

Virginia Retirement System 2013 Fiscal Impact Statement

1. Bill Number: SB1251

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

2. Patron: Barker

3. Committee: Finance

4. Title: Virginia Retirement System; retirees hired as school security officers.

5. Summary: Virginia Retirement System; retirees hired as school security officers. Provides that retired law-enforcement officers may be hired as local school board security personnel without interruption of their retirement benefits under certain conditions.

6. Budget Amendment Necessary: No. These costs would be borne by the localities that employ hazardous duty retirees for these positions.

7. Fiscal Impact Estimates: Under the suggested technical amendment, localities would be required to pay the employer contribution for re-hired hazardous duty retirees for these positions.

8. Fiscal Implications: See comments in Fiscal Impact Estimates above.

9. Specific Agency or Political Subdivisions Affected: VRS and localities that hire hazardous duty retirees for these positions.

10. Technical Amendment Necessary: Yes. The technical amendments set out below are recommended to: 1) consolidate subsections b and c, as local school divisions are included in the definition of “employer” under 51.1-124.3; and 2) to provide an exception to the prohibition on receipt of a service retirement allowance while in a position covered for retirement purposes.

Line 110 at the beginning of the line

Strike all of lines 110 and 111

Line 112 at the beginning of the line

Strike c.

Insert b.

Line 114 at the beginning of the line

Strike d.

Insert c.

Line 116 at the beginning of the line

Strike e.

Insert d.

Section 51.1-206(C) should be amended as follows: C. ~~Except as provided in subdivision B 4 of § 51.1-155~~, if a beneficiary of a service retirement allowance under this chapter is at any time in service as an employee in a position covered for retirement purposes under the provisions of this or any chapter other than Chapter 7 (§ 51.1-700 et seq.) of this title, his retirement allowance shall cease while so employed.

51.1-217(C) should be amended as follows: C. ~~Except as provided in subdivision B 4 of § 51.1-155~~, if a beneficiary of a service retirement allowance under this chapter is at any time in service as an employee in a position covered for retirement purposes under the provisions of this or any chapter other than Chapter 7 (§ 51.1-700 et seq.) of this title, his retirement allowance shall cease while so employed.

11. Other Comments: This bill allows members who have retired from SPORS, VaLORS or from a local hazardous duty position covered by enhanced benefits under § 51.1-138 and who have reached the age of 50 to return to work for a local school board as a security officer or security personnel. Eligible retirees who return to work under the provisions of this bill on or after July 1, 2013, but before July 1, 2018, may continue to receive their retirement allowance under certain conditions. The additional service will not increase, decrease or otherwise affect the individual's retirement benefit.

Under the provisions of this bill, in order to be eligible for re-employment as a local school board security officer or security personnel, the retiree's effective date of retirement must be at least one full calendar year prior to the commencement of such employment, or such longer period of time as the VRS Board of Trustees may determine, and the hiring school division must pay the employer share of the retirement funding contribution that would otherwise be due if the retiree were a covered employee.

Return to work bills have generally been confined to employee groups where critical shortages exist. VRS suggests that a bill of this nature only be enacted if a genuine shortage exists. Because of the risk of changing retirement patterns, if these types of bills are not subject to restrictive criteria, they may have a cost impact as members may see this as an opportunity to retire earlier than currently expected. Changing patterns of retirement will have a financial impact on the defined benefit, health insurance credit and life insurance programs. Restrictive criteria are also necessary to meet Internal Revenue Service guidance governing return-to-work.

This bill is similar to HB1568 and HB2173. Neither HB1568 nor HB2173 requires payment of the employer contribution, and neither bill limits the time during which eligible retirees may be re-hired.

Date: 01.15.13

Document: SB1251.DOC