

VIRGINIA RETIREMENT SYSTEM

2002 Fiscal Impact Statement

1. **Bill Number** HB1048

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

2. **Patron** Darner

3. **Committee** Appropriations

4. **Title** Retirement; teachers.

5. **Summary/Purpose:**

This bill changes a condition under which retired teachers are permitted to return to teaching without interrupting their retirement benefits specifying that such retirees must have been receiving retirement benefits for a period of at least 30 days before returning to a teaching position. Current law directs the Joint Legislative and Audit Review Commission and the Board of Trustees of the Virginia Retirement System to determine the period of time for eligibility that a retiree must have received retirement benefits before returning to teach. That period was determined to be one year.

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 | \$6.8 million | | Teacher State Share |
| | \$9.4 million | | Teacher Local Share |

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

8. **Fiscal implications:** The bill that was passed in the 2001 Session required the break in service to be of a time duration such that the bill be actuarially neutral in cost and that the provision not place the IRS qualification of the VRS in jeopardy. IRS has not issued specific guidelines on what constitutes an acceptable break in service. VRS sought the advice of benefits counsel relative to the latter requirement. Counsel opined that a six to twelve month break in service was more likely to receive IRS approval than a shorter break. Shorter breaks in service will also affect retirement patterns and increase costs.

9. **Specific agency or political subdivisions affected:** VRS and public school boards.

10. **Technical amendment necessary:** No

11. **Other comments:** This bill is similar to HB1137.

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