

## Virginia Retirement System 2011 Fiscal Impact Statement

1. **Bill Number:** SB1458

**House of Origin**     Introduced       Substitute       Engrossed  
**Second House**     In Committee     Substitute      X Enrolled

2. **Patron:** Houck

3. **Committee:** Finance

4. **Title:** Claims; Richard Hitt.

5. **Summary:** Claims; Richard Hitt and Charles Jarrett. Provides relief to Richard Hitt and Charles Jarrett for not receiving the Virginia Retirement System benefits that are based on Hazardous Duty service when they or their Benefits Administrator were told that certain purchased service would be counted as Hazardous Duty and, therefore, qualify Mr. Hitt and Mr. Jarrett for the hazardous duty supplemental benefits. The bill authorizes the Virginia Retirement System to pay the hazardous duty supplement to Mr. Hitt and Mr. Jarrett as outlined in subsection B of § 51.1-206.

6. **Budget Amendment Necessary:** No

7. **Fiscal Impact Estimates:** See implications.

8. **Fiscal Implications:** The fiscal impact is limited to the value of the supplement to be paid to Mr. Hitt and Mr. Jarrett . If Mr. Hitt receives the supplement from his date of retirement until Social Security retirement age, the amount would be approximately \$37,368 (current annual supplement of \$12,456 x 3years). For Mr. Jarrett the amount would be \$36,330. The cost of the supplement is charged to the respective employer's retirement allowance account as part of the monthly benefit paid.

9. **Specific Agency or Political Subdivisions Affected:** VRS

10. **Technical Amendment Necessary:** No

11. **Other Comments:** The substitute adds Mr. Charles Jarrett to the bill.

Mr. Hitt will retire from the City of Fredericksburg Sheriff's Department from a position as a Deputy Sheriff effective February 1, 2011.

In planning for his retirement, Mr. Hitt purchased 117 months of service that would count toward his eligibility for the hazardous duty supplement. In addition, he purchased 48 months of military service that would not count toward eligibility for the supplement. In order to receive the monthly supplement, the member must have a minimum of 120 months of hazardous duty service all earned with a VRS participating employer.

During the time he was completing his retirement application, the Benefit Administrator for his employer contacted VRS to verify his hazardous duty service. The VRS failed as part of this process to advise the Benefit Administrator that the military service Mr. Hitt purchased did not count toward his eligibility for hazardous duty benefits under VRS. Section 51.1-206(B) of the *Code of Virginia* requires that the service to be counted toward eligibility for the supplement must be earned in a hazardous position that is covered under VRS.

Shortly after the Benefits Administrator communicated with VRS, Mr. Hitt submitted his retirement application. Two months subsequent to the submission VRS advised Mr. Hitt that he did not qualify for the hazardous duty supplement. His record reflected he was 4 years short of the required minimum 20 years of hazardous service with a VRS participating employer. By the time Mr. Hitt was told he did not qualify for the hazardous duty supplement, he had already resigned from his position and was unable to secure employment in another hazardous duty position with his employer because the position had been filled.

Mr. Hitt relied on the information provided to his employer's benefits administrator by VRS in determining the date he would be eligible for an unreduced retirement benefit to include the hazardous duty supplement.

The *Code* does not give the VRS the authority to grant an exception to pay Mr. Hitt the supplement.

Mr. Jarrett retired from the County of Spotsylvania Sheriff's Department from a position as a Deputy Sheriff on December 1, 2010.

In planning for his retirement, Mr. Jarrett purchased 32 months of service that would count toward his eligibility for the hazardous duty supplement. In addition, he purchased 48 months of military service that would not count toward eligibility for the supplement. In order to receive the monthly supplement, the member must have a minimum of 20 years of hazardous duty service all earned with a VRS participating employer.

During the time he was completing his retirement application, the Benefit Administrator for his employer contacted VRS to verify his hazardous duty service. The VRS failed as part of this process to clearly advise the Benefit Administrator that the military service Mr. Jarrett purchased did not count toward his eligibility for hazardous duty benefits under VRS. Section 51.1-206(B) of the *Code of Virginia* requires that the service to be counted toward eligibility for the supplement must be earned in a hazardous position that is covered under VRS.

Shortly after the Benefits Administrator communicated with VRS, Mr. Jarrett filed his retirement application. Several weeks after VRS received his application to retire, Mr. Jarrett was informed by VRS that he did not qualify for the hazardous duty supplement. His record reflected he was 2 years and 4 months short of the required minimum 20 years of hazardous duty service. By the time Mr. Jarrett was notified he did not qualify for the hazardous duty

supplement, he had already resigned from his position and was unable to secure employment in another hazardous duty position with his employer because the position had been filled.

Mr. Jarrett relied on the information provided to his employer's benefits administrator by VRS in determining the date he would be eligible for an unreduced retirement benefit to include the hazardous duty supplement.

The *Code* does not give the VRS the authority to grant an exception to pay Mr. Jarrett the supplement.

**Date:** 03.03.2011

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