

# VIRGINIA RETIREMENT SYSTEM

## 2002 Fiscal Impact Statement

1. **Bill Number** HB873

**House of Origin** ☒ Introduced ☐ Substitute ☐ Engrossed  
**Second House** ☐ In Committee ☐ Substitute ☐ Enrolled

2. **Patron** Phillips

3. **Committee** Appropriations

4. **Title** State Police Officers' Retirement System.

5. **Summary/Purpose:**

This bill increases from 1.70 to two, at the election of the member, the percentage of average final compensation that is multiplied by the amount of creditable service in determining the amount of the retirement allowance for certain members of the State Police Officers' Retirement System. Any member who elects the higher percentage becomes ineligible to receive the supplemental allowance now provided from the date of his retirement until his retirement age as defined under the Social Security Act. This provision applies to all future members of SPORS and all current members may elect to continue under the current benefit structure.

6. **Fiscal Impact Estimates are:**

6a. **Expenditure Impact:**

| <i>Fiscal Year</i> | <i>Dollars</i> | <i>Positions</i> | <i>Fund</i> |
|--------------------|----------------|------------------|-------------|
| 2001-02            |                |                  |             |
| 2002-03            |                |                  |             |
| 2003-04            | \$40,000       |                  | SPORS GF    |
|                    | \$6,000        |                  | SPORS NGF   |

7. **Budget amendment necessary:** Yes. Item 511

8. **Fiscal implications:** Chapter 1073 of the 2000 Act of Assembly requires the VRSto conduct actuarial valuations annually. The costs associated with this bill would accrue in FY03 and FY04, but would not be recognized in the employer contribution rates until FY04.

9. **Specific agency or political subdivisions affected:** VRSand State Police

10. **Technical amendment necessary:** No

11. **Other comments:** This makes the provisions of SPORS and the Virginia Law Officers Retirement System consistent with one another. The bill also allows new state troopers to elect either the benefits provided for in this bill or the current benefits. Such an election provides an opportunity for adverse selection and may ultimately lead to increased costs.

**Date:** 01/23/02/wgh

**Document:** hb873