to the accrued liability contribution rate, of the total compensation of the members  
233 during the period.

234 E. The accrued liability contribution rate for any employer shall be a percentage of the total annual  
235 compensation of the members, determined so that a continuation of annual contributions by the  
236 employer at the same percentage of total annual compensation over a period of 40 years will be  
237 sufficient to amortize the unfunded accrued liability with respect to the employer.

238 F. The unfunded accrued liability with respect to any employer as of any valuation date shall be  
239 determined as the excess of (i) the then present value of the benefits to be provided under the retirement  
240 system in the future to members and former members over (ii) the sum of the assets of the retirement  
241 system then currently in the members' contribution account and in the employer's retirement allowance  
242 account, plus the then present value of the stipulated contributions to be made in the future by the  
243 members, plus the then present value of the normal contributions expected to be made in the future by

244 the employer.

245 G. The supplementary contribution for any employer for any period shall be determined as a  
246 percentage, equal to the supplementary contribution rate, of the total compensation of the members  
247 employed during the period.

248 H. Until July 1, 1997, the supplementary contribution rate for any employer shall be determined as  
249 the percentage represented by the ratio of (i) the average annual amount of post-retirement supplements,  
250 as provided for in this chapter, which is anticipated to become payable during the period to which the  
251 rate will be applicable with respect to former members to (ii) the total annual compensation of the  
252 members.

253 I. The Board shall certify to each employer the applicable contribution rate and any changes in the  
254 rate.

255 J. The employer contribution for the year shall be increased to the extent necessary to overcome any  
256 insufficiency if the contributions for any employer, when combined with the amount of the retirement  
257 allowance account of the employer, are insufficient to provide the benefits payable during the year.

258 K. The appropriation bill which is submitted to the General Assembly by the Governor prior to each  
259 regular session that begins in an even-numbered year shall include the contributions which will become  
260 due and payable to the retirement allowance account from the state treasury during the following  
261 biennium. The amount of the contributions shall be based on the contribution rates certified by the  
262 Board pursuant to subsection I of this section that are applicable to the Commonwealth as an employer  
263 and the anticipated compensation during the biennium of the members of the retirement system on  
264 behalf of whom the Commonwealth is the employer.

265 K1. The General Assembly shall set contribution rates that are at least equal to the following  
266 percentage of the contribution rates certified by the Board pursuant to subsection I:

267 1. For members who are state employees as defined in § 51.1-124.3 and who are participating in a  
268 retirement plan established pursuant to Chapter 1 (§ 51.1-124.1 et seq.), (i) 67.02 percent for fiscal years  
269 beginning July 1, 2012, and July 1, 2013, (ii) 78.02 percent for fiscal years beginning July 1, 2014, and  
270 July 1, 2015, (iii) 89.01 percent for fiscal years beginning July 1, 2016, and July 1, 2017, and (iv) 100  
271 percent for fiscal years beginning on or after July 1, 2018;

272 2. For members who are teachers as defined in § 51.1-124.3 and who are participating in a retirement  
273 plan established pursuant to Chapter 1 (§ 51.1-124.1 et seq.), (i) 69.53 percent for fiscal years  
274 beginning July 1, 2012, and July 1, 2013, (ii) 79.69 percent for fiscal years beginning July 1, 2014, and  
275 July 1, 2015, (iii) 89.84 percent for fiscal years beginning July 1, 2016, and July 1, 2017, and (iv) 100  
276 percent for fiscal years beginning on or after July 1, 2018;

277 3. For members participating in a retirement plan established pursuant to Chapter 2 (§ 51.1-200 et  
278 seq.), (i) 75.84 percent for fiscal years beginning July 1, 2012, and July 1, 2013, (ii) 83.90 percent for  
279 fiscal years beginning July 1, 2014, and July 1, 2015, (iii) 91.95 percent for fiscal years beginning July  
280 1, 2016, and July 1, 2017, and (iv) 100 percent for fiscal years beginning on or after July 1, 2018;

281 4. For members participating in a retirement plan established pursuant to Chapter 2.1 (§ 51.1-211 et  
282 seq.), (i) 75.82 percent for fiscal years beginning July 1, 2012, and July 1, 2013, (ii) 83.88 percent for  
283 fiscal years beginning July 1, 2014, and July 1, 2015, (iii) 91.94 percent for fiscal years beginning July  
284 1, 2016, and July 1, 2017, and (iv) 100 percent for fiscal years beginning on or after July 1, 2018; and

285 5. For members participating in a retirement plan established pursuant to Chapter 3 (§ 51.1-300 et  
286 seq.), (i) 83.98 percent for fiscal years beginning July 1, 2012, and July 1, 2013, (ii) 89.32 percent for  
287 fiscal years beginning July 1, 2014, and July 1, 2015, (iii) 94.66 percent for fiscal years beginning July  
288 1, 2016, and July 1, 2017, and (iv) 100 percent for fiscal years beginning on or after July 1, 2018.

289 L. In the case of all teachers whose compensation is paid exclusively out of funds derived from local  
290 revenues and appropriations from the general fund of the state treasury, the Commonwealth shall  
291 contribute to the extent specified in the appropriations act. In the case of any teacher whose  
292 compensation is paid out of funds derived in whole or in part from any special fund or from a  
293 contributor other than the Commonwealth or a political subdivision thereof, contributions shall be paid  
294 out of the special fund or by the other contributor in proportion to that part of the compensation derived  
295 therefrom. In the case of all state employees whose compensation is paid exclusively by the  
296 Commonwealth out of the general fund of the state treasury, the Commonwealth shall be the sole  
297 contributor, and all contributions shall be paid out of the general fund. In the case of a state employee  
298 whose compensation is paid in whole or in part out of any special fund or by any contributor other than  
299 the Commonwealth, contributions on behalf of the employee shall be paid out of the special fund or by  
300 the other contributor in proportion to that part of the employee's compensation derived therefrom. The  
301 governing body of each political subdivision is hereby authorized to make appropriations from the funds  
302 of the political subdivision necessary to pay its proportionate share of contributions on behalf of every  
303 state employee whose compensation is paid in part by the political subdivision. In the case of each  
304 person who has elected to remain a member of a local retirement system, the Commonwealth shall

305 reimburse the local employer an amount equal to the product of the compensation of the person and the  
306 employer contribution rate as used to determine the employer contribution for state employees under this  
307 section. Each employer shall keep such records and periodically furnish such information as the Board  
308 may require and shall inform new employees of their duties and obligations in connection with the  
309 retirement system.

310 M. The employer contribution rate established for each employer may include the cost to administer  
311 any defined contribution plan administered by the Virginia Retirement System and available to the  
312 employer. The portion of such contribution designated to cover administrative costs of the defined  
313 contribution plans shall not be deposited into the trust fund established for the defined benefit plans but  
314 shall be separately accounted for and used solely to defray the administrative costs associated with the  
315 various defined contributions plans. This provision shall supplement the authority of the Board under  
316 §§ 51.1-124.22 and 51.1-602 to charge and collect administrative fees to employers whose employees  
317 have available the various defined contribution plans administered by the Virginia Retirement System.

318 N. Notwithstanding the foregoing, the total employer contribution for each employer authorized to  
319 participate in the hybrid retirement program described in § 51.1-169 *or the optional defined contribution*  
320 *retirement plan described in § 51.1-170* for any period, expressed as a percentage of the employer's  
321 payroll for such period, shall be established as the contribution rate payable by such employer with  
322 respect to its employees enrolled in the defined benefit plan established under this chapter. The  
323 employer's contribution shall be first applied to the defined contribution component of the hybrid  
324 retirement program described in § 51.1-169 *or the optional defined contribution retirement plan*  
325 *described in § 51.1-170, as applicable*, and the remainder shall be deposited in the employer's retirement  
326 allowance account. Institutions of higher education shall also pay contributions to the employer's  
327 retirement allowance account in amounts representing the difference between the contribution rate  
328 payable with respect to employees enrolled in the defined benefit plan under this chapter and the  
329 employer contributions paid to any optional retirement plan it offers on behalf of any of its nonfaculty  
330 Covered Employees, as described in 23.1-1020 through 23.1-1026. The employer contribution rate  
331 established for each employer may include the annual rate of contribution payable by such employer  
332 with respect to employees enrolled in the optional defined contribution retirement plans established  
333 under §§ 51.1-126, 51.1-126.1, 51.1-126.3, and 51.1-126.4.

334 O. Employer contributions may be returned to the employer only as determined in accordance with  
335 § 401(a) of the Internal Revenue Code, as amended or renumbered, and the regulations thereunder  
336 applicable to governmental plans.

