Annual Report for the Fiscal Year Ended June 30, 2003

Prepared by the Executive Staff of the Consolidated Public Retirement Board
Capitol Complex, Building 5, Suite 1000
1900 Kanawha Boulevard, East
Charleston, West Virginia 25305

Phone: **(304) 558-3570 or (800) 645-4406 nationwide**
Website: **www.wvretirement.com**
E-mail: **CPRB@wvretirement.com**

West Virginia Retirement Board …

Serving Those Who Serve West Virginia

Mission Statement

The Consolidated Public Retirement Board is charged with:

❖ Providing understandable and useful information pertaining to eight different retirement plans administered by the Board.

❖ Ensuring that all members are treated fairly and equitably.

❖ Guaranteeing that annuity payments, refunds, and all other transactions are done in a timely and accurate manner.

Table of Contents

Annual Report
West Virginia Retirement Board
Year Ended June 30, 2003
Terasa L. Robertson, Interim Executive Director

Introductory Section:

Actuarial Figures and Statistics Section:

Financial Section:

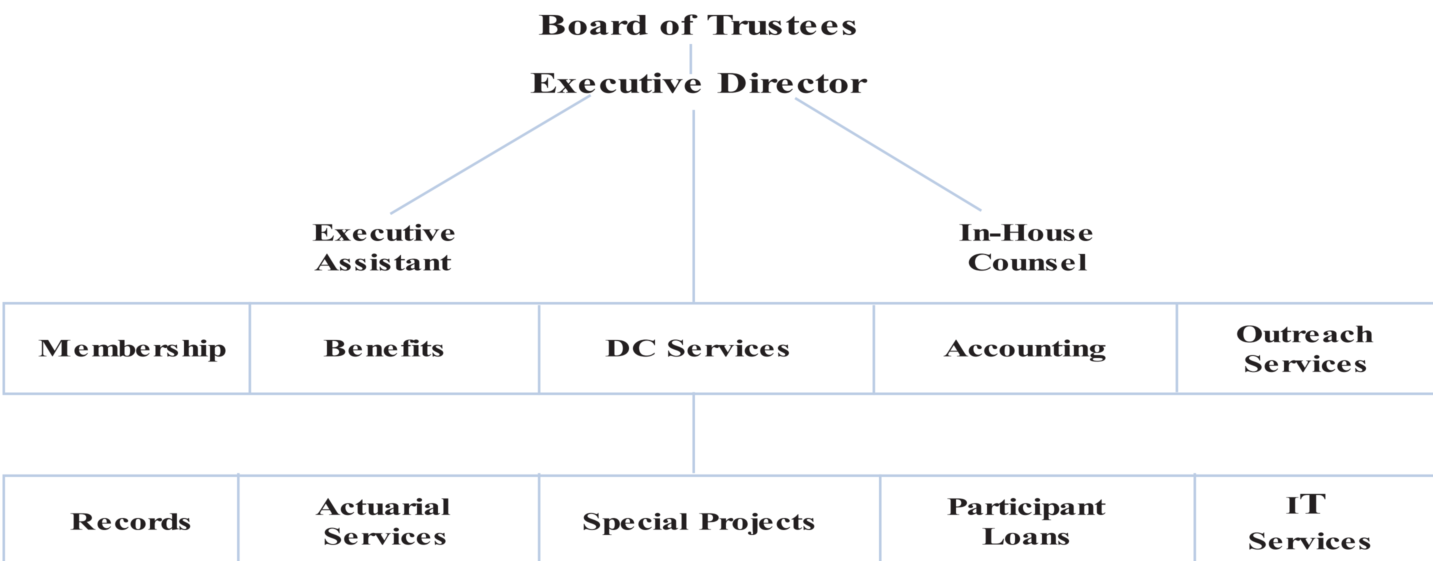
Investment Section:

INTRODUCTORY SECTION

West Virginia State Capitol Building

With intricate architecture, gilded dome and marble interior, our Capitol building stands as a symbol of pride to all West Virginians. Throughout the year, festivals and celebrations are enjoyed on the beautiful Capitol grounds.

CPRB Organizational Chart as of June 30, 2003



Board of Trustees

Bob Wise
Governor

Glen B. Gainer, III
Auditor

John D. Perdue
Treasurer

Tom Susman
Acting Cabinet Secretary

David L. Wyant
Chairman

F. Douglas Beasley
Public Safety

E. Gene Davis
Teachers' Retirement

Carl A. Gutherie
Non-member citizen

Frances A. Hughes
Public Employees Retirement, State

William B. McGinley
Non-member citizen

Terry L. Miller
Deputy Sheriff Retirement

Mary Lou Munoz
Teachers' Defined Contribution

Jerry A. Wilson
Public Employees Retirement, Non-State

Janet F. Wilson
Non-member citizen

Executive Staff

Terasa L. Robertson
Interim Executive Director

Toni Justice
Executive Assitstant

Susan Saxe
In-House Counsel

Karen Copeland
Membership Services

Mary Jane Arvon
Benefits Services

Harry Mandel
Actuarial Services

Myra Woolwine
Participant Loans

Lori Cottrill
Accounting

Robert Nichols
IT Services

Vicki Sutton
Special Projects

Tanya Ferguson
Defined Contribution, 457(b) Deferred Compensation, Outreach Services

Overview

During the third extraordinary session of 1990, the West Virginia Legislature passed House Bill 311, a law establishing the West Virginia Consolidated Public Retirement Board, replacing the Public Employees Retirement Board and the Teachers' Retirement Board.

The Consolidated Public Retirement Board* is now responsible for the administration of all State retirement plans for educational employees, public employees, deputy sheriffs, judges, and public safety personnel with the exclusion of some higher education plans. Although the Consolidated Public Retirement Board administers many retirement systems, the assets and the administration of each retirement system remain separate and distinct.

Retirement Systems' Dates of Establishment:

Public Safety Death, Disability and Retirement System (Troopers Plan A)	**1935**
State Police Retirement System (Troopers Plan B)	**1994**
Judges' Retirement System (JRS)	**1949**
Public Employees Retirement System (PERS)	**1961**
Teachers' Retirement System (TRS)	**1941**
Deputy Sheriff Retirement System (DSRS)	**1998**
Teachers' Defined Contribution Retirement System (TDC)	**1991**

* "Board" when used in the following sections of this report refers to the West Virginia Consolidated Public Retirement Board.

Note

Information contained in this report illustrates the CPRB's understanding of the current provisions of the PERS. These provisions are contained in the current plan statutes, and are subject to modification by the West Virginia Legislature each year. This report is for general information purposes only. In the event there is a discrepancy between information contained in this report and the WV State Code and Rules, the language in the Code and Rules shall prevail.

Public Safety Death, Disability and Retirement System (Plan A)

The Public Safety Death, Disability and Retirement System, commonly referred to as Plan A, was established for all state troopers on July 1, 1935. Chapter 15, Article 2 of the West Virginia Code establishes the plan provisions for Plan A. During the 1994 Legislative Session, the West Virginia Legislature enacted Chapter 15, Article 2A of the West Virginia Code that established a new retirement plan for all state troopers hired on or after March 12, 1994. That plan was entitled the "West Virginia State Police Retirement System," now commonly referred to as Plan B. State Troopers hired on or after March 12, 1994 are not eligible for membership in Plan A. Civilian employees of West Virginia State Police are members of the Public Employees Retirement System.

Active members of Plan A contribute 9% of their total gross salary into the retirement plan. The employer contributes an amount sufficient to fund the plan on an actuarially determined basis under WV Code, but not less than 15% of the employee's total gross salary into the plan. Certain additional contributions representing extra appropriations to pay off the unfunded liability rose from $12.5 million in 1999 to $19.1 million at June 30, 2003. The total contribution requirement, taking into account available member and employer percentage of payroll contributions, is actuarially determined as a level percentage of State Police total payroll.

The State also contributes other monies to the system through arrest fees, the sale of accident reports, criminal investigation reports, etc. Members of this retirement system are not covered by Social Security or Workers' Compensation.

"Division" when used in the following sections of this report refers to the West Virginia State Police.

Retirement Benefits

In order to qualify for full retirement benefits, a member must be 50 years of age with 20 years of contributory service (excluding Military Service). A member who is less than 50 years of age with 20 years of credited service (excluding Military Service), qualifies for a deferred benefit at age 50.

The regular retirement benefit, paid in equal monthly installments, is equal to 5.5% of the member's aggregate salary during his or her whole period of service in the Division. This benefit is payable during the lifetime of the retired member. Every member of the Division who is 55 years of age or older and who is retired will receive an annual retirement annuity adjustment of 3.75% payable on July 1 of each year after the member is 55 years of age. If the member is retired for less than one year on that July first, the first annuity adjustment will be a pro rata share of the full year's annuity adjustment.

Disability Retirement Benefits

Total Duty Disability - A member of the Division may qualify for a total duty disability if, in the opinion of the Board, the member has or shall become physically or mentally permanently disabled and incapacitated from all types of gainful employment by injury, illness or disease resulting from any occupational risk or hazard inherent in or peculiar to the services required of members of the Division, and such disability was incurred pursuant to or while the member was or shall be engaged in the performance of his or her duties as a member of the Division. The benefit payable for a total duty related disability is a lifetime benefit in an amount equal to 8.5% of the total salary which would have been earned by the member during twenty-five years, or actual service if more than twenty-five years, but not less than $15,000 annually.

