



2015 Legislation

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Senate Bill 529 – Tier II – PERS, Reciprocal, TRS, State Police Plan B and TDC/TRS Transfer - ' ' 5-10-2, 5-10-14, 5-10-15, 5-10-15a, 5-10-20, 5-10-21, 5-10-21a (new), 5-10-29, 5-13-2, 5-16-13, 15-2A-21, 18-7A-17, 18-7A-17a (new), 18-7A-23, 18-7A-25, 18-7A-25b (new) and 18-7D-6. Effective March 18, 2015.

PERS Changes

- < Creates a Tier II benefit structure for PERS members “hired for the first time” (someone who has never contributed to PERS ever before) on or after July 1, 2015 that includes:
 - Employee contribution rate of 6.0%, not 4.5%
 - Final average salary is average of 5 consecutive years of salary out of the last 15
 - May purchase up to 60 months of active military service prior to first becoming an employee of a participating public employer if:
 - 1) Member completes at least 12 consecutive months of contributory service and submits a request to purchase military service on a PERS form during these 12 months;
 - 2) Active military duty occurs prior to the date on which the member first becomes an employee of a participating public employer; and
 - 3) The employee pays the actuarial reserve purchase amount within 48 months after the date on which the employee and employer contributions are first received and while he/she is still employed with a participating public employer and still making contributions to PERS; if the employee ceases employment prior to completing the purchase in full, he/she is not eligible to purchase.
- ❖ Military service purchase can be made by lump sum or in installment payments
- ❖ Interest of 7.5% will accrue on any outstanding balance until paid in full
- ❖ PERS staff will send out cost after the 12 consecutive months

information has been submitted to PERS

- ❖ Employee can purchase all or part of their eligible military service (1 month or up to 60 months) of qualifying (i.e. active duty service of at least 30 or more consecutive calendar days, honorable discharge) military service
- ❖ If installment payment option is selected, the member must execute a contract specifying the number of months being purchased and the payments required
- ❖ Military service will be computed by adding the total number of days in each period of active military duty eligible to be purchased, and divide by 30; fractions of 0.5 will be rounded up
- ❖ If an employee is employed for the first time after July 1, 2015, works 8 months, quits, then is re-employed at a later date for 12 or more consecutive months...he/she could request a cost and purchase eligible military service after the 12 months contributing service has occurred. (Cost will be greater because age is greater.)
- ❖ If an elected official and eligible for participation in PERS first after July 1, 2015, he/she must participate in PERS upon first becoming an elected official to purchase military service; otherwise, they are not eligible to purchase.
- ❖ USERRA military service purchases eligible under USERRA laws
- ❖ New military section of statute is not to be liberally construed.

- Retirement age is 62, not age 60
- Vesting/minimum service for annuity is 10 years of contributing service, not 5 years
- Deferred retirement age is age 64 for those with less than 20 years of service
- Deferred retirement age is age 63 for those with 20 or more years of service
- An employee who is working may elect to take a reduced annuity between the age of 60 and 62 so long as he/she has 10 years of contributing service
- An employee who is working with 20 or more years of service may elect to take a reduced annuity between the age of 57 and 62
- A member with 30 or more years of service may take a reduced annuity between the age of 55 and 62

< Options no longer available to PERS members who are “hired for the first time” on or after July 1, 2015:

- 10 months service in calendar year = 12 months service for salaried employees
- Non-contributory military service credit for active duty military service up to 5 years
- Accrued unused sick and annual leave eligible to purchase additional retirement service credit
- Eligibility for reduced retirement with 30 years of service
- Rule of 80 (age 55 where service and age = 80)

< Updates the military statute to be consistent with the Supreme Court ruling on Wood v CPRB and specifies that both Title 10 and 32 service counts for all periods of active duty service

< Minor technical changes

PERS/TRS Reciprocal Changes

- < For those hired under PERS or TRS for the first time on or after July 1, 2015, he/she may not use compensation amounts received under the other retirement system in final average salary calculations
- < For those hired under PERS or TRS for the first time on or after July 1, 2015, he/she must be employed for 10 years under PERS and 10 years under TRS to receive reciprocal service credit

