

Virginia Retirement System 2005 Fiscal Impact Statement

1. Bill Number HB2083

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron Watts

3. Committee Appropriations

4. Title Virginia Retirement System.

5. Summary/Purpose:

Virginia Retirement System. Any teacher who is a member of the Virginia Retirement System and any such retired teacher may purchase up to four years of prior service credit for service in the public school system of Canada at the rate of five percent (i) of creditable compensation at the time of purchase or (ii) of average final compensation, whichever is greater.

6. No Fiscal Impact. See Fiscal Implications.

7. Budget amendment necessary: No

8. Fiscal implications: Because of its limited applicability, the bill as drafted would have no significant actuarial costs. This bill allows certain retirees to purchase service. Allowing retirees to purchase service potentially violates Section 415 of the Internal Revenue Code and approval of this bill could be a basis for disqualification of the tax status of the VRS, which would have significant financial impact on employers and members. This bill would also set a precedent by allowing the purchase of service rendered as an employee of a foreign government. The VRS recommends that, if this purchase is allowed, the cost be equivalent to the actuarial value of the service.

9. Specific agency or political subdivisions affected: VRS

10. Technical amendment necessary: No

11. Other comments: None

Date: 01/15/05 / wgh

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