

Virginia Retirement System

Revised 2004 Fiscal Impact Statement

(The revision to this Impact Statement reflects that it was prepared by the Virginia Retirement System and not the Department of Planning and Budget)

1. Bill Number SB157

House of Origin	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. Patron Potts

3. Committee Finance

4. Title Virginia Retirement System; purchase of prior service credit.

5. Summary/Purpose:

Virginia Retirement System; purchase of prior service credit. Provides that certain local government chief executive officers may purchase an additional 10 years of retirement service credit for prior service for the Commonwealth or another state (this is in addition to the four years under law that may already be purchased). The cost for each additional year of service shall equal 10 percent of the local government chief executive officer's compensation at the time of purchase, provided that the additional retirement service is purchased within one year of the local government chief executive officer's eligibility and is paid for in one lump-sum payment to the Virginia Retirement System. For each year of service purchased under the bill, the local government chief executive officer is required to serve the same number of years as a local government chief executive officer subsequent to the date of purchase. Any local government chief executive officer who fails to serve the required number of years shall forfeit any credited service for the number of years not served and shall be liable to his governing body for any amount paid by it for purchasing the forfeited prior service credit.

6. No fiscal impact on the Commonwealth

7. Budget amendment necessary: No

8. Fiscal implications: Political subdivisions that participate in the VRS bear the cost of those benefits accruing to their employees. Any actuarial costs associated with this Bill will be borne by the locality employing the member purchasing the service.

9. Specific agency or political subdivisions affected: VRS and localities participating in the VRS.

10. Technical amendment necessary: No

11. Other comments: A similar Bill was passed in 2003 for public school superintendents (HB2122). In its impact statement on that Bill, VRS express a concern that approval of the Bill could set a precedent for allowing other groups to request the same or similar treatment. VRS continues to have the same concerns, particularly in light of the introduction of this Bill providing special benefits to another small group of members.

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