

Virginia Retirement System 2009 Fiscal Impact Statement

1. Bill Number: HB1858

House of Origin	<u> X </u>	Introduced	<u> </u>	Substitute	<u> </u>	Engrossed
Second House	<u> </u>	In Committee	<u> </u>	Substitute	<u> </u>	Enrolled

2. Patron: Shannon

3. Committee: Appropriations

4. Title: Retirement System; locality may increase retirement allowance for its employees.

5. Summary: Virginia Retirement System; optional increase for political subdivisions. Permits any locality that participates in the Virginia Retirement System to increase the service retirement allowance for its employees from 1.70 percent of their average final compensation multiplied by the amount of their creditable service to 1.85 percent of their average final compensation multiplied by the amount of their creditable service.

6. Fiscal Impact Estimates:

6a. Expenditure Impact: The fiscal impact is unknown as the proposed legislation is permissive in nature. Any additional costs would be borne by the city, county or town electing to provide the enhanced benefit.

7. Budget Amendment Necessary: No

8. Fiscal Implications: See Expenditure Impact

9. Specific Agency or Political Subdivisions Affected: VRS and any city, county or town that elects to provide the higher benefit multiplier.

10. Technical Amendment Necessary: No

11. Other Comments: As this bill is permissive in nature, the actuary can not be more definitive until a locality has expressed an interest in providing the 1.85% benefit and the actuary prepares the estimated cost for that locality. The costs will vary per locality depending on the demographics of the group, i.e., number of eligible employees, their age, service and pay. Based upon the range of costs for localities from the June 30, 2008 actuarial valuations, the range of costs could be relatively wide.

Date: 1/22/2009 pas

Document: HB1858.DOC