

Virginia Retirement System 2003 Fiscal Impact Statement

1. Bill Number HB1807

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron Carrico

3. Committee Appropriations

4. Title State Police Officers' Retirement System.

5. Summary/Purpose:

State Police Officers' Retirement System. Change the retirement benefits under the State Police Officers' Retirement System (SPORS) and special benefits for local law enforcement officers and firefighters (LEOS/FIRE) by increasing the percent of average final compensation that is multiplied by the amount of creditable service from 1.7 to 2.5, and eliminating the supplemental benefit that was payable from the date of retirement until retirement age under the Social Security Act.

6. Fiscal Impact Estimates are:

6a. Expenditure Impact:

SPORS (GF)	\$8.7 Million Annually
SPORS (NGF)	\$1.0 Million Annually
Political Subdivisions (Aggregate)	\$41.8 Million Annually

7. Budget amendment necessary: No

8. Fiscal implications: This bill enhances benefits and results in a fiscal impact. The Commonwealth is currently contributing below the level recommended by the VRS actuary. In addition, VRS investment returns are currently below the actuarial investment assumption and deferred investment losses exist. In the absence of this benefit enhancement, VRS expects future required contributions to increase and approval of this enhancement will increase contributions even more. VRS is also concerned that a review of the overall objectives and benefits of the system has not taken place in many years and recommends that, prior to significant enhancements to benefits being approved, a major study of the system be initiated by the General Assembly similar to that recommended during the 2002 Session in HJR 49. Note that benefit enhancements approved this year will be considered in the June 30, 2003 actuarial valuations and first reflected in contribution rates on July 1, 2004.

9. Specific agency or political subdivisions affected: VRS, Department of State Police, and local governments with LEOS/FIRE coverage.

10. Technical amendment necessary: No

11. Othercomments: None

Date: 01/16/03/wgh

Document:h1807