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House Bill No. 2784

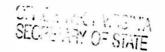
(By Delegate(s) Pethtel, Jones, Craig, Canterbury, Kump, Lynch and Stowers)
[By Request of the Consolidated Public Retirement Board]

Passed March 28, 2013

In effect ninety days from passage.

ENROLLED 2013 APR 10 PM 5: 01

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FILE

(BY DELEGATE(S) PETHTEL, JONES, CRAIG, CANTERBURY,
KUMP, LYNCH AND STOWERS)

[BY REQUEST OF THE CONSOLIDATED
PUBLIC RETIREMENT BOARD]

[Passed March 28, 2013; in effect ninety days from passage.]

AN ACT to amend and reenact §7-14D-2, §7-14D-7, §7-14D-9, §7-14D-16 and §7-14D-19 of the Code of West Virginia, 1931, as amended, and to amend said code by adding thereto a new section, designated §7-14D-7a, all relating to the Deputy Sheriff Retirement System Act; defining member, retire and retirement; providing for the correction of errors; providing that an estimation of benefits is provided prior to the submission of a retirement application from a member; and providing for recertification of disability.

Be it enacted by the Legislature of West Virginia:

That §7-14D-2, §7-14D-7, §7-14D-9, §7-14D-16 and §7-14D-19 of the Code of West Virginia, 1931, as amended, be amended and reenacted, and that said code be amended by adding thereto a new section, designated §7-14D-7a, all to read as follows:

ARTICLE 14D. DEPUTY SHERIFF RETIREMENT SYSTEM ACT.

§7-14D-2. Definitions.

- 1 As used in this article, unless a federal law or regulation or
- 2 the context clearly requires a different meaning:

- (a) "Accrued benefit" means on behalf of any member two
 and one-quarter percent of the member's final average salary
 multiplied by the member's years of credited service. A
 member's accrued benefit may not exceed the limits of Section
 415 of the Internal Revenue Code and is subject to the provisions
 of section nine-a of this article.
- 9 (b) "Accumulated contributions" means the sum of all amounts deducted from the compensation of a member, or paid on his or her behalf pursuant to article ten-c, chapter five of this code, either pursuant to section seven of this article or section twenty-nine, article ten, chapter five of this code as a result of covered employment together with regular interest on the deducted amounts.
- 16 (c) "Active member" means a member who is active and contributing to the plan.
- 18 (d) "Active military duty" means full-time active duty with
 19 any branch of the armed forces of the United States, including
 20 service with the National Guard or reserve military forces when
 21 the member has been called to active full-time duty and has
 22 received no compensation during the period of that duty from
 23 any board or employer other than the armed forces.
- 24 (e) "Actuarial equivalent" means a benefit of equal value 25 computed upon the basis of the mortality table and interest rates 26 as set and adopted by the retirement board in accordance with the provisions of this article: Provided, That when used in the 27 28 context of compliance with the federal maximum benefit 29 requirements of Section 415 of the Internal Revenue Code, 30 "actuarial equivalent" shall be computed using the mortality 31 tables and interest rates required to comply with those 32 requirements.
- 33 (f) "Annual compensation" means the wages paid to the 34 member during covered employment within the meaning of

- 35 Section 3401(a) of the Internal Revenue Code, but determined 36 without regard to any rules that limit the remuneration included 37 in wages based upon the nature or location of employment or 38 services performed during the plan year plus amounts excluded 39 under Section 414(h)(2) of the Internal Revenue Code and less 40 reimbursements or other expense allowances, cash or noncash fringe benefits or both, deferred compensation and welfare 41 42 benefits. Annual compensation for determining benefits during 43 any determination period may not exceed the maximum 44 compensation allowed as adjusted for cost of living in 45 accordance with section seven, article ten-d, chapter five of this code and Section 401(a)(17) of the Internal Revenue Code. 46
- 47 (g) "Annual leave service" means accrued annual leave.
- 48 (h) "Annuity starting date" means the first day of the first
 49 calendar month following receipt of the retirement application
 50 by the board or the required beginning date, if earlier: *Provided*,
 51 That the member has ceased covered employment and reached
 52 early or normal retirement age.
- 53 (i) "Base salary" means a member's cash compensation 54 exclusive of overtime from covered employment during the last 55 twelve months of employment. Until a member has worked 56 twelve months, annualized base salary is used as base salary.
- 57 (j) "Board" means the Consolidated Public Retirement Board 58 created pursuant to article ten-d, chapter five of this code.
- 59 (k) "County commission" has the meaning ascribed to it in 60 section one, article one, chapter seven of this code.
- 61 (I) "Covered employment" means either: (1) Employment as 62 a deputy sheriff and the active performance of the duties 63 required of a deputy sheriff; or (2) the period of time which 64 active duties are not performed but disability benefits are 65 received under section fourteen or fifteen of this article; or (3)