337 **§ 51.1-170. Optional defined contribution retirement plan.**

338 A. *The Board shall establish an optional defined contribution retirement plan covering any eligible*  
339 *employee in a position covered for retirement purposes under this title who elects to participate in the*  
340 *plan. The plan shall be in lieu of any other plan administered by the retirement system under this title.*  
341 *Participating employees shall be deemed to be members of the retirement system to the extent consistent*  
342 *with the provisions of this section. An employee who is eligible to participate in the optional retirement*  
343 *plans established under §§ 51.1-126, 51.1-126.1, 51.1-126.3, 51.1-126.4, 51.1-126.5, 51.1-126.6, and*  
344 *51.1-126.7 shall not be eligible to participate in the optional defined contribution retirement plan*  
345 *described in this section.*

346 *The Board shall administer and maintain such optional defined contribution plan under policies and*  
347 *procedures developed by the Board, and employers shall make contributions under such plan for the*  
348 *benefit of their employees participating in such plan. Every employee who is eligible to participate in*  
349 *the plan the first time he is hired or rehired on or after July 1, 2019, in a covered position may make*  
350 *an irrevocable election in a manner and form established by the Board to participate in the optional*  
351 *defined contribution retirement plan described in this section. Such irrevocable election shall be*  
352 *exercised following the employee's entry into employment in an eligible position within an election*  
353 *period and in accordance with guidelines developed by the Board. Any such employee who does not*  
354 *elect to participate in the optional defined contribution retirement plan shall be deemed to have elected*  
355 *to participate in the otherwise applicable retirement plan established by this title and administered by*  
356 *the Virginia Retirement System.*

357 *A member who, on June 30, 2019, and July 1, 2019, actively participates in the Virginia Retirement*  
358 *System defined benefit retirement plan established under this chapter, Chapter 2 (§ 51.1-200 et seq.),*  
359 *Chapter 2.1 (§ 51.1-211 et seq.), Chapter 3 (§ 51.1-300 et seq.), or the hybrid retirement program*  
360 *described in § 51.1-169 may make an irrevocable election in a manner and form established by the*  
361 *Board to participate in the optional defined contribution retirement plan maintained under this section.*  
362 *Such election shall be exercised no later than October 31, 2019. Such election shall become effective on*  
363 *January 1, 2020. Any eligible member who does not make an election by October 31, 2019, shall be*  
364 *deemed to have made an irrevocable election not to participate in the optional defined contribution*  
365 *retirement plan and shall continue to participate in his current retirement plan.*

366 *The amount of the service retirement allowance for any eligible member of a defined benefit*

367 retirement plan established under this title who makes an irrevocable election to participate in the  
 368 optional defined contribution retirement plan described in this section shall be governed by the service  
 369 retirement provisions of the applicable defined benefit retirement plan for all creditable service credited  
 370 prior to the effective date of the member's participation in the optional defined contribution retirement  
 371 plan.

372 B. 1. The employer shall make a mandatory contribution on behalf of each employee participating in  
 373 the optional defined contribution retirement plan in the amount of 8.5 percent of creditable  
 374 compensation, which shall be made to the appropriate cash match plan established for the employee  
 375 under § 51.1-608.

376 2. An employee may direct the investment of contributions made by an employer under subdivision 1.  
 377 3. No loans or hardship distributions shall be available from contributions made by an employer  
 378 under subdivision 1.

379 C. 1. An employee participating in the optional defined contribution retirement plan shall, pursuant  
 380 to procedures established by the Board, make mandatory contributions on a salary reduction basis in  
 381 accordance with § 414(h) of the Internal Revenue Code in the amount of five percent of creditable  
 382 compensation, which shall be made to the appropriate cash match plan established for the employee  
 383 under § 51.1-608.

384 2. No loans or hardship distributions shall be available from contributions made by an employee  
 385 under this subsection.

386 D. With respect to any employee who participates in the otherwise applicable retirement plan, the  
 387 optional defined contribution retirement plan described in this section, or the hybrid retirement program  
 388 described in § 51.1-169, the employer shall collect and pay all employee and employer contributions to  
 389 the Virginia Retirement System for retirement, group life insurance, and the health insurance credit in  
 390 accordance with the provisions of this title for such employee.

391 E. 1. The Board may develop policies and procedures for administering all aspects of the optional  
 392 defined contribution retirement plan it maintains.

393 2. No employee who is an active member in the optional defined contribution retirement plan  
 394 maintained by the Board under this section shall also be an active member or beneficiary other than a  
 395 contingent annuitant of any other retirement plan administered by the retirement system or of any other  
 396 optional retirement plan maintained under the provisions of this chapter.

397 3. No distributions from the optional defined contribution retirement plan maintained under this  
 398 section shall be permitted for any employee who returns to service as an employee in a position covered  
 399 for retirement purposes under the provisions of this chapter, Chapter 2 (§ 51.1-200 et seq.), Chapter 2.1  
 400 (§ 51.1-211 et seq.), or Chapter 3 (§ 51.1-300 et seq.), provided, however, such reemployment shall have  
 401 no effect on distributions being paid in an annuity form under an annuity contract purchased with the  
 402 employee's account balance.

403 4. Any administrative fee imposed pursuant to subdivision A 13 of § 51.1-124.22 on any employer for  
 404 administering and overseeing the optional defined contribution retirement plan established pursuant to  
 405 this section shall be charged for each employee participating in such plan and shall be for costs  
 406 incurred by the Virginia Retirement System that are directly related to the administration and oversight  
 407 of such plan. Notwithstanding the foregoing, the Board is authorized to collect all or a portion of such  
 408 fee directly from the employee.

409 5. The creditable compensation for any employee on whose behalf employee or employer  
 410 contributions are made into the optional defined contribution retirement plan shall not exceed the limit  
 411 on compensation as adjusted by the Commissioner of the Internal Revenue Service pursuant to the  
 412 transition provisions applicable to eligible participants under state and local governmental plans under  
 413 § 401(a)(17) of the Internal Revenue Code as amended in 1993 and as contained in § 13212(d)(3) of  
 414 the Omnibus Budget Reconciliation Act of 1993 (P.L. 103-66).

415 6. The Board may contract with private corporations or institutions, subject to the standards set forth  
 416 in § 51.1-124.30, to provide investment products as well as any other goods and services related to the  
 417 administration of the optional defined contribution retirement plan. The Virginia Retirement System is  
 418 hereby authorized to perform related services, including but not limited to providing consolidated  
 419 billing, individual and collective recordkeeping and accountings, and asset purchase, control, and  
 420 safekeeping.

421 **§ 51.1-201. Definitions.**

422 As used in this chapter, unless the context requires a different meaning:

423 "Employee" means a state police officer. Notwithstanding the foregoing, only the provisions of this  
 424 section and the provisions of § 51.1-202 shall apply to any member for any employment service in the  
 425 optional defined contribution retirement plan described in § 51.1-170. All provisions of this chapter  
 426 shall apply to creditable service in the retirement plan credited prior to the effective date of such  
 427 member's participation in the optional defined contribution retirement plan.

428 "Member" means any person included in the membership of the retirement system as provided in this  
429 chapter.

430 "Normal retirement date" means a member's sixtieth birthday.

431 "Retirement system" means the State Police Officers' Retirement System.

432 **§ 51.1-212. (Effective until July 1, 2018) Definitions.**

433 As used in this chapter, unless the context requires a different meaning:

434 "Employee" means any (i) member of the Capitol Police Force as described in § 30-34.2:1, (ii)  
435 campus police officer appointed under the provisions of Article 3 (§ 23.1-809 et seq.) of Chapter 8 of  
436 Title 23.1, (iii) conservation police officer in the Department of Game and Inland Fisheries appointed  
437 under the provisions of Chapter 2 (§ 29.1-200 et seq.) of Title 29.1, (iv) special agent of the Department  
438 of Alcoholic Beverage Control appointed under the provisions of Chapter 1 (§ 4.1-100 et seq.) of Title  
439 4.1, (v) law-enforcement officer employed by the Virginia Marine Resources Commission as described  
440 in § 9.1-101, (vi) correctional officer as the term is defined in § 53.1-1, and including correctional  
441 officers employed at a juvenile correction facility as the term is defined in § 66-25.3, (vii) ~~any~~ parole  
442 officer appointed pursuant to § 53.1-143, and (viii) ~~any~~ commercial vehicle enforcement officer  
443 employed by the Department of State Police. *However, only the provisions of this section and the*  
444 *provisions of § 51.1-213 shall apply to any employee as defined in this section for any employment*  
445 *service in the optional defined contribution retirement plan described in § 51.1-170. All provisions of*  
446 *this chapter shall apply to creditable service in the retirement system credited prior to the effective date*  
447 *of such member's participation in the optional defined contribution retirement plan.*

448 "Member" means any person included in the membership of the Retirement System as provided in  
449 this chapter.

