

SENATE BILL 2812

By Roberts

AN ACT to amend Tennessee Code Annotated, Title 8,
Chapter 34; Title 8, Chapter 35; Title 8, Chapter
36 and Title 8, Chapter 37, relative to retirement.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 8-34-607, is amended by deleting the section and substituting instead the following:

(a)

(1) A member of the Tennessee consolidated retirement system may purchase retirement credit for all of the member's previous service rendered while a full-time employee and participating member of a political subdivision's defined benefit retirement plan.

(2) A member may purchase service under this section using funds from any source including, but not limited to, cash; a member's deferred compensation account or defined contribution employee account; or employee contributions to a defined benefit plan; provided, however, that the member is otherwise eligible to access the funds through withdrawal, transfer, or rollover.

(3) This section does not require a retirement plan to disburse plan assets that are not otherwise eligible for disbursement in accordance with the terms of the plan; provided, however, that in accordance with federal law, employee contributions to a defined benefit plan are refundable upon termination of employment.

(4) Upon the purchase of this retirement credit, the member forfeits all of the member's service in the political subdivision's plan, and must not receive a benefit from the political subdivision's retirement plan.

(b) To purchase service under this section, a member shall make a lump sum payment equal to the actuarial cost as determined by the retirement system without creating unfunded accrued liability at the date the service is established. Service established under this section must be under the terms of the retirement system plan as they exist at the time the service is established. Upon the member making the required payment and providing any forms or other documentation required by the retirement system, the member must be credited with the years of service from the other plan.

(c) This section does not permit the establishment of service that would have been considered prior service pursuant to § 8-35-203 or service rendered to a withdrawn employer pursuant to § 8-35-218.

(d) Salaries earned for service established pursuant to this section must not be used in determining a member's average final compensation.

(e) This section applies on such date as the retirement system's operating systems are able to accommodate the payment for service as provided in this section. The state treasurer shall make such determination.

(f) For purposes of this section, the term "political subdivision" includes, but is not limited to, a city, metropolitan government, county, utility district or agency or instrumentality of the political subdivision, in this state.

SECTION 2. This act takes effect upon becoming a law, the public welfare requiring it.