

Virginia Retirement System 2007 Fiscal Impact Statement

1. Bill Number HB1870

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

2. Patron Lewis

3. Committee Appropriations

4. Title Virginia Retirement System; purchase of prior service credit.

5. Summary/Purpose: Virginia Retirement System; purchase of prior service credit. Clarifies that National Guard service is one of the types of prior military service that can be purchased and removes the requirement that military service must be active duty in order to be purchased.

6. Fiscal Impact Estimates are: Fiscal impact is unknown. Data is not available as to the frequency of purchases under this provision. See Fiscal Implications.

7. Budget amendment necessary: No

8. Fiscal implications: It is impossible to identify those employees eligible to purchase this service, but the VRS believes a large number of employees would be eligible to purchase this service for VRS credit.

This bill would increase the unfunded liabilities and potentially the contribution rates for each employer whose employees purchase this service.

9. Specific agency or political subdivisions affected: VRS and participating employers

10. Technical amendment necessary:

11. Other comments: According to benefits counsel, this bill conflicts with §51.1-142.2(F) and longstanding policy that precludes the purchase of non-active service credits in VRS for service already included in the calculation of another retirement system. National Guardsmen and reservists earn retirement contributions in a federal retirement program. Their use of this covered service to also purchase retirement credits in VRS would be contrary to the existing provisions of §51.1-142.2(F). A technical amendment would be necessary to eliminate this conflict.

The bill also removes the federal definition of active duty military service, which requires full-time service of at least 180 consecutive days as the standard for determining eligibility for military service purchases. However, this bill does not establish standards for crediting part-time service in the National Guard and reserves. The bill is silent on the amount of service earned in the reserves and National Guard that would be equivalent to one month or year of service toward

the person's VRS retirement benefit. Documentation to certify eligible time served in the National Guard and reserves other than a DD214 will be necessary in determining eligibility.

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