Partial Duty Disability - A member of the Division may qualify for a partial duty disability if, in the opinion of the Board, the member has or shall become physically or mentally permanently disabled by injury, illness or disease resulting from any occupational risk or hazard inherent in or peculiar to the services required of members of the Division, and such disability was incurred pursuant to or while the member was or shall be engaged in the performance of his or her duties as a member of the Division, and is by reason of such cause unable to perform adequately the duties required of him or her as a member of the Division, but is able to engage in other gainful employment. The benefit payable for a partial duty related disability is a lifetime benefit in an amount equal to 5.5% of the total salary which would have been earned by the member during twenty-five years, or actual service if more than twenty-five years, but not less that $6,000.

Non-Duty Disability - Any member while in active service of the Division may qualify for a non-duty disability if the member has or shall, in the opinion of the Board, become permanently disabled and is unable to adequately perform the duties required of a member of the Division from any cause other than those set forth in the duty related disability provisions, and not due to vicious habits, intemperance or willful misconduct on the member's part.

a). If the member at the time of such retirement shall have served less than twenty years, the benefit payable shall be paid in equal monthly installments during a period equal to one-half the time such member has served as a member of the Division a sum equal to 5.5% of the total salary which would have been earned during twenty-five years of service. At the end of the one-half time period of service, the benefit payable for the remainder of the member's life is an annual sum paid in monthly installments equal to one-half the base salary received by the member from the Division in the preceding twelve-month period prior to disability.

b). If the member at the time of such retirement shall have served twenty years or longer, the member shall be entitled to receive annually in monthly installments a lifetime benefit in an amount equal to 5.5% of the aggregate of salary paid to the member through the day immediately preceding his or her disability.

Continued Disability - The Board may require subsequent medical evaluations to determine if a disability retiree has fully or partially recovered from such disability.

Death Benefits

Duty Related - The benefits paid to the surviving spouse for a duty related pre-retirement death, or to the surviving spouse of a member who dies after having been retired with a duty related disability are monthly payments for his or her lifetime in which the annual benefit is equal to 5.5% of the total salary which would have been earned by the deceased member during twenty-five years of service in the Division, but not less than $6,000. A surviving spouse will also receive $100 per month for each dependent child. If there is no surviving spouse, each surviving dependent child will receive 25% of the spouse's benefit. If there is no surviving spouse or dependent children, then the surviving dependent parents each receive 50% of what would have been paid to the spouse.

Dependent Child Scholarship - Any person qualified as a surviving dependent child of a member who died in the performance of duty or of a member who dies after having been retired with a duty related disability shall be entitled to receive a scholarship to be applied to the career development education of that dependent at a West Virginia institution.

Non-Duty Related - The benefit payable to the surviving spouse of a member who dies after a normal or a non-duty related disability retirement, or after the member has served twenty years, is an amount equal to 75% of the retirement benefits the deceased member was receiving while in retirement status, or would have been entitled to receive to the same effect as if such member had been retired immediately prior to the time of his or her death, but not less than $5,000. A surviving spouse will also receive $100 per month for each dependent child. If there is no surviving spouse, or the surviving spouse remarries, each surviving dependent child will receive 25% of the spouse's benefit. If there is no surviving spouse or dependent children, then the surviving dependent parents each receive 50% of what would have been paid to the spouse.

Military Service

Any member of this retirement system who completes twenty years of service with the Division is entitled to apply for up to five years of military service credit for active duty in the armed forces of the United States prior to employment with the Division. No contributions are required to receive credit for this service. Any member of the retirement system who is called to active duty in the armed forces of the United States during employment with the Division and returns to employment within ninety days following discharge may be eligible to purchase up to five years of military service credit for such duty. Military service credit under this plan may not be credited under any other retirement system.

Sick and Annual Leave at Retirement

Any member who participates in a Public Employees Insurance Agency (PEIA) insurance plan at the time of retirement may elect to use any accrued annual and sick leave days at the time of retirement to purchase health insurance under the PEIA or towards an increase in their retirement benefits. Accrued leave cannot be used for both options.

If an individual was enrolled in the PEIA insurance plan before July 1, 1988, and coverage has been continuous since that time, his or her annual and sick leave may be used to pay towards health insurance premiums. The retiree may purchase one month of single health coverage for every two days of annual or sick leave, or one month of family health coverage for every three days of annual or sick leave. If an individual was enrolled in the PEIA insurance plan on or after July 1, 1988, the retiree may purchase one-half month of single health coverage for every two days of annual or sick leave. Members enrolled in the PEIA insurance plan on or after July 1, 2001 are not eligible to use accrued annual and sick leave towards the purchase of health insurance.

Termination of Employment

A member who terminates employment may receive a refund of all employee contributions he or she has contributed into the retirement system plus 4% interest after the funds have been on deposit for at least one year. A member who terminates employment after completing ten years of service with the Division, but prior to eligibility for normal retirement, who leaves his or her contributions on deposit with the retirement system is eligible for deferred retirement benefits beginning at age 62. Any member choosing to receive a deferred annuity is not eligible to receive the annual annuity adjustment. There are no regular or deferred retirement benefits for a member with less than ten years of contributory service. If the member withdraws his or her contributions, they have no right to any future retirement or disability benefits under this retirement system.

West Virginia State Police Retirement System (Plan B)

The West Virginia State Police Retirement System, commonly referred to as Plan B, was established by enactment of Chapter 15, Article 2A of the West Virginia Code during the 1994 Legislative Session for all state troopers hired on or after March 12, 1994. Civilian employees of the West Virginia State Police are members of the Public Employees Retirement System. State troopers hired before March 12, 1994 are not eligible for membership in Plan B.

Active members of Plan B contribute 12% of their base salary into the retirement plan. The employer contributes 12% of base salary into the plan. Members of this retirement system are not covered by Social Security or Workers' Compensation. The expected

"Division" when used in the following sections of this report refers to the West Virginia State Police.

Retirement Benefits

In order to qualify for full retirement benefits, a member must be 55 years of age with 20 or more years of credited service (excluding Military Service). A member who is less than 55 years of age qualifies for a reduced benefit as long as he or she has 20 or more years of credited service (excluding Military Service).

Regular retirement benefits are paid in equal monthly installments in an amount equal to 2.75% multiplied by the years of service multiplied by the Final Average Salary **(FAS).** The Final Average Salary is the average of the highest annual compensation received for employment with the Division, including compensation paid for overtime service, received by the member during any five calendar years within the member's last ten years of service. This benefit is payable during the lifetime of the retired member.

Every member of the Division who is 63 years of age or older and who is retired will receive an annual retirement annuity adjustment of 1% payable on July 1 of each year. If the member is retired for less than one year on that July first, the first annuity adjustment will be a pro rata share of the full year's annuity adjustment.

Disability Retirement Benefits

Total Duty Disability- A member of the Division may quality for a total duty disability if, in the opinion of the Board, the member has or shall become physically or mentally permanently disabled and incapacitated from all types of gainful employment by injury, illness or disease resulting from any occupational risk or hazard inherent in or peculiar to the services required of members of the Division, and such disability was incurred pursuant to or while the member was or shall be engaged in the performance of his or her duties as a member of the Division. The benefit payable during the lifetime of the member for a total duty related disability is an amount equal to the base salary received by the member in the preceding twelve-month employment period.

Partial Duty Disability - A member of the Division may qualify for a partial duty disability if, in the opinion of the Board, the member has been or shall become physically or mentally permanently disabled by injury, illness or disease resulting from any occupational risk or hazard inherent in or peculiar to the services required of members of the Division, and such disability was incurred pursuant to or while the member was or shall be engaged in the performance of his or her duties as a member of the Division and is by reason of such cause unable to perform adequately the duties required of him
lifetime of the member for a partial duty related disability, or until the member attains the a member of the Division, but is able to engage in other gainful employment. The benefit payable during the age of fifty-five or until such disability shall sooner terminate, is an amount equal to six-tenths of the base salary received in the preceding twelve-month employment period, but not less than $6,000 annually. At age fifty-five, the member shall receive a regular retirement benefit as it would apply to his or her final average salary based on earnings from the Division through the day immediately preceding his or her disability.

Non-Duty Disability - Any member while in active service of the Division may qualify for a non-duty disability who has or shall, in the opinion of the Board, become permanently disabled and is unable to adequately perform the duties required of a member of the Division from any cause other than those set forth in the duty related disability provisions, and not due to vicious habits, intemperance or willful misconduct on the member's part. The benefit payable during the lifetime of the member for a non-duty related disability, or until the member attains the age of fifty-five, is an amount equal to one-half the base salary received in the preceding twelve-month employment period. At age fifty-five, the member shall receive a regular retirement benefit as it would apply to his or her final average salary based on earnings from the Division through the day immediately preceding his or her disability.

Continued Disability - The Board may require subsequent medical evaluations to determine if a disability retiree has fully or partially recovered from such disability.

Death Benefits

Duty Related - The benefits paid to the surviving spouse for a duty related pre-retirement death, or to the surviving spouse of a member who dies after having been retired with a duty related disability are monthly payments for his or her lifetime in an amount equal to nine-tenths of the base salary received in the preceding twelve month period by the deceased member, but not less than $10,000. A surviving spouse will also receive $150 per month for each dependent child. If there is no surviving spouse, each surviving dependent child will receive one-third of the spouse's benefit. If there is no surviving spouse or dependent children, then the surviving dependent parents each receive one-half of what would have been paid to the spouse.

