

VIRGINIA RETIREMENT SYSTEM 2002 Fiscal Impact Statement

1. **Bill Number** HB321

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

2. **Patron** Callahan

3. **Committee** Appropriations

4. **Title** Retirement System; retirement allowance.

5. **Summary/Purpose:**

This bill increases the retirement allowance for all state and local members of the Virginia Retirement System, State Police Officers Retirement System, Judicial Retirement System and the Virginia Law Officers Retirement System by increasing the percentage of average final compensation that is multiplied by the amount of creditable service (i) from two percent to 2.5 percent for certain members of the Virginia Law Officers Retirement System who are not eligible for the supplemental allowance and (ii) from 1.7 percent to two percent for all others. The bill is applicable to all current and future retirees.

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	\$125.2million		StateGF
	\$125.2million		StateNGF
	\$167.2million		Teacher(State)
	\$231.0million		Teacher(Local)
	\$9.6million		SPORSNGF
	\$1.3million		SPORSNGF
	\$7.8million		JRSNGF
	\$43.9million		VaLORSNGF
	\$4.9million		VaLORSNGF
	\$130.9million		Political Subs. (Aggregate)

7. **Budget amendment necessary:** Yes. Item 511. Also, \$500,000 (NGF) in FY02 for programming, communications and personal services for VRS because of applicability to current retirees.

8. **Fiscal implications:** Chapter 1073 of the 2000 Acts of Assembly requires the VRS to 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:** VRS and all participating employers.

10. Technical amendment necessary: No

11. Other comments: This bill applies to all retirement benefits payable on or after July 1, 2002, regardless of the date of retirement.

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