450 "Normal retirement date" means a member's sixtieth birthday.

451 "Retirement System" means the Virginia Law Officers' Retirement System.

452 **§ 51.1-212. (Effective July 1, 2018) Definitions.**

453 As used in this chapter, unless the context requires a different meaning:

454 "Employee" means any (i) member of the Capitol Police Force as described in § 30-34.2:1, (ii)  
455 campus police officer appointed under the provisions of Article 3 (§ 23.1-809 et seq.) of Chapter 8 of  
456 Title 23.1, (iii) conservation police officer in the Department of Game and Inland Fisheries appointed  
457 under the provisions of Chapter 2 (§ 29.1-200 et seq.) of Title 29.1, (iv) special agent of the Virginia  
458 Alcoholic Beverage Control Authority appointed under the provisions of Chapter 1 (§ 4.1-100 et seq.) of  
459 Title 4.1, (v) law-enforcement officer employed by the Virginia Marine Resources Commission as  
460 described in § 9.1-101, (vi) correctional officer as the term is defined in § 53.1-1, and including  
461 correctional officers employed at a juvenile correction facility as the term is defined in § 66-25.3, (vii)  
462 ~~any~~ parole officer appointed pursuant to § 53.1-143, and (viii) ~~any~~ commercial vehicle enforcement  
463 officer employed by the Department of State Police. *However, only the provisions of this section and the*  
464 *provisions of § 51.1-213 shall apply to any employee as defined in this section for any employment*  
465 *service in the optional defined contribution retirement plan described in § 51.1-170. All provisions of*  
466 *this chapter shall apply to creditable service in the retirement system credited prior to the effective date*  
467 *of such member's participation in the optional defined contribution retirement plan.*

468 "Member" means any person included in the membership of the Retirement System as provided in  
469 this chapter.

470 "Normal retirement date" means a member's sixtieth birthday.

471 "Retirement System" means the Virginia Law Officers' Retirement System.

472 **§ 51.1-301. Definitions.**

473 As used in this chapter, unless the context requires a different meaning:

474 "Appointing authority" means the General Assembly or the Governor.

475 "Creditable service" means prior service plus membership service, as further defined in and modified  
476 by § 51.1-303, for which credit is allowable under this chapter.

477 "Judge" means any justice or judge of a court of record of the Commonwealth, any member of the  
478 State Corporation Commission or Virginia Workers' Compensation Commission, any judge of a district  
479 court of the Commonwealth other than a substitute judge of such district court, and any executive  
480 secretary of the Supreme Court assuming such position between December 1, 1975, and January 31,  
481 1976. *Notwithstanding the foregoing, only the definitions in this section and the provisions of §*  
482 *51.1-302, subsection B1 of § 51.1-305, and § 51.1-309 shall apply to any judge participating in the*  
483 *optional defined contribution retirement plan described in § 51.1-170 for any employment service in the*  
484 *optional defined contribution retirement plan.*

485 "Normal retirement date" means a member's sixty-fifth birthday.

486 "Previous systems" means the systems established under the provisions of Chapters 2 (§ 51-3 et seq.)  
487 and 2.2 (§ 51-29.8 et seq.) of Title 51, and, in the case of judges of regional juvenile and domestic  
488 relations courts, the Virginia Retirement System.

489 "Primary social security benefit" means, with respect to any member, the primary insurance amount



490 to which the member is entitled, for old age or disability, as the case may be, pursuant to the federal  
491 Social Security Act as in effect at his date of retirement, under the provisions of this chapter except as  
492 otherwise specifically provided.

493 "Retirement system" means the Judicial Retirement System.

494 "Service" means service as a judge.

495 **§ 51.1-304. Contributions by Commonwealth.**

496 The Commonwealth shall contribute an amount equal to the sum of the normal contribution, any  
497 accrued liability contribution, and any supplementary contribution. The amount shall be determined and  
498 paid as provided in Chapter 1 (§ 51.1-124.1 et seq.). Notwithstanding the foregoing provisions of this  
499 section, member contributions and employer contributions for judges appointed or elected to an original  
500 term commencing on or after January 1, 2014, shall be determined under the provisions of the hybrid  
501 retirement program described in § 51.1-169.

502 *However, member contributions and employer contributions for any judge participating in the*  
503 *optional defined contribution retirement plan described in § 51.1-170 shall be determined under the*  
504 *provisions of §§ 51.1-145 and 51.1-170.*

505 **§ 51.1-306.1. Service retirement allowance for judges appointed or elected after January 1,**  
506 **2014.**

507 Notwithstanding any contrary provision of this chapter, the service retirement allowance for judges  
508 appointed or elected to an original term commencing on or after January 1, 2014, *except for any judge*  
509 *who participates in the optional defined contribution retirement plan described in § 51.1-170 for any*  
510 *employment service in the optional defined contribution retirement plan*, shall be determined under the  
511 provisions of the hybrid retirement program described in § 51.1-169.

512 **§ 51.1-309. Appearance as counsel in certain forums prohibited.**

513 A. No former justice or judge of a court of record of the Commonwealth and no former full-time  
514 judge of a court not of record of the Commonwealth, who is retired and receiving retirement benefits  
515 under the provisions of the Judicial Retirement System *or who participated in the optional defined*  
516 *contribution retirement plan described in § 51.1-170*, shall appear as counsel in any case in any court of  
517 the Commonwealth.

518 B. No former member of the State Corporation Commission or Virginia Workers' Compensation  
519 Commission, who is retired and receiving retirement benefits under the provisions of the Judicial  
520 Retirement System *or who participated in the optional defined contribution retirement plan described in*  
521 *§ 51.1-170*, shall appear as counsel in any case before the Commission of which he was formerly a  
522 member.

523 C. The provisions of subsection A shall not be applicable if (i) the retired justice or judge has been  
524 retired for at least two years and is not authorized for temporary recall by the Chief Justice of the  
525 Supreme Court, (ii) the retired justice or judge is appearing as counsel, pro bono, for an indigent person  
526 in a civil matter, (iii) such civil matter is assigned or referred to the retired justice or judge by a  
527 nonprofit legal aid program organized under the auspices of the Virginia State Bar, and (iv) the retired  
528 justice or judge is not an employee, officer, or board member of such nonprofit legal aid program.  
529 Nothing herein shall relieve the retired justice or judge from having obtained any license or meeting any  
530 requirement in connection with the appearance as counsel as required by law, rule, or regulation.

531 **§ 51.1-611. Participation by employees of political subdivisions in cash match plan of Virginia**  
532 **Retirement System.**

533 The Virginia Retirement System may enter into an agreement with any political subdivision of the  
534 Commonwealth to permit participation by the political subdivision's employees in the cash match plan  
535 established and administered by the Board pursuant to § 51.1-607, except that political subdivisions of  
536 the Commonwealth otherwise participating in the retirement system pursuant to Article 5 (§ 51.1-130 et  
537 seq.) of Chapter 1 shall participate in the cash match plan established and administered by the Board  
538 pursuant to § 51.1-608 to the extent necessary to provide benefits under the hybrid retirement program  
539 described in § 51.1-169 *and the optional defined contribution retirement plan described in § 51.1-170.*

540 **§ 51.1-1100. Definitions.**

541 As used in this chapter, unless the context requires a different meaning:

542 "Act" means the Virginia Workers' Compensation Act (§ 65.2-100 et seq.). "Company" means an  
543 insurance company issuing a long-term disability insurance policy purchased by the Board pursuant to  
544 this chapter.

545 "Disability" means a partial disability or total disability.

546 "Disability benefit" means income replacement payments payable to a participating employee under a  
547 short-term or long-term disability benefit program pursuant to this chapter. Disability benefits do not  
548 include benefits payable under the Act.

549 "Eligible employee" means (i) a state employee as defined in § 51.1-124.3 who is a member of the  
550 retirement system, including the hybrid retirement program described in § 51.1-169 *or the optional*

551 *defined contribution retirement plan described in § 51.1-170*; (ii) an employee as defined in § 51.1-201;  
552 (iii) an employee as defined in § 51.1-212; (iv) *a judge who is participating in the optional defined*  
553 *contribution retirement plan described in § 51.1-170*; or ~~(iv)~~ (v) a qualifying part-time employee. Any  
554 person participating in a plan established pursuant to § 51.1-126, 51.1-126.1, 51.1-126.4, or 51.1-126.5;  
555 ~~51.1-502.1, or 51.1-202.3~~ shall not be an eligible employee. Employees of the University of Virginia  
556 Medical Center covered under the basic insurance policies purchased by the Medical Center shall not be  
557 considered eligible employees under this chapter, unless the University of Virginia Board of Visitors, or  
558 a duly authorized agent or representative of the Board of Visitors, purchases such insurance policies  
559 from the Virginia Retirement System.

