

Virginia Retirement System 2005 Fiscal Impact Statement

1. Bill Number HB1996

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron Griffith

3. Committee Appropriations

4. Title Virginia Retirement System; benefits.

5. Summary/Purpose:

Virginia Retirement System; benefits. Increases monthly retirement benefits of future retirees by increasing the percentage of average final compensation multiplied by the amount of creditable service according to the years of service as follows:

Years of Creditable Service	Percentage of Average Final Compensation
Less than 25	1.70 percent
25 or more but less than 30	1.80 percent
30 or more but less than 35	1.90 percent
35 or more but less than 40	2.00 percent
40 or more	3.00 percent

6. Fiscal Impact Estimates are:

6a. Expenditure Impact:

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
STATE GF	\$ 39,240,000	\$ 40,418,000	\$ 41,630,000	\$ 42,879,000	\$ 44,165,000	\$ 45,490,000
VALORS GF	\$ 3,545,000	\$ 3,651,000	\$ 3,760,000	\$ 3,873,000	\$ 3,989,000	\$ 4,109,000
SPORS GF	\$ 2,587,000	\$ 2,664,000	\$ 2,744,000	\$ 2,827,000	\$ 2,912,000	\$ 2,999,000
TEACHERS STATE	\$ 53,362,000	\$ 54,963,000	\$ 56,612,000	\$ 58,310,000	\$ 60,059,000	\$ 61,861,000
TOTAL GF	\$ 98,734,000	\$ 101,696,000	\$ 104,746,000	\$ 107,889,000	\$ 111,125,000	\$ 114,459,000
STATE NGF	\$ 47,961,000	\$ 49,399,000	\$ 50,881,000	\$ 52,408,000	\$ 53,980,000	\$ 55,599,000
VALORS NGF	\$ 886,000	\$ 913,000	\$ 940,000	\$ 968,000	\$ 997,000	\$ 1,027,000
SPORS NGF	\$ 287,000	\$ 296,000	\$ 305,000	\$ 314,000	\$ 324,000	\$ 333,000
TOTAL NGF	\$ 49,134,000	\$ 50,608,000	\$ 52,126,000	\$ 53,690,000	\$ 55,301,000	\$ 56,959,000
TEACHERS LOCAL	\$ 80,043,000	\$ 82,444,000	\$ 84,918,000	\$ 87,465,000	\$ 90,089,000	\$ 92,792,000
LOCAL AGGREGATE	\$ 48,292,000	\$ 49,741,000	\$ 51,233,000	\$ 52,770,000	\$ 54,353,000	\$ 55,984,000
TOTAL LOCAL	\$ 128,335,000	\$ 132,185,000	\$ 136,151,000	\$ 140,235,000	\$ 144,442,000	\$ 148,776,000

- 7. Budget amendment necessary:** The Code of Virginia requires the VRS to set contribution rates every two years. The costs associated with this bill would accrue in FY06, but would not be recognized in the employer contribution rates until FY07.
- 8. Fiscal implications:** Benefits are limited under IRS regulations to 100% of preretirement compensation. Benefits provided under some of the multiplier/years of service combinations would exceed the IRS maximums and would jeopardize the tax qualified status of the retirement plans administered by the VRS.
- 9. Specific agency or political subdivisions affected:** VRS and participating employers.
- 10. Technical amendment necessary:** A technical amendment is necessary to limit the benefits payable under this bill to the maximum benefit allowed under IRS regulations. VRS will provide such language.
- 11. Other comments:** None

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