- 66 concurrent employment by a deputy sheriff in a job or jobs in
- 67 addition to his or her employment as a deputy sheriff where the
- 68 secondary employment requires the deputy sheriff to be a
- 69 member of another retirement system which is administered by
- 70 the Consolidated Public Retirement Board pursuant to article
- 71 ten-d, chapter five of this code: Provided, That the deputy sheriff
- 72 contributes to the fund created in section six of this article the
- 73 amount specified as the deputy sheriff's contribution in section
- 74 seven of this article.
- 75 (m) "Credited service" means the sum of a member's years
- 76 of service, active military duty, disability service and annual
- 77 leave service.
- 78 (n) "Deputy sheriff" means an individual employed as a
- 79 county law-enforcement deputy sheriff in this state and as
- 80 defined by section two, article fourteen of this chapter.
- 81 (o) "Dependent child" means either:
- 82 (1) An unmarried person under age eighteen who is:
- 83 (A) A natural child of the member;
- 84 (B) A legally adopted child of the member;
- 85 (C) A child who at the time of the member's death was
- 86 living with the member while the member was an adopting
- 87 parent during any period of probation; or
- 88 (D) A stepchild of the member residing in the member's
- 89 household at the time of the member's death; or
- 90 (2) Any unmarried child under age twenty-three:
- 91 (A) Who is enrolled as a full-time student in an accredited
- 92 college or university;
- 93 (B) Who was claimed as a dependent by the member for
- 94 federal income tax purposes at the time of the member's death;

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- 96 (C) Whose relationship with the member is described in subparagraph (A), (B) or (C), paragraph (1) of this subdivision.
- 98 (p) "Dependent parent" means the father or mother of the 99 member who was claimed as a dependent by the member for 100 federal income tax purposes at the time of the member's death.
- 101 (q) "Disability service" means service credit received by a 102 member, expressed in whole years, fractions thereof or both, 103 equal to one half of the whole years, fractions thereof or both, 104 during which time a member receives disability benefits under 105 section fourteen or fifteen of this article.
- 106 (r) "Early retirement age" means age forty or over and 107 completion of twenty years of service.
- 108 (s) "Employer error" means an omission, misrepresentation, 109 or violation of relevant provisions of the West Virginia Code or 110 of the West Virginia Code of State Regulations or the relevant 111 provisions of both the West Virginia Code and of the West 112 Virginia Code of State Regulations by the participating public 113 employer that has resulted in an underpayment or overpayment 114 of contributions required. A deliberate act contrary to the 115 provisions of this section by a participating public employer does 116 not constitute employer error.
 - (t) "Effective date" means July 1, 1998.
- (u) "Final average salary" means the average of the highest annual compensation received for covered employment by the member during any five consecutive plan years within the member's last ten years of service. If the member did not have annual compensation for the five full plan years preceding the member's attainment of normal retirement age and during that

