

QUESTIONNAIRE

(Please include a copy of this form with each filing of your rule: Notice of Public Hearing or Comment Period; Proposed Rule, and if needed, Emergency and Modified Rule.)

DATE: July 24, 2007

TO: LEGISLATIVE RULE-MAKING REVIEW COMMITTEE

FROM: (Agency Name, Address & Phone No.) West Virginia Consolidated Public Retirement Board
State Capitol Complex
Building 5, Room 1000
1900 Kanawha Boulevard, East
Charleston, WV 25305
(304) 558-3570

LEGISLATIVE RULE TITLE: Title 162, Series 7; Consolidated Public Retirement Board;
Refund, Reinstatement, Retroactive Service and Loan Interest
Factors

1. Authorizing statute(s) citation W. Va. Code §5-10D-1

2. a. Date filed in State Register with Notice of Hearing or Public Comment Period:

June 11, 2007 -- Public Comment Period

b. What other notice, including advertising, did you give of the hearing?

The proposed legislative rules were posted on the CPRB website. The proposed rules were also mailed to the following interested parties: Charles Delauder, President WVEA; Misty Peale-Auville, WVEA; William G. Milam, Ex. Dir. WV Retired School Employees; Robert Brown, WV School Service Personnel; Joshua Sword, AFT-WV; Judy Hale, President AFT; David Haney, Ex. Dir. WVEA; Patricia Hamilton, Director WV Assoc. of Counties; Ed Hartman, AFSCME; Lisa Dooley, Director WV Municipal League; Ira S. Latimer, Jr., PERSA; County Commissioners Assoc.; Senate Pensions Committee; House Pension and Retirement Committee; D.L. Lemmon, Supt. WV State Police; and James Merrill, WV Troopers Assoc.

c. Date of Public Hearing(s) *or* Public Comment Period ended:

July 11, 2007 -- Public Comment Period

d. Attach list of persons who appeared at hearing, comments received, amendments, reasons for amendments.

Attached _____ No comments received X

- e. Date you filed in State Register the agency approved proposed Legislative Rule following public hearing: (be exact)

July 24, 2007

- f. **Name, title, address and phone/fax/e-mail numbers** of agency person(s) to receive all written correspondence regarding this rule: (Please type)

Anne Werum Lambright, Executive Director

WV Consolidated Public Retirement Board

State Capitol Complex

Building 5, Room 1000

1900 Kanawha Boulevard, East

Charleston, WV 25305

(304) 558-3570 (phone)

(304) 558-6337 (fax) alambright@wvretirement.com

- g. **IF DIFFERENT FROM ITEM 'f',** please give **Name, title, address and phone number(s)** of agency person(s) who wrote and/or has responsibility for the contents of this rule: (Please type)

J. Jeaneen Legato, Esq., Counsel for Board

WV Consolidated Public Retirement Board

State Capitol Complex

Building 5, Room 1000

1900 Kanawha Boulevard, East

Charleston, WV 25305

(304) 558-3570 (phone)

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3. If the statute under which you promulgated the submitted rules requires certain findings and determinations to be made as a condition precedent to their promulgation:

- a. Give the date upon which you filed in the State Register a notice of the time and place of a hearing for the taking of evidence and a general description of the issues to be decided.

N/A

b. Date of hearing or comment period:

c. On what date did you file in the State Register the findings and determinations required together with the reasons therefor?

d. Attach findings and determinations and reasons:

Attached

BRIEF SUMMARY OF PROPOSED AMENDMENT TO TITLE 162, SERIES 7

The West Virginia Consolidated Public Retirement Board ("Board"), as administrator of the State's several pension plans, proposes certain amendatory changes to the provisions of Title 162, Series 7, of the West Virginia Code of State Regulations. Specifically, the Board proposes an amendment to clarify certain administrative practices regarding loan payments and calculating retroactive service credit for members of the Deputy Sheriff Retirement System.

