

Virginia Retirement System 2011 Fiscal Impact Statement

1. Bill Number: SB1383

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

2. Patron: Colgan

3. Committee: Finance

4. Title: Virginia Retirement System; retirees hired as law-enforcement officers of certain towns.

5. Summary: Virginia Retirement System; retirees hired as law-enforcement officers of certain towns. Provides that a person retired under special benefits for Local Enforcement Officers, the State Police Officers' Retirement System, or the Virginia Law Officers' Retirement System may be hired by a town with a population of less than 10,000 as a full-time Chief Law Enforcement Officer: (i) the person has attained age 50 and has been retired for at least one full calendar year (or such longer period as established by the Board of the Virginia Retirement System) prior to commencing employment; (ii) the person has not retired pursuant to an early retirement incentive; (iii) the person did not voluntarily resign or voluntarily retire under the Workforce Transition Act of 1995; and (iv) the hiring town pays to the Virginia Retirement System, during the person's employment, the employer share of the retirement funding contribution that would otherwise be due if the person were a covered employee.

6. Budget Amendment Necessary: No

7. Fiscal Impact Estimates: There is no fiscal impact

8. Fiscal Implications: There are no fiscal implications.

9. Specific Agency or Political Subdivisions Affected: VRS and retired hazardous duty members

10. Technical Amendment Necessary:

11. Other Comments: The substitute bill made some minor technical amendments to the bill. These amendments deleted a description of the position and replaced the description with "chief law-enforcement officer".

Because of the risk of changing retirement patterns, if these types of bills are not subject to restrictive criteria, they may have a cost impact as members may see this as an opportunity to

retire earlier than currently expected. Changing patterns of retirement will have a financial impact on the defined benefit, health insurance credit and life insurance programs. Accordingly, return to work bills have generally been confined to employee groups where critical shortages exist. VRS is not aware of any shortage with respect to chiefs of police for localities with a population of less than 10,000.

This bill has two provisions which serve to limit the impact on VRS. First, this bill requires the locality, which hires such individuals, to pay the employer contribution to the VRS for these individuals during their employment as a chief of police. These payments would be made to mitigate any cost impact to the VRS. SB 1783 also specified a one calendar year waiting period subsequent to the person's effective date of retirement prior to being eligible for employment in such position. The one year waiting period should prohibit any employment in a wage, temporary, or substitute position with a VRS participating employer. The waiting period provision is also necessary to ensure compliance with the Internal Revenue Rules governing in-service distributions.

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