- 124 period the member received disability benefits under section
- 125 fourteen or fifteen of this article then "final average salary"
- 126 means the average of the monthly salary determined paid to the
- 127 member during that period as determined under section
- 128 seventeen of this article multiplied by twelve.
- 129 (v) "Fund" means the West Virginia Deputy Sheriff 130 Retirement Fund created pursuant to section six of this article.
- 131 (w) "Hour of service" means:
- 132 (1) Each hour for which a member is paid or entitled to 133 payment for covered employment during which time active
- 134 duties are performed. These hours shall be credited to the
- 135 member for the plan year in which the duties are performed; and
- (2) Each hour for which a member is paid or entitled topayment for covered employment during a plan year but where
- 138 no duties are performed due to vacation, holiday, illness,
- 139 incapacity including disability, layoff, jury duty, military duty,
- 140 leave of absence or any combination thereof and without regard
- 141 to whether the employment relationship has terminated. Hours
- under this paragraph shall be calculated and credited pursuant to
- 143 West Virginia Division of Labor rules. A member will not be
- credited with any hours of service for any period of time he or
- 145 she is receiving benefits under section fourteen or fifteen of this
- 146 article; and
- 147 (3) Each hour for which back pay is either awarded or agreed
- 148 to be paid by the employing county commission, irrespective of
- 149 mitigation of damages. The same hours of service shall not be
- 150 credited both under this paragraph and paragraph (1) or (2) of
- 151 this subdivision. Hours under this paragraph shall be credited to
- 152 the member for the plan year or years to which the award or
- 153 agreement pertains rather than the plan year in which the award,
- 154 agreement or payment is made.

- (x) "Member" means a person first hired as a deputy sheriff after the effective date of this article, as defined in subsection (r) (t) of this section, or a deputy sheriff first hired prior to the effective date and who elects to become a member pursuant to section five or seventeen of this article. A member shall remain a member until the benefits to which he or she is entitled under this article are paid or forfeited or until cessation of membership pursuant to section five of this article.
 - (y) "Monthly salary" means the portion of a member's annual compensation which is paid to him or her per month.

- (z) "Normal form" means a monthly annuity which is one twelfth of the amount of the member's accrued benefit which is payable for the member's life. If the member dies before the sum of the payments he or she receives equals his or her accumulated contributions on the annuity starting date, the named beneficiary shall receive in one lump sum the difference between the accumulated contributions at the annuity starting date and the total of the retirement income payments made to the member.
- (aa) "Normal retirement age" means the first to occur of the following: (1) Attainment of age fifty years and the completion of twenty or more years of service; (2) while still in covered employment, attainment of at least age fifty years and when the sum of current age plus years of service equals or exceeds seventy years; (3) while still in covered employment, attainment of at least age sixty years and completion of five years of service; or (4) attainment of age sixty-two years and completion of five or more years of service.
- (bb) "Partially disabled" means a member's inability to engage in the duties of deputy sheriff by reason of any medically determinable physical or mental impairment that can be expected to result in death or that has lasted or can be expected to last for a continuous period of not less than twelve months. A member

- 187 may be determined partially disabled for the purposes of this
- 188 article and maintain the ability to engage in other gainful
- 189 employment which exists within the state but which ability
- 190 would not enable him or her to earn an amount at least equal to
- 191 two thirds of the average annual compensation earned by all
- 192 active members of this plan during the plan year ending as of the
- 193 most recent June 30, as of which plan data has been assembled
- 194 and used for the actuarial valuation of the plan.
- 195 (cc) "Public Employees Retirement System" means the West
- 196 Virginia Public Employees Retirement System created by article
- 197 ten, chapter five of this code.
- 198 (dd) "Plan" means the West Virginia Deputy Sheriff Death,
- 199 Disability and Retirement Plan established by this article.
- 200 (ee) "Plan year" means the twelve-month period
- 201 commencing on July 1 of any designated year and ending the
- 202 following June 30.
- 203 (ff) "Qualified public safety employee" means any employee
- 204 of a participating state or political subdivision who provides
- 205 police protection, fire-fighting services or emergency medical
- 206 services for any area within the jurisdiction of the state or
- 207 political subdivision, or such other meaning given to the term by
- 208 Section 72(t)(10)(B) of the Internal Revenue Code or by
- 209 Treasury Regulation §1.401(a)-1(b)(2)(v) as they may be
- 210 amended from time to time.
- 211 (gg) "Regular interest" means the rate or rates of interest per
- 212 annum, compounded annually, as the board adopts in accordance
- 213 with the provisions of this article.
- 214 (hh) "Required beginning date" means April 1 of the
- 215 calendar year following the later of: (i) The calendar year in
- 216 which the member attains age seventy and one-half; or (ii) the