**STATEMENT OF CIRCUMSTANCES REQUIRING PROPOSAL AND
PROMULGATION OF PROPOSED RULE CHANGES TO SERIES 7 OF TITLE 162 OF
THE WEST VIRGINIA CODE OF STATE REGULATIONS**

As statutory administrator of the State's several pension plans, the West Virginia Consolidated public Retirement Board ("Board") proposes amendatory changes to Title 162, Series 7 of the West Virginia Code of State Regulations. The amendatory changes are to clarify current administrative practices. The amendment establishes the method of calculating the purchase of retroactive service credit for members of the Deputy Sheriff Retirement System and the interest rate to be used in the calculation. The amendment further clarifies that all loan payments are due within fifteen (15) days of the month being reported.

FISCAL NOTE FOR PROPOSED RULES

Rule Title: Title 162 (Series 7) Refund, Reinstatement, Retroactive Service and Loan
Interest Factors

Type of Rule: X Legislative Interpretive Procedural

Agency: West Virginia Consolidated Public Retirement Board

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

Phone Number: (304) 558-3570 X 465 Email: HMandel@WVAdmin.gov

Fiscal Note Summary

Summarize in a clear and concise manner what impact this measure will have on costs and revenues of state government.

There are no changes in the costs or revenues of state government due to the changes in the rule.

Fiscal Note Detail

Show over-all effect in Item 1 and 2 and, in Item 3, give an explanation of Breakdown by fiscal year, including long-range effect.

FISCAL YEAR			
Effect of Proposal	2007 Increase/Decrease (use "-")	2008 Increase/Decrease (use "-")	Fiscal Year (Upon Full Implementation)
1. Estimated Total Cost	\$ 0	\$ 0	\$ 0
Personal Services			
Current Expenses	\$ 0	\$ 0	\$ 0
Repairs & Alterations			
Assets			
Equipment			
Other	\$ 0	\$ 0	\$ 0
2. Estimated Total Revenues			

Rule Title: Title 162 (Series 7) Refund, Reinstatement, Retroactive Service and Loan Interest Factors

3. Explanation of above estimates (including long-range effect):

Please include any increase or decrease in fees in your estimated total revenues.

The rule provides for certain changes applicable to the Deputy Sheriff Retirement System only, as follows: 1) Clarifies that any corrections in prior service credits due to errors will be granted only after receipt by CPRB of all member and employer contributions, plus interest charges, applicable to such prior service; 2) Clarification of the interest rate to be applied in determining the interest charges for any prior service period being corrected; and, 3) Clarification that loan payment have the same due date as member and employer contributions.

MEMORANDUM

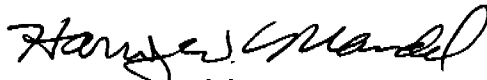
Please identify any areas of vagueness, technical defects, reasons the proposed rule **would not** have a fiscal impact, and/or any special issues **not** captured elsewhere on this form.

The rule does not change the total value of any members benefit entitlement and therefore does not increase the costs to state government.

Changes are primarily administrative clarifications.

Date: June 7, 2007

Signature of Agency Head or Authorized Representative



Harry W. Mandel

Board Actuary, MAAA, MSPA, EA

RECEIVED

TITLE 162
LEGISLATIVE RULE
CONSOLIDATED PUBLIC RETIREMENT BOARD

2007 JUL 24 AM 11:34

SERIES 7
REFUND, REINSTATEMENT, RETROACTIVE SERVICE AND LOAN INTEREST FACTORS

SECRETARY OF STATE
STATE OF WEST VIRGINIA

§ 162-7-1. General.

1.1. Scope. – This Rule addresses and identifies the interest rates which the Consolidated Public Retirement Board shall apply to the referenced member transactions which, from time-to-time, occur in the Board's administration of the State's several retirement systems.

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

1.3. Filing Date. – ~~May 1, 2007.~~

1.4. Effective Date. – ~~July 1, 2007.~~

§ 162-7-2. Relationship to Prior Interest Rules.

2.1. This Rule is intended to replace any and all Rules which may have been, prior to the effective date of this Rule, previously adopted or promulgated by the Board regarding the attachment of interest on the referenced plan transactions. Any and all prior Rules are hereby repealed to the extent they are inconsistent with the provisions of this Rule.

