

1 **HOUSE BILL NO.**

2 Offered

3 Prefiled

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5 *A BILL to amend and reenact § [51.1-126](#) of the Code of Virginia, relating to retirement plans*  
6 *covering certain employees of institutions of higher education.*

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8 Patrons--

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10 Referred to Committee on Appropriations  
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12 Be it enacted by the General Assembly of Virginia:

13 1. That § [51.1-126](#) of the Code of Virginia is amended and reenacted as follows:

14 § [51.1-126](#). Employees of institutions of higher education.

15 F. 1. The contribution by the Commonwealth on behalf of an employee participating in an  
16 optional retirement plan maintained by the Board or on behalf of an employee participating in an  
17 optional retirement plan established by his institution of higher education under this section to  
18 such employee's retirement plan shall be (i) at least 8.5 percent but not in excess of 8.9 percent of  
19 creditable compensation for any person who becomes a member on or after July 1, 2010, and (ii)  
20 10.4 percent of creditable compensation for all other employees. Any institution of higher  
21 education that elects a contribution in excess of 8.5 percent of creditable compensation for any  
22 employee described in clause (i) shall provide for the same percentage of creditable  
23 compensation as contributions for each of its employees described in clause (i) who participates  
24 in such optional retirement plan. The portion of the contribution in excess of 8.5 percent of  
25 creditable compensation pursuant to clause (i) shall not be funded from the general fund of the  
26 state treasury, but shall be paid by the institution of higher education from other funds. In  
27 addition, any person who becomes a member on or after July 1, 2010, shall, pursuant to  
28 procedures established by the Board, pay member contributions on a salary reduction basis in  
29 accordance with § 414(h) of the Internal Revenue Code, in an amount equal to five percent of his  
30 creditable compensation, to the optional retirement plan maintained by the Board on his behalf or  
31 the optional retirement plan established by his institution of higher education on his behalf, as  
32 applicable. Each employee making such member contribution shall be deemed to consent and  
33 agree to any salary reduction for purposes of the member contribution. Such member  
34 contributions shall be in addition to all contributions pursuant to clause (i). An institution of  
35 higher education may make an additional contribution for participants who, before January 1,  
36 1991, exercised the election to participate in the plan provided by the institution employing them.  
37 Such additional contributions shall be made using funds other than general funds, tuition or fees,  
38 up to an additional 2.17 percent of creditable compensation.

39 2. These contribution rates shall be examined by the Board at least once every six years. The  
40 examination shall consider the salary peer group mean contribution as determined by the State

41 Council of Higher Education and the Virginia Retirement System actuary, and, if deemed  
42 advisable, recommend a revision to the rate of contribution by the Commonwealth.

43 G. With respect to any employee who elects pursuant to subsection A or B to participate in the  
44 Virginia Retirement System defined benefit retirement plan established by this chapter, the  
45 institution of higher education shall collect and pay all employee and employer contributions to  
46 the Virginia Retirement System for retirement and group life insurance in accordance with the  
47 provisions of Chapter 1 (§ [51.1-124.1](#) et seq.) for such employees.

48 *H. Notwithstanding any other provision of this section, any person covered under an optional*  
49 *retirement plan pursuant to this section who has 10 years of service with the Commonwealth*  
50 *may make a one-time, irrevocable election to use the accrued contributions and earnings in his*  
51 *optional retirement plan account to purchase service credit in the Virginia Retirement System (§*  
52 *[51.1-124.1](#) et seq.) at a rate to be established by the Board. The provisions of subsection F of §*  
53 *[51.1-126.5](#) shall apply mutatis mutandis for purposes of purchasing such service credit. The*  
54 *election shall be made no later than six months following the month in which such person's total*  
55 *service with the Commonwealth reaches 120 months. For any such person in service on July 1,*  
56 *2011, with at least 120 months of service with the Commonwealth as of such date, the election*  
57 *shall be made no later than January 1, 2012. Any person making the election under this*  
58 *subsection shall thereafter participate in the Virginia Retirement System defined benefit*  
59 *retirement plan.*

60 ~~H~~. The Virginia Retirement System shall develop policies and procedures for the administration  
61 of the optional retirement plan it maintains. To assist the Virginia Retirement System in  
62 developing such policies and procedures, the Board may appoint an advisory committee of  
63 higher education employees to supply guidance in the process.

64 ~~I~~. As a condition of the Board granting approval to an institution of higher education to  
65 establish its own optional retirement plan, the institution of higher education shall develop  
66 policies and procedures for the administration of such plan and shall submit such policies and  
67 procedures to the Board as part of the Board-approval process required under this section. In  
68 addition, an institution of higher education that is granted approval by the Board to establish its  
69 own optional retirement plan covering employees engaged in the performance of teaching,  
70 administrative, or research duties shall not adopt or implement policies and procedures that are  
71 substantially different from the policies and procedures approved by the Board in the initial  
72 approval process unless the Board, in writing, approves such substantially different policies and  
73 procedures.

74 ~~J~~~~K~~. The Board shall establish guidelines for the employee elections referred to in subdivision B 2  
75 and shall review and, if deemed advisable, recommend revisions to the contribution rates as  
76 described in subsection F. Except for the duties described in subsection ~~I~~~~J~~, the Board shall have  
77 no duties and responsibilities with respect to such plans established pursuant to subsection B.

78 2. That the provisions of this act shall not apply to any person who retired prior to *July 1, 2010*,  
79 pursuant to Title 51.1 of the Code of Virginia.