

Virginia Retirement System 2003 Fiscal Impact Statement

1. Bill Number SB940

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

2. Patron Colgan

3. Committee Finance

4. Title State Police Officers' Retirement System and Virginia Law Officers' Re

5. Summary/Purpose:

State Police Officers' Retirement System and Virginia Law Officers' Retirement System; hazardous duty allowance. Provides that the additional allowance under the State Police Officers' Retirement System (SPORS), the Virginia Law Officers' Retirement System (VALORS), and special benefits for local law enforcement officers and firefighters (LEOS/FIRE) for members with 20 or more years of service rendered in a hazardous position shall be paid annually for a minimum period of 15 years to members retiring at age 50 or older and who have not retired prior to July 1, 2003, under any retirement plan administered by the Virginia Retirement System. Currently, the allowance is paid until the member reaches the full retirement age for Social Security benefits.

6. Fiscal Impact Estimates are :

SPORS (GF)	\$1.0 Million Annually
SPORS (NGF)	\$0.1 Million Annually
VALORS (GF)	\$3.9 Million Annually
VALORS (NGF)	\$0.6 Million Annually
Political Subdivisions (Aggregate)	\$8.2 Million Annually

7. Budget amendment necessary: No

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 recurrently 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 HJR 49. 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, state agencies with VALORS members, Department of State Police and political subdivisions with LEOS/FIRE

10. Technical amendment necessary: No

11. Other comments: None

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