

SUMMARY OF POLICE/FIRE PENSION BILL

Municipal Pensions Bill - SB 4007 - has passed during the Special Legislative Session called by Governor Manchin. The bill was signed on December 2nd, by the Governor.

The bill permits municipalities participating in a policemen's or firemen's pension and relief fund to close the fund to newly hired employees and place the new employees in a new retirement plan, the Police Officers and Firefighters Retirement System, administered by the West Virginia Consolidated Public Retirement Board. For those municipalities making this choice, the bill requires amortization of the unfunded liability of the existing pension and relief fund over a period of not more than forty years. The bill also provides investment policies for municipal policemen's and firemen's pension and relief funds consistent with those of the state's Investment Management Board, and establishes a Municipal Pension Oversight Board to monitor and assist the trustees of the municipal policemen's and firemen's pension and relief funds. The bill creates no new tax and does not reallocate existing tax revenues.

Municipalities are not required to participate in the plan, and must choose to join the Police Officers and Firefighters Retirement System by a majority vote of the municipality's governing body. Municipalities choosing to join the system must close existing municipal plans to new hires in those participating municipalities, and must place new hires in a new retirement plan under the CPRB. New plan benefits will be similar but not the same as those for Emergency Medical Personnel. The Plan becomes effective January 1, 2010.

In accordance with the bill, no member of the new plan may retire until January 1, 2013. Cities must buy disability and death benefit coverage under private insurance to cover employee claims arising before January 1, 2013. Cities must adopt a resolution for the Municipal Police Officers and/or the Municipal Paid Professional Firefighters, in order to become and participating public employer in the retirement system. The resolution(s) must be submitted to the Consolidated Public Retirement Board. *(The League has posted both resolutions on their website under the "Resources" tab.)*

Plan Details

Credited service includes years of service, active military duty and disability service.

Normal Retirement age is: Age 50 with 20 years of active service, excluding military, disability, sick and annual leave; or while in covered employment, age at least 50 and years of service equal 70; or while in covered employment, age at least 60 and 10 years of contributory service; or age 62 and 5 years of service.

Retirement pays 2.6% of final average salary for 20 years of service 2% for years 21 through 25, and 1% for years 26 through 30. Various annuity options for survivors are available at retirement.

Total disability means unable to engage in substantial gainful employment. Duty-related total disability pays 90% of salary until age 65, then regular retirement.

Total disability - not duty-related - pays 66 2/3 of average salary till age 60, then regular retirement benefits.

To maintain disability status, recertification may require medical examination or tax return.

Social Security coverage is to be decided by referendum by members of new plan (Federal law).

Military service: Two years free service credit for full-time active duty. May purchase a third year of credit for full-time active military duty. No restriction on dates of service.

Surviving spouse when member's death is duty-related, receives the greater of 2/3 of member's prior year's salary or joint annuity amount. Surviving spouse when 10-year-member's death is non-duty related, receives greater of half of member's prior year's salary or joint annuity amount. Additional death benefits of \$100 monthly to each dependent child; Scholarships of \$6,000 annually to each dependent child. Burial benefit: \$5,000 for death due to any service-related illness or injury.

Contributions

Employee contributions would be 8.5% initially. May increase to 10 ½% temporarily if funding level falls below 70%. New plan starts with no unfunded liability. Employer contributions, set by the Board, but not to exceed 10 ½ % of payroll.

New plan has 5-year vesting period. Proposal includes for existing plans, investment policies consistent with Investment Management Board.

Persons newly hired in June or thereafter in anticipation of a new pension system may be transferred to the new system with no loss of service credit, if they have not collected benefits under the old retirement funds, and they had agreed to transfer at time of hiring. The bill continues to count new employees, in whatever plan, to determine allocation of premium tax revenue to existing plans with unfunded liabilities.

Oversight Board to study Deferred Retirement Option Programs and report to Legislature.

The new plan will have one representative on the CPRB, rotating between Police and FF's.

