

## Virginia Retirement System 2005 Fiscal Impact Statement

**1. Bill Number** HB1704

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

**2. Patron**        Kilgore

**3. Committee**    Appropriations

**4. Title**           Retirement System; includes legal aid employees.

**5. Summary/Purpose:**

Virginia Retirement System; legal aid employees. Adds to the membership of the Virginia Retirement System all full-time employees of any legal aid office in the Commonwealth.

6. No Fiscal Impact. See Fiscal Implications.

**7. Budget amendment necessary:** No

**7. Fiscal implications:** This bill would mandate legal aid offices to provide VRS coverage for their employees. Because such offices would be considered political subdivisions for retirement purposes, they would bear the cost of providing such coverage and there would be no costs to the Commonwealth. Legal aid offices are not governmental entities. Permitting them to cover their employees under the VRS would violate VRS' status as a governmental plan under the IRS and would subject the VRS to the requirements of the federal Retirement Income Security Act (ERISA). ERISA requires more stringent funding and disclosure requirements and compliance with ERISA could have significant cost implications to participating employers and their employees.

**9. Specific agency or political subdivisions affected:** VRS, participating employers, and legal aid offices.

**10. Technical amendment necessary:** No

**11. Other comments:** No

**Date:** 01/15/05 / wgh

**Document:** HB1704