Dependent Child Scholarship - Any person qualified as a surviving dependent child of a member who died in the performance of duty or of a member who dies after having been retired with a duty related disability shall be entitled to receive a scholarship to be applied to the career development education of that dependent at a West Virginia institution.

Non-Duty Related - The benefit payable to the surviving spouse of a member who dies after a normal or a non-duty related disability retirement, or after the member served twenty years, is an amount equal to two-thirds of the retirement benefit the deceased member was receiving while in retirement status, or would have been entitled to receive to the same effect as if such member had been retired immediately prior to the time of his or her death, but not less than $5,000. A surviving spouse will also receive $100 per month for each dependent child. If there is no surviving spouse, or the surviving spouse dies or remarries, each surviving dependent child will receive one-fourth of the spouse's benefit. If there is no surviving spouse or dependent children, then the surviving dependent parents each receive one-half of what would have been paid to the spouse.

The benefits paid to the surviving spouse of a member for a non-duty related death with **less** than twenty years of service are monthly payments in which the annual benefit is a sum equal to one-half of the base salary received in the preceding twelve-month employment period by the deceased member. If there is no surviving spouse, or the surviving spouse dies or remarries, each surviving dependent child will receive one-fourth of the spouse's benefit. If there is no surviving spouse or dependent children, then the surviving dependent parents each receive one-half of what would have been paid to the spouse.

Military Service

Any member of this retirement system who completes twenty years of service with the Division is entitled to apply for up to five years of military service credit for active duty in the armed forces of the United States prior to employment with the Division. No contributions are required to receive credit for this service. Any member of the retirement system who is called to active duty in the armed forces of the United States during employment with the Division and returns to employment within 90 days following discharge may be eligible to purchase up to five years of additional military service credit for such duty. Military service credited under this plan may not be credited under any other retirement system.

Termination of Employment

A member who terminates employment may receive a refund of all employee contributions he or she has contributed into the retirement system plus 4% interest after the funds have been on deposit for at least one year. A member who terminates employment after completing ten years of service with the Division, but prior to eligibility for normal retirement, who leaves his or her contributions on deposit with the retirement system is eligible for deferred retirement benefits beginning at age 62. Any member choosing to receive a deferred annuity is not eligible to receive the annual annuity adjustment. There are no regular or deferred retirement benefits for a member with less than ten years of contributory service. If the member withdraws his or her contributions, they have no right to any future retirement or disability benefits under this retirement system.

Sick and Annual Leave at Retirement

Any member who participates in a Public Employees Insurance Agency (PEIA) insurance plan at the time of retirement may elect to use any accrued annual and sick leave days at the time of retirement to purchase health insurance under the PEIA **or** towards an increase in their retirement benefits. Accrued leave cannot be used for both options. If an individual was enrolled in the PEIA insurance plan before July 1, 1988, and coverage has been continuous since that time, his or her annual and sick leave may be used to pay towards health insurance premiums. The retiree may purchase one month of single health coverage for every two days of annual and sick leave, or one month of family health coverage for every three days of annual or sick leave. If an individual was enrolled in the PEIA insurance plan on or after July 1, 1988, the retiree may purchase one-half month of single health coverage for every two days of annual or sick leave, or one-half month of family health coverage for every three days of annual or sick leave. Members enrolled in the PEIA insurance plan on or after July 1, 2001 are not eligible to use accrued annual and sick leave towards the purchase of health insurance.

As an alternative to the extension of insurance coverage, any member who participates in a PEIA insurance plan at the time of retirement may elect to use accrued annual and sick leave towards an increase in retirement benefits. This accrued leave may be applied on the basis of two days retirement service credit for each one day of accrued annual and sick leave.

Judges' Retirement System (JRS)

The Judges' Retirement System (JRS) was established on June 5, 1949 for Judges and Justices of the State of West Virginia who elect to participate in the retirement system. JRS is a single employer defined benefit employee retirement system, providing retirement, death and disability benefits. Active members contribute 9% of their gross salary into the JRS. Chapter 15, Article 9 of the West Virginia Code establishes plan provisions for JRS.

Retirement Benefits

In order to qualify for regular retirement benefits, a member of JRS must meet one of the following requirements:

Attainment of age 65 with at least 16 years of credited service.
Any age with 24 years of credited service, of which at least 12 years is as a sitting Judge and/or Justice.
Any Judge and/or Justice who serves at least 8 full years after attaining age 65.

Early Retirement: A Judge and/or Justice who is age 62 and who has 16 years of credited service, at least 12 of which are as a sitting Judge and/or Justice, may elect an early retirement with an actuarially reduced benefit.

Deferred Retirement: A Judge or Justice who has 16 years of credited service, at least 12 of which is as a sitting Judge and/or Justice, can defer his or her retirement until age 65 with no reduction in benefits.

A Judge or Justice must submit proof of eligibility for retirement as well as his or her resignation to the Governor. The Governor will then verify the Judge and/or Justice's service and will submit an official written order awarding retirement benefits.

A regular retirement benefit is an amount equal to 75% of the current salary of the office from which the member retires.

A Judge or Justice who retires and accepts the benefits payable under JRS shall not, while receiving said benefits, be permitted to hold any public office or trust for which he or she receives compensation from the State of West Virginia. If, after retirement under JRS, he or she shall be elected or appointed to any public office or trust for which he or she receives any salary or other compensation from the State of West Virginia, his or her benefits under JRS shall be suspended for the time he or she occupies such office or trust.

Contributions

The Judges' Retirement System funding policy provides for member contributions based on 9% of their annual earnings. This policy also provides for periodic. Actuarially determined employer contributions at varying amounts appropriated annually by the State Legislature. However, annual appropriations are determined in consideration of the most recent actuarial valuation. Any participant who terminated before becoming eligible for benefits may elect to with draw his or her contributions without

Disability Retirement

Any Judge or Justice who has served for ten full years or any Judge or Justice over the age 65 who has served for at least six full years who becomes physically or mentally incapacitated to perform the duties of his or her office during the remainder of his or her term may be eligible for a disability retirement. The Judge or Justice shall make both a written application and resignation to the Governor setting forth the nature and extent of his or her disability. If the Governor determines through recommendation of the Governor's Judicial Disability Review Board that such disability exists and that public service is suffering and will continue to suffer by reason of such disability, the Governor shall submit an official written order awarding retirement benefits Judge or Justice who retires because of disability and accepts the benefits payable under JRS because of such disability shall not, while receiving said benefits, be permitted to practice law. If a Judge or Justice receiving benefits for disability retirement enters the practice of law, his or her disability benefits shall be suspended for the time he or she shall be engaged in the practice of law.

Surviving Spouse and Dependent child Benefits

The surviving spouse of a Judge or Justice who dies while in office after having served five or more years as a sitting Judge or Justice, or a Judge or Justice who has already retired, shall receive 40% of the annual salary of the office which said Judge or Justice held at his or her death or from which said Judge or Justice resigned or retired. This benefit is payable to the surviving spouse until his or her death or remarriage.

If there is no surviving spouse of a Judge or Justice who dies after having served five years or more and such Judge or Justice leaves surviving him or her a dependent child or children, such dependents shall receive an amount equal to 20% of the annual salary of the office which said Judge or Justice held at the time of his or her death: Provided, that the total of all such annuities payable to each dependent child shall not exceed in the aggregate an amount equal to 40% of such salary. This benefit is payable to each dependent child until he or she attains the age of 18 or until he or she attains the age of 23 as long as such dependent(s) remains a full-time student.

If a Judge or Justice dies while in office before having served five full years as a sitting Judge or Justice, the surviving spouse or dependent children will receive a refund of contributions paid into the retirement system.

In the event the salary of Judges or Justices is increased or decreased while an annuitant is receiving benefits, the annuities likewise shall be increased or decreased proportionately to reflect such change in salary.

Prosecuting Attorney Service Credit

A Judge or Justice of a court of record who has served for a period of not less than 12 full years may receive credit for time served as a prosecuting attorney if the service was earned prior to 1987 and the member was a sitting Judge or Justice on March 14, 1987.

Assistant Prosecuting Attorney service does not qualify as eligible years of service under JRS.

Military Service Credit

Any Judge or Justice with 12 or more years of actual service as a sitting Judge and/or Justice of a court of record may use up to a maximum of 5 years of active, full-time duty in the armed forces of the United States to attain credited service for retirement eligibility.

Termination of Employment

Any Judge or Justice of this State whose services have terminated, other than by retirement, shall, upon his or her written request, be refunded any and all money paid by or for the said Judge or Justice into the fund without interest. Once a Judge or Justice withdraws contributions from the system, he or she forfeits all future retirement and disability benefits. The Judge or Justice may re-enter the system after a subsequent appointment or election to a qualified judgeship, but without credit for any prior years of service.

Plan Transfers/Rollovers

There may be transfers of service credit between the JRS and the Public Employees Retirement System (PERS), where such service credit constitutes qualified and eligible credit under the recipient system's statutes, in order to allow full flexibility of choice of option by a Judge or Justice; but in no case shall benefits be receivable from more than one of such state retirement systems, nor shall any service credit be usable more than once and then only in the finally chosen state retirement system.