- calendar year in which he or she retires or otherwise separatesfrom covered employment.
- 219 (ii) "Retire" or "retirement" means a member's withdrawal 220 from the employ of a participating public employer and the 221 commencement of an annuity by the plan.
- 222 (jj) "Retirement income payments" means the annual 223 retirement income payments payable under the plan.
- (kk) "Spouse" means the person to whom the member is legally married on the annuity starting date.
- 226 (II) "Surviving spouse" means the person to whom the 227 member was legally married at the time of the member's death 228 and who survived the member.
- (mm) "Totally disabled" means a member's inability to engage in substantial gainful activity by reason of any medically determined physical or mental impairment that can be expected to result in death or that has lasted or can be expected to last for a continuous period of not less than twelve months. For purposes of this subdivision:
- 235 (1) A member is totally disabled only if his or her physical 236 or mental impairment or impairments are so severe that he or she 237 is not only unable to perform his or her previous work as a 238 deputy sheriff but also cannot, considering his or her age, 239 education and work experience, engage in any other kind of 240 substantial gainful employment which exists in the state 241 regardless of whether: (A) The work exists in the immediate area 242 in which the member lives; (B) a specific job vacancy exists; or 243 (C) the member would be hired if he or she applied for work.
- 244 (2) "Physical or mental impairment" is an impairment that 245 results from an anatomical, physiological or psychological

abnormality that is demonstrated by medically accepted clinical

247 and laboratory diagnostic techniques. A member's receipt of

248 Social Security disability benefits creates a rebuttable

249 presumption that the member is totally disabled for purposes of

250 this plan. Substantial gainful employment rebuts the presumption

251 of total disability.

252 (nn) "Year of service". — A member shall, except in his or 253 her first and last years of covered employment, be credited with 254 year of service credit based upon the hours of service performed 255 as covered employment and credited to the member during the 256 plan year based upon the following schedule:

257	Hours of Service	Years of Service Credited
258	Less than 500	0
259	500 to 999	1/3
260	1,000 to 1,499	2/3
261	1,500 or more	1

262 During a member's first and last years of covered 263 employment, the member shall be credited with one twelfth of 264 a year of service for each month during the plan year in which 265 the member is credited with an hour of service. A member is not 266 entitled to credit for years of service for any time period during 267 which he or she received disability payments under section fourteen or fifteen of this article. Except as specifically 268 269 excluded, years of service include covered employment prior to 270 the effective date. Years of service which are credited to a 271 member prior to his or her receipt of accumulated contributions 272 upon termination of employment pursuant to section thirteen of 273 this article or section thirty, article ten, chapter five of this code, 274 shall be disregarded for all purposes under this plan unless the

- 275 member repays the accumulated contributions with interest
- 276 pursuant to section thirteen of this article or had prior to the
- 277 effective date made the repayment pursuant to section eighteen,
- 278 article ten, chapter five of this code.

§7-14D-7. Members' contributions; employer contributions.

- 1 (a) There shall be deducted from the monthly salary of each 2 member and paid into the fund an amount equal to eight and 3 one-half percent of his or her monthly salary. An additional 4 amount shall be paid to the fund by the county commission of 5 the county in which the member is employed in covered 6 employment in an amount determined by the board: Provided, 7 That in any year preceding July 1, 2011, the total of the 8 contributions provided in this section, to be paid by the county 9 commission, may not exceed ten and one- half percent of the 10 total payroll for the members in the employ of the county 11 commission; Provided, however, That on or after July 1, 2011, 12 the total of the contributions provided in this section, to be paid 13 by the county commission, may not exceed thirteen percent of 14 the total payroll for the members in the employ of the county 15 commission. If the board finds that the benefits provided by this 16 article can be actually funded with a lesser contribution, then the 17 board shall reduce the required member or employer 18 contributions or both. The sums withheld each calendar month 19 shall be paid to the fund no later than fifteen days following the 20 end of the calendar month.
- 21 (b) Any active member who has concurrent employment in 22 an additional job or jobs and the additional employment requires 23 the deputy sheriff to be a member of another retirement system 24 which is administered by the Consolidated Public Retirement 25 Board pursuant to article ten-d, chapter five of this code shall 26 make an additional contribution to the fund of eight and one-half 27 percent of his or her monthly salary earned from any additional 28 employment which requires the deputy sheriff to be a member of

