

# Virginia Retirement System 2007 Fiscal Impact Statement

**1. Bill Number** HB1637

**House of Origin**  Introduced     Substitute     Engrossed

**Second House**     In Committee     Substitute     Enrolled

**2. Patron**        Shuler

**3. Committee**    Appropriations

**4. Title**            Retirement System; increases average final compensation retirement multiplier for teachers.

**5. Summary/Purpose:** Virginia Retirement System; average final compensation retirement multiplier for teachers. Increases from 1.7 to 2.0 the average final compensation retirement multiplier for teachers with 10 or more years of creditable service earned as a teacher. The bill applies to teachers first retiring on or after July 1, 2007.

**6. Fiscal Impact Estimates are:**

**6a. Expenditure Impact:**

	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
<b>State-GF</b>						
<b>SPORS-GF</b>						
<b>VaLORS-GF</b>						
<b>JRS-GF</b>						
<b>Teachers-GF</b>	\$121,483,000	\$126,342,000	\$131,396,000	\$136,652,000	\$142,118,000	\$147,803,000
<b>Total-GF</b>	\$ 121,483,000	\$ 126,342,000	\$ 131,396,000	\$ 136,652,000	\$ 142,118,000	\$ 147,803,000
<b>State-NGF</b>						
<b>SPORS-NGF</b>						
<b>VaLORS-NGF</b>						
<b>Total-NGF</b>						
<b>Teacher-Local</b>	\$187,555,000	\$ 195,057,000	\$ 202,859,000	\$ 210,973,000	\$ 219,412,000	\$ 228,188,000
<b>Local Aggregate</b>						
<b>Total-Local</b>	\$187,555,000	\$ 195,057,000	\$ 202,859,000	\$ 210,973,000	\$ 219,412,000	\$ 228,188,000
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<b>Grand Total</b>	<b>\$ 309,038,000</b>	<b>\$ 321,399,000</b>	<b>\$ 334,255,000</b>	<b>\$ 347,625,000</b>	<b>\$ 361,530,000</b>	<b>\$ 375,991,000</b>

**7. Budget amendment necessary:** Yes. The cost of this legislation will be reflected in increased employer contribution rates beginning FY08.

**8. Fiscal implications:** See Expenditure Impact above.

**9. Specific agency or political subdivisions affected:** VRS, all public school systems and local governments

**10. Technical amendment necessary:** Yes. This legislation does not clarify whether the 2.0 percent multiplier applies to all creditable service or just service as a teacher; and whether this enhanced benefit would apply to those teachers who meet the 10 year requirement and have deferred their retirement.

**11. Other comments:**

**Date:** 01/16/07/pas

**Document:** HB1637