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OFFICE WEST VIRGINIA
SECRETARY OF STATE

WEST VIRGINIA LEGISLATURE

FIRST REGULAR SESSION, 2003



ENROLLED

**COMMITTEE SUBSTITUTE
FOR**

House Bill No. 2972

(By Mr. Speaker, Mr. Kiss, and Delegates Browning and Hall)



Passed March 8, 2003

In Effect Ninety Days from Passage

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FOR

H. B. 2972

(BY MR. SPEAKER, MR. KISS, AND DELEGATES BROWNING
AND HALL)

[Passed March 8, 2003; in effect ninety days from passage.]

AN ACT to amend and reenact section twenty, article twenty-two, chapter eight of the code of West Virginia, one thousand nine hundred thirty-one, as amended, relating to municipal policemen's and firemen's pension and relief funds; funding options; providing that a municipality may elect normal cost funding following election to fund at one hundred seven percent of prior years funding; and conditions upon the election.

Be it enacted by the Legislature of West Virginia:

That section twenty, article twenty-two, chapter eight of the code of West Virginia, one thousand nine hundred thirty-one, as amended, be amended and reenacted to read as follows:

03-11

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AMISSAY
STATORS

ARTICLE 22. RETIREMENT BENEFITS GENERALLY; POLICEMEN'S PENSION AND RELIEF FUND; FIREMEN'S PENSION AND RELIEF FUND; PENSION PLANS FOR EMPLOYEES OF WATERWORKS SYSTEM, SEWERAGE SYSTEM OR COMBINED WATERWORKS AND SEWERAGE SYSTEM.

§8-22-20. Minimum standards for actuarial soundness.

1 The board of trustees for each pension and relief fund shall
2 have regularly scheduled actuarial valuation reports prepared by
3 a qualified actuary. All of the following standards must be met:

4 (a) An actuarial valuation report shall be prepared at least
5 once every three years commencing with the later of: (1) The
6 first day of July, one thousand nine hundred eighty-three; or (2)
7 three years following the most recently prepared actuarial
8 valuation report: *Provided*, That this most recently prepared
9 actuarial valuation report meets all of the standards of this
10 section.

11 (b) The actuarial valuation report shall consist of, but is not
12 limited to, the following disclosures: (1) The financial objective
13 of the fund and how the objective is to be attained; (2) the
14 progress being made toward realization of the financial objec-
15 tive; (3) recent changes in the nature of the fund, benefits
16 provided, or actuarial assumptions or methods; (4) the fre-
17 quency of actuarial valuation reports and the date of the most
18 recent actuarial valuation report; (5) the method used to value
19 fund assets; (6) the extent to which the qualified actuary relies
20 on the data provided and whether the data was certified by the
21 fund's auditor or examined by the qualified actuary for reason-
22 ableness; (7) a description and explanation of the actuarial
23 assumptions and methods; and (8) any other information the
24 qualified actuary feels is necessary or would be useful in fully
25 and fairly disclosing the actuarial condition of the fund.

26 (c)(1) After the thirtieth day of June, one thousand nine
27 hundred ninety-one, and thereafter, the financial objective of
28 each municipality shall not be less than to contribute to the fund
29 annually an amount which, together with the contributions from
30 the members and the allocable portion of the state premium tax
31 fund for municipal pension and relief funds established under
32 section fourteen-d, article three, chapter thirty-three of this code
33 and other income sources as authorized by law, will be suffi-
34 cient to meet the normal cost of the fund and amortize any
35 actuarial deficiency over a period of not more than forty years:
36 *Provided*, That in the fiscal year ending the thirtieth day of
37 June, one thousand nine hundred ninety-one, the municipality
38 may elect to make its annual contribution to the fund utilizing
39 an alternative contribution in an amount not less than: (i) One
40 hundred seven percent of the amount contributed for the fiscal
41 year ending the thirtieth day of June, one thousand nine hundred
42 ninety; or (ii) an amount equal to the average of the contribu-
43 tion payments made in the five highest fiscal years beginning
44 with the 1984 fiscal year whichever is greater: *Provided*,
45 *however*, That contribution payments in subsequent fiscal years
46 under this alternative contribution method may not be less than
47 one hundred seven percent of the amount contributed in the
48 prior fiscal year: *Provided further*, That prior to utilizing this
49 alternative contribution methodology the actuary of the fund
50 shall certify in writing that the fund is projected to be solvent
51 under the alternative contribution method for the next consecu-
52 tive fifteen-year period. For purposes of determining this
53 minimum financial objective: (1) The value of the fund's assets
54 shall be determined on the basis of any reasonable actuarial
55 method of valuation which takes into account fair market value;
56 and (2) all costs, deficiencies, rate of interest, and other factors
57 under the fund shall be determined on the basis of actuarial
58 assumptions and methods which, in aggregate, are reasonable
59 (taking into account the experience of the fund and reasonable
60 expectations) and which, in combination, offer the qualified