- another retirement which is administered by the Consolidated Public Retirement Board pursuant to article ten-d, chapter five
- of this code. An additional amount shall be paid to the fund by
- 32 the concurrent employer for which the member is employed in
- 33 an amount determined by the board: Provided, That in any year
- 34 preceding July 1, 2011, the total of the contributions provided in
- 35 this section, to be paid by the concurrent employer, may not
- 36 exceed ten and one- half percent of the monthly salary of the
- 37 employee: Provided, however, That on or after July 1, 2011, the
- 38 total of the contributions provided in this section, to be paid by
- 39 the concurrent employer, may not exceed thirteen percent of the
- 40 monthly salary of the employee. If the board finds that the
- 41 benefits provided by this article can be funded with a lesser
- 42 contribution, then the board shall reduce the required member or
- 43 employer contributions or both. The sums withheld each
- 44 calendar month shall be paid to the fund no later than fifteen
- 45 days following the end of the calendar month.

§7-14D-7a. Correction of errors; underpayments; overpayments.

- 1 (a) General rule: If any change or employer error in the
- records of any participating public employer or the plan results
 in any member, retirant or beneficiary receiving from the plan
- 4 more or less than he or she would have been entitled to receive
- 5 had the records been correct, the board shall correct the error. If
- 6 correction of the error occurs after the effective retirement date
- 7 of a retirant, and as far as is practicable, the board shall adjust
- 8 the payment of the benefit in a manner that the actuarial
- and payment of the control in a manner than the actuality
- 9 equivalent of the benefit to which the retirant was correctly
- 10 entitled shall be paid.
- 11 (b) Underpayments: Any error resulting in an underpayment
- 12 to the retirement system of required contributions may be
- 13 corrected by the member or retirant remitting the required
- 14 employee contribution and the participating public employer
- 15 remitting the required employer contribution. Interest shall

16 accumulate in accordance with the Legislative Rule 162 CSR 7 17 concerning retirement board refund, reinstatement, retroactive 18 service, loan and employer error interest factors and any 19 accumulating interest owed on the employee and employer 20 contributions resulting from an employer error shall be the 21 responsibility of the participating public employer. The 22 participating public employer may remit total payment and the 23 employee reimburse the participating public employer through 24 payroll deduction over a period equivalent to the time period 25 during which the employer error occurred. If the correction of an 26 error involving an underpayment of required contributions to the 27 retirement system will result in increased payments to a retirant, 28 including increases to payments already made, any adjustments 29 shall be made only after the board receives full payment of all 30 required employee and employer contributions, including 31 interest.

(c) Overpayments: (1) When mistaken or excess employer contributions, including any overpayments, have been made to the retirement system by a participating public employer, due to error or other reason, the board shall credit the participating public employer with an amount equal to the erroneous contributions, to be offset against the participating public employer's future liability for employer contributions to the system. Earnings or interest shall not be credited to the employer.

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41 (2) When mistaken or excess employee contributions, 42 including any overpayments, have been made to the retirement 43 system, due to error or other reason, the board shall have sole 44 authority for determining the means of return, offset or credit to 45 or for the benefit of the employee of the amounts, and may use 46 any means authorized or permitted under the provisions of Section 401(a), et seq. of the Internal Revenue Code and 47 48 guidance issued thereunder applicable to governmental plans. 49 Alternatively, in its full and complete discretion, the board may 50 require the participating public employer to pay the employee

- 51 the amounts as wages, with the board crediting the participating
- 52 public employer with a corresponding amount to offset against
- 53 its future contributions to the plan: Provided, That the wages
- 54 paid to the employee shall not be considered compensation for
- 55 any purposes under this article. Earnings or interest shall not be
- 56 returned, offset, or credited under any of the means utilized by
- 57 the board for returning mistaken or excess employee
- 58 contributions, including any overpayments, to an employee.

§7-14D-9. Retirement; commencement of benefits.

