

Virginia Retirement System 2005 Fiscal Impact Statement

1. Bill Number HB1817

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron Suit

3. Committee Appropriations

4. Title Virginia Retirement System; purchase of credit for prior part-time federal service.

5. Summary/Purpose:

Virginia Retirement System; purchase of credit for prior part-time federal service. Permits members of the Virginia Retirement System to purchase credit for prior part-time federal service.

6. Fiscal impact is unknown. Data is not available to indicate the frequency of purchases under this provision. See Fiscal Implications.

7. Budget amendment necessary: No

8. Fiscal implications: In general, the cost to purchase a month of service within the first three years of eligibility to purchase is 5% of compensation. After the first three years, the cost is the actuarial value of that service. The difference in the first three years is borne by the employer in the form of increase unfunded liabilities.

9. Specific agency or political subdivisions affected: VRS and employers of members who would purchase such service.

10. Technical amendment necessary: No

11. Other comments: Currently, the only part time service that a member may purchase is service rendered with a VRS covered employer, i.e. a public employer in Virginia that provides VRS benefits to its employees. In those cases, the Code specifically states that 173 hours of part-time service equals one month of service credit. This bill does not provide a similar provision. Also, this would set a precedent for allowing part-time service that was rendered with other than a VRS covered employer to be purchased.

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