

State of West Virginia
Consolidated Public Retirement Board

Capitol Complex, Building 5, Room 1000, Charleston, West Virginia 25305-0720
Telephone: 304-558-3570 or 800-654-4406 Fax: 304-558-6337

BRIEF SUMMARY OF PROPOSED AMENDMENT TO TITLE 162, SERIES 1

The West Virginia Consolidated Public Retirement Board (Board) proposes an amendatory addition to the current provisions of the Title 162, Series 1 rule relating to Qualified Domestic Relations Orders (QDRO). The proposed amendatory addition, which is set forth in WVCSR § 162-1-6, clarifies that a member's previously withdrawn service which was not repaid in full as of the date of divorce or separation, whichever is utilized by the parties in the QDRO, is not to be used in determining the marital property portion of a member's or retirant's benefit. The Board also proposes a minor amendatory change to WVCSR § 162-1-5 to correct an erroneous rule citation reference.

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STATEMENT OF CIRCUMSTANCES REQUIRING
PROPOSAL AND PROMULGATION OF PROPOSED RULE CHANGES TO SERIES 1
OF TITLE 162 OF THE WV CODE OF STATE REGULATIONS

As statutory administrator of the State's several pension plans, the West Virginia Consolidated Public Retirement Board proposes certain amendatory additions to Title 162, Series 1 of the West Virginia Code of State Regulations. Specifically, the Board has in its administration of the current provisions of Series 1 identified that the rule does not set forth guidelines for the use of previously withdrawn service in Qualified Domestic Relations Order (QDRO) calculations for members or retirants of its pension plans. The proposed additions to this rule undertake to clarify the requirements of QDROs presented to the Board by members, alternate payees and/or their counsel for division of plan benefits as marital property. The Board also proposes a minor amendatory change to WVCSR § 162-1-5 to correct an erroneous rule citation reference.

APPENDIX B
FISCAL NOTE FOR PROPOSED RULES

Rule Title: Title 162 (Series 1) General Provisions

Type of Rule: X Legislative Interpretive Procedural

Agency: The State of West Virginia Consolidated Public Retirement Board

Address: 1900 Kanawha Boulevard, East, Building 5, Room 1000, Capitol Complex
Charleston, West Virginia 25305

1. Effect of Proposed rule:

	ANNUAL		FISCAL YEAR		
	INCREASE	DECREASE	CURRENT	NEXT	THEREAFTER
ESTIMATED TOTAL COST	None		None	None	None
PERSONAL SERVICES					
CURRENT EXPENSE					
REPAIRS & ALTERATIONS					
EQUIPMENT					
OTHER					

2. Explanation of Above Estimates:

The rule changes clarify the method of calculation in determining the marital property split resulting under a Qualified Domestic Relations Order. There is no impact on administrative or benefit costs. The change reduces potential future litigation.

3. Objectives of These Rules:

To clarify the treatment of post-QDRO benefit service repayments in the final QDRO benefit calculations. The clarification properly classifies the repayment occurring after the QDRO's effective date as not being part of the marital benefit subject to the QDRO.

Rule Title: Title 162 (Series 1) General Provisions

4. Explanation of Overall Economic Impact of Proposed Rule:

A. Economic Impact on State Government:

None. Possible savings due to reduction in potential future litigation.

B. Economic Impact on Political Subdivisions; Specific Industries; Specific Groups of Citizens:

None. Possible savings due to reduction in potential future litigation.

C. Economic Impact on Citizens/Public at Large:

None.

Date: May 29, 2003

Signature of Agency Head and/or Authorized Representative:

Harry W. Mandel
Harry W. Mandel
Member, American Academy of Actuaries
Board Actuary, WVCPRB

TITLE 162
LEGISLATIVE RULE
CONSOLIDATED PUBLIC RETIREMENT BOARD

SERIES 1
GENERAL PROVISIONS

FILED

2003 MAY 30 P 2:41
 OFFICE WEST VIRGINIA
 SECRETARY OF STATE

§162-1-1. General.

1.1. Scope. -- The scope of this rule involves the enabling legislation and general administrative criteria of the Consolidated Public Retirement Board.

1.2. Authority. -- W. Va. Code §5-10D-1.

1.3. Filing Date. --

1.4. Effective Date. --

§162-1-2. Consolidated Public Retirement Board.