A Judge or Justice who elects to transfer eligible service under PERS to JRS will be required to pay into JRS all contributions he or she would have been required to pay into the fund, plus interest, had he or she previously elected to participate in JRS.

Rollovers and plan transfers will be accepted on behalf of the member, but solely for the purpose of purchasing permissive service credit or for the repayment of previously withdrawn contributions.

PEIA Insurance

Public Employees Insurance Agency (PEIA) health insurance premiums are based upon the years of service a member has accrued at the time of his or her retirement. Please note that while a Judge or Justice with 24 years of credited service may retire at any age, a Judge or Justice with at least 25 years of credited service will qualify for a lower health insurance premium.

Public Employees Retirement System (PERS)

The Public Employees Retirement System (PERS) was established on July 1, 1961 for the purpose of providing retirement benefits for employees of the State and other political subdivisions. PERS has approximately 35,000 active members and approximately 18,600 retirants receiving annuity benefits. PERS is funded by employee and employer contributions. An active member contributes 4.5% of his or her gross monthly salary to the plan. The employer contributes an additional 9.5% of the member's gross monthly salary for a total combined contribution equal to 15%. All employee contributions are tax deferred. Contributions as a percentage of payroll for members and employers are established by statute, subject to legislative limitations. The expected contributions are reviewed to assure that they result in actuarially sound funding for the plan.

The number of state agencies in fiscal year 2002 and fiscal year 2003 was: **204**

The number of participating political subdivisions in fiscal year 2002 and fiscal year 2003 was:

	June 2002	June 2003
Cities and Towns	190	120
Counties	55	55
Special Districts	251	339

A regular retirement benefit, paid in equal monthly installments, is an amount equal to 2% multiplied by the member's years of credited service multiplied by the member's Final Average Salary **(FAS).** Final Average Salary refers to the average annual salary from the highest 36 consecutive months within the last 10 years of employment. Normally, this figure will come from the last 3 years of employment. Lump sum payments, with the exception of annual increment pay, will not be used to increase any retirement benefit.

Chapter 5, Article 10 of the West Virginia Code establishes plan provisions for PERS. In certain circumstances, this Article also permits members of the Teachers' Retirement System to transfer accumulated service credit and member contributions into the Public Employees Retirement System.

Retirement Benefits

In order to qualify for regular retirement benefits, a member of PERS must meet eligibility requirements.

A member who is currently working for a participating PERS agency may:

Retire with full benefits at age 55 if age plus contributing service equals 80 or more.
Retire with full benefits at age 60 if he or she has 5 or more years of contributing service.
Retire with reduced benefits at age 55 if he or she has 10 or more years of credited service.

A member who is NOT currently working for a participating PERS agency and has not withdrawn his or her contributions may:

Retire at age 62 with full benefits if he or she has 5 or more years of credited service.
Retire with full benefits at age 55 if age plus contributing service equals 80 or more.
Retire with reduced benefits at age 55 if he or she has between 20 and 25 years of service.
Retire with reduced benefits if less than 55 years of age and he or she has 30 or more years of credited service.

Annuity Options

Straight Life: A lifetime annuity payable monthly to the member determined under the regular benefit formula without adjustment. There are no death benefits under this option.

Option A - 100% Joint and Survivor: A reduced annuity payable monthly to the member for his or her lifetime. Upon the death of the member, the named survivor will receive the same amount for his or her lifetime.

Option B - 50% Joint and Survivor: A reduced annuity payable monthly to the member for his or her lifetime. Upon the death of the member, the named survivor will receive one-half of the monthly payment for his or her lifetime.

The named survivor in both Option A and Option B must have an insurable interest in the life of the retiree such as a spouse, child, parent, or other dependent. With all the above options, any unpaid employee contributions, plus 4% interest, remaining at the retiree's or survivor's death, will be refunded to the named beneficiary or estate.

Retirants will receive full benefits from PERS regardless of Social Security income or other private retirement benefits.

Retirement Benefit Estimate

Prior to retirement and upon request, an estimate of potential benefits under all three retirement annuity options can be provided so that the member can make an informed decision regarding his or her retirement options.

Use of Unused Sick and Annual Leave at Retirement

Any member of PERS who works for an employer with a leave policy that allows for the use of unused accrued annual and/or sick leave at retirement may elect to use such leave to purchase health insurance under the Public Employees Insurance Agency (PEIA) or to acquire additional credited service under PERS. Unused accrued leave **CANNOT** be used for both options. Members who retire from city, county, or other non-direct employers of the State should contact their employer regarding eligibility for PEIA insurance.

If an individual was enrolled in a PEIA insurance plan ***before July 1, 1988***, and coverage has been continuous since that time, his or her unused annual and/or sick leave may be used to pay towards health insurance premiums. The retiree may purchase one month of single health coverage for every two days of unused annual and/or sick leave, or one month of family health coverage for every three days of unused annual and/or sick leave. If an individual was enrolled in a PEIA insurance plan ***on or after July 1, 1988***, the retiree may purchase one-half month of single health coverage for every two days of unused annual and/or sick leave, or one-half month of family health coverage for every three days of unused annual and/or sick leave. Members enrolled in a PEIA insurance plan ***on or after July 1, 2001*** are not eligible to use accrued unused annual and/or sick leave towards the purchase of health insurance.

As an alternative to the extension of insurance coverage, a member may elect to use unused annual and/or sick leave towards an increase in retirement benefits. A retiree may receive one month of service credit for each ten days of unused annual and/or sick leave. However, such credited service shall not be used in meeting initial eligibility for retirement. If the member plans to separate from employment prior to eligibility for a retirement annuity (deferred retirement), they should refer to their employer's leave policy to determine if this option is available.

Disability Retirement

Work Related Disability - An active member of PERS may qualify for a work related total and permanent disability retirement with no minimum years of service required. He or she must be receiving (or have received) Workers' Compensation benefits on account of such disability.

Non-Work Related Disability - A member must have 10 or more years of credited service to quality for a non-work related total and permanent disability retirement.

Disability benefits shall not be less than 50% of a member's Final Average Salary. At age 65 the benefits are calculated on actual years of service, and may be reduced, but the straight life benefit or equivalent may not be less than 20% of the Final Average Salary.

Changing a Beneficiary Prior to Retirement

If a member wishes to change a beneficiary(ies), they must complete a new beneficiary form and return it to the WV Consolidated Public Retirement Board (CPRB). The member should keep a copy of this form for his or her records. If a member's family situation changes (birth, death, divorce, etc.), his or her beneficiary designation should be reevaluated.

Death Prior to Retirement

Death of a member with fewer than ten years of credited service:
If a member of PERS dies prior to attaining 10 or more years of credited service, PERS will pay the employee contributions and 4% interest to a named beneficiary(ies).

Death of a member with more than ten years of credited service and was married at the time of death:
(A) If a member of PERS who has 10 or more years of credited service dies, and leaves a spouse, the spouse shall receive an annuity computed under Option A in the same manner as if said member had retired the day preceding the date of his or her death and had named his or her spouse as survivor of annuity option.

(B) If a member of PERS who has 10 or more years of credited service (1) dies, and (2) leaves a spouse, and (3) the "Spouse's Consent Waiver of Survivorship Annuity" section is completed on the Pre-Retirement Beneficiary Designation form, the member may name someone with an "insurable interest" in the life of the member to receive an annuitized benefit under Option A as if the member had
retired the day preceding the date of his or her death and named a survivor for annuity option **or** any named beneficiary(ies) to receive a lump sum payment of his or her employee contributions plus 4% interest.

Death of a member with 10 or more years of credited service and was not married at time of death:
(A) If a member of PERS who has 10 or more years of credited service dies without a surviving spouse, the member may name someone with an "insurable interest" in the life of the member to receive an annuitized benefit to be paid under Option A, as if said member had retired the day preceding his or her death, and named said person as survivor of annuity option.

(B) If a member of PERS who has 10 or more years of credited service dies without a surviving spouse, the named beneficiary(ies) may receive a lump sum payment or the member's employee contributions and 4% interest.

(C) If a member of PERS who has 10 or more years of credited service dies without leaving a surviving spouse, but leaves a child or children, and does not have a beneficiary named, the child or children shall be entitled to an annuity to be calculated as follows: the annuity reserve shall be calculated as though said member had retired as of the date of his or her death and elected a straight life annuity. This annuity shall be paid in equal monthly installments to the member's child or children until the child or children attain age 21 or sooner marry or become emancipated. However, in no event shall any child or children receive more than $250.00 per month. Annuity payments shall be computed as of the date of the death of the member and the amount to the annuity shall remain constant during the period of payment. The annual amount of the annuities payable by this section shall not exceed 60% of the deceased member's Final Average Salary.

Employment after Retirement

If a retiree becomes permanently employed by a participating employer, payment of his or her annuity shall be suspended during his or her reemployment, and he or she shall again become a contributing member of the retirement system. If the reemployment is for a period of one year or longer, a new retirement benefit shall be calculated based on the additional employment.

A retiree may accept temporary employment from a participating employer so long as he or she does not receive compensation in excess of $15,000 during any one calendar year.

