WEST virginia legislature

**FISCAL NOTE**

2021 regular session

Introduced

Senate Bill 594

By Enter Sponsors Here

[Introduced March 8, 2021; referred
to the Committee on Pensions; and then to the Committee on Finance]

A BILL to amend the Code of West Virginia, 1931, as amended, by adding thereto a new section, designated §15-2-56, relating to pronouncing legislative findings necessitating the creation of a deferred retirement option program for the West Virginia State Police; providing definitions of certain terms; establishing eligibility requirements; establishing procedures to elect participation in the program; providing procedures concerning the retirement allowances accrual of interest; continuing normal compensation and personnel regulations for eligible members; providing for payment of the deferred retirement payment; and relating to the resumption of retirement allowances after termination in the deferred retirement option program.

Be it enacted by the Legislature of West Virginia:

ARTICLE 2. west virginia state police.

 §15-2-56. Deferred Retirement Option Program.

(a) Legislative Findings:

The Legislature finds that the West Virginia State Police is currently suffering from the loss of vital experience, wisdom, and service by the early retirement of our senior West Virginia State Police members while service to this state remains in them. The Legislature further finds that the time and expense necessary to recruit, train, and mentor new personnel with no prior law-enforcement experience exacerbates every loss suffered by the early retirement of a member of the West Virginia State Police. The Legislature finds that is in the best interest of the citizens of West Virginia to create an available option for our West Virginia State Police to defer retirement under rules and procedures of §15-2-56 of this code in order to maintain their expertise and permit them to continue performing their duties and responsibilities to safeguard and protect the citizens of this state.

(b) Definitions.

(1) “DROP” means the Deferred Retirement Option Program established under §15-2-56 of this code.

(2) “DROP member” means a member of the West Virginia State Police Retirement System who:

(i) Is eligible to participate in the DROP as provided in §15-2-56(b) of this code; and

(ii) Elects to participate in the DROP as provided in §15-2-56(d) of this code.

(c) Any member of the fund eligible for retirement pursuant to the provisions of §15-2-27 *et seq*. of this code may request to participate in the DROP who:

(1) Has completed at least 22 years but less than 30 years as a member of the fund; and

(2) Is less than 60 years old.

(d) An eligible member may elect to participate in the DROP for a period not to exceed the lesser of:

(1) Five years;

(2) The difference between 30 years and the member's eligibility service as of the date of the member's election to participate in the DROP and retire from the West Virginia State Police;

(3) The difference between age 60 and the member's age as of the date of the member's election to participate in the DROP and retire from the West Virginia State Police; or

(4) A term selected by the member.

(e) The DROP is a voluntary program for eligible members who complete and submit a written election form to board stating, at a minimum, the member’s intention to participate in the DROP, the date the member desires to retire, and the period that the member desires to participate in DROP, as provided in §15-2-56(d) of this code. This election to participate in the DROP is irrevocable and shall commence on the first day of the month following acceptance by the board of the DROP member’s completed election form, retirement application form, and any other required information by the board: *Provided,* That the board may prescribe the forms required for the written election of participation.

(f) Participation in the DROP ends on the date selected as provided in §15-2-56(d) and §15-2-56(e) of this code, the death of the member, termination of employment by the West Virginia State Police, or the date of a shortened period of DROP participation as voluntarily elected by DROP member and approved by the board.

(g) On the effective date of participation in the DROP, the board shall calculate the DROP member’s retirement allowance pursuant to §15-2-27 of this code and shall deposit the DROP member’s retirement allowance in the DROP for the DROP member’s benefit to accrue interest at a rate of four percent a year, compounded annually.

(h) A DROP member shall continue to receive compensation, health insurance, and any other benefits as an employee of the West Virginia State Police: *Provided*, That a DROP member’s compensation may not be subject to any reduction or deduction as a member contribution for pension or retirement purposes or used to increase a DROP member’s average final compensation during the period that the DROP member participates in the DROP: *Provided, however,* a DROP member may not receive creditable service or eligibility service during the period that the DROP member participates in DROP.

(i) A DROP member shall be subject to the personnel law, regulation, and policies otherwise applicable to an employee of the West Virginia State Police.

(j) The board shall provide on an annual basis to the DROP member a written accounting of the DROP member’s account balance in the DROP. Upon termination of a DROP member’s participation in the DROP, the board shall pay to the DROP member or, if the DROP member has died, the designated beneficiary of the DROP member, the amount accrued in the DROP, reduced by any withholding taxes remitted to the Internal Revenue Service or other taxing authority, in a lump sum payment.

(k) The board shall commence and continued payment of the normal service retirement allowance pursuant to the provisions of §15-2-27 of this code on the first day of the month following the termination of the DROP member’s participation in the DROP.

NOTE: The purpose of this bill is to establish the deferred retirement option program (DROP) for the West Virginia State Police to encourage our experienced officers to continue to serve beyond retirement eligibility.

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