

Virginia Retirement System 2010 Fiscal Impact Statement

1. **Bill Number:** HB316

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. **Patron:** McClellan

3. **Committee:** Appropriations

4. **Title:** Virginia Retirement System; general registrars.

5. **Summary:** Virginia Retirement System; general registrars. Permits a general registrar who (i) is involuntarily separated and (ii) has 20 or more years of creditable service to retire with an unreduced allowance upon attaining age 50.

6. **Fiscal Impact Estimates:** See fiscal implications below.

7. **Budget Amendment Necessary:** No.

8. **Fiscal Implications:** By *Code*, the state funds the health insurance credit (HIC) for registrars while individual localities fund their retirement benefits. Accordingly, any added costs to the HIC program will be borne by the state, while any added pension costs will be borne by local governments.

The total annual contribution for HIC benefits for registrars is approximately \$31,300 annually. Therefore, any HIC cost increase attributed to the proposal should be minimal.

Similarly, the impact on local pension costs should be minimal. Based on the June 30, 2009 actuarial valuation, localities employ 206 active registrars compared to 106,000 active VRS members among all political subdivisions. Registrars represent less than 0.20% of the political subdivisions' active membership.

The actuary also noted that the impact should be further diminished when one considers that the number of registrars with 20 or more years of service and who are involuntarily separated is likely to be small.

9. **Specific Agency or Political Subdivisions Affected:** VRS, State, and political subdivisions

10. **Technical Amendment Necessary:** No

11. **Other Comments:** While the fiscal impact to state and local governments will be minimal the individual benefit received by eligible registrars will be substantial.

The hypothetical example below illustrates how a member's lifetime monthly benefit would substantially increase with this provision.

Age 50 with 20 years of service and an AFC of \$75,000

Without provision:	\$ 636.96/month
With provision of 50/20:	\$2,125.00/month

Section 51.1-155.1 currently provides this benefit for county/city managers, administrators and attorneys. Adding registrars could trigger a request for similar treatment from other groups of employees (both state and local).

Date: 1/25/2010 psb

Document: HB316.DOC