Termination of Employment

If a member terminates employment prior to the time he or she qualifies for retirement benefits and has accrued at least five years of contributing service, he or she may leave his or her contributions on deposit until they qualify for retirement benefits. The member may also choose to withdraw his or her employee contributions (plus 4% interest with two or more years of contributing service) from the plan after termination of his or her employment. **However, he or she may not withdraw the employer's contributions. Employer contributions remain with the retirement system.** Once the member withdraws contributions from the system, he or she forfeits all future retirement and disability benefits.

Reinstatement of Previously Withdrawn Service

Currently, the law allows members who are rehired by a participating employer to purchase previously withdrawn service, provided that they redeposit the withdrawn funds plus compound interest. Initial payment must be made before December 31, 2004. The repayment may be made by lump sum or repaid over a period of time not to exceed sixty months. After December 31, 2004, the law will require a member to be reemployed by a participating PERS employer for one full year, begin reinstatement payments in the second year of employment, and have the reinstatement paid in full within five years of reemployment.

Military Service

Any member of PERS who served on active duty in the armed forces of the United States during any period of compulsory military service ("The Draft") or during any period of armed conflict may be entitled to receive credited service in PERS at no cost for such military service, not to exceed five years. Members who have a break in employment as a result of active military service may be entitled to purchase military service credit as provided by federal law.

Out of State Service

A member of PERS may purchase up to five years of service credit for public employment performed in another State. However, the member cannot be vested in the other State's retirement system or receiving an annuity from such plan. Purchased out-of-state service may not be used to establish eligibility for a retirement benefit in PERS.

Deferred Compensation Plan

In addition to participating in PERS, State employees may voluntarily defer 100% of their income up to a maximum of $12,000, as indexed, into a Deferred Compensation Plan (Section 457(b)). The WV Deferred Compensation Plan has two investment providers offering many investment options. Taxes on contributions plus investment earnings are deferred until the funds are withdrawn.

Teachers' Retirement System (TRS)

The State Teachers' Retirement System (TRS) was established on July 1, 1941 for the purpose of providing retirement benefits for teachers and school service personnel of the State's 55 county public school systems, the State Department of Education, and the School for the Deaf and Blind who were hired before July 1, 1991. TRS is a defined benefit plan that currently has approximately 22,500 active members and approximately 24,600 retired members. An active member contributes 6% of his or her monthly gross salary into the retirement plan. The employer contributes an additional 15% of the member's monthly gross salary into the plan. TRS membership eligibility was closed to new members on July 1, 1991. Chapter 18, Article 7A of the West Virginia Code establishes the plan provisions for TRS.

Retirement Benefits

In order to qualify for regular retirement benefits, a member of TRS must meet one of the following requirements:

While still in covered employment, a TRS member may:

Retire with full benefits at age 55 and completion of 30 or more years of credited service.
Retire with full benefits at age 60 and completion of 5 or more years of credited service.
Retire with full benefits at any age and completion of 35 or more years of credited service.

Members can retire with reduced benefits before age 55 after completing 30 years of credited service. An individual with 5 or more years of contributing service who terminates employment prior to retirement, but does not withdraw his or her employee contributions, will be eligible for retirement benefits at age 62, or at age 60 with 20 years of contributing service. A regular retirement benefit, paid in equal monthly installments, is an amount equal to 2% of a member's Final Average Salary **(FAS)** multiplied by the member's years of credited service. Final Average Salary refers to the average of the 5 highest years out of the last 15 years of contributing service. Normally, this figure will come from the last 5 years of employment.

Contributions

A member who withdraws from service for any cause other than death or retirement may request that the accumulated employee contributions plus interest be refunded. TRS funding policy provides for member contributions based on 6% of members' annual compensation. Contributions as a percentage of payroll for members and employers are established by State law and are not actuarially determined. The employers make the following contributions:

The county boards of education, utilizing funds made available through the State's School Aid formula, contribute 15% of the compensation of their TRS-covered employees. The State contributes 15% of the compensation of TRS members employed by the State. Other employers contribute 15% of their TRS-covered employees' compensation.

In addition, the State contributes a certain percentage of fire insurance premiums paid by State residents and an amount determined by the State actuary as being needed to extinguish the TRS unfunded liability within 40 years of June 30, 1994. Counties contribute 15% of the compensation of TRS members' salaries not covered under the State's School Aid formula.

A regular retirement benefit, paid in equal monthly installments, is an amount equal to 2% of a member's final average salary multiplied by the member's years of credited service. Final average salary refers to the average of the 5 highest years out of the last 15 years of contributing service. Normally, this figure will come from the last 5 years of employment.

Annuity Options

Option A **- Straight Life:** A lifetime annuity payable monthly to the member determined under the regular benefit formula without adjustment. There are no death benefits under this option.

Option C **- 100% Joint & Survivor:** A reduced annuity payable monthly to the member for his or her lifetime. Upon the death of the member, the named beneficiary will receive the same amount for his or her lifetime.

Option D **- 50% Joint & Survivor:** A reduced annuity payable monthly to the member for his or her lifetime. Upon the death of the member, the named beneficiary will receive one-half of the monthly payment for his or her lifetime.

Option E **- 120 Payments:** A reduced annuity payable monthly to the member. If the member dies before receiving all 120 monthly payments, the remainder of those 120 monthly payments shall be payable to the member's named beneficiary or the member's estate.

Retirement Benefit Estimate

Prior to retirement and upon request, an estimate of potential benefits under all four retirement annuity options can be provided so that the member can make an informed decision regarding his or her retirement options.

Disability Retirement

A member may qualify for disability retirement benefits if he or she has at least 10 years of service credit, left employment because of disability, and has been unable to work because of the disability for at least 6 months. Only 5 years of service credit is necessary if the disability is a direct and total result of an act of student violence directed toward the member. All disability retirement applications must be approved by the West Virginia Consolidated Public Retirement Board.

Death Prior to Retirement

If a member 50 years of age or older with 25 years of credited service dies, the surviving spouse, if named as sole beneficiary, will receive a lifetime annuity based on Option C. If a member who does not meet the age and service requirements stated in the previous sentence dies, all funds are paid to the designated beneficiary.

Changing a Beneficiary Prior to Retirement

If a member wishes to change their beneficiary, he or she should complete a new beneficiary form and return it to the WV Consolidated Public Retirement Board. The member should keep a copy of this form for his or her records. If a member's family situation changes (birth, death, divorce, etc.), he or she should re-evaluate their beneficiary designation.

Termination of Employment

If a member terminates employment prior to the time he or she qualifies for retirement benefits and has accrued at least 5 years of contributing service, he or she may leave their contributions on deposit until they qualify for retirement benefits. The member may also chose to withdraw his or her employee contributions and interest from the plan after termination of his or her employment. **However, he or she may not withdraw the employer's contributions. Employer contributions remain with the retirement system.** Once the member withdraws contributions from the system, he or she forfeits all future retirement and disability benefits, and they will **not** be able to re-enter TRS should they be re-employed. A member who is terminating employment should consult with the WV Consolidated Public Retirement Board before deciding whether or not to withdraw his or her accumulated contributions.

Military Service

Members shall be given military service credit for service in any of the Armed Forces of the United States during any period of national emergency within which a Federal Selective Service Act was in effect. A maximum of 10 years of non-contributory military service can be given; however, it cannot exceed 25% of total service. Military service will be credited to the member's account at the time of retirement. Members who have a break in employment as a result of the rendition of active military service shall be entitled to purchase additional service credit as provided by federal law.

Loans

A member may borrow up to 50% of his or her contributions, but the total existing loan may not exceed $8,000. Any outstanding loan balance must be paid in full before a member can receive retirement benefits. A member may elect to receive a lifetime actuarial reduction of their monthly retirement benefit to payoff their outstanding loan balance. Refinancing an existing loan is not permitted.

Sick and Annual Leave at Retirement

Any member who participates in a Public Employees Insurance Agency (PEIA) insurance plan may elect to use any unused annual and sick leave days at the time of retirement to purchase health insurance under the PEIA **or** to acquire additional credited service under TRS. Accrued leave cannot be used for both options.

If an individual was enrolled in the PEIA insurance plan before July 1, 1988, and coverage has been continuous since that time, his or her annual and sick leave may be used to pay towards health insurance premiums. The retiree may purchase one (1) month of single health coverage for every two days of annual or sick leave, or one (1) month of family health coverage for every three days of annual or sick leave. If an individual was enrolled in the PEIA insurance plan on or after July 1, 1988, the retiree may purchase one-half (½) month of single health coverage for every two days of annual or sick leave, or one-half (½) month of family health coverage for every three days of annual or sick leave. Members enrolled in the PEIA insurance plan on or after July 1, 2001 are not eligible to use accrued annual and sick leave towards the purchase of health insurance.

In the alternative to the extension of insurance coverage, the member may elect to use accrued annual and sick leave towards an increase in retirement benefits, on the basis of two days of retirement service credit for each day of accrued annual or sick leave. Such days will constitute additional credited service in the computation of retirement benefits. The additional credited service shall not be used in meeting initial eligibility for retirement criteria.

Working after Retirement

Any retiree, other than as a college teacher, who accepts public school employment for a period of no more than 120 days during the school year, and who is not considered in any way a permanent or regular employee, is considered to be temporary and shall continue to receive his or her normal monthly benefit. The retiree will receive a reduction in their retirement annuity if the temporary employment exceeds 120 days. A retiree may teach college level courses on a non-contract basis for less than 7 hours of college credits per semester without a loss of benefits.