- 1 A member may retire and commence to receive retirement
- 2 income payments on the first day of the calendar month
- 3 following the board's receipt of the member's voluntary written
- 4 application for retirement or the required beginning date, if
- 5 earlier. Before receiving retirement income payments, the
- 6 member shall have ceased covered employment and reached
- 7 early or normal retirement age. The retirement income payments
- 8 shall be in an amount as provided under section eleven of this
- 9 article: Provided, That retirement income payments under this
- 10 plan shall be subject to the provisions of this article. Upon
- 11 receipt of a request for estimation of benefits, the board shall
- 12 promptly provide the member with an explanation of his or her
- 13 optional forms of retirement benefits and the estimated gross
- 14 monthly annuity. Upon receipt of properly executed retirement
- 15 application forms from the member, the board shall process the
- 16 member's request and commence payments as soon as
- 17 administratively feasible.

§7-14D-16. Awards and benefits for disability — Physical examinations; termination of disability.

- 1 (a) The board may require any member who has applied for
- 2 or is receiving disability benefits under this article to submit to
- 3 a physical examination, mental examination or both, by a
- 4 physician or physicians selected or approved by the board and
- 5 may cause all costs incident to the examination and approved by

the board to be paid from the fund. The costs may include hospital, laboratory, X ray, medical and physicians' fees. A 7 8 report of the findings of any physician shall be submitted in 9 writing to the board for its consideration. If, from the report, 10 independent information, or from the report and any hearing on 11 the report, the board is of the opinion and finds that: (1) The 12 member has become reemployed as a law-enforcement officer; 13 (2) two physicians who have examined the member have found 14 that considering the opportunities for law enforcement in West 15 Virginia, the member could be so employed as a deputy sheriff; 16 or (3) other facts exist to demonstrate that the member is no 17 longer totally disabled or partially disabled as the case may be, 18 then the disability benefits shall cease. If the member was totally 19 disabled and is found to have recovered, the board shall 20 determine whether the member continues to be partially 21 disabled. If the board finds that the member is no longer totally 22 disabled but is partially disabled, then the member shall continue 23 to receive partial disability benefits in accordance with this 24 article. Benefits shall cease once the member has been found to 25 be no longer either totally or partially disabled: *Provided*, That 26 the board shall require recertification for each partial or total 27 disability at regular intervals as specified by the guidelines 28 adopted by the Deputy Sheriff Retirement System.

29 (b) If a retirant refuses to submit to a medical examination
30 or submit a statement by his or her physician certifying
31 continued disability in any period, his or her disability annuity
32 may be discontinued by the board until the retirant complies. If
33 the refusal continues for one year, all the retirants rights in and
34 to the annuity may be revoked by the board.

§7-14D-19. Awards and benefits to surviving spouse — When member dies from nonservice-connected causes.

1 (a) In any case where a member who has been a member for 2 at least ten years, while in covered employment after the

3 effective date of this article, has died or dies from any cause

other than those specified in section eighteen of this article and 5 not due to vicious habits, intemperance or willful misconduct on 6 his or her part, the fund shall pay annually in equal monthly installments to the surviving spouse during his or her lifetime, a sum equal to the greater of: (i) One half of the annual compensation received in the preceding twelve-month employment period by the deceased member; or (ii) if the 10 11 member dies after his or her early or normal retirement age, the 12 monthly amount which the spouse would have received had the member retired the day before his or her death, elected a one 13 14 hundred percent joint and survivor annuity with the spouse as the joint annuitant, and then died. Where the member is receiving 15 disability benefits under section fifteen of this article at the time 16 17 of his or her death, the most recent monthly compensation determined under section seventeen of this article shall be 19 substituted for the annual compensation in (i) of this section.

20 (b) Benefits for a surviving spouse received under this section, section twenty and section twenty-one of this article are in lieu of receipt of any other benefits under this article for the spouse or any other person or under the provisions of any other state retirement system based upon the member's covered employment.

That Joint Committee on Enrolled Bills hereby certifies that the

foregoing bill is correctly enrolled.
Domy will
Chairman, House Committee
Chairman, Senate Committee
Originating in the House.
In effect ninety days from passage.
Clerk of the House of Delegates
Joseph M. Minsal
Clerk of the Senate
B. D.
Speaker of the House of Delegates
Visit I
Pfesifient of the Senate
The within is approved this the 10 VL
day of
Orl Ray Somelel
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PRESENTED TO THE GOVERNOR

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