560 "Existing employee" means an employee who elected to participate in the Virginia Sickness and  
561 Disability Program.

562 "Partial disability" exists during the first 24 months following the occurrence or commencement of an  
563 illness or injury when an employee is earning less than 80 percent of his predisability earnings and, as a  
564 result of an injury or illness, is (i) able to perform one or more, but not all, of the essential job  
565 functions of his own job on an active employment or a part-time basis; or (ii) able to perform all of the  
566 essential job functions of his own job only on a part-time basis.

567 "Participating employee" means any eligible employee required or electing to participate in the  
568 program.

569 "Program" means the program providing sick leave, family and personal leave, short-term disability,  
570 and long-term disability benefits for participating employees established pursuant to this chapter.

571 "Qualifying part-time employee" means any person who would qualify as a state employee as defined  
572 in § 51.1-124.3 but, rather than being regularly employed full time on a salaried basis, is regularly  
573 employed part time for at least 20 hours but less than 40 hours per week on a salaried basis.

574 "State service" means the employee's total period of state service as an eligible employee, including  
575 all periods of classified full-time and classified part-time service and periods of leave without pay, but  
576 not including periods during which the employee did not meet the definition of an eligible employee.

577 "Total disability" exists (i) during the first 24 months following the occurrence or commencement of  
578 an illness or injury if an employee is unable to perform all of his essential job functions or (ii) after 24  
579 months following the occurrence or commencement of an illness or injury if an employee is unable to  
580 perform any job for which he is reasonably qualified based on his training or experience and earning  
581 less than 80 percent of his predisability earnings.

582 "Work-related injury" means an injury, as such term is defined in § 65.2-101, to a participating  
583 employee for which benefits are payable under the Act and the Commonwealth is the employer for  
584 purposes of the Act.

585 In addition to the definitions listed above, the definitions listed in § 51.1-124.3 shall apply to this  
586 chapter except as otherwise provided.

587 **§ 51.1-1103. Participation in the program.**

588 A. All prior elections to participate in the program shall be irrevocable.

589 B. 1. Except for eligible employees who are employed by an institution of higher education in a  
590 faculty position performing teaching, research or administrative duties, all eligible employees  
591 commencing employment or who are reemployed on or after January 1, 1999, shall participate in the  
592 program. The effective date of participation in the program for such employees shall be their first day of  
593 employment.

594 2. Except for such employees of an institution of higher education, all eligible employees not  
595 participating in the program prior to October 1, 2002, shall participate in the program effective January  
596 10, 2003, unless such employee elects not to participate in the program as provided herein. An election  
597 not to participate shall be in writing, and on forms prescribed by the Retirement System, and shall be  
598 received by the Retirement System during the period commencing on October 1, 2002, but before  
599 January 1, 2003. An election not to participate in the program shall be irrevocable and such employee  
600 shall be ineligible to participate in the program for the period of his continued employment by the  
601 Commonwealth except that any such employee who elects to participate in the hybrid retirement  
602 program described in § 51.1-169 or the optional defined contribution retirement plan described in  
603 § 51.1-170 shall participate in the program.

604 C. Any eligible employee who is employed by an institution of higher education in a faculty position  
605 performing teaching, research or administrative duties may elect to participate in the program established  
606 under this chapter or under an existing program provided by the institution. Any eligible employee who  
607 is (i) employed by an institution of higher education in a faculty position performing teaching, research  
608 or administrative duties prior to October 1, 2002, and (ii) not participating in the program, shall  
609 participate in the program established under this chapter effective January 10, 2003, unless such  
610 employee elects not to participate in the manner provided in subdivision B 2. Any eligible employee of  
611 an institution of higher education in a faculty position performing teaching, research or administrative  
612 duties employed or reemployed on or after October 1, 2002, shall participate in the program unless such

613 employee elects not to participate in the program, in writing and on such forms as prescribed by the  
 614 Retirement System, within 60 days from the time of entry upon the performance of his duties. The  
 615 effective date of participation in the program for such employee shall be the first day following the  
 616 expiration of such 60-day period or January 10, 2003, whichever is later.

617 Any eligible employee under this subsection shall participate in the sickness and disability program  
 618 established by his institution of higher education until such time as the employee participates in the  
 619 program established under this chapter. If the institution of higher education has not established its own  
 620 sickness and disability program, such eligible employee shall participate in the program established  
 621 under this chapter effective on his first day of employment.

622 An election not to participate in the program established under this chapter shall be irrevocable and  
 623 such employee shall be ineligible to participate in the program for the period of his continued  
 624 employment by the Commonwealth.

625 D. Notwithstanding any provision to the contrary, no participating employee commencing  
 626 employment or reemployment on or after July 1, 2009, shall receive benefits under Article 3 of this  
 627 Chapter (§ 51.1-1109 et seq.) (Nonwork Related Disability Benefits) until the participating employee  
 628 completes one continuous year of active employment or reemployment.

629 E. The provisions of this subsection shall apply to any eligible employee who participates in the  
 630 program under the provisions of subdivision B 2 or subsection C. Any eligible employee, including a  
 631 person employed by an institution of higher education in a faculty position performing teaching, research  
 632 or administrative duties, who (i) is a member of the Retirement System, and (ii) commenced  
 633 employment or was reemployed prior to January 1, 1999, shall have his sick leave balances, as of the  
 634 effective date of coverage in the program, converted to disability credits, as provided in subsection F.

635 F. Any eligible employee converting his sick leave balance as provided in subsection E shall receive  
 636 one hour of disability credit for each hour of sick leave. Disability credits shall be used to continue  
 637 periods for which the participating employee receives income replacement during periods of short-term  
 638 and long-term disability at 100 percent of creditable compensation. Disability credits shall be reduced by  
 639 one day for each day that the participating employee receives short-term or long-term disability benefits.

640 G. Upon retiring directly from state service and receiving an immediate annuity, the eligible  
 641 employee's unused disability credits shall be converted to service credit under the Retirement System at  
 642 the rate of one month of service for each 173 hours of disability credits, rounded to the next highest  
 643 month, unless the employee elects to be paid for the balance of such disability credits under the same  
 644 terms and subject to the same conditions as are in effect for the payment of sick leave benefits in the  
 645 employee's agency on December 31, 1998. Upon leaving state service under any other circumstances,  
 646 the employee shall be paid for the balance of such disability credits under the same terms and subject to  
 647 the same conditions as are in effect for the payment of sick leave benefits in the employee's agency on  
 648 December 31, 1998, unless he elects to have such credits converted to service credit under the  
 649 Retirement System at the rate of one month of service for each 173 hours of disability credits, rounded  
 650 to the next highest month. Upon entry into long-term disability, the employee may be paid for the  
 651 balance of such disability credits under the same terms and subject to the same conditions in effect for  
 652 payment of sick leave benefits in the employee's agency as of December 31, 1998.

653 H. Eligibility for participation in the program shall terminate upon the earliest to occur of an  
 654 employee's (i) termination of employment, (ii) death, or (iii) retirement from service. Eligibility for  
 655 participation in the program shall be suspended during periods that an employee is placed on nonpay  
 656 status, including leave without pay, if such nonpay status is due to suspension pending investigation or  
 657 outcome of employment-related court or disciplinary action.

658 **§ 51.1-1116. Cessation of disability benefits.**

659 If not sooner terminated due to the end of the period of disability coverage as provided in subsection  
 660 E of § 51.1-1110 or subsection F of § 51.1-1112, disability benefits shall cease to be paid to a  
 661 participating employee upon the first to occur of the following:

- 662 1. The date of death of the participating employee;
- 663 2. (i) The participating employee's normal retirement date, *as defined in § 51.1-124.3, 51.1-201,*  
 664 *51.1-212, or 51.1-301, as applicable,* if the employee is a member of the retirement system or (ii) the  
 665 date the employee attains age ~~sixty-five~~ 65 if the employee is not a member of the retirement system; or
- 666 3. The effective date of the participating full-time employee's service retirement under any provision  
 667 of this title.

