WEST VIRGINIA LEGISLATURE

**FISCAL NOTE**

2024 REGULAR SESSION

Introduced

Senate Bill 274

By Senator Karnes

[Introduced January 11, 2024; 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 §5-10D-15, relating to permitting members of public retirement plans to cash out of their plans by opting to receive, in lieu of regular benefit payments, the total cash 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.

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

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

(c) The funds to pay the cash options made available by this section shall be paid by the member’s retirement plan and from West Virginia's Revenue Shortfall Reserve Fund established by §11B-2-20 *et. seq.* of this code. The percentage of the payout paid by member's retirement plan shall equal the funded percentage of the plan's actuarial accrued liability as of the most recent actuarial valuation for funding completed by the Consolidated Public Retirement Board. The remaining percentage shall be paid by West Virginia's Revenue Shortfall Reserve Fund. If the actuarial accrued liability of the member's retirement plan is more than 100 percent funded, then 100 percent of the payout shall be paid by the member's retirement plan.

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

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

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