

Virginia Retirement System
2012 Fiscal Impact Statement
Revised

1. Bill Number: HB 594

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Crockett-Stark

3. Committee: Appropriations

4. Title: **Virginia Retirement System; general registrars.**

5. Summary: Virginia Retirement System; general registrars. Permits a general registrar who (i) is involuntarily separated and (ii) has 20 or more years of creditable service to retire with an unreduced allowance upon attaining age 50.

6. Fiscal Impact Estimates: See fiscal implications below.

7. Budget Amendment Necessary: No.

8. Fiscal Implications: General Registrars are members of their respective local retirement plans maintained by VRS. Accordingly, localities fund their retirement benefits and would be responsible for any added pension costs incurred by this new benefit. General Registrars in localities that do not participate in VRS would not be affected by this bill.

The fiscal impact on local pension costs, however, should be minimal. Based on the June 30, 2011 actuarial valuation, there are 102 General Registrars being reported to VRS as active members to whom this bill would apply, compared to approximately 104,000 active VRS members among all political subdivisions. General Registrars represent approximately 0.10% of the political subdivisions' active membership.

The VRS actuary also noted that the potential impact is further diminished when one considers that the number of General Registrars over age 50 with 20 or more years of service who are involuntarily separated is likely to be small.

The FIS has been revised to reflect the number of General Registrars being reported to VRS.

9. Specific Agency or Political Subdivisions Affected: VRS, State, and political subdivisions

10. Technical Amendment Necessary: No

11. Other Comments: While the fiscal impact to state and local governments will be minimal the individual benefit received by eligible General Registrars will be substantial.

The hypothetical example below illustrates how a Plan 1 member's lifetime monthly benefit would substantially increase with this provision.

Age 50 with 20 years of service and an AFC of \$75,000

Without provision:	\$ 625.60/month
With provision of 50/20:	\$2,125.00/month

The same section of the *Code* currently provides this benefit for county/city/town managers, administrators and attorneys. Adding General Registrars enlarges the pool of eligible positions and may encourage other groups of employees to seek a similar benefit.

Date: 2/2/2012

Document: HB594.DOC