

WEST VIRGINIA LEGISLATURE

2019 REGULAR SESSION

Introduced

House Bill 2785

**FISCAL
NOTE**

BY DELEGATES STORCH, MILLER, AZINGER, QUEEN,

BUTLER, D. KELLY, MANDT, DEAN AND TONEY

[Introduced January 31, 2019; Referred
to the Committee on Pensions and Retirement then
Finance.]

1 A BILL to amend and reenact §18-7D-6 of the Code of West Virginia, 1931, as amended, relating
 2 to reopening period to allow purchase of State Teachers Retirement System service credit
 3 by transfer from State Teachers Defined Contribution System.

Be it enacted by the Legislature of West Virginia:

**ARTICLE 7D. VOLUNTARY TRANSFER FROM TEACHERS' DEFINED
 CONTRIBUTION RETIREMENT SYSTEM TO STATE TEACHERS
 RETIREMENT SYSTEM.**

**18-7D-6. Service credit in State Teachers Retirement System following transfer; conversion
 of assets; adjustments.**

1 (a) Any member who has affirmatively elected to transfer to the State Teachers Retirement
 2 System within the period provided in section seven of this article whose assets have been
 3 transferred from the Teachers' Defined Contribution Retirement System to the State Teachers
 4 Retirement System pursuant to the provisions of this article and who has not made any
 5 withdrawals or cash-outs from his or her assets is, depending upon the percentage of actively
 6 contributing members affirmatively electing to transfer, entitled to service credit in the State
 7 Teachers Retirement System in accordance with the provisions of subsection (c) of this section.

8 (b) Any member who has made withdrawals or cash-outs will receive service credit based
 9 upon the amounts transferred. The board shall make the appropriate adjustment to the service
 10 credit the member will receive.

11 (c) More than 75 percent of actively contributing members of the Teachers' Defined
 12 Contribution Retirement System affirmatively elected to transfer to the State Teachers Retirement
 13 System within the period provided in §18-7D-7 of this code. Therefore, any member of the
 14 Teachers' Defined Contribution Retirement System who decides to transfer to the State Teachers
 15 Retirement System calculates his or her service credit in the State Teachers Retirement System
 16 as follows:

17 (1) For any member affirmatively electing to transfer, the member's State Teachers
18 Retirement System credit shall be 75 percent of the member's Teachers' Defined Contribution
19 Retirement System service credit, less any service previously withdrawn by the member or due
20 to a qualified domestic relations order and not repaid;

21 (2) To receive full credit in the State Teachers Retirement System for service in the
22 Teachers' Defined Contribution Retirement System for which assets are transferred, members
23 who affirmatively elected to transfer and who provided to the board a signed verification of cost
24 for service credit purchase form by the effective date of the amendments to this section enacted
25 in the 2009 regular legislative session shall pay into the State Teachers Retirement System a one
26 and one-half percent contribution by no later than July 1, ~~2015~~ 2019, or no later than 90 days after
27 the postmarked date on a final and definitive contribution calculation from the board, whichever
28 is later. This contribution shall be calculated as one and one-half percent of the member's
29 estimated total earnings for which assets are transferred, plus interest of four percent per annum
30 accumulated from the date of the member's initial participation in the Teachers' Defined
31 Contribution Retirement System through June 30, 2009, and interest of seven and one-half
32 percent per annum accumulated from July 1, 2009, through July 1, ~~2015~~ 2019: *Provided*, That
33 any member who transferred and provided to the board a signed verification of cost for service
34 credit purchase form by June 30, 2009, but was unable to complete the purchase of the one and
35 one-half percent contribution, or any member who did not request a verification of cost letter but
36 attempted to purchase the one and one-half percent contribution and was denied in writing by the
37 board on or before December 31, 2009, may request the board on or before April 15, ~~2015~~ 2019,
38 to recalculate the contribution for ~~2015~~ 2019. To receive full credit, the member shall pay into the
39 State Teachers Retirement System the recalculated purchase amount by July 1, ~~2015~~ 2019, or
40 no later than 60 days after the postmarked date on a contribution recalculation from the board,
41 whichever is later. The recalculated contribution shall include the interest loss at the actuarial rate
42 of seven and one-half percent. The board's executive director may correct clerical errors.

43 (A) For a member contributing to the Teachers' Defined Contribution Retirement System
44 at any time during the 2008 fiscal year and commencing membership in the State Teachers
45 Retirement System on July 1, 2008, or August 1, 2008, as the case may be:

46 (i) The estimated total earnings shall be calculated based on the member's salary and the
47 member's age nearest birthday on June 30, 2008;

48 (ii) This calculation shall apply both an annual backward salary scale from that date for
49 prior years' salaries and a forward salary scale for the salary for the 2008 fiscal year.

50 (B) The calculations in paragraph (A) of this subdivision are based upon the salary scale
51 assumption applied in the West Virginia Teachers Retirement System actuarial valuation as of
52 July 1, 2007, prepared for the Consolidated Public Retirement Board. This salary scale shall be
53 applied regardless of breaks in service.

54 (d) All service previously transferred from the State Teachers Retirement System to the
55 Teachers' Defined Contribution Retirement System is considered Teachers' Defined Contribution
56 Retirement System service for the purposes of this article.

57 (e) Notwithstanding any provision of this code to the contrary, the retirement of a member
58 who becomes eligible to retire after the member's assets are transferred to the State Teachers
59 Retirement System pursuant to the provisions of this article may not commence before September
60 1, 2008: *Provided*, That the Consolidated Public Retirement Board may not retire any member
61 who is eligible to retire during the calendar year 2008 unless the member has provided a written
62 notice to his or her county board of education by July 1, 2008, of his or her intent to retire.

63 (f) The provisions of §18-7A-28e of this code do not apply to the amendments to this
64 section enacted during the 2009 regular legislative session, ~~or~~ the 2015 regular legislative session
65 or the 2019 regular legislative session.

NOTE: The purpose of this bill is to allow purchase of Teachers Retirement System service credit by transfer from Teachers Defined Contribution System.

Strike-throughs indicate language that would be stricken from a heading or the present law and underscoring indicates new language that would be added.