Deputy Sheriff Retirement System (DSRS)

The Deputy Sheriff Retirement System (DSRS), a multiple-employer defined benefit employee retirement system, was established for all deputy sheriffs hired on or after July 1, 1998. Deputy Sheriffs employed prior to July 1, 1998 were eligible to transfer their PERS service to DSRS. Service as a sheriff may also be considered covered employment under certain circumstances. Chapter 7, Article 14D of the West Virginia Code establishes the plan provisions for DSRS.

Active members contribute pre-tax 8.5% of their monthly salary , and the Sheriff's Office of the county in which the member is employed in covered employment contributes an additional 9.5% of the member's monthly salary. In addition, the Sheriff's Office contributes certain fees charged for reports and other services provided by Sheriff's Offices. A member is vested after completion of 60 months covered employment.

Retirement Benefits

In order to qualify for regular retirement benefits, a member of DSRS must meet one of the following requirements:

While still in covered employment, attainment of at least age 50 and when the sum of current age plus years of service equals or exceeds 70 years (excluding military service).
While still in covered employment, attainment of at least age 60 and completion of 5 years of service (excluding military service).
Attainment of age 62 and completion of 5 or more years of service (excluding military service).
A member who ceases covered employment with 20 years of service may elect to retire at age 50 with full benefits, or upon attaining age 40 with reduced benefits.

A regular retirement benefit, paid in equal monthly installments, is an amount equal to 2.25% of a member's final average salary multiplied by the member's years of credited service. Final average salary refers to the average of the highest annual compensation received for covered employment by the member during any five consecutive plan years within the member's last ten years of service.

Straight Life Annuity: A lifetime annuity payable monthly to the member determined under the regular benefit.

Option A - True Joint & Survivor Annuity: A reduced annuity payable monthly to the member. Upon the death of either the member or the beneficiary, the annuity is further reduced to either 50%, 66 2/3%, 75% or 100% of the original monthly amount dependent on the original option elected by the member. The reduced benefit is payable to the surviving member or beneficiary for their remaining life.

Option B - Joint & Survivor Annuity: A reduced annuity payable monthly to the member. Upon the death of the member, a reduced annuity of either 50%, 66 2/3%, 75% or 100% of the original monthly amount, dependent on the original option elected by the member, is payable to the beneficiary. There is no change in the original monthly amount if the beneficiary dies first.

Option C - Ten Years Certain & Life Annuity: A reduced annuity payable monthly to the member. If the member dies before receiving 120 monthly payments, the remainder of the 120 monthly payments shall be payable to the member's beneficiary or the member's estate.

Option D - Level Income Annuity: An increased annuity payable monthly to the member until the member attains Social Security Retirement Age. After Social Security Retirement Age, the benefit is reduced by the estimated Primary Insurance Amount determined at retirement. The reduced benefit is payable monthly for the remaining lifetime of the member. There are no death benefits under this option.

A married member who elects a survivor option naming someone other than their spouse must have their spouse complete a voluntary spousal waiver. A named survivor must be a natural person with an insurable interest in the member's life. An option may not be revoked or changed after the member receives their first annuity payment. Divorce and/or (re)marriage does not entitle the member to change an elected option. If a named survivor under an option dies before a member, the member may elect a new survivor option, however, the new option will result in a further reduction in the member's monthly annuity benefit.

Disability Retirement Benefits

Totally Disabled means a member's inability to engage in substantial gainful activity by reason of any medically determined physical or mental impairment that can be expected to result in death or that has lasted or can be expected to last for a continuous period of not less than 12 months. A member is totally disabled only if his/her physical or mental impairment is so severe that he/she is not only unable to perform his/her previous work as a deputy sheriff but also cannot, considering the member's age, education and work experience, engage in any other kind of substantial gainful employment which exists in the state.

Partially Disabled means a member's inability to engage in the duties of deputy sheriff by reason of any medically determinable physical or mental impairment that can be expected to result in death or that has lasted or can be expected to last for a continuous period of not less than 12 months. A member may be determined partially disabled and maintain the ability to engage in other gainful employment which exists within the state but which ability would not enable him/her to earn an amount at least equal to 2/3 of the average annual compensation earned by all active members of this plan during the plan year ending the most recent 30th day of June.

Duty Related Disability Benefits:

Total Duty: 90% of the member's average monthly compensation for the 12 month period preceding his/her disability until age 65, then reverts to a normal retirement.

Partial Duty: 45% of the member's average monthly compensation for the 12 month period preceding his/her disability until age 60, then reverts to normal retirement.

Non Duty Related Disability Benefits:

Total non-Duty: 66 2/3% of the member's average monthly compensation for the 12 month period preceding his/her disability until age 60, then reverts to normal retirement.

Partial Non-Duty: 331/3% of the member's average monthly compensation for the 12 month period preceding his/her disability until age 60, then reverts to normal retirement.

Death Benefits

The surviving spouse of any member who, while in covered employment, has died or dies by reason of injury, illness or disease resulting from an occupational risk or hazard inherent in or peculiar to the service required of members, while the member was or is engaged in the performance of his/her duties as a deputy sheriff, or the surviving spouse of a member who dies from any cause after having been retired with a duty related disability shall be entitled to receive the greater of 2/3 of the annual compensation received in the preceding 12 month period by the deceased member or; if the member dies after his/her early or normal retirement age the monthly amount the spouse would have received had the member retired the day before his/her death and elected a 100% Joint and Survivor annuity with the spouse as the joint annuitant, and then died.

Non Duty Related - The surviving spouse of any member who has been a member for at least 10 years, while in covered employment, who has died or dies from non-duty related causes and not due to vicious habits, intemperance or willful misconduct on his/her part shall receive the greater of 50% of the annual compensation received in the preceding 12 month period by the deceased member; or if the member dies after his/her early or normal retirement age, the monthly amount which the spouse would have received had the member retired the day before his/her death, elected a 100% Joint and Survivor annuity with the spouse as the joint annuitant, and then died.

Dependent Benefits - A surviving spouse of a member who dies of a duty or non-duty related death is also entitled to receive $100 monthly for each dependent child. If the surviving spouse dies, or if there is no surviving spouse, the fund shall pay monthly to each dependent child a sum equal to 1/4 of the surviving spouse's entitlement. If there is neither a surviving spouse nor a dependent child, the fund shall pay to the dependent parents of the deceased member a sum equal to what the surviving spouse would have received without children. When there is only one dependent parent surviving, that parent is entitled to receive 1/2 the amount which both parents would have been entitled to receive.

Dependent Child Scholarship - Any person qualifying as a dependent child of a deceased member of this retirement system shall be entitled to receive scholarship monies to be applied to the career development education of that dependent at a West Virginia institution.

Burial Benefits -Any member who dies as a result of any duty-related illness or injury is entitled to receive a lump sum burial benefit of $5,000, to be paid to the member's spouse, or to the member's estate if not married. If the member's family or estate is not entitled to death benefits under the duty or non-duty death provisions of this retirement system, then if greater than $5,000, the amount payable to the estate shall be his/her accumulated contributions.

Military Service

Any member who has previously served on active military duty is entitled to receive additional years of service credit for the purpose of determining his or her years of credited service for a period equal to the active military service, not to exceed five years. Military service credit is used in determining benefits only and is not a substitute for years of service in covered employment as a deputy sheriff.

Concurrent Employment

Any active member who has concurrent employment in an additional job or jobs that requires participation in another retirement system administered by CPRB must contribute an additional 8.5% of his/her monthly salary from such additional employment.

Termination of Employment

Any member who terminates employment is entitled to receive from the fund the member's accumulated contributions, which includes earned interest. If a member withdraws their contributions, they have no right to any future retirement or disability benefits under this retirement system.

Any member who completes 60 months of covered employment and ceases employment is eligible to either withdraw his/her accumulated contributions or receive retirement income payments upon attaining normal retirement age.

Reinstatement

Any member, who withdraws their accumulated contributions after terminating employment and thereafter becomes reemployed in covered employment, may elect to redeposit the amount of the withdrawn covered employment contributions, together with interest. Upon repayment, the member shall receive the same credit for his/her former covered employment as if no refund had been made. The repayment must be made in a lump sum within 60 months of the deputy sheriff's reemployment. Rollovers and plan transfers shall be accepted on behalf of the member, but solely for the purpose of purchasing permissive service credit or repayment of withdrawn contributions.

Sick and Annual Leave at Retirement

Any member participating in the Public Employees Insurance Agency accruing annual or sick leave days may elect to convert any unused days at the time of retirement to purchase health insurance under the PEIA (certain restrictions apply) **or** to acquire additional credited service under the DSRS. If the member elects to convert their unused leave to acquire additional credited service and they plan to separate from employment prior to eligibility for a retirement annuity (deferred retirement), they should refer to their employer's leave policy and contact CPRB to determine if this option is available. Accrued leave cannot be split and used for both options.

Loans

A member may borrow up to 50% of his or her contributions, but the total existing loan may not exceed $8,000. Any outstanding loan balance must be paid in full before a member can receive retirement benefits. A member may elect to receive a lifetime actuarial reduction of their monthly retirement benefit to payoff their outstanding loan balance. Refinancing an existing loan is not permitted.

