

Virginia Retirement System 2015 Fiscal Impact Statement

1. Bill Number: HB1984

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

2. Patron: Patron Prior to Substitute - Leftwich

3. Committee: Courts of Justice

4. Title: Judges; mandatory retirement.

5. Summary: Increases the mandatory retirement age under the Judicial Retirement System from 70 to 73 years of age.

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates: Exhibit 1 below provides cost impacts of the substitute bill.

Exhibit 1						
	<u>FY15 Cost</u>	<u>FY16 Cost</u>	<u>FY17 Cost</u>	<u>FY18 Cost</u>	<u>FY19 Cost</u>	<u>FY20 Cost</u>
State - General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SPORS - General Fund	-	-	-	-	-	-
VaLORS - General Fund	-	-	-	-	-	-
JRS - General Fund	-	(1,396,000)	(1,396,000)	(1,396,000)	(1,396,000)	(1,396,000)
Teacher - General Fund	-	-	-	-	-	-
TOTAL General Fund	\$ -	\$ (1,396,000)	\$ (1,396,000)	\$ (1,396,000)	\$ (1,396,000)	\$ (1,396,000)
State - Non-General Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SPORS - Non-General Funds	-	-	-	-	-	-
VaLORS - Non-General Funds	-	-	-	-	-	-
TOTAL - Non-General Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Teacher - Local Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Political Subdivisions - Local Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL Local Funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grand Totals	\$ -	\$ (1,396,000)	\$ (1,396,000)	\$ (1,396,000)	\$ (1,396,000)	\$ (1,396,000)

Estimated projections based on employee data and valuation results as of June 30, 2014 and assume a level population throughout projection period.

Payroll projections are assumed to remain level throughout projection period.

The current retirement rates were extended beyond age 70 to allow analysis on this proposed change. Currently, we assume that 50% of judges will retire when they first become eligible for unreduced retirement. The assumed rate of retirement for other ages is 15% per year with

the assumption that all judges will retire by age 70. By extending the retirement rates past age 70, we assume that 15% of the eligible judges will retire at each age from 70 through 73, leaving the remaining judges to ultimately retire at age 73. **However, it is important to keep in mind that it is not possible to predict how many members will continue to work beyond age 70. If only a few judges work past age 70, the savings to the Plan would likely be minimal.**

8. Fiscal Implications: Included in Fiscal Impact estimate. Currently, the judicial retirement plan provides for the mandatory retirement of judges once they attain age 70. The proposed bill would extend the mandatory retirement age to 73. **The data in Item 7 includes the reduction in costs for the retiree health insurance credit program and group life insurance program.**

9. Specific Agency or Political Subdivisions Affected: VRS, JRS, and agencies employing judges.

10. Technical Amendment Necessary: No.

11. Other Comments: By way of background, mandatory retirement ages for state judges across the country range from age 70 to 90. Eighteen states do not impose a mandatory retirement age. Including those 18 states, at least 34 states permit a judge to serve on the bench beyond age 70. Twelve states mirror Virginia by mandating judicial retirement at age 70. In addition to those 12 states, a few other states use age 70 as a benchmark for the age beyond which a judge may not be appointed to a new term. Each of the aforementioned groups of states may contain some overlap due to nuances in the specific laws that govern mandatory judicial retirement.

The Senate substitute removes the language on lines 28-30 of the House substitute, which provided that the provisions of the amended subsection applied only to those members who are elected or appointed to an original or subsequent term commencing after July 1, 1993.

This substitute bill, as amended, is similar to SB 1196.

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