

Virginia Retirement System 2005 Fiscal Impact Statement

1. Bill Number HB1920

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

2. Patron Cox

3. Committee Finance

4. Title Purchase of prior service for retirement.

5. Summary/Purpose:

Purchase of prior service for retirement. Provides that in cases where an employee is purchasing prior service credit at a cost of 5 percent of current compensation or average final compensation, whichever is greater, if the employee uses pre-tax or post-tax deductions to purchase the service, then the cost of the service shall be 5 percent of current compensation even if this is less than 5 percent of average final compensation.

6. No Fiscal Impact

7. Budget amendment necessary: No

8. Fiscal implications: Because of the limited applicability of this bill, there is no significant actuarial impact. Because most employees purchase service within the first three years after becoming eligible and prior to the cost of service increasing from 5% to actuarial cost, there are fewer instances of purchases on an actuarial cost basis.

9. Specific agency or political subdivisions affected: VRS

10. Technical amendment necessary: No

11. Other comments: This bill was requested by the VRS Board of Trustees.

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