Teachers' Defined Contribution Retirement System (TDC)

The Teachers' Defined contribution Retirement System (TDC) is a multiple employer defined contribution retirement system covering full time employees of the State's 55 county public school systems, the State Department of Education, several Higher Education employees, and the School for the Deaf and Blind who are hired after June 30, 1991. TDC members may also include former TRS plan members, including higher education employees, who have elected to transfer into or participate in TDC. Participation has increased from approximately 21, 284 members in 2002 to 22,735 on June 30, 2003. TDC benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are required to participate from the date of employment. Chapter 18, Article 7B of the West Virginia Code establishes the plan provisions for TDC.

TDC provides members with their choice of seven separate investment options, which include a money market fund, an index fund, a large cap growth fund, a large cap value fund, a balanced fund, a bond fund, and an individually allocated annuity.

Contributions

The West Virginia Code requires employees to contribute 4.5% of their gross compensation and the employers to contribute 7.5% of covered members' gross compensation from amounts allocated to the employers through the State's School Aid formula. Employer contributions for each employee (and interest earnings and/or losses allocated to the employee's account) become 1/3 vested after six years, 2/3 vested after nine years and fully vested after 12 complete years of service. Non-vested employer contributions and earnings are forfeited by employees who leave employment prior to becoming fully vested in the event the employee does not return to active participant status within five years to reduce the employer's current period contribution requirement. Any such forfeitures arising from contributions, plus earnings thereon, will be used to reduce future employer contributions.

457(b) Deferred Compensation Plan

The West Virginia Deferred Compensation Plan is a deferred compensation plan created by the State in accordance with Internal Revenue Code (IRC) Section 457. The plan is available to all employees of the State and permits them to defer a portion of their salary until future years. There were 4,387 participants in the Plan on June 30, 2002, compared to 4,950 participants on June 30, 2003. Chapter 5, Article 10B of the West Virginia Code establishes plan provisions for the 457(b) Plan.

The plan benefits depend solely on amounts contributed to the plan plus net investment earnings. State employees are eligible to participate from their date of employment. The plan operates without cost to or contributions from the State except for the incidental expense of administering the payroll salary deductions and the remittance thereof. As of June 30, 2003, employee contributions were limited to 100% of annual salary up to $12,000, indexed annually. Participants are fully vested in their own contributions and the related net investment earnings.

The plan offers special “Catch-Up” provisions for older workers. Individuals who are at least age 50 are eligible to contribute an additional amount over the regular limit. The plan also allows participants, during their last three years prior to attaining Normal Retirement Age to “catch-up” for prior years when their maximum contribution amount was not utilized. In addition, rollover contributions are accepted from 401(k), 403(b) plans and IRAs.

Members have many investment options, with underlying investments that include domestic and international equity funds, bond funds, governmental securities and certificates of deposits. Assets are stated at market value and were approximately $38,161,649 on June 30, 2003.

The State has no liability for investment losses or changes in asset values under the plan, nor does the State have the duty of an ordinary prudent investor. The plan has two designated investment providers, ING and Citistreet, who offer a variety of mutual funds and variable annuities. The participants make the choice of investment options.

Actuarial Figures and Statistics Section

The East End Bridge

Huntington's East End Bridge, a mile long (including approaches) cable-stayed bridge, spans the Ohio River connecting West Virginia and Ohio. The East End Bridge is one of only three cable-stayed bridges in the United States.

Defined Benefit Retirement Plan Figures as of June 30, 2003*

	PSDDRS (Plan A)	SPRS (Plan B)	Judicial System	Public Employees	Teachers' Defined Benefit	Deputy Sheriff
New Retirees						
Number of New Retirements	23	1	0	915	1233	28
Average Years of Service	15.84	3.092	0	22.92	28.69	25.19
Average Monthly Benefit	$4,111.00	$1,536.00	0	$1,202.00	$1,598.00	$1,395.00
Average Age of Retirees	48.74	28	0	60.68	60.51	56.11
Average Monthly Salary Receiving at Retirement	$3,462.00	$2541.93		$2,608.00	$2.811.00	$2,532.00
All Retirees						
Number of All Retirees	605	4	59	18,392	24,500	125
Average Years of Service	24.76	2.52	16+	19.77	25.59	26.02
Average Monthly Benefits All Retirees	$2,762.00	$1,503.00	$4,740.00	$735.00	$997.00	$1,573.00
Active Members	263	338	57	35,648	24,988	789
Withdrawals						
Number of Withdrawals	2	16	0	2103	250	50
Amount of Withdrawals	$113,860	$187,953	$0	$6,576,795	$6,820,211	$279,943

**Number of New Retirements* and *Number of All Retirees* not only includes members who have retired with a regular retirement, but members who have retired with a disability retirement and surviving spouses/beneficiaries.

Funding Levels for Defined Benefit Retirement Plans as of June 30, 2003

	PSDDRS (Plan A)	SPRS (Plan B)	Judicial System	Public Employees	Teachers' Defined Benefit	Deputy Sheriff
Actuarial Value of Assets	$99,407,000	$14,753,000	$52,779,000	$2,699,941,000	$1,190,882,000	$49,364,000
Unfunded Accrued Liability	$348,462,0-00	$2,138,895	$43,929,628	$991,060,000	$5,052,952,000	$29,506,860
Funded Percentage	21.9%	87.3%	54.6%	73.2%	19.1%	62.6%

Retirement Plan Running Statistics as of June 30, 2003

	PSDDRS (Plan A)	SPRS (Plan B)	Judicial System	Public Employees	Teachers' Defined Benefit	Deputy Sheriff
Actives	263	338	70	35,503	20,919	792
Retirees	606	4	60	18,588	25,441	127
Vested Termination	6	0	2	3,014	3,749	32
UAL	$348.5	$2.1	$43.9	$991.1	$5,053.0	$29.5
Percent Funded*	22.2%	87.5%	54.6%	73.2%	19.1%	62.6%
Actuarial Value of Assets	$99.4	$14.8	$52.8	$2,699.9	$1,190.9	$49.4

Other Actuarial Information

Valuation Date - All valuations were completed as of July 1, 2003.

Actuarial Cost Method - All Valuations were completed applying the Entry Age Past Service with Aggregate Normal Cost actuarial cost method.

Asset Valuation Method - All plan assets are valued at reported Market Value as of July 1, 2003 and adjusted for accrued amounts.

Amortization Methodology and Remaining Past Service Amortization Period - Differs by plan based on statutory funding or targeted funding and is summarized below:

- **PSDDRS (Plan A)** – The total of the normal Cost plus the amortization of the unfunded past service is calculated to be paid as a level percentage of total State Police payroll (Plan A plus Plan B); including anticipated future hires, through June 30, 2025.

- **SPRS (Plan B)** – Normal Cost is amortized as a level percentage of future base payroll of the active membership group as of the Valuation date. Employer contributions of 12.0% of base payroll are first applied to pay the Normal Cost with the remaining contributions applied to amortize the unfunded past service. Contributions are sufficient if the unfunded past service will be fully amortized by June 30, 2030 based on level dollar funding. As of the valuation date, contributions were sufficient to cover the funding required to meet the sufficiency test.

- **Judicial System (JRS)** – Normal Cost is amortized as a level percentage of future payrolls of the active membership group plus the PERS members eligible to elect a transfer to JRS as of the Valuation date. Unfunded past service is amortized through level dollar contributions ending June 30, 2018.

- **Public Employees (PERS)** – Normal Cost is amortized as a level percentage of future payrolls of the active membership group as of the Valuation date. Employer contributions of 10.5% of payroll are first applied to the normal Cost with the remaining contributions applied to amortize the unfunded past service. Contributions are sufficient if the unfunded past service will be fully amortized within 30 years of the Valuation date based on level dollar funding. As of the valuation date, contributions were insufficient to cover interest on the unfunded past service and will not meet the funding sufficiency test.

- **Teachers' Defined Benefit (TRS)** – Normal Cost is amortized as a level percentage of future payrolls of the active membership group as of the Valuation date. Unfunded past service is amortized as a level percentage of future TRS plus TDC payroll, including anticipated future hires, through June 30, 2025.

- **Deputy Sheriff (DSRS)** – Normal Cost is amortized as a level percentage of future payrolls of the active membership group as of the Valuation date. Employer contributions of 9.5% of base payroll plus certain dedicated fees are first applied to pay the Normal Cost with the remaining contributions applied to amortize the unfunded past service. Contributions are sufficient if the unfunded past service will be fully amortized by June 30, 2029. Payments are based on a level percentage of future payroll funding, including anticipated future hires. As of the Valuation date, contributions were insufficient to meet the sufficiency test. Based on the current contribution rate, the unfunded past service would be amortized by June 30, 2038 instead of the targeted sufficiency day of June 30, 2029.

Financial Section

West Virginia Wildflowers

Growing abundantly in West Virginia, wildflowers have become an icon of the Mountain State's beauty. Whether they are waving by the roadside or hosting an industrious honeybee, they remind us that West Virginia is truly wild and wonderful.