2.1. The Board shall determine all other rules that are necessary for its administration and the administration of the Teachers Defined Contribution Retirement System (W. Va. Code §18-7B-1, et seq.); the Teachers Defined Benefit Retirement System (W. Va. Code §18-7A-1, et seq.); the Public Employees Retirement System (W. Va. Code §5-10-1, et seq.); the Judges' Retirement System (W. Va. Code §51-9-1, et seq.); the Department of Public Safety, Death, Disability and Retirement Fund (W. Va. Code §15-2-26, et seq.); the West Virginia State Police Retirement System (W. Va. Code §15-2A-1, et seq.); the West Virginia Deputy Sheriff Retirement System (W. Va. Code §7-14D-1, et seq.); and the Deferred Compensation Plan (W. Va. Code §5-10B-1, et seq.)

§162-1-3. Amendments.

3.1. The Board may make, alter, amend, suspend and repeal the Rules of the Board by a vote of not less than a majority of a quorum of its members at any regular meeting of the Board

provided at least ten (10) days notice of such purpose is given. A quorum of the Board may make, alter, amend, suspend or repeal the Rules of the Board at any emergency meeting of the Board, provided at least ten (10) days notice of the purpose to make, amend, alter, suspend or repeal the Rules in whole or part at the meeting is given, and of the substance of the proposed action is announced. The Board may not amend a rule at any emergency meeting. However, any action to promulgate, amend, suspend or repeal the Rules of the Board are subject to the rule-making provisions of W. Va. Code §29A-3 -1 et seq.

§162-1-4. General Administrative.

4.1. Fiscal year. The fiscal year of the Board commences on the 1st day of July and ends on the 30th day of June the following year.

4.2. Books, records and minutes. The records of the Board are covered by the laws of the State of West Virginia and are subject to any applicable privilege and/or limitation under the Freedom of Information Act (W. Va. Code §29B-1-1). The Board shall keep all final actions of the Board in the form of minutes, and the minutes shall be open for inspection by the public at all reasonable times.

4.3. Contracts. All contracts and obligations of the Board shall be signed by the chairman or other officers or employees of the Board authorized to execute contracts or other obligations of the Board.

4.4. Indemnification. The Board shall, to the fullest extent allowed by law, indemnify and reimburse its present and future members, officers, employees or agents against loss for all

expenses, including without limitation attorney fees, judgments, fines, taxes and penalties and interest thereon, for their official acts as Board members, officers, employees or agents. If the Board determines that a settlement of any action, suit or proceeding is in the best interest of the Board, all amounts paid in effecting the settlement, other than amounts paid by the Board itself, reasonably incurred by a member, officer, employee or agent in connection with or arising out of any action, suit or proceeding in which he or she may be involved by reason or his or her being or having been a member, officer, employee or agent of the Board shall be paid by the Board. Provided, that the indemnity shall not include any expenses incurred by any member, officer, employee or agent with respect to matters as to which he or she is finally adjudged in any action, suit or proceeding to have been guilty of or liable for gross negligence, willful misconduct or criminal acts in the performance of his or her duties of the Board. The right of indemnification provided in this subsection inures to the benefit of the heirs, executors or administrators of each member, officer, employee or agent and is in addition to all other rights to which the member, officer, employee or agent may be entitled as a matter of law.

4.5. Insurance. To the extent possible, the Board shall obtain necessary liability insurance coverage from the West Virginia Board of Risk and Insurance Management to cover itself, its members, officers, employees and agents in the performance of their duties as trustees for the Retirement Systems set forth in this Rule.

4.6. Conflict of interest. The Board shall maintain constant vigilance against conflicts of interest, or the mere appearance of conflicts of interest. No officers, member, agent or employee of the Board shall be financially interested, directly or indirectly, in any contract with the Board, or in the sale of any property, real or personal, to or from the Board. Provided, that this section shall not apply to contracts or purchases of property, either real or personal, commodities or services between the Board and any governmental agency.

§162-1-5. Administrative Expenses.

