

H. B. 2981

(By Delegate Eldridge)

[Introduced February 24, 2015; referred to the
Committee on Education then Finance.]

**FISCAL
NOTE**

A BILL to amend and reenact §18-7D-6 of the Code of West Virginia, 1931, as amended, relating
to purchase of service credit following transfer to the State Teachers Retirement System.

Be it enacted by the Legislature of West Virginia:

That §18-7D-6 of the Code of West Virginia, 1931, as amended, be amended and reenacted
to read as follows:

**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.**

(a) Any member who has affirmatively elected to transfer to the state Teachers Retirement
System within the period provided in section seven of this article whose assets have been transferred
from the Teachers' Defined Contribution Retirement System to the state Teachers Retirement System

1 pursuant to the provisions of this article and who has not made any withdrawals or cash-outs from
2 his or her assets is, depending upon the percentage of actively contributing members affirmatively
3 electing to transfer, entitled to service credit in the State Teachers Retirement System in accordance
4 with the provisions of subsection (c) of this section.

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

8 (c) More than seventy-five percent of actively contributing members of the Teachers' Defined
9 Contribution Retirement System affirmatively elected to transfer to the state Teachers Retirement
10 System within the period provided in section seven of this article. Therefore, any member of the
11 Defined Contribution Retirement System who decides to transfer to the State Teachers Retirement
12 System, calculates his or her service credit in the State Teachers Retirement System as follows:

13 (1) For any member affirmatively electing to transfer, the member's State Teachers
14 Retirement System credit shall be seventy-five percent of the member's Teachers' Defined
15 Contribution Retirement System service credit, less any service previously withdrawn by the member
16 or due to a qualified domestic relations order and not repaid;

17 (2) To receive full credit in the State Teachers Retirement System for service in the Teachers'
18 Defined Contribution Retirement System for which assets are transferred, members who
19 affirmatively elected to transfer and who provided to the board a signed verification of cost for
20 service credit purchase form by the effective date of the amendments to this section enacted in the
21 2009 regular legislative session shall pay into the State Teachers Retirement System a one and one-
22 half percent contribution by no later than ~~June 30, 2009~~ July 1, 2015, or no later than ninety days

1 after the postmarked date on a final and definitive contribution calculation from the board, whichever
2 is later. This contribution shall be calculated as one and one-half percent of the member's estimated
3 total earnings for which assets are transferred, plus interest of four percent per annum accumulated
4 from the date of the member's initial participation in the Defined Contribution Retirement System
5 through June 30, 2009: *Provided*, That any member who transferred and provided to the board a
6 signed verification of cost for service credit purchase form by June 30, 2009, but was unable to
7 complete the purchase of the one and one-half percent contribution, or any member who did not
8 request a verification of cost letter but attempted to purchase the one and one-half percent
9 contribution and was denied in writing by the board on or before December 31, 2009, may request
10 the board on or before ~~April 15, 2010~~ April 15, 2015, to recalculate the contribution for ~~2010~~ 2015.
11 To receive full credit, the member shall pay into the State Teachers Retirement System the
12 recalculated purchase amount by ~~June 30, 2010~~ July 1, 2015, or no later than sixty days after the
13 postmarked date on a contribution recalculation from the board, whichever is later. The recalculated
14 contribution shall include the interest loss at the actuarial rate of seven and one-half percent. The
15 board's executive director may correct clerical errors.

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

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

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

1 (B) The calculations in paragraph (A) of this subdivision are based upon the salary scale
2 assumption applied in the West Virginia Teachers Retirement System actuarial valuation as of July
3 1, 2007, prepared for the Consolidated Public Retirement Board. This salary scale shall be applied
4 regardless of breaks in service.

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

8 (e) Notwithstanding any provision of this code to the contrary, the retirement of a member
9 who becomes eligible to retire after the member's assets are transferred to the State Teachers
10 Retirement System pursuant to the provisions of this article may not commence before September
11 1, 2008: *Provided*, That the Consolidated Public Retirement Board may not retire any member who
12 is eligible to retire during the calendar year 2008 unless the member has provided a written notice
13 to his or her county board of education by July 1, 2008, of his or her intent to retire.

14 (f) The provisions of section twenty-eight-e, article seven-a of this chapter do not apply to
15 the amendments to this section enacted during the 2009 regular legislative session.

NOTE: The purpose of this bill is to extend the time for teachers in the defined contribution retirement plan to purchase service credit in the State Teachers Retirement System.

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