

## **Virginia Retirement System 2008 Fiscal Impact Statement**

**1. Bill Number:** HB738

**House of Origin**      X   Introduced               Substitute               Engrossed

**Second House**               In Committee           Substitute               Enrolled

**2. Patron:**        Caputo

**3. Committee:** Appropriations

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

**5. Summary:** Virginia Retirement System; purchase of prior service credit. Permits a member of the Virginia Retirement System whose spouse was in active duty military service to purchase up to four years of prior service credit for the period of time that the member's spouse was in active duty military service provided that the member's spouse was required by the military to move at least once from a military base in one state to a military base in another state or another country.

**6. Fiscal Impact Estimates:**

**6a. Expenditure Impact:** According to the VRS actuary, there will likely be a fiscal impact to all of the VRS retirement plans.

**7. Budget Amendment Necessary:** No

**8. Fiscal Implications:**

**9. Specific Agency or Political Subdivisions Affected:** VRS state employees, teachers, VaLORS, SPORS, JRS and local political subdivisions.

**10. Technical Amendment Necessary:** Yes

1. To ensure members only have one opportunity to purchase eligible service consistent with other VRS service purchase provisions, VRS recommends:

Line 23, after "he" insert "first"

2. To clarify that the definition of active duty military service in B.1.b. applies to the provisions of both B.1.a. and B.1.b. VRS recommends:

Line 72, before "For" insert "C."

3. Current IRS regulations require that the member purchasing non-qualified service have at least 5 years of creditable VRS service. To address this the VRS recommends:

Line 68, after “dishonorable,” strike “and”

Line 70 after “country” insert “, and (iii) the member shall have five years of creditable service as such service is defined in § 51.1-124.3.”

Line 72, before “For” insert “C.”

#### **11. Other Comments:**

It is not clear from the legislation whether the goal is to provide the opportunity to obtain VRS service credit for only service that was interrupted by a spouse’s military relocation out of state. As drafted, the bill would enable any current member to purchase VRS service that covers the period of time a spouse was relocated by the military to another state or country, regardless of whether or not the member making the purchase was in a VRS covered position at the time of their spouse’s military relocation.

**Date:** 01/21/2008 pas

**Document:** HB738.DOC