668 **§ 51.1-1117. Service retirement of participating full-time employees receiving disability benefits.**

669 A. A participating full-time employee receiving disability benefits who is a vested member of the  
 670 retirement system shall be eligible for service retirement under any provision of this title for which the  
 671 employee is otherwise eligible. Such employee shall be authorized to elect any option for the payment  
 672 of his retirement allowance provided under subsection A of § 51.1-165 for which the employee is  
 673 otherwise eligible.

674 B. The average final compensation of any participating full-time employee taking a service retirement  
 675 under any provision of this title shall be equal to his creditable compensation on the date of the  
 676 commencement of the disability increased by an amount recommended by the program actuary and  
 677 approved by the Board, from the date of the commencement of the disability to the date of retirement.  
 678 *This subsection shall not apply to an employee who elects to participate in the optional defined*  
 679 *contribution retirement plan described in § 51.1-170 prior to the date of the commencement of the*  
 680 *disability.*

681 C. The creditable service of a participating full-time employee taking service retirement pursuant to  
 682 this section shall include periods during which the employee received disability benefits. *This subsection*  
 683 *shall not apply to an employee who elects to participate in the optional defined contribution retirement*  
 684 *plan described in § 51.1-170 prior to the date of the commencement of the disability.*

685 **§ 51.1-1127. Cessation of supplemental disability benefits.**

686 Supplemental disability benefits shall cease to be paid to a participating employee upon the first to  
 687 occur of the following:

688 1. The end of the period of supplemental disability coverage as provided in subsection G of  
 689 § 51.1-1121 or subsection F of § 51.1-1123;

690 2. The date of death of the participating employee;

691 3. On the date benefits under the Act cease to be paid, if the participating employee is a member of  
 692 the retirement system and is receiving benefits under the Act on his normal retirement date;

693 4. On the date benefits under the Act cease to be paid, if the participating employee is a not a  
 694 member of the retirement system and is receiving benefits under the Act on the date he attains age 65;

695 5. On his normal retirement date, *as defined in § 51.1-124.3, 51.1-201, 51.1-212, or 51.1-301, as*  
 696 *applicable*, if the participating employee is a member of the retirement system and is no longer  
 697 receiving benefits under the Act on his normal retirement date;

698 6. On the date the employee attains age 65, if the participating employee is a not a member of the  
 699 retirement system and is no longer receiving benefits under the Act; or

700 7. The effective date of the participating employee's service retirement under any provision of this  
 701 title.

702 **§ 51.1-1128. Service retirement of participating full-time employees receiving supplemental**  
 703 **disability benefits.**

704 A. Upon the cessation of benefits payable under the Act, a participating full-time employee may take  
 705 service retirement under any provision of this title for which the employee is otherwise eligible. Such  
 706 employee shall be authorized to elect any option for the payment of his retirement allowance provided  
 707 under subsection A of § 51.1-165.

708 B. The employee's average final compensation shall be equal to his creditable compensation on the  
 709 date of the commencement of the disability increased by an amount recommended by the actuary of the  
 710 Virginia Retirement System, and approved by the Board, from the date of the commencement of the  
 711 disability to the date of retirement. *This subsection shall not apply to an employee who elects to*  
 712 *participate in the optional defined contribution retirement plan described in § 51.1-170 prior to the date*  
 713 *of the commencement of the disability.*

714 C. The creditable service of a participating full-time employee taking service retirement pursuant to  
 715 this section shall include periods during which the employee received supplemental disability benefits,  
 716 provided that such creditable service shall not include periods for which (i) the employee received  
 717 supplemental short-term disability benefits, (ii) the employer did not report such creditable service to the  
 718 retirement system, and (iii) the employee did not purchase such creditable service. *This subsection shall*  
 719 *not apply to an employee who elects to participate in the optional defined contribution retirement plan*  
 720 *described in § 51.1-170 prior to the date of the commencement of the disability.*

721 **§ 51.1-1131.1. Employer contributions during disability absences.**

722 Mandatory employer contributions to the defined contribution component of the hybrid retirement  
 723 program pursuant to subdivision B 2 of § 51.1-169 *or the optional defined contribution retirement plan*  
 724 *pursuant to subdivision B 1 of § 51.1-170* on behalf of a participating employee shall be made for each  
 725 employee who is permanently and totally disabled (as defined in § 22(e)(3) of the Internal Revenue  
 726 Code). The calculation of such contributions shall be based on the full amount of the participating  
 727 employee's creditable compensation.

728 **§ 51.1-1150. Definitions.**

729 As used in this chapter, unless the context requires a different meaning:

730 "Act" means the Virginia Workers' Compensation Act (§ 65.2-100 et seq.).

731 "Company" means an insurance company issuing a long-term disability insurance policy purchased  
 732 by the Board pursuant to this chapter.

733 "Continuous service" means an uninterrupted period of service as a participating employee with the  
 734 same employer.

735 "Disability" means a partial disability or total disability.

736 "Disability benefit" means income replacement payments payable to a participating employee under a  
 737 short-term or long-term disability benefit program pursuant to this chapter. Disability benefits do not  
 738 include benefits payable under the Act.

739 "Eligible employee" means a person who is (i) not eligible for the disability program pursuant to  
 740 Chapter 11 (§ 51.1-1100 et seq.) and (ii) participating in the hybrid retirement program described in §  
 741 51.1-169 or the optional defined contribution retirement plan described in § 51.1-170.

742 "Partial disability" means a disability that exists during the first 24 months following the occurrence  
 743 or commencement of an illness or injury when an employee is earning less than 80 percent of his  
 744 predisability earnings and, as a result of an injury or illness, is (i) able to perform one or more, but not  
 745 all, of the essential job functions of his own job on an active employment or a part-time basis; or (ii)  
 746 able to perform all of the essential job functions of his own job only on a part-time basis.

747 "Participating employee" means any eligible employee required to participate in the program.

748 "Program" means the program providing short-term disability and long-term disability benefits for  
 749 participating employees established pursuant to this chapter.

750 "Service" means a period of service as a participating employee.

751 "Total disability" means a disability that exists (i) during the first 24 months following the  
 752 occurrence or commencement of an illness or injury if an employee is unable to perform all of his  
 753 essential job functions or (ii) after 24 months following the occurrence or commencement of an illness  
 754 or injury if an employee is unable to perform any job for which he is reasonably qualified based on his  
 755 training or experience and earning less than 80 percent of his predisability earnings.

756 "Work-related injury" means an injury, as such term is defined in § 65.2-101, to a participating  
 757 employee for which benefits are payable under the Act and the employer for purposes of the Act is the  
 758 Commonwealth or other political subdivision through which the participating employee became eligible  
 759 for the program.

760 In addition to the definitions listed in this section, the definitions listed in § 51.1-124.3 shall, as the  
 761 context requires, apply to this chapter except as otherwise provided.

762 **§ 51.1-1153. Participation in the program.**

763 A. All eligible employees shall become participants in this program, provided, however, that the  
 764 governing body of an employer may adopt a resolution on or before January 1, 2014, which shall be  
 765 submitted to the Board, requesting that its eligible employees not participate in the program because the  
 766 employer has or will establish, and continue to maintain, comparable disability coverage for such  
 767 eligible employees. The election by the governing body of an employer not to participate in this  
 768 program shall be irrevocable. The employer need not consider the provisions of § 51.1-1178 when  
 769 determining the comparability of its disability coverage to this program. As the context requires, the  
 770 term "participating employee" includes the employees of an employer electing not to participate in the  
 771 program under this subdivision.

772 B. The effective date of participation in the program for participating employees shall be their first  
 773 day of employment or the effective date of their participation in the hybrid retirement program described  
 774 in § 51.1-169 or the optional defined contribution retirement plan described in § 51.1-170, whichever is  
 775 later.

776 C. Notwithstanding any provision to the contrary, no participating employee shall receive benefits  
 777 under Article 2 (§ 51.1-1154 et seq.) until the participating employee completes one year of continuous  
 778 service.

779 D. Eligibility for participation in the program shall terminate upon the earliest to occur of an  
 780 employee's (i) termination of employment or (ii) death. Eligibility for participation in the program shall  
 781 be suspended during periods that an employee is placed on nonpay status, including leave without pay,  
 782 if such nonpay status is due to suspension pending investigation or outcome of employment-related court  
 783 or disciplinary action.

784 **§ 51.1-1161. Cessation of disability benefits; service retirement.**

785 A. Disability benefits shall cease to be paid to a participating employee upon the first to occur of the  
 786 following:

787 1. The end of the period of disability coverage as provided in subsection D of § 51.1-1155 or  
 788 subsection D of § 51.1-1157;

789 2. The date of death of the participating employee;

790 3. The date that the participating employee attains normal retirement age, as defined in § 51.1-124.3,  
 791 51.1-201, 51.1-212, or 51.1-301, as applicable; or

792 4. The effective date of the participating full-time employee's service retirement under the hybrid  
 793 retirement program described in § 51.1-169.

