

Virginia Retirement System
2021 Fiscal Impact Statement

1. **Bill Number:** SB 1251

House of Origin ☐ Introduced ☐ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☒ Enrolled

2. **Patron:** Newman

3. **Committee:** passed both chambers

4. **Title:** Virginia Retirement System; technical amendments

5. **Summary:** Makes technical amendments to provisions of the *Code of Virginia* relating to the Virginia Retirement System to reflect recent changes to federal law and conform terminology.

6. **Summary of Impacts**

Benefit(s) impacted: None. The amendments change the required minimum distribution provisions to reflect recent changes in federal law, and conform terminology related to disability retirement benefits.

Impact to unfunded liability (see Item 9 for details): None.

Impact to contribution rate(s) (see Item 9 for details): None.

Specific Agency or Political Subdivisions Affected (see Item 10): VRS.

VRS cost to implement (see Item 7 and Item 8 for details): Minimal internal costs to update web content and handbooks.

Employer cost to implement (see Item 7 and Item 8 for details): None.

Other VRS and employer impacts (see Item 7, Item 9, Item 11, and Item 12 for details): None.

GF budget impacts (see Item 8 for details): None.

NGF budget impacts (see Item 8 for details): None.

7. **Budget Amendment Necessary:** No.

8. **Fiscal Impact Estimates:** None.

9. **Fiscal Implications:** No.

10. **Specific Agency or Political Subdivisions Affected:** VRS.

11. **Technical Amendment Necessary:** No.

12. Other Comments:

Update Reference to Required Minimum Distributions

The Setting Every Community Up for Retirement Enhancement (SECURE) Act of 2019 changed the age in the Internal Revenue Code of 1986 when someone must take a Required Minimum Distribution (RMD) from age 70 ½ to age 72. A technical amendment is needed in § 51.1-168(D) to conform the VRS required distribution language to the SECURE Act. To minimize future changes to the *Code of Virginia*, the bill amends § 51.1-168(D) to refer to the provisions of the Internal Revenue Code rather than a specific age.

Conform Language Related to Types of Social Security Benefits

As the *Code* requires VRS to integrate social security disability eligibility into the process of calculating the amount of the disability retirement benefit, the amendment replaces “Primary social security benefit” as a defined term in § 51.1-124.3 with “Social Security disability benefits.” The clarification is consistent with current and longstanding process. The clarifying language also updates outdated language and provides consistency across related *Code* sections. The Virginia Sickness and Disability Program (VSDP) and Virginia Local Disability Program (VLDP) specify that VSDP/VLDP benefits will be calculated using Social Security Disability Insurance (SSDI) benefits.

The proposed amendment also simply clarifies, but does not change existing processes and procedures, that someone who has already reached normal social security retirement age and who applies for disability retirement would not be eligible for the larger benefit guarantee amount that is available for members who do not qualify for social security disability benefits. The Social Security Administration does not award social security disability benefits to individuals who have already reached normal social security retirement age.

The bill is identical to HB 2181.

Date: 2/18/2021

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