2.2. This Rule, and the interest rates specified are applicable to plan transactions which occur after June 30, 2000.

2.3. To the extent that the Board determines that any provisions of this Rule are in conflict with the provisions of an analogous state retirement system statute, the statutory law prevails and shall be applied.

§ 162-7-3. Refund Interest.

3.1. Refund interest shall be paid to a member as provided in this section when the member or

beneficiary is eligible for and makes application for a refund of accumulated contributions in accordance with applicable plan provisions.

3.1.1. Deputy Sheriff Retirement System.

In the event a member of the Deputy Sheriff Retirement System terminates covered employment and thereafter requests and is determined to be eligible to receive a refund of accumulated contributions, the interest rate applicable to the refund is four percent (4%), compounded per annum.

3.1.2. Public Employees Retirement System. In the event a member of the Public Employees Retirement System terminates covered employment and thereafter requests and is determined to be eligible to receive a refund of accumulated contributions, the interest rate applicable to the refund is four percent (4%), compounded per annum. Refund interest as provided for in this rule shall be consistent with and have the same meaning as "regular interest," as defined in W. Va. Code §5-10-2(21).

3.1.3. Teachers' Retirement System. In the event a member of the Teachers' Retirement System terminates covered employment and thereafter requests and is determined to be eligible to receive a refund of accumulated contributions, the interest rate applicable to the refund is four percent (4%), compounded per annum.

3.1.4. West Virginia State Police Death, Disability and Retirement Fund. In the event a member of the West Virginia State Police Death, Disability and Retirement Fund terminates covered employment and thereafter requests and is determined to be eligible to receive a refund of accumulated contributions, the interest rate applicable to the refund is the rate specified in W.

Va. Code §15-2-37(a) at the time of the member's application for refund.

3.1.5. West Virginia State Police Retirement System. In the event a member of the West Virginia State Police Retirement System terminates covered employment and thereafter requests and is determined to be eligible to receive a refund of accumulated contributions, the interest rate applicable to the refund is the rate specified in W. Va. Code § 15-2A-8(a) at the time of the member's application for refund.

3.1.6. Judges' Retirement System. In the event a member of the Judges' Retirement System terminates covered employment and thereafter requests and is determined to be eligible to receive a refund of accumulated contributions, no interest shall be payable to that member as specified in W. Va. Code §51-9-12.

3.2. Miscellaneous refunds. In any circumstance in which an individual is entitled to a refund of retirement system contributions under the laws of the State of West Virginia under circumstances not otherwise specified in this section, and for which interest is payable, the rate of interest is four percent (4%), compounded per annum.

§162-7-4. Reinstatement.

4.1. A member who has previously terminated covered employment and withdrawn accumulated contributions, but later returns to employment with a participating public employer, may be eligible to reinstate his or her prior retirement system service credit if reinstatement is permitted under applicable law. The reinstatement of service credit shall in any event be contingent upon the member's repayment of contributions previously withdrawn from a state retirement system at the termination of his or her prior period of covered employment, plus interest thereon as provided for in this section.

4.1.1. Deputy Sheriff Retirement System. In the event a member of the Deputy Sheriff Retirement System requests and is determined to

be eligible to restore retirement system service credit for periods of previously terminated employment, the member shall pay into the plan any contributions which the member may have previously withdrawn from the plan at the termination of any prior period of employment, plus reinstatement interest.

4.1.1.a. The rate of interest applicable to requests for reinstatement of service into the Deputy Sheriff Retirement System is, for all plan years between the date of the member's withdrawal of plan contributions and through June 30, 2000, four percent (4%) per annum. The rate of interest applicable to reinstatement requests for each plan year after June 30, 2000, shall be the actuarial interest rate assumption as approved by the Board for completing the Actuarial Valuation for the plan year immediately preceding the first day of the plan year in which the reinstatement request is made, compounded per annum.

4.1.2. Public Employees Retirement System. In the event a member of the Public Employees Retirement System requests and is determined to be eligible to restore retirement system service credit for periods of previously terminated employment, the member shall pay into the plan any contributions which the member may have previously withdrawn from the plan at the termination of any prior period of employment, plus reinstatement interest.