5.1. The Consolidated Public Retirement Board shall create an Expense Fund which shall be funded by an assessment against the Teachers Defined Benefit Retirement System, the Public Employees Retirement System, the Judges' Retirement System, the Public Safety Death, Disability and Retirement Fund, the West Virginia State Police Retirement System and the West Virginia Deputy Sheriff Retirement System, with payment out of earnings and the employers part of the Teachers Defined Contribution Plan in an amount determined by the Board, per year, for each active employee, retirant and beneficiary receiving benefits.

5.2. All administrative costs of the Board, including, but not limited to, salaries and employee benefits, shall be paid from the expense fund. However, any indemnification required pursuant to subsection ~~5.4~~ 4.4 of this Rule shall be paid from the particular Retirement System affected.

5.3. The administrative expense fund is not subject to satisfaction of any judgment or award against any of the Retirement Systems, and the judgment or award shall be satisfied from assets of the particular Retirement System against which it is levied.

§162-1-6. Non-Alienation of Benefits: Divorce and Separation.

6.1. The moneys in each of the Retirement Systems and the right of a person to receive any benefit, whether it be an annuity, return of retirement contributions, or other benefit, are not subject to execution, attachment, garnishment, the operation of bankruptcy or other insolvency laws, State or municipal taxation, or any other legal process whatsoever; and are not assignable nor transferable by any employee, retirant or beneficiary.

6.2. In case of divorce or legal separation, the annuity, return of retirement contributions, or other provisions available to a member, retirant or

beneficiary of any Retirement System may only be divisible as provided in this Rule. With the exception of orders entered as permitted by law by the West Virginia Child Advocate Office, the Board shall not honor any Qualified Domestic Relations Order seeking to divide a members pension benefit which does not meet the requirements of this rule.

6.2.1. In cases of divorce or legal separation where the member's or retirant's interest in his or her retirement account is subject to division as marital property pursuant to state domestic relation law, that portion of the member's or retirant's retirement account which constitutes marital property and which is subject to division by a Qualified Domestic Relations Order shall be determined by the Board by using the following formula, but only after the benefits are available to the member or retirant at death, withdrawal or retirement: the marital property portion of a member's or retirant's retirement benefit which is subject to division shall be computed by the Board by multiplying the vested accrued benefit by a fraction, the numerator being the number of years of contributing service incurred during the marriage, and the denominator being the total number of years of contributing service towards the pension. In determining the marital property portion of a member's or retirant's benefit, the numerator utilized by the Board in the fraction shall not include the member's previously withdrawn service credit which was not repaid in full as of the date utilized by the parties as provided for in sub-division 6.2.2. of the Rule.

6.2.2 In any Qualified Domestic Relations Order which meets the requirements of this Rule and which seeks to divide a member's or retirant's state retirement benefit, the parties, by agreement, or the court having jurisdiction of the parties domestic relations proceeding, may utilize either the parties' date of separation or the date of the divorce as their numerator in the marital share formula required by sub-division 6.2.1. of this Rule.

6.2.3. For the division of state pension

benefits between a member or retirant and his or her ex-spouse by a Qualified Domestic Relations Order which meets the requirements of this Rule, a shared payment approach shall be utilized, with the ex-spouse being paid an agreed upon or court ordered percentage of the marital property portion of the member's or retirant vested accrued retirement benefit, at the same time and in the same form as the benefit elected by and paid to the member once he or she enters pay status.

6.2.4. Unless otherwise specifically agreed to by the parties in their Qualified Domestic Relations Order or ordered by the Court having jurisdiction of the parties' domestic relation proceeding, the tax basis and any post-retirement cost of living increases shall enure only to the benefit of the member or retirant.

6.2.5. Qualified Domestic Relations Orders shall contain all of the following in order to meet the requirements of this Rule:

6.2.5.1. The name and last known address of the participant and his or her ex-spouse. The ex-spouse shall be designated as the "alternate payee" within the order;

6.2.5.2. The name of the state retirement plan to which the Qualified Domestic Relation Order applies; and

6.2.5.3. The percentage of the marital property portion of the member's or retirant's vested accrued retirement benefit which is to be paid to the alternate payee.