Teachers' Defined Contribution Retirement Plan Investment Options

	September 30 2002		December 31 2002		March 31 2003		June 30 2003	
Total Participants	21,597		22,420		22,672		22,735	
Investment Options								
Vanguard	$26,019,284	7.60%	$27,810,085	7.46%	$28,734,963	7.50%	$30,404,611	7.08%
Bond Fund of America	34,066,686	9.94%	34,514,779	10.33%	41,351,422	10.79%	49,186,849	11.49%
Washington Mutual	27,924,709	8.15%	30,289,030	8.12%	29,294,155	7.64%	34,814,802	8.11%
Fidelity Growth	45,067,436	13.16%	49,514,398	13.28%	49,657,173	12.96%	58,751,474	13.69%
Federated Max-Cap	24,782,999	7.23%	27,684,581	7.42%	27,448,002	7.16%	32,953,204	7.68%
VALIC	153,247,270	44.74%	165,756,434	44.45%	172,078,030	44.90%	181,652,891	42.33%
Franklin	31,458,173	9.18%	33,307,357	8.93%	34,709,066	9.06%	41,420,859	9.65%
Total	342,566,557	100%	372,876,934	100%	383,272,811	100%	429,184,690	100%

Investment Rates of Return for Teachers' Defined Contributions Retirement System

	Rate of Return for Quarter Ending June 30, 2003	Rate of Return for One Year Ending June 30, 2003	Average Rate of Return for 3 Years Ending June 30, 2003
Vanguard Money Market Fund/VMMXX This mutual fund has assets in excess of $45 billion. The fund invests in short-term money market investments. Principal will not fluctuate; interest will be paid to accounts.	.23%	1.25%	3.21%
Bond Fund of America/ABNDX This mutual fund has more than $9 billion in assets. This fund invests in government and corporate bonds. Principal and interest will fluctuate.	5.42%	14.97%	8.91%
Franklin Income Fund/FKINXT This mutual fund has more that $7 billion in assets. This fund invests in stocks, bonds, etc. Principal and interest fluctuate.	14.24%	16.82%	9.64%
Fidelity Growth Opportunities/FAGOX This mutual fund has more than $19 billion in assets. The fund invests in growth and income common stocks. Principal and dividends fluctuate.	14.97%	1.10%	(13.44%)
Washington Mutual Investors/AWSHX This mutual fund has more than $45 billion in assets. The fund invests in value stocks. Principal and dividends will fluctuate.	15.94%	(2.22%)	3.05%
Federated Max - Cap/FISPX This mutual fund has more than $3 billion in assets. The fund is an S&P 500 index fund. Principal and dividends will fluctuate.	15.16%	(.20%)	(11.25%)
VALIC Individually Allocated Fixed Annuity Individually allocated fixed annuity offered by the Variable Annuity Life Insurance Company (VALIC). Principal will not fluctuate; minimum interest rate will be 4.5%.	1.11%	4.91%	5.70%

The performance data quoted represents past performance. Future returns will fuuctuate.
Rate of Return = Income dividend interest plus appreciation or depreciation during the period.

Note: The rates of return shown are for funds in which the retirement program participates; returns credited to individual accounts eill vary due to timing of contributions and withdrawals. (Parentheses indicate negative return.)

Schedule of Funding Progress (in 000's)

	Actuarial Valuation Date	PSDDRS (Plan A)	SPRS (Plan B)	Judicial System	Public Employees	Teachers' Defined Benefit	Deputy Sheriff
Actuarial Value of Assets (a)	June 30, 2002	91.095	11.644	47.620	2.588.777	1.098.441	44.371
	June 30, 2003	99.407	14.753	52.779	2.699.941	1.190.882	49.364
Actuarial Accrued Liability (AAL) Entry Age (b)	June 30, 2002	416.938	13.708	92.215	3.432.467	5.709,001	72.702
	June 30, 2003	447.869	16.892	96.709	3.691.001	6.243.834	78.871
(Over Funded) Unfinded AAL (UAAL)(b-a)	June 30, 2002	325.843	2.064	44.595	843.690	4.610.560	28.331
	June 30, 2003	348.462	2.139	43.930	991.060	5.052.952	29.507
Funded Ratio (a/b)	June 30, 2002	21.9%	84.9%	51.6%	75.4%	19.2%	61.0%
	June 30, 2003	22.2%	87.3%	54.6%	73.1%	19.1%	62.6%
Covered Payroll (c)	June 30, 2002	14.314	10.134	6.325	1.040.269	841.627	24.291
	June 30, 2003	13.496	11.449	6.325	1.109.272	832.919	26.094
UAAL as a Percentage of Covered Payroll ((b-a)/c)	June 30, 2002	2,276.4%	20.4%	705.1%	81.1%	547.8%	116.6%
	June 30, 2003	2,581.9%	18.7%	694.5%	89.3%	606.7%	113.1%

Schdule of Conrtibutions from the Employers and Other Contributing Entities (In 000's)

	Year Ended	PSDDRS (Plan A)	SPRS (Plan B)	Judicial System	Public Employees	Teachers' Defined Benefit	Deputy Sheriff
Expected/ Required Contributions	June 30, 2002	$19,742	1,329	5,138	92,408	237,688	2,646
	June 30, 2003	22,473	1,422	5,413	98,826	271,808	2,758
Percentage Contributed	June 30, 2002	103.2%	91.8%	116.8%	104.6%	110.2%	100.4%
	June 30, 2003	100.2%	90.9%	101.6%	104.5%	105.4%	105.5%

Statement of Plan Net Assets Pension Fund types and Balance Sheets - Other Fund Types June 30, 2003

(Numbers Below in 000's)

	PSDDRS (Plan A)	SPRS (Plan B)	Judicial System	Public Employees	Teachers' Defined Benefit	Deputy Sheriff	Teachers' Defined Contribution	Other (Admin)
Assets								
Cash with State Treasurer	$4	-	-	-	-	-	6,468	1,516
Investments- at fair value	97,397	14,753	52,779	2,695,890	1,158,296	48,766	429,185	
Contributions Receivable	2,010	-	-	4,210	15,025	405	6,873	
Participant Loans Receivable	-	-	-	-	17,911	181	-	
Total Assets	99,423	14,753	52,779	2,700,100	1,191,835	49,436	442,526	1,516
Liabilities and Fund Balance								
Liabilities: Accrued expenses and other payables	14	12	-	160	598	69	91	96
Compensated Absences	-	-	-	-	-	-	-	440
Fund Balance (Deficit)	-	-	-	-	-	-	-	(980)
Total Liabilities and Fund Balance (Deficit)	14	12	-	160	598	69	91	1,516
Net Assets Held in Trust for Pension Benefits	99,409	14,741	52,779	2,699,940	1,191,237	49,367	442,435	-

Statememt of Changes in Net Assets - Pension Funds
Year Ended June 30, 2003 (Numbers Below in 000's)

	PSDDRS (Plan A)	SPRS (Plan B)	Judicial System	Public Employees	Teachers' Defined Benefits	Deputy Sheriff	Teachers' Defined Contributions	Other (Admin)
Additions								
Member Contributions	$1,135	1,293	488	50,874	52,188	2,165	22,407	
Employer Contributions	21,937	1,293	5,500	103,239	274,201	2,412	37,003	
Total Contributions	23,072	2,586	5,988	154,113	326,389	4,577	59,410	
Investment Income								
Net Increase in Fair Value of Investments	3,913	758	2,613	125,139	51,543	2,369	19,833	
Interest	-	-	-	-	2,419	17	-	
Net Investment Income	3,913	758	2,613	125,139	53,962	2,386	19,833	
Other Income	579	-	-	-	14,357	497	-	
Fee Recieved for Administrative Service								5,143
Total Additions	27,564	3,344	8,601	279,252	394,708	7,460	79,243	5,143
Deductions and Transfers								
Benefit Expense	19,161	58	3,497	159,806	294,705	2,169	-	
Distributions/ Refunds of Contributions	58	178	-	6,549	4,432	264	7,659	
Transfers (to) from Plans	-	-	(59)	(475)	665	(1)	(130)	
Administrative Expenses	31	11	4	2,209	2,110	32	745	4,867
Total Deductions and Transfers	19,250	247	3,442	168,089	301,912	2,464	8,274	4,867
Net Increase	8,314	3,097	5,159	111,163	92,796	4,996	70,969	276
Net Assets Held in Trust								
Beginning of Year	91,095	11,644	47,620	2,588,777	1,098,441	44,371	371,466	704
End of Year	99,409	14,741	52,779	2,699,940	1,191,237	49,367	442,435	980

Investment Section

Charleston, West Virginia

Hustling and bustling, yet friendly and laid back, Charleston is fast becoming a mecca of the arts, culture and history. The Clay Center for the Arts and Science, Haddad Riverfront Park, and the Capitol Market are just a few of the venues that support Charleston's rich cultural history. At various times of the year, Charlestonians can enjoy festivals and events such as the Vandalia Festival, Multifest, and the Charleston Sternwheel Regatta.

West Virginia Investment Management Board

The following portion of the West Virginia Consolidated Public Retirement Board 2003 Annual Report has been submitted by the West Virginia Investment Management Board (WVIMB). WVIMB is the entity fiduciarily responsible, by statute, for the prudent investment of the defined benefit pension plans administered by the WVCPRB.

Contact WVIMB for more information concerning plan investment.

H. Craig Slaughter, Executive Director

West Virginia Investment Management Board
500 Virginia Street, East, Suite 200
Charleston, West Virginia 25301

Phone: (304) 345-2672
Fax: (304) 345-5939

For more information via E-mail: info@wvimb.org