4.1.2.a. The rate of interest applicable to requests for reinstatement of service into the Public Employees Retirement System is, for all plan years between the date of the member's withdrawal of plan contributions and through June 30, 2000, four percent (4%) per annum. The rate of interest applicable to reinstatement requests for each plan year after June 30, 2000, shall be the actuarial interest rate assumption as approved by the Board for completing the Actuarial Valuation for the plan year immediately preceding the first day of the plan year in which the reinstatement request is made, compounded per annum. Once a member commences repayment of the reinstatement amount plus applicable interest, specified in this subsection, the interest rate shall

be based upon the —actuarial interest rate assumption as approved by the Board for completing the Actuarial Valuation for the plan year immediately preceding the first day of the plan year in which reinstatement payments commence, and that rate applies throughout the payment period providing the member remits payments on a timely basis, compounded on a basis as set by administrative rules and procedures.

4.1.3. Teachers' Retirement System. In the event a member of the Teachers' Retirement System requests and is determined to be eligible to restore retirement system service credit for periods of previously terminated employment, the member shall pay into the plan any contributions which the member may have previously withdrawn from the plan at the termination of any prior period of employment, plus reinstatement interest.

4.1.3.a. The rate of interest applicable to requests for reinstatement of service into the Teachers' Retirement System is, for all plan years between the date of the member's withdrawal of plan contributions and through June 30, 2001, six percent (6%) per annum. The rate of interest applicable to reinstatement requests for each plan year after June 30, 2001, shall be the actuarial interest rate assumption as approved by the Board for completing the Actuarial Valuation for the plan year immediately preceding the first day of the plan year in which the reinstatement request is made, compounded per annum.

4.1.3.b. Transfers of service. In the event a member of the Teachers' Retirement System requests and is determined to be eligible for a transfer of his or her credited service from the Public Employees Retirement System into the Teachers' Retirement System as provided for in W. Va. Code §18-7A-17, the member shall pay into the Teachers' Retirement System an amount equal to the difference between the contributions which the member made to the Public Employees Retirement System for the previous service, and the contributions the member would have made had he or she been a member of the Teachers'

Retirement System for the period of previous service.

4.1.3.c. A member of the Teachers' Retirement System is entitled to a transfer of credited service in the Public Employees Retirement System as specified in subsection 4.1.3.b. only to the extent that the member repays into the Teachers' Retirement System any amounts which the member may have previously withdrawn from the Public Employees Retirement System, plus an amount equal to the difference between the contributions which the member made to the Public Employees Retirement System for the previous service, and the contributions the member would have made had he or she been a member of the Teachers' Retirement System for the period of previous service, plus interest at the rates specified in subdivision 4.1.3.d of this rule.

4.1.3.d. The rate of interest applicable to requests for transfer of service from the Public Employees Retirement System to the Teachers' Retirement System as provided for in W. Va. Code §18-7A-17 is, for all plan years through March 7, 2003, six percent (6%) per annum. The rate of interest applicable to transfer of service requests for each plan year after March 7, 2003, shall be the actuarial interest rate assumption as approved by the Board for completing the Actuarial Valuation for the plan year immediately preceding the first day of the plan year in which the transfer of service request is paid, compounded per annum.

4.1.3.e. Pick up service. In the event the Board determines that a member of the Teachers' Retirement System was eligible to participate in that system for a period of prior employment, but further determines that contributions were not properly withheld from the employee and paid into the system from the period of prior employment, the member is entitled to receive retirement system service credit for the prior period of employment, with the receipt of service credit being contingent upon the Board's receipt of the employee and employer contributions which should have been paid into the plan for the period of the prior employment, plus interest at

the rate specified in subdivision 4.1.3.f.

4.1.3.f. The rate of interest applicable to pick-up service requests in the Teachers' Retirement System is, for all plan years prior to July 1, 2000, six percent (6%) per annum. The rate of interest applicable to pick up service requests for each plan year after July 1, 2000, shall be the actuarial interest rate assumption as approved by the Board for completing the Actuarial Valuation for the plan year immediately preceding the first day of the plan year in which the transfer of service request is paid, compounded per annum.