6.2.6 For a Qualified Domestic Relations Order to be acceptable and honored by the Board, the order may not require the member's retirement plan to provide the alternate payee with any type or form of benefit, or any option, not otherwise provided under the plan; may not require the plan to provide for increased benefits determined on the basis of actuarial value; may not require the plan to pay benefits to an alternate payee which are required to be paid to another alternate payee under a prior Qualified Domestic Relations Order; and may not require the plan to pay benefits to an

alternate payee in the form of a qualified joint and survivor annuity for the lives of the alternate payee and his or her subsequent spouse.

6.2.7. In cases of divorce or legal separation in which the Court of record enters a division order in accordance with the formula and the requirements of this Rule, the Board shall make separate payments to the member or retirant and the former spouse in accordance with that order.

§162-1-7. Death Benefits.

7.1. The several Retirement Systems to be administered by the Board have varying and different definitions of who a survivor beneficiary may be if the member dies prior to retirement and following retirement. The Board has adopted the procedures in this section for payment of death benefits for all systems.

7.1.1. The "beneficiary" means the person who the member has designated as beneficiary in writing as of the date of his or her death. To the extent that plan provisions require the existence of an insurable interest between the named beneficiary and the member, the Board shall have the discretion to decide whether such interest exists.

7.1.2. If, upon the death of a member or retirant, a dispute arises between two (2) or more people who claim beneficiary or survivor benefits, the Board may make payment to the duly registered legal representative of the estate of the deceased member or retirant. Payment may only be made upon submission of written proof of the representative of the estate, generally incorporated in a probate court order. The Board shall accept the Last Will and Testament of the deceased member or retirant for the purposes of payment to the estate under this subdivision.

7.1.3. If the last designated beneficiaries of a member or retirant are children under the age of majority, but who reached their majority by the time of death, the Board shall always make payment pursuant to a court order or agreement entered into by the children of the member or

retirant. If the designated beneficiaries are children who have not reached their majority, the Board shall only make payment to the court appointed guardian ad litem as specified in appropriate legal proceedings.

7.1.4. Except under joint and survivor options, a member or retirant may retain the right of selecting his or her designated beneficiary at any time.

§162-1-8. Miscellaneous.

8.1. The members of the Board and any employee or agent of the Board are subject to the Governor's Travel Rules and Regulations.

8.2. If a member of a Defined Benefit System is covered by a group insurance or prepayment plan participated in by a participating public employer, and if the member is permitted to, and elects to, continue coverage as a retirant, he or she may authorize the Board to have deducted from his or her annuity the payments required of him or her to continue coverage under group insurance or prepayment plan.

8.3. A participating public employer in any Retirement System has the right of setoff for any proven claim arising from embezzlement by, or fraud of, a member, retirant or beneficiary.



Board Members

Governor Bob Wise
Auditor Glen B. Gainer III, Vice Chairman
Treasurer John D. Perdue
Cabinet Secretary Gregory A. Burton

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Consolidated Public Retirement Board**

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Board Members

David L. Wyant, Chairman
F. Douglas Beasley
E. Gene Davis
Carl A. Guthrie
Frances A. Hughes
William B. McGinley
Terry Miller
Mary Lou Munoz
Jerry A. Weaver
Janet F. Wilson

May 30, 2003

Administrative Law Division
WV Secretary of State
Building 1, Suite 157K
State Capitol Complex
Charleston, West Virginia 25305-0771

Attention: Judy Cooper

Re: West Virginia Consolidated Public Retirement Board
2004 Proposed Amendments to Title 162
-Series 1 General Provisions
-Series 2 Benefit Determination and Appeal
-Series 4 Teachers Defined Benefit Plan
-Series 6 Procedural Rules of the WVCPRB of Representatives to the WVIMB
-Series 9 West Virginia State Police Disability Determination & Appeal Process

Dear Ms. Cooper:

Enclosed please find an original and two copies of proposed amendments to Title 162, along with the "Notice of a Comment Period on a Proposed Rule" and the other forms and documents which we understand are required for the filing of proposed rules.

It is my understanding that one copy of the rule will be forwarded, by your office, to the Legislative Rule Making Committee. Please date stamp the remaining copy and return to CPRB.

Thank you for your assistance and cooperation in this matter. Should you have any questions, please feel free to contact me.

Sincerely,

Karen S. Copeland
Membership Manager

Enclosures

c: Tom Susman
Teresa Robertson
Susan Saxe
Harry Mandel
Donna Prunty