794 Notwithstanding the foregoing, an employee who is approved for disability benefits (i) at age 60  
 795 through 64 shall be eligible for five years of disability benefits, (ii) at age 65 through 68 shall be  
 796 eligible for disability benefits to age 70, and (iii) at age 69 or older shall be eligible for disability

797 benefits for one year. The eligibility periods include short-term disability and long-term disability.

798 B. A participating full-time employee receiving disability benefits who is a vested member of the  
799 retirement system, including the hybrid retirement program described in § 51.1-169, shall be eligible for  
800 service retirement under any provision of this title for which the employee is otherwise eligible. Such  
801 employee shall be authorized to elect any option for the payment of his retirement allowance provided  
802 under subsection A of § 51.1-165 for which the employee is otherwise eligible.

803 C. The average final compensation of any participating full-time employee taking a service retirement  
804 under any provision of this title shall be equal to his creditable compensation on the date of the  
805 commencement of the disability increased by an amount recommended by the program actuary and  
806 approved by the Board, from the date of the commencement of the disability to the date of retirement.  
807 *This subsection shall not apply to an employee who elects to participate in the optional defined  
808 contribution retirement plan described in § 51.1-170 prior to the date of the commencement of the  
809 disability.*

810 D. The creditable service of a participating full-time employee taking service retirement pursuant to  
811 this section shall include periods during which the employee received disability benefits. *This subsection  
812 shall not apply to an employee who elects to participate in the optional defined contribution retirement  
813 plan described in § 51.1-170 prior to the date of the commencement of the disability.*

814 **§ 51.1-1169. Cessation of supplemental disability benefits; service retirement.**

815 A. Supplemental disability benefits shall cease to be paid to a participating employee upon the first  
816 to occur of the following:

817 1. The end of the period of supplemental disability coverage as provided in subsection E of  
818 § 51.1-1163 or subsection E of § 51.1-1165;

819 2. The date of death of the participating employee;

820 3. On the date the employee attains normal retirement age, *as defined in § 51.1-124.3, 51.1-201,  
821 51.1-212, or 51.1-301, as applicable;* or

822 4. The effective date of the participating full-time employee's service retirement under the hybrid  
823 retirement program described in § 51.1-169.

824 Notwithstanding the foregoing, an employee who is approved for supplemental disability benefits (i)  
825 at age 60 through 64 shall be eligible for five years of supplemental disability benefits, (ii) at age 65  
826 through 68 shall be eligible for supplemental disability benefits to age 70, and (iii) at age 69 or older  
827 shall be eligible for supplemental disability benefits for one year. The eligibility periods include  
828 supplemental short-term disability and supplemental long-term disability.

829 B. Upon the cessation of benefits payable under the Act, a participating full-time employee may take  
830 service retirement under any provision of this title for which the employee is otherwise eligible,  
831 including the hybrid retirement program described in § 51.1-169. Such employee shall be authorized to  
832 elect any option for the payment of his retirement allowance provided under subsection A of § 51.1-165.

833 C. The employee's average final compensation shall be equal to his creditable compensation on the  
834 date of the commencement of the disability increased by an amount recommended by the actuary of the  
835 Virginia Retirement System, and approved by the Board, from the date of the commencement of the  
836 disability to the date of retirement. *This subsection shall not apply to an employee who elects to  
837 participate in the optional defined contribution retirement plan described in § 51.1-170 prior to the date  
838 of the commencement of the disability.*

839 D. The creditable service of a participating full-time employee taking service retirement pursuant to  
840 this section shall include periods during which the employee received supplemental disability benefits,  
841 provided that such creditable service shall not include periods for which (i) the employee received  
842 supplemental short-term disability benefits, (ii) the employer did not report such creditable service to the  
843 retirement system, and (iii) the employee did not purchase such creditable service. *This subsection shall  
844 not apply to an employee who elects to participate in the optional defined contribution retirement plan  
845 described in § 51.1-170 prior to the date of the commencement of the disability.*

846 **§ 51.1-1172. Employer contributions during disability absences.**

847 Mandatory employer contributions to the defined contribution component of the hybrid retirement  
848 program pursuant to subdivision B 2 of § 51.1-169 *or the optional defined contribution retirement plan  
849 pursuant to subdivision B 1 of § 51.1-170* on behalf of a participating employee shall be made for each  
850 employee who is permanently and totally disabled (as defined in § 22(e)(3) of the Internal Revenue  
851 Code). The calculation of such contributions shall be based on the full amount of the participating  
852 employee's creditable compensation.

853 **§ 51.1-1178. Board authorized to provide long-term care insurance and benefits.**

854 A. For purposes of this section, "participating employee" means the same as that term is defined in  
855 § 51.1-1150.

856 B. The Board is authorized to develop, implement, and administer a long-term care insurance  
857 program for participating employees. The Board may contract for and purchase such long-term care  
858 insurance or may self-insure long-term care benefits or may use such other actuarially sound funding

859 necessary to effectuate such long-term care insurance and benefits.

860 C. Employers of participating employees shall pay to the Board contribution amounts, to be  
861 determined by the Board, to provide the Board with such funds as shall be required from time to time to  
862 (i) obtain and maintain long-term care insurance and benefits for participating employees and (ii)  
863 administer the long-term care insurance program, including providing case management and cost  
864 containment programs. Contributions shall be deposited in the Hybrid Retirement Program *and Optional*  
865 *Defined Contribution Retirement Plan* Disability Insurance Trust Fund established under § 51.1-1183.

866 **§ 51.1-1183. Funding of program; Hybrid Retirement Program and Optional Defined**  
867 **Contribution Retirement Plan Disability Insurance Trust Fund established.**

868 A. The costs of providing short-term disability benefits shall be paid by the respective employers of  
869 participating employees. Employers that are state agencies shall pay such costs from funds as shall be  
870 appropriated by law to state agencies.

871 B. Employers of participating employees shall pay to the Board contribution amounts, to be  
872 determined by the Board, to provide the Board with such funds as shall be required from time to time to  
873 (i) obtain and maintain long-term disability insurance policies under this chapter and (ii) administer the  
874 Program, including providing case management and cost containment programs. Employers that are state  
875 agencies shall make such contributions from funds as shall be appropriated by law to state agencies.  
876 Contributions shall be deposited in the Hybrid Retirement Program *and Optional Defined Contribution*  
877 *Retirement Plan* Disability Insurance Trust Fund.

878 C. There is hereby established the Hybrid Retirement Program *and Optional Defined Contribution*  
879 *Retirement Plan* Disability Insurance Trust Fund. The costs incurred by the Board in providing policies  
880 of long-term disability insurance and administering the Program and in administering the long-term care  
881 insurance program established under § 51.1-1178, including the provision of case management and cost  
882 containment programs, shall be withdrawn from time to time by the Board from the Hybrid Retirement  
883 Program *and Optional Defined Contribution Retirement Plan* Disability Insurance Trust Fund. The funds  
884 of the Hybrid Retirement Program *and Optional Defined Contribution Retirement Plan* Disability  
885 Insurance Trust Fund shall be deemed separate and independent trust funds, shall be segregated from all  
886 other funds of the Commonwealth and its political subdivisions, and shall be invested and administered  
887 solely in the interests of the participating employees and beneficiaries thereof. Neither the General  
888 Assembly nor any public officer, employee, or agency shall use or authorize the use of such trust funds  
889 for any purpose other than as provided in law for benefits, refunds, and administrative expenses,  
890 including but not limited to legislative oversight of the Hybrid Retirement Program *and Optional*  
891 *Defined Contribution Retirement Plan* Disability Insurance Trust Fund.

