

WEST VIRGINIA LEGISLATURE

2024 REGULAR SESSION

Introduced

Senate Bill 274

FISCAL
NOTE

By Senator Karnes

[Introduced January 11, 2024; referred
to the Committee on Pensions; and then to the
Committee on Finance]

1 A BILL to amend the Code of West Virginia, 1931, as amended, by adding thereto a new section,
 2 designated §5-10D-15, relating to permitting members of public retirement plans to cash
 3 out of their plans by opting to receive, in lieu of regular benefit payments, the total cash
 4 value of those benefits.

Be it enacted by the Legislature of West Virginia:

ARTICLE 10D. CONSOLIDATED PUBLIC RETIREMENT BOARD.

§5-10D-15. Option to cash out of public retirement systems in lieu of receiving a retirement annuity.

1 (a) Notwithstanding any provision of this code or any legislative rule to the contrary,
 2 beginning July 1, 2024, a vested member of a public retirement plan administered by the
 3 Consolidated Public Retirement Board pursuant to §5-10D-1 et seq. of this code, except the West
 4 Virginia Deputy Sheriffs Retirement System created by §7-14D-1 et seq. of this code, the West
 5 Virginia Municipal Police Officers and Firefighters Retirement System created by §8-22A-1 et seq.
 6 of this code, the Emergency Medical Services Retirement System created by §16-5v-1 et seq. of
 7 this code, and the Teachers' Defined Contribution Retirement System created by §18-7B-1 et seq.
 8 of this code, who has reached eligibility for regular retirement under the terms of the relevant
 9 retirement plan and has terminated employment, may elect to receive the present value cash
 10 equivalent of all or a portion of the member's public pension fund benefit in lieu of receiving a
 11 retirement annuity.

12 (b) Eligibility for lump-sum option prior to regular retirement date. — A vested member who
 13 has not reached regular retirement age and has terminated employment may only qualify for the
 14 present value cash equivalent option if he or she establishes to the Consolidated Public
 15 Retirement Board's satisfaction, by way of sworn statement from a treating physician, that he or
 16 she has been diagnosed with a terminal illness, which is expected to result in the member's death
 17 within 12 months from the date of application for the lump-sum payout.

18 (c) The funds to pay the cash options made available by this section shall be paid by the

19 member's retirement plan and from West Virginia's Revenue Shortfall Reserve Fund established
20 by §11B-2-20 et. seq. of this code. The percentage of the payout paid by member's retirement plan
21 shall equal the funded percentage of the plan's actuarial accrued liability as of the most recent
22 actuarial valuation for funding completed by the Consolidated Public Retirement Board. The
23 remaining percentage shall be paid by West Virginia's Revenue Shortfall Reserve Fund. If the
24 actuarial accrued liability of the member's retirement plan is more than 100 percent funded, then
25 100 percent of the payout shall be paid by the member's retirement plan.

26 (d) A vested member who has reached eligibility for regular retirement under the terms of
27 the relevant retirement plan and has terminated employment may elect to receive 50 percent of
28 the present value cash equivalent of the member's public pension fund benefit and 50 percent of
29 the retirement annuity payable based upon the options provided by the member's retirement plan.

30 (e) Any member who has rendered or is under review by the Consolidated Public
31 Retirement Board for potentially rendering, less than honorable service pursuant to §5-10A-1 et
32 seq. of this code is not eligible for the benefit provided under this section.

33 (f) To implement the provisions of this section, the Consolidated Public Retirement Board
34 shall propose rules for legislative approval in accordance with the provisions of §29A-3-1 et seq. of
35 this code.

NOTE: The purpose of this bill is to permit public employees to cash out of their retirement plans instead of receiving periodic pension payments over their lifetimes.

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