4.2. West Virginia State Police Death, Disability and Retirement Fund. In the event a member of the West Virginia State Police Death, Disability and Retirement Fund requests and is determined to be eligible to restore retirement system service credit for periods of previously terminated employment, the member shall pay into the plan as established in W. Va. Code § 15-2A-1 et seq., any contributions which the member may have previously withdrawn from the plan at the termination of any prior periods of employment, plus reinstatement interest at the rate specified in W. Va. Code § 15-2-37(b).

4.3. West Virginia State Police Retirement System. In the event a member of the plan covered by the West Virginia State Police Retirement System requests and is determined to be eligible to restore retirement system service credit for periods of previously terminated employment, the member shall pay into the plan any contributions which the member may have previously withdrawn from the plan at the termination of any prior period of employment, plus reinstatement interest at the rate specified in W. Va. Code § 15-2A-8(b).

4.4. Judges' Retirement System.

4.4.1. The interest rate applicable to the administrative request of any judge seeking to acquire retirement system service credit for prior periods of eligible service during which contributions were not withheld from the judge's

salary and paid into the system shall, as provided for in W. Va. Code §51-9-5(a), be determined by the state auditor.

4.4.2. The interest rate applicable to the administrative request of any judge seeking to qualify service as a prosecuting attorney prior to 1987 as credited service in the Judges' Retirement System as provided for in W. Va. Code §51-9-4(a) shall be determined by the state auditor.

§162-7-5. Retroactive Service.

5.1. Public Employees Retirement System. In the event a member of the Public Employees Retirement System requests and is determined to be eligible to purchase retirement system service credit for periods of employment in which contributions were not deducted from the employee's compensation, the member shall pay into the plan contributions as specified in W. Va. Code § 5-10-14(f), plus retroactive service interest.

5.1.1. The rate of interest applicable to requests to purchase retroactive service into the Public Employees Retirement System is, for all plan years between the date of the member's period of retroactive service and through June 30, 2000, four percent (4%) per annum. The rate of interest applicable to retroactive service purchases for each plan year after June 30, 2000, shall be the actuarial interest rate assumption as approved by the Board for completing the Actuarial Valuation for the plan year immediately preceding the first day of the plan year in which the retroactive service purchase is made, compounded per annum.

5.2. Deputy Sheriff Retirement System. In the event the Board determines that a member of the Deputy Sheriff Retirement System was eligible to participate in the system for a period of prior employment, but further determines that contributions were not properly withheld from the employee and paid into the system from the period of prior employment, the member is entitled to receive retirement system service credit for the prior period of employment, with the receipt of

service credit being contingent upon the Board's receipt of the employee and employer contributions, plus retroactive service interest.

5.2.1. The rate of interest applicable to requests to purchase retroactive service into the Deputy Sheriff Retirement System is, for all plan years between the date of the member's period of retroactive service and through June 30, 2000, four percent (4%) per annum. The rate of interest applicable to retroactive service purchases for each plan year after June 30, 2000, shall be the actuarial interest rate assumption as approved by the Board for completing the Actuarial Valuation for the plan year immediately preceding the first day of the plan year in which the retroactive service purchase is made, compounded per annum.

§162-7-6. Loan Interest and Payments.

6.1. Loans made to members of the Deputy Sheriff Retirement System pursuant to W.Va. Code § 7-14D-23 shall carry interest on the unpaid balance, at an annual effective interest rate which is two hundred (200) basis points higher than the most recent rate of interest used by the Consolidated Public Retirement Board for determining actuarial contribution levels.

6.2. Loans made to members of the Teachers' Retirement System pursuant to W. Va. Code § 18-7A-34 shall carry interest on the unpaid balance, at a rate commensurate with the numeric rate applied by the Consolidated Public Retirement Board to loans made to members of the Deputy Sheriff Retirement System, or the rate of six percent (6%), whichever is higher.

6.3. All loan payments are due the Retirement System within fifteen (15) days following the end of the calendar month being reported.