892 **§ 51.1-1400. Health insurance credits for retired state employees.**

893 A. The Commonwealth shall provide a credit toward the cost of health insurance coverage for any  
894 former state employee, as defined in § 2.2-2818, who retired under the Virginia Retirement System,  
895 State Police Officers' Retirement System, Judicial Retirement System, Virginia Law Officers' Retirement  
896 System, or any retirement system authorized pursuant to § 51.1-126, 51.1-126.1, 51.1-126.3, 51.1-126.4,  
897 51.1-126.5, 51.1-126.7, ~~or~~ 51.1-169, *or 51.1-170* and who (i) rendered at least 15 years of total  
898 creditable service, *employment service, or a combination thereof*, under the Retirement System or (ii)  
899 rendered service as a temporary employee of the General Assembly in 1972 and became a member of  
900 the retirement system from 1972 to 1985 immediately following such temporary service. The amount of  
901 each monthly health insurance credit payable under this section shall be \$4 per year of creditable  
902 service, *employment service, or a combination thereof*, which amount shall be credited monthly to any  
903 retired state employee participating in the state retiree health benefits program pursuant to § 51.1-1405  
904 or an alternative personal health insurance plan as provided herein. However, such credit shall not  
905 exceed the health insurance premium for retiree-only coverage as provided under such alternative  
906 personal health insurance plan. Any (i) employee participant pursuant to § 51.1-126, 51.1-126.1,  
907 51.1-126.3, 51.1-126.4, 51.1-126.5, or 51.1-126.7 receiving long-term disability, or (ii) retired state  
908 employee retired under the provisions of § 51.1-156 or 51.1-307, or (iii) any participating employee  
909 receiving long-term disability pursuant to § 51.1-112, 51.1-1123, 51.1-1157, or 51.1-1165 shall receive  
910 a maximum monthly credit which is the greater of (i) \$120, (ii) \$4 per year for each year of creditable  
911 service, *employment service, or a combination thereof*, at the time of disability retirement, or (iii) \$4 per  
912 year for each year of creditable service, *employment service, or a combination thereof*, at the time of  
913 eligibility for long-term disability. Any person included in the membership of a retirement system  
914 provided by Chapter 1 (§ 51.1-124.1 et seq.), 2 (§ 51.1-200 et seq.), 2.1 (§ 51.1-211 et seq.), or 3  
915 (§ 51.1-300 et seq.) who elects to defer his retirement pursuant to subsection C of § 51.1-153, subsection  
916 C of § 51.1-205 or subsection C of § 51.1-305 shall be entitled to receive the allowable credit provided  
917 by this section on the effective date of his retirement.

918 B. For those retired state employees:

919 1. Participating in the state retiree health benefits program, such credit shall be applied to the

920 monthly premium deducted from benefits payable to retired state employees in accordance with Chapters  
921 1 (§ 51.1-124.1 et seq.), 2 (§ 51.1-200 et seq.), 2.1 (§ 51.1-211 et seq.), and 3 (§ 51.1-300 et seq.). In  
922 the event that either no benefit is payable or the benefit payable is insufficient to deduct the entire  
923 health care premium, the payment of the credit shall be determined in the manner prescribed by the  
924 Virginia Retirement System. Eligibility for the credit shall be determined in a manner prescribed by the  
925 Virginia Retirement System.

926 2. Not electing or eligible to participate in the state retiree health benefits program and who purchase  
927 an alternative personal health insurance policy from a carrier or organization of his own choosing, such  
928 retirees shall be eligible to receive a credit in the amount specified in subsection A. Eligibility for the  
929 credit and payment for the credit shall be determined in a manner prescribed by the Virginia Retirement  
930 System.

931 C. Any person included in the membership of a retirement system provided by Chapter 1  
932 (§ 51.1-124.1 et seq.), 2 (§ 51.1-200 et seq.), 2.1 (§ 51.1-211 et seq.), or 3 (§ 51.1-300 et seq.) who (i)  
933 rendered at least 15 years of total creditable service, *employment service, or a combination thereof*, as a  
934 state employee as defined in § 2.2-2818 and (ii) after terminating state service, was employed by a local  
935 government that does not elect to provide a health insurance credit under § 51.1-1401 or 51.1-1402,  
936 shall be eligible for the credit provided by subsection A, provided that the retired employee is  
937 participating in a health insurance plan. The Commonwealth shall be charged with the credit as provided  
938 for in subsection D. In such case, the health insurance credit shall be determined based upon the amount  
939 of state service or service as a teacher, whichever is greater.

940 D. The Virginia Retirement System shall actuarially determine the amount necessary to fund all  
941 credits provided by this section to reflect the cost of such credits in the employer contribution rate  
942 pursuant to § 51.1-145, and prescribe such terms and conditions as are necessary to carry out the  
943 provisions of this section. The costs associated with the administration of the health insurance credit  
944 program provided for in this section shall be recovered from the health insurance credit trust fund.

945 E. Notwithstanding anything contained in this section to the contrary, the Virginia Commonwealth  
946 University Health System Authority shall pay the cost of coverage for employees of such Authority who  
947 (i) retired under the Virginia Retirement System or any retirement system authorized pursuant to  
948 § 23.1-2416, 51.1-126, 51.1-126.1, or former § 51.1-126.2; (ii) were employed by such Authority prior  
949 to July 1, 1998, and were not subsequently rehired by such Authority on or after July 1, 1998; and (iii)  
950 served no less than 15 years of creditable service as regularly employed full-time employees of such  
951 Authority or the Commonwealth.

952 **§ 51.1-1401. Health insurance credits for retired teachers.**

953 A. A teacher, as defined in § 51.1-124.3, retired under the Virginia Retirement System, including the  
954 hybrid retirement program described in § 51.1-169, and any employee retired under a defined  
955 contribution plan pursuant to § 51.1-126.6 or 51.1-170, who rendered at least 15 years of total creditable  
956 service, *employment service, or a combination thereof*, under the System or plan shall receive a *monthly*  
957 health insurance credit to his ~~monthly retirement allowance~~, which shall be applied to reduce the retired  
958 member's health insurance premium cost. The amount of each monthly health insurance credit payable  
959 under this section shall be \$4 for each full year of the retired member's creditable service, *employment*  
960 *service, or a combination thereof*; however, each former member whose retirement was for disability,  
961 any employee participant pursuant to § 51.1-126.6 receiving long-term disability, a participant receiving  
962 long-term disability pursuant to § 51.1-1157 or 51.1-1165, or a member of the hybrid retirement  
963 program *or the optional defined contribution retirement plan described in § 51.1-170* receiving  
964 long-term disability pursuant to coverage under subsection A of § 51.1-1153 shall receive a monthly  
965 health insurance credit of \$4 multiplied by the smaller of (i) twice the amount of his creditable service,  
966 *employment service, or a combination thereof* or (ii) the amount of creditable service, *employment*  
967 *service, or a combination thereof* he would have completed at age 60 if he had remained in service to  
968 that age. Eligibility for the credit shall be determined in a manner prescribed by the Virginia Retirement  
969 System. Any member who elects to defer his retirement pursuant to subsection C of § 51.1-153 shall be  
970 entitled to receive the allowable credit provided by this section on the effective date of his retirement.

971 B. Those retired employees who purchase an alternative personal health insurance policy from a  
972 carrier or organization of their own choosing shall be eligible to receive a credit in the amount specified  
973 in subsection D. Eligibility for the credit and payment of the credit shall be determined in a manner  
974 prescribed by the Virginia Retirement System.

975 C. The credit shall be in (i) the amount provided in subsection A or (ii) the amount of premium paid  
976 for the personal health insurance policy, whichever is less.

977 D. Any person included in the membership of a retirement system provided by Chapter 1  
978 (§ 51.1-124.1 et seq.), 2 (§ 51.1-200 et seq.), 2.1 (§ 51.1-211 et seq.), or 3 (§ 51.1-300 et seq.) who (i)  
979 rendered at least 15 years of total creditable service, *employment service, or a combination thereof* as a  
980 teacher as defined in § 51.1-124.3 and (ii) after terminating service as a teacher, was employed by a  
981 local government that does not elect to provide a health insurance credit under § 51.1-1402, shall be



982 eligible for the credit provided by subsection A and subsection B if provided by the school division  
983 from which the service described in clause (i) was rendered, provided that the retired employee is  
984 participating in a health insurance plan. The Commonwealth and local school division, if appropriate,  
985 shall be charged with the credit as provided for in subsection E. In such case, the health insurance credit  
986 shall be determined based upon the amount of state service or service as a teacher, whichever is greater.

987 E. The Virginia Retirement System shall (i) actuarially determine the amount necessary to fund all  
988 credits provided under this section; (ii) reflect the cost of such credits in the applicable employer  
989 contribution rate pursuant to §§ 51.1-145, 51.1-204, 51.1-215, and 51.1-304; and (iii) prescribe such  
990 terms and conditions as are necessary to carry out the provisions of this section. The costs associated  
991 with the administration of the health insurance program provided for in this section shall be recovered  
992 from the health insurance credit trust fund.