State Police Plan B Changes

- < Options no longer available to State Police Plan B members who are “hired for the first time” on or after July 1, 2015:
 - Accrued unused sick and annual leave eligible to purchase additional retirement service credit

TRS Changes

- < Creates a Tier II benefit structure for TRS members “hired for the first time” (someone who has never contributed to TRS ever before) on or after July 1, 2015 that includes:
 - Existing TRS members who do not qualify for the non-contributory Draft military service credit and those first hired on or after July 1, 2015 may purchase up to 60 months of active military service prior to first becoming an employee of a participating public employer if:
 - 1) Existing member completes at least a complete fiscal year of contributory service after July 1, 2015, or a new member completes at least a complete fiscal year of contributory service after date of hire and submits a request to purchase military service on a PERS form during these 12 months;
 - 2) Active military duty occurs prior to the date on which the member first becomes an employee of a participating public employer; and
 - 3) The employee pays the actuarial reserve purchase amount within 48 months after July 1, 2015 for existing TRS members, or 48 months after the date on which the employee and employer contributions are first received for future employees hired for the first time on or after July 1, 2015 and while he/she is still employed with a participating public employer and still making contributions to TRS; if the employee ceases employment prior to completing the purchase in full, he/she is not eligible to purchase.
 - ❖ Military service purchase can be made by lump sum or in installment payments
 - ❖ Interest of 7.5% will accrue on outstanding balance until paid in full
 - ❖ TRS staff will send out cost after the 1 complete fiscal year information has been submitted to TRS
 - ❖ Employee can purchase all of part of their eligible military service (1 month or up to 60 months) of qualifying (i.e. active duty service of at least 30 or more consecutive calendar days, honorable discharge) military service
 - ❖ If installment payment option is selected, the member must execute a contract specifying the number of months being purchased and the payments required

- ❖ Military service will be computed by adding the total number of days in each period of active military duty eligible to be purchased, and divide by 30; fractions of 0.5 will be rounded up
- ❖ If an employee is employed for the first time after July 1, 2015, works 8 months, quits, then is re-employed at a later date for 1 complete fiscal year...he/she could request a cost and purchase eligible military service after the 1 complete fiscal year service and contributions have occurred. (Cost will be greater because age is greater.)
- ❖ TRS members can't get non-contributory military service credit and purchase military service credit.
- ❖ USERRA military service purchases eligible under USERRA laws
- ❖ New military section of statute is not to be liberally construed.

- Retirement age is 62, not age 60
- Vesting/minimum service for annuity is 10 years of contributing service, not 5 years
- Deferred retirement age is age 64 for those with less than 20 years of service
- Deferred retirement age is age 63 for those with 20 or more years of service
- An employee who is working may elect to take a reduced annuity between the age of 60 and 62 so long as he/she has 10 years of contributing service
- An employee who is working with 20 or more years of service may elect to take a reduced annuity between the age of 57 and 62
- An employee who is working with 30 or more years of service may take a reduced annuity between the age of 55 and 62

- < Options no longer available to TRS members who are “hired for the first time” on or after July 1, 2015:
 - Accrued unused sick and annual leave eligible to purchase additional retirement service credit
 - Retire at any age with 35 years of service
 - Retire at age 55 with 30 years of service
 - Retire with a reduced annuity age an age of less than 55 with 30-35 years of service
- < Minor technical changes

TDC to TRS Transfer Changes

- < Permits former TDC members (not retirees) who transferred to TRS back in 2008, requested a cost but did not purchase the 25% TDC service or attempted to pay but was denied in writing on or before December 31, 2009 by the CPRB, the option to request an updated cost by April 15, 2015. Form is available of CPRB website.
- < Interest of 7.5% will be added to original cost up through July 1, 2015, and must be paid in full by July 1, 2015 or no later than 60 days after the postmark date on the contribution re-calculation from the CPRB, whichever is later