

Virginia Retirement System 2012 Fiscal Impact Statement

1. Bill Number: SB331

House of Origin X Introduced Substitute Engrossed
 Second House In Committee Substitute Enrolled

2. Patron: Carrico

3. Committee: Finance

4. Title: Law enforcement officers; early retirement.

5. Summary: Law enforcement officers; early retirement. Requires that all employers electing to provide benefits equivalent to the State Police Officers' Retirement System for employees in hazardous duty positions consider employees eligible for full retirement after reaching the age of 50 and completing 25 years of service, for employees retiring on or after July 1, 2012. Under current law, certain employers could elect to provide for full retirement after employees complete 30 years of service.

6. Budget Amendment Necessary: No

7. Fiscal Impact Estimates

The table below shows the increased cost for providing an unreduced benefit after reaching age 50 with 25 years of service for political subdivisions currently with an age 50 and 30 years of service eligibility.

| | <u>FY13 Cost</u> | <u>FY14 Cost</u> | <u>FY15 Cost</u> | <u>FY16 Cost</u> | <u>FY17 Cost</u> | <u>FY18 Cost</u> |
|---|------------------|------------------|------------------|------------------|------------------|------------------|
| Payroll Growth Assumption (includes promotion, COLA, etc.): | | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Town of Big Stone Gap (55354) | \$ 14,077 | \$ 14,077 | \$ 14,077 | \$ 14,077 | \$ 14,077 | \$ 14,077 |

Projected costs assume a level payroll throughout the projection period and are based on board funding assumptions as of June 30, 2011.

8. Fiscal Implications: Political subdivisions participating in VRS and providing hazardous duty benefits under the special retirement eligibility provisions in subsection C of § 51.1-138 currently provide unreduced retirement benefits at age 50 with 30 years of service for hazardous duty employees:

- Town of Big Stone Gap (55354) has 14 active employees with enhanced hazardous duty coverage (LEOs) with age 50 and 30 years of service unreduced early retirement benefits

9. Specific Agency or Political Subdivisions Affected: Big Stone Gap is the only locality that appears to be affected by this bill. The bill would technically affect all employers

electing to provide benefits equivalent to the State Police Officers' Retirement System for employees in hazardous duty positions. However, as a practical matter, almost all employers that have elected to provide these benefits to their hazardous duty employees have already elected the age 50 with 25 years of service provision. This legislation would preclude current and new employers from offering the age 50 with 30 years of service for early unreduced retirement provision to their hazardous duty personnel. Instead it would have to be age 50 with 25 years of service.

10. Technical Amendment Necessary: Yes. In line 47, insert “on or” between “retiring” and “after,” so that the language reads “...effective for employees retiring *on or* after July 1, 2012” Without this amendment there would be no language covering retirements on July 1, 2012, as line 30 only provides for retirements before July 1, 2012.

11. Other Comments: Requires all employers who elect to provide employees with hazardous duty benefits to provide full unreduced retirement at age 50 with 25 years of service for any employees retiring after July 1, 2012. Hazardous duty employees for any locality that has elected to provide hazardous duty benefits that did not include provisions for retirement at age 50 with 25 years of service would be eligible to retire after July 1, 2012, if they meet this criteria. If the technical amendment is made, this provision would extend to affected hazardous duty employees who retire on July 1, 2012, as well.

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