993 **§ 51.1-1402. Health insurance credits for retired local government employees.**

994 A. Retired local government employees, whose localities have elected to participate in the Virginia  
995 Retirement System, including the hybrid retirement program described in § 51.1-169 and the optional  
996 defined contribution retirement plan described in § 51.1-170, who have rendered at least 15 years of  
997 total creditable service, employment service, or a combination thereof under the System shall receive a  
998 monthly health insurance credit to their monthly retirement allowance, which shall be applied to reduce  
999 the retired member's health insurance premium cost, provided the retiree's employer elects to participate  
1000 in the credit program. The amount of each monthly health insurance credit payable under this section  
1001 shall be \$1.50 for each full year of the retired member's creditable service, employment service, or a  
1002 combination thereof, not to exceed a maximum monthly credit of \$45; however, each former member  
1003 whose retirement was for disability, a participant receiving long-term disability pursuant to § 51.1-1157  
1004 or 51.1-1165, or a member of the hybrid retirement program or the optional defined contribution  
1005 retirement plan described in § 51.1-170 receiving long-term disability pursuant to coverage under  
1006 subsection A of § 51.1-1153 shall receive a monthly health insurance credit of \$45. Eligibility for the  
1007 credit shall be determined in a manner prescribed by the Virginia Retirement System. Any member who  
1008 elects to defer his retirement pursuant to subsection C of § 51.1-153 shall be entitled to receive the  
1009 allowable credit provided by this section on the effective date of his retirement.

1010 B. Those retired employees who purchase an alternative policy from a carrier or organization of their  
1011 own choosing shall be eligible to receive a credit in the amount specified in subsection C. Eligibility for  
1012 the credit and payment of the credit shall be determined in a manner prescribed by the Virginia  
1013 Retirement System.

1014 C. The credit shall be in the amount provided in subsection A or the amount of premium paid for  
1015 the personal health insurance policy, whichever is less.

1016 D. The cost of the monthly health insurance credit payable under this section shall be borne by the  
1017 locality.

1018 E. The Virginia Retirement System shall actuarially determine the amount necessary to fund all  
1019 credits provided under this section, reflect the cost of such credits in the applicable employer  
1020 contribution rate pursuant to § 51.1-145, and prescribe such terms and conditions as are necessary to  
1021 carry out the provisions of this section. The costs associated with the administration of the health  
1022 insurance credit program provided for in this section shall be recovered from the health insurance credit  
1023 trust fund.

1024 **§ 51.1-1403. Health insurance credits for retired constitutional officers, employees of**  
1025 **constitutional officers, general registrars, employees of general registrars, and local social service**  
1026 **employees.**

1027 A. A local officer, as defined in § 51.1-124.3, general registrar, employee of a general registrar, or an  
1028 employee of a local social services board, retired under the Virginia Retirement System, including the  
1029 hybrid retirement program described in § 51.1-169 or the optional defined contribution retirement plan  
1030 described in § 51.1-170, who rendered at least 15 years of total creditable service, employment service,  
1031 or a combination thereof under the System shall receive a monthly health insurance credit to his  
1032 monthly retirement allowance, which shall be applied to reduce the retired member's health insurance  
1033 premium cost. The amount of each monthly health insurance credit payable under this section shall be  
1034 \$1.50 for each full year of the retired member's creditable service, employment service, or a combination  
1035 thereof not to exceed a maximum monthly credit of \$45; however, each former member whose  
1036 retirement was for disability, a participant receiving long-term disability pursuant to § 51.1-1157 or  
1037 51.1-1165, or a member of the hybrid retirement program or the optional defined contribution retirement  
1038 plan described in § 51.1-170 receiving long-term disability pursuant to coverage under subsection A of  
1039 § 51.1-1153 shall receive a monthly health insurance credit of \$45. Eligibility for the credit shall be  
1040 determined in a manner prescribed by the Virginia Retirement System. Any member who elects to defer  
1041 his retirement pursuant to subsection C of § 51.1-153 shall be entitled to receive the allowable credit  
1042 provided by this section on the effective date of his retirement. The cost of such credit shall be borne by

1043 the Commonwealth.

1044 B. In addition to the health insurance credit authorized in subsection A, localities which participate in  
1045 the Virginia Retirement System may elect to provide an additional health insurance credit of \$1 per  
1046 month for each full year of the retired member's creditable service, *employment service, or a*  
1047 *combination thereof*, not to exceed a maximum monthly credit of \$30. The costs of such additional  
1048 health insurance credit shall be borne by the locality.

1049 C. 1. Those retired employees who purchase an alternative personal health insurance policy from a  
1050 carrier or organization of their own choosing shall be eligible to receive a credit in the amount specified  
1051 in subdivision C 2. Eligibility for the credit and payment of the credit shall be determined in a manner  
1052 prescribed by the Virginia Retirement System.

1053 2. The credit shall be in (i) the amount provided in subsection A, or subsection A and subsection

1054 B if the additional credit authorized by subsection B is provided or (ii) the amount of premium paid  
1055 for the personal health insurance policy, whichever is less.

1056 D. Any person included in the membership of a retirement system provided by Chapter 1  
1057 (§ 51.1-124.1 et seq.), 2 (§ 51.1-200 et seq.), 2.1 (§ 51.1-211 et seq.), or 3 (§ 51.1-300 et seq.) who (i)  
1058 rendered at least 15 years of total creditable service, *employment service, or a combination thereof* as a  
1059 local officer as defined in § 51.1-124.3 or as an employee of a local social services board or combined  
1060 service as a general registrar or an employee of a general registrar and (ii) after terminating service as a  
1061 local officer or employee of a local social services board or general registrar or as an employee of a  
1062 general registrar, was employed by a local government that does not elect to provide a health insurance  
1063 credit under § 51.1-1402, shall be eligible for the credit provided by subsection A, provided that the  
1064 retired employee is participating in a health insurance plan. The Commonwealth shall be charged with  
1065 the credit as provided for in subsection A. In such case, the health insurance credit shall be determined  
1066 based upon the amount of state service or service as a local officer or service as an employee of a local  
1067 social services board or combined service as a general registrar or an employee of a general registrar,  
1068 whichever is greater.

1069 E. The Virginia Retirement System shall (i) actuarially determine the amount necessary to fund all  
1070 credits provided under this section, (ii) reflect the cost of such credits in the applicable employer  
1071 contribution rate pursuant to § 51.1-145, and (iii) prescribe such terms and conditions as are necessary to  
1072 carry out the provisions of this section. The costs associated with the administration of the health  
1073 insurance program provided for in this section shall be recovered from the health insurance credit trust  
1074 fund.

1075 **§ 51.1-1405. Participation in the state retiree health benefits program.**

1076 A. As used in this section, unless the context requires a different meaning:

1077 "Involuntarily separated" means separated from state service as the result of any dismissal, requested  
1078 resignation, or failure to obtain reappointment, excluding a separation resulting from a conviction for a  
1079 felony or crime involving moral turpitude or dishonesty or a separation related to the job performance or  
1080 misconduct of the state employee.

1081 "Retiree health benefits program" or "program" means the plan for providing health insurance  
1082 coverage for retired state employees provided pursuant to subsection E of § 2.2-2818.

1083 "State employee" means the same as that term is defined in § 2.2-2818.

1084 "State retiree" means a state employee retired under the Virginia Retirement System, State Police  
1085 Officers' Retirement System, Judicial Retirement System, Virginia Law Officers' Retirement System, or  
1086 ~~any~~ the retirement system authorized pursuant to § ~~51.1-126, 51.1-126.5, or 51.1-169~~ who is eligible to  
1087 receive a monthly retirement annuity from that retirement system. *For a participant in any retirement*  
1088 *system authorized pursuant to § 51.1-126, 51.1-126.5, or 51.1-170, "state retiree" means a state*  
1089 *employee who would otherwise be eligible to receive a monthly retirement annuity under § 51.1-153*  
1090 *based on his date of hire or rehire and length of employment service.*

1091 B. A state retiree shall be eligible to participate in the retiree health benefits program only if he  
1092 makes an election to participate in the program within 31 days following the date of termination of  
1093 employment with the Commonwealth. A retired state employee who fails to elect to participate in the  
1094 state health plan within 31 days of the effective date of retirement, or who, once having elected to  
1095 participate, discontinues participation, is barred from participating in the state health plan thereafter.

1096 C. Any state retiree who was involuntarily separated who on July 1, 1999, is participating in the  
1097 retiree health benefits program and is receiving monthly retirement annuity payments may elect, by  
1098 notifying the Virginia Retirement System and the Department of Human Resource Management before  
1099 September 1, 1999, to cease receiving monthly retirement annuity payments until reapplying for such  
1100 benefits at a later date and to continue participation in the retiree health benefits program.