

Virginia Retirement System 2004 Fiscal Impact Statement

1. Bill Number SB476

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

2. Patron Ticer

3. Committee Finance

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

5. Summary/Purpose:

Virginia Retirement System; purchase of retirement credit for prior service as a substitute teacher. Provides that an employee may purchase retirement credit for prior service as a substitute teacher providing educational instruction to children of military service members in Department of Defense Education Activity schools located outside the United States.

6. See #8 below.

7. Budget amendment necessary: No

8. Fiscal implications: The cost of a year of service credit under the provisions of the VRS is approximately 15% on average. The closer a member is to eligibility for retirement, the more costly the service becomes. If purchase within three years of enactment of this bill, the purchase cost would be 5% of the higher of current salary or average final salary. After three years, the purchase cost would be the actuarial value of the service. While there is a cost to the Commonwealth and the school divisions in the first three years, that cost cannot be determined because of the lack of data on eligible members. Furthermore, this would be the first eligible purchase of "part time" service rendered with a non-VRS employer and may set a precedent for expansion of such purchases in the future. VRS would prefer to set the actuarial value of any new class of service eligible as the cost to purchase that service.

9. Specific agency or political subdivisions affected: VRS, the Commonwealth and public school divisions.

10. Technical amendment necessary: No

11. Other comments: None

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