

Virginia Retirement System 2003 Fiscal Impact Statement

1. **Bill Number** HB2295

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. **Patron** Devolites

3. **Committee** Appropriations

4. **Title** Retirement; state and local law enforcement officers and firefighters.

5. **Summary/Purpose:**

Retirement; state and local law enforcement officers and firefighters. Deletes the minimum age requirement for retirement for members of the State Police Officers Retirement System (SPORS), the Virginia Law Officers Retirement System (VALORS), and special VRS benefits for local law enforcement officers and firefighters (LEOS/FIRE) and allows unreduced retirement after 25 years regardless of age. The bill also requires the same change for police and firefighters in local retirement plans where the employees are not covered under the VRS..

6. Fiscal Impact Estimates are:

6a. Expenditure Impact:

SPORS (GF)	\$1.4 Million Annually
SPORS (NGF)	\$0.2 Million Annually
VALORS (GF)	\$3.4 Million Annually
VALORS (NGF)	\$0.6 Million Annually
Political Subdivisions in VRS (Aggregate)	\$9.2 Million Annually
Political Subdivisions not in VRS	Unknown

7. **Budget amendment necessary:** Yes. \$100,000 (NGF) in FY03 to VRS for implementation and communications.

8. **Fiscal implications:** This bill enhances benefits and results in a fiscal impact. The Commonwealth is currently contributing below the level recommended by the VRS actuary. In addition, VRS investment returns are currently below the actuarial investment assumption and deferred investment losses exist. In the absence of this benefit enhancement, VRS expects future required contributions to increase and approval of this enhancement will increase contributions even more. VRS is also concerned that a review of the overall objectives and benefits of the system has not taken place in many years and recommends that, prior to significant enhancements to benefits being approved, a major study of the system be initiated by the General Assembly similar to that recommended during the 2002 Session in HJR49. Note that benefit enhancements approved this year will be considered in the June 30, 2003 actuarial valuations and first reflected in contribution rates on July 1, 2004.

9. Specific agency or political subdivisions affected: VRS and cities, counties and towns.

10. Technical amendment necessary: No

11. Other comments: None

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