61 actuary's best estimate of anticipated experience under the
62 fund: *And provided further*, That any municipality which
63 elected the alternative funding method under this section and
64 which has an unfunded actuarial liability of not more than
65 twenty-five percent of fund assets, may, beginning the first day
66 of September, two thousand three, elect to revert back to the
67 standard funding method, which is to contribute to the fund
68 annually an amount which is not less than an amount which,
69 together with the contributions from the members and the
70 allocable portion of the state premium tax fund for municipal
71 pension and relief funds established under section fourteen-d,
72 article three, chapter thirty-three of this code and other income
73 sources as authorized by law, will be sufficient to meet the
74 normal cost of the fund and amortize any actuarial deficiency
75 over a period of not more than forty years, beginning from the
76 first day of July, one thousand nine hundred ninety-one.

77 (2) No municipality may anticipate or use in any manner
78 any state funds accruing to the police or firemen's pension fund
79 to offset the minimum required funding amount for any fiscal
80 year.

81 (3) Notwithstanding any other provision of this section or
82 article to the contrary, each municipality shall contribute
83 annually to the fund an amount which may not be less than the
84 normal cost, as determined by the actuarial report.

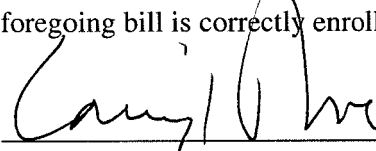
85 (d) For purposes of this section the term "qualified actuary"
86 means only an actuary who is a member of the society of
87 actuaries or the American academy of actuaries. The qualified
88 actuary shall be designated a fiduciary and shall discharge his
89 or her duties with respect to a fund solely in the interest of the
90 members and member's beneficiaries of that fund. In order for
91 the standards of this section to be met, the qualified actuary
92 shall certify that the actuarial valuation report is complete and
93 accurate and that in his or her opinion the technique and

94 assumptions used are reasonable and meet the requirements of
95 this section of this article.

96 (e) The cost of the preparation of the actuarial valuation
97 report shall be paid by the fund.

98 (f) Notwithstanding any other provision of this section, for
99 the fiscal year ending the thirtieth day of June, one thousand
100 nine hundred ninety-one, the municipality may calculate its
101 annual contribution based upon the provisions of the supple-
102 mental benefit provided for in this article enacted during the
103 one thousand nine hundred ninety-one regular session of the
104 Legislature.

That Joint Committee on Enrolled Bills hereby certifies that the foregoing bill is correctly enrolled.



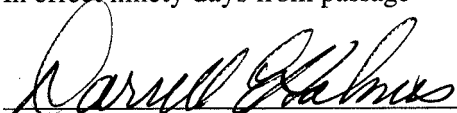
Chairman Senate Committee



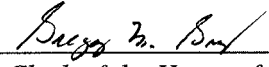
Chairman House Committee

Originating in the House.

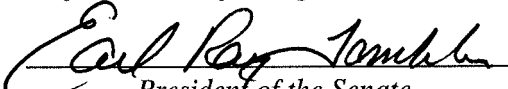
In effect ninety days from passage




Clerk of the Senate



Clerk of the House of Delegates



President of the Senate



Speaker of the House of Delegates

The within is approved this the 27th
day of March 2003.



Governor

PRESENTED TO THE
GOVERNOR

Date 3/26/03

Time 4:05 pm